

District of Alberta
Division No.: Calgary
Estate No: 25 – 2919352
Court No: 25 – 2919352

**IN THE MATTER OF THE BANKRUPTCY OF
CYCLONE IRRIGATION LTD.**

MINUTES OF THE FIRST MEETING OF CREDITORS

DATE: March 30, 2023
TIME: 9:00 AM Mountain Time
LOCATION: Zoom
CHAIRMAN: Julie Kennedy, Trustee
SECRETARY: Andrew Pappel
ATTENDANCE: Per the Attached List

The First Meeting of Creditors was held by Zoom (the “Zoom Call”). The details of the meeting were included in the Notice to Creditors dated March 8, 2023.

AUTHORITY AND CALL TO ORDER

Julie Kennedy of MNP Ltd., Trustee, acted as Chairman under the authority of section 105 (1) of the *Bankruptcy and Insolvency Act*.

Andrew Pappel of MNP Ltd. acted as Secretary.

PURPOSE OF MEETING

The purpose of the meeting as set out in section 102(5) of the *Bankruptcy and Insolvency Act* was as follows:

- to consider the affairs of the bankrupt,
- to affirm the appointment of the Trustee or to substitute another in its place,
- to appoint Inspectors, and
- to give such directions to the Trustee as the creditors may see fit with reference to the administration of the bankrupt estate.

DOCUMENTS TO TABLE

The Chairman tabled the following documents:

- Assignment for the General Benefit of Creditors
- Certificate of Appointment of Trustee
- Statement of Affairs
- Trustee’s Preliminary Report
- Notice to Creditors of Bankruptcy and First Meeting of Creditors
- Proof of Publication in Local Newspaper
- Trustee’s Affidavit of Mailing

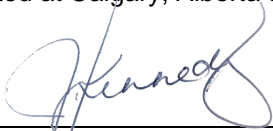
QUORUM

A quorum of creditors was not present at the meeting. As such, pursuant to section 106(2) of the *Bankruptcy and Insolvency Act*:

- The appointment of the Trustee was deemed to be affirmed; and
- The chair adjourned the meeting *sine die* at 9:10 A.M.

A copy of the attendance list for the meeting and the Trustee's Preliminary Report dated March 29 2023 are attached.

Dated at Calgary, Alberta this 30th of March 2023.



Julie Kennedy, CIRP, LIT
Chairman

Follow up re: sale of assets:

In the absence of any creditors present at the meeting and no inspectors being appointed to the bankruptcy estate, the Trustee intends to rely on Section 30(3) of the Bankruptcy and Insolvency Act to exercise its powers to sell or dispose of the assets of the estate via public auction.

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ATTENDANCE LIST FOR THE FIRST MEETING OF CREDITORS
IN THE MATTER OF THE BANKRUPTCY OF
CYCLONE IRRIGATION LTD.

DATE & TIME: Thursday, March 30, 2023 at 9:00 AM
PLACE: Zoom meeting roll call

DEBTOR

NAME: CYCLONE IRRIGATION LTD.

REPRESENTATIVE: Stephen Haworth (not in attendance)

MNP LTD., TRUSTEE & REPRESENTATIVES

Julie Kennedy, Licensed Insolvency Trustee
Vanessa Allen, Licensed Insolvency Trustee
Andrew Pappel, MNP Ltd.

<u>Attendee Name present via conference call</u>	<u>Representing</u>	<u>Amount of claim</u>
<i>Remaining balance intentionally left blank</i>		
Total value of claims present via telephone conference		<u><u>-</u></u>

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**IN THE MATTER OF THE BANKRUPTCY OF
CYCLONE IRRIGATION LTD.
TRUSTEE'S PRELIMINARY REPORT**

The information contained in this report has been prepared from the available books and records of the Company (as subsequently defined) and discussions with management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information contained therein.

BACKGROUND

1. On March 8, 2023 (the "**Filing Date**"), Cyclone Irrigation Ltd. ("**Cyclone**" or the "**Company**") made an assignment in bankruptcy and MNP Ltd. was appointed as Trustee of the bankrupt estate. Publicly available documents related to the bankruptcy are available on the Trustee's website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/cyclone>.
2. Cyclone was incorporated under the *Business Corporations Act Alberta* on February 19, 2004. Stephen Haworth was listed as Cyclone's sole director and sole shareholder. The Company, whose warehouse was located at #4, 10820 27th Street SE in Calgary, Alberta (the "**Premises**"), was a lawn sprinkler system contractor and installed underground irrigation systems for commercial properties, such as malls and commercial office buildings, as well as providing associated services such as winterization of water lines.
3. Prior to the Filing Date, Mr. Haworth found himself unable to continue the business and wound down the Company's operations. All employees were terminated on or around October 2022.
4. On March 9, 2023, the Notice of Bankruptcy, First Meeting of Creditors, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the *Bankruptcy and Insolvency Act* (the "**BIA**"), notice of Cyclone's bankruptcy was published in the March 11, 2023, edition of the Calgary Herald newspaper.

BOOKS AND RECORDS

5. The Trustee has taken possession of the Company's books and records and has obtained backups of all available electronic records.

CONSERVATORY AND PROTECTIVE MEASURES

6. As noted above, the Company's operations were discontinued prior to the Filing Date. The Trustee took reasonable steps to conserve and protect the Company's assets, consisting mainly of office furniture, hand and power tools, irrigation equipment, vehicles and inventory consisting of various poly parts, valves, and fittings, including changing the locks and alarm code for the Premises, verifying the Assets, and ensuring adequate insurance coverage.

ASSET REALIZATION AND PROJECTED DISTRIBUTION

7. On the Filing date, the Company reported that its assets (the "**Assets**") included the following:
 - a. An Account receivable totaling approximately \$19,300;
 - b. Cash held in the Company's bank account at Scotiabank (the "**Scotiabank Account**") in the estimated amount of \$40,000. The Trustee has requested that the Scotiabank Account be closed and all funds on hand be remitted to the Trustee;
 - c. Vehicle and irrigation equipment with a net book value of approximately \$105,300 as at March 2, 2023, in addition to the Ford F-150 (as subsequently defined);
 - d. Inventory, comprised of various sprinkler and irrigation parts, with a net book value of approximately \$228,000 as at March 2, 2023
 - e. Prepaid expenses with a net book value of approximately \$5,300 as at March 2, 2023, which are not estimated to have any realizable value.
9. On March 10, 2023, the Trustee initiated a process whereby interested parties could submit auction proposals with respect to the Assets. The deadline for the submission of auction proposals is March 29, 2023. Any resulting transaction will be subject to the approval of the inspectors, if any are appointed for the estate.

SUMMARY OF CLAIMS

11. As the Filing Date, the Company listed the following secured/ priority claims:
 - a. Ford Credit Canada Company is listed as having a secured claim of approximately \$17,600 in respect of which they hold a registered interest in a 2019 Ford F-150 motor vehicle (the

“Ford F-150”). Ford Credit Canada Company is the only party with a registered security interest in the Alberta Personal Property Registry.

b. Camargue Properties Inc. & Castera Properties Inc. was listed as having a preferred unsecured claim of approximately \$19,500 pursuant to Section 136(1)(f) of the BIA.

12. At the Filing Date, Cyclone listed ordinary unsecured creditors with claims totaling approximately \$511,473.

13. At the time that this report was finalized, the Trustee had not received any proofs of claim or proxies.

LEGAL

14. The Trustee has not retained legal counsel at this time.

REVIEW OF FRAUDULENT PREFERENCES AND TRANSFERS AT UNDERVALUE

15. The Trustee is required to undertake a review of any transactions that occurred prior to the date of bankruptcy that would constitute a transfer at undervalue or a fraudulent preference as defined by subsections 95 and 96 of the BIA and expects to commence that review shortly.

OTHER

16. The Trustee intended course of action is to liquidate the assets pursuant to one of the auction proposals, which will determine the quantum of any funds that are available for distribution to the creditors.

Dated at Calgary, Alberta this 29^h day of March 2023.

MNP Ltd.,

In its capacity as Trustee of the Estate of
Cyclone Irrigation Ltd. and not in its
personal or corporate capacity



Vanessa Allen, B. Comm, CIRP, LIT
Senior Vice President