



No. B-240477
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

Between:

STELLEX POWER LINE OPCO LLC AND 1501841 B.C. LTD.

PETITIONERS

And:

ROKSTAD HOLDINGS CORPORATION, ROKSTAD POWER (2018) LTD., ROKSTAD
POWER CONSTRUCTION SERVICES LTD., ROKSTAD POWER TRANSMISSION
SERVICES LTD., ROKSTAD POWER (PRAIRIES) LTD., GOLDEN EARS PAINTING &
SANDBLASTING (2018) LTD., PLOWE POWER SYSTEMS (2018) LTD., ROKSTAD
POWER (EAST), INC., ROKSTAD POWER INC. AND ROK AIR, LLC

RESPONDENTS

REQUISITION

Filed by: FTI Consulting Canada Inc. as Receiver (the “**Receiver**”) of Rokstad Holdings Corporation, Rokstad Power (2018) Ltd., Rokstad Power Construction Services Ltd., Rokstad Power Transmission Services Ltd., Rokstad Power (Prairies) Ltd., Golden Ears Painting and Sandblasting (2018) Ltd., Plowe Power Systems (2018) Ltd., Rokstad Power (East) Inc., Rokstad Power Inc., and Rok Air, LLC

Required:

1. To file the Receiver’s Third Report to the Court, dated December 19, 2024 (the “**Third Report**”)

This requisition is supported by the following:

1. Notice of Application, dated December 19, 2024.
2. The Third Report will be provided to the Honourable Justice Loo, who is seized of this matter, however, it must still be filed with the Court.

3. The Receiver is required to provide a filed copy of the Third Report to the parties in this proceeding and to post a filed copy on the Receiver's website.

Dated: December 19, 2024

A handwritten signature in black ink, appearing to read "Christian Garton", written over a horizontal line.

Signature of Lawyer for filing party
Christian Garton



COURT FILE NUMBER S-235306
VANCOUVER REGISTRY
ESTATE NO. 11-254535

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

IN THE MATTER OF THE RECEIVERSHIP OF

**ROKSTAD HOLDINGS CORPORATION, ROKSTAD POWER (2018) LTD., GOLDEN
EARS PAINTING & SANDBLASTING (2018) LTD., PLOWE POWER SYSTEMS (2018)
LTD., ROKSTAD POWER CONSTRUCTION SERVICES LTD., ROKSTAD POWER
TRANSMISSION SERVICES LTD., AND ROKSTAD POWER (PRAIRIES) LTD.,
ROKSTAD POWER (EAST), INC., ROKSTAD POWER INC., AND ROKSTAD AIR
LLC**

THIRD REPORT OF THE RECEIVER

DECEMBER 19, 2024

THIRD REPORT OF THE RECEIVER

Table of Contents

INTRODUCTION	3
PURPOSE	5
TERMS OF REFERENCE	5
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	7
SECOND CASH FLOW FORECAST	9
RECEIVER'S BORROWINGS	10
CONCLUSIONS AND RECOMMENDATIONS	12

Appendix "A" – Second Cash Flow Forecast

INTRODUCTION

1. On November 6, 2024 (the “**Receivership Date**”), FTI Consulting Canada Inc. (“**FTI**”) was appointed as receiver and manager (the “**Receiver**”) without security of all of the assets, undertakings and property (the “**Property**”) of Rokstad Holdings Corporation, Rokstad Power (2018) Ltd., Golden Ears Painting & Sandblasting (2018) Ltd., Plowe Power Systems (2018) Ltd., Rokstad Power Construction Services Ltd., Rokstad Power Transmission Services Ltd., Rokstad Power (Prairies) Ltd., Rokstad Power (East), Inc., Rokstad Power Inc., and Rokstad Air LLC (collectively, the “**Debtors**” or “**Rokstad**”), pursuant to an Order of the Honourable Justice Loo (the “**Receivership Order**”) of the Supreme Court of British Columbia (the “**BC Court**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253.
2. On November 22, 2024, the Receiver obtained an order in the United States Bankruptcy Court for the District of Delaware (the “**US Bankruptcy Court**”) under Chapter 15 of the United States Bankruptcy Code recognizing the receivership proceedings as a foreign main proceeding, recognizing the Receivership Order and granting certain ancillary relief. A final recognition order was granted by the US Bankruptcy Court on December 12, 2024.
3. On December 4, 2024, the BC Court granted an Order which increased the amount that the Receiver is authorized to borrow under Receiver’s Certificates from US\$5.0 million to US\$8.0 million.
4. On December 13, 2024, the BC Court granted the following Orders:
 - a. an order (the “**SSP Approval Order**”):
 - i. authorizing and directing the Receiver to enter into a definitive “stalking horse” asset purchase agreement (the “**Stalking Horse APA**”) with 1501841 B.C. Ltd. and

Stellex Power Line Opco LLC (together, “**Stellex**”), or their designated nominee(s), as purchasers;

- ii. approving procedures for a sale solicitation process (the “**SSP**”);
- iii. authorizing and directing the Receiver to perform its obligations under the SSP; and
- iv. approving the payment of the Expense Reimbursement (as defined in the Stalking Horse APA) and granting a charge on the Property as security for payment of the Expense Reimbursement in the manner and circumstances described in the Stalking Horse APA;

b. an order (the “**Omnibus Approval Order**”):

- i. increasing the amount that the Receiver is authorized to borrow under Receiver’s Certificates from US\$8.0 million to US\$12.0 million;
- ii. approving a key employee retention plan (“**KERP**”) and granting a charge in favour of the KERP recipients against the Property; and
- iii. approving a settlement agreement (the “**Settlement Agreement**”) entered into by the Receiver and Stellex Capital Management LLC (“**Stellex Capital**”) of a complaint filed by Rokstad Holdings Corp. against Stellex Capital in the United States District Court Southern District of New York Case No. 1:24-cv-08370 and authorizing the Receiver to take such steps as may be necessary to implement the Settlement Agreement; and

c. an order sealing the Confidential Appendix “E” to the Second Report of the Receiver dated December 6, 2024, which contains confidential employee information in connection with the KERP.

5. On December 19, 2024, the Receiver filed a Notice of Application for an order (the “**Increase in Receiver’s Borrowings Order**”) increasing the amount that the Receiver is authorized to borrow under the Receiver’s Certificates from US\$12.0 million to US\$15.0 million.

PURPOSE

6. The purpose of this third report of the Receiver (the “**Third Report**”) is to provide this Honourable Court and the Debtors’ stakeholders with information with respect to the following:
 - a. the Receiver’s interim statement of receipts and disbursements (the “**SR&D**”) as compared to the cash flow forecast included in the first report (the “**First Cash Flow Forecast**”) of the Receiver dated December 3, 2024 (the “**First Report**”);
 - b. the Receiver’s second cash flow forecast (the “**Second Cash Flow Forecast**”) for the period from December 16, 2024 to February 7, 2025 (the “**Forecast Period**”); and
 - c. the Receiver’s application for the Increase in Receiver’s Borrowings Order.

TERMS OF REFERENCE

7. In preparing this Third Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Debtors’ books and records and discussions with various parties (collectively, the “**Information**”).
8. 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 Canadian Institute of Chartered Accountants 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 Canadian Institute of Chartered Accountants Handbook.
9. 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 variances may be material.
10. Information and advice described in this Third Report that has been provided to the Receiver by its legal counsel was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

11. The Receiver's interim SR&D for the period of November 6, 2024 to December 13, 2024 as compared to the First Cash Flow Forecast is summarized below:

Cash Flow Variance Analysis				
Six Week Period Ended December 13, 2024				
<i>USD Thousands</i>	Actuals	Forecast	Variance	
Operating Receipts				
Receiver's Certificate	8,000	8,000	-	0.0%
Collection of Accounts Receivable	9,967	9,516	451	4.7%
Other Receipts	1,357	1,572	(215)	(13.7%)
Total Receipts	19,324	19,088	236	1.2%
Operating Disbursements				
Payroll & Benefits	(11,680)	(11,026)	(654)	(5.9%)
Operating Expenses	(6,122)	(5,734)	(388)	(6.8%)
Leases	(112)	(515)	403	78.2%
Insurance	(2,086)	(2,056)	(30)	(1.5%)
Rent	(414)	(422)	7	1.8%
Taxes	(1)	-	(1)	-
Professional Fees	(123)	(50)	(73)	-
Total Disbursements	(20,538)	(19,802)	(736)	(3.7%)
Net Change in Cash	(1,215)	(714)	(500)	(70.1%)
Opening Balance	2,524	2,524	-	-
Ending Balance	\$ 1,309	\$ 1,810	\$ (500)	(27.6%)

12. A summary of the material variances are as follows:
- Receiver's Certificate relates to amounts in respect of Receiver's Borrowings advanced by Stellex, as the holder of the Receiver's Certificates. For the period ended December 13, 2024, the Receiver borrowed US\$8.0 million. An additional US\$1.0 million was advanced during the week of December 19, 2024 resulting in total Receiver's Borrowings of US\$9.0 million as at the date of the Third Report;

- b. Collection of Accounts Receivables were approximately US\$0.4 million higher than forecast which is the result of certain customers making early payments at a trade discount of approximately 2%;
 - c. Other receipts are substantially in line with forecast;
 - d. Payroll & Benefits were approximately US\$0.6 million higher than forecast as a result of increased payroll costs relating to storm response work in BC and ramp up of crews in Southern California;
 - e. Operating expenses were approximately US\$0.4 million higher than forecast which is primarily the result of under-estimates in the First Cash Flow;
 - f. Leases were approximately US\$0.4 million lower than forecast due to certain lease payments being deferred pending a security review by legal counsel;
 - g. Insurance and rent for the period are substantially in line with forecast; and
 - h. Professional fees have been incurred but not paid during the above noted period. Professional fees outstanding in addition to estimated remaining professional fees have been included in the Second Cash Flow Forecast.
13. Cash on hand as at December 13, 2024 is approximately US\$1.3 million.

SECOND CASH FLOW FORECAST

14. The Receiver has prepared the Second Cash Flow Forecast to illustrate the estate's funding requirements for the Forecast Period, a copy of which is attached at Appendix "A". A summary of the Second Cash Flow Forecast is set out in the table below:

Cash Flow Forecast <i>USD Thousands</i> For the period ended	Actuals <i>6 Weeks</i> 12/13/2024	Forecast <i>8 Weeks</i> 2/7/2025	Total <i>14 Weeks</i> 2/7/2025
Opening Balance	\$ 2,524	\$ 1,309	\$ 2,524
Receipts			
Receiver's Certificate	8,000	7,000	15,000
Collection of Accounts Receivable	9,967	23,448	33,415
Other Receipts	1,357	1,212	2,569
Total Receipts	19,324	31,660	50,984
Disbursements			
Payroll & Benefits	(11,680)	(18,125)	(29,805)
Operating Expenses	(6,122)	(9,969)	(16,091)
Leases	(112)	(839)	(951)
Insurance	(2,086)	(1,176)	(3,262)
Rent	(414)	(872)	(1,286)
Taxes	(1)	(634)	(634)
Professional Fees	(123)	(1,355)	(1,478)
Total Disbursements	(20,538)	(32,970)	(53,508)
Change in Cash	(1,215)	(1,309)	(2,524)
Ending Balance	\$ 1,309	\$ 0	\$ 0

15. The Second Cash Flow Forecast is based on the following key assumptions:
- Receipts: based on expected payment date from customers for existing invoices and forecast for scheduled work-in-progress and associated payment terms with customers;
 - Payroll and Benefits: labor time and rates by workstream for each of the Debtors' divisions and including most recent available information for storm response work or lump sum projects;

- c. Operating costs: expected project expenses and payments to suppliers for ongoing work based on discussions with management personnel in charge of the various operating divisions;
 - d. Equipment leases: estimated monthly cost of leases per the Debtors' existing lease agreements;
 - e. Rent: monthly occupation rent for the Debtors' lease premises including estimated costs for associated utilities;
 - f. Insurance: the Debtors' insurance was recently renewed and the amounts include the monthly premium financing installments;
 - g. Professional fees: relate to the expected costs of the Receiver and the Receiver's US and Canadian counsel and the remaining \$0.5 million in professional fees assumed to be paid on closing; and
 - h. Taxes: estimate for monthly remittance of GST/HST in Canada and General Excise Tax arrears in Hawaii.
16. A summary of the actual and forecast borrowings under the Receiver's Certificates are:
- a. Receiver's actual borrowing as set out in the SR&D - US\$8.0 million; and
 - b. Receiver's estimated funding requirements for the Forecast Period - US\$7.0 million, for a total of US\$15.0 million.

RECEIVER'S BORROWINGS

17. The Receivership Order and Omnibus Approval Order authorize the Receiver to borrow such monies as it deems necessary or desirable from the Debtors' existing secured lenders, Stellex, provided that the outstanding principal amount does not exceed US\$12.0 million

(US\$9.0 million advanced as at the date of this Third Report). The Receiver's Borrowings advanced by Stellex are secured by the Receiver's Borrowings Charge.

18. Subsequent to the Second Report of the Receiver and recent Court application on December 13, 2024, the Receiver, in conjunction with Management, has identified certain additional funding requirements relating to, among other things, recently arising critical supplier matters and working capital for opportunities to deploy additional crews. Accordingly, the Receiver is requesting an increase in the permitted borrowings under the Receiver's Certificates of US\$3.0 million, which increase will bring the authorized borrowings to US\$15.0 million.
19. It is expected that the additional funding will be sufficient to address the peak borrowing requirements during the Forecast Period.
20. The Receiver's comments with respect to its application for the Increase in Receiver's Borrowings Order are as follows:
 - a. With the upcoming holiday season, there is considerable uncertainty with respect to the timing of cash receipts, and receivable collections could slip into the new year;
 - b. Ramp-up of operations in the U.S. along with increased deployment of crews for storm work in British Columbia have caused increased working capital needs which were uncertain upon the commencement of these receivership proceedings;
 - c. The Debtors continue to employ approximately 490 employees with payrolls payable on a weekly basis, therefore limiting any flexibility on timing of major disbursements;
 - d. The Second Cash Flow Forecast indicates that the requested increase in the Receiver's Borrowings will be sufficient to meet the estate's funding requirements and will provide for any potential unfavourable variances in forecast receipts during the Forecast Period;

- e. the Receiver is concerned that, absent an increase to the authorized Receiver Borrowings, the Receiver may not be able to meet payroll and make other critical payments over the upcoming holiday period; and
- f. The Second Cash Flow Forecast has been reviewed in detailed with Stellex, and Stellex has confirmed its willingness to increase the maximum amount of funding available to the Receiver to US\$15.0 million, subject to investment committee approvals and the approval of this Honourable Court.

CONCLUSIONS AND RECOMMENDATIONS

- 21. The Receiver requires an increase to the permitted borrowings under the Receivership Order on an urgent basis to ensure that employees and certain key suppliers continue to be paid in the normal course and ongoing operations are preserved, to the benefit of all stakeholders.
- 22. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the Increase in Receiver's Borrowings Order.

All of which is respectfully submitted this 19th day of December 2024.

FTI Consulting Canada Inc.
in its capacity as Receiver of Rokstad



Tom Powell
Senior Managing Director



Deryck Helkaa
Senior Managing Director

Third Report of FTI Consulting Canada Inc.,
In its capacity as Receiver of Rokstad

Appendix “A” – Cash Flow Forecast

Cash Flow Forecast	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
<i>USD Thousands</i>	<i>6 Weeks</i>										<i>8 Weeks</i>	<i>14 Weeks</i>
For the period ended	12/13/2024	12/20/2024	12/27/2024	1/3/2025	1/10/2025	1/17/2025	1/24/2025	1/31/2025	2/7/2025	2/7/2025	2/7/2025	2/7/2025
Opening Balance	\$ 2,524	\$ 1,309	\$ 68	\$ 22	\$ 188	\$ 85	\$ -	\$ 731	\$ 816	\$ 1,309	\$ 2,524	
Receipts												
Receiver's Certificate	8,000	1,000	2,000	2,800	700	500	-	-	-	7,000	15,000	
Collection of Accounts Receivable	9,967	4,995	1,981	610	2,176	2,756	4,393	3,867	2,670	23,448	33,415	
Other Receipts	1,357	258	29	231	34	661	-	-	-	1,212	2,569	
Total Receipts	19,324	6,253	4,010	3,641	2,910	3,917	4,393	3,867	2,670	31,660	50,984	
Disbursements												
Payroll & Benefits	(11,680)	(3,847)	(2,087)	(1,540)	(1,977)	(3,468)	(1,668)	(1,668)	(1,869)	(18,125)	(29,805)	
Operating Expenses	(6,122)	(2,999)	(1,532)	(645)	(1,036)	(416)	(1,222)	(1,486)	(632)	(9,969)	(16,091)	
Leases	(112)	(229)	-	(306)	-	-	-	(304)	-	(839)	(951)	
Insurance	(2,086)	(18)	-	(579)	-	-	-	-	(579)	(1,176)	(3,262)	
Rent	(414)	(62)	-	(405)	-	-	-	-	(405)	(872)	(1,286)	
Taxes	(1)	(118)	(75)	-	-	(118)	-	(323)	-	(634)	(634)	
Professional Fees	(123)	(221)	(362)	-	-	-	(772)	-	-	(1,355)	(1,478)	
Total Disbursements	(20,538)	(7,494)	(4,056)	(3,475)	(3,013)	(4,002)	(3,663)	(3,781)	(3,486)	(32,970)	(53,508)	
Change in Cash	(1,215)	(1,241)	(46)	166	(103)	(85)	731	85	(816)	(1,309)	(2,524)	
Ending Balance	\$ 1,309	\$ 68	\$ 22	\$ 188	\$ 85	\$ -	\$ 731	\$ 816	\$ 0	\$ 0	\$ 0	