



COURT FILE NUMBER 1603 09140  
 COURT COURT OF QUEEN'S BENCH OF ALBERTA  
 JUDICIAL CENTRE EDMONTON  
 PLAINTIFF ROYAL BANK OF CANADA  
 DEFENDANT GRAHAM BROTHERS CONSTRUCTION GROUP LTD.  
 DOCUMENT **SEVENTH REPORT OF THE RECEIVER, DELOITTE RESTRUCTURING INC., DATED DECEMBER 5, 2016**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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**Service will be accepted by delivery or fax. No other form of service will be accepted.**

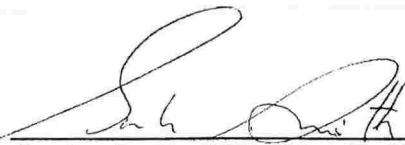
1. On March 18, 2016, the Defendant, Graham Brothers Construction Group Ltd. ("Graham Brothers") filed a Notice of Intention to Make a Proposal, at which time Deloitte Restructuring Inc. ("Deloitte") was named as Proposal Trustee. Graham Brothers subsequently failed to file a proposal, and was deemed bankrupt on May 17, 2016, at which time Deloitte became the Trustee in Bankruptcy of Graham Brothers.
2. By way of Order granted on May 25, 2016, Deloitte (the "Receiver") was appointed Receiver over the property of Graham Brothers in this Action. A second Order was granted at that time which provided that the rights and obligations of Deloitte as Trustee are transitioned to this Action and become the rights and obligations of Deloitte as Receiver.
3. This is the seventh report of the Receiver, the purpose of which is to provide an update to the Court and to seek Court approval for the sale of certain assets.

4. Further to the Sixth Report of the Receiver dated October 3, 2016, the Receiver confirms that it has paid \$1,200,000 to Business Development Bank of Canada ("BDC") and \$1,700,000 to 1615046 Alberta Ltd. ("161"). There is a balance due to 161 of approximately \$155,000 and the Receiver has more than sufficient funds to pay this balance and will be in a position to do so shortly. Once this payment is made to 161, there will be no indebtedness owing to secured creditors and proceeds from the future sale of assets will be for the benefit of unsecured creditors.
5. Prior to the receivership proceedings, Graham Brothers had a substantial amount of its equipment ("Manitoba Equipment") mobilized at a job site in remote northern Manitoba where Mortenson Canada Corporation ("Mortenson") is the general contractor. As the project continued notwithstanding Graham Brothers' insolvency, Mortenson and the Receiver entered into a rental agreement to rent much of the Manitoba Equipment from the Receiver for a 28 day period. The rental has been renewed for every 28 day period since then. Mortenson has now notified the Receiver that it does not intend to rent the Manitoba Equipment after the expiration of the current period ending December 16, 2016.
6. With the Mortenson rental imminently ending, the Receiver is now coordinating the demobilization and disposal of the Manitoba Equipment.
7. The Receiver has received an offer to purchase some of the Manitoba Equipment for the sum of \$275,000, plus GST. The purchase and sale agreement, to which the list of items to be sold is appended, is attached as Appendix "A" to this report. The Receiver has conditionally accepted this offer, subject to Court approval, and is now seeking the Court's approval of this offer.
8. The offered price of \$275,000, plus GST, is higher than the expected net realizable value of the equipment via an auction process. The equipment was previously appraised by an auctioneer on April 13, 2016, as having net realizable value of \$286,616 after auctioneer commissions of 12% and before demobilization costs, which are estimated to be \$66,450. The expected net realizable value via auction process net of demobilization costs is therefore \$220,166. It is important to note that the assets have depreciated since the appraisal.
9. The proposed sale provides for the purchaser taking possession of the equipment on December 17, 2016, the day after which the Mortenson rental ends, and therefore does not interfere with the rent that the Receiver would be entitled to receive until the end of the rental period discussed in paragraph 5.

10. In summary, the proposed offer is attractive as it does not interrupt the ongoing rental revenues the Receiver is currently entitled to, provides for immediate disposal after the expiration of the rental thereby eliminating any storage and transportation expenses, and is higher than the estimated net realizable value through an auction process. For these reasons, the Receiver recommends that the Court approve the sale.
11. The Receiver also seeks the Court's approval to sell two of Graham Brothers' snowblowers (Units AT-116 and AT-117: SMI Snow Blowers bearing serial numbers 42015WJ3995N1097361 and 42016WJ4077N1097357) via Ritchie Brothers' public auction in December 2016. The Receiver had entertained some private interest in the snowblowers, which fell through. Given the seasonality of the demand of snowblowers, it is reasonable for disposal through public auction at this time. The estimated realizations of these snowblowers is less than \$10,000.

All of which is respectfully submitted.

**DELOITTE RESTRUCTURING INC.,**  
In its capacity as Court appointed Receiver of  
Graham Brothers Construction Group Ltd.  
and not in its personal capacity.



Gordon Smith, CPA, CA, LIT, CBV, CFE

# Appendix "A"

THIS AGREEMENT MADE THIS 28<sup>th</sup> DAY OF NOVEMBER, 2016.

BETWEEN:

DELOITTE RESTRUCTURING INC., in its capacity as Court-Appointed Receiver of Graham Brothers Construction Group Ltd.

(the "Receiver")

OF THE FIRST PART

AND

FOURPOINT INDUSTRIAL SERVICES INC.

("Fourpoint")

OF THE SECOND PART

**PURCHASE AND SALE AGREEMENT**

WHEREAS the Receiver was appointed the Receiver of the property of Graham Brothers Construction Group Ltd. ("Graham Brothers") by Order of the Court of Queen's Bench of Alberta granted May 25, 2016 in Court of Queen's Bench Action No. 1603 09140;

AND WHEREAS prior to the appointment of the Receiver, Graham Brothers had entered into a lease, *inter alia*, of some of its equipment, to Mortensen Canada Corporation ("Mortensen") (the "Mortensen Lease");

AND WHEREAS Graham Brothers is the owner of certain equipment described in Schedule "A" hereto (the "Equipment") which is subject to the Mortensen Lease;

AND WHEREAS the Equipment is located on a Manitoba Hydro worksite in northern Manitoba (the "Worksite");

AND WHEREAS Fourpoint wishes to purchase and the Receiver wishes to sell the Equipment;

NOW THEREFORE in consideration of the payment of the Purchase Price as hereinafter defined, and the terms, conditions and covenants contained herein, the parties hereto agree that:

**A. SALE**

1. Fourpoint agrees to purchase the Equipment from the Receiver for the sum of \$275,000.00 plus \$13,750.00 of GST for a total purchase price of \$288,750.00 (the "Purchase Price").

**B. PAYMENT OF PURCHASE PRICE**

2. Fourpoint agrees to pay the Purchase Price as follows:
  - (a) \$15,640.00 as a deposit by cheque number 002238;
  - (b) \$39,360.00 as a deposit by cheque number 002256 (cheque number 002238 and 002256 are collectively hereinafter referred to as the "Deposit");
  - (c) The balance of \$233,750.00 within seven (7) days of the approval by the Court of Queen's Bench of Alberta of the sale of the Equipment by the Receiver for the Purchase Price and on the terms and conditions herein contained or December 17, 2016, whichever is earlier.
3. The deposits referenced in paragraphs 2(a) and 2(b) above were paid with uncertified cheques and Fourpoint agrees to immediately make payment of the Deposit should either of the cheques be dishonoured on presentment.
4. Fourpoint further agrees to pay any provincial sales taxes which may be applicable to the purchase and sale of the Equipment pursuant to this Agreement.

**C. COURT APPROVAL**

5. The Receiver agrees to make an application to the Court of Queen's Bench of Alberta for approval of the sale of the Equipment to Fourpoint in accordance with the terms of this Agreement and for the Purchase Price herein stated within a reasonable time of the entering into of this Agreement by the Receiver and Fourpoint and in any event, not later than December 16, 2016 or such later date as the parties hereto may agree.

**D. POSSESSION**

6. Fourpoint acknowledges that the Equipment is and continues to be subject to the Mortensen Lease and that Mortensen is presently in possession of the Equipment.

7. Fourpoint agrees that the Receiver shall be entitled to receive and retain all rental payments made by Mortensen or required to be made by Mortenson during the term of the Mortensen Lease of the Equipment to December 16, 2016.
8. Fourpoint acknowledges that the Equipment is presently located at the Worksite.
9. The Receiver agrees to deliver possession of the Equipment at the Worksite on the later of December 17, 2016 or seven (7) days after Court approval of the sale of the Equipment by the Receiver to Fourpoint in accordance with the terms of this Agreement, provided that Fourpoint has paid the entire Purchase Price and is otherwise not in breach of this Agreement.
10. Fourpoint acknowledges that there is attached to Asset Unit No. BH-154 as described in **Schedule "A"** hereto, a head (the "Head") which does not form part of any of Equipment being sold pursuant to this Agreement.
11. Fourpoint acknowledges and agrees to detach the Head from Unit No. BH-154 and deliver the Head at the direction of the Receiver. *DETACH ONLY DELIVERY NOT INCLUDED IN #6!  
DELOITTE RESPONSIBLE FOR DELIVERY*
12. The Receiver acknowledges that Fourpoint is purchasing the bucket (the "Bucket") for Unit No. BH-154 which Bucket is located at the Graham Brothers' shop located near Edmonton, Alberta.
13. The Receiver shall deliver the Bucket to Fourpoint at the Graham Brothers shop located near Edmonton, Alberta in accordance with the terms of this Agreement.
14. Fourpoint is solely responsible for any costs associated with retrieving the Bucket from the Graham Brothers' shop near Edmonton, Alberta and transporting the Bucket to such location as they choose.

**E. WARRANTIES**

15. Fourpoint acknowledges that the Receiver is giving no warranty with respect to the Equipment including, but not limited to no warranty of merchantability, fitness for any purpose or warranty of title.
16. Fourpoint agrees to accept the Equipment as-is-where-is without warranty whatsoever.

**F. CONDITIONS**

17. Fourpoint acknowledges that it is a condition of this Agreement being completed that the Court of Queen's Bench of Alberta approve the sale of the Equipment to Fourpoint for the

Purchase Price herein stated and on the terms and conditions herein contained and that the Receiver has no obligations to proceed with the terms of this Agreement unless and until such approval is obtained.

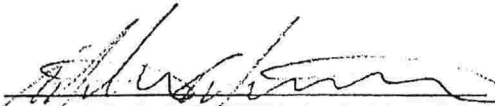
18. If the Receiver is unable to obtain the approval of the Court of Queen's Bench of Alberta as herein contemplated, then the Receiver shall refund to Fourpoint the Deposit.
19. If the Receiver obtains the approval of the Court of Queen's Bench of Alberta as contemplated herein, and Fourpoint does not complete the purchase of the Equipment as herein contemplated and on the terms and conditions and for the Purchase Price herein stated, the Receiver shall be entitled to retain the Deposit as liquidated damages which Fourpoint agrees are fair and reasonable in the circumstances and the Receiver shall be entitled to recover from Fourpoint such further and other damages as the Receiver and/or the Estate of Graham Brothers may have suffered as a result of any breaches of this Agreement by Fourpoint.

**G. MISCELLANEOUS**

20. The parties hereto agree to execute such further agreements as may be necessary to carry into effect the intent of this Agreement.
21. Fourpoint acknowledges that the Receiver is entering into this Agreement solely in its capacity as Court-Appointed Receiver of Graham Brothers and not in its personal capacity.

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 Court-Appointed  
Receiver of Graham Brothers Construction  
Group Ltd.

  
FOURPOINT INDUSTRIAL SERVICES  
INC.



**SCHEDULE "A"**

Asset Unit #	Manufacturer	Model	Year	Vin#/Serial#
SE-107	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1414DB311294
SE-108	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS141XDB311459
SE-109	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS141XDB311297
SE-110	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1412DB311455
SE-112	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1418DB311461
SE-190	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1416DB311460
SE-191	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1416DB311457
SE-194	Magnum	5200 Light Tower & Trailer 20KW	2013	5AJLS1414DB311456
SE-240	Magnum	5200 Light Tower & Trailer 20KW	2012	1110761
SE-241	Magnum	5200 Light Tower & Trailer 20KW	2010	5AJLS1614AB005124
SE-242	Magnum	5200 Light Tower & Trailer 20KW	2012	5AJLS1616BB016241
SE-243	Magnum	5200 Light Tower & Trailer 20KW	2011	5AJLS1614BB012740
SE-244	Magnum	5200 Light Tower & Trailer 20KW	2011	5AJLS1611BB003008
SE-245	Magnum	5200 Light Tower & Trailer 20KW	2012	5AJLS1419CB219127
SE-246	Magnum	5200 Light Tower & Trailer 20KW	2011	5AJLS1612BB012736
SE-247	Magnum	5200 Light Tower & Trailer 20KW	2011	5AJLS161XBB013858
heater				9020303
heater				09020023-ii
heater				9020293
heater				5103413
heater				08121763-ii
heater				11120463pn
heater				8090443
heater				cnv
heater				08092633-ii
heater				08090782-ii
heater				08093473-ii
heater				08093463-ii
heater				08094253-ii
heater				08080463-ii
heater				9010843
heater				9010873
heater				08093903-11
heater				6030353
heater				5011463
heater				4120853
heater				4120583
heater				4120503
heater				08080462-ii
heater				08093373-ii
heater				08090783-ii
heater				4121063
heater				4121593
TR-263	Double A	heat and light trailer	2014	et015623
TR-267	Double A	heat and light trailer	2014	et015618
BH-154	Caterpillar	349EL Hydraulic Excavator c/w bucket, cylinder and knuckle	2012	CAT0349ELMPZ00396