

Medican granted CCAA extension to November 30

September 22, 2011

CALGARY – Court of Queen’s Bench Justice K.M. Horner granted Medican an extension of its protection under the Companies Creditors Arrangement Act Thursday to November 30, 2011.

The extension is to allow RMS Richter, the court appointed monitor of the Medicine Hat-based land developer and general contractor, and the company’s Chief Restructuring Officer (CRO) Tyrone Schneider time to continue negotiations with its creditors with respect to outstanding claims.

Medican entered CCAA protection on May 26, 2010. “We have made a lot of progress in paying back our creditors,” says CRO Schneider. Many of claims, explained Schneider, are duplicate claims that arose out of the complex nature of Medican’s business dealings as both a land developer and general contractor.

Court heard Thursday that Medican is still negotiating with its creditors over a number of condominium projects in Alberta and British Columbia.

“Those negotiations,” says Schneider, “are ongoing and we will need additional time in order to conclude them.”

Justice Horner also approved a recently concluded agreement between Harvest Investments and Medican with respect to the projected Cimarron development in Medicine Hat. Court also approved the insurance settlement Medican concluded with Aviva with respect to the roof collapse of the Central Neighbourhood Hub building in Medicine Hat last winter. The proceeds of the settlement will be applied towards monies owed creditors and the company’s operations. “We are close to finalizing our repayment plan,” says Schneider.

Schneider says “there will be separate plans of arrangement for the Sanderson project in Calgary and the Kaleido project in Kelowna, British Columbia.” He also says “the restructuring plan will be to create a successor company that is owned by employees.” “We’ve got positive cash flow now,” says Schneider. “We’ve paid off our DIP (debtor in possession) loan and we’re in the process of finalizing payments to creditors.” “What will emerge is a new employee-owned company.”

“That’s the only option that makes any kind of sense,” the CRO says. “Any company is only as good as its employees. This will give everyone here a stake in the future and make Medican viable.”

Schneider adds “that none of this would have been possible had it not been for the protection afforded Medican through CCAA.”

“It’s the court system that ensures all stakeholders, all creditors are treated fairly and equitably,” says Schneider.

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