

COURT FILE NUMBER QB No. 1884 of 2019

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 101098672
SASKATCHEWAN LTD., MORRIS INDUSTRIES LTD., MORRIS SALES AND SERVICE LTD.,
CONTOUR REALTY INC., and MORRIS INDUSTRIES (USA) INC.

NOTICE OF APPLICATION

(Extension of Stay of Proceedings and Other Relief)

NOTICE TO RESPONDENTS: All parties listed in the enclosed Service List

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Where: Court House, 520 Spadina Crescent East
Saskatoon, Saskatchewan

Date: Thursday, November 26, 2020

Time: 2:00 pm

NOTE: The hearing of this application is likely to take place by telephone pursuant to the Court's procedures during the COVID-19 pandemic. If you would like to be notified of the dial-in particulars when they become available, you must request them in writing or by e-mail from the Monitor's legal counsel.

(Read the Notice at the end of this document to see what else you can do and when you must do it.)

Reasons for urgency of application:

1. 101098672 Saskatchewan Ltd., Morris Industries Ltd., Morris Sales and Service Ltd., Contour Realty Inc., and Morris Industries (USA) Inc. (collectively, the "**Morris Group**") employ, in aggregate, 134 individuals in the Provinces of Saskatchewan and Manitoba.
2. There are no remaining directors or officers of Morris Group. Accordingly, Alvarez & Marsal Canada Inc., the Court-appointed Monitor of the Morris Group (the "**Monitor**"), is responsible for all management and oversight of the business operations of the Morris Group.

3. The Monitor was appointed pursuant to the Amended and Restated Initial Order granted by the Honourable Mr. Justice R.S. Smith in these proceedings on January 16, 2020 (the "**ARI Order**"), the term of which expires at 11:59 p.m. Saskatchewan Time on November 30, 2020. If the ARI Order and the stay of proceedings thereunder are not extended, the Morris Group will be left without any directors, officers, senior management, means of funding operations, or means to pay its employees.

Remedy claimed or sought:

4. An Order in substantially the form of the proposed draft Order (Extension of Stay of Proceedings and Other Relief) filed herewith:
 - (a) extending the term of the ARI Order, and the stay of proceedings provided for therein, to 11:59 p.m. Saskatchewan time on Friday, December 18, 2020;
 - (b) increasing the maximum amount of interim financing available pursuant to the ARI Order from \$6,500,000.00 to \$8,000,000.00;
 - (c) increasing the amount of the "**Interim Lender's Charge**" (as that term is defined in the ARI Order) from \$6,500,000.00 to \$8,000,000.00;
 - (d) approving the actions of the Monitor;
 - (e) approving the fees and disbursements of the Monitor and its legal counsel;
 - (f) sealing the Confidential Appendix to the Eleventh Report of the Monitor (the "**Confidential Appendix**") on the Court file; and
 - (g) such further and other relief as counsel may request and this Honourable Court may allow.

Grounds for making this application:

5. The Morris Group was granted protection pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, s 36 by means of an Initial Order granted by the Honourable Mr. Justice R.S. Smith on January 8, 2020 and the ARI Order subsequently granted by Justice Smith on January 16, 2020.
6. Pursuant to the Order (Enhancement of Monitor's Powers) granted by the Honourable Mr. Justice R.W. Elson on February 18, 2020 (the "**EMP Order**"), the Monitor is empowered, *inter alia*, to take any steps reasonably incidental to certain enumerated powers described therein and to exercise statutory rights and remedies on behalf of Morris Group (paragraph 3(d)).

Extension of the ARI Order and the Stay of Proceedings

7. The ARI Order and the stay of proceedings thereunder are scheduled to expire at 11:59 p.m. on November 30, 2020.
8. The work of the Monitor to sell the business and operations of Morris Group is approaching a final conclusion. The Monitor anticipates closing the resulting sale transaction on or before December 31, 2020 [NTD: DATE?].
9. The Monitor continues to oversee the day-to-day operations of the Morris Group as more particularly discussed in the Eleventh Report of the Monitor dated November 23, 2020 (the "**Eleventh Report**").

Increase to Maximum Amount of Interim Financing and of Interim Lender's Charge

10. At the time of the ARI Order, Morris Group had two remaining directors (Casey Davis and Tim Lee) and two officers (Chief Operating Officer Kevin Adair and Chief Financial Officer Mel Karakochuk), as well as a non-officer Vice President of Finance (Anthony Potter). Since the time of the ARI Order, Messrs. Davis, Lee, Adair, and Potter have all resigned from their respective positions, and Mr. Karakochuk has retired.
11. Accordingly, Bank of Montreal ("**BMO**") sought and obtained the EMP Order, pursuant to which the Monitor has taken over all management and oversight of the business operations of the Morris Group.
12. This significant expansion of the Monitor's role has increased the professional fees and disbursements of the Monitor and its legal counsel to a considerable degree beyond the amounts anticipated at the time of the ARI Order.
13. Accordingly, an increase in the maximum amount of interim financing from \$6,500,000.00 to \$8,000,000.00 is necessary in order for the Monitor to complete its mandate.
14. In order to ensure that the interim financing lender, BMO, is adequately secured for the additional expected advances, a corresponding increase of the Interim Lender's Charge established pursuant to the ARI Order is required as well.

Approval of Activities of the Monitor and the Fees and Disbursements of the Monitor and its Legal Counsel

15. As more particularly detailed in the Eleventh Report:

- (a) the Monitor's mandate has at all times been carried out with efficiency and integrity and with due regard for the interests of all parties; and
 - (b) the professional fees and disbursements of the Monitor and its legal counsel, MLT Aikins LLP, are fair and reasonable.
16. Accordingly, the Monitor seeks approval of its activities from September 14, 2020 (the date upon which its activities were last approved) to November 23, 2020, as well as approval of the fees and disbursements of the Monitor and its legal counsel from August 31, 2020 to October 31, 2020.

Sealing of the Confidential Appendix

17. In order to ensure that this Honourable Court is well-informed regarding the Monitor's performance of its mandate, the Monitor is filing a Confidential Appendix to which is attached a highly sensitive commercial agreement between Morris Industries Ltd. (by and through the Monitor), the Proposed Purchaser and the Australian dealer who is the largest customer of Morris Industries Ltd.
18. The information in the Confidential Appendix is commercially sensitive. Publicly disclosing this commercially sensitive information prior to the closing of a sale transaction would be prejudicial to the Monitor's current negotiations with the various interested parties and would jeopardize the ability of the Monitor to maximize value for all stakeholders.
19. Such further or other grounds as counsel may advise and this Honourable Court may allow.

Material or evidence to be relied on:

20. This Notice of Application, with proof of service;
21. Eleventh Report of the Monitor dated November 23, 2020, with appendices;
22. The First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Reports of the Monitor, with appendices, previously filed;
23. Draft Order;
24. Brief of Law on behalf of the Monitor;
25. Proof of compliance with General Application Practice Directive #3; and
26. Such further and other materials as counsel may advise and this Honourable Court may allow.

Applicable Acts and regulations:

27. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, s 36.

DATED at Saskatoon, Saskatchewan, this 23rd day of November, 2020.

MLT AIKINS LLP

Per: 

Jeffrey M. Lee, Q.C. and Paul Olfert
Counsel for the Monitor, Alvarez & Marsal Canada
Inc.

NOTICE

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

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