

TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION
IN THE MATTER OF THE BANKRUPTCY OF
MERMAC CONSTRUCTION LTD.

BKY 25-2955094

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Mermac Construction Ltd. (hereinafter referred to as "**Mermac**" or the "**Company**") filed a voluntary assignment into bankruptcy pursuant to Section 49(1) of the *Bankruptcy and Insolvency Act* ("**BIA**") on June 14, 2023 with Hudson & Company Insolvency Trustees Inc. appointed as Licensed Insolvency Trustee ("**Trustee**").

The Company was in the construction industry and last operated from a leased premises located at 4799 - 68 Avenue SE, Calgary AB.

SECTION A - The Trustee's duties under Section 16(3) of the Bankruptcy and Insolvency Act:

Class I - Stocks and Merchandise:

- The Company's equipment, parts and furnishings were valued on the Statement of Affairs for a combined total of \$54,317, which was the book value noted on the financial records.
- The Trustee has conducted an inventory of the Company's assets.

Class II - Machinery and Equipment:

- At the date of bankruptcy, the Company owned a 2013 Ford F150, 2013 GMC Sierra, 2014 BMW 5 Series, 2016 Ford F-150, and a 2019 Ford F-150 (the "**Vehicles**") shown on the Statement of Affairs at a value of \$20,000, \$17,000, \$10,000, \$26,800, and \$40,950 respectively. These estimated values for the Vehicles were based on the Canadian Used Car (VMR) value.
- The Trustee engaged Regal Auctions ("**Regal**") to assist with transporting the Vehicles to Regal's yard for storage, insurance, and valuation purposes. It is the Trustee's recommendation to have Regal auction the Vehicles for the benefit of the estate.

Class III - Buildings and Real Estate:

- The Company did not own buildings or real estate.

Class IV - Books and Records:

- The Trustee took possession of Company records on June 14, 2023.

Class V - Other Assets:

- Accounts receivable was listed on the Statement of Affairs at \$1,247,773.21 and recovery was noted as “doubtful.” It is anticipated that collection of the outstanding accounts receivable may be difficult when consideration is made for potential lien issues and/or bonding claims by unpaid subtrades of Mermac. The Trustee has issued demand letters for all amounts owing to the Company where a lien has not been registered.
- In addition to the accounts receivable Mermac had commenced legal action in relation to recovery of outstanding invoices on multiple projects, approximately \$3.9 million.
- At the time of the assignment Mermac remitted a payment of \$15,000.00 to the Trustee. The Trustee has deposited the above noted funds in its trust account.

SECTION B - Conservatory and Protective Measures:

- The Trustee changed the locks on the leased premises on June 14, 2023.
- The Trustee arranged to have new insurance placed on the equipment, tools, and other assets of Meramec.
- The alarm company was contacted to ensure that the contact information for any emergency calls was changed to the Trustee.
- When conducting an inventory of the assets the Trustee was advised by the director of Mermac that prior to the assignment several pieces of equipment were missing and likely stolen off the site.

SECTION C – Legal Proceedings:

- Mermac was involved in several legal actions regarding the recovery of amounts outstanding for completed work on multiple projects. The Trustee will review the actions and consider appropriate steps for recovery.

SECTION D – Provable Claims:

- At the time of preparing this report, there have been several unsecured claims filed in the bankruptcy proceedings. A detailed claims register is attached to this report as Exhibit “A.”

SECTION E – Secured Claims:

- Based on the Trustee’s review of the Company’s Personal Property Registry (“PPR”), Bank of Montreal is the first ranking secured creditor with general security over all the present and after acquired property of the Company. Trisura Guarantee Insurance Company is registered as second ranking secured creditor over all the assets.
- Upon further review of the of the Company’s PPR it appears the 2019 Ford F-150 is subject to a purchase money security interest. Upon the submission of a claim the Trustee will determine if there is any value in the vehicle for the estate. To date, no claim has been submitted.

SECTION F – Priority Claims:

- The Company operated from a leased premise and the Trustee was advised that rent was paid up to the end of June, 2023. The landlord has submitted a claim for accelerated rent pursuant to Section 136(f) of the BIA.

SECTION G - Reviewable Transactions and Preference Payments:

- The Trustee has reviewed Mermac's bank statements and has identified various transactions that will be subject to review, including sale of assets and various payments made from Mermac's line of credit.

SECTION H - Other Matters:

- When conducting an inventory the Trustee determined that in addition to the assets held at the Mermac there was equipment located at multiple third party construction sites. The Trustee took steps to secure and move the various tools and other goods to the leased premises however notes various assets were stolen from the sites subsequent to the assignment.

SECTION I – Realization:

- The Trustee has contacted several auctioneer companies requesting that proposals be submitted for review and consideration by the Trustee and the creditors.
- At the date of this report it is difficult for the Trustee to estimate realizations for the creditors, given the unknown collectability of the outstanding accounts receivable.

DATED at Calgary, Alberta, June 27, 2023.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Per: _____


Jeffrey Price, Licensed Insolvency Trustee

Hudson & Company Insolvency Trustees Inc.

Exhibit "A"

Claims Register

In the Matter of the Bankruptcy of
Mermac Construction Ltd.
of the City of Calgary, in the Province of Alberta

Insolvency Date: 14-Jun-2023

Estate Number: 25-2955094

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Preferred creditors						
1. R-Cal Investments Ltd. Attn: Gail Robinson	Yes	Admitted			12,976.44	12,976.44
Total : Preferred creditors					12,976.44	12,976.44
Secured creditors						
1. BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko 25091995680	No	Not proved		142,943.72		
2. Tricor Lease & Finance Corp. Attn: Roy Watters	No	Not proved		40,950.00		
3. Trisura Guarantee Insurance Company	No	Not proved		1.00		
Total : Secured creditors					183,894.72	
Unsecured creditors						
1. 1274335 Alberta Ltd.	Yes	Admitted		500,000.00	490,000.00	490,000.00
2. 1447743 Alberta Ltd.	Yes	Admitted		1.00	366,698.60	366,698.60
3. 354671 Alberta Ltd. o/a Universal Rig	Yes	Admitted		25,926.08	25,926.08	25,926.08
4. 751961 ALBERTA LTD.	No	Not proved		500,000.00		
5. AAA Steel Ltd.	No	Not proved		585,600.41		
6. ABBL Hardware	No	Not proved		13,300.35		
7. ABC Waste Management Ltd.	Yes	Admitted		14,390.25	14,889.00	14,889.00
8. Access Property Services Inc.	No	Not proved		11,550.00		
9. AccessSMT Holdings Ltd.	No	Not proved		2,432.85		
10. Action Security Services Inc/Action Lock & Key Inc	No	Not proved		2,459.87		
11. AERO Sign & Print Inc.	No	Not proved		69,037.50		
12. ALCON Electrical Corp.	No	Not proved		6,661.55		
13. Alex Excavating Ltd.	No	Not proved		13,935.60		
14. Allmar Inc.	No	Not proved		955.92		
15. Andrew Wilson	No	Not proved		1.00		
16. Angela Koenig	No	Not proved		1.00		
17. Bearstone Ex Inc.	No	Not proved		47,639.87		
18. Beyond Foam Insulation Ltd.	No	Not proved		4,905.42		
19. Big Rock Water Hauling Service	No	Not proved		205.20		
20. Black Diamond Limited Partnership	No	Not proved		12,390.00		
21. Blue Artisan Stucco & Exteriors Ltd.	No	Not proved		29,295.00		

Claims Register for Mermac Construction Ltd. - Continued

Insolvency Date: 14-Jun-2023

Estate Number: 25-2955094

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
22. BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko 25091995680	No	Not proved		831,301.18		
23. BMO Financial Group c/o BankruptcyHighway.com Attn: Mike Timko CEBA - **** 436	No	Not proved		60,000.00		
24. Bona Fide Plumbing and Gasfitting Ltd.	No	Not proved		80,375.74		
25. Bow Mark Paving Ltd.	No	Not proved		7,857.91		
26. Brian's Bobcat Service	No	Not proved		24,465.59		
27. Burnet, Duckworth & Palmer LLP Attn: Insolvency Department	No	Not proved		1.00		
28. Business Development Bank of Canada - Calgary Attn: Margie Penuliar 179399	No	Not proved		210,773.21		
29. C.B.N Woodwork Ltd	No	Not proved		913.50		
30. Calgary Aggregate Recycling Inc.	No	Not proved		14,118.25		
31. Calgary Fasteners & Tools Ltd.	No	Not proved		1,935.84		
32. Calibre Coatings Ltd.	No	Not proved		32,113.21		
33. Cambridge Elevator Ltd.	No	Not proved		7,766.85		
34. Canadian Linen & Uniform	No	Not proved		231.30		
35. Canbar Steel Fabricators Ltd.	Yes	Admitted		52,130.66	80,784.83	80,784.83
36. Canwest Concrete Cutting & Coring	No	Not proved		3,839.06		
37. Cargill Limited Attn: Law Department	No	Not proved		1.00		
38. Centimark Ltd.	No	Not proved		98,906.25		
39. Chinook Erectors Ltd.	No	Not proved		6,106.80		
40. Clarence J. Hooker P.C.	No	Not proved		1.00		
41. ConSite Construction Limited	No	Not proved		138,372.98		
42. Coverall of Calgary	No	Not proved		319.20		
43. CRA - Tax - Prairies 10364 2872 RC0001	No	Not proved		1.00		
44. CRA - Tax - Prairies 10364 2872 RP0001	No	Not proved		8,347.72		
45. CRA - Tax - Prairies 10364 2872 RT0001	No	Not proved		1.00		
46. CSN - Lou's Auto Body	No	Not proved		1,548.35		
47. D & T Plumbing /1400188 Alberta Ltd.	No	Not proved		190,505.65		
48. D'amani Stucco Solutions Inc.	No	Not proved		1.00		
49. Dakota Moore	No	Not proved		1.00		
50. Darcy's Rentals Inc	No	Not proved		59,489.74		
51. Darrin Kelm	No	Not proved		1.00		
52. Davidson Enman Lumber Ltd.	No	Not proved		9,435.93		
53. Defined Glass & Design Ltd.	No	Not proved		51,894.69		

Claims Register for Mermac Construction Ltd. - Continued

Insolvency Date: 14-Jun-2023

Estate Number: 25-2955094

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
54. Dentons Canada LLP	No	Not proved		6,716.12		
55. Desa Glass /Div. of Desa Holdings Ltd.	No	Not proved		2,322.60		
56. Design Flooring Centre	Yes	Admitted		32,353.94	32,353.94	32,353.94
57. Detailed Drywall	No	Not proved		379,567.15		
58. Dragon Excavating Ltd.	Yes	Admitted		44,223.38	49,829.96	49,829.96
59. Drumheller Equipment Sales & Rentals Ltd.	No	Not proved		13,734.00		
60. DVS Drywall Contractors Ltd.	No	Not proved		17,983.79		
61. Dynamic Concrete Pumping Inc.	No	Not proved		16,932.96		
62. Dynamic Drywall Interiors Ltd	No	Not proved		1,227.98		
63. E3 Electrical Systems Ltd.	No	Not proved		99,664.82		
64. Eco Tech Electrical Ltd.	No	Not proved		96,090.74		
65. Elite Drywall Systems Ltd.	No	Not proved		71,032.20		
66. Ener-Spray Commercial Contracting Ltd.	No	Not proved		798.00		
67. Enerpro Electrical Services Inc. 1696	Yes	Admitted		20,638.28	20,638.28	20,638.28
68. Englobe Corp	No	Not proved		1,411.20		
69. Enmax Attn: Dina Di Rado	No	Not proved		1,523.17		
70. Equal Door Industries	No	Not proved		131,958.31		
71. Everest Houses Ltd.	No	Not proved		155,925.00		
72. EXP Services Inc.	No	Not proved		3,689.89		
73. Fasken Martineau - Calgary	No	Not proved				
74. FCH Consultant Inc	No	Not proved		4,095.00		
75. Field LLP - Calgary Attn: Lisa Roy	No	Not proved		1.00		
76. Fireball Equipment Ltd.	No	Not proved		1.00		
77. Force Welding Ltd.	Yes	Admitted		50,598.56	133,175.30	133,175.30
78. G.N.E. Construction Ltd.	No	Not proved		57,220.28		
79. Geometrik Projek Contracting Ltd.	No	Not proved		13,134.47		
80. Gillian Mitchell	No	Not proved		1.00		
81. Global Engineering and Testing Ltd.	Yes	Admitted		3,828.68	3,828.68	3,828.68
82. Grayframe Ltd.	No	Not proved		206,360.07		
83. Green Shield Canada	No	Not proved		91.11		
84. Greenspoke	No	Not proved		5,302.50		
85. Gregg Distributors LP 543707	Yes	Admitted		7,147.03	7,147.03	7,147.03
86. HCM Contractors Inc.	No	Not proved		12,961.19		
87. Hilti (Canada) Corporation	No	Not proved		1,430.47		

Claims Register for Mermac Construction Ltd. - Continued

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88. HMC Lawyers LLP - formerly Bryan & Company Calgary LLP Attn: Erin Viala	Yes	Admitted			296,165.07	296,165.07
89. Home Depot c/o Citi Cards Canada (Acct 603529) 6035294651708625	Yes	Admitted		6,077.85	6,077.85	6,077.85
90. HuskyPro c/o FleetCor	No	Not proved				
91. Igloo Erectors Ltd.	No	Not proved		30,035.05		
92. Industrial Graphics (2016) Ltd.	No	Not proved		1,243.20		
93. Ivan Derer Law Attn: Ivan Derer	No	Not proved		1.00		
94. Jack Carter Chevrolet Buick GMC Cadillac Attn: Jay McKeen	No	Not proved		987.63		
95. Jackson Ralph	Yes	Admitted		1.00	12,000.00	12,000.00
96. Jet Hydrovac	No	Not proved		5,902.37		
97. Jones Geomatics Ltd.	No	Not proved		2,877.00		
98. Kang Construction Ltd.	Yes	Admitted		32,599.56	36,740.52	36,740.52
99. KBM Commercial Floor Coverings Inc.	No	Not proved		37,409.40		
100. Kerridge Concrete Ltd.	Yes	Admitted		70,201.86	70,201.86	70,201.86
101. Kevin Robinson	No	Not proved		1.00		
102. King Electrical Services Ltd.	No	Not proved		81,018.94		
103. King Electrical Services Ltd.	No	Not proved		81,018.94		
104. Kooter Towing	No	Not proved		194.25		
105. Lacy Boucher	No	Not proved		1.00		
106. Lafarge Canada Inc.	No	Not proved		139,018.73		
107. Layfield Inc.	Yes	Admitted		49,062.30	49,062.30	49,062.30
108. LBCO Contracting Ltd.	No	Not proved		65,148.30		
109. Liquid Diamond Wall Protection & Plastic Products	No	Not proved		1,111.00		
110. Mark Robinson	No	Not proved		1.00		
111. McLenna Ross LLP Equal Door industries	Yes	Admitted			131,958.31	131,958.31
112. Metro Glass Products Ltd.	No	Not proved		193,321.14		
113. Mi-Pride Painting & Decorating Ltd.	No	Not proved		1,756.13		
114. Micheal Robinson	No	Not proved		1.00		
115. Mike Pompeo Interiors Inc.	No	Not proved		8,299.68		
116. Mint Printing Services Ltd.	No	Not proved		378.00		
117. MNC Construction Inc.	No	Not proved		3,543.75		
118. Moli Industries Ltd.	Yes	Admitted		49,008.07	438,832.66	438,832.66
119. MQR Precast Ltd.	No	Not proved		231,496.65		
120. NABCO Canada Inc. - Calgary	No	Not proved		6,462.75		
121. National Concrete Accessories Canada Inc.	No	Not proved		19,091.94		

Claims Register for Mermac Construction Ltd. - Continued

Insolvency Date: 14-Jun-2023

Estate Number: 25-2955094

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
122. NSI Scapes Inc.	No	Not proved		49,248.73		
123. Old Time Iron Inc.	Yes	Admitted		81,602.10	81,602.50	81,602.50
124. Paul Roy	No	Not proved		1.00		
125. Peter Southall	No	Not proved		1.00		
126. Petrin Mechanical (Alberta) Ltd.	No	Not proved		57,490.38		
127. Pius Alabi	No	Not proved		1.00		
128. Polar Bear Mechanical Ltd.	Yes	Admitted		1.00	34,739.05	34,739.05
129. PrairieGEO Engineering Ltd.	Yes	Admitted		14,637.00	14,637.00	14,637.00
130. Protective Surface Enterprises Ltd.	No	Not proved		3,103.60		
131. Rick Balbi Architect Ltd.	Yes	Admitted		17,808.54	17,808.54	17,808.54
132. Rik's Electrical Limited	No	Not proved		36,750.00		
133. Rite-Way Fencing (2000) Inc.	No	Not proved		30,982.89		
134. Ruby Rock Asphalt Works Ltd.	Yes	Admitted		17,654.96	17,654.96	17,654.96
135. Rural Roots Stoneworks	Yes	Admitted		9,408.00	38,206.35	38,206.35
136. S-D Stucco Wall Systems Ltd.	No	Not proved		21,451.51		
137. Securability Protection Inc	Yes	Admitted			50,121.90	50,121.90
138. Securability Protection Inc.	No	Not proved		30,807.00		
139. Shoemaker Drywall Supplies	No	Not proved		10,254.75		
140. Simply Stone Landscapes Ltd.	No	Not proved		107,892.22		
141. Slimdor Contracting Ltd.	No	Not proved		296,291.25		
142. South-Way Equipment Rentals	Yes	Admitted		233,497.51	256,595.31	256,595.31
143. Split Contracting Services Inc.	No	Not proved		1,131.90		
144. Sprouse Fire & Safety	No	Not proved		852.04		
145. Stampede Messenger & Express	No	Not proved		71.61		
146. Stanley Law Office Attn: Uzo Aghaebuna	No	Not proved		1.00		
147. Superior Propane Attn: Account Collections, Karen	No	Not proved		4,471.06		
148. T.i. Studios Architecture Inc.	No	Not proved		5,725.13		
149. Telus Mobility Services Attn: Rick Wan	No	Not proved		865.82		
150. Telus Residential/Business Services Attn: Rick Wan	No	Not proved		345.66		
151. Terramatic Technologies Inc.	No	Not proved		11,224.50		
152. TheITeam Ltd.	Yes	Admitted		5,556.69	6,475.44	6,475.44
153. Thomas Bullen	No	Not proved		1.00		
154. Toole Peet & Co. Ltd.	No	Not proved		63,783.00		
155. Toole Peet Insurance Brokers Attn: Erin Green	No	Not proved		1.00		
156. Total Geomatics & Consulting Inc.	No	Not proved		1,012.50		

Claims Register for Mermac Construction Ltd. - Concluded

Insolvency Date: 14-Jun-2023

Estate Number: 25-2955094

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
157. Trades Labour Corporation	No	Not proved		5,391.62		
158. Triumph Inc.	No	Not proved		296,165.07		
159. Turner & Townsend	No	Not proved		5,403.80		
160. ULINE Canada Corporation	No	Not proved		1,258.76		
161. Underground Disposal Systems Ltd	No	Not proved		7,799.52		
162. Unicon Concrete Specialties	No	Not proved		1.00		
163. United Roofing Inc.	No	Not proved		18,718.94		
164. Wagner Electrical Contractors	No	Not proved		33,214.65		
165. Waste Connections of Canada Inc.	No	Not proved		402.20		
166. WCB Workers Compensation Board of Alberta Attn: Collection Department 3337776	No	Not proved		1.00		
167. Weatherguard Metals Ltd.	Yes	Admitted		19,302.15	19,302.15	19,302.15
168. White Cap Supply Canada Inc.	No	Not proved		4,639.10		
169. Williams Scotsman of Canada Ltd.	No	Not proved		672.01		
170. Wireless City Inc. EDYEGAR225	Yes	Admitted		115.46	115.46	115.46
171. WJL Heating & Air Conditioning (1999) Ltd.	No	Not proved		73,301.54		
Total : Unsecured creditors				7,890,997.03	2,803,568.93	2,803,568.93
Grand Total:				8,074,891.75	2,816,545.37	2,816,545.37