

Court File No.: \_\_\_\_\_

**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.**

**PRE-FILING REPORT OF THE PROPOSED MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**JULY 6, 2016**

## TABLE OF CONTENTS

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1.0	INTRODUCTION .....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER .....	3
3.0	A&M'S QUALIFICATIONS TO ACT AS MONITOR.....	4
4.0	BACKGROUND INFORMATION .....	5
5.0	SETTLEMENT AND SUPPORT AGREEMENTS WITH THE NPI PARTIES.....	10
6.0	PROPOSED STAY OF PROCEEDINGS.....	17
7.0	CASH MANAGEMENT SYSTEM.....	17
8.0	INTERCOMPANY ARRANGEMENTS.....	18
9.0	CASH FLOW FORECAST.....	19
10.0	DEBTOR IN POSSESSION FINANCING.....	21
11.0	PAYMENTS DURING THE CCAA PROCEEDINGS.....	24
12.0	ENGAGEMENT OF CRO .....	25
13.0	COURT ORDERED CHARGES SOUGHT IN THE PROPOSED INITIAL ORDER ...	26
14.0	PROPOSED CLAIMS PROCEDURE ORDER .....	28
15.0	PROPOSED MONITOR'S RECOMMENDATIONS .....	35

## **INDEX TO APPENDICES**

**Appendix A** – IEA Simplified Corporate Structure

**Appendix B** – Cash Flow Forecast for the 13-Week Period Ending October 7, 2016

**Appendix C** – Management’s Representation Letter Regarding the Cash Flow Forecast

## 1.0 INTRODUCTION

1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that H.B. White Canada Corp. (“**HBW**”, the “**Company**” or the “**Applicant**”) intends to bring an application before this Court seeking certain relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), in the form of: (i) an Order granting, among other things, a stay of proceedings until August 6, 2016 and appointing A&M as Monitor (the “**Monitor**”, and the proposed Order, the “**Proposed Initial Order**”); and (ii) an Order setting out the applicable procedures for the filing and determination of claims against HBW (the “**Claims Procedure Order**”). The proceedings proposed to be commenced by the Applicant under the CCAA will be referred to herein as the “**CCAA Proceedings**”.

1.2 HBW is an unlimited liability company incorporated pursuant to the laws of the province of Nova Scotia. The sole member of HBW is White Construction, Inc. (“**WCI**”), an Indiana corporation. Both HBW and WCI are indirect subsidiaries of Infrastructure & Energy Alternatives, LLC (“**IEA**”), a Delaware limited liability corporation. Through its subsidiaries, including HBW and WCI (collectively with IEA, the “**IEA Group**”), IEA owns an integrated portfolio of companies focused on the development, construction and maintenance of energy and other infrastructure projects. A simplified organizational chart showing the legal structure of the relevant members of the IEA Group is attached as **Appendix “A”** to this report.

- 1.3 The only other Canadian company in the IEA Group, RMT Canada Construction Inc. (“**RMT**”), is a dormant entity with no operations, assets or liabilities. RMT is not an applicant in these CCAA Proceedings.
- 1.4 As described in more detail in section 12.0 below, HBW has engaged Ankura Consulting Group, LLC (“**Ankura**”) to act as Chief Restructuring Organization (“**CRO**”), with a mandate that includes the power to take actions on behalf of HBW, including with respect to these CCAA Proceedings.
- 1.5 The purpose of this pre-filing report (the “**Report**”) is to provide this Court with:
- (i) information regarding the following:
    - (a) A&M’s qualifications to act as Monitor (if appointed);
    - (b) background information with respect to HBW;
    - (c) Settlement and Support Agreements (as defined below) with the NPI Parties (as defined below) and MMWF (as defined below);
    - (d) proposed stay of proceedings;
    - (e) cash management system of HBW;
    - (f) HBW’s 13-week cash flow forecast;
    - (g) proposed debtor-in-possession financing facility;
    - (h) proposed payments during the CCAA Proceedings;

- (i) engagement of a CRO (as defined below);
  - (j) court-ordered charges sought in the Proposed Initial Order;
  - (k) the proposed Claims Procedure Order; and
- (ii) the Proposed Monitor's conclusions and recommendations in connection with the foregoing.

## 2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Report, A&M, in its capacity as the Proposed Monitor, has been provided with, and has relied upon unaudited financial information and the books and records prepared by HBW, the IEA Group and the CRO (the "**Parties**") and has held discussions with management of HBW and the IEA Group, and each entities' respective legal counsel, and the CRO (collectively, the "**Information**"). Except as otherwise described in this Report in respect of HBW's cash flow forecast:

- (i) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Report was prepared based on the Parties' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

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 CRO of HBW, sworn July 6, 2016 (the "**Gund Affidavit**"), and filed in support of HBW's application for relief under the CCAA, for additional background and other information regarding HBW. Capitalized terms not defined in this Report are used as defined in the Gund Affidavit.

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

### **3.0 A&M'S QUALIFICATIONS TO ACT AS MONITOR**

3.1 Alvarez & Marsal Canada ULC ("**A&M ULC**") was originally engaged to act as consultants to HBW on December 18, 2014, to assist HBW in assessing its status and options. A&M ULC undertook an analysis of HBW's projects, and the matter went on hold for a number of months. HBW re-commenced the engagement of A&M ULC again earlier this year. As such, the Proposed Monitor is familiar with the business and

operations of HBW, its personnel, and the key issues and stakeholders in the proposed CCAA Proceedings. A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

- 3.2 A&M is related to Alvarez & Marsal Holdings, LLC, which is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services. The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals and licensed Trustees in Bankruptcy, and who have acted in cross-border restructurings and CCAA matters of a similar nature in Canada.
- 3.3 The Proposed Monitor has retained Goodmans LLP (“**Goodmans**”) to act as its independent legal counsel.
- 3.4 A&M has consented to act as Monitor of the Applicant should this Court grant the Applicant’s request to commence the CCAA Proceedings.

#### **4.0 BACKGROUND INFORMATION**

##### General

- 4.1 The IEA Group is a privately-owned, specialized self-performing contractor, headquartered in Indianapolis, Indiana, principally serving renewable energy markets in the United States and Canada. The IEA Group, including HBW, combines a broad, integrated set of services, requisite scale and operating structure, and a specialized



workforce comprised of both unionized and non-unionized employees, to support the development, construction and maintenance of energy and other infrastructure projects. The IEA Group provides services to a diverse base of customers, including utilities, energy project developers, government entities and other industrial entities that develop, own or manage infrastructure projects.

- 4.2 HBW has historically operated as a general contractor for large scale solar and wind energy projects in Canada. HBW is currently involved with 24 construction projects, of which two are in the final completion phase and 22 are complete but HBW continues to have ongoing warranty and repair obligations. In addition, the Applicant also had three projects with Northland Power Inc. (“NPI”) and certain of its affiliates (collectively, the “NPI Parties”), at one time a major customer of HBW. NPI and HBW terminated their contractual relationship in connection with these projects, which projects are the subject of the Settlement and Support Agreements described below.
- 4.3 The majority of HBW’s projects, including both of its currently outstanding projects, are located in Ontario, but the Company has previously undertaken projects in Nova Scotia, and has ongoing warranty obligations in connection with certain of those projects.
- 4.4 Since December, 2015, HBW’s head office (and its books and records) have been located in Indianapolis, Indiana. HBW previously had its primary office at a leased facility in Brampton, Ontario, however, this location was closed and relocated to the IEA Group’s headquarters in December, 2015.

- 4.5 HBW currently has 19 employees, all of whom are located in Ontario. 14 of such employees are unionized<sup>1</sup> and five are not. The 19 employees consist of project management and field personnel. HBW is dependent on the IEA Group for virtually all corporate and administrative functions.
- 4.6 For significant periods since its formation, and particularly since mid-2014, HBW has incurred significant operating losses resulting in negative cash flow. These losses and related cash requirements have been funded through intercompany payments from WCI. As described below, the Proposed Monitor understands that there are no intercompany agreements in place between HBW and WCI for the provision of such prior, or any additional future, financial support. As at May 31, 2016, HBW's balance sheet shows an intercompany payable due to WCI of approximately \$57.7 million. The Proposed Monitor understands that WCI receives certain of its funding from borrowings under the Wells Facility and the Second Lien Facility (each as described and defined below), each of which are guaranteed by HBW and in respect of which the Proposed Monitor understands HBW has given security over its assets.

#### IEA Group Credit Facilities

- 4.7 Certain members of the IEA Group are borrowers under a credit facility (the "**Wells Facility**") provided by Wells Fargo Bank, National Association ("**Wells Fargo**"), as lender. The Wells Facility provides for a maximum aggregate commitment of US\$65 million, consisting of a revolving line of credit and a letter-of-credit ("**LC**") facility. As at June 30, 2016, approximately US\$19 million was outstanding under the Wells Facility,

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<sup>1</sup> 12 employees are members of the International Union of Operating Engineers, Local 793 and two employees are members of the International Brotherhood of Electrical Workers, Local 303.

comprised of approximately US\$13 million on the revolving line (plus certain accrued and unpaid interest, fees, charges and expenses) and approximately US\$6 million on the LC facility.

- 4.8 HBW is not a borrower under the Wells Facility but, together with other members of the IEA Group, HBW has guaranteed the amounts owing by the borrowers under the Wells Facility and has granted Wells Fargo security over HBW's assets in support of such guarantee, including among other things, security interests in its equipment, accounts, inventory, goods, tools and machinery.
- 4.9 In February, 2015, members of the IEA Group entered into a Second Lien Credit Agreement with Oaktree Power Opportunities Fund III, L.P. and Oaktree Power Opportunities Fund III (Parallel), L.P. (collectively "**Oaktree**") for a term loan of US\$20 million, with the ability to request additional term loans of US\$30 million (the "**Second Lien Facility**"). As at June 30, 2016, approximately US\$22 million (plus certain accrued and unpaid interest, fees, charges and expenses) was outstanding under the Second Lien Facility.
- 4.10 HBW is not a borrower under the Second Lien Facility, but, together with other members of the IEA Group, HBW has guaranteed the amounts owing by the borrowers under the Second Lien Facility and has granted Oaktree security over HBW's assets pursuant to a general security agreement, limited to US\$50 million, plus accrued and unpaid interest, fees, charges and expenses.

### Primary Causes of Insolvency

- 4.11 Over the course of approximately the past two years, HBW has experienced a series of unprofitable projects, and in particular the three projects with the NPI Parties. HBW was unable to renegotiate the construction contracts associated with these unprofitable projects and, as a result, sustained significant losses and is currently exposed to significant additional outstanding liabilities for related construction costs and expenses, which are the subject of ongoing civil claims and proceedings, as discussed below.
- 4.12 In December, 2014, following a review of its strategic alternatives, HBW commenced a retrenchment process that would see the Company complete certain of its ongoing projects, stop working on certain projects (primarily the unprofitable contracts with the NPI Parties) and institute significant cost-cutting measures and staff reductions. During this time, the majority of HBW's funding was provided by intercompany payments from WCI by way of advances on the Second Lien Facility.
- 4.13 The Proposed Monitor understands that the primary purposes of the CCAA Proceedings are to:
- (i) provide a platform to allow HBW to complete its two remaining projects and continue to perform ongoing warranty and repair services on the completed projects without disruption;
  - (ii) implement the Settlement and Support Agreements (as described and defined below) with the NPI Parties;

- (iii) implement a Plan of Compromise or Arrangement to settle any and all obligations, except for certain excluded claims such as those held by Wells Fargo, Oaktree or related parties, in an orderly and cost effective manner for the benefit of all creditors, and provide for releases of HBW, WCI and IEA in respect of such liabilities; and
- (iv) allow HBW to emerge from the CCAA Proceedings as a restructured and reorganized company to continue to provide ongoing warranty and repair services on its completed projects.

## **5.0 SETTLEMENT AND SUPPORT AGREEMENTS WITH THE NPI PARTIES**

### CLLSP Settlement Agreement

- 5.1 As outlined in more detail in the Gund Affidavit, HBW entered into two independent contracts with affiliates of NPI for the construction of solar facilities in: (i) Burk's Falls, Ontario (November 20, 2013) (the **"BFW Contract"**); and (ii) Cochrane, Ontario (April 11, 2014) (the **"CLLSP Contract"**).
- 5.2 HBW encountered specific difficulties with each of these projects, including unfavourable weather conditions and unexpected grading and soil issues, such that these projects took longer and were significantly more cost-intensive than expected, resulting in a number of disputes with the contract counterparties related to change orders, costs to complete, warranties, engineering and geo-technical information and payment of subcontractors. The CLLSP Contract was the largest of these and gave rise to a significant number of disputes. Ultimately, the applicable NPI entities terminated the

CLLSP Contract on December 24, 2014, after which the parties entered into arbitration under the dispute resolution provisions of the contract.

- 5.3 These contract disputes have resulted in civil proceedings commenced by the applicable NPI entities against HBW for contractual claims, liquidated damages claims, and warranty disputes, and HBW filed counter claims. The Proposed Monitor is advised that arbitration proceedings relating to certain of these claims have been ongoing since June, 2015, without resulting in a resolution. HBW and its sub-contractors and sub-sub-contractors have also registered construction liens against the projects in connection with these ongoing disputes.
- 5.4 The precise quantum of NPI's claims would be dependent on the outcome of the ongoing arbitration but, for the purposes of the settlement proposed in the BFW/CLLSP Settlement and Support Agreement (described below), HBW and NPI have agreed that the NPI Parties will file one claim in the amount of \$158 million (to be subject to review by the Monitor) and, if the settlement is completed, all counter claims by HBW would be released.
- 5.5 With a view to achieving a final resolution of the totality of claims and cross-claims between them, the HBW Parties and the NPI Parties entered into the Settlement and Support Agreement on July 6, 2016 (the "**BFW/CLLSP NPI Settlement and Support Agreement**") with respect to BFW and CLLSP as well as a Settlement and Support Agreement with respect to MMWF. The key terms of the BFW/CLLSP Settlement and Support Agreement are described in the table below.

<b>Summary of BFW/CLLSP Settlement and Support Agreement</b>	
<b>HBW Parties</b>	H.B. White Canada Corp. (“HBW”), White Construction Inc. (“WCI”), Infrastructure and Energy Alternatives, LLC (“IEA”)
<b>Northland Parties</b>	Northland Power Inc. (“NPI”), Northland Power Burks Falls West LP (“BFW”), Northland Solar Abitibi LP, Northland Power Solar Martin’s Meadows LP, and Northland Power Solar Long Lake LP (collectively, “CLLSP”, and together with NPI and BFW, the “NPI Parties”)
<b>Outside Date</b>	November 24, 2016
<b>NPI Proof of Claim</b>	All NPI Parties to file one Proof of Claim in a total amount of \$158 million, subject to review by the Monitor
<b>NPI Plan Support</b>	<ul style="list-style-type: none"> <li>• NPI Parties to consent to the Initial Order, Claims Procedure Order, Plan, Meeting Order, and Sanction Order and otherwise support the CCAA proceedings</li> <li>• NPI Parties to vote in favour of a Plan at the Creditors’ Meeting</li> <li>• NPI Parties to suspend ongoing Arbitration relating to the CLLSP Contract, pending the approval of the Plan, and will consent to the dismissal of the Arbitration upon Plan implementation</li> </ul>
<b>Key HBW Obligations</b>	<ul style="list-style-type: none"> <li>• Plan must provide for Northland Plan Treatment</li> <li>• Pursue Settlement in good faith</li> <li>• Undertake CCAA proceedings, with all ordinary procedural steps to present the Plan to creditors, and ultimately effect implementation of the Plan</li> <li>• Support allowance of NPI Parties’ claim</li> <li>• Suspend Arbitration relating to CLLSP contract upon initiation of CCAA proceedings, and consent to dismissal of arbitration upon Plan implementation</li> <li>• Consent to final BFW EPC contract price of \$15,678,107 (including with respect to amounts payable under the <i>Construction Lien Act</i>)</li> <li>• Consent to final CLLSP EPC contract price of \$73,432,280 (including with respect to amounts payable under the <i>Construction Lien Act</i>)</li> <li>• Take steps to remove all HBW liens registered on any of the projects as part of the Plan</li> <li>• Discontinue all cross-claims advanced by HBW against sub-contractors</li> <li>• Obtain or consent to an order returning security posted by NPI to vacate liens of HBW and their sub-contractors and suppliers</li> <li>• Discontinue certain civil actions</li> <li>• Agree to Lien Holdback Amounts</li> </ul>
<b>Conditions to</b>	The Settlement Agreement is subject to the following conditions:

<b>Summary of BFW/CLLSP Settlement and Support Agreement</b>	
<b>Settlement</b>	<ul style="list-style-type: none"> <li>• Plan must be approved by creditors and sanctioned by the Court</li> <li>• Sanction Order must be in full force prior to the Outside Date</li> <li>• Plan Implementation Date must occur prior to the Outside Date</li> <li>• No decision shall be pending that would have the effect of impeding Settlement</li> </ul>
<b>NPI Plan Treatment</b>	<ul style="list-style-type: none"> <li>• NPI Parties receive a cash distribution of \$6 million</li> <li>• Trade creditors who have asserted lien claims against the NPI Parties shall be required to: (i) limit their secured claims to respective holdback amounts (as applicable) with any remainder being treated as unsecured claims against HBW; (ii) consent to the return to the NPI Parties of all of the letters of credit and security currently posted by the NPI Parties to vacate the presently asserted construction liens; and (iii) provide the NPI Parties with all additional domestic content documentation required by their applicable contracts; and</li> <li>• A release in favour of the NPI Parties</li> </ul>
<b>NPI Termination Rights</b>	<p>The NPI Parties shall have the right to terminate the Settlement Agreement in the event that:</p> <ul style="list-style-type: none"> <li>• Plan Implementation Date does not occur before the Outside Date</li> <li>• The HBW Parties take actions contrary to the Settlement Agreement</li> <li>• Any HBW representations or warranties set out in the Settlement Agreement are or become false</li> <li>• Any decision is rendered that impedes/prevents the Settlement</li> <li>• These CCAA Proceedings are dismissed or a receiver is appointed</li> <li>• HBW unilaterally amends or modifies the Plan with respect to the agreed treatment of the NPI Parties without consent</li> <li>• Any of the Conditions Precedent not satisfied</li> </ul>
<b>HBW Termination Rights</b>	<p>The HBW Parties shall have the right to terminate the Settlement Agreement in the event that:</p> <ul style="list-style-type: none"> <li>• Plan Implementation Date does not occur before the Outside Date</li> <li>• NPI fails to vote in favour of the Plan at the Creditors' Meeting</li> <li>• Any decision is rendered that impedes/prevents the Settlement</li> </ul>
<b>Other Terms</b>	<ul style="list-style-type: none"> <li>• NPI Parties agree not to pursue Third Party Defendants beyond the extent of their joint and several liability with HBW if such Third Party Claims are not released under the Plan</li> <li>• Upon Plan Implementation, the applicable NPI entity to issue certificate of substantial completion regarding the BFW Contract, and will assume ongoing environmental monitoring</li> </ul>



### MMWF Settlement Agreement

5.6 On October 17, 2012, HBW entered into an Engineering, Procurement and Construction Contract with McLean’s Mountain Wind Limited Partnership (“**MMWF**”, and the contract, the “**MMWF Contract**”) for the design and construction of a wind farm facility located near Manitoulin Island, Ontario (the “**MMWF Facility**”). HBW encountered significant difficulties in completing work at the MMWF Facility, which led to disputes regarding the MMWF Contract, and ultimately to MMWF asserting civil claims for liquidated contract damages and warranty claims. HBW has also registered liens against the MMWF Facility’s real property and has commenced actions and/or cross-claims against MMWF.

5.7 Contemporaneously with the execution of the NPI Settlement Agreement and in contemplation of these CCAA Proceedings, on July 6, 2016, HBW also entered into a settlement and support agreement with MMWF (the “**MMWF Settlement and Support Agreement**”), the key terms of which are described in the table below.

<b>Summary of MMWF Settlement and Support Agreement</b>	
<b>HBW Parties</b>	H.B. White Canada Corp. (“ <b>HBW</b> ”), White Construction Inc. (“ <b>WCI</b> ”), Infrastructure and Energy Alternatives, LLC (“ <b>IEA</b> ”)
<b>MMWF Parties</b>	McLean’s Mountain Wind Limited Partnership
<b>Outside Date</b>	November 24, 2016
<b>MMWF Proof of Claim</b>	MMWF to file one Proof of Claim in a total amount of \$13 million, subject to review by the Monitor
<b>MMWF Plan Support</b>	<ul style="list-style-type: none"> <li>• MMWF to consent to the Initial Order, Claims Procedure Order, Plan, Meeting Order, and Sanction Order and otherwise support the CCAA Proceedings</li> <li>• MMWF to vote in favour of a Plan at the Creditors’ Meeting</li> <li>• NPI Parties to suspend ongoing Arbitration relating to the CLLSP</li> </ul>

<b>Summary of MMWF Settlement and Support Agreement</b>	
	<p>Contract, pending the approval of the Plan, and will consent to the dismissal of the Arbitration upon Plan implementation</p> <ul style="list-style-type: none"> <li>• MMWF agrees to final contract price of \$57,064,152 in respect of the MMWF Facility project as the final amount to be paid under the MMWF Contract (including with respect to amounts payable under the <i>Construction Lien Act</i>)</li> <li>• MMWF agrees to waive any distribution under the Plan</li> </ul>
<b>Key HBW Obligations</b>	<ul style="list-style-type: none"> <li>• Pursue Settlement in good faith.</li> <li>• Undertake CCAA proceedings, with all ordinary procedural steps to present the Plan to creditors, and ultimately effect implementation of the Plan</li> <li>• Support allowance of the MMWF claim</li> <li>• Consent to final MMWF Contract price of \$57,064,152</li> <li>• Take steps to remove all HBW liens registered on any of the projects</li> <li>• Discontinue all cross-claims advanced by HBW</li> <li>• Obtain or consent to an order returning security posted by MMWF to vacate liens of HBW and their sub-contractors and suppliers</li> <li>• Discontinue certain civil actions</li> <li>• Agree to Lien Holdback Amounts</li> </ul>
<b>Conditions to Settlement</b>	<p>The Settlement Agreement is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• Plan must be approved by creditors and sanctioned by the Court</li> <li>• Sanction Order must be in full force prior to the Outside Date</li> <li>• Plan Implementation Date must occur prior to the Outside Date</li> <li>• No decision shall be pending that would have the effect of impeding the Settlement</li> </ul>
<b>MMWF Termination Rights</b>	<p>MMWF shall have the right to terminate the Settlement Agreement in the event that:</p> <ul style="list-style-type: none"> <li>• Plan Implementation Date does not occur before the Outside Date</li> <li>• The HBW Parties take actions contrary to the Settlement Agreement</li> <li>• Any HBW representations or warranties set out in the Settlement Agreement are or become false</li> <li>• Any decision is rendered that impedes/prevents the Settlement.</li> <li>• These CCAA Proceedings are dismissed or a receiver is appointed</li> <li>• HBW unilaterally amends or modifies the Plan without consent</li> <li>• Any of the Conditions Precedent not satisfied</li> </ul>
<b>HBW Termination Rights</b>	<p>The HBW Parties shall have the right to terminate the Settlement Agreement in the event that:</p> <ul style="list-style-type: none"> <li>• Plan Implementation Date does not occur before the Outside Date</li> </ul>

<b>Summary of MMWF Settlement and Support Agreement</b>	
	<ul style="list-style-type: none"> <li>• MMWF fails to vote in favour of the Plan at the Creditors' Meeting</li> <li>• Any decision is rendered that impedes/prevents the Settlement</li> </ul>
<b>Other Terms</b>	<ul style="list-style-type: none"> <li>• MMWF agrees not to pursue Third Party Defendants beyond the extent of their joint and several liability with HBW if such Third Party Claims are not released under the Plan</li> </ul>

5.8 The Proposed Monitor has recently been provided with substantial materials relating to the NPI Parties' claim by both HBW and NPI, and based on its preliminary review of these materials is satisfied that the NPI Parties do have a valid claim (and likely a significant claim) against the Applicant.

5.9 To date, the Proposed Monitor has not been provided with the NPI Parties' formal Proof of Claim or the formal MMWF Proof of Claim and accordingly is not in a position to definitively comment on the quantum of these claims or any defences thereto at this early stage of its review, but will determine the quantum of the claims expeditiously in the course of the Claims Process contemplated in the proposed Claims Procedure Order, as described more fully in section 14.0 below.

5.10 The NPI Settlement and Support Agreement and the MMWF Settlement and Support Agreements represent significant milestones in achieving a successful restructuring outcome for HBW. The NPI Parties and MMWF each appear to have numerous complex claims, cross-claims, contested counterclaims and construction liens that are the subject of ongoing adjudication and/or arbitration. The Proposed Monitor views the NPI and MMWF Settlement and Support Agreements as positive steps towards resolving the

substantial issues facing HBW, in-line with the overall objectives of these CCAA Proceedings that will, if successful, allow HBW to successfully restructure.

## **6.0 PROPOSED STAY OF PROCEEDINGS**

6.1 The Applicant is seeking a stay of proceedings, including in respect of actions against warranty bonds in connection with any of HBW's projects.

6.2 The Proposed Monitor is advised that the IEA Group has entered into indemnity agreements with the bonding companies providing for the indemnification of the bonding companies for liabilities and expenses incurred in connection with currently outstanding bonds. As set out in the Gund Affidavit, the bonding companies applicable to HBW's projects are the same bonding companies used by the IEA Group for bonding needs on ongoing U.S.-based projects, and absent a stay of proceedings, any disruptions caused by these CCAA Proceedings may trigger claims over or pre-emptive claims against HBW or the IEA Group in respect of currently outstanding bonds.

6.3 The Proposed Monitor supports the requested stay of proceedings as it will reduce HBW's exposure to contingent liabilities, and the commensurate likelihood that actions against the bonding companies will result in claims against HBW or the IEA Group.

## **7.0 CASH MANAGEMENT SYSTEM**

7.1 HBW is part of the IEA Group's integrated and centralized cash management system that collects, manages and disburses funds used in operations through accounts maintained at Wells Fargo. The security provided in support of HBW's guarantee of the Wells Fargo Facility extends to HBW's cash/bank accounts as described in the Gund Affidavit.

- 7.2 The Applicant has advised the Proposed Monitor that the cash management system is critical to the orderly management of HBW's business affairs and accordingly is seeking to continue to operate the cash management system post-filing in substantially the same manner as before the commencement of these CCAA Proceedings. The Proposed Monitor supports this request.

## **8.0 INTERCOMPANY ARRANGEMENTS**

- 8.1 As stated, certain aspects of HBW's business and operations are dependent on services and functions provided by the IEA Group. As described in the Gund Affidavit, these services include, among others: (i) equipment rentals and supply; (ii) estimating, maintenance and procurement; (iii) engineering services; (iv) human resources; and (v) accounting. These services are performed from the IEA Group's offices in Indiana by employees of various members of the IEA Group.
- 8.2 Given the degree of integration among IEA Group members, it is impractical and would be costly to repatriate or otherwise outsource any of the services provided by the IEA Group to HBW. Moreover, HBW does not have the resources or capabilities to implement these services without disruption to operations and significant expansion of its current payroll. The Applicant requires the ongoing services provided by the IEA Group during these proceedings. The Proposed Monitor is advised that the intercompany arrangements between HBW and the IEA Group are not documented and that the IEA Group intends to continue to provide these services to HBW during the CCAA Proceedings at no charge.

## 9.0 CASH FLOW FORECAST

- 9.1 HBW has prepared a weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 13-week period from July 7, 2016 to October 7, 2016 (the “**Cash Flow Period**”). A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) and Management’s report on the cash-flow statement required by section 10(2)(b) of the CCAA are attached hereto as **Appendices “B” and “C”**, respectively.
- 9.2 As summarized in the table below, during the Cash Flow Period, the Cash Flow Forecast shows negative net cash flows of approximately \$5.8 million during the period.

<b>Cash Flow Forecast</b>	<b>\$000’s</b>
<b>Receipts</b>	<b>1,522</b>
<b>Disbursements:</b>	
Payroll & related costs	(1,107)
Project related costs	(3,737)
Restructuring professional fees	(2,446)
<b>Net cash flow</b>	<b>(5,767)</b>
<b>Beginning Cash balance</b>	<b>2,210</b>
Beginning DIP obligation	-
DIP advances	3,700
DIP interest	21
<b>Ending DIP obligation</b>	<b>3,721</b>
<b>Ending cash balance</b>	<b>142</b>

9.3 The Proposed Monitor notes the following with respect to the CCAA Cash Flow Forecast:

- (i) cash receipts are based on the assumption that the remaining projects are completed on time and customers pay outstanding amounts due to HBW as scheduled;
- (ii) HBW is able to procure goods and services on acceptable terms going forward;
- (iii) negative net cash flow is anticipated to be funded through advances under the DIP Facility (described and defined below), if approved; and
- (iv) DIP Facility interest is accrued but not paid during the Cash Flow Period.

9.4 The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor under section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management of HBW and the CRO. The Proposed Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

9.5 Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that:

- (i) the Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- (ii) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the Cash Flow Assumptions;  
or
- (iii) the Cash Flow Forecast does not reflect the Cash Flow Assumptions.

The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

## 10.0 DEBTOR IN POSSESSION FINANCING

10.1 HBW will require debtor in possession ("**DIP**") financing to satisfy its projected negative net cash flow during the Cash Flow Period. The Cash Flow Forecast identifies an immediate requirement for DIP financing in the first week of the CCAA Proceedings. It is anticipated that the Company may have a peak DIP financing requirement of up to approximately \$5.0 million during the CCAA Proceedings.

10.2 As described in the Gund Affidavit, IEA (the "**DIP Lender**") has agreed to provide HBW with DIP financing up to a maximum amount of US\$5.0 million pursuant to a commitment letter dated as of June 29, 2016 (the "**DIP Facility**").



10.3 A copy of the DIP Facility commitment letter is attached at Exhibit “K” to the Gund Affidavit and is summarized in the table below. Capitalized terms in the table have the same meaning ascribed to them in the DIP Facility commitment letter.

<b>Summary of Certain Key DIP Facility Terms</b>	
<b>DIP Lender</b>	<ul style="list-style-type: none"> <li>• Infrastructure and Energy Alternatives, LLC (a member of the IEA Group)</li> </ul>
<b>Total Availability</b>	<ul style="list-style-type: none"> <li>• US\$5.0 million</li> </ul>
<b>Effective Date</b>	<ul style="list-style-type: none"> <li>• Date of the Initial Order</li> </ul>
<b>Purpose/Permitted Payments</b>	<ul style="list-style-type: none"> <li>• Limited to amounts set out in the Budgets and the Cash Flow Statements approved by the DIP Lender</li> </ul>
<b>Key Terms</b>	<ul style="list-style-type: none"> <li>• The Initial Order shall be in form and substance satisfactory to the DIP Lender and shall include, among other things, approval of the DIP Facility and DIP Lender’s Charge</li> <li>• Certain reporting requirements as set out in the DIP Facility</li> <li>• Any Sanction Order or confirmation order rendered in the CCAA Proceeding shall be in form and substance satisfactory to the Lender</li> <li>• Events of default include the occurrence of any negative variance in excess of twenty percent (20%) during any cumulative four week period in respect of amounts actually paid against forecast</li> <li>• Other covenants which appear customary under the circumstances</li> </ul>
<b>Fees &amp; Interest</b>	<ul style="list-style-type: none"> <li>• Interest rate equal to 5% <i>per annum</i></li> <li>• DIP Facility does not include any fees in addition to interest</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>• The DIP Lender’s Charge will rank subordinate to: (i) the Wells Facility; (ii) the Second Lien Facility; (iii) secured creditors that have filed registration statements under the <i>Personal Property Security Act</i> (Ontario) or the <i>Construction Lien Act</i> (Ontario); and (iv) construction lien claimants with respect to Holdback amounts</li> </ul>
<b>Maturity</b>	<ul style="list-style-type: none"> <li>• The earliest of: (i) November 30, 2016 or such later date as may be agreed to by the DIP Lender; (ii) the date on which the CCAA stay of proceeding expires without being extended; and (iii) the date on which the CCAA proceeding is terminated for any reason</li> </ul>

10.4 The Proposed Monitor is advised that the Applicant views the terms of the DIP Facility to be reasonable. In addition, the Applicant views the following aspects of the DIP Facility as advantageous:

- (i) it does not require any alteration of HBW's bank accounts or cash management system;
- (ii) the interest rate of 5% is below rates typically seen for DIP Facilities in CCAA proceedings, and there are no other DIP fees; and
- (iii) the DIP Facility has the support of Wells Fargo and the Second Lien Lenders.

Accordingly, the Proposed Monitor is advised that the Applicant is of the opinion that there is no commercial advantage to pursuing other options for DIP financing and as a result, HBW did not canvas the market for other potential lenders.

10.5 The Applicant is also seeking a charge on the assets, undertakings and properties of HBW (the "**Property**") (the "**DIP Lender's Charge**") to secure post-filing advances under the DIP Facility. It is a condition of the DIP Facility that the DIP Lender's Charge be granted by the Court. The DIP Lender's Charge is proposed to rank behind the Administration Charge (as defined below) and ahead of the Directors' Charge. The DIP Lender's Charge will not secure any obligations in existence prior to the granting of the Proposed Initial Order and will be unaffected by any Plan.

10.6 The Proposed Monitor has reviewed the terms of the proposed DIP Facility and the Applicant's circumstances, including, among other things: (a) the necessity of DIP financing to continue operations, complete ongoing projects and fund costs associated

with the CCAA Proceedings; and (b) the efficiencies associated with proceeding with a lender that is familiar with HBW's business and the purpose of the CCAA Proceedings.

10.7 The Proposed Monitor has also compared the terms of the proposed DIP Facility with publicly available information pertaining to the terms of other recent DIP financings in comparable CCAA proceedings. Based on this review, the Proposed Monitor is of the view that the proposed terms of the DIP Facility are favourable.

10.8 In the circumstances, the Proposed Monitor supports the Applicant's request for approval of the proposed DIP Facility, including the DIP Lender's Charge, to accommodate its anticipated liquidity required during these CCAA Proceedings.

#### **11.0 PAYMENTS DURING THE CCAA PROCEEDINGS**

11.1 As discussed in the Gund Affidavit, HBW has identified a number of suppliers that it views as critical to the ongoing operation of its business. HBW has advised that any interruption of supply or service by these suppliers could have an immediate material adverse impact on HBW's business, operations and cash flow, and could jeopardize its ability to implement the plan of compromise or arrangement and continue as a going concern.

11.2 The Applicant is seeking authorization from the Court to pay amounts owing for goods and services actually supplied to HBW, or to obtain a release of goods contracted for prior to the date of the Proposed Initial Order, if, in the opinion of HBW, in consultation with the Proposed Monitor, the supply of such goods or services is critical to the completion of required construction projects, subject to availability under the DIP

Facility and in accordance with the Budget (as defined in the DIP Facility commitment letter). The Applicant shall only be entitled to pay such amounts up to a maximum aggregate amount of \$800,000 and with the consent of the Monitor.

## **12.0 ENGAGEMENT OF CRO**

- 12.1 As discussed in the Gund Affidavit, the Applicant has engaged Ankura to act as CRO pursuant to an engagement letter dated as of June 1, 2016 (the “**CRO Engagement Letter**”). A copy of the CRO Engagement Letter is attached as Exhibit “L” to the Gund Affidavit.
- 12.2 The Applicant is seeking Court approval of the CRO Engagement Letter, the retention of the CRO pursuant to the terms thereof, including the payment of the contemplated fees and expenses, and, subject to the provisions of the CCAA, authorization for the CRO to exercise and perform the powers, responsibilities and duties described therein and outlined in the Gund Affidavit.
- 12.3 The Applicant is also seeking Court approval that: (i) any indemnification obligations of the Applicant in favour of the CRO; and (ii) payment obligations of the Applicant pursuant to the CRO Engagement Letter shall benefit from the Administration Charge, as defined below.
- 12.4 The Applicant has advised that they believe the continued involvement of the CRO is essential to the completion of the CCAA Proceedings. The Proposed Monitor is of the view that the terms of the CRO Engagement Letter are reasonable and supports the continued engagement of the CRO.

### **13.0 COURT ORDERED CHARGES SOUGHT IN THE PROPOSED INITIAL ORDER**

13.1 The Proposed Initial Order provides for three charges (collectively, the “**Charges**”), as described below.

#### Administration Charge

13.2 The Proposed Initial Order provides for a charge in an amount not to exceed \$1 million in favour of the CRO, the Monitor, counsel to the Monitor and counsel to HBW (the “**Administration Charge**”).

13.3 The Proposed Monitor assisted the Applicant in the calculation of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, potential work involved at peak times, and the size of charges approved in similar mid-scale proceedings.

#### DIP Lender’s Charge

13.4 The Proposed Initial Order provides for a DIP Lender’s Charge as security for outstanding advances made under the DIP Facility. It is a condition of the DIP Term Sheet that the DIP Lender’s Charge be granted by the Court. Such charges are customary when a DIP Facility has been approved by the Court. The Proposed Monitor recommends that the Court approve the DIP Facility, and accordingly, also supports the granting of the DIP Lender’s Charge.

### Directors' Charge

- 13.5 The Proposed Initial Order provides that the Applicant will indemnify its director and officers against obligations and liabilities that they may incur in their capacity as directors and officers of the Applicant after commencement of these CCAA Proceedings, except to the extent that any obligation or liability was incurred as a result of an officers' or directors' gross negligence or wilful misconduct, and provides for a charge in the amount of \$500,000 in favour of the Applicant's director and officers as security for any such obligations or liabilities arising after the commencement of these CCAA Proceedings.
- 13.6 As discussed in the Gund Affidavit, HBW has a liability insurance policy for the potential benefit of present and former directors and officers of HBW.
- 13.7 The Proposed Monitor assisted the Applicant in the calculation of the Directors' Charge, taking into consideration the amount of the Applicant's payroll, vacation pay and federal and provincial sales tax liabilities. The Proposed Monitor is of the view that the Directors' Charge is required and reasonable in the circumstances.

### Priority of Charges Created by the Proposed Initial Order

- 13.8 The priorities of the Charges, as between them, are proposed to be as follows:
- (i) First – Administration Charge (to the maximum amount of \$1 million);
  - (ii) Second – DIP Lender's Charge; and
  - (iii) Third – Directors' Charge (to the maximum amount of \$500,000).

- 13.9 In summary, the Proposed Monitor has assisted in the preparation and/or reviewed the calculations that support the Administration Charge, the DIP Lender's Charge and the Directors' Charge, and believes that the amounts are reasonable in the circumstances.

#### Priority of Charges as compared to Other Secured Claims

- 13.10 The Proposed Initial Order proposes that: (i) the Administration Charge rank in priority to the Wells Facility, the Second Lien Facility and existing security interests of all secured parties other than any claims under the CLA attaching to Holdbacks; and (ii) the DIP Lender's Charge and the Directors' Charge would rank behind to the Wells Facility, the Second Lien Facility and the claims of any person with a valid and, if applicable, perfected construction lien claim to the extent of any holdback amounts.

### **14.0 PROPOSED CLAIMS PROCEDURE ORDER**

#### Overview

- 14.1 Capitalized terms used but not defined in this section of the Report have the meaning ascribed to them in the Claims Procedure Order.
- 14.2 Key dates for the Claims Process are set out below:

Timeframe	Activity
No later than July 14, 2016	Notice to Claimants published in newspapers and Notice to Claimants along with the Claims Package to be posted to Monitor's website
No later than July 14, 2016	Claims Packages mailed to all known Claimants and each party on the Service List
No later than July 14, 2016	Employee Letter mailed to all Employees

Timeframe	Activity
August 22, 2016	Claims Bar Date for Pre-Filing Claims against HBW and Pre-Filing Claims against the Directors and/or Officers of HBW

### Claims

14.3 As set out in greater detail in the Claims Procedure Order, the Monitor, on behalf of the HBW, will solicit the following claims:

- (i) *Pre-Filing Claims*: any right or claim of any Person against HBW in connection with any indebtedness, liability or obligation of any kind whatsoever that was in existence on the Filing Date;
- (ii) *Restructuring Period Claims*: any right or claim of any Person arising out of the restructuring, disclaimer, rescission, termination or breach by HBW on or after the Filing Date of any contract, lease or other agreement whether written or oral; and
- (iii) *Director/Officer Claims*: any right or claim that may be asserted by any Person against one or more of the Directors and/or Officers of HBW, however arising, whereby such Directors and/or Officers are by law or equity, liable to pay in his or her capacity as a Director or Officer.

14.4 However, the Claims Procedure Order does not apply to the following:

- (i) any Claim entitled to the benefit of Charges under the Initial Order, including the DIP Lender's Charge;



- (ii) Secured Claims of Wells Fargo;
- (iii) Secured Claims of Oaktree;
- (iv) Employee Claims;
- (v) Post-Filing Claims;
- (vi) Intercompany Claims; and
- (vii) Warranty Claims (other than Warranty Claims that are Restructuring Period Claims).

#### Claims Bar Dates

14.5 The Proposed Monitor proposes that any Creditor asserting a Pre-Filing Claim or a Director/Officer Claim be required to file the applicable Proof of Claim form with the Monitor by 5:00 p.m. Toronto Time on August 22, 2016 (the “**Claims Bar Date**”). The Proposed Monitor believes that the Claims Bar Date is reasonable in that it provides sufficient time from the date of this motion for potential Claimants to evaluate and submit any Claim they may have against HBW or its Directors and Officers.

14.6 The Proposed Monitor proposes that any Claimant asserting a Restructuring Period Claim be required to file the applicable Proof of Claim form, the later of: (i) within 30 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (ii) the Claims Bar Date (the “**Restructuring Period Claims Bar Date**”). The Proposed Monitor believes that a 30 day period is reasonable in that it provides sufficient time from the date a Claims Package is sent to a Claimant to

evaluate and submit any Claim they may have against HBW in respect of a Restructuring Period Claim.

#### Notice

14.7 The proposed Claims Procedure Order provides that the Monitor will do the following in providing notification of the Claims Process:

- (i) by no later than 5:00 p.m. Toronto Time on July 14, 2016, post a copy of the Notice to Claimants and the Claims Package on the Monitor's Website;
- (ii) by no later than 5:00 p.m. Toronto Time on July 14, 2016, cause the Notice to Claimants to be published: (i) for at least one Business Day in The Globe and Mail (National Edition); and (ii) for at least two Business Days in the Daily Commercial News;
- (iii) by no later than 5:00 p.m. Toronto Time on July 14, 2016, cause the Employee Letter to be sent to all Employees;
- (iv) by no later than 5:00 p.m. Toronto Time on July 14, 2016, cause a Claims Package to be sent to: (i) each party that appears on the Service List or has requested a Claims Package; and (ii) all known Claimants (or if represented by counsel of record in a court proceeding, their counsel), other than Employees, as evidenced by the books and records of HBW, at their respective last known address as recorded in HBW's books and records;

- (v) cause the Construction Lien Claim Schedules to be posted to the Monitor's Website and email a copy of the relevant Construction Lien Claim Schedule to each Claimant who has filed a Construction Lien Claim against a particular project; and
  - (vi) provide a Claims Package to any Claimant that requests documents or information relating to the Claims Process prior to the Claims Bar Date, or if HBW or the Monitor become aware of any further Claims, the Monitor shall take the steps that are considered appropriate to provide such Claimant with a Claims Package.
- 14.8 The Proposed Monitor is advised that HBW has dealt extensively with its creditors since experiencing financial difficulties in 2014 such that it is not anticipated that there will be a large number of unknown claimants coming forward in the Claims Process.
- 14.9 The proposed Claims Procedure Order also includes notification and filing procedures in the event of a postal service disruption during these CCAA Proceedings.

#### Assessment and Determination of Claims

- 14.10 The Monitor, in consultation with HBW, and with the assistance (but not at the direction) of the IEA Group (such assistance necessitated because of the support personnel, information and records that reside with the IEA Group), will review all Proofs of Claim received on or before the Claims Bar Date and Restructuring Period Claims Bar Date, and shall accept, revise or reject each claim for voting and/or distribution purposes. In respect of Director/Officer Proofs of Claim received, the Monitor, in consultation with

HBW and the Directors and Officers named in such Director/Officer Claim, will review and accept, revise or reject such Director/Officer Claim.

- 14.11 If the Monitor intends to revise or reject a Claim for voting and/or distribution purposes, the Monitor will notify the Claimant by sending a Notice of Revision or Disallowance along with the reasons for such revision or disallowance.
- 14.12 Any Claimant who intends to dispute a Notice of Revision or Disallowance must send written notice to the Monitor by completing a Notice of Dispute of Revision or Disallowance so that it is received by the Monitor within 15 days after the date on which the Claimant receives the Notice of Revision or Disallowance, or such other date as may be agreed by the Monitor. In the event a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Monitor, in consultation with HBW, the Monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to a Claims Officer or the Court for adjudication at its election.
- 14.13 Any Claimant that receives a Notice of Revision or Disallowance that does not file a completed Notice of Dispute of Revision or Disallowance with the Monitor within the time period established shall be deemed to have accepted the amount and determination as set out in the Notice of Revision or Disallowance and such Claimant shall have no further right to dispute same.

### Claims Officer

14.14 The proposed Claims Procedure Order provides for the appointment of a Claims Officer in the event that a disputed Claim, for voting and/or distribution purposes, is unable to be resolved by the Monitor, in consultation with HBW, and the Claimant. If the appointment of a Claims Officer becomes necessary, the Monitor will advise as soon as practicable with respect to the Claims Officer it proposes to be identified in the Claims Procedure Order. If a Claims Officer is required, the Monitor will seek the approval of this Court, after consultation with stakeholders.

14.15 The Claims Officer will review and determine the validity and amount of disputed Claims in accordance with the terms of the Claims Procedure Order and, to the extent necessary, may determine whether any Claim or part thereof constitutes an Excluded Claim. The Claims Officer will determine all procedural matters which may arise in respect of their determination of these matters, including the manner in which any evidence may be adduced.

14.16 Claims officers are commonly used in CCAA proceedings in order to expedite the resolution of disputed claims in a cost-effective manner. The Proposed Monitor views the use of a claims officer if necessary in the present proceedings as appropriate given the volume of anticipated claims and the objectives of speed and certainty in the process.

### Construction Lien Claims

14.17 Substantially in the form set out in the Claims Procedure Order, the Monitor will create schedules identifying the following information for Construction Lien Claims on a

project-by-project basis: (i) the name of all Claimants asserting Construction Lien Claims in respect of each project; (ii) the amount asserted by each Claimant; (iii) the steps taken pursuant to applicable Provincial Lien Legislation to perfect or preserve any asserted liens; and (iv) the Monitor's determination as to the entitlement, validity or quantum of the Claim and the lien asserted.

14.18 The Monitor will cause the Construction Lien Claims Schedules to be posted to the Monitor's Website and each relevant schedule will be emailed to all Claimants who filed Construction Lien Claims in respect of a particular project (or their counsel).

14.19 Any Claimant asserting a Construction Lien Claim who wishes to dispute any Claims listed on the Construction Lien Claim Schedule in respect of the project where such Claimant has also filed a Construction Lien Claim shall notify the Monitor by delivering a Construction Lien Claim Dispute Notice within 15 days of the posting of the Construction Lien Claims Schedule on the Monitor's Website.

14.20 Any Claim which is not the subject of a Construction Lien Claims Dispute Notice within 15 days of the posting of the Construction Lien Claims Schedule shall be deemed to be a Proven Claim in the amount set out in the Construction Lien Claims Schedule.


## **15.0 PROPOSED MONITOR'S RECOMMENDATIONS**

15.1 For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Applicant is reasonable and respectfully recommends that this Court make the Order granting the relief requested by the Applicant.

All of which is respectfully submitted to this Court this 6<sup>th</sup> day of July, 2016.

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

Per: \_\_\_\_\_

  
Name: Alan J. Hutchens

Title: Senior Vice-President

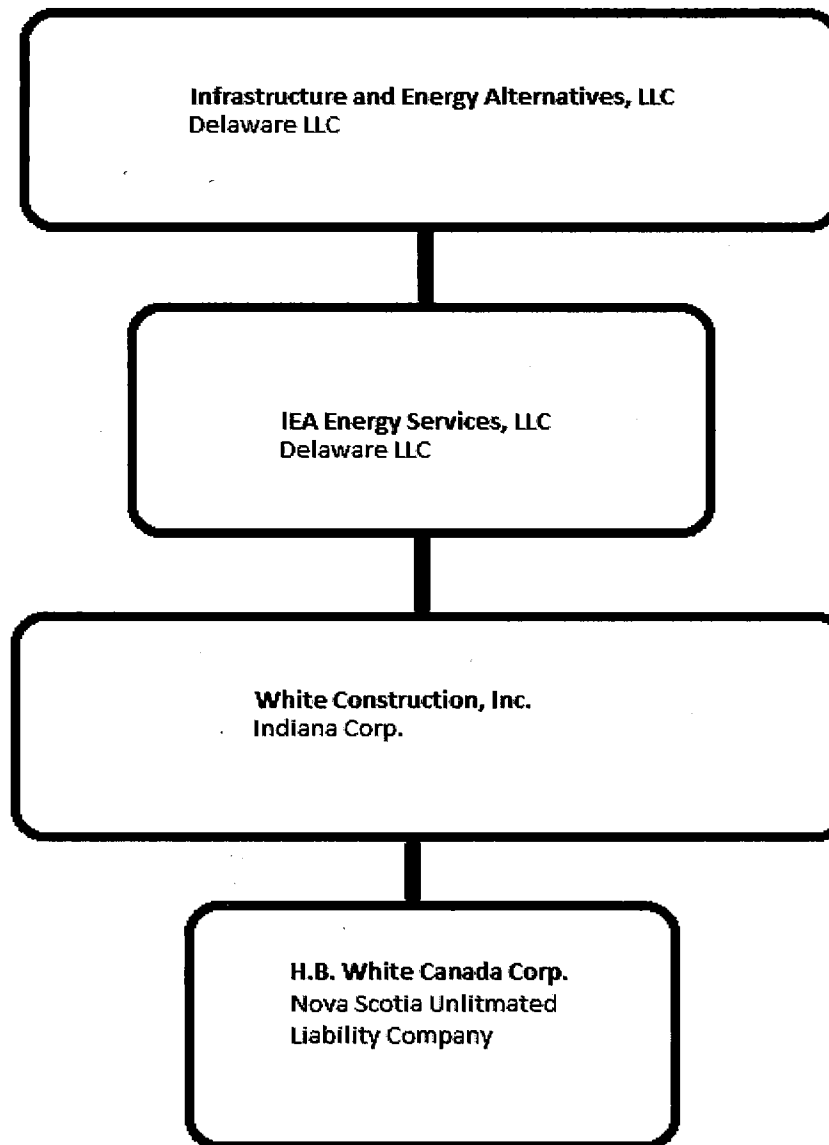
A



## **APPENDIX A**

### **IEA SIMPLIFIED CORPORATE STRUCTURE**

## Legal Organization – Entities\*



\*Please note that there are additional subsidiaries and affiliates that are not disclosed on this chart

**B**

**APPENDIX B**

**CASH FLOW FORECAST  
FOR THE 13-WEEK PERIOD ENDING OCTOBER 7, 2016**

**H.B. White Canada Corp.**  
**13-Week Cash Flow Forecast**

(\$ in 000's CAD)	Wk-1 15-Jul	Wk-2 22-Jul	Wk-3 29-Jul	Wk-4 05-Aug	Wk-5 12-Aug	Wk-6 19-Aug	Wk-7 26-Aug	Wk-8 02-Sep	Wk-9 09-Sep	Wk-10 16-Sep	Wk-11 23-Sep	Wk-12 30-Sep	Wk-13 07-Oct	13-Week Total
<b>RECEIPTS</b>	-	-	380	-	380	-	380	-	380	-	-	-	-	1,522
<b>DISBURSEMENTS</b>														
Employee Payments	158	121	121	121	108	74	74	74	74	64	40	40	40	1,107
Project Related Costs	796	28	760	228	760	28	699	253	110	28	10	28	10	3,737
Restructuring Professional Fees	144	77	51	568	69	60	64	100	553	71	71	71	547	2,446
Total Disbursements	1,098	226	931	917	937	161	837	427	737	163	120	138	596	7,289
<b>NET CASH FLOW BEFORE DEBT SERVICE</b>	<b>(1,098)</b>	<b>(226)</b>	<b>(551)</b>	<b>(917)</b>	<b>(556)</b>	<b>(161)</b>	<b>(457)</b>	<b>(427)</b>	<b>(356)</b>	<b>(163)</b>	<b>(120)</b>	<b>(138)</b>	<b>(596)</b>	<b>(5,767)</b>
Opening Cash Balance	2,210	1,112	885	334	167	111	100	243	116	160	197	227	239	2,210
Net Cash Flow	(1,098)	(226)	(551)	(917)	(556)	(161)	(457)	(427)	(356)	(163)	(120)	(138)	(596)	(5,767)
DIP Facility Advance/(Repayment)	-	-	-	750	500	150	600	300	400	200	150	150	500	3,700
Ending Cash Balance	1,112	885	334	167	111	100	243	116	160	197	227	239	142	142
Opening DIP Facility Balance	-	-	-	-	751	1,252	1,403	2,005	2,307	2,710	2,912	3,065	3,218	-
DIP Facility Advance/(Repayment)	-	-	-	750	500	150	600	300	400	200	150	150	500	3,700
DIP Facility Interest	-	-	-	1	1	1	2	2	2	3	3	3	3	21
Ending DIP Facility Balance	-	-	-	751	1,252	1,403	2,005	2,307	2,710	2,912	3,065	3,218	3,721	3,721

**In the Matter of the CCAA Proceedings of H.B. White Canada Corp. (“HBW” or the “Company”)  
Notes to the 13-Week Cash Flow Forecast**

**Disclaimer:**

In preparing this cash flow forecast (the “Forecast”), HBW has relied upon unaudited financial information and HBW has not attempted to further verify the accuracy or completeness of such information. The Forecast includes estimates concerning the completion of ongoing projects and additional assumptions discussed below with respect to the requirements and impact of a filing under the *Companies’ Creditors Arrangement Act* (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

**Overview:**

The Forecast reflects cash flows from the Company’s operations and assumes that HBW files for protection under the CCAA on July 7, 2016. HBW, with the assistance of the Monitor, has prepared the Forecast based primarily on historical results and HBW’s current expectations. The Forecast is presented in thousands of Canadian dollars.

**Assumptions:**

**1. Beginning Balance**

Anticipated cash balance at the commencement of the CCAA proceedings.

**2. Receipts**

Forecast receipts represent collections from ongoing projects only. Timing of receipts assumes projects are completed on time and customers pay according to schedule.

**3. Payroll & Related Costs**

Disbursements include payroll, payroll taxes, employee benefits and union dues, paid weekly, one week in arrears.

**4. Project Related Costs**

These disbursements include normal course project costs, warranty costs, taxes (HST payments and refunds) and other operating expenditures.

**5. Restructuring Professional Fees**

These disbursements include payments to HBW’s legal counsel, the CRO, the Monitor and its counsel and other consultants and advisors as required.

**6. DIP Interest**

The DIP Facility accrues interest at a rate of 5%.

C

## **APPENDIX C**

### **MANAGEMENT'S REPRESENTATION LETTER REGARDING THE CASH FLOW FORECAST**





Alvarez & Marsal Canada Inc.  
Royal Bank Plaza South Tower  
200 Bay Street, Suite 2900  
Toronto, ON M5J 2J1

Attention: Mr. Alan J. Hutchens

July 7, 2016

Dear Sirs:

**Re: H.B. White Canada Corp. ("HBW") – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast**

In connection with the application by the Applicants for the commencement of proceedings under the *Companies' Creditors Arrangement Act*, the management of HBW has, with the assistance of Alvarez & Marsal, prepared the attached 13-week projected cash flow statement for the period July 7, 2016 to October 7, 2016 (the "**Cash Flow Statement**") and the list of assumptions on which the Cash Flow Statement is based. The purpose of the Cash Flow Statement is to determine the liquidity requirements of HBW during the CCAA proceedings.

HBW confirms that the hypothetical assumptions on which the Cash Flow Statement is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of HBW and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Statement (the "**Notes**").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Yours truly,

Per:

Name: Philip Gund  
Senior Managing Director of Ankura Consulting Group, LLC as Chief Restructuring Organization of H.B. White Canada Corp.