

**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.**

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

OCTOBER 3, 2016

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Appendix A – Second Report of the Monitor dated September 12, 2016

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 provided to this Court its First Report of the Monitor dated July 28, 2016 (the “**First Report**”) and its Second Report of the Monitor dated September 12, 2016 (the “**Second 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**”), collectively 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 The purpose of this Third Report of the Monitor (the “**Third Report**”) is to provide this Court with:

- (1) information regarding the following:
 - (i) the Applicant’s Plan of Compromise and Arrangement dated September 18, 2016 (the “**Plan**”);
 - (ii) an update regarding the Claims Process;
 - (iii) an illustrative range of estimated creditor recoveries based on the terms of the Plan;
 - (iv) the receipts and disbursements of HBW from July 23, 2016 through September 23, 2016;
 - (v) an update on other information relevant to these CCAA Proceedings; 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 Third 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 Capitalized terms not otherwise defined in this Third Report are as defined in the Prior Reports, the Plan, the Meeting Order and Initial Order, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained in this Third 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 PLAN OF COMPROMISE AND ARRANGEMENT

- 3.1 Capitalized terms utilized in this section and not otherwise defined herein have the meaning given to them in the Plan. Readers are cautioned that the commentary below is an overview only, and, as such, interested parties should review the Plan in its entirety and should consider obtaining legal advice in connection therewith.
- 3.2 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 Affected Creditor. A copy of the Plan is also available on the Monitor’s Website.
- 3.3 Key elements of the Plan were described in the Second Report (attached hereto as **Appendix “A”**). Certain of such elements are described below.

Overview of the Plan

- 3.4 WCI and IEA (both members of the IEA Group) will act as Plan Sponsors and will provide support through, among other things, the contribution of: (i) \$6.0 million towards the Northland Claims Pool in accordance with the Settlement and Support Agreements;² (ii) \$2.5 million towards the Unsecured Creditor Pool; and (iii) to the extent HBW has insufficient funds, the amount necessary to establish the Administrative Reserve for payments to be made in respect of Priority Claims, professional fees, disbursements and costs in connection with the Plan and the remainder of the CCAA Proceedings.

²“**Settlement and Support Agreements**” include: (i) the BFW/CLLSP Settlement and Support Agreement (Burks Falls/Cochrane) and the MMWF Settlement and Support Agreement (McLean’s Mountain). A summary of the Settlement and Support Agreements was included in the Monitor’s Pre-Filing Report.

- 3.5 In addition to the amounts to be contributed by the Plan Sponsors, and in accordance with the Settlement and Support Agreements, the Northland Parties will pay to the Monitor the Lien Holdback Amounts of: (i) up to \$1,771,615.94 to pay in full all Proven BFW Construction Lien Claims in respect of the BFW EPC Contract (Burks Falls); and (ii) \$8,297,847.23 to pay the CLLSP Pro Rata Share of all Proven CLLSP Construction Lien Claims in respect of the CLLSP EPC Contract (Cochrane).
- 3.6 Also in addition to the amounts to be contributed by either WCI or IEA in their capacity as Plan Sponsors, no intercompany claims have been filed, and no intercompany claims will receive any distributions under the Plan.
- 3.7 The Plan provides for a single class of Affected Creditors that will consider and vote on the Plan at the Creditors' Meeting to be held at the offices of the Monitor's counsel, Goodmans LLP, in Toronto, Ontario at 2:00 p.m. on October 17, 2016.
- 3.8 If approved, sanctioned and implemented, the Plan is intended to:
- (i) implement the settlements negotiated with the Northland Parties as outlined in the Settlement and Support Agreements, including providing a structured and efficient method to effect the payment of Proven Construction Lien Claims;
 - (ii) effect a full and final compromise, settlement and payment of all Affected Claims;
 - (iii) allow HBW to reorganize and continue to provide certain ongoing warranty services to its remaining customers; and

- (iv) release all claims against the HBW Released Parties and the Third Party Released Parties, in order to permit HBW and WCI, as HBW's sole member, to continue operations having limited HBW's liability to WCI in connection with the Wind-Up Claim.

3.9 Pursuant to and in accordance with the terms of the Plan:

Construction Lien Creditors

- (i) BFW Construction Lien Creditors will be entitled to receive their Proven BFW Construction Lien Claims to be paid from the BFW Holdback Pool;³
- (ii) CLLSP Construction Lien Creditors will be entitled to receive their: (a) CLLSP Pro Rata Share to be paid from the CLLSP Holdback Pool of \$8,297,847.23; and (b) a Pro Rata Share of the Unsecured Creditor Pool in respect of their CLLSP Construction Lien Deficiency Claim, to the extent any such deficiency exists;⁴

Northland Parties

- (iii) the Northland Parties (excluding MMWF) will be entitled to receive a distribution of \$6.0 million to be paid from the Northland Claims Pool;
- (iv) MMWF will waive any distribution on account of its Claim;

³ Based on the Monitor's review to date of BFW Construction Lien Creditor Claims filed in the Claims Process, it is anticipated that all Proven BFW Construction Lien Claims will be paid in full, as the total of such claims appears to be less than the BFW Holdback Pool. Accordingly, the Northland Parties will only be obligated to fund such amount as may be necessary to pay in full the Proven BFW Construction Lien Claims in respect of the BFW Holdback Pool.

⁴ The Monitor has received one CLLSP Sub Sub Contractor Construction Lien Claim in respect of the CLLSP Facilities (Cochrane), and counsel to the Monitor is in contact with such Claimant regarding the impact of the Plan.

Convenience Class Creditors

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

General Unsecured Creditors

- (vi) all other Affected Creditors with Proven Claims will be entitled to receive their respective Pro Rata Share of the Cash remaining in the \$2.5 million Unsecured Creditor Pool after payment of the Convenience Class Claims. Proven Claims sharing in the Unsecured Creditor Pool will include the deficiency claims of Proven CLLSP Construction Lien Creditors remaining after distribution of the CLLSP Holdback Pool.

Review for Potential Preferences and Transfers at Undervalue

3.10 Section 36.1 of the CCAA provides that Sections 95 to 101 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) apply to proceedings under the CCAA. Pursuant to these sections, a court may, on application by the Monitor under the CCAA, declare preference transactions⁵ and transfers at undervalue⁶ (collectively, a “**Preference Transaction**”) to

⁵ A “preference” is defined to include a transfer of property, a provision of services made, a charge on property made, a payment made, an obligation incurred or a judicial proceeding taken or suffered by an insolvent person in favour of a creditor: (i) who is dealing at arm’s length with the insolvent, with a view to giving a preference over another creditor, and is made, incurred, taken or suffered during the 3-month period immediately preceding the date of the filing; and (ii) who is not dealing at arm’s length with the insolvent, which has the effect of giving that creditor a preference over another creditor, and is made, incurred, taken or suffered during the 12-month period immediately preceding the date of the filing.

be void as against the Monitor or, in the case of transfers at undervalue, order any party to (or privy to) the transfer to pay the difference in value between the consideration received by the debtor and the value given by the debtor.

- 3.11 In order to conduct a review for potential Preference Transactions, the Monitor selected and reviewed sample transactions with both arm's-length and non-arm's length parties for the twelve month period immediately preceding the commencement of the CCAA Proceedings (July 1, 2015 to July 6, 2016, the "**Twelve-Month Period**").
- 3.12 With respect to sample transactions with arm's-length parties for the Twelve-Month Period, the Monitor reviewed approximately 50 disbursements involving approximately 300 transactions, and did not identify any transactions that would constitute a Preference Transaction.
- 3.13 With respect to transactions with non-arm's length parties ("**Intercompany Transactions**"), the Monitor reviewed: (i) HBW's Intercompany Transactions ledger to gain an understanding of the nature and purpose of transactions between non-arm's length parties; and (ii) a sample of 16 of the more material and larger dollar value Intercompany Transactions during the Twelve-Month Period, and did not identify any transactions that would constitute a Preference Transaction.

⁶ A "transfer at undervalue" is defined to include a disposition of property or provision of services for which no consideration is received by the debtor or for which the consideration received is conspicuously less than its fair market value if: (i) the party was dealing at arm's length with the debtor and the transfer occurred during the 12-month period immediately preceding the date of the filing, the debtor was insolvent at the time of the transfer or rendered insolvent by it, and the debtor intended to defraud, defeat or delay a creditor; and (ii) the party was not dealing at arm's length with the debtor and the transfer occurred during the 12-month period immediately preceding the date of the filing, or the transfer occurred within the five-year period immediately preceding the date of the filing if the debtor was insolvent at the time of the transfer or rendered insolvent by it or the debtor intended to defraud, defeat or delay a creditor.

Bankruptcy Analysis

- 3.14 Pursuant to section 23(1)(i) of the CCAA, the Monitor is to advise the Court on the reasonableness and fairness of any compromise or arrangement that is proposed between HBW and its creditors. In considering the fairness and reasonableness of the Plan, the Monitor considered a comparison of the treatment of Affected Creditors' and Construction Lien Creditors' claims under the Plan against the treatment of those claims under the alternative to the Plan, which, in the circumstances, would be bankruptcy proceedings under the BIA.
- 3.15 Based on a bankruptcy analysis performed to assess the potential outcome under BIA bankruptcy proceedings (the "**Bankruptcy Analysis**"),⁷ the Monitor estimates that distributions to Affected Creditors of HBW would be \$nil (0%) in bankruptcy proceedings under the BIA, as compared to approximately 7.1% to 7.4% under the Plan (based on the Illustrative Recoveries Analysis included in Section 5.0 of this report, and subject to the important qualifications noted in paragraph 5.1 herein).
- 3.16 The primary reason for the reduced recoveries in a bankruptcy scenario is that, without the benefit of contributions from the Plan Sponsors, and of the agreement by HBW's secured lenders to permit the Plan to go forward, proceeds that would be available under a bankruptcy liquidation would not be sufficient to satisfy the claims of the secured lenders to both HBW and WCI in full, and accordingly, unsecured creditors would not receive a distribution. As such, the Monitor estimates that distributions to Affected

⁷ The Monitor understands that because HBW is an unlimited liability corporation, in a liquidation scenario, HBW would have a claim against its sole member, WCI, for all unpaid obligations plus the costs of winding up the Company. Accordingly, a liquidation analysis of both HBW and WCI was prepared to determine the potential liquidation value of the two companies together. The Bankruptcy Analysis was prepared by the CRO and the IEA Group. The Monitor performed a review of the Bankruptcy Analysis and, based on that review, considers the analysis to be reasonable.

Creditors with Proven Claims under the Plan will be greater than what they would otherwise be in bankruptcy proceedings under the BIA.

- 3.17 The Monitor estimates that distributions relating to Proven Construction Lien Claims would be the same under both the Plan and the Bankruptcy Analysis, however, the Plan provides for a structured and efficient method to effect payments to holders of Proven Construction Lien Claims that is expected to expedite the distribution process relative to a BIA bankruptcy scenario, and the Plan allows those lien claimants to receive a recovery on their deficiency claims as unsecured claims.

Plan Releases

- 3.18 In consideration for the various contributions provided by the Plan Sponsors and the Northland Parties under the Plan, the Plan provides for full and final releases in favour of:
- (i) the HBW Released Parties (which includes each member of the IEA Group and their respective affiliates and each of their respective shareholders, partners, Directors, Officers, current and former employees, financial advisors, legal counsel and agents, including the CRO); and
 - (ii) the Third Party Released Parties (which includes the Monitor, A&M, the Northland Parties and their respective subsidiaries and affiliates, and each of their respective shareholders, partners, Officers, Directors, current and former employees, financial advisors, counsel to the Directors, and all of their respective advisors, legal counsel and agents).

Implementation of the Settlement and Support Agreements

3.19 If approved by Affected Creditors, sanctioned by the Court and implemented, the Plan will implement the Settlement and Support Agreements. The impact of the Settlement and Support Agreements on trade creditors who have asserted lien claims against the Northland Parties is that they will be required to:

- (i) in the case of CLLSP Construction Lien Creditors, limit the “secured” portion of their Proven CLLSP Construction Lien Claims to the CLLSP Pro Rata Share, with the remainder of their claim being a CLLSP Construction Lien Deficiency Claim and treated as General Unsecured Claims against HBW;
- (ii) consent to the return to the Northland Parties of all the letters of credit and security currently posted by the Northland Parties to vacate the presently asserted construction liens against the Facilities;
- (iii) dismiss all actions, counterclaims and cross-claims in connection therewith; and
- (iv) provide the Northland Parties with all additional domestic content documentation required by their applicable contracts.

4.0 CLAIMS PROCESS

4.1 On July 7, 2016, the Court granted the Claims Procedures Order approving the Claims Process to identify and determine claims of creditors of HBW and its Directors and Officers. The Claims Procedure Order was summarized in the Monitor’s Pre-Filing Report.

4.2 The Claims Procedure Order provided for the following Claims bar dates:

- (i) Pre-filing Claims – August 22, 2016 (the “**Claims Bar Date**”);
- (ii) D&O Claims – the Claims Bar Date;
- (iii) Restructuring Period Claims – the later of: (a) 30 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (b) the Claims Bar Date.

Summary of Claims Filed

4.3 As at the date of this Report, 98 Claims against HBW have been filed with the Monitor (including 96 Pre-filing Claims and two Restructuring Period Claims) totalling approximately \$247.9 million, including approximately \$174.5 million of Claims filed by the Northland Parties. After deducting the Claims of the Northland Parties, which are proposed to be addressed in the Plan through the Northland Claims Pool, and after accounting for claims filed in duplicate, the remaining Claims received by the Monitor total approximately \$38.8 million. 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).

4.4 A summary of the Claims filed against HBW is as follows, on an “Adjusted Claim” basis:

- (i) four (4) Construction Lien Claims in respect of the BFW Facility (Burks Falls) totalling approximately \$542,000;⁸
- (ii) 33 Construction Lien Claims⁹ in respect of the CLLSP Facilities (Cochrane) totalling approximately \$25.0 million;
- (iii) 90 General Unsecured Claims¹⁰ totalling approximately \$13.3 million; and
- (iv) two (2) General Unsecured Claims from the Northland Parties totalling approximately \$174.5 million.

4.5 The following table provides a summary of claims filed against HBW. Adjustments made to certain claims to address duplicate claim categories indicated in Proofs of Claim filed, as noted above, are shown in the “Adjustment” column below. The Monitor’s review is ongoing and the following information is intended for informational purposes only and is subject to change.

⁸ Five (5) Construction Lien Claims were filed in respect of the BFW Facility (Burks Falls), however, after review, the Monitor has determined that one of these claims is not a Construction Lien Claim, which claim has been allowed as an Unsecured Claim. The Monitor’s determination in this regard is subject to such Claimant’s dispute rights as set out in the Claims Procedure Order.

⁹ This number includes two Claims that were filed asserting a Construction Lien Claim in respect of both the CLLSP Facilities (Cochrane) and the BFW Facility (Burks Falls).

¹⁰ This number includes 29 Claims that were filed including both “Construction Lien” and “Unsecured” components.

Summary of Claims Filed						
Claim Type	Claims as Filed		Adjustment		Adjusted Claims	
	#	\$	#	\$	#	\$
Unsecured Claims	68	20,910,112	22	(7,609,567)	90	13,300,545
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	136	73,423,825	(9)	(34,627,831)	127	38,795,995
Northland Parties	2	174,512,535	-	-	2	174,512,535
Total	138	247,936,360	(9)	(34,627,831)	129	213,308,530

4.6 Pursuant to the Claims Procedure Order, Claims not filed and received by the Monitor by the respective Claims Bar Dates, 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 this Third Report, the Monitor has received three late-filed claims totalling approximately \$200,000. 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.

4.7 In addition to the Claims set out above, one Claim totalling approximately \$30,000 was filed and subsequently withdrawn by the Claimant and is not included in the above table.

Status of Claims Review and Assessment

4.8 A summary of the claims reviewed, as at the date of this Report, is as follows. The following summary is based on an “Adjusted Claim” basis:

- (i) the Northland Parties’ two Claims, totalling approximately \$174.5 million, are still under review, however, based on the review conducted by the

Monitor to date, it is anticipated that those Claims will be admitted at or near their filed amounts;

- (ii) 43 Claims, totalling approximately \$2.5 million, will be admitted as filed;¹¹
- (iii) 38 Claims are subject to a Notice of Revision or Disallowance (“NRDA”) issued by the Monitor and the time for Claimants to respond by way of a Notice of Dispute (“NOD”) has not yet expired. The 38 NRDA’s issued to date represent a total allowed amount of approximately \$11.5 million in the aggregate, and represent a total of approximately \$1.0 million in disallowed claims; and
- (iv) 15 Claims, totalling approximately \$23.8 million are subject to ongoing review and adjudication by the Monitor and its legal counsel, in consultation with HBW and its legal counsel and advisors (“Claims Under Review”).

RESOLVED CLAIMS										
Category	Filed				Allowed				Total	
	Adjusted Filed		Adjusted Filed		Allowed		Total			
	#	\$	#	\$	#	\$	#	\$		
Unsecured Claims	40	2,224,542	40	2,224,542	40	2,143,122	40	2,224,542		
Secured Claims	-	-	-	-	-	-	-	-		
Lien Claims (Cochrane)	3	279,505	3	279,505	3	279,505	3	279,505		
Lien Claims (Burk’s Falls)	-	-	-	-	-	-	-	-		
Trust Claims / Other	-	-	-	-	-	-	-	-		
Sub Total	43	2,504,047	43	2,504,047	43	2,422,628	43	2,504,047		
Northland Parties	-	-	-	-	-	-	-	-		
Total	43	2,504,047	43	2,504,047	43	2,422,628	43	2,504,047		

¹¹ This number includes 40 Unsecured Claims and three CLLSP Construction Lien Claims. Although allowed by the Monitor, the CLLSP Construction Lien Claims are still subject the 15 day dispute period following the posting of the Construction Lien Claim Schedule, and accordingly, are subject to change.

UNRESOLVED CLAIMS								
Category	Filed		Monitor Review		NRDA Stage			
	Adjusted Filed		Adjusted Filed		Adjusted Filed		Allowed	
	#	\$	#	\$	#	\$	#	\$
Unsecured Claims	50	11,076,003	15	6,483,373	35	4,592,630	33	3,950,992
Secured Claims	-	-	-	-	-	-	-	-
Lien Claims (Cochrane)	30	24,673,954	7	17,324,687	23	7,349,267	20	7,000,028
Lien Claims (Burk's Falls)	4	541,990	-	-	4	541,990	4	531,888
Trust Claims / Other	-	-	-	-	-	-	-	-
Sub Total	84	36,291,947	22	23,808,060	62	12,483,887	57	11,482,908
Northland Parties	2	174,512,535	2	174,512,535	-	-	-	-
Total	86	210,804,482	24	198,320,595	62	12,483,887	57	11,482,908

Unresolved Claims

4.9 As summarized above, there are currently a number of unresolved Claims that are subject to a NRDA (“**Unresolved Claims**”), where the claimants have 15 days from the date of issuance of the NRDA to dispute the Monitor’s assessment of the Claim by way of a NOD. As described in paragraph 6.12 below, the Meeting Order sets out the process for voting Unresolved Claims, or Claims that become the subject of a NOD¹² (“**Disputed Claims**”) (the vote shall be in the amount set out in the NRDA issued by the Monitor in respect of such Disputed Claim). With respect to distributions, the Plan provides that no distributions will be made with respect to all or any portion of a Disputed Claim unless and only to the extent that such Disputed Claim has become a Proven Claim.

4.10 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 Claim Schedule attached at Schedule “J” to the Claims Procedure Order. Any Claimant wishing to dispute any other Construction Lien Claim in

¹² As of the date of this Report, the Monitor has not received any Notices of Dispute.

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

- 4.11 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 Claim 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. On October 3, 2016, the Monitor served the Construction Lien Claim Schedule pertaining to the CLLSP Facilities (Cochrane) to the 36 Claimants asserting Construction Lien Claims in respect of same,¹³ and posted such Construction Lien Claim Schedule to the Monitor's Website. As of the date hereof, the Monitor has not received any disputes in connection with the posting of the Construction Lien Claim Schedules.

Director/Officer Claims

- 4.12 The Monitor also received 22 Claims against the Directors and Officers of HBW totalling approximately \$26.9 million (the "**D&O Claims**").
- 4.13 The Monitor, in consultation with its legal counsel, HBW and its legal counsel and the Directors and Officers, has reviewed 16 of the D&O Claims and issued NRDA's to each of the Claimants disallowing the Claims in full.
- 4.14 The Monitor, in consultation with its legal counsel, HBW and its legal counsel and the Directors and Officers, continues to review and assess the remaining six D&O Claims.

¹³ The Monitor received 35 Proofs of Claim indicating that such Claimants are asserting Construction Lien Claims against the CLLSP Facilities (Cochrane). The Construction Lien Claim Schedule posting in respect of this Project 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).

Trust Claims

- 4.15 As outlined above, the Monitor received 21 Trust Claims against HBW totalling approximately \$19.3 million relating to claims asserted against HBW based on the trust provisions of the *Construction Lien Act*.
- 4.16 The Monitor, in consultation with its legal counsel, and HBW and its legal counsel, has reviewed all such claims and issued (or will be issuing) NRDA's to each of the Claimants disallowing the Trust Claims in full because, in respect of both the CLLSP and BFW Projects, HBW paid its subcontractors and suppliers more funds than it received from the applicable Northland Party which is the owner of the CLLSP Facilities (Cochrane) and BFW Facility (Burks Falls) projects.

5.0 ILLUSTRATIVE RANGE OF ESTIMATED CREDITOR RECOVERIES

- 5.1 The Monitor has prepared an 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: (i) Claims Under Review continue to be reviewed and assessed; and (ii) the Claims Process continues to advance, including the resolution of Unresolved Claims and potential Disputed Claims in accordance with the Claims Procedure Order.

ILLUSTRATIVE RECOVERIES ANALYSIS			
(\$ in CAD)			
	Claims As Filed (Adjusted) LOW	Claims As Reviewed HIGH	Reference
BFW Construction Lien Creditors (Burk's Falls)			
BFW Holdback Pool	541,990	531,888	
BFW Construction Lien Claims	541,990	531,888	
Recovery	100.0%	100.0%	
CLLSP Construction Lien Creditors (Cochrane)			
CLLSP Holdback Pool	8,297,847	8,297,847	
Less: Estimated Vetting Committee Fees	(187,000)	(187,000)	
Net CLLSP Holdback Pool	8,110,847	8,110,847	A
CLLSP Construction Lien Claims	24,953,460	24,604,220	B
Recovery from CLLSP Holdback Pool	32.5%	33.0%	A ÷ B
CLLSP Construction Lien Deficiency Claims	16,842,612	16,493,373	B - A
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)	67,682	69,121	
Potential Convenience Class Opt-In Creditors	470,000	460,000	
Total Potential Convenience Class	537,682	529,121	
Unsecured Creditors			
Unsecured Creditor Pool	2,500,000	2,500,000	
Less: Total Potential Convenience Class	(537,682)	(529,121)	
Net Unsecured Creditor Pool	1,962,318	1,970,879	C
General Unsecured Creditors	11,772,632	11,079,275	
Add: CLLSP Construction Lien Deficiency Claims	15,864,993	15,658,895	
	27,637,626	26,738,171	D
Recovery from Unsecured Creditor Pool	7.1%	7.4%	C ÷ D
<i>Note: On a combined basis, CLLSP Construction Lien Creditors will receive recoveries in the range of approximately 37.0% to 37.7%, 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%		

5.2 Based on the above Illustrative Recoveries Analysis (and subject to the important qualifications noted in paragraph 5.1 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 37.0% to 37.7% of such Claims, comprised of:
 - (a) approximately 32.5% to 33.0% in respect of their Proven CLLSP Construction Lien Claim; and
 - (b) approximately 7.1% to 7.4% 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 7.1% to 7.4% in respect such Claims.

6.0 MEETING ORDER

6.1 In accordance with the Meeting Order:

- (i) on September 19, 2016, the Monitor posted the Meeting Materials (being the Meeting Order (including the Plan), Notice of Creditors' Meeting, Form of Proxy, Form of Convenience Class Claim Declaration, and Form of Resolution) to the Monitor's Website;
- (ii) on September 21, 2016, the Monitor arranged for the Meeting Materials to be sent by ordinary mail to each Affected Creditor to the address for such Affected Creditor set out in such Affected Creditor's Proof of Claim or to such other address subsequently provided to the Monitor by the Affected Creditor;
- (iii) on September 23, 2016, the Monitor arranged for the Meeting Materials to be sent by email to each Affected Creditor to the email address for such Affected Creditor set out in such Affected Creditor's Proof of Claim or to such other email address subsequently provided to the Monitor by the Affected Creditor;
- (iv) the Monitor arranged for the Notice of Creditors' Meeting to be published in each of *The Globe and Mail* (National Edition) and the *Daily Commercial News* on both September 23 and September 29, 2016;

- (v) on September 30, 2016 the Monitor arranged for the BFW Construction Lien Claim Schedule to be: (a) sent by email to each creditor who filed a BFW Construction Lien Claim; and (b) posted to the Monitor's Website; and
- (vi) on October 3, 2016, the Monitor arranged for the CLLSP Construction Lien Claim Schedule to be: (a) sent by email to each creditor who filed a CLLSP Construction Lien Claim and; (b) posted to the Monitor's Website. The Monitor's review of CLLSP Construction Lien Claims is ongoing, accordingly, the CLLSP Construction Lien Claim Schedule will be updated and re-circulated following the completion of the Monitor's review. As set out in the CLLSP Construction Lien Claim Schedule served on October 3, 2016, the dispute period for each Claimant shall commence on the day that the determination of such Claimant's Construction Lien Claim is included in the CLLSP Construction Lien Claim Schedule. Accordingly, the Monitor will track the relevant dispute periods in connection with the CLLSP Construction Lien Claim Schedule.

Amendments to the Plan

- 6.2 The Meeting Order provides that HBW, with the consent of the Monitor, may make and file modifications, restatements, amendments or supplements to the Plan (each, a "**Plan Modification**") prior to or at the Creditors' Meeting prior to a vote being taken. Any such Plan Modification will be deemed to form part of and be incorporated into the Plan. The Monitor is not aware of any Plan Modifications as of the date of this Report.

- 6.3 HBW may, with the consent of the Monitor, effect a Plan Modification after the Creditors' Meeting: (i) pursuant to an Order of the Court; or (ii) where such Plan Modification is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, and in either event is not materially adverse to the financial or economic interests of the Affected Creditors.
- 6.4 In the event that a Plan Modification is made prior to the Creditors' Meeting, HBW will provide notice to the Service List. In the event that a Plan Modification is made prior to a vote at the Creditors' Meeting, HBW will give notice to those Affected Creditors present in person or by Proxy. The Monitor will post notice of any Plan Modification to the Monitor's Website forthwith in all cases.

Procedure for Creditors' Meeting

- 6.5 The Meeting Order provides that a representative of the Monitor, to be designated by the Monitor, will serve as the chair of the Creditors' Meeting and, subject to any further Order of the Court, will decide all matters relating to the conduct of the Creditors' Meeting. The Monitor may appoint scrutineers for the supervision and tabulation of attendance at, quorum at, and votes cast at the Creditors' Meeting, and a person designated by the Monitor will act as secretary at the Creditors' Meeting.
- 6.6 The only Persons entitled to attend and speak at the Creditors' Meeting are Eligible Voting Creditors (or their respective duly appointed proxyholder), representatives of the Monitor, HBW, IEA, all such parties' financial and legal advisors, the Chair, Secretary and Scrutineers and their respective legal counsel and advisors. The Meeting Order also

provides that the Chair may admit any other Person to the Creditors' Meeting by invitation.

6.7 The Chair is authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting from time to time as the Chair deems necessary or desirable. In the event of such adjournment, postponement, or rescheduling, none of the Chair, the Monitor, nor HBW will be required to deliver any notice of such adjournment of the Creditors' Meeting, provided that the Monitor will:

- (i) announce the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable;
- (ii) post notice of the adjournment at the originally designated time and location of the Creditors' Meeting;
- (iii) post notice of the adjournment on the Monitor's Website; and
- (iv) provide notice of the adjournment forthwith to the Service List.

6.8 The quorum for the Creditors' Meeting will be one (1) Affected Creditor with a Voting Claim present at such meeting in person or by Proxy.

Voting at Creditors' Meeting

6.9 The Meeting Order provides that the Chair will direct a vote on the Resolution to approve the Plan, with any amendments or modifications thereto made in accordance with the Plan, the Meeting Order, and any further Order of the Court.

6.10 Convenience Class Creditors will be deemed to have voted in favour of the Plan.

- 6.11 Each Affected Creditor with a Voting Claim will be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure Order and the Meeting Order. Creditors with Proven Construction Lien Claims, who will be paid 100% of their Proven Construction Lien Claims, will not be entitled to vote at the Creditors' Meeting. To the extent any creditor holds a Construction Lien Deficiency Claim, that creditor will be entitled to vote the Construction Lien Deficiency Claim as an Affected Claim.
- 6.12 Where an Affected Creditor holds a Disputed Claim as of the Creditors' Meeting, the dollar value of such Disputed Claim for voting purposes will be the amount set out in the NRDA delivered by the Monitor in accordance with the Claims Procedure Order to such Affected Creditor.
- 6.13 The Monitor, its designees, and any scrutineers appointed in accordance with the Meeting Order will keep separate records of votes cast by Affected Creditors holding Disputed Claims and will report to the Court with respect thereto.

Assignment of Claims

- 6.14 An Affected Creditor, may transfer or assign the whole of its claim prior to the Creditors' Meeting by providing notice of such transfer or assignment, together with satisfactory evidence of such transfer or assignment to the Monitor in writing, by no later than 5:00 p.m. on the date which is seven (7) days prior to the Creditors' Meeting. Where a Claim has been transferred or assigned in part, only the transferor or assignor will retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim as determined for voting purposes in accordance with the Claims Procedure Order and the

Meeting Order, and the transferee or assignee will have no voting rights at the Creditors' Meeting in respect of such Claim.

- 6.15 An Affected Creditor (other than a Convenience Class Creditor) may transfer or assign the whole of its Claim after the Creditors' Meeting in the manner set out in the Meeting Order, as described above.

Voting by Proxy

- 6.16 Any Person entitled to vote at the Creditors' Meeting may do so in person or by proxy. The Meeting Order approved the form of proxy for use at the Creditors' Meeting (including any adjourned, postponed or rescheduled Creditors' Meeting) which was included with the Meeting Materials (the "**Proxy**") and also set out the timeline and procedure for submitting a Proxy to the Monitor.
- 6.17 In the absence of specific instructions to vote for or against the approval of the Resolution in a duly signed and delivered Proxy, the Meeting Order provides that the Proxy will be deemed to include the instruction to vote for the approval of the Resolution, provided that the Proxy-holder does not otherwise exercise its right to vote at the Creditors' Meeting.

7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 7.1 Receipts and disbursements for the period July 23, 2016 to September 23, 2016 (the "**Reporting Period**"), as compared to the Cash Flow Forecast attached as Appendix "**A**" to the First Report, 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	716	250	466
Disbursements:			
Payroll & related costs	(453)	(814)	361
Project related costs	(608)	(1,288)	680
Restructuring professional fees	(1,041)	(1,570)	529
Total disbursements	(2,102)	(3,672)	1,570
Net cash flow	(1,386)	(3,422)	2,036
Beginning cash balance	2,160	2,160	-
Beginning DIP obligation	-	-	-
DIP advances	-	1,375	(1,375)
DIP interest	-	2	(2)
Ending DIP obligation	-	1,377	(1,377)
Ending cash balance	774	115	659

7.2 During the Reporting Period, HBW experienced the following:

- (i) total receipts were approximately \$466,000 greater 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 \$1.6 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.

7.3 Overall, during the Reporting Period, HBW experienced a positive net cash flow variance of approximately \$2.0 million relative to the Cash Flow Forecast. As noted above, it is anticipated that this variance will decline as the CCAA Proceedings progress.

- 7.4 The closing cash balance as at September 23, 2016 was approximately \$774,000, as compared to the projected cash balance of \$115,000. The variance was due primarily to the positive variance in net cash flow as described above, partially offset by projected DIP advances of approximately \$1.4 million not made by the Company.
- 7.5 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.

8.0 UPDATED INFORMATION

Operations and employees

- 8.1 With the exception of disclaimed contracts (discussed below), HBW continues to service its remaining projects in the ordinary course and without disruption, including the completion of ongoing warranty and repair services for its customers.
- 8.2 All of the Company's employees are project management and field personnel. As the Company's projects are completed, or near final completion, HBW reduces its employee count in the ordinary course. As of the date of this report, the Company has delivered notices of termination to one non-unionized employee and seven unionized employees since the Filing Date.

DIP Financing

- 8.3 The Initial Order authorized HBW to borrow under the terms of a commitment letter from Infrastructure and Energy Alternatives, LLC (a member of the IEA Group) in order

to fund the Company's cash needs and to allow it to make payments as permitted under the Initial Order (the "**DIP Facility**"). 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.¹⁴

8.4 As of the date of this Report, the Company has not yet drawn on the DIP Facility.

9.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

9.1 The Monitor and its legal counsel have assisted HBW throughout the CCAA Proceedings in the development of the Plan and are of the view the Plan complies with the requirements of the CCAA, in particular the requirements outlined in section 6.0 thereof.

9.2 As set out in paragraph 5.2 above, the Monitor currently estimates that Affected Creditors with Proven Claims will receive distributions under the Plan in the range of approximately 7.1% to 7.4% of such Affected Creditors' Proven Claims. Based on the Illustrative Recoveries Analysis and the Bankruptcy Analysis (and subject to the important qualifications noted in paragraph 5.1), the Monitor estimates that distributions to Affected Creditors with Proven Claims under the Plan will be greater than what they otherwise would be in bankruptcy proceedings under the BIA.

9.3 Based on the Monitor's review of the Plan, in the Monitor's view the Plan is fair and reasonable in the circumstances.

9.4 The Monitor recommends that the Affected Creditors of HBW vote in favour of the Plan.

¹⁴The DIP Facility is funded in USD and converted into CAD at prevailing market rates.

All of which is respectfully submitted to this Court this 3rd 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

SECOND REPORT OF THE MONITOR DATED SEPTEMBER 12, 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.**

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

SEPTEMBER 12, 2016

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Appendix A – Vetting Committee Order

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 an Order of this Court dated July 7, 2016 (the “**Initial Order**”), Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Monitor**”) was appointed Monitor of HBW 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 In connection with the CCAA Proceedings, the Monitor provided to this Court its First Report of the Monitor dated July 28, 2016 (the “**First 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 First Report, the “**Prior Reports**”). The Prior Reports, the Initial Order 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**”).

1.5 The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide this Court with:

- (1) information regarding the following:
 - (i) the Plan of Compromise and Arrangement dated September 12, 2016 (the “**Plan**”), a copy of which is attached to the Gund Affidavit – Meeting Order (as defined herein);
 - (ii) the Claims Process;
 - (iii) the Applicant’s motion for an order substantially in the form attached to the Applicant’s Motion Record dated September 12, 2016 (the “**Meeting Order**”), among other things:
 - (a) accepting the filing of the Plan;
 - (b) authorizing HBW to establish one class of Affected Creditors (as defined in the Plan) for the purpose of considering and voting on the Plan;
 - (c) authorizing HBW to call, hold and conduct a meeting of the Affected Creditors to consider and vote on a resolution to approve the Plan (the “**Creditors’ Meeting**”), and approving the procedures to be followed with respect to the Creditors’ Meeting;

- (d) setting the date for the hearing of HBW's motion seeking sanction of the Plan should the Plan be approved by the required majority of the Affected Creditors at the Creditors' Meeting; and
 - (e) approving this Second Report and the activities of the Monitor described herein;
- (iv) the receipts and disbursements of HBW from July 23, 2016 through September 2, 2016;
 - (v) an update on other information;
 - (vi) the Monitor's activities since the First Report; 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 Second 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

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.

(“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 Report should be read in conjunction with the Affidavit of Philip J. Gund, a Senior Managing Director of Ankura Consulting Group LLC, acting as the Chief Restructuring Organization of HBW (the “CRO”), sworn September 12, 2016 (the “**Gund Affidavit – Meeting Order**”).

2.4 Capitalized terms not otherwise defined in this Second Report are as defined in the Prior Reports, Initial Order and Gund Affidavit – Meeting Order, as applicable.

2.5 Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

3.0 PLAN OF COMPROMISE AND ARRANGEMENT

3.1 Capitalized terms utilized in this section of the Second Report not otherwise defined herein have the meaning given to them in the Plan. Readers are cautioned that the commentary below is an overview only, and, as such, interested parties should review the Plan in its entirety and should consider obtaining legal advice in connection therewith. In addition, as set out below, on or before October 3, 2016, the Monitor will provide to the Service List and post to the Monitor’s Website a report regarding the Plan and the Monitor’s analysis of same. Key elements of the Plan are described below.

Overview of the Plan

- 3.2 WCI and IEA (both members of the IEA Group) will act as Plan Sponsors and provide support through, among other things, the contribution of: (i) \$6.0 million towards the Northland Claims Pool in accordance with the Settlement and Support Agreements;² (ii) \$2.5 million towards the Unsecured Creditor Pool; and (iii) to the extent HBW has insufficient funds, the amount necessary to establish the Administrative Reserve for payments to be made in respect of post-filing trade payables, professional fees, disbursements and costs in connection with the Plan and the remainder of the CCAA Proceedings.
- 3.3 In addition to the amounts to be contributed by the Plan Sponsors, and in accordance with the Settlement and Support Agreements, the Northland Parties will pay to the Monitor the Lien Holdback Amounts of: (i) up to \$1,771,915.64 to pay in full all Proven BFW Construction Lien Claims in respect of the BFW EPC Contract (Burk's Falls); and (ii) \$8,297,847.64 to pay the CLLSP Pro Rata Share of all Proven CLLSP Construction Lien Claims in respect of the CLLSP EPC Contract (Cochrane).
- 3.4 The Plan provides for a single class of Affected Creditors that will consider and vote on the Plan at the Creditors' Meeting to be held at the offices of the Monitor's counsel, Goodmans LLP, in Toronto, Ontario at 2:00 p.m. on October 17, 2016. The treatment of Affected Creditors under the Plan is summarized below.

²“**Settlement and Support Agreements**” include: (i) the BFW/CLLSP Settlement and Support Agreement (Burk's Falls/Cochrane) and the MMWF Settlement and Support Agreement (McLean's Mountain). A summary of the Settlement and Support Agreements was included in the Monitor's Pre-Filing Report.

3.5 If approved, sanctioned and implemented, the Plan is intended to:

- (i) implement the settlements negotiated with the Northland Parties as outlined in the Settlement and Support Agreements, including providing a structured and efficient method to effect the payment of Proven Construction Lien Claims;
- (ii) effect a compromise, settlement and payment of all Affected Claims;
- (iii) allow HBW to reorganize and continue to provide ongoing warranty services to its remaining customers; and
- (iv) release all claims against the HBW Released Parties and the Third Party Released Parties, to permit HBW and WCI, as HBW's sole member, to continue operations having limited its liability to HBW in connection with the Wind-Up Claim.

Creation of Pools

3.6 Pursuant to the terms of the Plan:

Construction Lien Hold Back Pools

- (i) the Northland Parties will deliver to the Monitor the amount necessary to provide for all BFW Construction Lien Claims, to be determined by the Monitor in consultation with HBW; and
- (ii) the Northland Parties will deliver to the Monitor the Lien Holdback Amount in respect of the CLLSP EPC Contract (Cochrane);

Northland Claims Pool

- (iii) the Plan Sponsors or HBW will deliver to the Monitor \$6.0 million to establish the Northland Claims Pool;

Unsecured Creditor Pool

- (iv) the Plan Sponsors or HBW will deliver to the Monitor \$2.5 million to establish the Unsecured Creditor Pool; and

Administrative Reserve

- (v) HBW or the Plan Sponsors will deliver to the Monitor the amount necessary to establish the Administrative Reserve, as determined in consultation with the Monitor. The Monitor will hold the Administrative Reserve for the purpose of paying the Administrative Reserve Costs in accordance with the Plan.

Creditor Claims

3.7 Pursuant to and in accordance with the terms of the Plan:

Construction Lien Creditors

- (i) BFW Construction Lien Creditors will be entitled to receive their Proven BFW Construction Lien Claims to be paid from the BFW Holdback Pool;³

³ Based on the Monitor's review to date of BFW Construction Lien Creditor Claims filed in the Claims Process, it is anticipated that all Proven BFW Construction Lien Claims will be paid in full, as the total appears to be less than the BFW Holdback Pool.

- (ii) CLLSP Construction Lien Creditors will be entitled to receive their: (a) CLLSP Initial Pro Rata Share to be paid from the CLLSP Holdback Pool; and (b) Pro Rata Share of the Unsecured Creditor Pool in respect of their CLLSP Construction Lien Deficiency Claim, to the extent any such deficiency exists;

Northland Parties

- (iii) the Northland Parties (excluding MMWF) will be entitled to receive a distribution of \$6.0 million to be paid from the Northland Claims Pool;
- (iv) MMWF will waive any distribution on account of its Claim;

Convenience Class Creditors

- (v) 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; and

General Unsecured Creditors

- (vi) all other Affected Creditors with Proven Claims will be entitled to receive their respective Pro Rata Share of the remaining Cash in the Unsecured Creditor Pool.

Intercompany Claims

- 3.8 Intercompany Claims from any member of the IEA Group against HBW will not receive any distribution under the Plan.

Plan Releases

3.9 In consideration for the contributions by the Plan Sponsors and the Northland Parties, the Plan provides for full and final releases in favour of:

- (i) the HBW Released Parties (which includes each member of the IEA Group and their respective affiliates and each of their respective shareholders, partners, Directors, Officers, current and former employees, financial advisors, legal counsel and agents, including the CRO); and
- (ii) the Third Party Released Parties (which includes the Monitor, A&M, the Northland Parties and their respective subsidiaries and affiliates and each of their respective shareholders, partners, Officers, Directors, current and former employees, financial advisors, counsel to the Directors, and all of their respective advisors, legal counsel and agents).

Implementation of the Settlement and Support Agreements

3.10 If approved by Affected Creditors, sanctioned by the Court and implemented, the Plan will implement the Settlement and Support Agreements. The impact of the Settlement and Support Agreements on trade creditors who have asserted lien claims against the Northland Parties is that they will be required to:

- (i) in the case of CLLSP Construction Lien Creditors, limit the “secured” portion of their Proven CLLSP Construction Lien Claims to the CLLSP Pro Rata Share, with the remainder of their claim being a CLLSP Construction Lien Deficiency Claim and treated as General Unsecured Claims against HBW;

- (ii) consent to the return to the Northland Parties of all the letters of credit and security currently posted by the Northland Parties to vacate the presently asserted construction liens against the Facilities;
- (iii) dismiss all actions, counterclaims and cross-claims in connection therewith; and
- (iv) provide the Northland Parties with all additional domestic content documentation required by their applicable contracts.

Other

3.11 The Plan provides that the Monitor is to make distributions and payments under the Plan. However, the Plan also provides that HBW and the Monitor are to obtain a Comfort Letter with respect to potential liabilities under the *Excise Tax Act* and *Income Tax Act*, in form and content satisfactory to the Monitor, by no later than October 17, 2016. Should HBW and the Monitor not receive a Comfort Letter by that time, the parties will seek further direction from the Court and will amend the Plan to provide for alternate arrangements for a party other than the Monitor to make all payments and distributions under the Plan.

3.12 The Monitor will issue a report on the Plan on or before October 3, 2016 in advance of the Creditors' Meeting proposed to be held on October 17, 2016.

4.0 CLAIMS PROCESS

4.1 On July 7, 2016, this Court granted the Claims Procedures Order approving the Claims Process to identify and determine claims of creditors of HBW and its Directors and

Officers. The Claims Procedure Order was summarized in the Monitor's Pre-Filing Report.

4.2 The Claims Procedure Order provided for the following Claims bar dates:

- (i) Pre-filing Claims – August 22, 2016 (the “**Claims Bar Date**”);
- (ii) D&O Claims – the Claims Bar Date;
- (iii) Restructuring Period Claims – the later of: (a) 30 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (b) the Claims Bar Date.

Summary of Claims Received against HBW

4.3 As at September 12, 2016, the Monitor has received 99 Claims against HBW (including 97 Pre-filing Claims and two Restructuring Period Claims) totalling approximately \$213.3 million, including approximately \$174.5 million of Claims filed by the Northland Parties. After deducting the Claims of the Northland Parties, which will be addressed in the Plan through the Northland Claims Pool, and after accounting for claims filed in duplicate,⁴ the other Claims received by the Monitor total approximately \$38.8 million. A summary of the Claims against HBW is as follows:

- (i) five Construction Lien Claims in respect of the BFW Facility (Burk's Falls) totalling approximately \$582,000;

⁴The Monitor notes that a large number of Proofs of Claim were received where a single claim amount was submitted with multiple categorization selections (e.g. “Unsecured”, “Secured”, “Construction Lien” and/or “Trust Claim/Other”). For the purposes of this summary, the Monitor has included these duplicate claims only once.

- (ii) 33 Construction Lien Claims⁵ in respect of the CLLSP Facilities (Cochrane) totalling approximately \$25.0 million;
- (iii) 89 General Unsecured Claims⁶ totalling approximately \$13.2 million; and
- (iv) two General Unsecured Claims from the Northland Parties totalling approximately \$174.5 million.

4.4 The following table provides a summary of claims filed against HBW. The Monitor notes that a large number of Proofs of Claim were received where a single claim amount was submitted with multiple categorization selections. For the purposes of this summary, the Monitor has included duplicate claims only once (with the exception of 30 claims which are included twice – see footnotes 5 and 6), making certain adjustments as shown in the “Adjustment” column below. The Monitor’s review is ongoing and the following information is intended for preliminary informational purposes only and is subject to change.

Summary of Claims Filed						
Claim Type	Claims as Filed		Adjustment		Adjusted Claims	
	#	\$	#	\$	#	\$
Unsecured Claims	69	21,175,397	20	(7,941,600)	89	13,233,798
Secured Claims	7	2,143,705	(7)	(2,143,705)	-	-
Lien Claims (Cochrane)	34	30,387,982	(1)	(5,387,931)	33	25,000,051
Lien Claims (Burk’s Falls)	5	581,646	-	-	5	581,646
Trust Claims / Other	21	19,122,195	(21)	(19,122,195)	-	-
Sub Total	136	73,410,926	(9)	(34,595,431)	127	38,815,495
Northland Parties	2	174,512,535	-	-	2	174,512,535
Total	138	247,923,461	(9)	(34,595,431)	129	213,328,030

⁵ This number includes two Claims that were filed including a Construction Lien Claim in respect of both the CLLSP Facilities (Cochrane) and the BFW Facility (Burk’s Falls).

⁶ This number includes 28 Claims that were filed including both “Construction Lien” and “Unsecured” components.

Status of Claims Review and Assessment

- 4.5 As at September 12, 2016, the Monitor has determined that 41 Claims, totalling approximately \$2.2 million, will be admitted as filed. The Monitor, in consultation with HBW, is in the process of reviewing and adjudicating the remaining Claims and will provide an update to the Court in its next report which will be filed on or before October 3, 2016 in advance of the Creditors' Meeting.
- 4.6 Pursuant to the Claims Procedure Order, Claims not filed and received by the Monitor by the respective Claims Bar Dates, or such later date as the Monitor may agree in writing or the Court may otherwise direct, will be forever barred, estopped and extinguished.
- 4.7 As at the date of this Second Report, the Monitor has received three late-filed claims totalling approximately \$200,000. The Monitor is considering the circumstances of each of these late-filed claims to determine whether to admit such claims into the Claims Process. These claims are included in the above summaries.

Vetting Committee

- 4.8 Prior to these CCAA Proceedings and pursuant to the provisions of the *Construction Lien Act (Ontario)*, and in accordance with the court order of Tremblay J. dated January 26, 2016 in Court File No. 19502/15 (the "**Vetting Committee Order**"), a vetting committee comprised of legal counsel to a number of parties asserting lien claims ("**Vetting Committee Members**"), was established to assess the timeliness and quantum of the construction liens registered against the CLLSP Facilities (Cochrane) (the "**Vetting Committee**"). A copy of the Vetting Committee Order is attached hereto as **Appendix "A"**.

- 4.9 On August 4, 2016, the Vetting Committee delivered its report on the CLLSP Facilities (Cochrane) lien claims (the “**Final Vetting Committee Report**”). A copy of the Final Vetting Committee Report was provided to legal counsel of the Monitor, HBW, the Northland Parties and those parties that registered liens on the CLLSP Facilities (Cochrane).
- 4.10 The Final Vetting Committee Report includes a considerable amount of information and analysis that will inform and assist, but not replace, the Monitor’s review and assessment of Lien Claims in respect of the CLLSP Facilities (Cochrane).
- 4.11 The Vetting Committee Order provides that Vetting Committee Members are to be paid their fees from funds otherwise to be distributed to lien claimants on the CLLSP Facility (Cochrane). The Monitor has been provided with copies of the invoices of the Vetting Committee Members for work undertaken in connection with the Final Vetting Committee Report, which total approximately \$187,000. The Plan provides for payment of Vetting Committee Fees from the CLLSP Holdback Pool.

Director/Officer Claims

- 4.12 The Monitor also received 22 Claims against the Directors and Officers of HBW totalling approximately \$26.9 million.
- 4.13 The Monitor, in consultation with its legal counsel, HBW and its legal counsel and the Directors and Officers, are in the process of reviewing the Director/Officer Claims.

5.0 MEETING ORDER

5.1 HBW, in consultation with the Monitor, has prepared a proposed procedure for the Creditors' Meeting, and is seeking the Court's approval of this procedure, together with certain related relief, in the form of an Order contained in HBW's motion record returnable on September 19, 2016 (the "**Meeting Order**"). Capitalized terms used but not defined in this section of the Second Report have the meanings ascribed to them in the Meeting Order.

5.2 The Meeting Order contemplates a meeting of a single class of Affected Creditors, the Affected Creditor Class, to consider and vote on the Plan. Subject to the Meeting Order being approved, the Creditors' Meeting is proposed to be held on October 17, 2016 at the offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, starting at 2:00 p.m., subject to adjournment or modification in accordance with the terms of the Meeting Order or further order of this Court. The Creditors' Meeting will be chaired by the Monitor or its representative.

Notice of Creditors' Meeting

5.3 The Monitor will send the following materials (collectively, the "**Meeting Materials**") to each Affected Creditor to the address for such Affected Creditor set out in such Affected Creditor's Proof of Claim or to such other address subsequently provided to the Monitor by the Affected Creditor:

- (i) a copy of the Plan;
- (ii) a copy of the Meeting Order;

- (iii) the Notice of Creditors' Meeting, substantially in the form attached as Schedule "A" to the Meeting Order;
- (iv) the Form of Proxy for use at the Creditors' Meeting, substantially in the form attached as Schedule "B" to the Meeting Order;
- (v) the Form of Convenience Class Claim Declaration, substantially in the form attached as Schedule "C" to the Meeting Order; and
- (vi) the Form of Resolution to be voted on by Affected Creditors at the Creditors' Meeting, substantially in the form attached as Schedule "D" to the Meeting Order.

5.4 The Monitor will post the Meeting Materials to the Monitor's Website, and will serve a copy of the Meeting Materials on the Service List.

5.5 Additionally, on or before October 3, 2016, the Monitor will cause the Notice of Creditors' Meeting to be published for a period of two (2) business days in *The Globe and Mail* (National Edition) and the *Daily Commercial News*.

5.6 The Meeting Order further contemplates that the Monitor will serve a report with respect to the Amended Plan on the Service List by no later than October 3, 2016, which report will be filed with this Court and posted to the Monitor's Website.

Amendments to the Plan

5.7 The Meeting Order provides that HBW, with the consent of the Monitor, may make and file modifications, restatements, amendments or supplements to the Plan (each, a "**Plan Modification**") prior to or at the Creditors' Meeting prior to a vote being taken. Any such Plan Modification will be deemed to form part of and be incorporated into the Plan.

- 5.8 HBW may, with the consent of the Monitor, effect a Plan Modification after the Creditors' Meeting: (i) pursuant to an Order of the Court; or (ii) where such Plan Modification is of an administrative nature required to better give effect to the implementation of the Plan and the Sanction Order or to cure any errors, omissions or ambiguities, and in either event is not materially adverse to the financial or economic interests of the Affected Creditors.
- 5.9 Where a Plan Modification is made prior to the Creditors' Meeting, HBW will provide notice to the Service List. Where a Plan Modification is made prior to a vote at the Creditors' Meeting, HBW will give notice to those Affected Creditors present in person or by Proxy. The Monitor will post notice of a Plan Modification to the Monitor's Website forthwith in all cases.

Procedure for Creditors' Meeting

- 5.10 The Meeting Order provides that a representative of the Monitor, to be designated by the Monitor, will serve as the chair of the Creditors' Meeting and, subject to any further Order of the Court, will decide all matters relating to the conduct of the Creditors' Meeting. The Monitor may appoint scrutineers for the supervision and tabulation of attendance at, quorum at, and votes cast at the Creditors' Meeting, and a person designated by the Monitor will act as secretary at the Creditors' Meeting.
- 5.11 The only Persons entitled to attend and speak at the Creditors' Meeting are Eligible Voting Creditors (or their respective duly appointed proxyholder), representatives of the Monitor, HBW, IEA, all such parties' financial and legal advisors, the Chair, Secretary and Scrutineers and their respective legal counsel and advisors. The Meeting Order also

provides that the Chair may admit any other Person to the Creditors' Meeting by invitation.

5.12 The Chair is authorized to adjourn, postpone or otherwise reschedule the Creditors' Meeting from time to time as the Chair deems necessary or desirable. In the event of such adjournment, postponement, or rescheduling, none of the Chair, the Monitor, nor HBW will be required to deliver any notice of such adjournment of the Creditors' Meeting, provided that the Monitor will:

- (i) announce the adjournment of the Creditors' Meeting or adjourned Creditors' Meeting, as applicable;
- (ii) post notice of the adjournment at the originally designated time and location of the Creditors' Meeting;
- (iii) post notice of the adjournment on the Monitor's Website; and
- (iv) provide notice of the adjournment forthwith to the Service List.

5.13 The quorum for the Creditors' Meeting will be one (1) Affected Creditor with a Voting Claim present at such meeting in person or by Proxy.

Voting at Creditors' Meeting

5.14 The Meeting Order provides that the Chair will direct a vote on the Resolution to approve the Plan, with any amendments or modifications thereto made in accordance with the Plan, the Meeting Order, and any further Order of the Court.

5.15 Convenience Class Creditors will be deemed to have voted in favour of the Plan.

- 5.16 Each Affected Creditor with a Voting Claim will be entitled to one vote equal to the dollar value of its Affected Claim determined as a Voting Claim in accordance with the Claims Procedure Order and the Meeting Order. Creditors with Proven Construction Lien Claims, who will be paid 100% of their Proven Construction Lien Claims, will not be entitled to vote at the Creditors' Meeting. To the extent any creditor holds a Construction Lien Deficiency Claim, that creditor will be entitled to vote the Construction Lien Deficiency Claim as an Affected Claim.
- 5.17 Where an Affected Creditor holds a Disputed Claim as of the Creditors' Meeting, the dollar value of such Disputed Claim for voting purposes will be the amount set out in the Notice of Revision or Disallowance delivered by the Monitor in accordance with the Claims Procedure Order to such Affected Creditor.
- 5.18 The Monitor, its designees, and any scrutineers appointed in accordance with the Meeting Order will keep separate records of votes cast by Affected Creditors holding Disputed Claims and will report to the Court with respect thereto.

Assignment of Claims

- 5.19 An Affected Creditor, may transfer or assign the whole of its claim prior to the Creditors' Meeting by providing notice of such transfer or assignment, together with satisfactory evidence of such transfer or assignment to the Monitor in writing, by no later than 5:00 p.m. on the date which is seven (7) days prior to the Creditors' Meeting. Where a Claim has been transferred or assigned in part, only the transferor or assignor will retain the right to vote at the Creditors' Meeting in respect of the full amount of the Claim as determined for voting purposes in accordance with the Claims Procedure Order and the

Meeting Order, and the transferee or assignee will have no voting rights at the Creditors' Meeting in respect of such claim.

- 5.20 An Affected Creditor (other than a Convenience Class Creditor) may transfer or assign the whole of its Claim after the Creditors' Meeting in the manner set out in the Meeting Order, as described above.

Voting by Proxy

- 5.21 Any Person entitled to vote at the Creditors' Meeting may do so in person or by proxy. The Meeting Order provides that the form of proxy for use at the Creditors' Meeting (including any adjourned, postponed or rescheduled Creditors' Meeting) is to be included with the Meeting Materials (the "**Proxy**") and sets out the timeline and procedure for submitting a proxy.
- 5.22 In the absence of specific instructions to vote for or against the approval of the Resolution in a duly signed and delivered Proxy, the Meeting Order provides that the Proxy will be deemed to include the instruction to vote for the approval of the Resolution, provided that the Proxy-holder does not otherwise exercise its right to vote at the Creditors' Meeting.

6.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 6.1 Receipts and disbursements for the period July 23, 2016 to September 2, 2016 (the "**Reporting Period**"), as compared to the Cash Flow Forecast attached as Appendix "A" to the First Report, 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	521	250	271
Disbursements:			
Payroll & related costs	(287)	(557)	270
Project related costs	(503)	(995)	492
Restructuring professional fees	(815)	(853)	38
Total disbursements	(1,605)	(2,405)	800
Net cash flow	(1,084)	(2,155)	1,071
Beginning cash balance	2,160	2,160	-
Beginning DIP obligation	-	-	-
DIP advances	-	125	(125)
DIP interest	-	-	-
Ending DIP obligation	-	-	-
Ending cash balance	1,076	130	946

6.2 During the Reporting Period, HBW experienced the following:

- (i) total receipts were approximately \$271,000 greater 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 \$800,000 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 invoices. Management expects these variances to reverse in future weeks.

6.3 Overall, during the Reporting Period, HBW experienced a positive net cash flow variance of approximately \$1.1 million relative to the Cash Flow Forecast. As noted above, it is anticipated that this variance will decline as the CCAA Proceedings progress.

6.4 The closing cash balance as at September 2, 2016 was approximately \$1.1 million, as compared to the projected cash balance of \$130,000. The variance was due primarily to the positive variance in net cash flow as described above, partially offset by projected DIP advances not made by the Company.

6.5 The Initial Order entitled 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.

7.0 UPDATED INFORMATION

Operations and employees

7.1 With the exception of disclaimed contracts (discussed below), HBW continues to service its remaining projects in the ordinary course and without disruption, including the completion of ongoing warranty and repair services for its customers.

7.2 All of the Company's employees are project management and field personnel. As the Company's projects are completed, or near final completion, HBW reduces its employee count in the ordinary course. As of the date of this report, the Company has delivered notices of termination to one non-unionized employee and seven unionized employees since the Filing Date.

Disclaimed Contracts

7.3 On August 10, 2016, HBW, with the consent of the Monitor, provided Suzlon Wind Farm Energy Corporation for Amherst Wind Farm ("**Suzlon**") with notice of its intention to

disclaim or resiliate the Balance of Plant Construction Agreement By and Between Contractor and Subcontractor dated June 10, 2011, between HBW and Suzlon, and any amendments, additions, ancillary documents or agreements related thereto (collectively, the “**Suzlon Agreement**”) in the prescribed form.

7.4 Suzlon filed a Proof of Claim in advance of the applicable Restructuring Period Claims Bar Date and the Monitor is in the process of reviewing Suzlon’s claim in accordance with the Claims Procedure Order.

7.5 As discussed in the First Report, on July 27, 2016, HBW, with the consent of the Monitor, disclaimed the East Lake Agreement, and a Restructuring Period Claim has been filed by East Lake in accordance with the Claims Procedure Order.

DIP Financing

7.6 The Initial Order authorized HBW to borrow under the terms of a commitment letter from Infrastructure and Energy Alternatives, LLC (a member of the IEA Group) (the “**DIP Lender**”) in order to fund the Company’s cash needs and to allow it to make payments as permitted under the Initial Order (the “**DIP Facility**”). 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.⁷

7.7 As of the date of this Report, the Company has not yet drawn on the DIP Facility.

⁷The DIP Facility is funded in USD and converted into CAD at prevailing market rates.

Security Review

7.8 As set out in the Pre-filing Report, members of the IEA Group are borrowers under a credit facility provided by Wells Fargo Bank, National Association (the “**Wells Facility**”), and are also parties to a Second Lien Credit Agreement with Oaktree Power Opportunities Fund III, L.P. and Oaktree Power Opportunities Fund III (Parallel), L.P. (the “**Second Lien Facility**”), all as described more particularly in the Pre-Filing Report.

7.9 The Monitor has received a legal opinion from its counsel, Goodmans LLP, advising that the Wells Facility and the Second Lien Facility are both legally valid, binding obligations of HBW, which are enforceable in accordance with their terms and have been perfected in each case.

8.0 MONITOR’S ACTIVITIES TO DATE

8.1 In addition to those described above, the activities of the Monitor from the date of the First Report (July 28, 2016) have included the following:

- (i) assisting the Company with communications with employees, suppliers, critical service providers, customers and other parties;
- (ii) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for these CCAA Proceedings;
- (iii) monitoring the receipts, disbursements and purchase commitments with certain suppliers and creditors of the Company, including the review of any payments made to critical service providers;

- (iv) posting non-confidential materials filed with the Court to the Monitor's Website;
- (v) reviewing claims filed in the Claims Process, including numerous discussions with claimants, and the Vetting Committee convened in connection with lien claims registered against the CLLSP Project;
- (vi) reviewing drafts of the Plan; and
- (vii) preparing this Second Report with the assistance of Goodmans.

9.0 MONITOR'S RECOMMENDATIONS

9.1 For the reasons set out herein, the Monitor recommends that this Court grant the Meeting Order:

- (i) accepting the filing of the Plan;
- (ii) authorizing HBW to establish one class of Affected Creditors for the purpose of considering and voting on the Plan;
- (iii) authorizing HBW to call, hold and conduct the Creditors' Meeting on October 17, 2016 to consider and vote on the resolution to approve the Plan, and approving the procedures to be followed with respect to the Creditors' Meeting;
- (iv) setting the date of October 24, 2016 for the hearing of HBW's motion seeking sanction of the Plan should the Plan be approved by the Required Majority; and
- (v) approving this Second Report and the activities of the Monitor described herein.

All of which is respectfully submitted to this Court this 12th day of September, 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

SECOND REPORT OF THE MONITOR
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**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

THIRD REPORT OF THE MONITOR
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