

**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.**

**SUPPLEMENTAL REPORT TO THE SIXTH REPORT
OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

NOVEMBER 29, 2016

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1.0 INTRODUCTION

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

Arrangement dated October 13, 2016 (the “**Plan**”) and authorized the Company to conduct a meeting of Affected Creditors on October 17, 2016, to consider and vote on a resolution to approve the Plan (the “**Creditors’ Meeting**”).

1.5 The Creditors’ Meeting was held as scheduled on October 17, 2016, where Eligible Voting Creditors voted overwhelmingly to approve the Plan.

1.6 In connection with the CCAA Proceedings, the Monitor has provided to this Court six reports (the “**Monitor’s Reports**”). A&M has also provided to this Court the Pre-Filing Report of the Proposed Monitor dated July 6, 2016 (the “**Pre-Filing Report**”, and together with the Monitor’s Reports, the “**Prior Reports**”). The Prior Reports, Initial Order, Meeting Order, Plan and other Court-filed documents, notices, and orders issued in these CCAA Proceedings are available on the Monitor’s website at www.alvarezandmarsal.com/hbwhite (the “**Monitor’s Website**”).

1.7 The purpose of this Supplemental Report to the Sixth Report of the Monitor (the “**Supplemental Sixth Report**”) is to provide this Court and stakeholders with an update on the status of creditor distributions in advance of the Applicant’s motion seeking an order for an extension of the stay period, among other things, returnable on November 30, 2016.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Supplemental Sixth Report, the Monitor has been provided with and has relied upon unaudited financial information and the books and records prepared by HBW,

the IEA Group¹ and the CRO (as defined below) and has held discussions with management of HBW and the IEA Group, and each entities' respective legal counsel, and the CRO (collectively, the "**Information**").

- 2.2 The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
- 2.3 This Supplemental Sixth Report should be read in conjunction with the Sixth Report of the Monitor dated November 23, 2016, and the Affidavit of Philip J. Gund, a Senior Managing Director of Ankura Consulting Group LLC, acting as CRO of HBW, sworn on November 23, 2016 (the "**Gund Affidavit – Approval and Termination Order**").
- 2.4 Capitalized terms not otherwise defined in this report are as defined in the Prior Reports, the Plan, the Meeting Order and Initial Order, as applicable.
- 2.5 Unless otherwise stated, all monetary amounts contained in this Supplemental Sixth Report are expressed in Canadian dollars.

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

3.0 DISTRIBUTIONS TO CREDITORS

3.1 As was noted in the Sixth Report, the Implementation Date occurred on November 22, 2016. Pursuant to the Plan, the Monitor was directed to make distributions to creditors as soon as practicable following the Implementation Date, and in accordance with certain steps and requirements as outlined in the Plan and the Plan Sanction Order (and described below). The purpose of this Supplemental Sixth Report is to advise the Court and stakeholders that substantially all of the distributions contemplated in the Plan have now been made by the Monitor.

3.2 Pursuant to the Plan, the Initial Distribution Date was to be two (2) Business Days after the Implementation Date, and thus November 24, 2016. Accordingly, on November 24, 2016, the Monitor made a number of distributions, as follows:

Northland Parties

- (i) the Northland Claims Pool of \$6.0 million was distributed by the Monitor to the Northland Parties in respect of the Northland Claims, representing a recovery of approximately 3.4% in respect of such claims;

Convenience Class & General Unsecured Creditors

- (ii) the entire Unsecured Creditor Pool of \$2.5 million was distributed in accordance with the Plan: (i) first to Convenience Class Creditors; and (ii) second, on a pro rata basis to holders of Proven General Unsecured Claims and holders of CLLSP Construction Lien Deficiency Claims, representing a recovery of approximately 8.0% in respect of such claims; and

- (iii) as of the Initial Distribution Date, the Monitor had not received the requisite confirmations from the Northland Parties to make distributions to the Construction Lien Claimants (which process is detailed below), but the Monitor did pay the professional fees of the Vetting Committee from the CLLSP Holdback Pool in the amount of \$189,940.87.

3.3 With respect to Construction Lien Claims, section 6.2(d)(i) of the Plan provides that, prior to making distributions to holders of Proven Construction Lien Claims, the Monitor is required to obtain confirmation from the Northland Parties that such creditors have provided the Northland Parties with certain domestic content documentation as required by each of their applicable contracts. As at the date of this Supplemental Sixth Report, the Monitor has received the required confirmations from the Northland Parties in respect of:

- (i) all four of the Proven BFW Construction Lien Creditors. Accordingly, on November 28, 2016, the entire BFW Holdback Pool of \$531,887.91 was distributed to all four holders of the Proven BFW Construction Lien Claims, representing a recovery of 100% in respect of their Claims;
- (ii) 21 of the 29 Proven CLLSP Construction Lien Creditors. Accordingly, from the funds held in the CLLSP Holdback Pool the Monitor made distributions to 21

Proven CLLSP Construction Lien Creditors,² totalling \$3,896,290.08, representing a recovery of approximately 36.9% in respect of such Claims; and

- (iii) the Monitor will make distributions to the holders of the remaining eight Proven CLLSP Construction Lien Claims, totalling \$4,211,616.28, after receiving the required confirmations from the Northland Parties. The Monitor is currently working with the Northland Parties and the remaining creditors in order to facilitate the making of these final distributions as soon as practicable.

3.4 The following table provides a summary of the distributions made and the balances held by the Monitor in each of the cash pools and reserve accounts, as of the date of this Supplemental Sixth Report:

Cash Pools and Reserve Accounts (as at November 29, 2016)			
	<u>Original Balance</u>	<u>Distributions/ Payment</u>	<u>Current Balance</u>
BFW Holdback Pool	\$531,887.91	(\$531,887.91)	\$ -
CLLSP Holdback Pool	\$8,297,847.23	(\$4,086,230.95)	\$4,211,616.28
Unsecured Creditor Pool	\$2,500,000.00	(\$2,500,000.00)	\$ -
Northland Claims Pool	\$6,000,000.00	(\$6,000,000.00)	\$ -
Administrative Reserve	\$625,000.00	(\$38,455.65)	\$586,544.35
Total	\$17,954,735.14	(\$13,156,574.51)	\$4,798,160.63


² The 21 Proven CLLSP Construction Lien Creditors includes one Proven CLLSP Sub Sub Contractor Construction Lien Claim in the amount of \$128,689.52. That claim was paid in full from the pro rata amount otherwise payable to the Proven CLLSP Construction Lien Claimant who had contracted with the Proven CLLSP Sub Sub Contractor Construction Lien Claimant.

3.5 In accordance with the Plan, the Administrative Reserve will be used to pay costs incurred and payments to be made through the remainder of the CCAA Proceedings in respect of certain professional fees, legal fees, CRO fees, Monitor's fees and other fees and costs in connection with administering the Plan, effecting distributions to creditors, and proceeding to complete and terminate the CCAA Proceedings. To date, a total of approximately \$38,000 has been disbursed from the Administrative Reserve.

3.6 The Plan provides that the Monitor will return any unused funds remaining in the Administrative Reserve to the Applicant at the appropriate time, in advance of the filing of the Discharge Certificate.

All of which is respectfully submitted to this Court this 29th day of November, 2016.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Court-appointed Monitor of
H.B. WHITE CANADA CORP.**

Per: 
Name: Alan J. Hutchens
Title: Senior Vice-President

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

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Proceeding commenced at Toronto

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