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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT THE FIFTH REPORT OF THE TRUSTEE OF PLUMB-LINE GROUP HOLDINGS, INC., PLG CORPORATE SERVICES INC., PLG RESIDENTIAL SERVICES INC., CON-FORTE CONTRACTING COMPANY INC., SAS-CAN MASONRY AND RESTORATION INC. AND ASTY CONSTRUCTION INC.

DATED FEBRUARY 2, 2016

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Field LLP
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Calgary, AB T2P 1M7
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SCHEDULES

Schedule 1	Settlement Agreement and Release between Intact Insurance Company, Lockerbie Stanley Water Ltd. and Con-Forte Contracting Company Inc.
Schedule 2	Consolidated Interim Statements of Receipts and Disbursements for the period ended February 2, 2016

Introduction

1. PLG Corporate Services Inc. (“PLG Corporate”), PLG Residential Services Inc. (“PLG Residential”), Con-Forte Contracting Company Inc. (“Con-Forte”), Sas-Can Masonry and Restoration Inc. (“SMRI”) and Asty Construction Inc. (“Asty”, collectively the “PLG Companies”) made assignments in bankruptcy on October 16, 2013 and Plumb-Line Group Holdings, Inc. (“PLG Holdings”) made an assignment in bankruptcy on October 18, 2013. The PLG Companies and PLG Holdings will collectively be referred to as the “PLG Group” or the “Companies”. Deloitte Restructuring Inc. was appointed as Trustee of the bankrupt estates of the PLG Group (the “Trustee”). Documents related to the ongoing administration of these bankruptcies are available on the Trustee’s website at www.insolvencies.deloitte.ca under the link entitled “The Plumb-Line Group of Companies”.
2. When SMRI made a voluntary assignment in bankruptcy, the company name was erroneously listed as Sas-Can Masonry Ltd. (“SML”). SML was the predecessor company to SMRI and was struck from the Alberta corporate registry on October 2, 2012. On November 27, 2013, the Court of Queen’s Bench of Alberta (the “Court”) granted an Order (the “November 27 Order”) deeming SMRI to have made the assignment in bankruptcy and amending the name on the Certificate of Assignment issued on October 16, 2013 from SML to SMRI. The November 27 Order further deemed the first meeting of creditors held on November 4, 2013 to have been held in respect of SMRI and not SML.
3. The Trustee previously prepared the following reports in these proceedings:
 - 3.1. The First Report of the Trustee dated December 10, 2013;
 - 3.2. The Second Report of the Trustee dated April 29, 2014;
 - 3.3. The Third Report of the Trustee dated November 12, 2014;
 - 3.4. The Fourth Report of the Trustee dated June 11, 2015 (the “Fourth Report”); and
 - 3.5. The Supplement to the Fourth Report of the Trustee dated August 7, 2015 (collectively, the “Reports”).
4. The PLG Group operated in the construction industry, completing commercial concrete construction forming, residential concrete work, sidewalk curb and gutter construction, and masonry, brick and stone construction services.

Notice to Reader

5. In preparing this report, the Trustee has relied on unaudited financial information of the Companies, the books and records of the PLG Group and discussions with the Companies' former employees, interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
6. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
7. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Proceedings

8. The activities of the Trustee leading up to the most recent Court application on August 13, 2015 are detailed in the Reports.
9. On August 13, 2015, the Court granted an Order (the “August 13 Order”) including the following relief:
 - 9.1. Approving settlements with Aman Building Corporation, Penalta Group Ltd., Concure Restoration Inc. (“Concure”), Volker Stevin Contracting Inc. (“Volker”) and Bird Construction Group as further set out therein;
 - 9.2. Approving the actions taken by the Trustee in administering the bankrupt estates as set out in the Fourth Report;
 - 9.3. Approving the Consolidated Interim Statement of Receipts and Disbursements as at June 10, 2015, as attached to the Fourth Report;
 - 9.4. Approving an allocation of fees and disbursements incurred by the Trustee between the Companies, as further set out in the Fourth Report;
 - 9.5. Granting the Trustee a first charge against the assets of the bankrupt estates, limited to \$100,000, subject to further Order of the Court, in respect of its reasonable fees and disbursements; and
 - 9.6. Approving distributions to Canada Revenue Agency (“CRA”) and Human Resources and Skills Development Canada (“HRDC”) as further described in the Fourth Report and herein.
10. This report constitutes the Fifth Report of the Trustee (the “Fifth Report”). The Fifth Report provides information with respect to relief sought by the Trustee at a Court Application on February 9, 2016 (the “February 9 Application”), which includes the following:
 - 10.1. Approval of a settlement between Intact Insurance Company, formerly known as Jevco Insurance Company (“Intact”), Lockerbie Stanley Water Ltd., part of the Aecon Group Inc. (“Lockerbie”) and Con-Forte, as further described herein (the “Lockerbie - Intact Settlement”);
 - 10.2. Approval of a settlement between Chandos Construction Ltd. (“Chandos”) and Con-Forte, as further described herein (the “Chandos Settlement”); and

10.3. Approval of distributions to the following parties:

- 10.3.1. The Labourers' Pension Fund of Western Canada (the "Pension Fund") and the Labourer's Health and Welfare Trust Fund of Western Canada (the "Health and Welfare Fund") up to the total amount of their respective priority claims, as described herein;
and
- 10.3.2. PNC Bank Canada ("PNC") up to the total amount of their secured claim, as described herein.

The Chandos Settlement

11. At the date of bankruptcy, Con-Forte's books and records reported an account receivable of approximately \$94,000 as being due from Chandos (the "Chandos Receivable"). The Chandos Receivable related to a project known as the Tribeca condominium project (the "Tribeca Project") for which Chandos acted as the general contractor.
12. The Trustee registered a builder's lien in the amount of approximately \$94,000 plus costs, interest and applicable taxes against the Tribeca Project (the "Chandos Lien"). The Trustee is not aware of any sub-liens having been filed in respect of the Tribeca Project.
13. The Chandos Lien was discharged from title following a Court Order being granted on November 15, 2013 pursuant to which approximately \$94,000, plus an allowance for costs, interest and applicable taxes, for a total of approximately \$108,100, was deposited with the Clerk of the Court as security for the Chandos Lien.
14. Chandos disputed the amount of the Chandos Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Chandos, both parties agreed to a settlement pursuant to which \$10,000 of the funds held in trust would be released to Con-Forte (defined above as the "Chandos Settlement").
15. The Chandos Settlement was approved by the inspectors of the bankrupt estate on January 29, 2016.

Lockerbie

16. At the date of bankruptcy, the PLG Group held 14 bank accounts with BMO Financial Group (the “BMO Account(s)”), who acted as an agent for PNC. The BMO Accounts had a cumulative balance of approximately \$724,300 at the date of bankruptcy and additional funds totalling \$557,100 were deposited to the BMO Account for Con-Forte following the date of bankruptcy (collectively the “BMO Funds”). At the Trustee’s request, the BMO Accounts were closed and the BMO Funds were paid into trust with Field LLP, the Trustee’s legal counsel (“Field”). The BMO Funds originated from two separate payments for an account receivable due from Lockerbie to Con-Forte (the “Lockerbie Payments”). Lockerbie subsequently indicated that the Lockerbie Payments has been made erroneously and further indicated that they would be pursuing the return of the Lockerbie Payments from the BMO Funds.
17. In addition, BMO previously indicated that approximately \$198,600 of the BMO Funds were released to Field erroneously and should have been set-off by BMO against overdrafts on the other BMO Accounts.
18. Con-forte acted as a subcontractor to Lockerbie on the project known as the Evan Thomas Water and Waste Water Treatment Facilities (the “Evan Thomas Project”), which is located on Crown lands. The contract between Con-Forte and Lockerbie was supported by a labour and material payment bond and a performance bond (the “Bonds”), both of which were issued by Intact.
19. Taking into account the Lockerbie Payments, Con-Forte’s books and records reported an additional account receivable of approximately \$375,100 as being due from Lockerbie related to the Evan Thomas Project (the “Lockerbie Receivable”). Lockerbie asserted various set-offs against the Lockerbie Receivable related to the completion of the Evan Thomas Project. In addition, Intact asserted a claim against both the Lockerbie Payments and the Lockerbie Receivable for amounts that they had paid to subcontractors of Con-Forte pursuant to the Bonds.
20. Following negotiations between Lockerbie, Intact and the Trustee, the parties entered into a Settlement Agreement and Release, the agreed upon version of which is attached hereto as “Schedule 1” (defined above as the “Lockerbie – Intact Settlement”). The following payments are contemplated by the Lockerbie – Intact Settlement:
 - 20.1. Lockerbie will withhold payment of the Lockerbie Receivable with the exception of approximately \$32,400, which will be paid to Intact;

- 20.2. The Trustee will pay Intact \$250,000 from the Lockerbie Payments;
 - 20.3. The remaining amount of the BMO Funds will be released to the Trustee for the benefit of Con-Forte.
21. At a meeting on January 29, 2016, the inspectors of the bankrupt estates approved the Lockerbie – Intact Settlement.

The Distributions

Priority Claims

22. CRA filed the following deemed trust claims in respect of the PLG Companies totaling approximately \$2.1 million (the “CRA Claims”).

CRA CLAIMS AS AT FEBRUARY 2, 2016				
Company	Claim	Paid	Outstanding	
Con-Forte	\$ 828,871	\$ 828,871	\$ -	
Asty	441,062	441,062	-	
SMRI	473,052	295,000	178,052	
PLG Residential	251,698	251,698	-	
PLG Corporate	128,968	7,500	121,468	
Total	\$ 2,123,651	\$ 1,824,131	\$ 299,520	

23. Pursuant to the August 13 Order, the Trustee was authorized to make payments to CRA up to the total amount of the CRA Claims. The CRA Claims due to Con-forte, Asty and PLG Residential were paid in full. The CRA Claims due in respect of SMRI and PLG Corporate were paid in part with approximately \$178,100 remaining due to SMRI and approximately \$121,500 remaining due to PLG Corporate. There are insufficient funds held in trust for both SMRI and PLG Corporate to pay the corresponding CRA Claims in full at this time.
24. HRDC claimed a super-priority claim under the Wage Earner Protection Plan for up to \$2,000 in unpaid wages per employee, which claim attaches to current assets (the “WEPP Claims”). HRDC previously filed the following WEPP Claims totaling approximately \$375,000:

HRDC CLAIMS AS AT FEBRUARY 2, 2016				
Company	Claim	Paid	Outstanding	
Con-Forte	\$ 133,240	\$ 133,240	\$ -	
Asty	79,083	79,083	-	
SMRI	76,818	-	76,818	
PLG Residential	55,970	55,970	-	
PLG Corporate	29,867	-	29,867	
Total	\$ 374,978	\$ 268,293	\$ 106,685	

25. Pursuant to the August 13 Order, the Trustee was authorized to make payments to HRDC up to the total amount of the WEPP Claims. The WEPP Claims due in respect of Con-Forte, Asty and PLG Residential were paid in full. The WEPP Claims due in respect of SMRI and PLG Corporate remain outstanding as there are insufficient funds held in trust for those entities to pay the corresponding WEPP Claims at this time.

26. In addition to the CRA Claims and the WEPP Claims, the Pension Fund filed claims for prescribed pension plan contributions in respect of SMRI in the amount of approximately \$9,100 and in respect of Asty in the amount of \$54,700. In addition, the Health and Welfare Fund filed claims for contributions to the Health and Welfare Fund in the amount of \$3,600 in respect of SMRI and in the amount of \$15,000 in respect of Asty. The claims of the Pension Fund and the Health and Welfare Fund will collectively be referred to as the “Pension Claims”. Pursuant to section 81.5(1) of the *Bankruptcy and Insolvency Act*, the Pension Claims constitute priority claims subject to the CRA Claims and the WEPP Claims. Although there are currently insufficient funds in SMRI to pay the Pension Claims for that entity, the Trustee is seeking approval to make distributions to the Pension Fund and the Health and Welfare Fund up to the total amount of the Pension Claims (the “Pension Distributions”). The Pension Distributions for SMRI will be released if and when sufficient funds are available following payment of the CRA Claims and the WEPP Claims.

Secured Claims

27. PNC has a secured claim against the PLG Group for approximately \$7.6 million (the “PNC Claim”). PNC has a general security agreement over all present and after acquired personal property of the PLG Group (the “PNC Security”). The Trustee’s legal counsel has completed an independent review of the PNC Security and determined that it is valid and enforceable as against the Trustee. Subject to the CRA Claims, the HRDC Claims and the Pension Claims having been paid in full in each estate, the Trustee is seeking approval to make distributions to PNC up to the total amount of the PNC Claim (the “PNC Distribution”).

Statement of Receipts and Disbursements

28. Attached hereto as “Schedule 2” is a Consolidated Interim Statement of Receipts and Disbursements for the PLG Group for the period ended February 2, 2016 (the “February 2 R&D”). As at February 2, 2016, approximately \$267,100 was being held in trust by the Trustee for the PLG Group. Pursuant to the August 13 Order, allocation adjustments were made to account for asset realizations that had originally been grouped together but were payable to different entities and to allocate disbursement, net of payments to secured creditors, between the PLG Companies. Disbursements were allocated based on the percentage of total net asset realizations attributable to each entity as at the date of the allocation. For the purposes of the February 2 R&D only the net allocation adjustments are shown. Payments to secured creditors were allocated to the specific entity within the PLG Group to which the payment was applicable.
29. The February 2 R&D reflects total receipts of approximately \$3.8 million. The Trustee highlights the following with respect to these receipts:
- 29.1. Auction proceeds of approximately \$1.6 million are net of expenses for waste disposal and other miscellaneous clean-up charges as well as merchant charges from bank card transactions;
 - 29.2. To date, the Trustee has collected accounts receivable of approximately \$1.9 million (including GST). The collection of accounts receivable is impacted by potential deficiency claims, lien claims, bonding company claims, holdbacks, deposits, and various other set-offs and adjustments from customers and contractors;
 - 29.3. Approximately \$197,300 was swept by PNC from the BMO Accounts following the date of bankruptcy and has been remitted to the Trustee; and
 - 29.4. Miscellaneous receipts of approximately \$126,900 include the proceeds from a settlement related to legal proceedings that were undertaken prior to the date of bankruptcy, refunds from the Worker's Compensation Board totaling approximately \$101,700 and a settlement with Shaw GMC Pontiac Buick in the amount of approximately \$14,100 related to the surplus proceeds from the sale of three vehicles.

30. As described in General Note 2 of the February 2 R&D, Field is holding the BMO Funds in trust. As described in General Note 3 of the February 2 R&D, approximately \$26,800 is also being held by Field related to two settlements between Con-Forte and Concure and Volker Stevin (the "Settlement Funds"). The Settlement Funds will be released to the Trustee upon appropriate releases having been finalized.
31. The February 2 R&D reflects total disbursements of approximately \$3.6 million. The Trustee highlights the following with respect to these disbursements:
 - 31.1. The Trustee's has been paid professional fees and disbursements of approximately \$664,000 (net of GST) for the period ended January 4, 2016. Field has been paid professional fees and disbursements of approximately \$427,600 (net of GST) for the period ended November 30, 2015. The Trustee's legal counsel on conflict matters, Wilson Laycraft LLP ("Wilson"), has been paid professional fees and disbursements of \$26,700 (net of GST) for the period ended December 30, 2015. The invoices paid for all of the Trustee, Field and Wilson have been approved by the estate inspectors.
 - 31.2. As previously reported, the Companies' operated out of leased premises located at 1212 34th Avenue SE, Calgary, Alberta (the "Premises"). The Trustee occupied the Premises from the date of bankruptcy until December 23, 2013 (the "Occupation Period") on which date the Trustee disclaimed its interest in the Premises. Rent of approximately \$103,900 was paid for the Occupation Period.
 - 31.3. As noted above, approximately \$1.8 million has been paid in respect of the CRA Claims. The CRA Claims for Con-Forte, Asty and PLG Residential were paid in full and partial payments were made in respect of the CRA Claims for SMRI and PLG Corporate.
 - 31.4. Also as noted above, \$255,500 has been paid in respect of the WEPP Claims. The WEPP Claims for Con-Forte, Asty and PLG Residential were paid in full and the WEPP Claims for SMRI and PLG Corporate remain outstanding. Payment of the WEPP Claims are net of the levy payable to the Office of the Superintendent of Bankruptcy in the amount of approximately \$12,800.

Conclusion

32. The Fifth Report is being filed in support of the following relief being sought by the Trustee at the February 9 Hearing:

32.1. Approval of the Chandos Settlement;

32.2. Approval of the Lockerbie Settlement;

32.3. Approval of the Pension Distributions; and

32.4. Approval of the PNC Distributions.

DELOITTE RESTRUCTURING INC.,
in its capacity as Trustee in the bankruptcies of
Plumb-Line Group Holdings, Inc.,
PLG Corporate Services Inc.,
PLG Residential Services Inc.,
Con-Forte Contracting Company Inc.,
Sas-Can Masonry and Restoration Inc. and
Asty Construction Inc.
and not in its personal capacity



Jeff Keeble CA●CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

SETTLEMENT AGREEMENT AND RELEASE

Between:

INTACT INSURANCE COMPANY, formerly known as JEVCO
INSURANCE COMPANY

and:

LOCKERBIE STANLEY WATER LTD., part of the AECON
GROUP INC.

and:

DELOITTE RESTRUCTURING INC. in its capacity as Trustee in
Bankruptcy of CON-FORTE CONTRACTING COMPANY INC.,
and not in its personal capacity

RELEASE AND SETTLEMENT AGREEMENT

Dated for Reference: ___/December/2015

WHEREAS:

- A. Intact Insurance Company, formerly known as Jevco Insurance Company (“Intact”) is an insurance company incorporated pursuant to the laws of Canada and authorized to carry on business as an insurance company within the province of Alberta, having an address at 10830 Jasper Avenue, 700 Edmonton, Alberta.
- B. Lockerbie Stanley Water Ltd. (“Lockerbie Stanley”) is a company incorporated pursuant to the laws of the Province of Alberta. Lockerbie Stanley is a subsidiary and a part of the Aecon Group Inc. (“Aecon”).
- C. Con-Forte Contracting Company Inc. (“Con-Forte”) is a company incorporated pursuant to the laws of the Province of Alberta.
- D. On or about February 1, 2013, Lockerbie Stanley contracted with Con-Forte to carry out work with respect to the upgrade of the Evan Thomas Water and Waste Water Treatment Facilities – Kananaskis Country (the “Bonded Contract”).
- E. Intact issued a Performance Bond and a Labour and Material Payment Bond (collectively, the “Bonds”) in connection with the Bonded Contract and delivered the executed Bonds to Con-Forte for execution and delivery to Lockerbie Stanley.

- F. Lockerbie Stanley has asserted that on or about October 4, 2013, Con-Forte voluntarily defaulted on the Bonded Contract.
- G. Numerous sub-contractors of Con-Forte were not paid by Con-Forte and many of these sub-contractors filed Public Works Act claims in respect of their work.
- H. Con-Forte made an assignment into bankruptcy on or about October 16, 2013. Deloitte Restructuring Inc. was appointed as Trustee in Bankruptcy for Con-Forte (the "Trustee").
- I. The Trustee filed a Public Works Act claim in the amount of \$932,224.39.
- J. Lockerbie Stanley has asserted that as a result of the default and the abandonment of the Bonded Contract, Con-Forte was not entitled to receive any further payment under the Bonded Contract. The Trustee has disputed this assertion.
- K. Subsequent to Con-Forte's assignment into bankruptcy, Aecon, on behalf of Lockerbie Stanley, made two payments in the total amount of \$1,292,943.00, of which \$1,281,272.20, was received by the Trustee. Lockerbie Stanley has asserted that these payments were made by mistake.
- L. Intact paid Con-Forte's unpaid subcontractors in accordance with its obligations under the Bonds and took assignments of the unpaid contractors' rights to their Public Works Act claims.
- M. Intact, Lockerbie Stanley and Con-Forte (the "Settling Parties") have agreed to settle all matters relating to the Project and the Bonds, on the terms set out herein.

NOW THEREFORE this Release and Settlement Agreement ("RSA") witnesses that in consideration of the promises and of the covenants and agreements hereinafter contained, the parties hereto have agreed as follows:

1. Aecon shall, within seven (7) days of Court approval of this agreement, pay the sum of \$32,441.24 (the "Aecon Settlement Funds") to Intact inclusive of all claims in respect of the Project and the Bonds.
2. Within seven (7) days of Court approval of this agreement, the Trustee shall pay the sum of \$250,000.00 (the "Con-Forte Settlement Funds") to Intact as full and final settlement of all claims by Intact, Lockerbie Stanley and Aecon against Con-Forte in respect of the Project, the Bonds and any and all Public Works Act claims by Con-Forte's sub-contractors for their work on the Project.
3. Aecon shall withdraw any and all claims that it has for recovery of the funds allegedly paid to Con-Forte and/or the Trustee by mistake (the "Aecon Payment"), and the balance of the Aecon Payment, after the Trustee's payment to Intact, shall be released to the Trustee free of all claims by Aecon, Lockerbie Stanley and Intact and in satisfaction of any claim by Con-Forte in respect of the Project.

4. Within 30 days of execution of this Agreement, Intact shall discharge the Public Works Act claims registered by Con-Forte’s sub-contractors on the Project.
5. Intact acknowledges that receipt of the Aecon Settlement Funds and the Con-Forte Settlement Funds will constitute full payment of any amounts payable by Lockerbie under the Bonded Contract, including any holdback funds.
6. Within 30 days of execution of this Agreement, the Trustee shall discharge the Public Works Act claim filed on behalf of Con-Forte.
7. The Aecon/Intact Mutual Release, attached as Schedule “A” to this Agreement, shall be executed by Lockerbie Stanley, Aecon and Intact on the same date as the execution of this Agreement and the fully executed Agreement and Aecon/Intact Mutual Release shall be provided to counsel for Lockerbie Stanley/Aecon and Intact. Counsel shall be required to hold the fully executed Aecon/Intact Mutual Release in escrow until payment of the Aecon Settlement Funds in their entirety and discharge of the Public Works Act claim filed on behalf of Con-Forte’s sub-contractors on the Project or such other earlier time if Aecon and Intact so agree in writing.
8. The Con-Forte/Aecon/Intact Mutual Release, attached as Schedule “B” to this Agreement, shall be executed by the Trustee, Aecon and Intact on the same date as the execution of this Agreement and the fully executed Agreement and Con-Forte/Aecon/Intact Mutual Release shall be provided to counsel for the Trustee, Aecon and Intact. Counsel shall be required to hold the fully executed Con-Forte/Aecon/Intact Mutual release in escrow until payment of the Con-Forte Settlement Funds in their entirety and discharge of the Public Works Act claim filed on behalf of Con-Forte or such other earlier time if Con-Forte’s trustee in bankruptcy, Aecon and Intact so agree.

IN WITNESS WHEREOF the undersigned have executed this Release and Settlement Agreement, at Calgary, Alberta, this ___ day of December, 2015.

WITNESSED BY: _____)
 _____) **Intact Insurance Company**
 Name _____)
 _____)
 Address _____)
 _____) Per: _____
 _____)
 _____)
 Occupation _____)

SCHEDULE “A”
MUTUAL RELEASE OF ALL CLAIMS

WHEREAS LOCKERBIE STANLEY WATER LTD. (“Lockerbie Stanley”), a part of the AECON GROUP INC., entered into a contract (the “Project Contract”) with Con-Forte Contracting Company Inc. (“Con-Forte”) in connection with the Evan Thomas Water and Waste Water Treatment Facilities – Kananaskis Country (the “Project”);

AND WHEREAS Intact Insurance Company (“Intact”) issued a Performance Bond and Labour and Material Payment Bond, (the “Bonds”) each in the amount of \$1,999,150.00 under bond number 5901016 in connection with the Project with Con-Forte as principal and Lockerbie Stanley as obligee;

AND WHEREAS Con-Forte is alleged to have defaulted in the performance of the work under the Project Contract and failed to make payments to its subcontractors and suppliers;

AND WHEREAS Intact has made payment to a number of Claimants under the Bonds, has taken an assignment of the rights of those Claimants against Con-Forte and Lockerbie Stanley and has demanded payment of the balance of contract funds payable under the Project Contract;

AND WHEREAS Lockerbie Stanley and the Aecon Group Inc. on the one hand and Intact on the other have reached an agreement for the settlement of all matters in issue between them arising under the Bonds and in respect of the Project Contract for the Project;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the payment by the Aecon Group Inc. to Intact of the sum of THIRTY-TWO THOUSAND FOUR HUNDRED FORTY-ONE DOLLARS AND TWENTY-FOUR CENTS (\$32,441.24), the receipt and sufficiency of which is hereby acknowledged, other good and valuable consideration from each of the parties hereto to the other and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

INTACT DOES HEREBY REMISE, RELEASE AND FOREVER DISCHARGE Lockerbie Stanley, the Aecon Group Inc., and their officers, directors, employees, servants, agents, administrators, successors, insurers and assigns of and from any and all manner of actions, causes of action, suits, debts, contracts, claims, demands, and damages of any nature or

kind whatsoever which against Lockerbie Stanley, its respective officers, directors, employees, servants, agents, administrators, successors, insurers and assigns, Intact now has or any time hereafter can, shall or may have for or by reason of or arising out of or in any way connected with the Project Contract, the Project and/or the Bonds.

LOCKERBIE STANLEY AND THE AECON GROUP INC. DO HEREBY REMISE, RELEASE AND FOREVER DISCHARGE Intact, its officers, directors, employees, servants, agents, administrators, successors and assigns of and from any and all manner of actions, causes of action, suits, debts, contracts, claims, demands and damages of any nature or kind whatsoever which against Intact, its officers, directors, employees, servants, agents, administrators, successors and assigns, Lockerbie Stanley now has or at any time hereafter can, shall or may have under the Labour and Material Payment Bond.

THE PARTIES HERETO HEREBY ACKNOWLEDGE AND AGREE that the agreement effected between them is a complete compromise of doubtful and disputed claims and that neither the payment of the aforesaid sum of money nor anything contained herein shall be construed or shall constitute an admission of liability.

THE PARTIES DO HEREBY ACKNOWLEDGE AND AGREE that nothing contained herein shall prejudice or impair the rights of Lockerbie Stanley under the Performance Bond issued by Intact in connection with Project.

THE PARTIES HERETO ACKNOWLEDGE AND AGREE that nothing contained herein shall be construed to release or shall have the effect of releasing any claim by Lockerbie Stanley and the Aecon Group Inc. against Con-Forte under the Project Contract.

THE PARTIES HERETO AGREE TO execute and deliver such further and other documentation as may reasonably be required to give effect to this agreement.

THE PARTIES HERETO DO HEREBY WARRANT AND ACKNOWLEDGE that they have had an opportunity to consult with and to be advised by their respective solicitors before executing this Mutual Release and that their authorized representatives have read the foregoing Release and know the contents thereof and fully understand the same and execute this Mutual Release without relying upon any statement or representation by any other party or any representative of any other party.

THIS MUTUAL RELEASE contains the entire agreement between the parties and the terms of this Mutual Release are contractual and not a mere recital.

IN WITNESS WHEREOF, Lockerbie Stanley, the Aecon Group Inc. and Intact have executed this Mutual Release of All Claims by their respective duly authorized representatives as of the

day of _____, 2015.

SIGNED, SEALED & DELIVERED by
Lockerbie Stanley Water Ltd. by its authorized
signatory in the presence of:

Witness' Signature

Name (*Please Print*)

Address

Occupation

LOCKERBIE STANLEY WATER LTD. by
its authorized signatory

SIGNED, SEALED & DELIVERED by the
Aecon Group Inc. by its authorized signatory
in the presence of:

Witness' Signature

Name (*Please Print*)

Address

Occupation

AECON GROUP INC. by its
authorized signatory

SIGNED, SEALED & DELIVERED by Intact)
Insurance Company by its authorized signatory)
in the presence of:)

Witness' Signature)

Name (*Please Print*))

Address)

Occupation)

INTACT INSURANCE COMPANY
by its authorized signatory)

SCHEDULE “B”
MUTUAL RELEASE OF ALL CLAIMS

WHEREAS CON-FORTE CONTRACTING COMPANY INC. (“Con-Forte”) entered into a contract (the “Project Contract”) with LOCKERBIE STANLEY WATER LTD. (“Lockerbie Stanley”), a part of the Aecon Group Inc., in connection with the Evan Thomas Water and Waste Water Treatment Facilities – Kananaskis Country (the “Project”);

AND WHEREAS Intact Insurance Company (“Intact”) issued a Performance Bond and Labour and Material Payment Bond, (the “Bonds”) each in the amount of \$1,999,150.00 under bond number 5901016 in connection with the Project with Con-Forte as principal and Lockerbie Stanley as obligee;

AND WHEREAS Con-Forte is alleged to have defaulted in the performance of the work under the Project Contract, failed to make payments to its subcontractors and suppliers and made an assignment into bankruptcy on or about October 16, 2013;

AND WHEREAS Deloitte Restructuring Inc. was appointed Trustee in Bankruptcy of Con-Forte (“Deloitte”).

AND WHEREAS subsequent to Con-Forte’s assignment into bankruptcy, the Aecon Group Inc. allegedly mistakenly paid the sum of \$1,292,943.00, on behalf of Lockerbie Stanley, which funds were received and held by Deloitte.

AND WHEREAS Intact has made payment to a number of Claimants under the Bonds, has taken an assignment of the rights of those Claimants against Con-Forte and Lockerbie Stanley and has demanded payment of the balance of contract funds payable under the Project Contract;

AND WHEREAS Deloitte filed a Public Works Act claim in the amount of \$932,224.39 in connection with the Project.

AND WHEREAS Lockerbie Stanley, the Aecon Group Inc. and Intact on the one hand and the Deloitte on the other have reached an agreement for the settlement of all matters in issue between them arising under the Bonds and in respect of the Project Contract for the Project;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the payment by Deloitte to Intact of the sum of TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000.00) and the discharge of the Public Works Act claim filed on behalf of Con-Forte in connection with the Project, the receipt and sufficiency of which is hereby acknowledged, other good and valuable consideration from each of the parties hereto to the other and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

INTACT, LOCKERBIE STANLEY AND THE AECON GROUP INC. DO HEREBY REMISE, RELEASE AND FOREVER DISCHARGE Con-Forte, Deloitte and their officers, directors, employees, servants, agents, administrators, successors, insurers and assigns of and from any and all manner of actions, causes of action, suits, debts, contracts, claims, demands, and damages of any nature or kind whatsoever which against the estate of Con-Forte, its respective officers, directors, employees, servants, agents, administrators, successors, insurers and assigns, Intact, Lockerbie Stanley and/or The Aecon Group now has or any time hereafter can, shall or may have for or by reason of or arising out of or in any way connected with the Project Contract, the Project and/or the Bonds except insofar as required to preserve Lockerbie Stanley's rights to make a claim under the Performance Bond, and as such, nothing contained herein shall be construed as prejudicing or impairing Lockerbie Stanley's rights in regard to any such claim.

DELOITTE DOES HEREBY REMISE, RELEASE AND FOREVER DISCHARGE Intact, Lockerbie Stanley and the Aecon Group, their officers, directors, employees, servants, agents, administrators, successors and assigns of and from any and all manner of actions, causes of action, suits, debts, contracts, claims, demands and damages of any nature or kind whatsoever which against Intact, Lockerbie Stanley and the Aecon Group, their officers, directors, employees, servants, agents, administrators, successors and assigns the estate of Con-Forte now has or at any time hereafter can, shall or may have for or by reason of or arising out of, or in any way connected with the Project Contract, the Project and/or the Bonds.

THE PARTIES HERETO HEREBY ACKNOWLEDGE AND AGREE that the agreement effected between them is a complete compromise of doubtful and disputed claims and that neither the payment of the aforesaid sum of money nor anything contained herein shall be construed or shall constitute an admission of liability.

THE PARTIES HERETO AGREE TO execute and deliver such further and other documentation as may reasonably be required to give effect to this agreement.

THE PARTIES HERETO DO HEREBY WARRANT AND ACKNOWLEDGE that they have had an opportunity to consult with and to be advised by their respective solicitors before executing this Mutual Release and that their authorized representatives have read the foregoing Release and know the contents thereof and fully understand the same and execute this Mutual Release without relying upon any statement or representation by any other party or any representative of any other party.

THIS MUTUAL RELEASE contains the entire agreement between the parties and the terms of this Mutual Release are contractual and not a mere recital.

IN WITNESS WHEREOF, Con-Forte, Lockerbie Stanley, the Aecon Group Inc. and Intact have executed this Mutual Release of All Claims by their respective duly authorized representatives as of the

day of _____, 2015.

SIGNED, SEALED & DELIVERED by)
Lockerbie Stanley Water Ltd. by its authorized)
signatory in the presence of:)

_____))
Witness' Signature)

_____))
Name (*Please Print*))

_____))
Address)

_____))
Occupation)

_____))
LOCKERBIE STANLEY WATER LTD.)
by its authorized signatory)

SIGNED, SEALED & DELIVERED by the)
Aecon Group Inc. by its authorized signatory in)
the presence of:)

_____))
Witness' Signature)

_____))
Name (*Please Print*))

_____))
Address)

_____))
Occupation)

_____))
AECON GROUP INC. by its)
authorized signatory)

SIGNED, SEALED & DELIVERED by Intact)
Insurance Company by its authorized signatory)
in the presence of:)

_____))
Witness' Signature)

_____))
Name (*Please Print*))

_____))
Address)

_____))
Occupation)

_____))
INTACT INSURANCE COMPANY)
by its authorized signatory)

SIGNED, SEALED & DELIVERED by Con-)
Forte Contracting Company Inc. by its)
authorized signatory in the presence of:)

Witness' Signature)

Name (*Please Print*))

Address)

Occupation)
)
)
)
)

DELOITTE RESTRUCTURING INC., in
its)capacity as Trustee in Bankruptcy for CO
) FORTE CONTRACTING COMPANY)
) INC., and not in its personal capacity,
) by its authorized signatory

Schedule 2

IN THE MATTER OF THE BANKRUPTCIES OF

PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN MASONRY AND RESTORATION INC. ("SMRI") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS", COLLECTIVELY THE "PLG COMPANIES")
TRUSTEE'S CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED FEBRUARY 2, 2016

	Con-Forte	Asty	SMRI	PLG Residential	PLG Holdings	PLG Corporate	Total	Specific Notes
	Amount	Amount	Amount	Amount	Amount	Amount		
RECEIPTS:								
Net Auction Proceeds	\$ 1,606,223						\$ 1,606,223	(1)
Accounts Receivable	884,405	\$ 468,120	\$ 265,371	\$ 273,109			1,891,006	(2)
Cash held in financial institutions	197,252						197,252	
Rent					\$ 10,000		10,000	(3)
GST collected					500		500	
Net allocation adjustment	(444,977)	259,516	103,201	73,012	(3,202)	12,448	-	(4)
Miscellaneous	121,596	813	2,990	715	36	\$ 733	126,884	(5)
TOTAL RECEIPTS	2,364,501	728,449	371,563	346,836	7,335	13,182	3,831,865	
DISBURSEMENTS:								
Trustee's fees and disbursements	625,569	19,850	9,162	9,429			664,011	(6)
Occupation rent	103,933						103,933	(7)
Utilities	17,571						17,571	(8)
Contract services	24,324	23,221					47,545	(9)
Insurance	16,463	16,218					32,681	(10)
Trustee's legal counsel's fees and disbursements	375,836	39,140	19,720	19,570			454,266	(11)
Security	32,051		8,505				40,556	(12)
Miscellaneous	420	300	300	829		300	2,149	
GST paid	58,384	3,845	1,869	1,840			65,938	
SUBTOTAL	1,254,552	102,574	39,556	31,668	-	300	1,428,650	
Payments to secured creditors	14,070	21,927		7,500	150		43,646	(13)
CRA deemed trust claim	828,871	441,062	295,000	251,698		7,500	1,824,131	(14)
WEPP Priority Claim	126,895	75,318		53,305			255,518	(15)
Levy (WEPP Priority Claim)	6,345	3,766		2,665	-	-	12,776	
TOTAL DISBURSEMENTS	2,230,732	644,646	334,556	346,836	150	7,800	3,564,720	
EXCESS RECEIPTS OVER DISBURSEMENTS REPRESENTED BY CASH IN BANK								
	\$ 133,769	\$ 83,803	\$ 37,007	\$ -	\$ 7,185	\$ 5,382	\$ 267,145	

IN THE MATTER OF THE BANKRUPTCIES OF

PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN MASONRY AND RESTORATION INC. ("SMRI") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS", COLLECTIVELY THE "PLG COMPANIES")
TRUSTEE'S CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED FEBRUARY 2, 2016

General Notes:

- (1) This Consolidated Interim Statement of Receipts and Disbursements includes each of the PLG Companies.
- (2) The Companies held 14 bank accounts with BMO Financial Group ("BMO", the "BMO Accounts"), who was acting as an agent for PNC Bank Canada. At the date of bankruptcy, the BMO Accounts had a cumulative balance of approximately \$724,300 and additional funds totalling approximately \$557,100 were deposited to the BMO accounts following the date of bankruptcy. The total of approximately \$1.28 million will be referred to as the "BMO Funds". At the Trustee's request, the BMO Accounts have now been closed and the BMO Funds have been paid into trust with the Trustee's legal counsel. The bulk of the BMO Funds came from two separate payments for accounts receivable due from Lockerbie Stanley Water Ltd. ("Lockerbie"). Lockerbie indicated that these amounts were paid in error. In addition, BMO has indicated that approximately \$198,600 of the BMO Funds were paid to the Trustee's legal counsel erroneously and should have been set-off by BMO against overdrafts on the other BMO Accounts. The Trustee will be seeking Court approval for a settlement with Lockerbie related to the BMO Funds at an application on February 9, 2016.
- (3) The Trustee's legal counsel continues to hold approximately \$26,778 in trust for Con-Forte related to settlements with Concure Restoration Inc. and Volker Stevin Contracting Ltd., which will be releasable to the Trustee upon the appropriate releases having been finalized. Additional funds totaling approximately \$46,873 are currently being paid to the Trustee's legal counsel related to a settlement with Bird Construction, which will also be releasable to Con-Forte.

Specific Notes:

- (1) Century Services Inc. was retained to complete the auction of the Companies' assets, which was held on December 12, 2013. Proceeds are net of expenses for garbage disposal and other miscellaneous clean-up charges and merchant charges from bank card transactions. Selected additional items recovered following December 12, 2013 were included in future auctions.
- (2) Amounts payable for pre-bankruptcy accounts receivable, which include collections where liens were filed under the *Builders' Lien Act*.
- (3) Monthly rent of \$5,000 was payable by Chandos Construction Ltd., who sublets a portion of the Companies premises at 1212 34th Avenue SE in Calgary, Alberta (the "Premises"), for the period during which the Trustee occupied the Premises.
- (4) Pursuant to the August 13 Order, allocation adjustments were made to account for asset realizations that had originally been grouped together but were payable to different entities and to allocate disbursement, net of payments to secured creditors, between the PLG Companies. Disbursements were allocated based on the percentage of total net asset realizations attributable to each entity. Only the net allocation adjustments are shown above.
- (5) Includes a settlement related to legal proceedings that were undertaken prior to the date of bankruptcy, refunds from the Worker's Compensation Board in the amount of approximately \$101,700 and a settlement with Shaw GMC Pontiac Buick ("Shaw") in the amount of approximately \$14,100 related to the surplus proceeds from the sale of three vehicles and other miscellaneous receipts.
- (6) Payment of the Trustee's professional fees and disbursements for the period ended January 4, 2016.
- (7) Occupation rent for the Premises was paid for the period ended December 23, 2013 on which date the Trustee disclaimed its interest in the Premises.
- (8) Natural gas, electricity and water were paid during the period during which the Trustee occupied the Premises.
- (9) Several former employees of the Companies were retained on a contract basis to assist in gathering information regarding employee claims, accounts receivable, outstanding jobs and to assist in the retrieval of material and equipment located on various job sites at the date of bankruptcy.
- (10) At the date of bankruptcy, the Companies had insurance coverage for the period ended April 30, 2014 which included a commercial package policy, machinery breakdown and automobile liability (the "Auto Policy", collectively the "Commercial Policies"). In addition, the Companies had directors and officers liability insurance coverage (the "D&O Policies") for the period ended May 31, 2014. All policies with the exception of the Auto Policy and the D&O Policy were discontinued effective on December 31, 2013. The Auto Policy was discontinued effective April 30, 2014 and the D&O Policy was discontinued effective May 31, 2014. The amount shown is net of an insurance refund of \$15,951 related to the early cancellation of the Commercial Policies.
- (11) Payment of the professional fees and disbursements of the Trustee's legal counsel, Field LLP for the period ended November 30, 2015 and of the professional fees and disbursements of the Trustee's legal counsel on conflict matters, Wilson Laycraft LLP for the period ended December 30, 2015.
- (12) The Trustee retained ISS Security to provide 24 hour security at the Companies' office and yard. This service was discontinued following the Trustee disclaiming their interest in the Premises.
- (13) At the date of bankruptcy, several vehicles were subject to liens under the *Garage Keepers' Lien Act* and the *Possessory Liens Act*. Eligible amounts were paid to secure the release of the vehicles and the corresponding liens, where warranted by the value of the vehicles. In addition, the Trustee redeemed three vehicles leased through Shaw GMC Pontiac Buick which were determined to have equity.
- (14) Includes proven claims of Canada Revenue Agency for the employee portion of payroll source deductions.
- (15) Includes amounts payable to Human Resources and Skills Development Canada for their super-priority claim under the Wage Earner Protection Plan.