

COURT FILE NUMBER 1603 20319
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
DOCUMENT THIRTEENTH REPORT OF THE MONITOR
IN THE MATTER OF THE COMPANIES CREDITORS'
ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED



AND IN THE MATTER OF THE PLAN OF COMPROMISE OR
ARRANGEMENT OF
PARKLAND AIRPORT DEVELOPMENT CORPORATION
DATED MAY 7, 2019

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT**

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Monitor

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Table of contents

Introduction	1
Notice to reader	4
Purpose of this report	5
Offer to purchase by Alsaloussi Holdings Ltd.	5
Monitor's position on Alsaloussi Offer	7
Appropriateness of consideration offered	7
Potential Closing Issues	8
Conclusions and recommendations	8

Introduction

1. On November 29, 2016 (the "**Filing Date**"), Parkland Airport Development Corporation (the "**Company**") made application to the Court of Queen's Bench of Alberta (the "**Court**") for an Initial Order (the "**Initial Order**") under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Deloitte Restructuring Inc. ("**Deloitte**") was appointed as Monitor (the "**Monitor**") in the CCAA proceedings.
2. The Initial Order provided for an initial stay of proceedings until December 28, 2016 (the "**Initial Stay**").
3. On December 15, 2016, the Company made an application, *inter alia*, to the Court for an Order extending the stay granted in the Initial Order, until February 28, 2017. The Court granted an Order (the "**First Extension Order**") extending the stay until February 28, 2017 (the "**Stay**").
4. On February 27, 2017, the Company made an application, *inter alia*, to the Court for an Order extending the Stay until September 15, 2017. The Court granted an Order (the "**Second Extension Order**") extending the Stay until September 15, 2017.
5. The Second Extension Order also directed that, within 30 days of the date of the Second Extension Order, the Chief Restructuring Officer ("**CRO**") call a meeting of creditors and other affected parties to address the selection of a creditors' committee, to consider the alternatives described in the report of the CRO filed with this Honourable Court on February 16, 2017, and any other matters the CRO saw fit.
6. On May 2, 2017 (the "**May 2nd Order**"), the Court directed, *inter alia*, that the Company distribute to the market, a tender package for completion of the Phase I work as outlined previously in the Chief Restructuring Officer's Reports. The Court empowered the Company to proceed with a simultaneous process for the sale of the remaining lots in Phase I and the entire airport, including all lands owned by the Company. In addition, the limitation periods for pursuing potentially preferential or under value transactions were suspended and tolled until November 1, 2017.

7. The sale process closed on September 1, 2017, and no acceptable offers were received by the Company. On September 13, 2017, the Company applied to this Court for an extension of the Stay to November 3, 2017 (the "**Third Extension Order**"), which was granted.
8. On November 1, 2017, the Company made an application to the Court and was granted an Order (the "**Fourth Extension Order**") extending the Stay to February 28, 2018. The Fourth Extension Order further authorized an increase in interim financing to the Company of \$400,000, for total authorized interim financing of \$1,000,000. The Company was also directed to execute a consent order authorizing a secured creditor to market the Parkland Lands for sale through a foreclosure process with such consent order not to be used until the earlier of the passage of one year, the Monitor issuing a notice of a material adverse change, or until determined by the Court. The CRO was directed to call an informal meeting of creditors on or before January 20, 2018.
9. On November 1, 2017, the Court granted an Order (the "**Suspension and Tolling Order**") suspending and tolling the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until February 28, 2018.
10. On February 26, 2018, the Court granted three Orders:
 - 10.1. an extension Order (the "**Fifth Extension Order**") extending the Stay to the close of business, October 19, 2018. Notwithstanding the extension, the Stay was lifted by the Court to allow the First Mortgagee, to proceed with its foreclosure proceedings. The CRO was also discharged by the Fifth Extension Order.
 - 10.2. a tolling Order (the "**Second Suspension and Tolling Order**") extending the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until October 28, 2018.
 - 10.3. a redemption Order (the "**Consent Redemption Order**") confirming the mortgage indebtedness to the First Mortgagee and permitting the judicial listing of the mortgaged lands of the Company.

11. On October 2, 2018, the Court granted an Order which:
 - 11.1. extended the Stay (the "**Sixth Extension Order**") until December 31, 2018;
 - 11.2. extended the suspension and tolling (the "**the Third Suspension and Tolling Order**") of the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until December 31, 2018; and
 - 11.3. adjourned the application of 1791961 AB Ltd. (Sunset Industries Ltd.) until December 31, 2018.
12. On December 7, 2018, the Court granted an Order (the "**Seventh Extension Order**"), which extended:
 - 12.1. the stay of proceedings until February 15, 2019; and
 - 12.2. the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company, with respect to potentially challenging the Questioned Transactions, until February 15, 2019.
13. On February 15, 2019, the Court granted an Order (the "**Eighth Extension Order**"), which extended:
 - 13.1. the stay of proceedings until April 30, 2019; and
 - 13.2. the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company, with respect to potentially challenging the Questioned Transactions, until April 30, 2019.
14. On April 17, 2019, the Court granted an Order (the "**Ninth Extension Order**"), which, inter alia,:
 - 14.1. extended the stay of proceedings to July 14, 2019;

- 14.2. extended the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company, with respect to potentially challenging the Questioned Transactions, until July 14, 2019;
 - 14.3. provided time for additional offer(s) to purchase the Company's assets to be submitted by 5:00 p.m., April 29, 2019;
 - 14.4. if no additional offer(s) is/are submitted by the deadline, an Order approving the sale to the New First Mortgagee will be effective on May 1, 2019;
 - 14.5. if additional offer(s) is/are received, then the sale order is not effective until May 10, 2019;
 - 14.6. if additional offer(s) is/are received, the parties are to reappear before the Court on May 8, 2019, to determine whether the sale order will be set aside in favour of an alternative offer.
15. Capitalized terms not otherwise defined herein have the meanings given to them in reports previously filed with the Court by the Monitor and CRO and by previous Court Orders in these proceedings.
 16. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link "Parkland Airport Development Corporation" (the "**Monitor's Website**").

Notice to reader

17. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Company and discussions with the Company's employees, interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.
18. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of management ("Management") for the Company. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensure that the assumptions as a whole are appropriate. While the

Monitor has reviewed the information, the Monitor has not performed an audit or other verification of such information. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts, or relied upon by it in reporting on the financial forecasts. Future oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.

19. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.

20. All amounts included herein are in Canadian dollars unless otherwise stated.

Purpose of this report

21. The purpose of this thirteenth report of the Monitor (the "**Thirteenth Report**") is to provide the Court with:

21.1. a summary of an alternative offer submitted by Alsaloussi Holdings Ltd. (the "**Alsaloussi Offer**");

21.2. a comparison of the Alsaloussi Offer to the New First Mortgagee's Offer;

21.3. the Monitor's position on the Alsaloussi Offer.

Offer to purchase by Alsaloussi Holdings Ltd.

22. On April 29, 2019, the Monitor's legal counsel was provided with an Affidavit of Robert Weinrich (the "**Weinrich Affidavit**"), sworn on April 29, 2019. Attached to the Weinrich Affidavit, as Exhibit "A", was the Alsaloussi Offer, submitted by Alsaloussi Holdings Ltd. ("**Alsaloussi**"). Alsaloussi is a company incorporated federally under the laws of Canada with the registered office located in London, Ontario. A copy of a corporate search results for Alsaloussi is attached to this report as Exhibit "A". The Monitor has had no contact from Alsaloussi with respect to its offer. The significant terms of the Alsaloussi offer are summarized below.

23. The property subject to the Alsaloussi Offer includes:

- 23.1. all lands registered in the name of the Company and the lands formerly registered in the name of the Company subject to the Questioned Transactions;
- 23.2. all of the Company's chattels;
- 23.3. all options held by the Company to acquire additional lands;
- 23.4. all documents and records, including but not limited to engineering studies, building plans, permits and licenses, related to the development, construction and operation of the Parkland Airport.

24. Consideration for the Alsaloussi Offer totals approximately \$6,000,000.00, plus GST, and comprises:

- 24.1. a cash payment of \$3,500,000.00;
- 24.2. \$2,500,000.00, approximately, being the assumption of the mortgage registered against the real property of the Company in favour of Weinrich Contracting Ltd. ("**Weinrich**").

25. The Alsaloussi Offer is conditional upon and subject to the following conditions:

- 25.1. the Company shall obtain an Order of the supervising Court in the CCAA Proceedings on proper notice to all parties with an interest in the Property, approving of and authorizing the transaction and vesting the purchased assets in the purchaser free and clear of all liens, claims and encumbrances whatsoever (the "**Approval and Vesting Order**");
- 25.2. the Company shall take all appropriate and applicable steps to facilitate the purchaser obtaining a transfer of the Company's airport certificate to the purchaser, in compliance with the Aeronautics Act and in particular, the Canadian Aviation Regulations, section 302.04; and
- 25.3. the Purchaser obtaining an Order for Sale to the Plaintiff in Action 1603 12839 (this is a foreclosure action commenced by 383501 Alberta Ltd., as Plaintiff) respecting the Schedule B Lands and vesting the Schedule B Lands in the name of the

Purchaser, free and clear of all liens, claims and encumbrances whatsoever (the "**Order for Sale**").

26. The Alsaloussi Offer contemplates the parties endeavoring to close the transaction as soon as possible, but no earlier than September 1, 2019 (the "**Alsaloussi Closing Date**").

Monitor's position on Alsaloussi Offer

27. As with the New First Mortgagee's Offer, the Monitor has considered the Alsaloussi Offer based on the following factors:

27.1 the appropriateness of the total consideration offered by the New First Mortgagee;

27.2 the likelihood that the transaction will close; and

Appropriateness of consideration offered

28. There are currently two offers of purchase before the Court. The amount offered by the New First Mortgagee totaled approximately \$9,800,539.38, with some adjustment anticipated for the final payout figures for the debt to be assumed or credit bid.

29. The Alsaloussi Offer has an approximate purchase price of \$6,000,000, with some adjustment anticipated for the value of the Weinrich mortgage to be assumed.

30. At face value, the purchase price contained in the New First Mortgagee's Offer exceeds the Alsaloussi Offer by \$3,800,539.38, which is a significant difference. This difference is accounted for by the debt assumption.

31. The Alsaloussi Offer indicates that \$3,500,000 will be paid on closing. It is presumed that those funds would be distributed in accordance of the priority claims.

Potential Closing Issues

32. The conditions precedent to closing the transaction are similar in both offers with the exception of the time to close.
33. The Monitor believes the two most significant differences between the two offers, in the context of the likelihood that either will close, are the difference in the sum of cash required and the length of time required to close the transaction.
34. The cash required from the New First Mortgagee is in the amount of \$265,000.00 compared to \$3,500,000 required from the Alsaloussi Offer.
35. The New First Mortgagee contemplates a Closing Date no later than the 31st day following the Court granting the Approval and Vesting Order and Order for Sale. If the New First Mortgagee is the successful purchaser, then the closing would take place in early June and the Company's operating costs would be covered thereafter by the successful purchaser. The Alsaloussi Offer contemplates closing on September 1, 2019 at the earliest and provides no assurances that the sale will close in a timely manner after September 1, 2019. In addition, should the Alsaloussi Offer be approved by Court, there are no assurances that the Company's operating costs will be covered until closing. At the present time, neither the New First Mortgagee's Offer nor the Alsaloussi Offer provides for a cash deposit, however the Monitor notes that the New First Mortgagee paid the outstanding property taxes in the amount of \$733,094.76 on November 30, 2018.

Conclusions and Recommendations

36. There is a significant difference between the purchase prices, but both offers have the same effect of paying charges in priority to the credit bid amounts, assumption, or credit bid of secured amounts, and then barring all subordinate creditors from recovery. As a result, the purchase price is not the key element in selecting the better offer.

37. The Alsaloussi Offer requires a significant cash payment, and absent a deposit or proof of financing, presents some financing risk and a longer time to close than the New First Mortgagee's Offer.

All of which is respectfully submitted this 7th day of May, 2019.

DELOITTE RESTRUCTURING INC.,
In its capacity as Court-appointed Monitor in
Re: the plan of compromise or arrangement of
Parkland Airport Development Corp.
And not in its personal capacity



Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President

Exhibit "A"



Federal Corporation Information - 1097239-8

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i Note

This information is available to the public in accordance with legislation
(see [Public disclosure of corporate information](#)).

Corporation Number

1097239-8

Business Number (BN)

737109884RC0001

Corporate Name

Alsalousi Holdings Ltd.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2018-08-31

Registered Office Address

177 Foster Avenue
London ON N6H 2L2
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Mohammed Alsaloussi
177 Foster Avenue
London ON N6H 2L2
Canada

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

08-31

Date of Last Annual Meeting

Not available

Annual Filing Period (MM-DD)

08-31 to 10-30

Type of Corporation

Not available

Status of Annual Filings

2019 - Not due

Corporate History

Corporate Name History

2018-08-31 to Present

Alsaloussi Holdings Ltd.

Certificates and Filings

Certificate of Incorporation

2018-08-31

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Date Modified:

2019-04-01