

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF a Proposal of 663230 N.B. INC., a business corporation duly registered under the laws of the Province of New Brunswick carrying on business at 100 Rice Street, Edmundston, New Brunswick.

IN THE MATTER of an Application pursuant to Section 58(a) of the *Bankruptcy and Insolvency Act* for the approval of the Proposal of 663230 N.B. Inc.

ORDER

UPON the Application of Deloitte Restructuring Inc., Proposal Trustee for 663230 N.B. Inc.;

AND UPON READING the Amended Proposal of 663230 N.B. Inc., filed on November 5, 2015 by Jean Goguen, Deloitte Restructuring Inc.;

AND UPON READING the Report of the Proposal Trustee on the Amended Proposal dated November 24, 2015;

AND UPON READING the Affidavit of Eric Long sworn to on December 1, 2015;

AND UPON HEARING Christian E. Michaud, Q.C., and Simon-Pierre Godbout, legal counsel to 663230 N.B. INC.

AND WHEREAS the Court is satisfied that the required majority of creditors have duly accepted the Amended Proposal as annexed hereto and marked Schedule "A".

AND WHEREAS the Court is satisfied that the said terms are reasonable and calculated to benefit the general body of creditors;

AND WHEREAS no offences or facts have been proved to justify the Court in withholding its approval of the Amended Proposal;

IT IS HEREBY ORDERED that the said Amended Proposal be and is hereby approved.

DATED at Fredericton, New Brunswick, this _____ day of December, 2015.

CAROLINE LAFONTAINE
ACTING REGISTRAR IN BANKRUPTCY

SCHEDULE "A"

Estate No: 51-2000260
Court No: 21256
Division No: 02-Fredericton

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:
663230 NB INC.

OF THE CITY OF EDMUNDSTON
IN THE PROVINCE OF NEW BRUNSWICK

AMENDED PROPOSAL

663230 NB Inc. ("663230" or the "Company"), an insolvent corporation, hereby submits the following Proposal pursuant to Section 50 of the *Bankruptcy and Insolvency Act* (Canada).

PART I

INTERPRETATION

Definitions

1. In this Amended Proposal, the following items have the meanings herein set out:
 - a. "Amended Proposal" means the amended proposal submitted in place of the initial proposal, pursuant to Section 50 of the *Bankruptcy and Insolvency Act*, originally submitted on September 25, 2015.
 - b. "Assomption" means Place de l'Assomption Limitée / Assomption Place Limited, a financial services company;
 - c. "BDC" means Business Development Bank of Canada, a financial institution;
 - d. "BIA" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c.B-3, as amended;
 - e. "Caisse" means Caisse Populaires Trois Rives Ltee, a financial institution;
 - f. "Claim" means any indebtedness, liability, action, cause of action, suit, debt due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of 663230 other than a secured creditor to any person, whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, present, future, known or unknown and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the NOI Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the NOI Date, together with any other claims provable in bankruptcy had 663230 become bankrupt on the NOI Date, including without limitation, repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment prior to the NOI Date, providing that all claims shall be allowed without allowance for interest after the NOI Date (except as otherwise provided for in this Proposal) and without allowance for penalties and net of any normal discounts. All claims must be converted to Canadian Dollars as of May 29, 2015;
 - g. "Collateral Agreement" means a settlement agreement entered into between Assomption, 663230 and the principal shareholders and personal guarantors of 663230 (the "Guarantors")

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aimed at settling any and all disputes between Assomption, 663230 and the Guarantors, including without limitation the discontinuance of the action filed in the Court of Queen's Bench of New Brunswick, under Court File Number E/C/1/2015.

- h. "Convenience Class" means the first \$600 of any Unsecured Creditors Proven Claim;
- i. "Court" means the Court of Queen's Bench of New Brunswick, in Bankruptcy;
- j. "Court Approval Order" means the final order of the Court approving this Amended Proposal in accordance with Section 60 of the BIA;
- k. "Creditors" means the Secured, Preferred and Unsecured Creditors of 663230, and for greater certainty does not include Subsequent Creditors in respect of only the amounts described in Paragraph 12 hereof;
- l. "Deferred Creditor" means an Unsecured Creditor with a Proven Claim that is related to 663230 as per the definition of a 'related person' in accordance with Section 4 of the BIA;
- m. "Estate" means the estate of 663230 under this Amended Proposal pursuant to the BIA;
- n. "Effective Date" means the date seven days after the Court Approval Order and the expiration of all appeals;
- o. "Event of Default" means when any of the following occur:
 - i. Failure to pay a Creditor the amounts to be repaid in accordance with the terms hereof; and
 - ii. Statutory defaults under the BIA;
- p. "Filing Date" means November 5, 2015 the date on which 663230 filed this Amended Proposal with the Official Receiver in Halifax, Nova Scotia;
- q. "Fund" means monies provided by 663230 to the Proposal Trustee in order to satisfy the Proven Claims of the Creditors pursuant to the terms of this Amended Proposal that is not to exceed \$210,000;
- r. "Inspector" means any persons appointed or elected as Inspectors of 663230 pursuant to Paragraph 20 of this Amended Proposal;
- s. "Lien" means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;
- t. "Maturity Date" means the date on which all payments to Creditors have been made, provided that no Event of Default has occurred under this Amended Proposal that has not been cured or waived;
- u. "NOI Date" means May 29, 2015, the date which 663230 filed its Notice of Intention to File a Proposal with the Official Receiver;
- v. "Preferred Creditors" means those persons with Claims against 663230 provable pursuant to the BIA as of the NOI Date whose Claims are entitled to be paid in priority to the claims of Unsecured Creditors as provided in Section 136 of the BIA;

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- w. "Priority Creditors" means a Creditor with a Proven Claim that ranks in priority to the Proven Claims of Secured Creditors pursuant to the BIA or other legislation;
- x. "Proposal Period" means the period between the Filing Date and the Maturity Date;
- y. "Proposal Trustee" and "Deloitte" means Deloitte Restructuring Inc, a licensed trustee of New Brunswick, the Proposal Trustee acting in the Proposal of 663230;
- z. "Proven Claim" means a provable claim pursuant to the BIA against 663230 as of the NOI Date of a Creditor in respect of its Claim which has been proven in accordance with the provisions of the BIA;
- aa. "Secured Creditors" means a party holding a claim that is secured:
 - i. By operation of law; or
 - ii. By a Lien that is duly registered or otherwise perfected in accordance with applicable law;
- bb. "Shared Services Agreements" means the HVAC System Agreement and the Reimbursement of Electricity Cost Agreement entered into with Assomption on dated August 31, 2012;
- cc. "Subsequent Creditor" means a person who provided goods and services on credit to 663230 subsequent to the NOI Date to and including the Effective Date, and employees of 663230 employed subsequent to the NOI Date to and including the Effective Date;
- dd. "Unsecured Creditors" means those persons with ordinary unsecured Claims (including contingent claims) provable pursuant to the BIA against 663230 as at the NOI Date which are not preferred pursuant to Section 136 of the BIA.

Headings

- 2. The division of this Amended Proposal into parts, paragraphs and sub-paragraphs, and the insertion of headings herein, is for the convenience of reference only and is not to affect the construction or interpretation of this Proposal. Unless otherwise provided in this Amended Proposal, references herein to parts, paragraphs and sub-paragraphs are references to parts, paragraphs and sub-paragraphs of this Proposal.

Number, etc.

- 3. In this Amended Proposal, where the context requires a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neutral genders.

Successor and Assigns

- 4. This Amended Proposal will be binding upon and will ensure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein including, without limitation, all Creditors.

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**PART II
PURPOSE AND EFFECT OF THE AMENDED PROPOSAL**

Purpose of Proposal

5. The purpose of this Amended Proposal is to effect a restructuring of the business and affairs of 663230 in the expectation that the Creditors as a whole will derive a greater return than would result from a forced liquidation of its assets.

Effect of Proposal

6. This Amended Proposal restructures the affairs of 663230 and amends the terms of any and all agreements between 663230 and the Creditors existing as at the Effective Date to the extent affected by the Amended Proposal, and provides the essential terms on which all Claims will be fully and finally resolved and settled. During the Proposal Period, the provisions of Section 69.1 of the BIA shall be in effect. Without limiting the generality of the foregoing, during the Proposal Period all Creditors will be stayed from commencing or continuing any proceeding or remedy against 663230 or any of its property or assets in respect of a Claim, including, without limitation, any proceeding or remedy to recover payment of any monies owing to Creditors, to recover or enforce any judgment against 663230 in respect of a Claim or commence any formal proceedings against it in respect of a Claim other than as provided under the Proposal.

Persons Affected

7. This Amended Proposal will, as of the Effective Date, be binding on 663230 and all Creditors in the manner provided for in this Proposal and the BIA.

**PART III
RESTRUCTURING OF 663230**

8. 663230 will fund the Amended Proposal, through cash flow generated from its operations, as follows:
 - i. 663230 will generate the necessary funds for payment in full of Priority Creditor Claims outstanding against 663230 as at the Effective Date in accordance with Part VI of this Amended Proposal;
 - ii. 663230 will generate the necessary funds to meet the terms of the Proposal for the Secured Creditors' claims against 663230 in accordance with Part VII of this Amended Proposal; and
 - iii. 663230 will provide the Proposal Trustee with the required funds to establish the Fund for full and final settlement of all Unsecured Creditors' claims against 663230 as at the NO1 Date, in accordance with Part VIII of this Amended Proposal.
9. The levy payable to the Superintendent of Bankruptcy by virtue of the provisions of subsection 147(1) of the BIA shall be payable on all distributions made by the Proposal Trustee.

**PART IV
CLASS OF CREDITORS AND VOTING**

10. For the purposes of voting on this Proposal, there shall be two classes of Secured Creditors to which this Proposal is made, being:

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- a. Class One which shall include BDC and Caisse ("Class One Creditors"); and.
 - b. Class Two which shall include Assomption (referred to as either the "Class Two Creditor" or "Assomption").
11. For the purposes of voting on this Proposal, there shall be one class of Unsecured Creditors, which shall consist of all of the Preferred Creditors, Unsecured Creditors and Deferred Creditors ("Class Three Creditors").

**PART V
SUBSEQUENT CREDITORS**

12. Amounts owed by 663230 to Subsequent Creditors for goods, services and employment actually provided to 663230, subsequent to the NOI Date, to and including the Effective Date, but not for damages, severance or termination or other claims arising, will be paid by 663230 in the normal course of operations.

**PART VI
PRIORITY CREDITORS**

13. All Priority Creditor Claims as at the Effective Date will receive a cash payment to be made on the Effective Date for full and final settlement of such Claims.

**PART VII
SECURED CREDITORS**

14. In consideration of having the outstanding secured advances maintained at 100% and therefore no portion of such secured indebtedness shall become compromised by the Amended Proposal, the Class One Creditors agree to enter into a forbearance agreement whereby the advances will be dealt with as per the terms of the existing loan agreements beginning in September 2016 (the "Principal Holiday End Date").
15. In consideration of the Collateral Agreement entered into between amongst Assomption, 663230 and its Guarantors, as the Class Two Creditor, Assomption agrees to:
- i. Consider and treat \$500,000.00 of the total indebtedness of 663230 as being "unsecured" on the basis of the valuation of the collateral which is insufficient to satisfy such this aforesaid amount of debt should a forced liquidation occur. In relation to such \$500,000.00 unsecured claim, Assomption shall be treated as an unsecured creditor pursuant to the terms of the within Proposal.
 - ii. Consider and treat any and all amount in excess of the \$500,000.00 "unsecured" debt as aforesaid as being secured albeit such excess amount of debt, Assomption agrees to compromise and consider satisfied at 100% of such balance of its outstanding secured advances as at the Effective Date given the terms and conditions contained in the Collateral Agreement aforesaid;
 - iii. 663230 shall obtain its own HVAC system, electrical supply and meter, and discontinue service under the Shared Services Agreements, no later than twelve (12) months following the Effective Date ("Shared Services End Date"). Following the Shared Services End Date, Assomption will not be obligated to honour the terms of the existing Shared Services Agreements, unless by further Order or direction of the Court or following a written amending agreement amongst 663230 and the Class Two Creditor to be communicated with the Proposal Trustee prior to the twelve (12) month expiration term;

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- iv. 663230 and Assomption shall continue to honour the terms of the Shared Services Agreements between the Effective Date and the Shared Services End Date. 663230 will agree to pre-pay on a monthly basis, on the first day of each month, the associated costs for the preceding month pursuant to the Shared Services Agreements. It is also understood that Assomption and 663230 shall comply with the Shared Services Agreements, including their duty, pursuant to the Collateral Agreement, to collaborate to ensure the efficient transfer and conversion of the HVAC and electrical connection/supply services to the new supplier of such services and/or to the new system acquired by 663230;
- v. Subject to the terms of the Collateral Agreement, it is understood that agreement and acceptance of the Proposal by the Assomption shall serve to resolve all outstanding, past and present claims relating to the relationship between Assomption and 663230 and the latter parties' respective shareholders, directors, officers, employees and agents.

PART VIII UNSECURED CLAIMS

Preferred Claims and Mandatory Payments

16. Proven Claims of Preferred Creditors as of the NOI Date shall be paid in full, without interest, in priority to the claims of Unsecured Creditors, as follows:
 - i. Proven Claims of current and former employees equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if 663230 became bankrupt on the NOI Date, shall be paid on the Effective Date, without interest. For greater certainty, amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination;
 - ii. Proven Claims as of the NOI Date of Her Majesty in right of Canada or a province of a kind that could be subject to a demand under Section 224(1.2) of the *Income Tax Act* (Canada) or under any substantially similar provision of provincial legislation, shall be paid by 663230 on the Effective Date; and
 - iii. Proven Claims as of the NOI Date of the other Preferred Creditors shall be paid in full (without interest subsequent to the date of the filing of the NOI) in priority to all claims of Unsecured Creditors on the Effective Date in the manner as may be arranged with the Preferred Creditors but prior to any payments to the Unsecured Creditors.

Trustee Fees and Expenses

17. For the purposes of this Proposal, all proper fees of the Proposal Trustee, and the reasonable expenses and legal costs of the Proposal Trustee, on and incidental to the proceedings arising out of this Proposal (including the preparation of this Proposal) shall be paid in priority to all claims of the Secured Creditors, Preferred Creditors, Unsecured Creditors and Subsequent Creditors. Such fees shall be based on the time expended and charged by the Proposal Trustee and its legal counsel at their normal billing rates as set from time to time.

Unsecured Creditors

18. Proven Claims of Unsecured Creditors as of the NOI Date shall be paid as follows over a two year period:
 - vi. The Convenience class portion of the claim will be paid in full, without interest, in November 2015;

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- vii. The remaining portion of Proven Claims will be paid pro-rata, without interest, from the Fund;
 - viii. Subject to the filed proven claims and the total aggregate amount stemming therefrom, 663230 shall pay to the Proposal Trustee a Fund equating 10% of the total aggregate amount of such proven claim, to be remitted in equal instalments on the following dates:
 - a. November 30, 2015
 - b. August 31, 2016
 - c. November 30, 2016
 - d. August 31, 2017
19. The Unsecured Creditors shall accept the distribution from the Fund in full and complete settlement of their Claims against 663230 as at the NOI Date.
20. Deferred Creditors shall not receive any distribution in this Proposal.

PART IX INSPECTORS

Appointment of Inspectors

21. At the statutory meeting of Creditors to consider this Proposal, such Creditors may appoint up to five Inspectors and such Inspectors shall have the powers as set out in the BIA and for greater certainty these powers include, but are not limited to the following:
- i. To extend the dates of payments provided under this Proposal;
 - ii. To advise the Proposal Trustee from time to time on any matter the Proposal Trustee may refer to the them;
 - iii. To advise the Proposal Trustee regarding the admission or disallowance of Creditors proofs of claim where the Proposal Trustee requests such assistance;
 - iv. To approve on behalf of the Creditors any decision of the Proposal Trustee relating to any matter not contained in this Proposal which the Proposal Trustee may refer to them from time to time, including any extension of time of payment required under this Proposal; and
 - v. To waive any default in the performance of this Proposal. The Proposal Trustee shall notify the Inspectors of any default of which the Proposal Trustee becomes aware and the Proposal Trustee shall hold a meeting of Inspectors following such notice for the purpose of obtaining the instructions of the Inspectors with respect to such a default and the steps to be taken.

Decisions of Inspectors

22. Any decision, direction or act of the Inspectors may be referred to the Court by the Proposal Trustee and the Court may confirm, revoke or vary the decision, direction or act of the Inspectors and make such other order as it deems just.

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PART X CONDITIONS PRECEDENT

23. As provided for in the BIA, the arrangements set out in this Proposal will not take effect unless the conditions set forth below are satisfied or waived by 663230 on or before the Effective Date:
- i. The Court Approval Order shall have been granted;
 - ii. No order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal will have been issued; and
 - iii. All agreements or instruments necessary to effect the intention and purpose of this Proposal shall have been received by 663230 and the Proposal Trustee in a form satisfactory to them.
24. The Company submitted a proposal pursuant to Section 50 of the *Bankruptcy and Insolvency Act* (Canada) on September 25, 2015. The arrangements set out in this Proposal will not take effect unless the proposal filed by 663230 is accepted by its creditors and the Court after the expiration of all appeal periods.

PART XI GENERAL

Consents, Waivers and Agreements

25. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by 663230 in any provision, express or implied, in any agreement existing between the Creditors and 663230 that has occurred on or prior to the Effective Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

26. 663230 and the Creditors will execute and deliver all such documents and instruments and do all such things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions completed hereby.

Performance

27. All obligations of 663230 under this Proposal will commence as of the Effective Date. All terms of this Proposal will take effect as of the Effective Date. All obligations of 663230 under this Proposal will be fully performed for the purposes of Section 65.3 of the BIA upon the Proposal Trustee having made all payments to the Creditors provided herein.

Binding Effect

28. The provisions of this Proposal will be binding on the Creditors and 663230, and their respective heirs, executors, administrators, successors and assigns as of the Effective Date.

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Compromise Effective for all Purposes

29. The payment, compromise or other satisfaction of any Claim under this Proposal shall be binding upon the Creditor holding the Claim, its heirs, executors, administrators, successors and assigns, for all purposes.

Her Majesty the Queen

30. 663230 acknowledges and agrees that Her Majesty the Queen, during the term of the Proposal, may exercise any rights of set-off to which it is entitled by law and may apply, if any:
- i. Income tax refunds pertaining to the year of the Proposal or prior years to the Company's income tax arrears;
 - ii. HST refunds or rebates to all periods for which the HST liability is due; and
 - iii. Any other tax or customs refund to which the Company may be entitled.
31. 663230 covenants and agrees that during the course of the Proposal it will:
- i. Remit current year installment payments of corporate tax and file income tax returns as required by the *Income Tax Act*;
 - ii. Remit current HST payments and file HST returns as required by the *Excise Tax Act*; and
 - iii. Remit current year payroll deductions (employment insurance premiums, Canada Pension Plan contributions and income tax deductions) as required by law.
32. 663230 covenants and agrees that all debts due to Her Majesty the Queen proved in this Proposal shall be compromised in accordance with the terms of this Proposal only in the event this Proposal is fully performed pursuant to its terms and the BIA. In the event the Company fails to comply with any of the terms of this Proposal and the Proposal is annulled pursuant to the provisions of the BIA, 663230 agrees that Her Majesty the Queen will be entitled to recover the full amount of all debts due to Her Majesty the Queen proved in the Proposal, net of any payments or dividends received.

Other

33. 663230 represents and warrants that it has disclosed all relevant information in respect of this Proposal.
34. Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the BIA.
35. Upon making final payments to Creditors in accordance with this Proposal and providing a certificate to 663230 and the Official Receiver pursuant to Section 65.3 of the BIA, this Proposal shall be satisfied and all conditions and requirements fulfilled and met and the Proposal Trustee shall be entitled to be discharged.

**PART XII
THE PROPOSAL TRUSTEE**

36. Deloitte shall be the Proposal Trustee and the following provisions shall apply to the Proposal Trustee:

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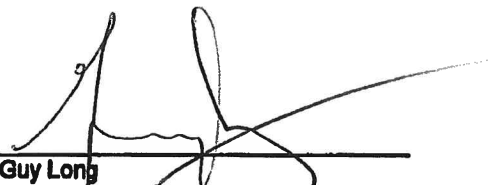
- i. Deloitte, in acting as Proposal Trustee, is acting as Proposal Trustee and not in its personal capacity and shall not be responsible or liable for any obligations of 663230;**
- ii. All monies and other consideration payable under the terms of this Proposal shall be paid over to the Proposal Trustee who shall make all payments in accordance with the terms of this Proposal; and**
- iii. Upon completion of all payments in accordance with the terms of this Proposal, and all other conditions and requirements being fulfilled, the Proposal Trustee shall be discharged.**

DATED at Edmundston, New Brunswick the 5th day of November, 2015.

663230 NB Inc.

Per:


Eric Long
Director and President of the Corporation


Guy Long
Director and Secretary-Treasurer of the Corporation


Serge Lemleux
Director of the Corporation