

Court File No. CV-16-11358-00CL

**2123125 Ontario Inc.,
formerly known as FirstOnSite G.P. Inc.**

**FOURTH REPORT OF
FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS THE MONITOR**

October 24, 2016

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
2123125 ONTARIO INC.

**FOURTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor**

INTRODUCTION

1. On April 21, 2016 (the “**Filing Date**”), 2123125 Ontario Inc., formerly known as FirstOnSite G.P. Inc. (“**FirstOnSite GP**” or the “**Applicant**”) filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Order of this Court granted on April 21, 2016 (as amended and restated, the “**Initial Order**”), FTI Consulting Canada Inc. (“**FTI**”) was appointed as the Monitor in these proceedings (the “**Monitor**”). The Initial Order provided, *inter alia*, a stay of proceedings against the Applicant through to and including May 20, 2016 (the “**Stay Period**”) and extended the relief under the Initial Order to Former Restoration L.P., formerly known as FirstOnSite Restoration L.P. (“**FirstOnSite LP**”, together with FirstOnSite GP, “**FirstOnSite**” or the “**Companies**”). The Stay Period was subsequently extended by Orders of the Court to October 31, 2016. The proceedings commenced by the Applicant under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
2. On May 9, 2016, the Court granted an Approval and Vesting Order (as amended and restated, the “**Approval and Vesting Order**”), among other things,

approving the sale transaction contemplated by the asset purchase agreement dated April 20, 2016 (the “**APA**”) between FirstOnSite LP (by its general partner FirstOnSite GP) and 3297167 Nova Scotia Limited (the “**Purchaser**”) pursuant to which the Purchaser agreed to acquire substantially all of the assets and the business of FirstOnSite (the “**Transaction**”). As further discussed below, the Transaction was completed on June 1, 2016.

3. Further background information regarding FirstOnSite and the CCAA Proceedings is provided in the affidavit of Mr. David Demos sworn April 20, 2016 and filed in support of the Initial Order (the “**Initial Order Affidavit**”), and the pre-filing report of FTI, in its capacity as proposed monitor, dated April 21, 2016 (the “**Pre-Filing Report**”). Copies of these materials, the Court orders granted in these CCAA Proceedings and other documentation relating to these CCAA Proceedings have been posted on the Monitor’s website at <http://cfcanada.fticonsulting.com/firstonsite> (the “**Monitor’s Website**”).

PURPOSE OF REPORT

4. The purpose of this report (this “**Report**”) is to provide this Court with information on the following:
 - (a) a summary of the Monitor’s activities to date;
 - (b) the appointment of Oriole Advisors Ltd. (“**Oriole**”) as Chief Restructuring Officer (“**CRO**”) over FirstOnSite;
 - (c) the completion of certain post-closing matters to date, including, among other things, the resolution of working capital adjustment matters pursuant to the APA;
 - (d) the review of Lien Claims (as defined below) to date;

- (e) the objection raised by BDC Capital Inc. (“**BDC Capital**”) as lender under a letter offer of credit entered into on November 25, 2014 (the “**Pre-Filing BDC Capital Loan**”) to the payment of certain employee bonus amounts;
- (f) certain distributions made from the proceeds of the Transaction (the “**Sale Proceeds**”);
- (g) the Applicant’s request for approval of a limited process to identify any remaining potential trust claims or Post-Filing/Pre-Closing Claims (as defined below); and
- (h) the Applicant’s request for an extension of the stay of proceedings granted under the Initial Order to January 27, 2017 (the “**Stay Extension**”).

TERMS OF REFERENCE

- 5. In preparing this Report, the Monitor has relied upon unaudited financial information of FirstOnSite, FirstOnSite’s books and records, certain financial information prepared by FirstOnSite and discussions with various parties (collectively, the “**Information**”).
- 6. Except as described in this Report:
 - (a) the Monitor 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 Accountants of Canada Handbook; and
 - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this Report in a manner that would comply

with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. Future oriented financial information reported or relied on in preparing this Report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
8. The Monitor has prepared this Report in connection with the Applicant's motion returnable October 28, 2016 (the "**October Motion**"). This Report should be read in conjunction with the affidavit of Kevin McElcheran sworn October 21, 2016 in support of the October Motion (the "**McElcheran Affidavit**").
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings given to them in the prior reports of the Monitor.

ACTIVITIES OF THE MONITOR

10. The Initial Order appointed FTI as the Monitor in these CCAA Proceedings. In addition to the activities described in the First Report of the Monitor dated April 27, 2016 (the "**First Report**"), the Supplemental Report to the Second Report of the Monitor dated May 16, 2016, and the Third Report of the Monitor dated June 22, 2016 (the "**Third Report**"), the Monitor's activities to date have included, *inter alia*:
 - (a) making materials available on the Monitor's Website;
 - (b) reviewing disbursements made by or on behalf of the Companies during the CCAA Proceedings;
 - (c) responding to inquiries from creditors and other interested parties received by the Monitor;

- (d) assisting the Companies in connection with various post-closing matters, including reviewing the working capital adjustment put forward by the Purchaser pursuant to the APA;
- (e) returning the Potential Trust Claimant Reserve to the Purchaser pursuant to the terms of the APA;
- (f) reviewing Lien Notices (as defined below) submitted to the Monitor pursuant to the Initial Order, and reducing the Lien Claims reflected in such Lien Notices by the amounts such Lien Claims have been paid to date, as discussed in further detail below;
- (g) making certain distributions from the Sale Proceeds pursuant to the Distribution Order granted May 18, 2016 (the “**Distribution Order**”);
- (h) assisting the CRO;
- (i) participating in discussions with the Companies, the Companies’ legal and financial advisors, and other interested parties in connection with the October Motion, the BDC Capital Motion (as defined below) and the Working Capital Adjustment Motion (as defined below), and reviewing and considering various documentation in connection with the foregoing; and
- (j) preparing this Report.

APPOINTMENT OF THE CRO

11. In connection with the resignation of the directors of the Applicant, and pursuant to an Order of the Court granted June 27, 2016 (the “**CRO Appointment Order**”), Oriole was appointed as CRO of FirstOnSite. The terms and conditions of the CRO’s engagement were also approved pursuant to the CRO Appointment Order.

TRANSACTION POST-CLOSING MATTERS

Working Capital Adjustment

12. Pursuant to the APA, the Purchaser was required to deliver to FirstOnSite within 90 days of the closing of the Transaction a written statement (the “**Purchaser’s Working Capital Adjustment**”) of the Purchaser’s good faith determination of the Final Working Capital (as defined in the APA). The Purchaser’s Working Capital Adjustment was delivered by the Purchaser following close of business on August 30, 2016, with such delivery being effective as of August 31, 2016 pursuant to the terms of the APA.
13. The Companies, with the assistance of the Monitor, reviewed the Purchaser’s Working Capital Adjustment and made various information requests to the Purchaser in connection with such review. Pursuant to the APA, the Companies were required to notify the Purchaser within 20 days of receipt of the Purchaser’s Working Capital Adjustment (the “**Objection Deadline**”) of any objections to the Final Working Capital by the Companies (the “**Seller’s Working Capital Objections**”). As the Companies and the Monitor had not received all requested information in connection with their review of the Purchaser’s Working Capital Adjustment prior to the expiry of the Objection Deadline, the Companies and the Purchaser agreed to extend the Objection Deadline by seven days. During this period, the Companies, with the assistance of the Monitor, worked with the Purchaser to attempt to resolve disputed items in the Purchaser’s Working Capital Adjustment.
14. On September 27, 2016, the Companies delivered the Seller’s Working Capital Objections to the Purchaser pursuant to the terms of the APA, and continued to work diligently with the Purchaser and the Monitor to resolve disputed items reflected in the Seller’s Working Capital Objections.

15. On October 17, 2016, FirstOnSite and the Purchaser entered into a settlement agreement (the “**Working Capital Settlement Agreement**”) pursuant to which the Companies’ objections raised in connection with Purchaser’s Working Capital Adjustment were consensually resolved, with the exception of one objection relating to the inclusion by the Purchaser of certain stub bonus payments in the Purchaser’s Working Capital Adjustment (the “**Remaining Working Capital Objection**”), as further discussed below. Pursuant to the Working Capital Settlement Agreement it was agreed that the Companies would bring a motion before the Court to resolve the Remaining Working Capital Objection (the “**Working Capital Adjustment Motion**”), which motion is currently scheduled to be heard on November 16, 2016, concurrently with the BDC Capital Motion (further discussed below).
16. As further discussed below, the Monitor is supportive of a consensual resolution of the Remaining Working Capital Objection, and of the BDC Capital Motion, and is working with the parties to achieve a potential resolution in advance of such motions. To the extent these matters cannot be consensually resolved, the Monitor agrees that such matters should proceed before the Court for a final determination of the issues. The Monitor is working with the parties in respect of both paths in order to try to maximize the value of the recovery for creditors and to address matters in an efficient manner for the benefit of the Companies’ stakeholders. The Monitor may report further in connection with the Working Capital Adjustment Motion in advance of such motion as appropriate.
17. Pursuant to the Working Capital Settlement Agreement, FirstOnSite paid to the Purchaser an amount of \$87,278.29 in full satisfaction of its obligations in respect of the Final Working Capital (the “**Seller’s Working Capital Adjustment Payment**”), and the Purchaser has agreed to pay back to FirstOnSite any amounts that may become payable by the Purchaser to FirstOnSite upon the determination of the Working Capital Adjustment Motion by the Court or mutual agreement by the Purchaser and FirstOnSite within five (5) business days of such determination.

18. Pursuant to the Distribution Order, the first-ranking \$2,000,000 charge granted in favour of the Purchaser (the “**Purchaser’s Charge**”) over a portion of the purchase price in an amount determined by the Monitor to satisfy potential trust claims which may be asserted against FirstOnSite pursuant to Applicable Lien Legislation (as defined below) and FirstOnSite’s potential payment obligations, if any, arising in connection with the working capital adjustment under the APA (the “**Additional Trust Claim Reserve**”) was automatically released upon the Purchaser’s receipt of the Seller’s Working Capital Adjustment Payment, without any further Order of the Court or any other further action. For certainty, under the Working Capital Settlement Agreement, the Purchaser acknowledged that upon payment of the Seller’s Working Capital Adjustment Payment, the Purchaser’s Charge created pursuant to the Distribution Order in favour of the Purchaser was released.

Extension of the Transition Agreement

19. As discussed in the Third Report, prior to the closing of the Transaction, the Purchaser advised that it required FirstOnSite to continue to temporarily hold certain contracts of the Companies that relate to work for which applicable law requires the existing licence delivered to FirstOnSite by the Régie du bâtiment du Québec, pursuant to the *Builder’s Act* (Quebec) and bearing number 8353-0295-53, or a licence in replacement thereof (such contracts being the “**Quebec Contracts**”) for a period of time following the closing of the Transaction while the Purchaser continues its efforts to obtain a licence from the Régie du bâtiment du Québec pursuant to the *Builder’s Act* (Quebec) in connection with the Quebec Contracts.
20. In connection with the foregoing, FirstOnSite agreed to enter into a transition agreement with the Purchaser (the “**Transition Agreement**”) pursuant to which, *inter alia*, (a) FirstOnSite would continue to perform the construction or restoration work under the Quebec Contracts on the terms and subject to the

- conditions under the Transition Agreement, including the Purchaser providing the Purchaser Services and Supplies (as defined in the Transition Agreement); (b) the Purchaser would pay all out-of-pocket costs and expenses of FirstOnSite incurred in performing the work under the Quebec Contracts; and (c) the Quebec Contracts would not vest in the Purchaser until delivery by the Monitor of a subsequent Monitor's certificate (the "**Subsequent Monitor's Certificate**"), which the Monitor would deliver following the receipt of a Transition Date Notice (as defined in the Transition Agreement) from the Purchaser.
21. As discussed in the Third Report, on June 1, 2016, the Purchaser sought and obtained certain amendments to the Approval and Vesting Order, which among other things, (a) authorized and approved the execution of the Transition Agreement by FirstOnSite, (b) provided that the Quebec Contracts will only vest in the Purchaser upon delivery by the Monitor of the Subsequent Monitor's Certificate, and (c) granted a first-ranking charge in favour of the Purchaser over the Quebec Contracts until the delivery by the Monitor of the Subsequent Monitor's Certificate.
 22. The Transition Agreement was set to expire on the earlier of: (a) the date on which the Purchaser delivers the Transition Date Notice to FirstOnSite and the Monitor and the Monitor delivers the Subsequent Monitor's Certificate; (b) upon notice by FirstOnSite to the Purchaser following any material breach by the Purchaser of the terms of the Transition Agreement which breach has not been cured within ten business days of notice of such breach having been provided by FirstOnSite to the Purchaser; and (c) August 31, 2016 (the "**Expiry Date**").
 23. On August 31, 2016, FirstOnSite and the Purchaser entered into an agreement amending the Transition Agreement to extend the Expiry Date to September 30, 2016, and subsequently entered into a second amending agreement to the Transition Agreement (the "**Second Amending Agreement**") to extend the Expiry Date to November 15, 2016.

24. Pursuant to the Second Amendment Agreement, the Purchaser also agreed to (a) provide timely, accurate and fulsome disclosure to FirstOnSite and the Monitor of its progress in obtaining the New Quebec License (as defined in the Transition Agreement); and (b) pay or otherwise satisfy any remaining outstanding amounts on the Potential Trust Claimants List that are owing to Potential Trust Claimants, as required pursuant to the APA and discussed further below, prior to November 15, 2016. As further discussed below, as of October 5, 2016, there remain approximately \$485,000 of Potential Trust Claims (as defined below) identified on the Potential Trust Claimant List that have not yet been paid or satisfied by the Purchaser.
25. To date, the Monitor has not received the Transition Date Notice from the Purchaser pursuant to the Transition Agreement, as amended, and as such the Monitor has not yet delivered the Subsequent Monitor's Certificate.

Satisfaction of Certain Potential Trust Claims

26. Pursuant to the APA, the Purchaser assumed, among others, the obligations set out in the Potential Trust Claimants List, as such list may have been amended from time to time pursuant to the APA.
27. Pursuant to the APA, following the closing of the Transaction, on the fourteenth day following closing and on every fourteenth day thereafter, the Purchaser is required to provide FirstOnSite and the Monitor with a report, certified by an officer of the Purchaser, detailing which of the amounts owing to persons on the Potential Trust Claimant List have not been paid or satisfied (each a "**Remaining Potential Trust Claims Report**"). As of October 5, 2016, the date of the last Remaining Potential Trust Claims Report delivered by the Purchaser, there remain approximately \$485,000 of Potential Trust Claims identified on the Potential Trust Claimant List that have not yet been paid or satisfied by the Purchaser.

28. As noted above, pursuant to the Second Amending Agreement to the Transition Agreement, the Purchaser has agreed to pay or otherwise satisfy any remaining outstanding amounts on the Potential Trust Claimants List that are owing to Potential Trust Claimants, as required pursuant to the APA, prior to November 15, 2016.

Return of Potential Trust Claimant Reserve

29. On closing, the Purchaser delivered to the Monitor, in its capacity as escrow agent under the APA, \$5,000,000 (the “**Potential Trust Claimant Reserve**”) to satisfy, subject to the terms and process set out in the APA, potential trust claims (“**Potential Trust Claims**”) which may be asserted against FirstOnSite by a person owed funds by FirstOnSite (each a “**Potential Trust Claimant**”) under the *Construction Lien Act* (Ontario), the *Mechanics Lien Acts* of New Brunswick and Prince Edward Island or the *Builders Lien Acts* of Nova Scotia, Manitoba, British Columbia, Saskatchewan and Alberta (“**Applicable Lien Legislation**”) and that are reflected on the Potential Trust Claimant List delivered to the Purchaser, as such list may have been amended from time to time pursuant to the APA.
30. Pursuant to the APA, the parties agreed to, with the consent of the Monitor, authorize the full or partial return of the Potential Trust Claimant Reserve to the Purchaser to reflect the reduction in exposure to FirstOnSite, on a dollar for dollar basis, to Potential Trust Claims listed in the Potential Trust Claimant List as such amounts are paid or otherwise satisfied. Accordingly, given the payments of certain Potential Trust Claims made by the Purchaser, as certified in Remaining Potential Trust Claims Reports delivered to FirstOnSite and the Monitor as of June 29 and July 13, 2016, the full amount of the Potential Trust Claimant Reserve was returned to the Purchaser pursuant to the APA.

REVIEW OF LIEN CLAIMS

31. As discussed in the First Report, pursuant to the Initial Order, the Applicant obtained a stay as against any person who has supplied services and/or materials to FirstOnSite to preserve and perfect a lien under Applicable Lien Legislation (each a “**Lien Claim**”) against any projects to which FirstOnSite was a contracting party. The Initial Order further provides that (a) any person who wishes to preserve or perfect a Lien Claim (each a “**Lien Claimant**”) shall be required to provide to the Monitor and FirstOnSite a notice setting the amount and particulars of its Lien Claim (a “**Lien Notice**”), and (b) upon serving a Lien Notice, the Lien Claimant shall be entitled to a charge on the Charged Property (as defined in the Initial Order) in an amount equivalent to the value that the Lien Claimant would otherwise be entitled to in connection with a lien under the applicable legislation (collectively, the “**Lien Charge**”).
32. Under the Initial Order, the Monitor is authorized to review and reduce or disallow a Lien Claim set out in a Lien Notice, or refer such matter for determination by the Court, on notice to the applicable Lien Claimant.
33. During the period from the granting of the Initial Order until the completion of the Transaction, a number of suppliers of materials and/or services submitted Lien Notices asserting Lien Claims pursuant to the process set out in the Initial Order. Pursuant to the APA, the amounts owing in respect of such Lien Claims were subsequently assumed by the Purchaser on closing of the Transaction.
34. Based on information received by the Monitor to date, the Monitor understands that all of the Lien Claims have now been either partially or fully re-paid, with approximately \$1,248 of potential Lien Claims in the aggregate remaining outstanding as of the date of this Report (the “**Remaining Lien Claim Amount**”).
35. The Monitor has sent notices (each a “**Lien Claim Reduction Notice**”) to each Lien Claimant reducing its Lien Claim by the amount such Lien Claim has been

- paid based on the information provided to the Monitor, in many instances reducing such Lien Claims to \$0.
36. Pursuant to the Initial Order, a Lien Claimant has 10 days to give notice to the Monitor and FirstOnSite that it intends to seek a review by the Court of the decision of the Monitor to reduce or disallow a Lien Claim on a motion before a judge of this Court. As of the date of this Report, the Monitor has not received any such notices, and the ten-day objection period in respect of most of the Lien Claim Reduction Notices delivered by the Monitor to date has passed.
37. The Lien Charge ranks in priority to the obligations owing to BDC Capital under the Pre-Filing BDC Capital Loan. As such, the Monitor intends to hold the Remaining Lien Claim Amount until the applicable remaining potential Lien Claims are fully paid by the Purchaser pursuant to its assumed obligations under the APA or otherwise resolved or satisfied.

SENIOR MANAGEMENT EMPLOYEE BONUS PAYMENTS

38. As discussed in the Pre-Filing Report and the Third Report, prior to the commencement of the CCAA Proceedings, the Monitor was advised that the board of directors of the Applicant (the “**Board**”) had approved a targeted bonus program for 2016 for certain senior management employees (the “**2016 Bonus Program**”). The 2016 Bonus Program was based on certain targets, the achievement of which were to be assessed by the Board on closing of the Transaction, and the 2016 Bonus Program was to be paid on or as soon as practicable following closing of the Transaction. The 2016 Bonus Program was also described in the Initial Order Affidavit.
39. At a Board meeting on May 26, 2016 attended by the Monitor, the Board determined that the targets for the 2016 Bonus Program had been met and that the bonus payments under the 2016 Bonus Program (the “**Stub Bonus Payments**”) in

the aggregate amount of approximately \$396,025 were to be paid to the applicable employees upon closing of the Transaction.

40. BDC Capital has advised the Companies and the Monitor, following the closing of the Transaction, that it objects to the payment of the Stub Bonus Payments, and it intends to bring a motion for an order, *inter alia*, declaring that BDC Capital is entitled to payment in respect of the outstanding obligations under the Pre-Filing BDC Capital Loan in priority to the amounts payable under the 2016 Bonus Program (the “**BDC Capital Motion**”), which motion is currently scheduled for November 16, 2016.
41. As discussed above, the Monitor understands that the Purchaser has paid the Stub Bonus Payments to two of the employees entitled to such payments under the 2016 Bonus Program on the basis that such amounts were assumed obligations under the APA, and included such amounts in the Purchaser’s Working Capital Adjustment. As also discussed above, FirstOnSite has objected to the inclusion of such amounts in the Purchaser’s Working Capital Adjustment, which objection is the subject of the Working Capital Adjustment Motion.
42. The Monitor is supportive of a consensual resolution of all matters and objections relating to the Stub Bonus Payments, and continues to work with the parties to achieve a potential resolution in advance of the Working Capital Adjustment Motion and BDC Capital Motion. As discussed above, to the extent these matters cannot be consensually resolved, the Monitor agrees that such matters should proceed before the Court for a final determination of the issues. The Monitor is working with the parties in respect of both paths in order to try to maximize the value of the recovery for creditors and to address matters in an efficient manner for the benefit of the Companies’ stakeholders. The Monitor may also report further in connection with the BDC Capital Motion in advance of such motion as appropriate.

DISTRIBUTIONS FROM SALE PROCEEDS

43. As discussed in the Third Report, on May 18, 2016, the Court granted the Distribution Order, which, among other things, authorized the Monitor to make certain distributions subject to the Monitor retaining from the Sale Proceeds of the Transaction a reserve of funds (the “**Reserve**”) in an amount satisfactory to the Monitor, in consultation with FirstOnSite, or in an amount determined by the Court, sufficient for the payment of the Professional Expenses and Post-Filing Expenses (each as defined below) and to secure the obligations under the Administration Charge, the KERP Charge, the Financial Advisor’s Charge, any other obligations of FirstOnSite that rank in priority to the Charges, the security granted in respect of the Pre-Filing ABL Facility, the Pre-Filing BDC Loan and the Pre-Filing BDC Capital Loan, including any statutory deemed trust claims that may arise under provincial legislation and including, with respect to the secured obligations under the Pre-Filing BDC Capital Loan, any outstanding claims secured by the Lien Charge, and any other contingent amounts appropriate under the circumstances (the “**Priority Claims**”).
44. The distributions authorized under the Distribution Order include distributions by the Monitor on closing of the Transaction to Wells Fargo, as DIP Lender and Pre-Filing ABL Agent, BDC and BDC Capital up to the maximum amounts outstanding under the DIP Facility, the Pre-Filing ABL Facility, the Pre-Filing BDC Loan and the Pre-Filing BDC Capital Loan, respectively, subject in each case to the relative priority of the security granted by FirstOnSite (or pursuant to the Initial Order, as applicable) in favour of the DIP Lender, the Pre-Filing ABL Agent, BDC and BDC Capital, respectively, and subject to the Reserve. The Distribution Order also authorized the Monitor to make additional distributions, if needed, to these parties from time to time following closing, without further Order of the Court, up to the amounts owing to them, also subject in each case to the relative priority of the security granted in favour of such parties, and subject to the Reserve.

45. The Distribution Order also authorized the Monitor to, in consultation with FirstOnSite, distribute on behalf of FirstOnSite from the Sale Proceeds and any further amounts that may be delivered to the Monitor by the Companies following completion of the Transaction, among other payments:
- (a) amounts owing by FirstOnSite in respect of fees and expenses of the Monitor and the Monitor's legal counsel and of legal counsel to FirstOnSite (collectively, the "**Professional Expenses**");
 - (b) amounts owing by FirstOnSite in respect of obligations incurred by FirstOnSite since the commencement of the CCAA Proceedings (collectively, the "**Post-Filing Expenses**"); and
 - (c) amounts owing by FirstOnSite in respect of Priority Claims and any other amounts owing by FirstOnSite with the consent of the Monitor.
46. In addition to the distributions set out in the Third Report, in accordance with the Distribution Order, the Monitor has made the following additional distributions from the Sale Proceeds to date:
- (a) a distribution to BDC Capital in partial repayment of the Pre-Filing BDC Capital Loan in the amount of \$400,000; and
 - (b) certain additional distributions in respect of Professional Expenses and Post-Filing Expenses.
47. As at October 14, 2016, there remains approximately \$5.15 million owing to BDC Capital under the Pre-Filing BDC Capital Loan.
48. The Monitor continues to hold the balance of the Sale Proceeds pursuant to the Distribution Order. As at the date of this Report, the Monitor is holding approximately \$4.5 million in its accounts on behalf of FirstOnSite.

PROPOSED CLAIMS NOTIFICATION PROCESS

49. Pursuant to the Distribution Order, the Monitor has retained certain funds from the Sale Proceeds, including, *inter alia*, (i) in connection with potential trust claims which may potentially be asserted against FirstOnSite pursuant to Applicable Lien Legislation as part of the Additional Trust Claim Reserve, and (ii) in connection with Post-Filing Expenses incurred prior to the Closing of the Transaction that were not assumed by the Purchaser pursuant to the APA (collectively, “**Post-Filing/Pre-Closing Claims**”). As of the date of this Report, the Monitor understands that, based on the books and records of FirstOnSite, there may be approximately \$110,000 of amounts owing by FirstOnSite that could potentially constitute trust claims; however, other than in connection with certain of the Lien Claims submitted pursuant to the process under the Initial Order, the Monitor is not aware of any parties asserting outstanding potential trust claims against the Companies. The Monitor is also not aware of any outstanding Post-Filing/Pre-Closing Claims, other than professional expenses incurred in connection with these CCAA Proceedings.
50. To facilitate the distribution of the remaining Sale Proceeds being retained by the Monitor pursuant to the Distribution Order, the Applicants are seeking Court approval of a limited process (the “**Proposed Claims Notification Process**”) to identify any outstanding potential trust claims or Post-Filing/Pre-Closing Claims (collectively “**Eligible Claims**”).
51. Pursuant to the Proposed Claims Notification Process, the Monitor would distribute a notice to known creditors of the Companies that, based on the Companies’ books and records, have amounts outstanding to them that were not assumed by the Purchaser pursuant to the APA, in substantially the form attached to the McElcheran Affidavit (the “**Claims Notice**”).

52. Pursuant to the Claims Notices, parties who believe they have an Eligible Claim owing by FirstOnSite would have until November 15, 2016 (the “**Claims Bar Date**”) to advise the Monitor of such claim, otherwise any such claims will be fully and finally barred and extinguished.
53. The Monitor believes that in the circumstances, the Proposed Claims Notification Process and the Claims Bar Date, are appropriate and that, subject to the resolution of any Eligible Claims that may be submitted to the Monitor pursuant to the Proposed Claims Notification Process by the Claims Bar Date, it would be appropriate that the Monitor no longer be required to reserve funds from the Sale Proceeds in respect of Eligible Claims.

REQUEST FOR THE STAY EXTENSION

54. As noted above, the Stay Period currently expires on October 31, 2016.
55. The Applicant is seeking a further extension of the Stay Period to January 27, 2017 for the Companies to, among other things, complete certain remaining post-closing matters, including matters under the Transition Agreement with the Purchaser, the resolution of the BDC Capital Motion and the Working Capital Adjustment Motion and the distribution of remaining Sale Proceeds. The continuation of the stay of proceedings is necessary to provide the stability needed during that time.
56. Based on the information provided to the Monitor, it appears as though the Reserve held by the Monitor will be sufficient to provide the Companies with the liquidity to fund post-closing activities and the CCAA Proceedings to January 27, 2017.
57. Based on the information presently available, the Monitor believes that creditors will not be materially prejudiced by the proposed extension of the Stay Period.

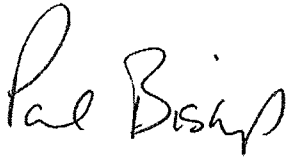
58. The Monitor is not aware of any non-compliance by the Companies with requirements under the CCAA or pursuant to any Order issued by this Court in the CCAA Proceedings. The Monitor believes that the Companies have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.

MONITOR'S CONCLUSIONS

59. For the reasons discussed above, the Monitor respectfully recommends that the proposed Stay Extension be granted and the Proposed Claims Notification Process be approved by the Court.

All of which is respectfully submitted this 24th day of October, 2016.

FTI Consulting Canada Inc.,
in its capacity as Monitor of
2123125 Ontario Inc.,
formerly known as FirstOnSite G.P. Inc.



Paul Bishop
Senior Managing Director



Michael Basso
Director

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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Court File No: CV-16-11358-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

FOURTH REPORT OF THE MONITOR

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