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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

CROWN CAPITAL PARTNER FUNDING LP, by its manager,
CROWN PRIVATE CREDIT PARTNERS INC.

RESPONDENTS

RBEE AGGREGATE CONSULTING LTD.

COM
May 6 2022

DOCUMENT

SECOND REPORT OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
RBEE AGGREGATE CONSULTING LTD.

May 3, 2022

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
Suite 1610, 520 – 5th Avenue S.W.
Calgary, AB T2P 3R7
Deryck Helkaa / Tom Powell
Telephone: (403) 454-6031 / (604) 551-9881
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
E-mail: tom.powell@fticonsulting.com

COUNSEL

Fasken Martineau DuMoulin LLP
Suite 3400, 350 – 7th Avenue S.W.
Calgary, AB, T2P 3N9
Travis Lysak / Mihai Tomos
Telephone: (403) 261-5501 / (403) 261-7386
Fax: (403) 261-5351
E-mail: tlysak@fasken.com
E-mail: mtomos@fasken.com

SECOND REPORT OF THE RECEIVER

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INTRODUCTION

1. On March 11, 2022 (the “**Appointment Date**”), FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of RBee Aggregate Consulting Ltd. (the “**RBee**” or the “**Company**”), pursuant to an Order of the Honourable Justice A.D. Grosse (the “**Receivership Order**”).
2. The Receivership Order authorizes the Receiver to, among other things, take possession of the Property, market any or all of the Property and sell, convey, transfer or assign the Property with the approval of this Honourable Court in respect of any transactions in excess of \$50,000.
3. On April 28, 2022, the Receiver filed an Application returnable on May 6, 2022 seeking an Approval and Vesting Order (the “**Approval and Vesting Order**”) respecting an auction services agreement (the “**Auction Services Agreement**”) between the Receiver and McDougall Auctioneers Ltd. (“**McDougall**”) to dispose of the Company’s assets.
4. While the Auction Services Agreement encompasses all of the equipment assets of RBee, it provides the Receiver with the ability to remove certain parcels of assets from the Auction Services Agreement if the Receiver elects to complete a separate transaction that will enhance the overall recoveries to the estate.
5. The Receiver has received an offer (the “**A-1 Offer**”) from A-1 Quality Belting Ltd. (“**A-1**”) for the assets located at Windfall, Vogel and Site C (the “**A-1 Offer Assets**”). The offer is conditional upon the Receiver entering into various access and asset use agreements. The A-1 Offer Assets will be carved out of the Auction Services Agreement pursuant to the provisions therein.

6. At its May 6 Application, the Receiver will be seeking a revised Approval and Vesting Order which will:
 - (a) approve the Auction Services Agreement and authorize the Receiver to proceed with completing the transaction contemplated by the Auction Services Agreement, subject to any carve-out associated with the A-1 Offer (the “**McDougall Transaction**”);
 - (b) authorize the Receiver to accept the A-1 Offer and to proceed with completing the transaction contemplated by the A-1 Offer (the “**A-1 Transaction**”); and
 - (c) authorize the Receiver to enter into asset use agreements (“**Asset Use Agreements**”) between the Receiver and A-1 respecting the A-1 Offer Assets which will permit A-1 to operate the A-1 Offer Assets prior to the closing of the A-1 Transaction.

7. The purpose of this report (the “**Second Report**”) is to provide this Honourable Court with information with respect to:
 - (a) the A-1 Offer; and
 - (b) the Receiver’s proposed amendments to the Approval and Vesting Order.

8. The Receiver’s reports and other publicly available information in respect of these proceedings is posted on the Receiver’s website at <http://cfcanda.fticonsulting.com/Rbee>.

TERMS OF REFERENCE

9. In preparing this Second Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).

10. Except as described in this Second Report:
 - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accounts of Canada Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
11. Future oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
12. All capitalized terms not defined herein are as defined in the Receiver's First Report.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

A-1 OFFER

14. The A-1 Offer is an en bloc offer from A-1 to purchase the A-1 Offer Assets that, if successfully concluded, would enhance the overall recoveries of the estate.
15. The Receiver is of the view that the financial terms of the A-1 Offer and the related Asset Use Agreements are confidential and has therefore prepared a Confidential Supplemental Report to the Second Report to disclose the financial terms and provide unredacted copies of the A-1 Offer and the Asset Use Agreements. If the A-1 Transaction is not completed, having the financial terms associated with it available to the public will, in the Receiver's view, negatively impact future sale efforts with respect to the A-1 Assets.

16. The Receiver's high-level comments with respect to the A-1 Offer are as follows:

- (a) the process to solicit offers (the "**Solicitation Process**") was fair and transparent and provided all participants with equal access to information and opportunity to submit an offer or proposal. Details of the Solicitation Process are set out in the First Report of the Receiver and are not repeated herein;
- (b) the Receiver has the ability under the Auction Services Agreement to remove the A-1 Offers Assets and complete a separate transaction, subject to a commission payable to McDougall in respect of the Site C assets (the "**Site C Commission**");
- (c) the A-1 Offer provides the highest guaranteed net proceeds to the Receiver for the A-1 Offer Assets which are in excess of the guaranteed net minimum for the A-1 Offer Assets under the Auction Services Agreement including after consideration of the Site C Commission;
- (d) the A-1 Transaction allows for the A-1 Offer Assets to remain in place at their current locations which will reduce the demobilization and transportation costs that would otherwise be incurred by the Receiver under the Auction Services Agreement;

- (e) the A-1 Offer provides for the Asset Use Agreements which allow A-1 to commence crushing activities under new contracts with the applicable customers immediately upon granting of the Approval and Vesting Order and prior to the closing of the A-1 Transaction. This will benefit the customers by allowing operations to continue with less delay or disruption than would otherwise be incurred should the equipment be removed from their current locations. The Asset Use Agreement includes terms and releases sufficient to mitigate the risk to the Receiver of allowing A-1 to control and operate the A-1 Offer Assets prior to the closing of the A-1 Transaction;
- (f) the A-1 Transaction and Asset Use Agreements are supported by CWB and Crown Capital; and
- (g) we understand that the customers at Windfall, Vogel and Site C are supportive of the A-1 Transaction.

RECEIVER’S RECOMMENDATIONS

17. Based on the foregoing, the Receiver respectfully recommends that the Honourable Court grant the amended Approval and Vesting Order.

All of which is respectfully submitted this 3rd day of May, 2022.

FTI Consulting Canada Inc.
in its capacity as receiver and manager of
RBee Aggregate Consulting Ltd., and not
in its personal or corporate capacity



Deryck Helkaa
Senior Managing Director



Tom Powell
Senior Managing Director