

COURT FILE NUMBER

24-2101043

COURT

COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY & INSOLVENCY

JUDICIAL CENTRE

EDMONTON

APPLICANT

DELOITTE RESTRUCTURING INC.

STYLE OF CAUSE

IN THE MATTER OF THE BANKRUPTCY OF GRAHAM BROTHERS
CONSTRUCTION GROUP LTD.

DOCUMENT

FIRST REPORT OF THE TRUSTEE
DATED MAY 28TH, 2018

**ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT**

OGILVIE LLP
1400, 10303 JASPER AVENUE
EDMONTON AB T5J 3N6

ATTENTION: KENTIGERN A. ROWAN, Q.C.

PHONE: 780-429-6236
FAX: 780-429-4453

FILE NO.: 3089.57

**SERVICE WILL BE ACCEPTED BY DELIVERY OR FAX.
NO OTHER FORM OF SERVICE WILL BE ACCEPTED.**

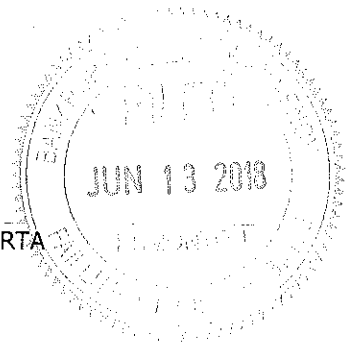


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Introduction

1. On March 18, 2016, Graham Brothers Construction Group Ltd. ("**Graham Brothers**" or the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**"), at which time Deloitte Restructuring Inc. ("**Deloitte**") was named as Proposal Trustee. Graham Brothers subsequently did not file a proposal and was deemed bankrupt on May 17, 2016, at which time Deloitte became the Licensed Insolvency Trustee ("**Trustee**") of Graham Brothers.
2. By way of Order granted on May 25, 2016, Deloitte (the "**Receiver**") was also appointed receiver (the "**Receiver**") over the property of Graham Brothers.
3. Deloitte completed realization of all of the Company's property and paid out all secured creditors as Receiver with the exception of some small secured claims filed by employees which are in the process of being verified. Deloitte is now reviewing all remaining secured and unsecured claims in its capacity as Licensed Insolvency Trustee in the bankruptcy.
4. The Company's Statement of Affairs declared \$8,424,306.12 in unsecured claims. As of the date of this Report, proven unsecured claims filed with the Trustee total \$5,884,060.23. Not included in this figure is a claim in the amount of \$15,920,709 which represents a claim filed by Mortenson Canada Corporation ("**Mortenson**") and is the largest claim in the estate. The Trustee has sent notices to unsecured creditors who have not yet filed proofs of claim with the Trustee as it is anticipated that there will be some recovery to unsecured creditors.
5. No inspectors have been appointed in the bankruptcy proceedings.

Purpose of this report

6. The purpose of this report (the "**First Report**") is to advise this Honourable Court of:
 - 6.1. the Trustee's proposed settlement of the Mortenson claim; and;
 - 6.2. respectfully recommend that this Honourable Court make an Order approving the Trustee's proposed settlement of the Mortenson claim.

Terms of reference

7. Capitalized terms not otherwise defined herein are as defined in preceding Court Orders and Reports filed by the Receiver with the Court in the Company's receivership proceedings.
8. All references to currency in this Report are in Canadian dollars.
9. In developing this Report, the Trustee has relied upon unaudited financial information prepared by the Company's management, the Companies' books and records, and discussion with its management. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the information.

Background

10. Prior to the Company's NOI filing, the Company was subcontracted to Mortenson to supply services and materials for a construction project at a remote worksite in Northern Manitoba (the "**Project**").
11. Within the scope of the Project, the Company had two subcontracts with Mortenson (the "**Subcontracts**"). One subcontract was for piling (the "**Piling Subcontract**") with a contract value of \$10,584,526, including executed change orders, and the other subcontract was for concrete (the "**Concrete Subcontract**") with a contract value of \$3,804,163, including executed change orders.
12. The Project was part of a large construction project managed by Mortenson for Manitoba Hydro called the Bipole III Project. The Bipole III Project scope included the design, supply, install, and construction of power converter stations. The Bipole III Project is the largest such project in North America in 30 years and has a contract value in excess of \$800,000,000.
13. Due to the Company's insolvency, the Company halted all work on the Project shortly after the Company's NOI filing. Mortenson's operations on the Project were interrupted and Mortenson carried on by renting the Company's existing equipment from the Receiver and replacing the Company with another subcontractor to continue the Company's work.
14. On June 6, 2016, Mortenson filed an unsecured proof of claim (the "**Initial Claim**") with the Trustee in the amount of \$5,550,602 for the costs and damages incurred by Mortenson on the - Project resulting from the Company's inability to carry on and complete the Piling Subcontract and Concrete Subcontract. The amount claimed was an estimate by Mortenson as the extent of the alleged delay costs caused by the Company was unknown while the Project was still in progress. The Initial Claim, including its supporting affidavit, but excluding exhibits thereto, is attached hereto as Appendix "A".
15. On January 31, 2017, Mortenson filed an amended unsecured proof of claim (the "**First Amended Claim**") with the Trustee in the amount of \$11,209,028 reflecting an updated estimate of delay costs incurred by Mortenson. The First Amended Claim and accompanying affidavit and exhibits are attached hereto as Appendix "B".
16. On April 12, 2017, Mortenson filed a second amended proof of claim (the "**Second Amended Claim**") for a total of \$15,920,888.60. This Second Amended Claim is identical to the First Amended Claim with the exception of an additional contingent claim of \$4,711,680.59 to cover claims asserted against Mortenson by subcontractors and suppliers of the Company ("**Second Tier Subcontractor Claims**") who supplied goods and services to the Company for the Project. The Second Amended Claim and accompanying affidavit and exhibits are attached hereto as Appendix "C".
17. Further references to Mortenson's claim in this Report refer to the Second Amended Claim.

Analysis and proposed settlement

18. The Trustee has reviewed the Second Amended Claim filed by Mortenson and notes the following observations affecting the quantum claimed by Mortenson:
 - 18.1. The Company has counterclaims against Mortenson for unpaid accounts receivable totaling \$2,608,756, which would set off claims by Mortenson;
 - 18.2. The amounts claimed by Mortenson significantly exceed the dollar value of the Company's uncompleted portions of the Piling Subcontract and Concrete Subcontract implying that Mortenson's completion of the Company's work was at a significantly higher cost than the Company's contractual amounts;
 - 18.3. Significant amounts are claimed in respect of the delay portion of the claims which relate to general and administrative fees charged by Mortenson to compensate for Mortenson's overhead costs to complete the Company's work. These amounts are difficult to assess and value;
 - 18.4. The alleged delay, both before and after the Company ceased operations, was partially due to factors outside of the Company's control such as soil conditions being different than agreed to in the contracts. Mortenson is simultaneously seeking compensation from Manitoba Hydro for these same factors; and;
 - 18.5. The contingent portion of the Second Amended Claim is intertwined with proofs of claim filed in the bankruptcy by suppliers of the Company representing duplicate claims.
19. On May 31, 2017, representatives of the Trustee met with representatives of Mortenson to discuss the claims and gain additional information from Mortenson. It is clear to the Trustee that the Company's abandonment of the Subcontracts caused a sizeable delay in the broader Bipole III Project. Moreover, prior to the Company's abandonment of the Subcontracts, the Company was allegedly not meeting the contractual productivity quota set out in the Piling Subcontract.
20. Given the magnitude of the broader Bipole III Project, the Project scope and timing of the delays, the Trustee agreed that there was likely a meaningful delay by the Company that caused a loss to Mortenson. The Trustee is of the view that Mortenson has a substantial claim against the Company.
21. An exhaustive valuation of the Mortenson claim would be an expensive endeavour and erode funds available to the estate. Accordingly, the Trustee proposed to value and settle Mortenson's claim by allowing Mortenson's direct costs attributable to the Company's default, but disallowing the indirect costs such as lost efficiencies, delays, costs related to challenging soil conditions, general and administrative costs, and the contingent claims. Admitting only Mortenson's direct costs would result in Mortenson's claim being reduced from \$15,920,888.60 to \$7,510,732.
22. Valuing Mortenson's claim on this basis, the Trustee proposed to Mortenson to settle its claim for \$7,500,000, subject to the Trustee verifying the supporting documentation to the Second Amended Claim and Court approval. Mortenson and the Trustee verbally agreed to this settlement arrangement at the meeting on May 31, 2017. A summary of the Mortenson claim and adjustments made in reaching the quantum for settlement is attached hereto as Appendix "D".

23. On June 28, 2017, a representative of the Trustee attended at the Mortenson office in Winnipeg to verify the receipts and other quantifiable direct costs upon which the verbal settlement was based. The Trustee noted one irregularity in its review where an expense was \$10,000 less than detailed in supporting documentation to the claim. The Trustee requested a reduction to the settlement amount by the corresponding \$10,000.
24. On February 8, 2018, the Trustee and Mortenson executed a written settlement agreement (the "**Settlement**") memorializing the verbal agreement. Mortenson did not agree to reduce the Settlement by \$10,000 as requested by the Trustee on the basis that Mortenson had already significantly compromised its claim. The Trustee has agreed to accept Mortenson's claim of \$7,500,000 subject to Court approval. A copy of the Settlement between Mortenson and the Trustee is attached hereto as Appendix "E".

Conclusion

25. If the amount set out in the Settlement is accepted as a proven unsecured claim in the bankruptcy, Mortenson's claim will represent \$7,500,000 out of total proven claims of \$13,384,060.23 filed with the Trustee, or approximately 56%, of proven unsecured claims filed with the Trustee at the date of this Report.
26. The Trustee recommends that this Honourable Court approve the Settlement as executed by the Trustee and Mortenson for the following reasons:
- 26.1. The Trustee has spent a considerable amount of time investigating the claim with former management of the Company and believes Mortenson has a bona fide claim reflective of the quantum set out in the Settlement;
- 26.2. Mortenson has suffered a large loss directly and indirectly from the Company's default in completing its contracted work on the Project. Notwithstanding that the \$7,500,000 claim is large in these proceedings, it is the Trustee's view that it reflects the impact of the delays to the broader Bipole III Project;
- 26.3. Mortenson has agreed to a reduction of its claim in the amount of \$8,420,709, which is approximately 53% of the total amount filed. The compromise is a significant reduction and only the quantifiable direct costs have been admitted in the settlement with Mortenson; and;
- 26.4. Both parties wish to avoid litigation which would be cost prohibitive, reduce the amount for creditors, and significantly extend the time for the bankruptcy to be completed.

All of which is respectfully submitted this 28th day of May, 2018.

DELOITTE RESTRUCTURING INC.,

In its capacity as Licensed Insolvency Trustee of the estate of
Graham Brothers Construction Group Ltd., in bankruptcy
and not in its personal capacity



Per: Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President

Appendix "A"

District of: Alberta
 Court No. 01 - Edmonton
 Court No. 24-2101043
 Estate No. 24-2101043

FORM 31/36
 Proof of Claim / Proxy

In the matter of the bankruptcy of
 Graham Brothers Construction Group Ltd.
 of the City of Edmonton, in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

Mortenson Canada Corporation
c/o Pitblado LLP, 2500 - 360 Main Street, Winnipeg, Manitoba R3C 4H6, Attention: Catherine Howden

In the matter of the bankruptcy of Graham Brothers Construction Group Ltd. of the City of Edmonton in the Province of Alberta and the claim of Mortenson Canada Corporation, creditor.

I, _____ of the city of _____ a creditor in the above matter, hereby appoint _____ of _____ to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, Christopher Norcross (name of creditor or representative of the creditor), of the city of Winnipeg in the Province of Manitoba do hereby certify:

1. That I am a creditor of the above named debtor (or I am Vice-President (position/title) of Mortenson Canada Corporation (creditor).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy, namely the 17th day of May, 2016, and still is, indebted to the creditor in the sum of \$5,550,602.00, as specified in the statement of account (or affidavit or solemn declaration) attached and marked as Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim).

4. (Check and complete appropriate category.)

- A. UNSECURED CLAIM OF \$5,550,602.00
 (other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

- Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.
 Regarding the amount of \$ _____, I do not claim a right to a priority.
 (Set out on an attached sheet details to support priority claim.)

- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsections 65.2(4) of the Act, particulars of which are as follows:
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

- C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
 (Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$
- G. CLAIM AGAINST DIRECTOR \$

(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

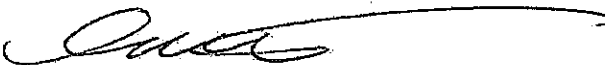
5. That, to the best of my knowledge, I Christopher Norcross ~~(am/am not)~~ (or the above-named creditor Mortenson Canada Corporation ~~(is/is not)~~) related to the debtor within the meaning of section 4 of the Act, and it ~~(have/has/have not/has not)~~ dealt with the debtor in a non-arm's-length manner.

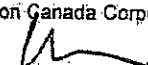
6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: *(Provide details of payments and credits.)*

7. *(Applicable only in the case of the bankruptcy of an individual.)*

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Winnipeg, Manitoba, this 5th day of June, 2016


CATHERINE E. HOWDEN
 Witness **BARRISTER & SOLICITOR**
2500 - 380 MAIN STREET
WINNIPEG, MANITOBA
R3C 4H6
204-956-3532

Mortenson Canada Corporation
 Per: 
Christopher Norcross, Vice-President

Phone Number: 763-287-5955
 Fax Number: _____
 E-mail Address: chris.norcross@mortenson.com

Deloitte Restructuring Inc. - Attention: Garrett Chan

200 Manulife Place, 10180 - 101 Street
 Edmonton, AB T5J 4E4
 Phone: (780) 421-3759 Fax: (780) 421-3782
 E-mail: garrchan@deloitte.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt of the value of the security as assessed. In a proof of security by the secured creditor, Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Schedule A to Proof of Claim of Mortenson Canada Corporation

IN THE MATTER OF: Graham Brothers Construction Group Ltd.

AFFIDAVIT OF CHRISTOPHER NORCROSS

I, CHRISTOPHER NORCROSS, of the City of Winnipeg, in the Province of Manitoba,

MAKE OATH AND SAY THAT:

1. I am a Vice President of Mortenson Canada Corporation ("Mortenson"), and as such I have personal knowledge of the facts and matters hereinafter deposed to by me, except where same are stated to be based upon information and belief, in which case I do verily believe them to be true.

Hydro Contract

2. Mortenson is the general contractor for Manitoba Hydro respecting the Bipole III Converter Stations Project ("The Hydro Contract"). I am the Project Director on behalf of Mortenson.

3. Mortenson entered into two subcontracts at issue here (a piling subcontract and a concrete subcontract) with Graham Brothers Construction Group Ltd. ("Graham Brothers") respecting the Hydro Contract. Under the piling subcontract, Graham Brothers agreed to procure and install piles at the Keewatinok Site of the project in northern Manitoba (the "Site"). Under the concrete subcontract, Graham Brothers agreed to procure and install concrete at the Site. Graham Brothers commenced work under these subcontracts on or about November 2015.

4. The piling subcontract executed by Mortenson and Graham Brothers had an original subcontract price of \$10,414,281. The original subcontract price has been increased by executed and unexecuted change orders to \$11,145,664.
5. The concrete subcontract executed by Mortenson and Graham Brothers had an original subcontract price of \$3,825,823. The original subcontract price has been adjusted by executed change orders to \$3,804,163.
6. On or about March 18, 2016, Graham Brothers filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*. On or about March 22, 2016, Graham Brothers ceased performing work under the piling and concrete subcontracts and notified Mortenson that it was unable to continue to perform the work of those subcontracts.
7. As of March 18, 2016, Graham Brothers had been paid \$5,105,176 for work performed under the piling subcontract, and \$463,286 for work performed under the concrete subcontract.
8. Mortenson has incurred, and will continue to incur, significant costs and damages due to Graham Brothers' default and breach of its obligations to perform the work under the piling and concrete subcontracts. Mortenson currently estimates the costs already incurred and expected to be incurred to exceed the piling contract price by \$4.7 million. Mortenson currently estimates the costs already incurred and expected to be incurred to exceed the concrete contract price by \$857,480. Exhibit A provides a summary of the incurred, anticipated, and estimated costs for each of the piling and concrete subcontracts arising out of the Graham Brothers' default, to the best of my knowledge at this time.

9. For example, Mortenson had to enter into a contract with a replacement subcontractor (FourPoint) to perform the Graham Brothers' piling scope, directly procure materials included within the piling scope, and directly rent equipment to be used by Four Point to perform the piling scope. Mortenson had to supply additional personnel to assist with the management of the work. Attached as Exhibit B to this my Affidavit is a copy of the subcontract agreement with Four Point.

10. For the concrete scope, Mortenson mobilized its own forces from elsewhere and has commenced performing the concrete work itself. This has helped mitigate the losses, but as noted in Exhibit A it is expected that the total cost to Mortenson for performance of the Graham Brothers' concrete scope of work will exceed the agreed-upon subcontract price for that work.

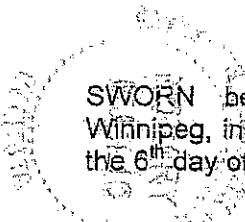
11. In addition, the work under the contracts was halted for several weeks while Mortenson located replacement subcontracts, and entered into direct agreement with Graham Brothers' suppliers and vendors. This has delayed the timely completion of the work and has resulted in impacts to Mortenson and other Mortenson subcontractors, whose work will be delayed and either pushed into more challenging weather conditions this fall and winter, or accelerated to avoid such conditions and delays. This may also result in delay of completion of the project by project milestones, requiring payment of delay damages to Manitoba Hydro.

12. Attached hereto and marked as Exhibit C, D, E, F, G and H are the following:
- (a) Agreement with All North Consultants Limited for professional services;
 - (b) Equipment Lease Agreement with Atlas Copco Rental LLC;
 - (c) Subcontract Agreement with Badger Daylighting LP;
 - (d) Equipment Lease Agreement with Conrac Equipment Ltd.;

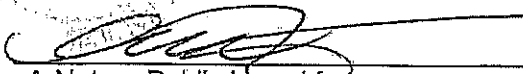
- (e) Rental Agreement with Dayton Superior;
- (f) Rental Agreement with Graham Brothers Construction Group Ltd.

13. I am unable to quantify many of the costs arising from the Graham Brothers' default as the impacts to current and future subcontractors (e.g. who expected to commence work later this summer but may be pushed into fall or winter) are unknown at this time. In addition, Mortenson does not know the full impact of losing the "option pricing" included in the Graham Brothers contracts. In other words, Graham Brothers promised to perform additional work at an established price, at Mortenson's option. If Mortenson cannot obtain a price for such additional work that is equal to or less than the price promised by Graham Brothers, Mortenson will incur further damages to the extent of the additional amount it must pay for such work over the promised Graham Brothers price.

14. I make this Affidavit *bona fide* and for no improper purpose.



SWORN before me at the City of)
 Winnipeg, in the Province of Manitoba, on)
 the 6th day of June, 2016)
)



 A Notary Public in and for
 the Province of Manitoba



 CHRISTOPHER NORCROSS

Appendix "B"

District of: Alberta
Court No. 01 - Edmonton
Court No. 24-2101043
Estate No. 24-2101043

FORM 31 / 36
Proof of Claim / Proxy

In the matter of the bankruptcy of
Graham Brothers Construction Group Ltd.
of the City of Edmonton, in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

Mortenson Canada Corporation
c/o Pitblado LLP, 2500 - 360 Main Street, Winnipeg, Manitoba R3C 4H6, Attention: Catherine Howden

In the matter of the bankruptcy of Graham Brothers Construction Group Ltd. of the City of Edmonton in the Province of Alberta and the claim of Mortenson Canada Corporation, creditor.

I, _____, of the city of _____, a creditor in the above matter, hereby appoint _____ of _____ to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, Christopher Norcross (name of creditor or representative of the creditor), of the city of Winnipeg in the Province of Manitoba do hereby certify:

1. That I am a creditor of the above named debtor (or I am Vice-President (position/title) of Mortenson Canada Corporation (creditor)).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy, namely the 17th day of May 2016, and still is, currently indebted to the creditor in the sum of \$11,209,028, as specified in the statement of account (or affidavit or solemn declaration) attached and marked as Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim). Vouchers can be produced and damages binders created and produced upon request. Specifically, on the Graham Brothers concrete subcontract, the debtor is currently indebted to the creditor in the sum of \$470,236 and on the Graham Brothers piling subcontract, the debtor is currently indebted to the creditor in the sum of \$10,738,792.

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$11,209,028.
(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

- Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.
- Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsections 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$
- G. CLAIM AGAINST DIRECTOR \$

(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

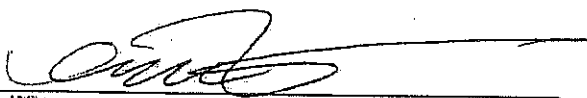
5. That, to the best of my knowledge, I Christopher Norcross (am/am not) (or the above-named creditor Mortenson Canada Corporation (is/is not)) related to the debtor within the meaning of section 4 of the Act, and it (have/has/have-not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: *(Provide details of payments and credits.)*

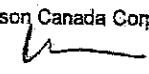
7. *(Applicable only in the case of the bankruptcy of an individual.)*

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Winnipeg, Manitoba, this 31st day of January, 2017



 Witness

Mortenson Canada Corporation
 Per: 

 Christopher Norcross, Vice-President

Phone Number: 763-287-5955
 Fax Number: _____
 E-mail Address: chris.norcross@mortenson.com

Deloitte Restructuring Inc. - Attention: Garrett Chan

200 Manulife Place, 10180 - 101 Street
 Edmonton, AB T5J 4E4
 Phone: (780) 421-3759 Fax: (780) 421-3782
 E-mail: garrchan@deloitte.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the value of the security as assessed. In a proof of security by the secured creditor, Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

Schedule A to Amended Proof of Claim of Mortenson Canada Corporation

IN THE MATTER OF: Graham Brothers Construction Group Ltd.

AFFIDAVIT OF CHRISTOPHER NORCROSS

I, CHRISTOPHER NORCROSS, of the City of Winnipeg, in the Province of Manitoba,

MAKE OATH AND SAY THAT:

1. I am a Vice President of Mortenson Canada Corporation ("Mortenson"), and as such I have personal knowledge of the facts and matters hereinafter deposed to by me, except where same are stated to be based upon information and belief, in which case I do verily believe them to be true.
2. This Affidavit supplements and adds to the "Schedule A to Proof of Claim of Mortenson Canada Corporation Affidavit of Christopher Norcross" dated June 6, 2016. Capitalized terms used but not defined herein have the meaning assigned to them in my June 6, 2016 affidavit.
3. Mortenson is the general contractor for Manitoba Hydro respecting the Bipole III Converter Stations project (the "Project").
4. Mortenson has incurred, and will continue to incur, significant costs and damages due to Graham Brothers' default and breach of its obligations to perform the work under the piling and concrete subcontracts. Mortenson's current losses total \$11,209,028.

Piling Subcontract

5. The piling subcontract executed by Mortenson and Graham Brothers had an original subcontract price of \$10,414,281. The original piling subcontract price has been amended,

pursuant to Article 12 of the Graham Brothers Subcontract Agreement Standard Terms and Conditions, by executed and unexecuted change orders to \$10,258,058.

6. Mortenson currently estimates the damages and costs already incurred, and expected to be incurred, to complete the piling subcontract, after appropriate credit for the remaining adjusted subcontract price, will be \$10,738,792 as provided in detail in Exhibit A.

7. Each line in Exhibit A is described in the following paragraphs.

Subcontract Price (Ex. A Line 1)

8. The Subcontract Price of \$10,414,281 is extracted from the executed Graham Brothers Subcontract Agreement.

Change Orders #1 to #4 (Ex A Line 2)

9. The change order values are as extracted from executed Graham Brothers change orders number one through four.

Unexecuted Change Orders (Ex. A Line 3)

10. Costs associated unexecuted change orders (a deduction of \$326,468) are detailed in "Exhibit B - Unexecuted Changes." This category represents costs associated with Graham Brothers piling work of which Mortenson acknowledges entitlement, such as increase in various pile lengths and additional strain gauge testing. The category also includes a series of deductive change orders owed to Mortenson and incurred prior to the Graham Brothers default. An example of such deductions are costs associated with delivery by American Piledriving Equipment, Inc. ("APE") of piles shorter than required by the contract documents and associated costs of repair because of the delivery and use of the short piles. Numerous sections of pipe were shipped to the project site by APE in lengths that did not meet the specifications. The lack of quality control on the part of APE and Graham Brothers resulted in

completion of an extensive analysis by the geotechnical engineer of record to identify locations of potential short piles.

Mobilized Subcontractor Delay (Ex. A Line 4)

11. Cost associated mobilized subcontractor delays, totaling \$196,944, are detailed in "Exhibit C – Mobilized Subcontractor Delay."
12. At the time of the Graham Brothers default, piling and concrete activities were on the critical path. No other construction activities could start until the piles and the concrete caps on the pilings were completed. Just prior to the Graham Brothers default, in anticipation of a smooth transition to their work, the precast and structural steel subcontractors mobilized to the site to erect their respective cranes. Given their presence at the remote site, once Graham Brothers defaulted, Mortenson was forced to incur delay costs payable to the precast and steel subcontractors. Those two subcontractors could not start work as planned and experienced compensable delay and downtime as a result of the Graham Brothers default, all as detailed in Exhibit C.

Schedule Recovery Costs (Ex. A Line 5)

13. Costs and estimated costs associated Mortenson's attempt to maintain the project schedule are detailed "Exhibit D – Schedule Recovery Costs."
14. Graham Brothers contractually agreed to complete approximately 20 piles per day.
15. Graham Brothers was not able to meet or exceed this required productivity rate at any time during operations prior to its default. Therefore, at the time of the default, Graham Brothers was already behind schedule.
16. Despite numerous meetings and requests for improvement in productivity by Mortenson, Graham Brothers failed to achieve an average productivity rate above 6.8 piles/calendar day.

Moreover, the replacement contractor, Fourpoint Industrial Service (Fourpoint), utilizing the rented Graham Brothers equipment and employing nearly all of the Graham Brothers site leadership and craft labour, was not able to meet this productivity rate either.

17. The Project programme approved by Manitoba Hydro and specifically the critical path within the programme, required the piles be completed at productivity rates of 6.8 and 5.5 piles/calendar day for the building and transformer areas respectively.

18. Graham Brothers failure to meet its schedule requirements prior to its default was caused, in part, by its lack of skilled leadership during the 21/7 rotations. This led to a complete shutdown of piling operations after each twenty-one day period on site as Graham Brothers was unable to staff the Project during the seven day rotation.

19. Additionally, there was a steep learning curve for the Graham Brothers crew as they struggled to learn the nuances of the APE HD piling system. This resulted in multiple visits from APE engineering and support personnel and a slower than planned productivity by Graham Brothers.

20. Then, already behind schedule, the Graham Brothers default shut down the piling operations. Mortenson was forced to scramble to find a replacement contractor and eventually contracted with Fourpoint Industrial Service ("Fourpoint"), the replacement contractor, who mobilized to the Project to install piles.

21. Shortly after that mobilization by Fourpoint, however, legal rulings forbid Mortenson from using APE-supplied equipment. Mortenson and Fourpoint had to find an alternate pile driving method thereby delaying the pile operations again.

22. The relevant parties agreed on a separate method of construction of the piles commonly referred to as the Kelly bar method of installation. Construction at the Project was again at a

standstill while the necessary redesign, materials, equipment and Project owner approvals were acquired to install the piles using the Kelly bar method.

23. Once the method was approved, Fourpoint was able to re-start piling operations. Unlike with use of the APE equipment, however, all pile sections now had to be welded together (instead of using a threaded coupler) increasing overall installation durations for each pile. The new pile method added significant time and cost to the Project.

24. Had Graham Brothers been able to complete its scope of work at even half of its contractually required productivity rate, Graham Brothers would have easily met the requirements of the Project programme, allowing Mortenson to complete all follow-on work as planned, during the best weather conditions of the calendar year. Unfortunately, the Graham Brothers lack of productivity prior to default and actual default significantly contributed to a 188 calendar day delay to the Project programme. In response, Mortenson was forced to accelerate work associated with the building enclosure along with installing transformer foundations concrete through the winter in an effort to keep the overall project on schedule.

25. Additionally, Mortenson resequenced and accelerated the work, including the work of other Project subcontractors, to overcome the delay. The efforts were necessary (i) to avoid the payment of delay damages to the Project owner; (ii) to avoid, to the extent possible, some delay claims by follow-along Project subcontractors; and (iii) to avoid significant storage costs related to the Project's high-voltage distribution system equipment.

26. Mortenson also resequenced and accelerated various work to avoid pushing building construction work into the winter. Pushing various scopes of work into the winter would have drastically increased construction costs (in addition to the costs already incurred). Mortenson avoided these potential costs through its schedule recovery efforts. Resequencing a select

number of early trades also helped avoid a ripple effect on all of the follow-along trades thereby decreasing subcontractor claims resulting from the Graham Brothers default.

27. Acceleration and resequencing also ensured that the shipment of equipment, such as the converter transformers from Germany, could remain on schedule. Significant handling and storage costs would have been incurred to store these ten 250 ton pieces of equipment had the Project not been ready to accept delivery of the converters at their permanent locations.

28. Therefore, in order to overcome the Graham Brothers delay, Mortenson incurred the schedule recovery costs detailed in Exhibit D attached hereto.

29. Mortenson's costs in this category include projected costs. Mortenson is unaware, at this time, of schedule impact costs, if any, caused to other Project subcontracts by the delay in completion of Graham Brothers' piling scope not already included in Exhibit D.

30. Mortenson, however, is potentially at risk of paying delay and impact claims asserted by other project subcontractors who may have been impacted due to the delay caused by the Graham Brothers default. Mortenson will analyze such claims, if any, received at the Project related to the piling subcontract and amend its Proof of Claim as appropriate.

Legal Costs (Ex. A Line 6)

31. Mortenson is entitled to recover legal costs associated with the Graham Default as detailed in Section 14.3 of the Subcontract Agreement Standard Terms and Conditions. This line item includes incurred and anticipated legal costs.

Purchase of materials to complete the piling scope (Ex. A Line 7)

32. Costs associated with the purchase of materials to complete the piling scope are detailed in "Exhibit E - Purchase of Materials to Complete Scope."

33. This category includes expenditures on materials necessary to complete the pile driving scope of work.

Replacement Subcontractor Fourpoint (Ex. A Line 8)

34. Costs associated with hiring Fourpoint as the replacement contractor are detailed in "Exhibit F – Replacement Subcontractor Fourpoint."

35. After determining the quickest and best way to recommence construction following the default of Graham Brothers, Mortenson negotiated a time-and-materials subcontract with Fourpoint to complete portions of the Graham Brothers piling subcontract. Potential replacement contractors were not willing to provide Mortenson a lump sum contract to complete the remaining pile driving work. Therefore, Mortenson was forced to proceed with a replacement contractor on the more expensive time-and-materials basis.

36. Fourpoint hired much of Graham Brother's project management and piling crews following the Graham Brothers bankruptcy filing. By working with Fourpoint, Mortenson was able to re-assemble and mobilize the same crew previously performing the work for Graham Brothers. That crew was already trained and skilled in the Project and its complexities thereby decreasing the delay in additional mobilization of a different replacement contractor. Also, Mortenson benefitted from contracting Fourpoint to complete the piling work because the Project is subject to the Burntwood Nelson Agreement (a labour agreement). Under that agreement all craft workforce hiring must flow through a job referral system - which provides preference for aboriginal Manitobans and Manitoba residents. Mortenson was granted an exception to this process for all previous Graham Brothers employees hired by Fourpoint therefore speeding the transition of the work to Fourpoint.

Geotechnical monitoring and testing (Ex. A Line 9)

37. Costs associated geotechnical monitoring are detailed in "Exhibit G – Geotechnical monitoring and testing."

38. These are charges incurred to monitor pile driving for quality control.

Direct agreements with Graham Brothers subcontractors (Ex. A Line 10)

39. Costs Mortenson incurred to contract with various Graham Brothers subcontractors are detailed in "Exhibit H – Direct agreements with Graham Brothers subcontractors." These costs include surveying and water removal.

Rental of equipment to complete scope (Ex. A Line 11)

40. Costs associated with rental costs incurred by Mortenson and arising from the default of Graham Brothers are detailed in "Exhibit I – Rental of Equipment to Complete Scope." These were costs incurred for equipment needed to complete the piling subcontract.

41. A portion of the costs involved renting equipment from Graham Brothers. The rental of Graham Brothers equipment represented the most expeditious and feasible option available to Mortenson. By renting from Graham Brothers, Mortenson did not have to pay markup to another contractor for significant mobilization/demobilization costs for replacement equipment.

Mortenson KCS G&A (Ex. A Line 12)

42. Mortenson is entitled to recover general and administrative expenses to oversee the replacement work and associated with the additional risk assumed by Mortenson as a result of completion of the Graham Brothers scope of piling work. These costs are allowed for under Article 14 of the Subcontract Agreement Standard Terms and Conditions.

Concrete Subcontract

43. The concrete subcontract executed by Mortenson and Graham Brothers had an original subcontract price of \$3,825,823. The original concrete subcontract price has been adjusted, pursuant to Article 12 of the Graham Brothers Subcontract Agreement Standard Terms and Conditions, by executed and unexecuted change orders to \$3,804,163.

44. Mortenson currently estimates the damages and costs already incurred, and expected to be incurred, to complete the concrete subcontract, after appropriate credit for the adjusted remaining subcontract price, will be \$470,236 as provided in detail in Exhibit J.

45. Each line in Exhibit J is described in the following paragraphs.

Subcontract Price (Ex. J Line 1)

46. The Subcontract Price of \$3,825,823 is extracted from the executed Graham Brothers Subcontract Agreement.

Change Orders #1 and #2 (Ex J Line 2)

47. The change order values are as extracted from executed Graham Brothers change orders number one and two.

Unexecuted Change Orders (Ex. J Line 3)

48. Costs associated unexecuted change orders (a deduction of \$104,552) are detailed in "Exhibit K - Unexecuted Changes." This category represents costs associated with Graham Brothers concrete work of which Mortenson acknowledges entitlement (i.e.: the completion of added or enlarged pile caps). The category also includes a series of deductive change orders owed to Mortenson and incurred prior to the Graham Brothers default. An example of such deductions are costs associated with fuel usage in February and March of 2015 and additional air tickets.

Purchase of Material to Complete Scope (Ex. J Line 4)

49. Costs Mortenson incurred to purchase void foam and insulation to complete the concrete scope are detailed in "Exhibit L – Purchase of Materials to Complete Scope."

Completion Subcontracts (Ex. J Line 5 and 6)

50. Costs Mortenson incurred to complete Graham Brothers' concrete scope of work, whether by self-performing the concrete or hiring other subcontractors, are detailed in "Exhibit M – Completion Subcontracts."

51. After analyzing available resources and subcontractors, Mortenson determined the most cost effective and efficient manner of restarting the building concrete work was to hire many employees of Graham Brothers as Mortenson employees to help Mortenson self-perform the concrete work. Mortenson augmented the former Graham Brothers employees with other Mortenson team members including a superintendent and project manager to oversee and be responsible for the concrete scope of work.

52. Notwithstanding Mortenson's efforts to maintain a consistent workforce by hiring Graham Brothers employees, concrete crews were initially inefficient in completion of the concrete (therefore increasing costs) because of the initial disarray in pile completion caused by the Graham Brothers default. The inefficient nature of approval and installation of the piles resulted in an inefficient flow of concrete pile cap placements. There were few piles ready for concrete caps and those that were ready were spread out across the building requiring inefficient movement of the concrete crews.

53. Additionally, due to numerous problems with the pile installations (including the use by Graham Brothers and APE of shorter than required piles), several of the pile caps had to be replaced while others were modified in size and geometry.

54. Once Mortenson was able to work through the inefficiencies and establish a plan for completion of the pile caps in a logical sequence, productivity improved (as evidenced by the fact that the remaining Graham Brothers subcontract value was not significantly exceeded).

55. Mortenson is unaware, at this time, of schedule impact costs, if any, caused to other Project subcontracts by the delay in completion of Graham Brothers' concrete scope.

56. Specifically, Mortenson is still at risk of paying delay and impact claims asserted by other project subcontractors who may have been impacted due to the delay caused by the Graham Brothers default. Mortenson will analyze such claims, if any, received at the Project related to the concrete subcontract and amend its Proof of Claim as appropriate.

Rental of Equipment to Complete Scope (Ex. J Line 7)

57. Costs associated with rental costs incurred by Mortenson and arising from the default of Graham Brothers are detailed in "Exhibit N – Rental of Equipment to Complete Scope." These were costs incurred for equipment needed to complete the concrete subcontract.

58. A portion of the costs involved renting equipment from Graham Brothers. The rental of Graham Brothers' equipment represented the most expeditious and feasible option available to Mortenson. By renting from Graham Brothers, Mortenson did not have to pay markup to another contractor nor mobilization/demobilization costs for replacement equipment.

59. Other costs include purchase of fuel and rental of formwork, trucks, excavators, compactors and other necessary equipment.

Mortenson KCS G&A (Ex. A Line 12)

60. Mortenson is entitled to recover general and administrative expenses to oversee the replacement work and associated with the additional risk assumed by Mortenson as a result of

completion of the Graham Brothers concrete work. These costs are allowed for under Article 14 of the Subcontract Agreement Standard Terms and Conditions.

Flow-Through Claim to Project Owner

61. Finally, Mortenson is undertaking an independent analysis of those costs that might be subject to recoupment from the Project owner under a differing site conditions, changed conditions or schedule impact claim. Specifically, during completion of the Graham Brothers scope of work, Mortenson and its subcontractors incurred increased and additional costs for the following reasons.
62. Re-torqueing of project piles. Coinciding with the identification of the potential short pile issue, piles installed by Graham Brothers were re-torqued after installation (in some cases weeks later) and there was significant advancement (in excess of .75m) observed at some piles. This ultimately lead to the development of a formal re-torque program after the Graham Brothers default in which every 17.5m pile, whether installed prior to the default or a new installation, was to be re-torqued in an effort to make sure no pile advanced more than 5cm. If a pile did advance more than 5cm, it was driven to refusal and then another re-torque attempt was made 48 hours later until there was no further advancement. For the previously installed Graham Brothers piles this was a logistically challenging task and about thirty percent of the piles required at least one additional re-torque.
63. Dewatering in various pile holes. In installing the piles, Graham Brothers and Mortenson encountered unexpected water in various pile locations. Mortenson incurred dewatering costs to drain the pile holes. Even with the dewatering, some of the piles again filled with water requiring use of bentonite chips to keep the water out of the hole.
64. Excessive Obstructions. Mortenson will seek a portion of the costs associated with piles refusing installation or breaking due to excessive obstructions.

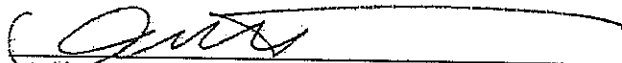
65. Multiple Attempts to Install Piles and Replacement Piles. Given Graham Brothers' overall experience with obstructions at the site, Mortenson will seek reimbursement, on behalf of Graham Brothers, for costs associated with multiple attempts to install piles and costs associated with procurement replacement materials for broken piles.

66. Mortenson has analyzed these costs as agrees, under Article 21.5 of the Graham Brothers Subcontract Agreement Standard Terms and Conditions, to submit these costs to the Project owner on the behalf of Graham Brothers asserting a differing site conditions, changed conditions or schedule impact claim.

67. Under Article 21.5 of the Subcontract Agreement Standard Terms and Conditions, to the extent the Project owner agrees to make payments for these costs, the amount of the overall claim against Graham Brothers will be reduced by the amount of payment. To the extent the Project owner justifiably rejects the claims, the costs would have otherwise been borne by Graham Brothers in completion of its scope of work under the piling subcontract, and therefore such costs are included within Mortenson's proof of claim.

68. I make this Affidavit *bona fide* and for no improper purpose.

SWORN before me at the City of)
Winnipeg, in the Province of Manitoba, on)
the 31st day of January, 2017)
)



A Notary Public in and for
the Province of Manitoba



CHRISTOPHER NORCROSS

Appendix "C"

District of: Alberta
Court No. 01 - Edmonton
Court No. 24-2101043
Estate No. 24-2101043

FORM 31 / 36
Proof of Claim / Proxy

In the matter of the bankruptcy of
Graham Brothers Construction Group Ltd.
of the City of Edmonton, in the Province of Alberta.

All notices or correspondence regarding this claim must be forwarded to the following address:

Mortenson Canada Corporation
c/o Pitblado LLP, 2500 - 360 Main Street, Winnipeg, Manitoba, R3C 4H6, Attention: Catherine Howden

In the matter of the bankruptcy of Graham Brothers Construction Group Ltd. of the City of Edmonton in the Province of Alberta and the claim of Mortenson Canada Corporation, creditor.

I, _____, of the city of _____, a creditor in the above matter, hereby appoint _____ of _____, to be my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without) power to appoint another proxyholder in his or her place.

I, Christopher Norcross (name of creditor or representative of the creditor), of the city of Winnipeg in the Province of Manitoba do hereby certify:

1. That I am a creditor of the above named debtor (or I am Vice-President (position/title) of Mortenson Canada Corporation (creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy, namely the 17th day of May 2016, and still is, currently indebted to the creditor in the sum of \$11,209,028, as specified in the statement of account (or affidavit or solemn declaration) attached and marked as Schedule "A" to my affidavit dated January 31, 2017 plus a potential additional amount of \$4,711,680.59 to cover damages and amounts asserted to be owed by Mortenson to contractors, suppliers or vendors of debtor for work, materials, labor or supplies asserted to have been provided or performed for or to debtor before the date of the debtor's bankruptcy filing, after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim). Vouchers can be produced and damages binders created and produced upon request. Specifically, on the Graham Brothers concrete subcontract, the debtor is currently indebted to the creditor in the sum of \$470,236 and on the Graham Brothers piling subcontract, the debtor is currently indebted to the creditor in the sum of \$10,738,792 and, in addition, Mortenson is at risk of payment of an additional \$4,711,680.59 to direct contractors, suppliers or vendors of debtor based upon legal actions or assertions made by such contractors, vendors and suppliers directly against Mortenson.

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$11,209,029 plus an additional potential amount of \$4,711,680.59 based upon direct legal actions asserted by second-tier subcontractors, second-tier suppliers and second-tier vendors against Mortenson.

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsections 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____ ;

(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$
- G. CLAIM AGAINST DIRECTOR \$

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I Christopher Norcross (am/am not) (or the above-named creditor Mortenson Canada Corporation (is/is not)) related to the debtor within the meaning of section 4 of the Act, and it (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments and credits.)

7. (Applicable only in the case of the bankruptcy of an individual.)


- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Winnipeg, Manitoba, this 12th day of April, 2017



Witness

Mortenson Canada Corporation



Christopher Norcross, Vice-President

Phone Number: 763-287-5956
Fax Number: _____
E-mail Address: chris.norcross@mortenson.com

Deloitte Restructuring Inc. - Attention: Garrett Chan

200 Manulife Place, 10180 - 101 Street
Edmonton, AB T5J 4E4
Phone: (780) 421-3759 Fax: (780) 421-3782
E-mail: garrchan@deloitte.ca

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 126(3) of the Act, redeem a security on payment to the secured creditor of the debt of the value of the security as assessed, in a proof of security by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.
jg

**Schedule A to Amended Proof of Claim of Mortenson Canada Corporation
April 12, 2017**

IN THE MATTER OF: Graham Brothers Construction Group Ltd.

AFFIDAVIT OF CHRISTOPHER NORCROSS

I, CHRISTOPHER NORCROSS, of the City of Winnipeg, in the Province of Manitoba,

MAKE OATH AND SAY THAT:

1. I am a Vice President of Mortenson Canada Corporation ("Mortenson"), and as such I have personal knowledge of the facts and matters hereinafter deposed to by me, except where same are stated to be based upon information and belief, in which case I do verily believe them to be true.
2. This Affidavit supplements and adds to the "Schedule A to Proof of Claim of Mortenson Canada Corporation Affidavit of Christopher Norcross" dated June 6, 2016 and "Schedule A to Proof of Claim of Mortenson Canada Corporation Affidavit of Christopher Norcross" dated January 31, 2017. Capitalized terms used but not defined herein have the meaning assigned to them in my June 6, 2016 affidavit.
3. Mortenson is the general contractor for Manitoba Hydro respecting the Bipole III Converter Stations project (the "Project").
4. Mortenson has incurred, and will continue to incur, significant costs and damages due to Graham Brothers' default and breach of its obligations to perform the work under the piling and concrete subcontracts at the Project. Mortenson's current losses total \$11,209,028, as detailed in my "Schedule A to Proof of Claim of Mortenson Canada Corporation Affidavit of Christopher Norcross" dated January 31, 2017.

Second-Tier Subcontractor Claims

5. In addition to damages detailed in my previous affidavits and Schedules A regarding losses incurred by Mortenson on the Graham Brothers piling subcontract and Graham Brothers concrete subcontract, Mortenson faces legal risk of direct actions by subcontractors, suppliers and vendors of Graham Brothers who assert and allege to have provided work, supplies, materials or labor at or for the Project at times prior to the bankruptcy filing of Graham Brothers for which they assert nonpayment by Graham Brothers. Some of such contractors, vendors or suppliers are seeking payment of such amounts directly from Mortenson and the Project owner. While Mortenson does not acknowledge that direct causes of action exist by such contractors, suppliers or vendors directly against Mortenson or the Project owner, if such contractors, vendors or suppliers prevail in their legal actions (or potential legal actions) directly against Mortenson or the Project owner (including prevailing in their attempt, if any, to lien the applicable Project), Mortenson will be forced to incur costs, damages, legal costs, attorneys' fees and disbursements rightfully and legally payable by Graham Brothers to defend such actions and pay any such judgments.

6. Therefore, in addition to Mortenson's prior proof of claim amount of \$11,209,028, Mortenson asserts the right to obtain payment to pay or cover the additional potential legal liability for those direct contractors, suppliers and vendors of Graham Brothers as detailed below. The below amounts are now added to Mortenson's overall proof of claim amount in the event Mortenson is found to have legal liability to such unpaid contractors, suppliers and vendors of Graham Brothers, a liability Mortenson does not admit or acknowledge.

APE (piling subcontract)	\$	3,033,642.71
Allnorth Consultants (piling subcontract)	\$	324,986.62
Badger Daylighting (piling subcontract)	\$	137,927.01
Precision Freight Systems Inc. (piling subcontract)	\$	459,226.25
Others (estimated on piling subcontract)	\$	400,000.00

Suppliers to concrete scope of Graham Brothers (concrete subcontract)	\$	355,898.00
TOTAL	\$	4,711,680.59

7. I make this Affidavit *bona fide* and for no improper purpose.

SWORN before me at the City of)
Winnipeg, in the Province of Manitoba, on)
the 12th day of April, 2017)
)


A Notary Public in and for
the Province of Manitoba


CHRISTOPHER NORCROSS

Appendix "D"

District of: Alberta
 Court No. 01 - Edmonton
 Court No. 24-2101043
 Estate No. 24-2101043

Appendix "D"

SUMMARY OF MORTENSON SETTLEMENT

IN THE MATTER OF THE BANKRUPTCY OF
 GRAHAM BROTHERS CONSTRUCTION GROUP LTD.
 OF THE CITY OF EDMONTON, IN THE PROVINCE OF ALBERTA

Piling Subcontract Claim	As filed	Adjustments	As settled
Subcontract price incl. change orders	\$ 10,258,058	\$ -	\$ 10,258,058
Paid to Graham	(5,105,176)	-	(5,105,176)
Unpaid balance of subcontract	5,152,882	-	5,152,882
Default claims			
Mobilized subcontractor delay	196,944	(196,944)	-
Schedule recovery costs	1,968,493	(325,000)	1,643,493
Legal costs	339,221	-	339,221
Total default claims	2,504,658	(521,944)	1,982,714
Completion costs			
Purchase of materials to complete scope	2,273,674	-	2,273,674
Replacement subcontractor Fourpoint	4,468,732	-	4,468,732
Geotechnical monitoring and testing	866,606	(866,606)	-
Direct agreements with Graham subcontractors	600,373	-	600,373
Rental of equipment	3,349,385	(75,000)	3,274,385
Mortenson general and administrative costs	1,828,246	(1,828,246)	-
Total completion costs	13,387,016	(2,769,852)	10,617,164
Contingent claim	4,711,681	(4,711,681)	-
Total Piling Subcontract claim	\$ 15,450,473	\$ (8,003,477)	\$ 7,446,996

Concrete Subcontract Claim	As filed	Adjustments	As settled
Subcontract price incl. change orders	\$ 3,699,611	\$ -	\$ 3,699,611
Paid to Graham	(463,286)	-	(463,286)
Unpaid balance of subcontract	3,236,325	-	3,236,325
Completion costs			
Purchase of materials to complete scope	173,135	-	173,135
Completion costs (Mortenson)	1,468,863	-	1,468,863
Completion costs (subcontractors)	1,151,483	-	1,151,483
Rental of equipment	506,580	-	506,580
Mortenson general and administrative costs	406,500	(406,500)	-
Total completion costs	3,706,561	(406,500)	3,300,061
Total Concrete Subcontract claim	\$ 470,236	\$ (406,500)	\$ 63,736

TOTAL CLAIM UNDER BOTH SUBCONTRACTS \$ 15,920,709 \$ (8,409,977) \$ 7,510,732 *

*Settled for \$7,500,000

Appendix "E"

THIS AGREEMENT MADE THIS 8TH DAY OF FEBRUARY, 2018.

BETWEEN:

DELOITTE RESTRUCTURING INC., in its capacity as Trustee in Bankruptcy of Graham Brothers
Construction Group Ltd.
(the "Trustee")

OF THE FIRST PART

-AND-

MORTENSON CANADA CORPORATION
(the "Mortenson")

OF THE SECOND PART

WHEREAS:

- (a) the Trustee is the Trustee in Bankruptcy of the Estate of Graham Brothers Construction Group Ltd. ("Graham Brothers") (the "Estate");
- (b) Mortenson is a general contractor constructing improvements for Manitoba Hydro;
- (c) Mortenson contracted with Graham Brothers for the supply of work, materials and services to complete a portion of the work for Manitoba Hydro (the "Graham Brothers Subcontract") at the Bipole III Converter Stations project (the "Project");
- (d) Graham Brothers abandoned its contract with Mortenson before completing the provision of all work, materials and services thereunder and without fulfilling its payment obligations to its subcontractors and suppliers who furnished work, materials and services to the Project under contract to Graham Brothers;
- (e) Mortenson has completed the work, materials and services to be provided by Graham Brothers pursuant to their subcontract and alleges that they have suffered loss and damage as a result thereof;
- (f) Mortenson has or will make a claim against Manitoba Hydro for additional compensation for the work, materials and services provided pursuant to the Graham Brothers Subcontract by reason of alleged unknown or undisclosed conditions causing increased costs (the "Manitoba Hydro Claim");

- (g) the chances of success and the quantum of success of the Manitoba Hydro Claim are unknown;
- (h) Mortenson has made a claim in the Estate as a creditor and a contingent creditor;
- (i) Mortenson has filed Proofs of Claim with the Trustee in the Estate;
- (j) pursuant to the Proof of Claim filed by Mortenson and dated April 12, 2017, Mortenson claims against the Estate for:
 - (i) \$11,209,208.00, being the damages it allegedly suffered as a result of Graham Brothers' breach of the Graham Brothers Subcontract (the "Claim");
 - (ii) \$4,711,680.59, being a contingent claim for future possible losses in the event Mortenson or Manitoba Hydro are subject to direct legal actions by the subcontractors and suppliers of Graham Brothers at the Project (the "Contingent Claim");
- (k) there are other creditors of the Estate which have or will be filing claims (these creditors, together with Mortenson, are hereinafter referred to as the "Claimants");
- (l) there are and will be limited funds available for distribution in the Estate and it is anticipated that there will be insufficient funds to pay the Claimants the entirety of their claims;
- (m) the Trustee has reviewed Mortenson's Claim and Mortenson's Contingent Claim;
- (n) the Trustee admits that Mortenson has a claim but is not able at this time to determine the exact quantum thereof;
- (o) the Trustee has raised questions with respect to portions of the Claim and Contingent Claim and whether they are properly calculated and can be claimed against the Estate;
- (p) the Trustee has reviewed the records of Mortenson with respect to the Claim and Contingent Claim;
- (q) the costs of determining with certainty the quantum of the Claim and any potential offset against the Claim, and the valuation of the Contingent Claim would erode funds available for distribution in the Estate and delay distribution to creditors of the Estate;
- (r) on February 3, 2017, the Trustee invoiced Mortenson the sum of \$88,450.07 for repair costs relating to Mortenson's use of assets owned by the Estate (the "Estate's Repair Claim");
- (s) Mortenson disputes liability for the Estate's Repair Claim;
- (t) the parties agree that it is in the interests of the Estate and of Mortenson to compromise and settle the Claim and the Contingent Claim pursuant to the terms of this Agreement;

NOW THEREFORE in consideration of the terms of this Agreement and the payment of ONE DOLLAR (\$1.00) from each party hereto to the other, the parties hereto agree that:

1. The preamble to this Agreement is incorporated herein.
2. The Claim shall be admitted and approved by the Trustee in the amount of \$7,500,000.00 (the "Compromised Claim").
3. Mortenson agrees not to appeal the admission and approval of the Compromised Claim.
4. Mortenson agrees to withdraw the Contingent Claim in its entirety.
5. Mortenson agrees not to file any additional claims, contingent or otherwise, in the Estate.
6. The Trustee agrees that to the extent that Mortenson is successful in recovering any funds with respect to the Manitoba Hydro Claim, Mortenson is entitled to retain those funds and is not required to account therefore to the Trustee, nor will the quantum of those funds reduce the Compromised Claim of Mortenson in the Estate.
7. The Trustee agrees that it has no further interest in the Manitoba Hydro Claim.
8. The Trustee agrees to withdraw and not pursue Mortenson with respect to the Estate's Repair Claim, and that it has no further interest in the Estate's Repair Claim.
9. The Trustee agrees that the Estate has no other claims against Mortenson or Manitoba Hydro.
10. The terms of this Agreement are conditional upon the approval of the terms of this Agreement by the Court of Queen's Bench of Alberta, in bankruptcy.
11. The Trustee agrees to immediately, upon the execution of this Agreement by all parties, make application to the Court of Queen's Bench of Alberta for approval of the terms hereof.
12. The parties agree to execute such further and other agreements and documents as may be necessary to bring into effect the intent of this Agreement.
13. This agreement may be executed in counterpart and a facsimile copy of this agreement shall be as effective as an original.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DELOITTE RESTRUCTURING INC., in its capacity as Trustee in Bankruptcy of Graham Brothers Construction Group Ltd.

Per:

MORTENSON CANADA CORPORATION

Per:




Christopher Norcross, Vice President

- 13. This agreement may be executed in counterpart and a facsimile copy of this agreement shall be as effective as an original.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DELOITTE RESTRUCTURING INC.,
in its capacity as Licensed Insolvency Trustee of
the Estate of Graham Brothers Construction
Group Ltd., in bankruptcy, and not in its personal
capacity


Per:
Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President

MORTENSON CANADA CORPORATION
Per:
