

**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.**

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

OCTOBER 31, 2016

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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 four reports (the “**Monitor’s Reports**”), including the Fourth Report of the Monitor dated October 20, 2016 (the “**Fourth Report**”), attached as Appendix “A” hereto (without appendices). 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 In accordance with paragraph 37 of the Meeting Order, on October 20, 2016 the Monitor delivered the Fourth Report providing a summary of the votes cast by Eligible Voting Creditors at the Creditors’ Meeting, who voted overwhelmingly to approve the Plan.
- 1.7 In the Fourth Report, the Monitor indicated that it would file a further report in advance of the Applicant’s motion seeking sanction of the Applicant’s Amended and Restated Plan of Compromise and Arrangement dated October 13, 2016 (the “**Amended Plan**” or the “**Plan**”), providing additional information in accordance with paragraph 37(d) of the Meeting Order. This Fifth Report of the Monitor (the “**Fifth Report**”) is filed in connection with the Sanction Motion (as defined herein) and in accordance with paragraph 37(d) of the Meeting Order, which requires the Monitor to provide a report to the Court as soon as practicable after the Creditors’ Meeting with respect to any other matter, in its discretion, relating to HBW’s motion seeking sanction of the Plan.

1.8 The purpose of this Fifth Report is to provide this Court with:

- (1) information regarding the following:
 - (i) an update on the review of claims to date, including information regarding the claim filed by the Canada Revenue Agency (“**CRA**”);
 - (ii) an update on estimated creditor recoveries, in light of the ongoing claims review process;
 - (iii) the Applicant’s motion (the “**Sanction Motion**”) for an order substantially in the form attached to the Applicant’s Motion Record dated October 18, 2016 (the “**Sanction Order**”) seeking an order, among other things:
 - (a) declaring that the Creditors’ Meeting was duly convened and held, all in accordance with the Meeting Order; and
 - (b) sanctioning and approving the Amended Plan;
 - (iv) the receipts and disbursements of HBW from July 23, 2016 through October 21, 2016; and
- (2) the Monitor’s conclusions and recommendations in connection with the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Fifth 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 Fifth 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.

3.0 AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

3.1 The Monitor provided an overview of the Plan in the Third Report of the Monitor dated October 3, 2016 (the "**Third Report**"). A copy of the Plan was attached as Schedule "E"

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.

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 Affected 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 Sponsors, 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 the Amended Plan dated 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.

3.6 As was reported in the Fourth Report, the Affected Creditors overwhelmingly voted in favour of the Plan at the Creditors' Meeting.

Plan Implementation

3.7 If this Court sanctions the Amended Plan, HBW is currently targeting no later than November 24, 2016 as the Plan Implementation Date.

4.0 REVIEW OF CLAIMS AND ESTIMATED CREDITOR RECOVERIES UPDATE

4.1 The Monitor provided an overview of the Claims Process and an illustrative range of estimated creditor recoveries in the Third Report. The following is intended to provide an update to this information and should be read in conjunction with the relevant sections of the Third Report.

Summary of Claims Filed

4.2 As at the date of this Fifth Report, 104 Proofs of Claim have been filed with the Monitor (including 102 Proofs of Claim relating to Pre-filing Claims and two Proofs of Claim relating to Restructuring Period Claims) totalling approximately \$251.9 million, including approximately \$174.5 million of Claims filed by the Northland Parties. After deducting the Claims of the Northland Parties, and after accounting for claims filed in

duplicate, the remaining Claims received by the Monitor total approximately \$42.8 million.²

4.3 The following table provides a summary of claims filed against HBW, presented on an Adjusted Claims basis:

Summary of Claims Filed						
Claim Type	Claims as Filed		Adjustment		Adjusted Claims	
	#	\$	#	\$	#	\$
Unsecured Claims	74	24,901,168	23	(7,609,567)	97	17,291,601
Secured Claims	7	2,143,094	(7)	(2,143,094)	-	-
Lien Claims (Cochrane)	35	30,504,185	(2)	(5,550,725)	33	24,953,460
Lien Claims (Burk's Falls)	5	615,269	(1)	(73,279)	4	541,990
Trust Claims / Other	21	19,251,166	(21)	(19,251,166)	-	-
Sub Total	142	77,414,882	(8)	(34,627,831)	134	42,787,051
Northland Parties	2	174,512,535	-	-	2	174,512,535
Total	144	251,927,417	(8)	(34,627,831)	136	217,299,586

In the above table, dollar values (\$) are presented on an "Adjusted Basis", while claim numbers (#) are presented on an "Unadjusted Basis"

4.4 Pursuant to the Claims Procedure Order, Claims not filed and received by the Monitor by the applicable Claims Bar Date, or such later date as the Monitor may agree in writing or the Court may otherwise direct, will be forever barred, estopped and extinguished. As at the date of the Creditors' Meeting, the Monitor had received nine late-filed claims totalling approximately \$250,000. Following inquiries of the Claimants as to why the claims were filed late, and after satisfying itself that there was: (i) a *prima facie* basis for such Claims; and (ii) a valid reason for late filing, the Monitor admitted these Claims into the Claims Process for review and assessment, in accordance with its discretion under the Claims Procedure Order.

² The Monitor notes that a large number of Proofs of Claim were received where a single claim amount was submitted with multiple claim categories indicated (e.g. "Unsecured", "Secured", "Construction Lien" and/or "Trust Claim/Other"). For the purposes of this summary, the Monitor has made certain adjustments to include these duplicate claims only once (referred to herein as the "Adjustment" or on an "Adjusted Claims" basis).

4.5 Exercising the discretion provided to the Monitor under the Claims Procedure Order, the Monitor has determined that it will no longer be accepting late-filed claims after the date of the Creditors' Meeting.

Status of Review and Assessment of Claims against HBW

4.6 The following is a summary of the claims reviewed as at the date of this Report, on an "Adjusted Claim" basis:

- (i) the Northland Parties' two Claims, totalling approximately \$174.5 million, have been allowed in full;
- (ii) 99 Claims, totalling approximately \$31.0 million, have been allowed;³
- (iii) one claim is subject to a Notice of Dispute ("NOD"), which claim includes an Unsecured Claim, a CLLSP Construction Lien Claim, and a Trust Claim. This claim was the subject of a Notice of Revision or Disallowance ("NRDA") in which the Monitor allowed an amount of approximately \$1.6 million, and the disputed amount asserted is approximately \$2.8 million; and
- (iv) two Claims are subject to ongoing review, including: (i) one claim in the amount of approximately \$3.9 million filed by the CRA; and (ii) a marker claim filed by the Directors and Officers of HBW.

³ This number includes six Claims totalling approximately \$3.6 million, that have been allowed by the Monitor but remain subject to the 15 day dispute period following the posting of the CLLSP Construction Lien Claims Schedule, and accordingly, are subject to change.

RESOLVED CLAIMS								
Category	Filed		Allowed				Total	
	Adjusted Filed		Adjusted Filed		Allowed		Total	
	#	\$	#	\$	#	\$	#	\$
Unsecured Claims	94	12,947,971	94	12,947,971	92	10,519,693	94	12,947,971
Secured Claims	-	-	-	-	-	-	-	-
Lien Claims (Cochrane)	32	22,779,546	32	22,779,546	28	19,949,040	32	22,779,546
Lien Claims (Burk's Falls)	4	541,990	4	541,990	4	531,888	4	541,990
Trust Claims / Other	-	-	-	-	-	-	-	-
Sub Total	130	36,269,507	130	36,269,507	124	31,000,621	130	36,269,507
Northland Parties	2	174,512,535	2	174,512,535	2	174,512,535	2	174,512,535
Total	132	210,782,042	132	210,782,042	126	205,513,156	132	210,782,042

UNRESOLVED CLAIMS												
Category	Filed		Monitor Review		NRDA Stage				NOD Stage			
	Adjusted Filed		Adjusted Filed		Adjusted Filed		Allowed		NOD		Allowed	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Unsecured Claims	3	4,343,631	2	3,943,628	-	-	-	-	1	86,600	1	86,600
Secured Claims	-	-	-	-	-	-	-	-	-	-	-	-
Lien Claims (Cochrane)	1	2,173,914	-	-	-	-	-	-	1	2,173,914	1	1,539,570
Lien Claims (Burk's Falls)	-	-	-	-	-	-	-	-	-	-	-	-
Trust Claims / Other	-	-	-	-	-	-	-	-	1	2,173,914	-	-
Sub Total	4	6,517,545	2	3,943,628	-	-	-	-	3	4,434,428	2	1,626,170
Northland Parties	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	6,517,545	2	3,943,628	-	-	-	-	3	4,434,428	2	1,626,170

In the above tables, dollar values (\$) are presented on an "Adjusted Basis", while claim numbers (#) are presented on an "Unadjusted Basis"

4.7 As summarized above, all Claims, with the exception of the CRA Claim, the marker claim filed by HBW's Directors and Officers, and the last remaining NOD, have been resolved in accordance with the Claims Procedure Order, and no Notices of Revision or Disallowance ("NRDA").

Construction Lien Claim Schedules

4.8 In accordance with paragraph 31 of the Claims Procedure Order, the Monitor is to notify Claimants asserting Construction Lien Claims against a Project of such information regarding the other Construction Lien Claims against that Project as is set out in the model Construction Lien Claims Schedule attached at Schedule "J" to the Claims Procedure Order. Any Claimant wishing to dispute any other Construction Lien Claim in

respect of that Project may do so by notifying the Monitor within 15 days of the posting of the Construction Lien Claims Schedule to the Monitor's Website.

- 4.9 On September 30, 2016, the Monitor notified the five Construction Lien Creditors asserting claims in respect of the BFW Facility (Burks Falls) by sending the Construction Lien Claims Schedule pertaining to that project to those Claimants, and by posting same to the Monitor's Website, all in accordance with the Claims Procedure Order. The Monitor confirms that the 15 day dispute period in respect of the BFW Construction Lien Claims Schedule has expired without any disputes being filed in respect of any BFW Construction Lien Claims. Accordingly, all BFW Construction Lien Claims are now fully and finally determined in accordance with the Claims Procedure Order.
- 4.10 On October 3, 2016, the Monitor distributed the Construction Lien Claims Schedule pertaining to the CLLSP Facilities (Cochrane) to the 36 Claimants asserting Construction Lien Claims in respect of same,⁴ and posted such Construction Lien Claims Schedule to the Monitor's Website. That schedule set out the Monitor's determination of 31 of the 36 CLLSP Construction Lien Claims.
- 4.11 As of the date of this Fifth Report, which is more than 15 days after the original CLLSP Construction Lien Claims Schedule was distributed and posted, no objections to any claims therein have been received. The Monitor received two NODs relating to CLLSP Construction Lien Claims, and the value of these claims as set out on the CLLSP

⁴ The Monitor received 35 Proofs of Claim indicating that such Claimants are asserting Construction Lien Claims against the CLLSP Facilities (Cochrane). The Construction Lien Claims Schedule posted in respect of the CLLSP Facilities (Cochrane) includes 36 Claims, as the Monitor understands that one Claimant who asserted both an Unsecured Claim and a Trust Claim against HBW was previously reviewed by the Vetting Committee as a potential holder of a Construction Lien Claim in respect of the CLLSP Facilities (Cochrane).

Construction Lien Claims Schedule may change. Of the two NODs received relating to CLLSP Construction Lien Claim, as of the date of this Report, one has been resolved.

- 4.12 Accordingly, 29 of the CLLSP Construction Lien Claims are fully and finally determined. Following the resolution of the last remaining NOD, which includes a CLLSP Construction Lien Claim, the Monitor will issue a revised CLLSP Construction Lien Claim Schedule. The resolution of the remaining seven claims will be final upon the expiration of the applicable dispute period in respect of the CLLSP Construction Lien Claims Schedule provided for in the Claims Procedure Order.

Trust Claims

- 4.13 The Monitor received 21 Trust Claims filed against HBW totalling approximately \$19.3 million, in each case relating to claims asserted against HBW based on the trust provisions of the *Construction Lien Act*.
- 4.14 The Monitor, in consultation with its legal counsel, with HBW and its legal counsel and with the CRO, has reviewed all such claims and issued NRDA's to each of the Claimants disallowing the Trust Claims in full because, based on the Monitor's review of HBW's accounting records in connection with the CLLSP Facilities (Cochrane) and analysis thereof performed by the CRO, there is no evidence that any breach of the trust provisions of the *Construction Lien Act* was committed by HBW. The rationale for this is detailed below.
- 4.15 On May 15, 2015, Glaholts LLP, in its capacity as counsel to HBW in connection with the CLLSP Facilities (Cochrane), provided information to legal counsel representing various lien claimants in respect of the CLLSP Facilities (Cochrane) (the "**Glaholts**

Letter”). A copy of the accounting summary in respect of the CLLSP Facilities that accompanied the Glaholts Letter is attached hereto as Appendix “B” (the “**Accounting Summary**”). The Monitor has been advised that the Accounting Summary was prepared by the CRO after a detailed review of HBW’s cost accounting systems in relation to the CLLSP. The Accounting Summary establishes that, as of the date of the Glaholts Letter, HBW had paid out approximately \$76.3 million in direct costs, and had received only approximately \$66.1 million from the Northland Parties in respect of the CLLSP Facilities – meaning that HBW had paid out approximately \$10.2 million more than it had received.⁵

4.16 After reviewing the Glaholts Letter and the Accounting Summary, the Monitor undertook a review of the books and records of HBW and, following such review, is of the view that the receipts and expenditures reflected in the Accounting Summary are supported by HBW’s corporate records. Based on this review, the Monitor is of the view that HBW not only disbursed all of the funds received from the Northland Parties in connection with the CLLSP Facilities, but spent significantly more in paying contractors involved with the CLLSP Facilities than it received from the Northland Parties. Since HBW’s expenditures on the CLLSP Facilities exceeded what the Northland Parties paid HBW for the CLLSP Facilities, the Monitor is of the view that there is no breach of the trust provisions of the *Construction Lien Act*, which generally provide that funds received by a contractor must be used by it to pay costs it incurs on that project. Furthermore, the damages (if any) for any alleged breach of trust by HBW would be the same as the claimant’s lien and/or unsecured claim amounts and, as such, would constitute a double-proof of the other

⁵ As set out in the Accounting Summary, even when certain assumptions are adjusted to reflect alternative scenarios regarding the payment of overhead costs, the amount paid out by HBW is still in excess of amounts received from the Northland Parties by approximately \$5.0 million to \$7.9 million.

claims. Accordingly, the Monitor concluded and that there was no breach of the trust provisions of the *Construction Lien Act*, such that all Trust Claims must be disallowed.

4.17 The Monitor similarly reviewed the books and records of HBW in respect of the BFW Facility (Burks Falls) and, based on this review the Monitor is of the view that HBW paid the subcontractors and suppliers engaged in work on the BFW Facility more funds than it received from the Northland Parties in respect of the BFW Facility. Similar to the analysis set out above with respect to the CLLSP Facilities, HBW's expenditures on the BFW Facility exceeded what the Northland Parties paid HBW for that project, and the Monitor is similarly of the view that there was no breach of the trust provisions of the *Construction Lien Act* in respect of the BFW Facility, such that all Trust Claims must be disallowed.

4.18 With respect to the 21 NRDA's sent in respect of the Trust Claims, the Monitor received two NODs, one of which was subsequently withdrawn, and the applicable dispute periods in respect of the remaining 19 have all expired. Accordingly, the Monitor's determination of 20 of the 21 Trust Claims is final, with the final NOD still to be resolved.

Claims against the Directors and Officers of HBW

4.19 The Monitor also received 22 Claims against the Directors and Officers of HBW totalling approximately \$26.9 million (the "**D&O Claims**"). These D&O Claims generally mirror the Trust Claims and are rooted in the suggestion that there was a breach of the trust provisions of the *Construction Lien Act*, giving rise to liability on the part of the Directors and Officers of HBW.

- 4.20 The Monitor, in consultation with its legal counsel, the CRO, HBW and its legal counsel and the Directors and Officers, has reviewed all such D&O Claims and issued NRDA's to each of the Claimants disallowing such Claims in full. The analysis of the potential for liability under the breach of trust provisions of the *Construction Lien Act* is the same as noted above in connection with the Trust Claims. After review, the Monitor has concluded that, in all cases asserting D&O Claims, the claims assert a breach of trust which cannot arise because HBW paid out considerably more on each Project than it received from the Northland Parties.
- 4.21 With respect to the 22 NRDA's sent in respect of the D&O Claims, one NOD was filed but subsequently withdrawn by the claimant, and the applicable dispute periods in respect of the remaining 21 have all expired. Accordingly the Monitor's determination of the 22 D&O Claims is final.
- 4.22 As all D&O Claims have been resolved in accordance with the Claims Procedure Order as of the date of this Fifth Report, and for the reasons set out in the Gund Affidavit – Sanction Order, the Monitor views the releases in favour of HBW's Directors and Officers contemplated in the Plan and in the Applicant's proposed sanction order as appropriate in the circumstances.

Other

- 4.23 As stated above, HBW's Directors and Officers have filed a marker claim against HBW in the Claims Process in respect of potential liabilities related to the D&O Claims filed. As all D&O Claims filed have been resolved in accordance with the Claims Procedure

Order, the Monitor expects to receive confirmation that the marker claim will be withdrawn accordingly.

- 4.24 As described in the Third Report, the CRA had filed a marker claim in the Claims Process, and had indicated that additional details regarding the specifics of such claim would be provided when available. On October 19, 2016, the CRA issued Notices of Reassessment to HBW, and on October 21, 2016 the CRA provided the Monitor with an update to its marker claim asserting a pre-filing claim in the amount of approximately \$3.9 million.⁶ The Monitor and its counsel, together with HBW and its counsel, are in discussions with the CRA regarding CRA's claim.

Illustrative Range of Estimated Creditor Recoveries

- 4.25 The Monitor has prepared an updated illustrative range of estimated recoveries under the Plan which is summarized in the table below and is based on information available as at the date of this Report (the "**Illustrative Recoveries Analysis**"). The Illustrative Recoveries Analysis has been prepared based on the terms of the Plan and an estimate of the assessment of Claims filed. The Monitor cautions that the Illustrative Recoveries Analysis may change (which change may be material) as the Claims Process continues to advance, including the resolution of the unresolved CRA claim.

⁶ This claim relates to a re-assessment by CRA in connection with input tax credits taken by HBW in the ordinary course but which relate to accounts payable that HBW ultimately did not pay to its suppliers and are included in the Claims Process. Such claims by CRA are not uncommon in the Monitor's experience. The Monitor is working with HBW and CRA in relation to a final claim value.

ILLUSTRATIVE RECOVERIES ANALYSIS			
(\$ in CAD)			
	LOW	HIGH	Reference
BFW Construction Lien Creditors (Burk's Falls)			
BFW Holdback Pool	531,888		
BFW Construction Lien Claims	531,888		
Recovery	100.0%		
CLLSP Construction Lien Creditors (Cochrane)			
CLLSP Holdback Pool	8,297,847	8,297,847	
Less: Estimated Vetting Committee Fees	<u>(195,000)</u>	<u>(195,000)</u>	
Net CLLSP Holdback Pool	8,102,847	8,102,847	A
CLLSP Construction Lien Claims	21,994,264	21,359,920	B
Recovery from CLLSP Holdback Pool	36.8%	37.9%	A ÷ B
CLLSP Construction Lien Deficiency Claims	13,891,417	13,257,073	B - A
<i>Note: The estimated recovery from the CLLSP Holdback Pool is subject to the final determination of seven claims which remain subject to the 15 day dispute period following the posting of the CLLSP Construction Lien Claims Schedule.</i>			
Convenience Class Creditors			
<i>Note: Convenience Class Creditors (being those with Proven Claims less than \$10,000 or those creditors who elect to be Convenience Class Creditors) will receive the lesser of: (a) 100% of their Proven Claims; and (b) \$10,000 from the Unsecured Creditor Pool.</i>			
Convenience Class Creditors (less than \$10,000)	77,835	77,689	
Convenience Class Opt-In Creditors	<u>410,000</u>	<u>410,000</u>	
Total Potential Convenience Class	487,835	487,689	
Unsecured Creditors			
Unsecured Creditor Pool	2,500,000	2,500,000	
Less: Total Convenience Class	<u>(487,835)</u>	<u>(487,689)</u>	
Net Unsecured Creditor Pool	2,012,165	2,012,311	C
General Unsecured Creditors	13,373,945	11,628,088	
Add: CLLSP Construction Lien Deficiency Claims	<u>13,507,399</u>	<u>12,879,707</u>	
	26,881,344	24,507,795	D
Recovery from Unsecured Creditor Pool	7.5%	8.2%	C ÷ D
<i>Note: On a combined basis, CLLSP Construction Lien Creditors will receive recoveries in the range of approximately 41.4% to 42.9%, comprised of recoveries from the CLLSP Holdback Pool and the Unsecured Creditor Pool.</i>			
Northland Parties			
Northland Claims Pool	6,000,000		
Northland Parties Claims	174,512,535		
Recovery	3.4%		

4.26 Based on the above Illustrative Recoveries Analysis (and subject to the important qualifications noted in paragraph 4.25 above), the Monitor currently estimates the following distributions under the Plan:

Construction Lien Creditors

- (i) Proven BFW Construction Lien Creditors will receive 100% in respect of such Claims, as the total of these Proven Claims is less than the BFW Holdback Pool;
- (ii) Proven CLLSP Construction Lien Creditors will receive approximately 41.4% to 42.9% of such Claims, comprised of:
 - (a) approximately 36.8% to 37.9% in respect of their Proven CLLSP Construction Lien Claim; and
 - (b) approximately 7.5% to 8.2% in respect of their CLLSP Construction Lien Deficiency Claim;

Northland Parties

- (iii) the Northland Parties will receive 3.4% in respect of their two Claims on a combined basis;

Convenience Class Creditors

- (iv) Convenience Class Creditors (being those with Proven Claims less than \$10,000 or those creditors who elect to be Convenience Class Creditors) will receive (from the Unsecured Creditor Pool) the lesser of: (a) 100% of their Proven Claims; and (b) \$10,000; and

General Unsecured Creditors

- (v) holders of Proven General Unsecured Claims will receive approximately 7.5% to 8.2% in respect such Claims.

5.0 CASH FLOW RESULTS RELATIVE TO FORECAST

5.1 Receipts and disbursements for the period July 23, 2016 to October 21, 2016 (the “**Reporting Period**”), as compared to the Cash Flow Forecast attached as Appendix “A” to the First Report of the Monitor dated July 28, 2016, are summarized in the table below.

Cash Flow Results for the Reporting Period			\$000's
	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Receipts	727	1,225	(498)
Disbursements:			
Payroll & related costs	(628)	(1,090)	462
Project related costs	(725)	(2,148)	1,423
Restructuring professional fees	(1,665)	(2,329)	664
Total disbursements	(3,018)	(5,567)	2,549
Net cash flow	(2,291)	(4,342)	2,051
Beginning cash balance	2,160	2,160	-
Beginning DIP obligation	-	-	-
DIP advances	650	2,300	(1,650)
DIP interest	1	9	(8)
Ending DIP obligation	651	2,309	(1,658)
Ending cash balance	519	118	401

5.2 During the Reporting Period, HBW experienced the following:

- (i) total receipts were approximately \$498,000 less than projected in the Cash Flow Forecast. Management attributes this to timing differences in collections and expects the variance to reverse in future weeks; and

- (ii) total disbursements were approximately \$2.5 million less than projected in the Cash Flow Forecast. Management attributes this primarily to timing differences with respect to work performed on certain projects and receipt of vendor and professional services invoices. Management expects these variances to reverse in future weeks.

5.3 Overall, during the Reporting Period, HBW experienced a positive net cash flow variance of approximately \$2.1 million relative to the Cash Flow Forecast. As noted above, it is anticipated that this variance will decline as the CCAA Proceedings progress.

5.4 The closing cash balance as at October 21, 2016 was approximately \$519,000, as compared to the projected cash balance of \$118,000. The closing DIP Facility⁷ balance was approximately \$650,000, as compared to the projected DIP Facility balance of \$2.3 million.

5.5 The Initial Order entitles HBW to continue to utilize its existing Cash Management System, as described in the Pre-Filing Report. The Cash Management System continues to operate in the same manner as it had prior to the commencement of the CCAA Proceedings.

6.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

6.1 The Monitor recommends that the Court sanction the Amended Plan for the following reasons:

⁷ A summary of key DIP Facility terms was included in the Pre-Filing Report. In accordance with the Initial Order and subject to the terms of the DIP Facility, HBW has access to borrowings under the DIP Facility up to a maximum amount of US\$5 million. The DIP Facility is funded in USD and converted into CAD at prevailing market rates.

- (i) the Required Majority was achieved, with Affected Creditors voting in favour of the Amended Plan at the Creditors' Meeting;
- (ii) the Amended Plan is in compliance with the CCAA and is in compliance with the Orders of this Court;
- (iii) as set out in the Third Report, and noting the Monitor's commentary therein, based on the Monitor's review of the Amended Plan, in the Monitor's view the Amended Plan is fair and reasonable; and
- (iv) no party has delivered an objection to the Sanction Motion in accordance with paragraph 41 of the Meeting Order.

All of which is respectfully submitted to this Court this 31st 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

APPENDIX A

FOURTH REPORT OF THE MONITOR DATED OCTOBER 20, 2016

**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

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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

**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.**

Court File No.: CV-16-11452-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

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Lawyers for the Monitor

APPENDIX "B"

Glaholts LLP Accounting Summary dated May 15, 2015

WITHOUT PREJUDICE

**H.B. White Canada Corp. ("HB White")
Cochrane Project - Cash Flow Analysis
As of March 31, 2015**

All payments are w/o HST

All funds in CDN Dollars

Total cost incurred by H.B. White	\$110,408,342
Remaining in Accounts Payable	<u>27,015,194</u>
Amounts paid by HB White to date	\$83,393,148
Overhead Payments made by HB White:	
Project site staff /per diem/travel (exl. Foremen & Direct Labor)	4,682,450
Legal fees	294,815
Site facilities/utilities/supplies	896,508
Provincial Sales Tax	128,095
Insurance/bonds	21,445
Other Overhead related costs	93,965
HB White internal engineering costs	116,992
HB White internal equipment charges	<u>895,188</u>
Paid by HB White less the above Overhead Payments	\$76,263,690
Payments received from Northland Power	66,089,048
Amounts paid by HB White in excess of Amount paid by Northland Power	<u><u>\$10,174,642</u></u>

<i>Other accounts that may contain overhead items:</i>	
Equipment and Labor Mob/Demob	\$1,514,424
Small tools	1,709,059
Construction of Project access and laydown area	489,789
Safety Training and equipment	452,098
Pickup trucks	680,011
Project site staff /per diem/travel (Foremen)	578,491
Permits	189,767
Equipment Maintenance (internal and external)	1,808,494
	<u>\$7,422,133</u>
Adjustment assuming above accounts contain 30% overhead items	<u>\$2,226,640</u>
Adjustment assuming above accounts contain 70% overhead items	<u>\$5,195,493</u>
<i>Excess payments adjusted for other accounts that may contain overhead items :</i>	
	Adjusted Total
Adjusted for additional overhead at 30% of potential	<u>\$7,948,002</u>
Adjusted for additional overhead at 70% of potential	<u>\$4,979,148</u>

**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
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ONTARIO
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Proceeding commenced at Toronto

FIFTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

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