

**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.

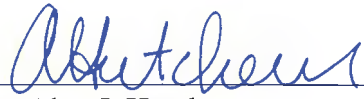
9.0 MONITOR'S RECOMMENDATIONS

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

APPENDIX A
VETTING COMMITTEE ORDER

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN THE MATTER OF the *Construction Lien Act*, R.S.O. 1990, Chapter C.30

THE HONOURABLE)
JUSTICE R.Y. Tremblay)

Tuesday., THE ...26th...
DAY OF JANUARY, 2016

B E T W E E N:

(Court Seal)

HOOPER CONSTRUCTION SERVICES CANADA ULC

Plaintiff

and

H.B. WHITE CANADA CORP., NORTHLAND POWER SOLAR LONG LAKE GP INC., NORTHLAND POWER SOLAR LONG LAKE L.P., NORTHLAND POWER SOLAR EMPIRE GP INC., NORTHLAND POWER SOLAR EMPIRE L.P., NORTHLAND POWER SOLAR ABITIBI GP INC., NORTHLAND POWER SOLAR ABITIBI L.P., NORTHLAND POWER SOLAR MARTIN'S MEADOWS GP INC., NORTHLAND POWER SOLAR MARTIN'S MEADOWS L.P., THE CORPORATION OF THE TOWN OF COCHRANE, DISTRICT OF COCHRANE, RICK MARTIN, DUNLOGON LAND CORPORATION, BRIAN FREDERICK DUNLOP, MARTIN OUELLET, MELISSA OUELLET, CHARLENE ILLMAN and UNION BANK, N.A.

Defendants

ORDER

PURSUANT to section 60 of the *Construction Lien Act*, a Settlement Meeting was convened on August 10, 2015 and continued on October 28, 2015, at the offices of Pallett Valo LLP pursuant to the Order of the Honourable Justice C.A. MacDonald dated July 3, 2015.

ON READING the Consent of the Defendants and the Subcontractor Lien Claimants, as defined herein, and described in Schedule "A" to this Order, including the Plaintiff, and the action having been discontinued as against the Defendants, the Corporation of the Town of Cochrane,

District of Cochrane, Rick Martin, Dunlogon Land Corporation, Brian Frederick Dunlop, Martin Ouellet, Melissa Ouellet, Charlene Illman and Union Bank, N.A.,

1. THIS COURT ORDERS that a Vetting Committee made up of the following lawyers shall be established to vet the construction liens of the subcontractor and sub-subcontractor lien claimants described in Schedule “A” to this Order (the “Subcontractor Lien Claimants”) for validity, quantum and timeliness:

(a) Maria Ruberto – Pallett Valo LLP – Counsel for Hooper Construction Services Canada ULC, United Rentals of Canada Inc. and Toromont/Sitech;

(b) Enzo Di Iorio and Riccardo Del Vecchio – Miller Thomson LLP – Counsel for Joe Johnson Equipment Inc., Magna Structural Systems and Tyco International of Canada;

(c) Louis Filion – Louis Filion Professional Corporation – Counsel for C. Villeneuve Construction Co. Ltd., M&G Fencing Inc. and McDowell Brothers Industries Inc.;
and

(d) Irwin Ozier – Goldman Sloan Nash & Haber LLP – Counsel for Westburne, a division of Rexel Canada Electrical Inc. and Nedco, a division of Rexel Canada Electrical Inc.

(collectively, the “Subcontractor Vetting Committee”).

2. THIS COURT ORDERS that on or before October 30, 2015, all Subcontractor Lien Claimants shall provide the Subcontractor Vetting Committee with copies of all documents to support the validity, timeliness and quantum of their Construction Liens. The said

documentation shall be delivered to the lawyers for H.B. White Canada Corp. (“H.B. White”), Glaholt LLP, to the attention of John Margie (johnmargie@glaholt.com) and Charles Powell (charlespowell@glaholt.com). Glaholt LLP shall upload the documentation to a share file service from which the Subcontractor Vetting Committee members can then access the documentation.

3. THIS COURT ORDERS that on or before November 20, 2015, the Subcontractor Vetting Committee shall give written notice to those Subcontractor Lien Claimants who have failed to provide the documentation to the Subcontractor Vetting Committee within the timeframe provided in paragraph 2 of this Order.
4. THIS COURT ORDERS that on or before November 30, 2015, the Subcontractor Lien Claimants referred to in paragraph 3 above shall provide the documentation required in accordance with paragraph 2 of this Order; failing which, their Construction Lien will be deemed invalid.
5. THIS COURT ORDERS that the costs of the Subcontractor Vetting Committee shall be paid off the top from any funds that may ultimately be distributed to the Subcontractor Lien Claimants by further Order of the Court or on consent of the parties, including but not limited to the holdback, before any such distribution takes place as may be ordered by the Court or on consent of the parties. Each member of the Subcontractor Vetting Committee shall keep detailed dockets to account for their time and disbursements as it relates to the work performed as members of the Subcontractor Vetting Committee and each member of the Subcontractor Vetting Committee shall deliver their account to the Subcontractor Lien Claimants for approval.

6. THIS COURT ORDERS AND APPOINTS Maria Ruberto of Pallett Valo LLP as carriage counsel for the Subcontractor Lien Claimants (“Carriage Counsel”).
7. THIS COURT ORDERS that the costs of Carriage Counsel shall be paid on an interim basis either by the Subcontractor Lien Claimants, each Subcontractor Lien Claimant will be liable for carriage costs on a *pro rata* basis, and/or carriage counsel’s costs shall be paid in priority from the funds that may ultimately be distributed to the Subcontractor Lien Claimants by further Order of the Court or on consent of the parties, including but not limited from the holdback amount, before any such distribution takes place as may be ordered by the Court or on consent of the parties.
8. THIS COURT ORDERS that the Settlement Meeting is adjourned *sine die*, to be reconvened by carriage counsel on at least 14 days advance notice.
9. THIS COURT ORDERS that a copy of this Order be filed in each of the court actions referenced in Schedule “A” attached hereto.
10. THIS COURT ORDERS that a copy of this Order be sent to counsel for H.B. White, Northland Power, and the Subcontractor Lien Claimants by facsimile, mail or email forthwith after entry.



(Signature of Judge)

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as Document No comme document No	77-14
on/le	JAN 27 2016
by/Par	sg

SCHEDULE "A"

Lien Claimant/Party	Court File No.	Counsel
1737126 Ontario Inc. cob Continental Connections	19514/15	Crawford, McLean, Anderson LLP 40 Coldwaters Street East P.O. Box 520 Orillia, ON L3V 6K4 Att: Timothy G. Anderson Email: tanderson@mclaw.ca
B & F Shier Contractors Limited	19453/15	Sylvano A. Carlesso 3 Pine Street South, Suite 204 Timmins, ON P4N 2J9 Email:spqr@personainternet.com
Genier Bros Trucking Limited	19452/15	
H&S Investments Inc.	19449/15	
J.A. Brisson & Sons Limited O/A Brisson Castle Building Center	19448/15	
Raymond Papineau COB Ray's Diesel Service	19455/15	
C. Villeneuve Construction Co Ltd.	19451/15	Louis Filion Professional Corporation 1101 Front Street P.O. Box 1626 Hearst ON P0L 1N0 Attention: Louis R. Filion Email: lrfilion@lrflaw.ca
M&G Fencing Inc.	19456/15	
McDowell Brothers Industries Inc.	19457/15	
Composite Power Group Inc.	19537/15	SmithValeriotte Law Firm LLP 265 Bridge Street P.O. Box 128 Fergus, ON N1M 2W7 Att: Donald G. Kidd Email: dkidd@smithvaleriotte.com
Cousineau Concrete Pumping Inc.	19440/15	Arseneau Poulson Barristers & Solicitors 125 rue Durham Street Sudbury, ON P3E 3M9 Attn: Alesia Sostarich Email: asostarich@arseneaupoulson.com
CRS Contractors Rental Supply General Partner Inc.	19533/15	Dooley Lucenti Barristers and Solicitors 10 Checkley Street Barrie, ON L4N 1W1 Attn: Eric Gionet Email: egionet@dllaw.ca
Domcast Components and Assemblies Ltd.	19477/15	McLauchlin and Associates Barristers & Solicitors 200-155 University Avenue

Lien Claimant/Party	Court File No.	Counsel
		Toronto, ON M5H 3B7 Att: W.A. McLauchlin / Edward Lynde Email: wamcl@mclauchlin.ca / ELynde@mclauchlin.ca
ED Products Limited	19530/15	Chown Cairns Lawyers LLP 900 – 80 King Street P.O. Box 760 St. Catharines, ON L2R 6Y8 Att: Nicholas Ferguson Email: nfferguson@chownlaw.com
EXP Services Inc. Exp Geomatics Inc.	19489/15	Koskie Minsky LLP 20 Queen Street West Suite 900, P.O. Box 52 Toronto, ON M5H 3R3 Attn: Jeffrey Armel / Jeff van Bakel Email: jarmel@kmlaw.ca
Joe Johnson Equipment Inc.	19532/15	Miller Thomson LLP 60 Columbia Way, Suite 600 Markham, ON L3R 0C9 Attn: Enzo Di Iorio Email: ediorio@millerthomson.com
Magna Structural Systems Inc. d.b.a. Presstran Industries	19536/15	
Tyco International of Canada Ltd. cob SimplexGrinnel	19516/15 19517/15 19518/15	
Northern Mat & Bridge (East) Limited Partnership	19539/15	McLauchlin & Associates Barristers & Solicitors 155 University Avenue Suite 200 Toronto, ON M5H 3B7 Attn: Robert Kennaley and Megan Sanford Email: kennaley@mclauchlin.ca / msanford@mclauchlin.ca
Nortrax Canada Inc.	19482/15	Atoosa Mahdavian Barrister 70 Bond Street, Suite 200 Toronto, Ontario M5B 1X3 Attn: Atoosa Mahdavian Email: atoosa@mahdavianlaw.com
O.C.P. Construction Supplies Inc.	19416/15	Arseneau Poulson Barristers & Solicitors 125 rue Durham Street Sudbury, ON P3E 3M9 Attn: Alesia Sostarich Email: asostarich@arseneaupoulson.com

Lien Claimant/Party	Court File No.	Counsel
Readyquip Sales and Services Ltd.		Evans, Bragagnolo & Sullivan LLP Barristers & Solicitors 120 Pine Street South Timmins, ON P4N 2K4 Attn: Ted Tichinoff / Amelie Pelletier Email: ttichinoff@ebslawyers.com / APelletier@ebslawyers.com
The Sarjeant Company Limited carrying on business as Custom Concrete Northern	19468/15	
	19470/15	
Rexel Canada Electrical Inc (Nedco)	19511/15	Goldman Sloan Nash & Haber LLP Barristers & Solicitors 480 University Avenue, Suite 1600 Toronto, ON M5G 1V2 Attn: Irwin Ozier Email: ozier@gsnh.com
Rexel Canada Electrical Inc. (Westburne)	19510/15	
SMS Construction and Mining Systems Inc.	19425/15	Azevedo & Nelson Barristers and Solicitors 892 College Street Toronto, ON M6H 1A4 Attn: William Ribeiro Email: wribeiro@azevedonelson.com
Steelworks Inc.	19499/15 19501/15 19500/15	Maisonneuve & Associates Professional Corporation Avocats – Lawyers 15 Balsam Street South Timmins, ON P4N 2C7 Att: Luc E. Maisonneuve / Stuart Weir Email: luc.maisonneuve@ml-law.ca / stuart.weir@ml-law.ca
United Supply Inc.	19495/15 19496/15 19497/15 19498/15 19505/15 19506/15	
Strong Foundation Inc.		
WSP Canada Inc.	1948/15	

Lien Claimant/Party	Court File No.	Counsel
		The Exchange Tower 130 King Street West Toronto, ON M5X 1C7 Attn: Stephen Barbier Email: sbarbier@mccagueborlack.com
Hooper Construction Services Canada ULC	19502/15	Pallett Valo LLP Lawyers & Trade-Mark Agents
Sitech Mid-Canada Ltd.	19504/15	77 City Centre Drive West Tower, Suite 300
Toromont Industries Ltd.	19504/15	Mississauga, ON L5B 1M5 Attn: Cara Shames / Maria Ruberto
United Rentals Of Canada, Inc.	19503/15	Email: mruberto@pallettvalo.com / cshames@pallettvalo.com
Sub-subcontractors of Hooper Construction Services Canada ULC		
The Sarjeant Company Limited carrying on business as Custom Concrete Northern	19469/15	Evans, Bragagnolo & Sullivan LLP Barristers & Solicitors 120 Pine Street South Timmins, ON P4N 2K4 Attn: Ted Tichinoff / Amelie Pelletier Email: ttichinoff@ebslawyers.com / APelletier@ebslawyers.com
Extel Services Inc.	19515/15	Riopelle Group Professional Corporation 85 Pine Street S., Suite 202 Timmins, ON P4N 2K1 Attn: Pierre Guy Lambert-Bélanger Email: pierre@rglaw.ca

HOOPER CONSTRUCTION SERVICES CANADA ULC
Plaintiff

-and-

H.B. WHITE CANADA CORP. et al.
Defendants

Court File No. 19502/15

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN THE MATTER OF the *Construction Lien Act*, R.S.O. 1990, c.
C.30

PROCEEDING COMMENCED AT
COCHRANE

ORDER

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive
West Tower, Suite 300
Mississauga, Ontario L5B 1M5

MARIA RUBERTO (LSUC # 51148D)

Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for the Plaintiff

**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
ALVAREZ & MARSAL CANADA INC.

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham LSUC#: 32326A
jlatham@goodmans.ca
Jesse Mighton LSUC#: 62291J
jmighton@goodmans.ca
Tel: 416.979.4211
Fax: 416.979.1234

Lawyers for the Monitor