

COURT FILE NO. 2001-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF REDROCK CAMPS INC., SOCKEYE ENTERPRISES INC., SWEETWATER HOSPITALITY INC. and BALDR CONSTRUCTION MANAGEMENT INC.

APPLICANTS INVICO DIVERSIFIED INCOME L.P. and INVICO TRADE CAPITAL L.P.

RESPONDENTS REDROCK CAMPS INC., SOCKEYE ENTERPRISES INC., SWEETWATER HOSPITALITY INC. and BALDR CONSTRUCTION MANAGEMENT INC.

DOCUMENT **ORIGINATING APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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NOTICE TO THE RESPONDENT(S)

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:

Date: May 13, 2020
Time: 2:00 pm
Where: Calgary Courts Centre

601 – 5th Street SW, Calgary

Before Whom: The Honourable Justice Romaine

Go to the end of this document to see what you can do and when you must do it.

Basis for this Claim:

The Respondents

1. Redrock Camps Inc., a respondent, ("**Redrock**") is a company incorporated under the laws of the Province of Alberta with headquarters in Calgary, Alberta. Redrock carries on business by, among other things, providing temporary sites with lodging, food and other necessary accommodations ("**Service Camps**") for companies in the energy, infrastructure, and firefighting sectors to house employees and contractors working rural locations;
2. Redrock is either the majority or sole shareholder for the remaining respondents:
 - (a) **Sockeye** – Sockeye Enterprises Inc. ("**Sockeye**"), a company incorporated under the laws of the Province of British Columbia.
 - (b) **Sweetwater** – Sweetwater Hospitality Inc. ("**Sweetwater**"), a company incorporated under the laws of the Province of Alberta.
 - (c) **Northbound** – Baldr Construction Management Inc., which was previously named Northbound Laundry Ltd. ("**Northbound**" and together with Redrock, Sockeye and Sweetwater, the "**Respondents**"), a company incorporated under the laws of the Province of Alberta;
3. Each of the Respondents:
 - (a) is a company;
 - (b) has claims in excess of \$5,000,000.00; and
 - (c) is insolvent;

The Applicants

4. The applicants, Invico Diversified Income Limited Partnership (“**IDILP**”) and Invico Trade Capital L.P. (“**ITCLP**” and together with IDILP, “**Invico**” or the “**Applicants**”), are senior secured creditors of the Respondents;

Background

5. Redrock is facing a liquidity shortfall and is in default of its obligations to the Applicants and other creditors, including many of its suppliers. Many of the Respondents suppliers, including the transporter of food to the Service Camps, have threatened to cease supplying if they are not paid arrears owing to them. Without CCAA protection, a shutdown of the Respondents operations is inevitable;
6. The Respondents employ over 190 people and currently provide Service Camps for 59 of its clients’ workers. The protections and flexibility available in a CCAA proceeding provide the best mechanism to preserve the going concern value of the business and allow it to continue for the benefit of the whole economic community, including its employees and suppliers;
7. The Respondents require interim financing to:
 - (a) fund operational needs while the Respondents, with the assistance of the Monitor, pursue a restructuring strategy; and
 - (b) fund the CCAA process;
8. IDILP has agreed to provide Interim Financing (in such capacity, the “**Interim Lender**”) of up to an aggregate amount of \$2,500,000 to fund the Respondents operations and expenses during the CCAA proceedings, subject to the terms and conditions set forth in the proposed Interim Financing Agreement (the “**Interim Financing Agreement**”);
9. The proposed \$1,000,000 initial advance is limited to what is reasonably necessary during the first ten days following the Initial Order;
10. The Respondents require a stay of proceedings so that they can continue operating as a going concern while they pursue the proposed restructuring strategy;

11. BDO has consented to act as Monitor;
12. The Enhanced Powers of the Monitor will assist in stabilizing the Respondents' business and ensuring suppliers continue to work with the Respondents and necessary expenses such as payroll are paid. The Monitor, in consultation with the Respondents and Applicants, will also develop and conduct a sale and investor solicitation process ("**SISP**") with the assistance of a sale advisor. Once developed, the Monitor intends to return to this Court for the approval of the SISP at a subsequent application;
13. The Administration Charge and D&O Charge are required to secure the professional services required to complete the CCAA proceedings and ensure the continued cooperation of the Respondents directors and officers;
14. The Applicants intend to return to this Court on notice to the Service List for a motion seeking, among other things, an expanded initial order granting super-priority ranking to the Administration Charge (and other charges) ahead of all Encumbrances;
15. The provisions of the CCAA and this Court's equitable jurisdiction thereunder; and
16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Remedy sought:

17. An order (the "**Initial Order**") granting an interim stay pursuant to section 11 of the CCAA and granting such other relief on the terms substantially set out in the draft Initial Order attached hereto as **Schedule "A"**, including, *inter alia*, the following relief:
 - (a) declaring that the Respondents are Companies to which the CCAA applies;
 - (b) dispensing with the service of the Originating Application and supporting materials on all creditors of the Respondents, and/or deeming service thereof to be good, sufficient and abridging the time for service;
 - (c) authorizing the Respondents to remain in possession and control of their current and future assets, undertakings and properties, including the proceeds thereof (the "**Property**") and continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and its Property, subject to the

provisions of the Initial Order and the CCAA;

- (d) authorizing the Respondents to make payment of all obligations owing in respect of employee wages and benefits;
- (e) authorizing the Respondents, with the approval of the Monitor, to pay reasonable expenses incurred by their operation of the Business in the ordinary course, including payment of obligations owed in respect of goods and services supplied to the Respondents prior to the date of the Initial Order to the extent such payments are contemplated in the Cash Flows (as defined in the Interim Financing Agreement);
- (f) restraining the Respondents from entering into any agreements with an aggregate value or liability in excess of \$20,000 without the approval of the Monitor;
- (g) granting a stay of all proceedings and remedies taken, or that might be taken, in respect of the Respondents, the Business, or the Property except as otherwise set forth in the Initial Order until May 25, 2020 (the “**Stay Period**”);
- (h) preventing any person from accelerating performance of any rights in respect of the Respondents, except with the written consent of the relevant Respondent and the Monitor, or with leave of the Court;
- (i) restraining any person from interfering with or terminating the supply of goods or services to any of the Respondents;
- (j) appointing BDO as Monitor of the Respondents in these proceedings;
- (k) providing the enhanced powers to the Monitor set out in paragraph 26 of the Initial Order (the “**Enhanced Powers**”) including, among other things, the power to:
 - i. exercise control the bank accounts of the Respondent and any and all proceeds, receipts and disbursements arising out of or from the Business and the Property;
 - ii. approve or deny any proposed agreements by the Respondents with an aggregate value or liability in excess of \$20,000; and

- iii. prepare the SISP, in consultation with the Respondents and the Interim Lender, which will be conducted under the supervision and control of the Monitor with the assistance of a sale advisor;
- (l) authorizing the Respondents to obtain interim financing and approving the interim financing agreements among the Interim Lender and the Respondents;
- (m) authorizing the Respondents to pay all reasonable fees and disbursements of their counsel, the Monitor, the Monitor's counsel, and the Applicants' counsel;
- (n) granting the following charges on the Property in priority to all other charges:
 - i. the Administration Charge (as defined below) in the amount of \$300,000
 - ii. the Interim Lender's Charge (as defined below) in the initial amount of \$1,000,000; and
 - iii. A Director's Charge (as defined below) in the amount of \$400,000.
- (o) scheduling the hearing of a comeback application at a date and time to be set by the Court; and
- (p) such further and other relief as the Applicants may request and the Court may grant.

Affidavit or other evidence to be used in support of this application:

- 18. Affidavit of Christian Wutzke sworn May 11, 2020, filed;
- 19. Consent of BDO to act as Monitor, filed;
- 20. Bench Brief of the Applicants, filed; and
- 21. Such further and other materials as counsel may advise and this Honourable Court may permit.

Application Acts and Regulations:

- 22. *Alberta Rules of Court*, AR 124/2020;

23. *Companies' Creditors Arrangement Act*, RSC 1985, c C-26, as amended; and
24. Such further and other Acts and Regulations as counsel may advise.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.