



COURT FILE NUMBER 2201-02948
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.
DOCUMENT THIRD REPORT OF FTI CONSULTING CANADA INC., IN
ITS CAPACITY AS COURT APPOINTED RECEIVER OF
RBEE AGGREGATE CONSULTING LTD.

COM
July 11, 2022
Justice Jeffrey

July 4, 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

THIRD REPORT OF THE RECEIVER

Table of Contents

INTRODUCTION 3
TERMS OF REFERENCE 6
RECEIVER’S ACTIVITIES 7
A-1 TRANSACTIONS 7
CRA CLAIM 8
WEPP CLAIM 9
EQUIPMENT LEASE CLAIMS 9
GARAGE KEEPERS’ LIEN CLAIMS 10
SECURITY REVIEW 11
SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS 11
PROPOSED INTERIM DISTRIBUTION..... 14
RECEIVER’S RECOMMENDATIONS 14

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. On May 6, 2022, an Approval and Vesting Order (the “**Approval and Vesting Order**”) was granted which, among other things:
 - (a) approved the auction services agreement (the “**Auction Services Agreement**”) between the Receiver and McDougall Auctioneers Ltd. (“**McDougall**”) and authorized the Receiver to proceed with completing the transaction contemplated by the Auction Services Agreement (the “**McDougall Transaction**”), subject to any carve-out associated with an en bloc offer (the “**A-1 Offer**”) from A-1 Quality Belting Ltd. (“**A-1**”);
 - (b) authorized the Receiver to accept the A-1 Offer for the assets located at the Windfall, Vogel and Site C project sites (the “**A-1 Offer Assets**”) and to proceed with completing the transaction contemplated by the A-1 Offer (the “**A-1 Transaction**”); and
 - (c) authorized 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.
3. On May 18, 2022, a Bankruptcy Order (the “**Bankruptcy Order**”) was granted which, among other things:

- (a) adjudged RBee bankrupt; and
 - (b) appointed FTI Consulting Canada Inc. as Trustee (the “**Trustee**”) of the estate of Rbee.
4. On May 20, 2022, A-1 requested to divide the A-1 Offer into three individual transactions for the parcels of assets at each of the Vogel, Site C and Windfall sites (the “**Vogel Transaction**”, “**Site C Transaction**”, and “**Windfall Transaction**”, respectively, and collectively the “**A-1 Transactions**”).
5. On June 3, 2022, the Vogel Transaction was closed, and the respective Receiver’s Certificate was issued.
6. Also on June 3, 2022, the Receiver and A-1 entered into an Amended Asset Purchase Agreement (the “**Amended APA**”), which among other things, extended the outside closing date for the Site C Transaction and the Windfall Transaction from June 4, 2022 to June 20, 2022.
7. On June 21, 2022, A-1 closed the Site C Transaction and the Windfall Transaction, satisfying the terms and conditions of the Amended APA.
8. On or about July 4, 2022, the Receiver will file a Notice of Application, returnable July 11, 2022, seeking an order (the “**Interim Distribution Order**”) requesting, among other things, the following relief:
- (a) approval of the actions, conduct and activities of the Receiver since the Appointment Date;
 - (b) approval of the Receiver’s interim statement of receipts and disbursements for the period from the Appointment Date to June 24, 2022 (the “**R&D**”); and
 - (c) authorizing the Receiver to make the interim distributions to creditors of RBee.

9. The purpose of this report (the “**Third Report**”) is to provide this Honourable Court with information with respect to:
- (a) the Receiver’s activities since the date of the Second Report;
 - (b) the closing of the A-1 Transactions;
 - (c) the deemed trust claim filed by Canada Revenue Agency (the “**CRA Claim**”) for unremitted payroll source deductions owed by RBee;
 - (d) a Wage Earners Protection Program (“**WEPP**”) claim;
 - (e) secured claims of equipment lessors;
 - (f) four garage keepers’ liens registered against the Property prior to the Appointment Date (the “**Garage Keepers’ Liens**”);
 - (g) the results of an independent review of the validity and enforceability of the security held by the Company’s senior secured creditors;
 - (h) a summary of the R&D; and
 - (i) the Receiver’s application for the Interim Distribution Order.
10. The Receiver’s reports and other publicly available information in respect of these proceedings are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/Rbee>.

TERMS OF REFERENCE

11. In preparing this Third 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**").
12. Except as described in this Third 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 Third Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
13. Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
14. The Receiver has prepared this Third Report in connection with the Receiver's Application that is to be heard on July 11, 2022. This Third Report should not be relied on for other purposes.
15. Information and advice described in this Third Report that has been provided to the Receiver by its legal counsel, Fasken Martineau DuMoulin LLP (the "**Receiver's Counsel**"), was provided to assist the Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.

16. All capitalized terms that are used in this Third Report but not defined herein are intended to bear their meanings as defined in the Receiver's prior Reports.
17. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

18. The Receiver's activities since the date of our Second Report have included, among other things, the following:
 - (a) executing the Amended APA with A-1, which, among other things, extended the close date of the Site C Transaction and the Windfall Transaction from June 4, 2022 to June 20, 2022;
 - (b) closing the A-1 Transactions;
 - (c) reviewing and evaluating property claims received for equipment in the possession of the Receiver; and
 - (d) pursuing the collection of outstanding accounts receivable balances.

A-1 TRANSACTIONS

19. As described in the Second Report, the Receiver accepted the A-1 Offer for the Company's assets located at Windfall, Vogel and Site C and the A-1 Transaction was approved by this Honourable Court on May 6, 2022.
20. On May 20, 2022, A-1 and the Receiver agreed to change the structure of the A-1 Offer from an en bloc transaction to three separate transactions based on the assets' locations, providing A-1 with further flexibility for the closing date of each respective transaction.

21. On June 3, 2022, A-1 and the Receiver closed the Vogel Transaction for gross proceeds of approximately \$2.0 million (\$1.9 million, net of GST) and executed the Amended APA, which among other things:
 - (a) extended the close date for the Site C Transaction and Windfall Transaction to June 20, 2022;
 - (b) required A-1 to put down an additional \$1.0 million non-refundable deposit; and
 - (c) provided for interest payments to the Receiver during the period of the extension.

22. On June 21, 2022, the Site C Transaction and the Windfall Transaction were closed, resulting in gross proceeds to the Receiver of approximately \$5.2 million (\$4.9 million before GST) and approximately \$3.8 million (\$3.6 million before GST), respectively. The Receiver Certificates with respect to the Site C Transaction and the Windfall Transaction were filed on June 23, 2022.

23. The A-1 Offer Assets were removed from the Auction Services Agreement and the net minimum guarantee was revised to reflect the removal of these assets in accordance with the provisions of the Auction Services Agreement.

CRA CLAIM

24. In a letter dated March 18, 2022, the Canada Revenue Agency (the “CRA”) advised the Receiver that it was asserting a deemed trust claim of approximately \$1.7 million relating to unremitted payroll source deductions owed by RBee and a further unsecured claim of \$691,400 for employer remittances, fees and interest.

25. The Receiver, in conjunction with former management of RBee (“**Management**”), have reviewed the documentation provided by the CRA and are of the view that the CRA Claim is valid and that the deemed trust claim is in priority to the senior secured debt. Accordingly, the Interim Distribution Order includes a declaration that the deemed trust portion of the CRA Claim is valid and enforceable in the amount of approximately \$1.7 million and authorizes the Receiver to pay the CRA Claim.

WEPP CLAIM

26. One former employee was identified by the Receiver as eligible for a claim under the *Wage Earners Protection Program Act* (“**WEPPA**”). The Receiver sent this employee a notice which provided for an estimated claim in the amount of \$6,923 for unpaid vacation (\$3,461) and termination pay (\$3,462), respectively (the “**WEPPA Claim**”).
27. An individual WEPPA claim forms a super-priority charge over the Company’s current assets in respect of claims for unpaid wages and vacation up to a maximum of \$2,000 per claim. The Receiver is assisting the former employee and Service Canada with administering the WEPPA Claim and anticipates receiving a priority claim from Services Canada for \$2,000.
28. The Interim Distributions Order authorizes the Receiver to pay the \$2,000 priority claim, upon receipt of a satisfactory claim.

EQUIPMENT LEASE CLAIMS

29. Nine assets included in the A-1 Transactions are leased by RBee from Komatsu International (Canada) Inc. DBA Komatsu Financial (“**Komatsu**”). Komatsu is owed approximately \$2.1 million in respect of these leases (the “**Komatsu Claim**”).
30. On May 6, 2022, the Receiver disclaimed two leases from Komatsu that were identified to have no equity value and advised Komatsu it could retrieve the assets at its earliest convenience.

31. One asset included in the Auction Services Agreement is leased from WS Leasing Ltd. (“WS”). WS is owed approximately \$37,000 in respect of this asset (the “WS Claim”).
32. The Receiver, in conjunction with Management, have reviewed the Komatsu Claim and WS Claim and determined that they are both valid.
33. The Interim Distribution Order seeks a declaration that the Komatsu Claim and the WS Claim are valid and enforceable and authorizes the Receiver to pay Komatsu and WS their respective claim amounts.

GARAGE KEEPERS’ LIEN CLAIMS

34. The Receiver is aware of four Garage Keepers’ Liens registered against the Company totalling \$20,206. The liens were registered against three pieces of equipment, two of which are subject to the Auction Services Agreement, and one of which is not owned by RBee.
35. The Garage Keepers’ Liens are summarized in the table below:

Lien By:	Asset Description	Serial Number	Amount of Lien	Transaction or Ownership	Status of Receiver's Review
Edmonton Kenworth Ltd.	2006 Peterbilt 379	1XP5DB9X16D899831	\$ 10,863	Not owned by RBee	Under Review
Edmonton Kenworth Ltd.	2015 Kenworth W900	1NKWGGGG10J977254	2,660	Auction Services Agreement	Valid & Enforceable
Edmonton Kenworth Ltd.	2014 Kenworth W900	1NKWGGGGX0J977253	3,809	Auction Services Agreement	Valid & Enforceable
TC Heavy Duty Mechanical Ltd.	2015 Kenworth W900	1NKWGGGGX0J977253	2,873	Auction Services Agreement	Under Review
Total Garage Keepers' Lien Claims			\$ 20,206		

36. The Receiver’s initial review of the Garage Keepers’ Liens has determined two claims to be valid and enforceable and in priority to the senior secured debt (as identified in the table above). Accordingly, the Interim Distribution Order seeks a declaration that these two Garage Keepers’ Lien claims that are deemed to be valid and enforceable in the aggregate amount of \$6,469 and authorizes the Receiver to pay Edmonton Kenworth Ltd. for these lien claims.

37. The Receiver is holding the full amount of the Garage Keepers' Liens identified as "under review" in paragraph 35 above in trust pending a full review of the validity and enforceability of such liens and will report back to this Honourable Court in respect of this analysis at a later date.

SECURITY REVIEW

38. As at the date of this Report, RBee owes approximately \$8.5 million plus accrued interest and legal costs to its senior secured first lien lender, Canadian Western Bank ("**CWB**"), and approximately \$23.3 million plus accrued interest and legal costs to its senior secured second lien lender, Crown Capital Partner Funding, LP ("**Crown Capital**" and together with CWB, the "**Secured Lenders**").
39. The Receiver's Counsel has completed an independent review of the security held by CWB and Crown Capital in relation to the Property. They have opined that the security granted by RBee in favour of CWB and Crown Capital creates a valid and enforceable security interest of the Property in Alberta and British Columbia, where the Property was located, subject to standard qualifications and assumptions.

SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS

40. The Receiver's cash receipts and disbursements for the period from the Appointment Date to June 24, 2022 are summarized as follows:

Receipts and Disbursements
(\$000's)

Receipts

Opening Cash	\$ 185
Accounts Receivable / Holdbacks	1,630
Asset Sales	10,448
GST Collected	<u>521</u>
Total - Receipts	12,783

Disbursements

Contractors	104
Payroll and Employee Related Obligations	37
Rent	320
Miscellaneous Operating Expenses	98
Utilities, Communications, Tech	31
Insurance	23
Property Taxes	46
GST Paid	53
Professional Fees	<u>559</u>
Total - Disbursements	<u>1,273</u>
Net Cash on Hand	<u>\$11,511</u>

- (a) Opening Cash – cash balance in RBees’ bank account at Appointment Date that was transferred to the Receiver’s account;
- (b) Accounts Receivable / Holdbacks – amounts collected from customers related to outstanding accounts receivable and holdbacks from prior to the Appointment Date;
- (c) Asset Sales – relates to gross proceeds received from the closing of the A-1 Transactions;
- (d) GST Collected – relates to GST collected on asset sales completed during the Receivership Proceedings;
- (e) Contractors – costs of management, security and other contractors retained by the Receiver;
- (f) Payroll and Employee Related Obligations – costs relating to employee wages, payroll remittances, and benefits;

- (g) Rent – comprises rent paid related to all occupied, leased premises from which the Company is operating;
- (h) Miscellaneous Operating Expenses – costs incurred relating to miscellaneous operating costs such as fuel and pumps to remove water at the various asset locations in an effort to safeguard the assets;
- (i) Utilities, Communications, Tech – costs incurred for utilities and services at the leased premises from which RBee is operating;
- (j) Insurance – costs incurred to maintain insurance over RBee’s Property;
- (k) Property Taxes – relates to a pro-rated portion of the post-filing property taxes due under the various lease agreements for premises currently occupied by RBee;
- (l) GST Paid – relates to goods and services tax remittances; and
- (m) Professional Fees – relates to fees paid to the Receiver and the Receiver’s Counsel in respect of the Receivership Proceedings. A summary of the fees paid to date, and broken down by firm, are set out in the table below:

Professional Fees				
<i>(\$000's)</i>				
Firm	Role	Fees	Disbursements	Total
FTI Consulting Canada Inc	Receiver	\$ 508	\$ -	\$ 508
Fasken Martineau FuMoulin LLP	Receiver's Counsel	37	11	48
Blake, Cassels & Graydon LLP	Receiver's Counsel	3	-	3
Total Professional Fees		\$ 548	\$ 11	\$ 559

41. The Receiver is holding a cash balance of approximately \$11.5 million as at June 24, 2022, inclusive of outstanding deposits.

42. In addition to the estate funds, the Receiver is holding an additional approximately \$1.6 million in trust which represents the deposit paid by McDougall in respect of the Auction Services Agreement.

PROPOSED INTERIM DISTRIBUTION

43. The proposed interim distribution is summarized in the table below:

Proposed Interim Distribution (\$000's)	
Cash on Hand, June 24, 2022	\$11,511
Proposed Interim Distributions:	
CRA Deemed Trust Claim	(1,668)
Komatsu International (Canada) Inc. DBA Komatsu Financial	(2,072)
WS Leasing Ltd.	(37)
Edmonton Kenworth Ltd.	(6)
Canadian Western Bank	(6,250)
Remaining Estate Cash	1,477
Less:	
Accrued Post-filing GST	(468)
Accrued Estate Costs	(250)
Remaining Estate Cash, net of Accrued Post-filing Obligations	\$ 759

44. The distributions may have small variances from the schedule above due to timing of payments and per diem interest charges.
45. After remittance of post-filing GST and accrued estate costs, the remaining estate cash of approximately \$759,000 is estimated to be sufficient to fund the Receivership Proceedings until the proceeds of the Auction Services Agreement are received and certain accounts receivable are collected at which point the Receiver anticipates making a further distribution to CWB as well as a distribution to Crown.

RECEIVER'S RECOMMENDATIONS

46. Based on the foregoing, the Receiver respectfully recommends that the Honourable Court grant the Interim Distribution Order.

All of which is respectfully submitted this 4th day of July, 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