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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): 05/30/2006**

**CECO ENVIRONMENTAL CORP**

(Exact name of registrant as specified in its charter)

**Commission File Number: 0-7099**

**DE**  
(State or other jurisdiction of  
incorporation)

**13-2566064**  
(IRS Employer  
Identification No.)

**3120 Forrer Street, Cincinnati, OH 45209**  
(Address of principal executive offices, including zip code)

**(416) 593-6543**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement**

CECO entered into a letter agreement ("Letter Agreement") with Fifth Third Bank, CECO's lender, as of May 30, 2006, permitting CECO to pay accrued and unpaid interest on, and the entire unpaid principal balance of, all of the indebtedness and other obligations owing by CECO to each of ICS Trustee Services Ltd. ("ICS") and Harvey Sandler ("Sandler")(collectively, the "ICS and Sandler Subordinated Debt"), as evidenced by that certain: (i) Second Amended and Restated Replacement Promissory Note, dated February 2, 2006, in the original principal amount of \$500,000 from the Company to Sandler, and (ii) Third Amended and Restated Replacement Promissory Note, dated February 6, 2006, in the original principal amount of \$500,000 from the Company to ICS.

On May 31, 2006 CECO repaid in full the ICS and Sandler Subordinated Debt. CECO used proceeds from the exercise of certain warrants of approximately \$892,680 and advances under Third Fifth Bank loan proceeds in the aggregate approximate amount of \$167,320 to make such payments.

Harvey Sandler may be deemed an affiliate of CECO by virtue of beneficially owning in excess of 10% of the common stock of CECO. The Audit Committee of CECO approved the payment.

The description set forth herein of the terms and conditions of the Letter Agreement is qualified in its entirety by reference to the full text of such agreement, which is filed with this report as Exhibit 10.1 and incorporated by reference into this Item 1.01.

**Item 9.01. Financial Statements and Exhibits**

Exhibit 10.1 Loan Letter Agreement

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**Signature(s)**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CECO ENVIRONMENTAL CORP

Date: June 01, 2006

By: /s/ Dennis W. Blazer

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Dennis W. Blazer  
Chief Financial Officer and Vice President-Finance &  
Administration

## Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>    |
|--------------------|-----------------------|
| EX-10.1            | Loan Letter Agreement |

CONSENT LETTER

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May 30, 2006

Via Facsimile

CECO Environmental Corp.

CECO Group, Inc.

CECO Filters, Inc.

New Busch Co., Inc.

The Kirk & Blum Manufacturing Company

KBD/Technic, Inc.

CECOaire, Inc.

CECO Abatement Systems, Inc.

3120 Forrer Street

Cincinnati, Ohio 45209

Attn: Mr. Phillip DeZwirek, CEO

Re: Credit Agreement dated as of December 29, 2005 (the "Credit Agreement") among CECO Environmental Corp., CECO Group, Inc. ("Group"), and their respective subsidiaries which are Borrowers thereunder: CECO Filters, Inc., New Busch Co., Inc., The Kirk & Blum Manufacturing Company, KBD/Technic, Inc., CECOaire, Inc. and CECO Abatement Systems, Inc. (collectively, the "Borrowers") and Fifth Third Bank ("Lender") (capitalized terms used, but not defined, in this letter will have the meanings given to them in the Credit Agreement).

Dear Mr. DeZwirek:

Lender has been advised that, in connection with the exercise of certain warrants issued to purchase the capital stock of CECO Environmental Corp. (the "Company"), the Company will receive net cash proceeds in the aggregate approximate amount of \$892,680 (the "Warrant Proceeds"). Lender has been further advised that the Company desires to use the Warrant Proceeds, together with advances from Borrowers of Revolving Loan proceeds in the aggregate approximate amount of \$167,320 (together with the Warrant Proceeds, collectively, the "Proceeds"), to pay accrued and unpaid interest on, and the entire unpaid principal balance of, all of the Indebtedness and other obligations owing by the Company to each of ICS and Mr. Sandler (collectively, the "ICS and Mr. Sandler Subordinated Debt"), as evidenced by that certain: (i) Second Amended and Restated Replacement Promissory Note, dated February 2, 2006, in the original principal amount of \$500,000 from the Company to Mr. Sandler, and (ii) Third Amended and Restated Replacement Promissory Note, dated February 6, 2006, in the original principal amount of \$500,000 from the Company to ICS. The Company, Group, and Borrowers each represent to Lender that no Event of Default, and no event which could become an Event of Default with the passage of time or the giving of notice, or both, under the Credit Agreement or the other Loan Documents exists on the date hereof or will be created by the transactions contemplated hereby.

Lender hereby consents, without representation, warranty or recourse and upon the conditions hereof, to the application of the Proceeds to the ICS and Mr. Sandler Subordinated Debt. Notwithstanding anything to the contrary in the foregoing, Lender's consent to the application of the Proceeds to the ICS and Mr. Sandler Subordinated Debt, as contemplated herein, is expressly conditioned upon (i) the Warrant Proceeds being first deposited by the Company into the Company's account at lender and then used to make payment on the ICS and Mr. Sandler Subordinated Debt out of those same funds in that Fifth Third bank account, (ii) the Warrant Proceeds receiving accounting treatment as equity in the Company, (iii) any Proceeds remaining after making payment on the ICS and Mr. Sandler Subordinated Debt being contributed by the Company into Borrowers to be used by them to pay down the Revolving Loans, and (iv) the Company's providing to Lender evidence satisfactory to Lender that the ICS and Mr. Sandler Subordinated Debt has been fully paid, performed and otherwise satisfied.

Under no circumstances should this letter be interpreted to constitute or be deemed to be a modification or amendment of the Credit Agreement or of any other Loan Document or any commitment by Lender to provide any future consent to the Company, Group or Borrowers.

This letter may be signed by facsimile signatures or other electronic delivery of an image file reflecting the execution hereof, and, if so signed: (i) may be relied on by each party as if the document were a manually signed original and (ii) will be binding on each party for all purposes.

By: /s/ Donald K. Mitchell

Donald K. Mitchell, Vice President

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[Acceptance Page Follows]

Cincinnati - 586200.3

Accepted and Agreed to as of May 31, 2006:

**CECO ENVIRONMENTAL CORP.**

**CECO GROUP, INC.**

By: /s/ Dennis W. Blazer

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Chief Financial Officer  
and Vice President

Dennis W. Blazer, Chief Financial Officer,  
Secretary and Treasurer

**CECO FILTERS, INC.**

**NEW BUSCH CO., INC.**

By: /s/ Dennis W. Blazer

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Secretary and Treasurer

Dennis W. Blazer, Secretary and Treasurer

**THE KIRK & BLUM  
MANUFACTURING COMPANY**

**KBD/TECHNIC, INC.**

By: /s/ Dennis W. Blazer

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Secretary and Treasurer

Dennis W. Blazer, Secretary and Treasurer

**CECOAIRE, INC.**

**CECO ABATEMENT SYSTEMS, INC.**

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Secretary and Treasurer

By: /s/ Dennis W. Blazer

Dennis W. Blazer, Secretary and Treasurer