

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF H.B. WHITE CANADA CORP.**

**FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

OCTOBER 20, 2016

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	3
3.0	AMENDED PLAN OF COMPROMISE AND ARRANGEMENT	4
4.0	VOTING RESULTS FROM THE CREDITORS' MEETING	5

1.0 INTRODUCTION

- 1.1 On July 7, 2016 (the “**Filing Date**”), H.B. White Canada Corp. (“**HBW**”, the “**Company**” or the “**Applicant**”) applied for and was granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order dated July 7, 2016 (the “**Initial Order**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed Monitor of HBW (A&M acting in such capacity, the “**Monitor**”) in the CCAA proceedings (the “**CCAA Proceedings**”).
- 1.2 Also on July 7, 2016, the Court granted an order (the “**Claims Procedure Order**”) approving a process for the filing and determination of certain claims against the Applicant for voting and distribution purposes (the “**Claims Process**”) in connection with a plan of compromise and arrangement. The Claims Procedure Order provided that persons asserting claims against HBW or its directors and/or officers must file a proof of claim in the prescribed form with the Monitor on or before 5:00 p.m. (Toronto time) on August 22, 2016 (the “**Claims Bar Date**”) or, with respect to Restructuring Period Claims, the applicable Restructuring Period Claims Bar Date, as such terms are defined in the Claims Procedure Order.
- 1.3 On August 4, 2016, the Court issued an order which, among other things, extended the Stay Period (as defined in the Initial Order) up to and including November 30, 2016.
- 1.4 On September 19, 2016, the Court issued an order (the “**Meeting Order**”) which, among other things, accepted the filing of the Plan (defined below) and authorized the Company to: (i) establish one class of Affected Creditors (as defined in the Plan); and (ii) conduct a

meeting of Affected Creditors on October 17, 2016 at 2:00 p.m., to consider and vote on a resolution to approve the Plan (the “**Creditors’ Meeting**”).

- 1.5 In connection with the CCAA Proceedings, the Monitor has provided to this Court three reports (the “**Monitor’s Reports**”), including the Third Report of the Monitor dated October 3, 2016 (the “**Third Report**”). A&M has also provided to this Court the Pre-Filing Report of the Proposed Monitor dated July 6, 2016 (the “**Pre-Filing Report**”, and together with the Monitor’s Reports the “**Prior Reports**”). The Prior Reports, Initial Order, Meeting Order, Plan and other Court-filed documents, notices, and orders issued in these CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/hbwhite (the “**Monitor’s Website**”).
- 1.6 This Fourth Report of the Monitor (the “**Fourth Report**”) is filed in accordance with paragraph 37 of the Meeting Order which requires the Monitor to provide this Court with information regarding the voting results from the meeting of creditors which took place on October 17, 2016 (the “**Creditors’ Meeting**”), where Eligible Voting Creditors of the Applicant carried out a vote on the Applicant’s Amended Plan of Compromise and Arrangement dated October 13, 2016 (the “**Plan**”).
- 1.7 In accordance with paragraph 37(d) of the Meeting Order, the Monitor will provide a separate report on other matters pertaining to the Applicant’s motion seeking an order sanctioning the Plan pursuant to the CCAA (the “**Sanction Motion**”) in advance of the Sanction Motion.

2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this Fourth Report, the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by HBW, the IEA Group¹ and the CRO (as defined below) and has held discussions with management of HBW and the IEA Group, and each entities' respective legal counsel, and the CRO (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 ("**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
- 2.3 This Fourth Report should be read in conjunction with the Affidavit of Philip J. Gund, a Senior Managing Director of Ankura Consulting Group LLC, acting as CRO of HBW, sworn on October 18, 2016 (the "**Gund Affidavit – Sanction Order**").
- 2.4 Capitalized terms not otherwise defined in this report are as defined in the Prior Reports, the Plan, the Meeting Order and Initial Order, as applicable.
- 2.5 Unless otherwise stated, all monetary amounts contained in this report are expressed in Canadian dollars.

¹ "**IEA Group**" includes HBW, White Construction, Inc. ("**WCI**") and Infrastructure & Energy Alternatives, LLC ("**IEA**", the ultimate parent company of the IEA Group) and all of its direct and indirect subsidiaries.

3.0 AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

3.1 The Monitor provided an overview of the Plan in the Third Report. A copy of the Plan was attached as Schedule “E” to the Meeting Order. The Meeting Order was included in the September 19, 2016 Meeting Materials which, in accordance with the Meeting Order, were sent to each Eligible Voting Creditor. A copy of the Plan is also available on the Monitor’s Website. In addition, the Monitor caused the Notice of Creditors’ Meeting to be published in newspapers in accordance with the Meeting Order.

Plan Modifications

3.2 On October 13, 2016, HBW, with the consent of the Monitor and the Plan Sponsor, made certain minor Plan Modifications that were of a technical and administrative nature.

3.3 In accordance with the Meeting Order, HBW served the Service List with certain non-material modifications to the Plan on October 13, 2016, along with a blackline identifying the Plan Modifications. These documents were also posted on the Monitor’s Website and were made available at the Creditors’ Meeting. Further, these documents are attached as Exhibit “B” to the Gund Affidavit – Sanction Order.

3.4 The Plan Modifications consisted of:

- (i) increasing the maximum Vetting Committee Fees by \$8,000, such that the total Vetting Committee Fee is now an amount up to \$195,000. The Vetting Committee Fees will be paid from the CLLSP Holdback Pool prior to any distributions to Proven CLLSP Construction Lien Creditors in accordance with the Plan; and

- (ii) the deletion of certain extraneous and redundant wording from section 9.1(b) of the Plan in respect of the Third Party Releases.

3.5 In accordance with paragraph 4 of the Meeting Order, these Plan Modifications formed part of and were incorporated into the Amended Plan that was voted on at the Creditors' Meeting.

4.0 VOTING RESULTS FROM THE CREDITORS' MEETING

4.1 The Creditors' Meeting occurred as scheduled on October 17, 2016 at the offices of Goodmans LLP, counsel to the Monitor. In accordance with the Meeting Order, Alan J. Hutchens, Senior Vice-President of A&M, acted as chair of the Creditors' Meeting. Representatives of Goodmans LLP and A&M acted as secretary and scrutineers of the Creditors' Meeting, respectively.

4.2 Of the 104 Proofs of Claim filed against HBW, a total of 84 votes were received, consisting of: (i) Convenience Class Claims deemed to vote in accordance with the Meeting Order; (ii) Convenience Class Declarations; (iii) Proxies tendered in accordance with the Meeting Order; and (iv) ballots submitted in person at the Creditors' Meeting. Of the 84 votes received, 52 related to Proven Claims, and 32 related to either Disputed Voting Claims or claims that remained otherwise undetermined for voting purposes as of the Creditors' Meeting. In accordance with the Meeting Order, the scrutineers kept a separate tally of votes tendered in respect of undetermined/Disputed Voting Claims, as set out below.

4.3 As provided in the Meeting Order, Creditors voted on a resolution to approve the Plan.

The results of the voting at the Creditors' Meeting are summarized as follows:²

VOTING SUMMARY								
	<u>Votes in Favour</u>		<u>Votes Against</u>		<u>Total</u>		<u>Votes in Favour (%)</u>	
	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>	<u>#</u>	<u>\$</u>
Voting Claims	50	176,521,506	2	411,853	52	176,933,360	96.2%	99.8%
Disputed Voting Claims	26	15,293,504	6	1,571,521	32	16,865,025	81.3%	90.7%
Eligible Voting Claims (i.e. Total)	76	191,815,010	8	1,983,374	84	193,798,384	90.5%	99.0%

4.4 As set out above, the Monitor received 52 votes in respect of Voting Claims, representing approximately \$176.9 million in value. Of this group, 50 Affected Creditors (96.2%) representing approximately \$176.5 million (99.8%), voted (or were deemed pursuant to the Meeting Order to have voted) in favour of the Plan.³ Accordingly, the Required Majority was achieved.

4.5 Pursuant to paragraph 32 of the Meeting Order, the Monitor kept a separate record of votes cast by Affected Creditors holding Disputed Voting Claims. The Monitor received 32 votes in respect of Disputed Voting Claims, representing \$16.9 million in value. Of this group, 26 Affected Creditors (81.3%) representing approximately \$15.3 million (90.7%), voted (or were deemed pursuant to the Meeting Order to have voted) in favour of the Plan.

² In accordance with the Plan and the Meeting Order, CLLSP Construction Lien Deficiency Creditors were entitled to vote on the Plan in respect of their Proven CLLSP Construction Lien Deficiency Claims, and are to be treated as General Unsecured Claims for all purposes under the Plan. Of the 29 CLLSP Construction Lien Deficiency Claims expected to be admitted in the Claims Process, the Monitor received 20 votes, all in favour of the Plan, representing approximately \$14.2 million in value. Of these 20 votes, one was a Convenience Class Creditor, six elected to be Convenience Class Creditors by filing Convenience Class Declarations, and 13 submitted either a proxy or a ballot voting in favour of the Plan.

There are no deficiency claims related to the BFW Facility (Burks Falls), as the BFW Holdback Pool is sufficient to satisfy all Proven BFW Construction Lien Claims in full.

³ Includes the two Northland Parties' claims, totaling approximately \$174.5 million.

- 4.6 Considering all Eligible Voting Claims (both Voting Claims and Disputed Voting Claims), a total of 76 Affected Creditors (90.5%) representing approximately \$191.8 million (99%) voted (or were deemed pursuant to the Meeting Order to have voted).
- 4.7 The results of the votes cast by Affected Creditors holding Disputed Voting Claims do not change the result of the votes cast by Affected Creditors holding Voting Claims, and the Required Majority is achieved in any case.

All of which is respectfully submitted to this Court this 20th day of October, 2016.

**Alvarez & Marsal Canada Inc., in its capacity
as Court-appointed Monitor of H.B. White
Canada Corp.**

Per:



Name: Alan J. Hutchens

Title: Senior Vice-President

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Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR
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