

District of Nova Scotia
Division No. 04 — Halifax
Court N. 43944
Estate No. 51-2615924

IN THE SUPREME COURT OF NOVA SCOTIA

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL DISTRICT OF HALIFAX

IN THE MATTER OF the proposal of Total Demolition Limited under the *Bankruptcy and Insolvency Act*
R.S.C. 1985, c.C-3

PROPOSAL

We, Total Demolition Limited, the above-noted Debtor, (hereinafter the "Debtor", or the "Company"), being insolvent, hereby submit the following proposal under Part III, Division I of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.C-3

ARTICLE I
DEFINITIONS

1.01 Definitions

In this Proposal, unless otherwise stated or unless the context otherwise requires, the following words and phrases shall have the indicated meanings:

"Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended;

"Administrative Fees and Expenses" means all proper fees and expenses of the Trustee incurred both before and after the filing by the Debtor of this Proposal pursuant to the *Act*

"Affected Claims" means all Unsecured Claims, excluding Administrative Fees and Expenses;

"Affected Creditors" means all Creditors having Affected Claims against the Debtor;

"Claim" means any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind of the Debtor in existence on the Notice of Intention Date (or which has arisen after the Notice of Intention Date as a result of the termination, repudiation or non-performance by the Debtor of any lease or executory contracts), whether liquidated, unliquidated, fixed, contingent, absolute, matured, unmatured, disputed, undisputed, asserted,

unasserted, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown by guarantee, surety or otherwise, whether or not reduced to judgment, and whether or not such right is executory in nature (including any claims pursuant to any agreements containing rights to acquire shares of the Debtor);

"Court" means the Supreme Court of Nova Scotia in Bankruptcy and Insolvency;

"Court Approval Date" means the date upon which the Court makes an order approving this Proposal;

"Court Approval Order" means the final order of the Court approving this Proposal in accordance with Section 60 of the Act;

"Creditors" means the Secured, Preferred and Unsecured Creditors of the Debtor;

"Debtor" means Total Demolition Limited;

"Filing Date" means the date upon which this proposal is filed by the Debtor with the Official Receiver;

"Inspector" means any inspector appointed pursuant to Section 6.01 hereof;

"Notice of Intention Date" means February 10th, 2020, the date on which the Debtor filed a Notice of Intention to Make a Proposal ("NOI") with the Official Receiver in Halifax, Nova Scotia;

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, labour union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"Preferred Claim" means a Claim enumerated in Section 136(1) of the Act;

"Preferred Creditor" means a Person holding a Preferred Claim, with respect to and to the extent of such Preferred Claim;

"Property" means the property, assets or undertakings of the Debtor;

"Proposal" means this Proposal of the Debtor, as may be amended or altered in accordance with the Act or the terms hereof;

"Proposal Fund" means the fund(s) created pursuant to and described in Article VI of this Proposal;

"Proven Claim" means in respect of a creditor, the amount of the Claim of such creditor finally determined in accordance with the provisions of the Act;

"Secured Claims" means all Claims which are secured by a mortgage, charge, lien, hypothec or other security validly charging or encumbering Property (including statutory and possessory liens);

"Secured Creditor" means a Person holding a Secured Claim, with respect to and to the extent of such Secured Claim;

"Source Deductions" means all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* (Canada), any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and

provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act* or that refers to that subsection, to the extent that it provides for the collection of a sum, and any related interest, penalties or other amounts, where the sum (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under *the Income Tax Act*, or (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.;

"Subsequent Creditor" means a Person as described in Sub-Section 3.01(d) hereof;

"Superintendent's Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to Section 147 of the Act;

"Trustee" means MNP Ltd. in its capacity as trustee in respect of this Proposal;

"Unsecured Claim" means any Claim, other than a Secured Claim, or Source Deductions; and

"Unsecured Creditor" means a Person holding an Unsecured Claim, with respect to, and to the extent of such Unsecured Claim.

ARTICLE II

PURPOSE, EFFECT AND CONDITIONS PRECEDENT

2.01 Purpose of this Proposal

This Proposal provides for a monetary payment that will be provided to the Trustee by the Debtor and distributed by the Trustee in accordance with the terms of this Proposal in full and final satisfaction of all Affected Claims against the Debtor. The expectation of this Proposal is that all Creditors will derive a greater benefit from the distribution herein contemplated than would result from a forced liquidation of its assets.

2.02 Effect of Proposal

This Proposal Stays the actions of all Creditors against the Debtor, terminates or amends all existing contracts and agreements and provides terms on which all Affected Claims will be fully and finally resolved and settled. This Proposal is binding on the Debtor and all Affected Creditors in the manner provided for in this Proposal and the Act.

2.03 Conditions Precedent

The implementation of this Proposal shall be conditional upon the fulfillment of all of the following conditions:

- a) The Proposal shall be approved by the Affected Creditors in accordance with the Act; and
- b) The Proposal shall be approved by the Court and all appeal periods with respect to the Court Approval Order shall have expired.

ARTICLE III

CLASSES OF CREDITORS

3.01 Classes of Creditors and Treatment of Claims

(a) Secured Creditors

This Proposal is not being made to Secured Creditors. Secured Creditors will be paid in accordance with existing agreements between themselves and the Debtor, or on amended terms that are mutually agreeable. In the event the Debtor defaults on any term within the said agreements, after the Court Approval Date, the Secured Creditor(s) shall have their usual remedies.

(b) Priority Claims

Section 136 Claims

The Claims of all Preferred Creditors, if any, shall be paid in full, without interest or penalty, and subject to the Superintendent's Levy, in priority to all claims of the other Unsecured Creditors, to the extent provided for in section 136 of the Act.

Employee Claims

Immediately after the Court Approval Date, employees and former employees of the Debtor, excluding independent contractors and commissioned sales agents, will be paid amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the Act, if the Debtor became bankrupt on the Date of Filing, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court Approval Date, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period.

Source Deductions

The Debtor covenants and agrees that it shall, within six (6) months after the Court Approval Date, or as otherwise agreed, pay in full to Her Majesty in Right of Canada or a

Province, all Source Deductions, as herein defined, that were outstanding at the time of the filing of the Notice of Intention to make a Proposal.

(c) Unsecured Creditors

For purposes of voting on this proposal, there shall be one class of Creditors: Unsecured Creditors.

Unsecured creditors shall be paid their Claims on a pro-rata basis to the extent of the funds available to be distributed from Proposal Fund.

(d) Payments to Subsequent Creditors

(i) Amounts owed by the Debtor for goods and services actually provided to the Debtor after the Notice of Intention Date, excluding damages or other claims arising subsequent to the Notice of Intention Date, will be paid in the ordinary course of business according to normal credit terms, by the Debtor. Accordingly, subsequent creditors shall be unaffected by this Proposal in respect only of such amounts.

(ii) The Debtor covenants and agrees that during the course of this Proposal, it will remit all HST payments and file HST returns due subsequent to the Notice of Intention Date, as required by the "Excise Tax Act."

(iii) The Debtor covenants and agrees that during the course of this Proposal, it will remit all payroll deductions (employment insurance premiums, Canada Pension Plan contributions, and income tax) collected or withheld subsequent to the Notice of Intention Date, as required by the "Income Tax Act."

**ARTICLE IV
PROPOSAL FUND**

4.01 Collection and Distribution

The following payments shall be made to the Trustee, from the Debtor's cash flows as a result of its ongoing operations, to be held in Trust and used to pay the Administrative Fees and Expenses of the Trustee as they relate to this proceeding, with the residual being for the benefit of the Unsecured Creditors.

The debtor agrees to pay a total of one-hundred eighty-three thousand Dollars (\$183,000). Three thousand (\$3,000) has been paid to the Trustee on the filing of the NOI, remaining payments will be paid at a rate of at least three thousand (\$3,000) per month for a period of sixty (60) months.

The first monthly payment is due by the last day of March 2020, and on or before the last day of every month thereafter.

The Trustee shall distribute the moneys received to the unsecured creditors, subject to the Administrative Fees and Expenses and the Superintendent's Levy, on a quarterly basis, with the first quarterly payment being paid at the end of the sixth monthly payment hereunder.

4.02 Administrative Fees and Expenses

Subject to final taxation by the Court, the Creditors authorize the Trustee to withdrawal the following amounts, (the "pre-authorized fees") from the Proposal Fund:

- (a) All proper or statutory disbursements required pursuant to this proceeding;
- (b) \$3,000 received by the Trustee from the Debtor prior to the filing of the NOI;
- (c) \$4,000 on Creditor Approval
- (d) \$4,000 on Court Approval
- (e) \$20,000 during the remaining term of the Proposal

The Trustee may seek Creditor, Inspector, or Court approval for the payment of additional fees, should the Trustee's actual fees, based on its normal hourly rates, exceed the above pre-approved fees.

4.03 Further Disclaimer of Contracts

In order to permit the successful implementation of its Proposal, the Debtor reserves its right to disclaim, pursuant to its Proposal, any contract to which it is a party. Notice of the exercise of such right of disclaimer, with respect to contracts not previously disclaimed, repudiated or terminated by the Debtor as of the date of this Proposal, shall be given no later than seven (7) days prior to the vote of creditors on the Proposal. Any damages resulting from such disclaimer shall be Affected Claims, and creditors shall have the right to file a proof of claim therefore within sixty (60) days of the disclaimer.

ARTICLE V EXTINGUISHMENT OF CLAIMS

5.01 Extinguishment

Upon completion of the terms of this Proposal by the Debtor, all Affected Claims shall, as against the Debtor, be deemed to be fully and finally satisfied, settled and discharged.

During the term of this Proposal and after its conditions have been fully performed by the Debtor:

- a) No Person shall have any further right, remedy or claim against the Debtor in respect of all or any portion of an Affected Claim; and
- b) No Person shall have any further right, remedy or claim against the directors or officers of the Debtor in respect of all or any portion of a Claim arising before the Filing Date and which relates to the obligations of the Debtor where the directors or officers are by law liable in their capacity as directors or officers for the payment of such obligations.
- c) Provided nothing herein shall release or discharge a Director from claims that:
 - (i) Relate to contractual rights of one or more Creditors arising from contracts with the Director; or
 - (ii) Are based on allegations of misrepresentation made by the Director to Creditors or of wrongful or oppressive conduct by the Director;
- d) All liens, certificates of pending litigation, executions, or other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Debtor. Upon the implementation of the Proposal, any and all such registered liens, certificates of pending litigation, executions or other similar charges or actions brought, made or claimed by Affected Creditors will be and will be deemed to have been discharged, dismissed or vacated without cost to the Debtor and the Debtor will be released from any and all Claims of Affected Creditors, subject only to the right of Affected Creditors to receive distributions as and when made by the Trustee pursuant to this Proposal. This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

ARTICLE VII INSPECTORS

6.01 Appointment of Inspectors

At the Creditors' Meeting, the Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- a) advising the Trustee concerning any dispute which may arise as to the validity of Claims;
- b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them; and
- c) approving the deferral of the payments set out in Section 6.01 by up to 30 days.

6.02 Referral of Decisions of Inspectors to the Court

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

6.03 Discharge of Inspectors

The authority and term of office of the Inspectors shall terminate upon the discharge of the Trustee

ARTICLE VIII

TRUSTEE, CERTIFICATE OF COMPLETION AND DISCHARGE OF TRUSTEE

7.01 Proposal Trustee

MNP Ltd., shall be the Trustee pursuant to this Proposal and upon the making of distributions and the payment of any other amounts provided for in this Proposal, the Trustee will be entitled to be discharged from its obligations under the terms of this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business, liabilities or obligations of the Debtor, whether existing as at the Notice of Intention Date or incurred subsequent thereto.

7.02 Certificate of Full-Performance and Discharge of Trustee

Upon the Trustee distributing the Proposal Fund to Affected Creditors, the terms of the Proposal shall be deemed to be fully performed and the Trustee shall provide a certificate to the Debtor and to the Official Receiver pursuant to Section 65.3 of the Act and the Trustee shall be entitled to be discharged.

ARTICLE IX

GENERAL

8.01 Construction

In this Proposal, unless otherwise expressly stated or the context otherwise requires:

- a) The division of the Proposal into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Proposal;
- b) The words "hereunder", "hereof" and similar expressions refer to the Proposal and not to any particular Article or Section and references to "Articles" or "Sections" are to Articles and Sections of the Proposal;
- c) Words importing the singular include the plural and vice versa and words importing any gender include all genders;

- d) The word "including" means "including without limiting the generality of the foregoing";
- e) A reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;
- f) References to dollar amounts are to Canadian dollars unless otherwise specified; and
- g) References to times are Atlantic time.

8.02 Valuation

For purposes of proofs of claim, voting and Distributions, all Claims shall be valued as at the Notice of Intention Date, or as at the time of termination or repudiation with respect of Claims arising from the termination, repudiation or non-performance of any lease or executory contracts.

8.03 Successors and Assigns

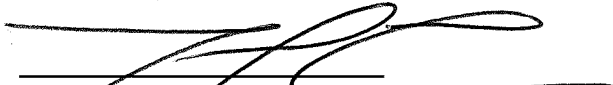
The Proposal shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of each Affected Creditor and each and every other Person named in or subject to the Proposal.

8.04 Governing Law

The Proposal shall be governed by and construed in accordance with the laws of Province of Nova Scotia and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with the Proposal shall be subject to the exclusive jurisdiction of the Court.

Dated at Halifax, Nova Scotia, this 10th day of March , 2020.

TOTAL DEMOLITION LIMITED



Michael Crowe, President

I have the authority to bind the corporation



Witness

Schedule "A"

**In the matter of the Proposal of
Total Demolition Limited
Estimated Distribution - Proposal vs. Bankruptcy**

	<u>Proposal</u>	<u>Bankruptcy</u>	Notes
Payments into proposal	\$ 183,000	-	
Collection of Accounts Receivable		220,000.0	5
Collection of Holdbacks		20,000.0	
Sale of Vehicles & Equipment		30,525.0	4
GIC		10,640.0	
Total receipts	\$ 183,000	281,165.0	
Estimated administrative costs & trustee fees	30,000	50,000.0	
Estimated to be available for Distribution	153,000	231,165.0	
Auction Fees		2,000.0	
Levy Payable Under Section 147	7,650	11,558.3	
Amount available to creditors	\$ 145,350	219,606.8	
Class A Secured	\$ -	150,235.9	1
Class B Secured	\$ -	10,640.0	2, 3
Available for Unsecured Creditors	\$ 145,350	58,730.9	
Estimated total unsecured debt	\$ 500,473	\$ 500,473	
Approximate return on amount due - Class A	100%	100%	
Approximate return on amount due - Class B	100%	56%	
Approximate return on amount due - Class C	29%	12%	

- 1) Class A Secured Creditors will be paid in full within 6 Months of Court approval of the proposal.
- 2) Under the Proposal Class B Secured Creditors will be paid from the cash flows resulting from on going operations
- 3) In a Bankruptcy Class B Secured Creditors would realize on their security being the GIC account.
- 4) The realization under a bankruptcy from the vehicles and equipment is expected to be in line with the appraised forced liquidation values.
- 5) Under a bankruptcy it is assumed that the Accounts Receivable would not be 100% collectible.