



# PBFC

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March 17, 2025

**VIA EMAIL**

Dear Picture Butte Feeder Cooperative Members

**Re: The Restructuring Officer's Update to PBFC Members**

We wish to provide the PBFC Members with some positive updates since our last communication letter to you on February 27, 2025.

**IIS Inventory Audit**

As a result of recent events involving PBFC and our firm, Alvarez & Marsal Canada Inc., being appointed as the court-appointed Restructuring Officer, the Alberta Ministry of Agriculture and Irrigation's Inspection and Investigation Section ("IIS") required that a fulsome inventory count of all cattle on contract to PBFC, be completed.

Between March 3 – 7, 2025, the inventory count was conducted by the Ministry pursuant to section 9 of the *Feeder Association Guarantee Act*, and the Restructuring Officer and certain contractors from Livestock Identification Services Ltd. assisted the Restructuring Officer and the IIS with this inventory count.

The Restructuring Officer is pleased to report that the IIS completed its Audit on March 14, 2025, and the following resulted:

- The inspection teams attended 52 farms and feedlots where Members' cattle were supposed to be located and inspected the following:
  - cattle were properly identified with a feeder association brand or combination of RFID tag and feeder association dangle tag;
  - the correct number of cattle were present; and
  - cattle were in good condition.
- The January 2025 month-end report that was completed and reconciled by the previous PBFC Administrator and Supervisor, and provided to IIS, up to January 27, 2025, is believed to be accurate, minus any sales since January 27, 2025, when the Ministerial Order came into effect.
- IIS advised that it is confident the cattle financed through PBFC under the Feeder Associations Loan Guarantee Program (FALGP) are present minus any sales since January 27, 2025.

This positive result was the critical first step for the Restructuring Officer to complete, in order to provide comfort to the Minister, PBFC's secured lenders and the Members that the expected inventory (cattle) exists.

## **INTERIM ADMINISTRATOR**

On March 5, 2025, the Restructuring Officer engaged a reputable and experienced individual to act as an interim administrator for PBFC ("**Interim Administrator**") as a result of the resignation of PBFC's former administrator.

We welcome **Ms. Lynda Miller**, who currently is a director with the FAA and acts as an administrator for another feeder co-operative. We are pleased that Ms. Miller is assisting us and her teaming with the Restructuring Officer has been very much appreciated.

Ms. Miller, with the assistance of the Restructuring Officer and PBFC's other independent contractor from Avail LLP, Mr. Zach Keith, have been working diligently to update the accounting and banking records that have been outstanding for several weeks. Member deposits from sales have been collected and deposited into the PBFC bank accounts and are being applied against the loan balances outstanding. There has been a considerable amount of work completed to date, and we anticipate that the reconciliation of PBFC's books and records, banking and loan balance reconciliations to contract records should be updated this week.

Please note that the Restructuring Officer will be seeking a permanent (full-time) Administrator for PBFC and anticipates issuing a job posting for this key role within the next couple of weeks. We are keen to hire a qualified and outstanding team member to join PBFC as the Restructuring Officer focuses to having PBFC fully operational from a new lending perspective in short order.

Further updates will be provided to the Members on this opportunity; however, should any Member know of a qualified person that may be interested in joining PBFC team as an Administrator, we would welcome any recommendations.

## **IMMEDIATE NEXT STEPS**

### Release of Top-Up Equity Payments

Now that the inventory Audit has been completed and a positive result was achieved and it is anticipated that the books and records of PBFC (along with banking matters) should be completed this week, the Restructuring Officer is working with the Senior Lenders on the timing to release the top-up equity back to the Members on their loans. ***This is a top-priority for the Restructuring Officer*** and we are hopeful that we will in a position for the release of "top-ups" to Members before the end of this month or sooner.

### Release of Security Deposits and Resumption of Loans

The second hurdle for PBFC to achieve seek:

- the lifting of the Ministerial Order to allow PBFC to resume issuing loans to its Members under the FALGP; and

- the confirmation from the Senior Lenders that the Restructuring Officer is permitted to release security deposits (within the required statutory time frame) back to the Members in normal course and within the required timeframes.

The Restructuring Officer has been working closely with the Ministry and Senior Lenders on the release of security deposits and the timing to resume full lending operations, over the past three weeks. With the engagement of the Interim Administrator, the positive Audit results from the IIS and the Restructuring Officer's attempts to engage a full-time Supervisor (more to follow), the Restructuring Officer is confident that PBFC should resume full operations, including being able to issue new guarantee loans by the ***first or second week of April 2025***.

We wish to reiterate that the Restructuring Officer, the Senior Lenders and the Minister's Office are all focused on PBFC becoming fully operational forthwith and all parties are working hard to achieve this goal.

#### **TOWN-HALL MEETING**

We are planning to host a townhall for PBFC Members on April 1, 2025, and we anticipate confirming this with the Members this week on time and location. The purpose of the townhall is primarily to act as a meet and greet of the Members, the Restructuring Officer, representatives of the Minister's Office, and the FAA. In addition, we hope to be in a position by then to share with you with additional positive news and to answer any questions you may have.

#### **OTHER MATTERS**

The Restructuring Officer is monitoring email communications sent to PBFC. Please continue to direct any business inquiries to [office@pbfccattle.com](mailto:office@pbfccattle.com) and notifications of any cattle movement and/or sale to [supervisor@pbfccattle.com](mailto:supervisor@pbfccattle.com). All publicly available information relating to the restructuring proceedings, can be found on the Restructuring's Officer website at: [www.alvarezandmarsal.com/picturebutte](http://www.alvarezandmarsal.com/picturebutte).

We thank you for your continued patience during this time, and although we understand there is some frustration being experienced by Members as a result of these Restructuring Proceedings, we are encouraged by the progress to date, and we are hopeful that PBFC will be able to resume its operations with a stronger governance policy in place in due course.

Yours truly,

**Alvarez & Marsal Canada Inc.,  
acting in its capacity as the court-appointed  
Restructuring Officer**



Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President