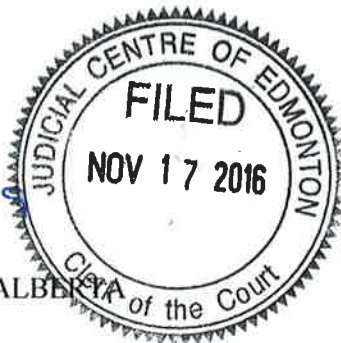


Clerk's stamp:



COURT FILE NUMBER

District of Alberta
Division ~~24~~ - Edmonton
Estate No. 1603-2031

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, As Amended

AND IN THE MATTER OF PARKLAND
AIRPORT DEVELOPMENT CORPORATION

DOCUMENT

**SECOND AFFIDAVIT OF ROBERT GILGEN
IN SUPPORT OF INITIAL APPLICATION**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Reynolds Mirth Richards & Farmer LLP
Barristers & Solicitors
3200 Manulife Place
10180 - 101 Street
Edmonton, AB T5J 3W8
Lawyer: Michael J. McCabe, Q.C.
Telephone: (780) 425-9510
Fax: (780) 429-3044
File No: 114984-001-MJM

SECOND AFFIDAVIT OF ROBERT GILGEN

Sworn on November 17th, 2016

I, ROBERT GILGEN, of Edmonton, Alberta, SWEAR AND SAY THAT:

1. I am the President of the Applicant, Parkland Airport Development Corporation ("Parkland"), and as such have a personal knowledge of the facts and matters hereinafter deposed to except where stated to be based upon information and belief and where so stated do verily believe the same to be true.
2. I have sworn another affidavit in this matter on November 17, 2016 (the "First Parkland Affidavit").
 - A. **FINANCIAL STATEMENTS**
4. Financial statements have not been prepared for Parkland in the year before this affidavit. Due to recent cash flow difficulties, Parkland has not been able to incur the cost of retaining an accountant to do so.

5. The most recent financial statement was prepared on February 28, 2015. Attached as **Exhibit "A"** to this my Affidavit is a copy of the unaudited financial statements of Parkland dated February 28, 2015.
6. Given this proceeding, Parkland is working with its accountant, Hughes & Gibbs LLP, to prepare updated financial statements for 2016. I expect to have such updated statements within the next two weeks.

B. CURRENT FINANCIAL STATE

7. Parkland is an insolvent corporation.
8. As set out in my First Affidavit, Parkland has approximately \$22,600,000.00 in liabilities and has ceased to meet its debts generally as they become due and a monthly shortfall in its cash flow. Approximately \$1,600,000.00 of these liabilities is tied to the construction and servicing required to complete Phase I of the airport. \$6,000,000.00 of these liabilities are tied to the servicing of lots associated with Phase 2 of developing and selling the airport lands.
9. Parkland's monthly operating expenses are approximately \$7,000.00 for employee wages, utilities, fuel for maintenance equipment, and equipment maintenance. Parkland's monthly income is approximately \$5,300.00, arising mainly from various leases, fuel commissions, aircraft parking, and storage fees.
10. Parkland's most substantial assets are its airport runway, operating licence and unsold hangar lots. The unsold aviation lots alone account for a \$30,000,000.00 asset. Due to various liens and legal encumbrances prevented further sales to buyers. Some disagreements between the mortgagees and other investors have restricted further funding. The value of the lots should be sufficient to pay all creditors but this can only happen under a Court-supervised process whereby the lots can be sold free and clear of liens and legal encumbrances and the airport license is maintained.

C. CASH FLOW

11. Parkland has prepared a projected cash flow statement. Attached as **Exhibit "B"** to this my Affidavit is a copy of the cash flow forecast of Parkland dated November 17, 2016, together with Parkland's report on the cash flow statement as required under s. 10(2)(b) of the *CCAA*.
12. My expectation of the operations of Parkland in the next few months are:
 - a. There will be a need for interim financing over the next six months;
 - b. If Parkland is able to deal with encumbrances on unsold lots, it will be in a position to sell those lots.
 - c. Maintaining general airport operations as described in greater detail in my First Affidavit.

D. NEED FOR CCAA PROTECTION

13. Parkland is currently unable to sell and get value from its substantial property assets, especially the unsold hangar lots. These constraints under which Parkland operates, its operating losses, and uncertain financial prospects, combined with the high debt burden on Parkland have resulted in the need for Parkland to seek protection under the *CCAA*.
14. Because of Parkland's financial difficulties, a stay of proceedings is essential to provide Parkland with a reasonable period of time to address financial issues, ensure that all stakeholders are treated fairly and equitably, and ensure that the airport can continue its operations and maintain its certified status.

E. INTERIM FINANCING

15. Parkland needs to continue to have product and services from various suppliers in order to carry on its business. Parkland has a negative cash flow.
16. Parkland needs some form of interim financing to continue operations. The company will be in a better position to determine this once the cash flow projections are updated.
17. Parkland Aerospace Corp. ("PAC") has advised that it would provide interim financing ("Interim Financing") to Parkland as Parkland engaged in the necessary restructuring.
18. At the time of swearing this Affidavit, the amount and the terms of the Interim Financing remain the subject matter of further discussion. Additional details regarding the Interim Financing will be provided in a supplemental affidavit.
19. Among the considerations in respect of Parkland's request for Interim Financing are:
 - a. It is expected that Parkland would be subject to proceedings under the *CCAA* for a period of approximately 6 months;
 - b. During the proceedings, Parkland's business and financial affairs will be managed as set out in the First Affidavit;
 - c. PAC is the largest single creditor of Parkland. PAC supports the appointment of Richmond Corporate Finance, M&A Advisory Inc., represented by Donald Archibald MacLean, as the Chief Restructuring Officer (the "CRO"), and it is supportive of these proceedings.
 - d. The granting of interim financing is fundamental to the prospect of making a viable compromise in respect of Parkland.
 - e. The majority of the assets of Parkland are its land and equipment. The book value of the land of Parkland exceeds the indebtedness to its creditors. On a balance sheet basis, Parkland has equity sufficient to protect the claims of its creditors once monitored in an orderly fashion to maximize value.
 - f. I believe there would be no material prejudice to any creditor in the granting of interim financing.

F. MONITOR

20. Deloitte Restructuring Inc. ("Deloitte") has agreed to act as Monitor in the event that the Court approves Parkland's application under the *Companies' Creditors Arrangement Act* ("CCAA"). Attached as **Exhibit "C"** to this my Affidavit is the consent of Deloitte.

G. ADMINISTRATIVE CHARGE

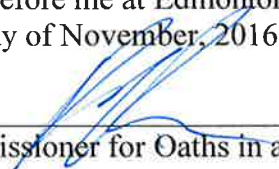
21. Parkland needs the assistance of counsel, the Monitor and the CRO in connection with the proposed *CCAA* proceedings and these persons need to be paid.

22. I believe that it is appropriate in the circumstances for the Court to grant the Monitor, counsel to the Monitor, Parkland's counsel, and the CRO, as security for the professional fees and disbursements incurred both before and after the granting of the Initial Order, a charge on the assets of Parkland which charge shall not exceed an aggregate amount of \$1,000,000.00, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, such counsel and the CRO, both before and after the making of the Initial Order in respect of these proceedings.

H. PURPOSE OF AFFIDAVIT

20. I make this Affidavit in support of an initial application on behalf of Parkland Airport Development Corporation for relief under the *Companies' Creditors Arrangement Act*.

SWORN before me at Edmonton, Alberta
this 17th day of November, 2016



A Commissioner for Oaths in and for Alberta

)
)
)
) 

ROBERT GILGEN

1719210.doc

**ANTHONY PURGAS
BARRISTER & SOLICITOR**

Exhibit “A”

PARKLAND AIRPORT DEVELOPMENT CORP.

Financial Statements

Year Ended February 28, 2015

(Unaudited - See Notice To Reader)

This is Exhibit " A " referred to in the
Affidavit of

Robert Gilgen

Sworn before me this 17th day

of November A.D., 20 16


A Notary Public, A Commissioner for Oaths
in and for Alberta

ANTHONY PUSCAS
BARRISTER & SOLICITOR

PARKLAND AIRPORT DEVELOPMENT CORP.

Index to Financial Statements

Year Ended February 28, 2015

(Unaudited - See Notice To Reader)

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FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Income and Retained Earnings	3
Notes to Financial Statements	4



**HUGHES
& GIBB LLP**
CHARTERED ACCOUNTANTS

419 Capilano Centre
9945 50 Street
Edmonton, Alberta
T6A 0L4

T 780.469.0635
F 780.469.3534
www.hgcas.ca

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Parkland Airport Development Corp. as at February 28, 2015 and the statement of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Edmonton, Alberta

CHARTERED ACCOUNTANTS

PARKLAND AIRPORT DEVELOPMENT CORP.

Balance Sheet

February 28, 2015

(Unaudited - See Notice To Reader)

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Cash	\$ 11,845	\$ 9,757
Accounts receivable	22,301	21,563
Inventory	1,972,190	2,053,085
Due from related party	22,102	19,850
Goods and services tax recoverable	341,791	213,557
Prepaid expenses	151,000	-
Security / tender deposits	23,900	-
	<u>2,545,129</u>	<u>2,317,812</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Note 1)</i>	<u>8,424,170</u>	<u>7,220,844</u>
	<u>\$10,969,299</u>	<u>\$ 9,538,656</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	\$ 4,884,524	\$ 3,843,677
Income taxes payable	26,981	-
Deposits received	96,381	137,694
Deferred income	552,873	-
Due to related party	300,141	198,878
Advances from shareholders	787,555	653,765
	<u>6,648,455</u>	<u>4,834,014</u>
LONG TERM DEBT	<u>4,227,548</u>	<u>4,992,241</u>
	<u>10,876,003</u>	<u>9,826,255</u>
SHAREHOLDERS' EQUITY		
Share capital	300	300
Retained earnings (deficit)	92,996	(287,899)
	<u>93,296</u>	<u>(287,599)</u>
	<u>\$10,969,299</u>	<u>\$ 9,538,656</u>

ON BEHALF OF THE BOARD

Director

Director

PARKLAND AIRPORT DEVELOPMENT CORP.
Statement of Income and Retained Earnings
Year Ended February 28, 2015
(Unaudited - See Notice To Reader)

	2015	2014 <i>(5 months)</i>
REVENUE		
Lot sale	\$ 3,098,844	\$ -
Fuel sales	114,922	11,485
Rental revenue	40,188	13,550
Temp Hanger revenue	21,796	4,608
Parking revenue	11,923	2,100
	<u>3,287,673</u>	31,743
COST OF SALES	<u>1,344,479</u>	1,556
GROSS PROFIT	<u>1,943,194</u>	30,187
EXPENSES		
Interest and bank charges	829,781	12,890
Amortization	254,682	37,674
Consultants and professional fees	206,294	102,265
Repairs and maintenance	92,105	17,995
Sub-contracts	84,006	25,208
Certification	18,320	-
Insurance	16,927	1,512
Property taxes	15,666	-
Office and miscellaneous	11,261	14,374
Business taxes, licenses and memberships	3,128	77
Utilities	1,650	11,669
Telephone	635	310
Supplies	461	-
Advertising and promotion	402	290
Management fees	-	45,000
Vehicle	-	14,878
Salaries and wages	-	1,310
	<u>1,535,318</u>	285,452
INCOME (LOSS) BEFORE INCOME TAXES	<u>407,876</u>	(255,265)
INCOME TAXES	<u>26,981</u>	-
NET INCOME (LOSS)	<u>380,895</u>	(255,265)
DEFICIT - BEGINNING OF YEAR	<u>(287,899)</u>	(32,634)
RETAINED EARNINGS (DEFICIT) - END OF YEAR	<u>\$ 92,996</u>	\$ (287,899)

PARKLAND AIRPORT DEVELOPMENT CORP.

Notes to Financial Statements

Year Ended February 28, 2015

(Unaudited - See Notice To Reader)

1. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation	2015 Net	2014 Net
Land	\$ 4,898,567	\$ -	\$ 4,898,567	\$ 4,992,023
Runways and Aprons	3,377,831	245,401	3,132,430	2,007,336
Buildings	256,760	6,675	250,085	58,559
Equipment	182,651	39,823	142,828	162,347
Computer equipment	991	731	260	579
	\$ 8,716,800	\$ 292,630	\$ 8,424,170	\$ 7,220,844

Exhibit “B”

Parkland Airport Development Corporation - Cash Flow Forecast

Amounts in CAD\$

Week Ending Friday Forecast Week	Dec 02, 2016 1	Dec 09, 2016 2	Dec 16, 2016 3	Dec 23, 2016 4	Dec 30, 2016 5	Total
Cash Flow from Operations						
Income						
Fuel Commission		\$2,000				\$2,000
Airport Building Leases	\$1,800					\$1,800
Aircraft Parking	\$500		\$400		100	\$1,000
Misc Land use				\$500		\$500
Expenses						
Airport Staff		(\$2,500)		(\$2,500)		(\$5,000)
Utilities, Fuel, Oil Repairs	(\$250)	(\$750)	(\$250)	(\$750)		(\$2,000)
Operating Project Net Cash Flows	\$2,050	(\$1,250)	\$150	(\$2,750)	\$100	(\$1,700)
Beginning Cash Balance	\$2,200	\$4,250	\$3,000	\$3,150	\$400	\$2,200
Projected Net Cash Flow	\$2,050	(\$1,250)	\$150	(\$2,750)	\$100	(\$1,700)
Ending Cash Balance	\$4,250	\$3,000	\$3,150	\$400	\$500	\$500

Notes:

- [1] The purpose of this cash flow forecast is to determine the liquidity requirements of the Parkland Airport Development Corp. during the forecast period.
- [2] The forecast is based on the Parkland Airport Development Corp.'s existing operations and assumed impacts of the CCAA filing.
- [3] Forecast Income and Expenses are based on generalized amounts in the periods leading up to the forecast period and assume no changes in levels postfiling.
- [4] Forecast Aircraft Parking and Fuel Commission income forecast is based on the expected airport user activity.

This is Exhibit "B" referred to in the Affidavit of
Robert Gilgen
 Sworn before me this 17th day
 of November A.D., 2016
 A Notary Public, A Commissioner for Oaths
 in and for Alberta
ANTHONY PURGAS
BARRISTER & SOLICITOR

COURT FILE NUMBER

District of Alberta
Division 24 – Edmonton
Estate No. _____

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, As Amended

AND IN THE MATTER OF PARKLAND
AIRPORT DEVELOPMENT CORPORATION

NOVEMBER 17, 2016

**REPORT ON CASH FLOW STATEMENT
(paragraph 10.2(b) of the CCAA)**

The management of the Applicants has developed the assumptions and prepared the attached statement of projected cash flow as of November 17, 2016, consisting of a 5-week cash flow forecast for the period November 25, 2016 to December 30, 2016 (the "November 17th Forecast").

The hypothetical assumptions are reasonable and consistent with the purpose of the projections as described in Note 1 to the cash flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the November 17th Forecast. All such assumptions are disclosed in Notes 2 to 4.

Since the November 17th Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The November 17th Forecast has been prepared solely for the purpose outlined in Note 1, using the probably and hypothetical assumptions set out in Notes 2 to 4. Consequently readers are cautioned that the November 17th Forecast may not be suitable for other purposes.

Dated at Edmonton, Alberta this 17th day
of November 2016



Robert Gilgen
President

Exhibit “C”

COURT FILE NUMBER

District of Alberta
Division 24 – Edmonton
Estate No. _____

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, As Amended

AND IN THE MATTER OF
PARKLAND AIRPORT DEVELOPMENT
CORPORATION

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Reynolds Mirth Richards & Farmer LLP
Barristers & Solicitors
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10180 - 101 Street
Edmonton, AB T5J 3W8
Lawyer: Michael J. McCabe, Q.C.
Telephone: (780) 425-9510
Fax: (780) 429-3044
File No: 114984-001-MJM

DELOITTE RESTRUCTURING INC. does hereby consent to act as Monitor of PARKLAND AIRPORT DEVELOPMENT CORPORATION in these proceedings if so ordered by this Honourable Court.

DATED at the City of Edmonton, in the Province of Alberta this 10th day of November, 2016.

DELOITTE RESTRUCTURING INC.

Per:


Darren Crocker

1717626.docx

This is Exhibit " C " referred to in the
Affidavit of

Robert Gilgen

Sworn before me this 17th day
of November, A.D., 20 16


A Notary Public, A Commissioner for Oaths
in and for Alberta

**ANTHONY PURGAS
BARRISTER & SOLICITOR**