

**THE QUEEN'S BENCH**  
**Winnipeg Centre**

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT  
WITH RESPECT TO ARCTIC GLACIER INCOME FUND, ARCTIC GLACIER INC.,  
ARCTIC GLACIER INTERNATIONAL INC. and the ADDITIONAL APPLICANTS LISTED  
IN SCHEDULE "A" HERETO

(collectively, the "APPLICANTS")

APPLICATION UNDER THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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**THIRTY-SECOND REPORT OF THE MONITOR**  
**ALVAREZ & MARSAL CANADA INC.**  
**JUNE 16, 2020**

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## **TABLE OF CONTENTS**

<b>1.0</b>	<b>INTRODUCTION .....</b>	<b>2</b>
<b>2.0</b>	<b>TERMS OF REFERENCE .....</b>	<b>6</b>
<b>3.0</b>	<b>POST-PLAN IMPLEMENTATION DATE TRANSACTIONS.....</b>	<b>7</b>
<b>4.0</b>	<b>THIRD INTERIM DISTRIBUTION .....</b>	<b>8</b>
<b>5.0</b>	<b>EXTENSION OF THE STAY .....</b>	<b>10</b>
<b>6.0</b>	<b>RECEIPTS AND DISBURSEMENTS SINCE THE THIRTY-FIRST REPORT .....</b>	<b>11</b>
<b>7.0</b>	<b>ACTIVITIES OF THE MONITOR.....</b>	<b>12</b>

## **INDEX TO APPENDICES**

**Appendix A – List of the Applicants**

## 1.0 INTRODUCTION

- 1.1 Pursuant to an order of The Court of Queen’s Bench (Winnipeg Centre) (the “**Canadian Court**”) dated February 22, 2012 (the “**Initial Order**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Monitor (the “**Monitor**”) in respect of an application filed by Arctic Glacier Income Fund (“**AGIF**”), Arctic Glacier Inc. (“**AGI**”), Arctic Glacier International Inc. (“**AGII**”) and those entities listed on **Appendix “A”** (collectively the “**Applicants**”, together with Glacier Valley Ice Company L.P., the “**Arctic Glacier Parties**”), seeking certain relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced by the Applicants under the Initial Order are referred to herein as the “**CCAA Proceedings**”. The United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”) recognized the CCAA Proceedings as a foreign main proceeding and appointed the Monitor as foreign representative of the Applicants by Order dated March 16, 2012.
- 1.2 The Monitor has previously filed thirty-one reports with the Canadian Court. Capitalized terms used but not otherwise defined in this report (the “**Thirty-Second Report**”) are as defined in the orders previously granted by, or in the reports previously filed by the Monitor with, the Canadian Court, and the Applicants’ consolidated plan of compromise or arrangement dated May 21, 2014, as amended on August 26, 2014 and January 21, 2015, as may be further amended, supplemented or restated from time to time in accordance with the terms therein (the “**Plan**”).

- 1.3 The sale transaction for substantially all of the Arctic Glacier Parties' business and assets (the "**Sale Transaction**") closed on July 27, 2012. The Monitor continues to hold funds as a result of the Sale Transaction and other receipts.
- 1.4 On September 5, 2012, the Canadian Court issued an order approving a claims process to resolve claims against the Arctic Glacier Parties (the "**Claims Process**") and, among other things, authorizing, directing and empowering the Monitor to take such actions as contemplated by the Claims Process (the "**Claims Procedure Order**"). The Claims Procedure Order provided for a Claims Bar Date of October 31, 2012, in respect of the Proofs of Claim and the DO&T Proofs of Claim. The U.S. Court recognized the Claims Procedure Order by an Order dated September 14, 2012. Eighty-three parties filed Proofs of Claim with the Monitor.
- 1.5 On May 21, 2014, the Canadian Court issued an order (the "**Meeting Order**") with respect to the Plan. On June 6, 2014, the U.S. Court entered an Order recognizing and giving full force and effect in the United States to the Meeting Order.
- 1.6 Following a meeting of the unitholders and a deemed meeting of the Affected Creditors, on September 5, 2014, the Canadian Court issued an order that, among other things, sanctioned and approved the Plan (the "**Sanction Order**"). On September 16, 2014, the U.S. Court entered an order recognizing and giving full force and effect to the Sanction Order in the United States.
- 1.7 On January 22, 2015 (the "**Plan Implementation Date**"), the Plan was successfully implemented after the Monitor certified that the conditions precedent set out in Section

10.3 of the Plan had been satisfied or waived in accordance with the Plan. Accordingly, on the Plan Implementation Date and pursuant to the Plan, the Monitor, on behalf of the Applicants, among other things:

- a) used the Available Funds to fund the reserves and distribution cash pools set out in the Plan;
  - b) distributed the Affected Creditors' Distribution Cash Pool to each Affected Creditor in the amount of such creditor's Proven Claim; and
  - c) transferred \$54,498,863.58 (the "**Initial Distribution**") from the Unitholders' Distribution Cash Pool to the Transfer Agent for distribution to Registered Unitholders as of December 18, 2014 (the "**Initial Distribution Record Date**").
- 1.8 On June 2, 2015, the Canadian Court issued an order approving a claims process to identify and determine certain potential claims relating to the Initial Distribution (the "**Unitholder Claims Process**") and, among other things, authorizing, directing and empowering the Monitor to take such actions as contemplated by the Unitholder Claims Process (the "**Unitholder Claims Procedure Order**"). The Unitholder Claims Process provided for a Unitholder Claims Bar Date of July 28, 2015, in respect of claims against AGIF arising from any action or omission on or after the setting of the Initial Distribution Record Date in connection with the Initial Distribution ("**Initial Distribution Claims**"), or claims against AGIF's Officers or Trustees in connection with an action or omission occurring on or after the setting of the Initial Distribution Record Date in connection with or related to the Initial Distribution ("**O&T Claims**").

- 1.9 On December 6, 2019, the Monitor transferred the amount of the Unitholder Interim Distribution (\$15 million) to the Transfer Agent for distribution of the Unitholder Interim Distribution, on behalf and for the account of AGIF by way of cheque sent by prepaid ordinary mail or by way of wire transfer to each Registered Unitholder that the Transfer Agent was aware of and has contact information in respect of, as of the Unitholder Final Distribution Record Date, based on each Registered Unitholder's Pro Rata Share, (a) for such Registered Unitholder, in respect of Trust Units held by such Registered Unitholder solely for and on behalf of itself, as applicable; or (b) for distribution by such Registered Unitholder to (i) Beneficial Unitholders, as applicable, or (ii) Nominees, or the agents of such Nominees for subsequent distribution to the applicable Beneficial Unitholders.
- 1.10 On December 10, 2019, the Canadian Court issued an order (the "**Stay Extension Order**") extending the Stay Period to June 26, 2020.
- 1.11 The purpose of this Thirty-Second Report is to:
- a) provide the Canadian Court, Affected Creditors, Unitholders and other interested parties with an update regarding:
    - i. post-Plan implementation steps to be completed by the Arctic Glacier Parties and the Monitor;
    - ii. information in respect of the Third Interim Distribution (as defined below);
    - iii. the Arctic Glacier Parties' receipts and disbursements for the period from November 24, 2019 to May 31, 2020; and

- iv. the Monitor’s activities since the date of the Thirty-First Report (November 29, 2019); and
    - b) provide information in support of the Monitor’s motion returnable June 23, 2020 for an order, among other things:
      - i. extending the Stay Period to December 18, 2020; and
      - ii. approving this Thirty-Second Report.
- 1.12 Further information regarding these CCAA Proceedings and the now-concluded Chapter 15 Proceedings, and all previous reports of the Monitor, can be found on the Monitor’s website at <http://www.alvarezandmarsal.com/arctic-glacier-income-fund-arctic-glacier-inc-and-subsidiaries> (the “**Website**”).

## **2.0 TERMS OF REFERENCE**

- 2.1 In preparing this Thirty-Second Report, the Monitor has relied upon unaudited financial information, books and records and financial information of the Arctic Glacier Parties (collectively, the “**Information**”).
- 2.2 The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and,



accordingly, the Monitor expresses no opinion and does not provide any other form of assurance contemplated under CASs in respect of the Information.

2.3 The Information contained in this Thirty-Second Report is not intended to be relied upon by any investor in any transaction with the Arctic Glacier Parties or in relation to any transfer or assignment of the Trust Units of AGIF.

2.4 Capitalized terms not described elsewhere have the meaning ascribed to them in the Plan.

### **3.0 POST-PLAN IMPLEMENTATION DATE TRANSACTIONS**

3.1 As discussed in the Thirty-First Report, only two legal entities remain, both of which are in Canada: AGI and AGIF. To complete the Post-Plan Implementation Date Transactions and Schedule B Steps, any remaining issues of taxation must be resolved before a Final Distribution can be completed.

3.2 As described in paragraph 3.7 of the Twenty-Ninth Report, the Trustees and Directors have asked the Monitor to obtain clearance certificates from CRA and Revenue Quebec in respect of both AGI and AGIF (the “**Clearance Certificates**”).

3.3 Since the date of the Thirty-First Report, the Monitor has prepared the accounting information for both AGI and AGIF for the 2019 year-end and has coordinated the preparation and filing of the 2019 year-end tax returns.

3.4 To obtain the Clearance Certificates, among other things, all outstanding CRA and Revenue Quebec tax and filing obligations must be addressed. The Monitor understands that there is an amount owing by AGI to Revenue Quebec in respect of QST and has been

working with KPMG, the Companies' tax advisors to obtain information from Revenue Quebec to review the matter and arrange for payment if appropriate. The COVID-19 pandemic together with administrative issues related to the communications with Revenue Quebec have delayed the Monitor's ability to obtain the required information.

3.5 The Monitor further understands that the request for the Clearance Certificates must be filed together with the Companies' final tax returns. Accordingly, the QST matter must be resolved prior to filing the final tax returns and the request for the Clearance Certificates.

3.6 The Monitor has prepared the accounting information for both AGI and AGIF for the stub period to April 30, 2020 and provided same to KPMG to prepare the Companies' tax returns for the same period, which are expected to be the Companies' final tax returns so that they can be filed, together with the request for the Clearance Certificates, expeditiously as soon as the QST matter is resolved.

3.7 Following receipt of the Clearance Certificates, the Monitor will complete the Post-Plan Implementation Date Transactions and the Schedule B Steps required and make a Final Distribution.

#### **4.0 THIRD INTERIM DISTRIBUTION**

4.1 The Monitor has evaluated the time required to complete the remaining Post-Plan Implementation Date Transactions and Schedule B Steps, and the amount of funds that are available to be distributed at this time and has concluded that it is appropriate to make a further interim distribution to unitholders (the "**Third Interim Distribution**"). The

Monitor anticipates beginning the formal process to make the Third Interim Distribution, which is described below, as soon as possible in compliance with applicable securities legislation and rules to the extent that they are not inconsistent with the Plan. It is anticipated that the process to facilitate the Third Interim Distribution will be commenced no later than early July 2020.

4.2 The Monitor estimates the amount of the Third Interim Distribution will be approximately CDN\$5 million, provided no unexpected matters arise in the interim. Once the Monitor has finalized the amount of the Third Interim Distribution, the Monitor will set a record date (the “**Third Interim Distribution Record Date**”), which must be at least 21 days prior to the date of the Third Interim Distribution (the “**Third Interim Distribution Date**”). Notice will be given to the Transfer Agent, CSE and FINRA at least 10 days prior to the Third Interim Distribution Record Date.

4.3 Pursuant to the Plan, on the Third Interim Distribution Date, the Monitor will transfer the amount of the Third Interim Distribution to the Transfer Agent, which shall distribute the Third Interim Distribution on behalf of and for the account of AGIF by way of cheque sent by prepaid ordinary mail or by way of wire transfer to each Registered Unitholder as of the Third Interim Distribution Record Date that the Transfer Agent has contact information in respect of, based on each Registered Unitholder’s Pro Rata Share, (a) for such Registered Unitholder, in respect of Trust Units held by such Registered Unitholder solely for and on behalf of itself, as applicable; or (b) for distribution by such Registered Unitholder to (i) Beneficial Unitholders, as applicable, or (ii) Nominees, or the agents of such Nominees for subsequent distribution to the applicable Beneficial Unitholders.

4.4 The Monitor will cause notices of the Third Interim Distribution Record Date, which will include the amount of the Third Interim Distribution, to be published in the *Globe and Mail* (National Edition), the *Wall Street Journal* (National Edition) and the *Winnipeg Free Press*, and AGIF will issue a press release regarding same.

## **5.0 EXTENSION OF THE STAY**

5.1 As described above, prior to making a Final Distribution, the Monitor must obtain the Clearance Certificates, which it intends to request concurrently with the filing of the stub period April 30, 2020 tax returns, which are expected to be the Companies' final tax returns.

5.2 Pursuant to the Initial Order and subsequent Orders of the Canadian Court, the Stay Period was granted and extended until June 26, 2020. The Monitor believes that an extension of the Stay Period until December 18, 2020, is appropriate, as it will allow the Monitor, in consultation with the Applicants, to among other things, continue implementing the steps contemplated by the Plan, including arranging for the Third Interim Distribution, the filing of the final tax returns for AGI and AGIF, and requesting and obtaining the Clearance Certificates in respect of same.

5.3 Upon receipt of the Clearance Certificates, the Monitor will promptly facilitate a Final Distribution and seek the termination of these CCAA Proceedings. Accordingly, there is a reasonable possibility that the Monitor will be making the Final Distribution, applying for delisting of AGIF, and seeking termination of the CCAA Proceedings in advance of December 18, 2020.

5.4 The Monitor believes that the Arctic Glacier Parties have acted and continue to act in good faith and with due diligence in advancing the administration of these CCAA Proceedings.

## **6.0 RECEIPTS AND DISBURSEMENTS SINCE THE THIRTY-FIRST REPORT**

6.1 During the period from November 24, 2019 to May 31, 2020 (the “**Reporting Period**”), receipts during the Reporting Period were approximately CAD\$100,500, comprised entirely of deposit interest.

6.2 Disbursements consisted primarily of: (a) professional fees and expenses totaling approximately CAD\$494,000 (including HST) and USD\$25,000, comprised of approximately: i. CAD\$260,000 paid to the Monitor, its legal counsel, the CPS, the Applicants’ legal counsel and the Applicants’ tax consultants; ii. CAD\$234,000 (including HST) paid to one of the Applicants’ legal counsel at a negotiated discount to resolve invoices related primarily to prior periods; and iii. USD\$25,000 for the Monitor’s US legal counsel and noticing agent related to the conclusion of the Chapter 15 proceedings; and (b) amounts paid to the Trustees of AGIF of approximately \$130,000.

6.3 As at May 31, 2020, the Monitor is holding approximately CAD\$8.8 million, all of which is being held in interest-bearing accounts in the name of the Monitor, on behalf of the Applicants.

6.4 The Plan provides that certain reserves and cash pools be maintained in respect of the remaining obligations of the estates. All remaining funds held by the Monitor on behalf of the Companies are part of the Administrative Costs Reserve.

## **7.0 ACTIVITIES OF THE MONITOR**

7.1 In addition to the activities of the Monitor described above, the Monitor's activities from the date of the Thirty-First Report, being November 29, 2019, have included the following:

- responding to inquiries from Unitholders and other stakeholders;
- continuing to make non-confidential materials filed with the Canadian Court and with the U.S. Court publicly available on the Website;
- preparing financial statements for the year ended December 31, 2019 in respect of the remaining Arctic Glacier Parties and arranging for the preparation and filing of the 2019 tax returns;
- preparing draft financial statements for the stub period ended April 30, 2020 in respect of AGI and AGIF and communications with KPMG to coordinate the preparation of tax returns in respect of the same period;
- numerous discussions with legal counsel to the Trustees and with KPMG in respect of the process to obtain the necessary tax clearance certificates;
- coordinating the Unitholder Interim Distribution;
- preparing this Thirty-Second Report;

- maintaining estate bank accounts and overseeing the accounting for the Applicants' receipts and disbursements pursuant to the Transition Order;
- preparing and filing GST/HST returns and various other statutory returns and communicating with CRA, as appropriate in respect of same; and
- attending at the December 2019 Stay Extension Motion.

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All of which is respectfully submitted to the Court of Queen's Bench this 16<sup>th</sup> day of June, 2020.

**Alvarez & Marsal Canada Inc., in its capacity  
as Monitor of Arctic Glacier Income Fund,  
Arctic Glacier Inc., Arctic Glacier International Inc. and  
the other Applicants listed on Appendix "A".**



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Per: Alan J. Hutchens, Senior Vice-President

## **APPENDIX A**

### **ADDITIONAL APPLICANTS**

Arctic Glacier California Inc.  
Arctic Glacier Grayling Inc.  
Arctic Glacier Lansing Inc.  
Arctic Glacier Michigan Inc.  
Arctic Glacier Minnesota Inc.  
Arctic Glacier Nebraska Inc.  
Arctic Glacier Newburgh Inc.  
Arctic Glacier New York Inc.  
Arctic Glacier Oregon Inc.  
Arctic Glacier Party Time Inc.  
Arctic Glacier Pennsylvania Inc.  
Arctic Glacier Rochester Inc.  
Arctic Glacier Services Inc.  
Arctic Glacier Texas Inc.  
Arctic Glacier Vernon Inc.  
Arctic Glacier Wisconsin Inc.  
Diamond Ice Cube Company Inc.  
Diamond Newport Corporation  
Glacier Ice Company, Inc.  
Ice Perfection Systems Inc.  
ICESurance Inc.  
Jack Frost Ice Service, Inc.  
Knowlton Enterprises, Inc.  
Mountain Water Ice Company  
R&K Trucking, Inc.  
Winkler Lucas Ice and Fuel Company  
Wonderland Ice, Inc.