

**Court File No. 31-2639875
Estate File No. 31-2639875**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC. OF THE TOWN OF UXBRIDGE IN THE
PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THREE RELATED INTENDED PROPOSALS OF JMX
NATIONAL INC., BRND PROPERTIES INC., and
JMX LEASING INC.**

**THIRD REPORT OF CROWE SOBERMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC.**

August 12, 2020

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC. OF THE TOWN OF UXBRIDGE IN THE
PROVINCE OF ONTARIO

AND IN THE MATTER OF THREE RELATED INTENDED PROPOSALS OF JMX
NATIONAL INC., BRND PROPERTIES INC., and
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THIRD REPORT OF CROWE SOBERMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC.

August 12, 2020

1. This report (the “**Third Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notices of Intention to Make a Proposal (“**NOI**”) filed by JMX Contracting Inc. (“**Contracting**”), JMX National Inc. (“**National**”), BRND Properties Inc. (“**BRND**”), and JMX Leasing Inc. (“**Leasing**”) (collectively, the “Company” or the “**JMX Group**”).
2. Contracting carries on the business of a full-service environmental contractor construction company and carries out large scale projects in the public and private sector. Contracting is wholly owned by Leasing.

3. Leasing carries on the business of an equipment leasing company whose primary client is Contracting. National conducts no active business. BRND owns the real property located at 27 Anderson Blvd, Uxbridge Ontario that houses the Company's warehouse and corporate offices.
4. On April 17 and April 20, 2020 (the "**Filing Dates**"), the JMX Group filed Notices of Intention to Make a Proposal and Crowe was appointed as Proposal Trustee.
5. On May 15, 2020, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued a court order (the "**May 15 Order**") which, among other things:
 - i. approved the administrative consolidation of the JMX Group Proposal proceedings;
 - ii. approved an administration charge to secure payment of the fees and expenses of the Proposal Trustee and its counsel, as well as counsel to the Company;
 - iii. expanded the powers of the Proposal Trustee to, among other things, monitor the JMX Group's receipts and disbursements and approve all payments made by the JMX Group; and
 - iv. granted an extension of time within which a Proposal(s) must be filed to July 1, 2020 (the "**First Stay Extension**").
6. On June 29, 2020, the Court issued a court order (the "**June 29 Order**") granting a further extension of time within which a Proposal(s) must be filed to August 15, 2020 (the "**Second Stay Extension**"). A copy of the June 29 Order is attached hereto as **Appendix "A"**.
7. The Proposal Trustee filed its second report dated June 26, 2020 (the "**Second Report**") with the Court in support of the Second Stay Extension. A copy of the Second Report, without appendices is attached hereto as **Appendix "B"**.

8. The purpose of this Third Report is to provide the Court with information in connection with the motion of the JMX Group for a further extension of the time period to file a Proposal(s) including:
 - i. the activities of the Company and the Proposal Trustee since the Second Stay Extension was granted;
 - ii. various matters concerning the ongoing business and affairs of the Company since the Second Extension was granted;
 - iii. financing and restructuring opportunities for the Company;
 - iv. an overview of the Company's cash flow projections for the period commencing August 3 to October 26, 2020 (the "**Extended Cash Flow Projections**"); and
 - v. the Company's request for a further extension of time within which to file a Proposal(s) to September 29, 2020.

I. TERMS OF REFERENCE

9. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.
10. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management, employees, agents and consultants (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("GAAS") pursuant to the Chartered Professional Accountant of Canada Handbook (the "**CPA Handbook**") and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

II. THE PROPOSAL PROCEEDINGS

Overview of the JMX Group's Activities

11. Since the Second Stay Extension was granted, the JMX Group, in consultation with the Proposal Trustee, has been engaged in, among other things:

- i. working with the Proposal Trustee to prepare cash flow projections and variance analyses;
- ii. completing the refinancing of approximately \$1.3 million of indebtedness owing by the JMX Group to their primary secured creditor, the Royal Bank of Canada (“RBC”);
- iii. assisting RBC’s financial advisor, msi Spergel Inc. (“Spergel”) with the development of an integrated forecast at the request of RBC;
- iv. sourcing and securing new construction project contracts;
- v. dealing with two pre-filing demolition projects which were causing cash flow challenges for the JMX Group, mainly the demolition projects for Ontario Power Generation (“OPG”) and for ASNA Robson Landmark Developments Limited (“ASNA”);
- vi. ongoing discussions with a party interested in acquiring assets of the JMX Group, including the OPG Demolition Contract; and
- vii. implementing general operational and administrative changes designed to stabilize the ongoing business and cash flows of the JMX Group.

Overview of the Proposal Trustee's Activities

12. In addition to assisting the JMX Group and its legal counsel in connection with the above, the Proposal Trustee has been engaged in, among other things:

- i. monitoring the Company’s receipts and disbursements and approving all payments made by the Company as required by the May 15 Order;

- ii. confirming that all receipts from project owners and payments made to suppliers of services and/or materials to the projects for the JMX Group comply with section 8 of the Construction Act;
- iii. assisting the Company in the preparation of various cash flow projections and reviewing the information and support provided therein;
- iv. monitoring the business and financial affairs of the Company;
- v. responding to calls and enquiries from creditors and other stakeholders regarding these Proposal proceedings;
- vi. preparation of a variance analysis of cash flow projections vs actual cash flow; and
- vii. communicating with a party interested in acquiring assets of the JMX Group including the OPG Demolition Contract.

OPG Demolition Contract

- 13. Details of the issues experienced by the JMX Group as it relates to the OPG Demolition Contract are outlined in the affidavit of Mr. Charlie Dahl sworn June 24, 2020 that was filed in support of the Company's second extension motion and are not repeated herein.
- 14. The JMX Group has had and continues to have various meetings and discussions with OPG and its lawyers to try to resolve the dispute, or a process for having the dispute resolved.
- 15. As previously noted, the Proposal Trustee is involved in discussions to resolve the disagreements between the JMX Group and OPG with respect to the OPG Demolition Contract.

ASNA

- 16. As noted in the Second Report, in October 2017 the JMX Group entered into a contract to carry out the abatement of hazardous materials and demolition of a

building known as the 1400 Robson Empire Landmark Hotel in Vancouver, BC (the “**ASNA Contract**”). The Proposal Trustee understands that the JMX Group has completed work under the ASNA Contract and no longer provides any services or materials to the project.

17. The JMX Group experienced significant delays in the completion of the ASNA Contract and filed a lien on title to the project relating to its costs arising from the unforeseen conditions and delays.
18. In June 2020, ASNA brought a motion to lift the stay of proceedings to file a petition in British Columbia to, among other things, vacate the liens of subcontractors below the JMX Group and to discharge the JMX Group’s claim and vacate its lien (the “Lift Stay Motion”). Prior to the Second Stay Extension, the Lift Stay Motion was adjourned to allow ASNA and the JMX Group (the “**Parties**”) to negotiate a consensual resolution to vacate the subcontractor liens and the posting of security by ASNA to vacate the lien of the JMX Group. The Parties have since agreed that ASNA will post \$3 million in security to vacate the JMX Group’s lien. In addition, the Parties have negotiated payment of the holdback to various subtrades in return for releases.
19. Notwithstanding the settlement of the security amount for the JMX Group’s lien as well as resolution and payment of sub-trades, the Parties have been unable to agree on the appropriate forum for the determination of the claims of the Parties on their merits. The JMX Group is seeking an Order of this Court assuming jurisdiction over the claims and approval of an expedited claims determination process within these NOI proceedings.
20. The Proposal Trustee supports this request and is of the view that such relief is appropriate and in the best interest of the JMX Group and its stakeholders.

III. REFINANCING AND RESTRUCTURING ACTIVITIES

21. The Proposal Trustee notes that the JMX Group has not yet committed to a restructuring plan.
22. Whether a restructuring will take the form of a refinancing or a sale of the business will depend in part on the Company's ability to resolve their contractual disputes with Asna and OPG in the near term. The JMX Group is working diligently to resolve these disputes.
23. As previously noted, the OPG Demolition Contract is of interest to a potential purchaser and therefore the JMX Group could either proceed with a transaction that would allow the purchaser to assume and complete the OPG Demolition Contract, or proceed with a sale of Company owned equipment and assets used solely in connection with the OPG Demolition Contract on the assumption that the balance of the contract will not be performed.
24. Given the interest of potential purchasers in the OPG Demolition Contract, as well as the associated equipment used in connection with this contract, the JMX Group has focused its efforts on trying to resolve and settle the outstanding issues with OPG, including having a potential purchaser, complete the contract.
25. The Proposal Trustee understands that the JMX Group expects to have a clearer picture as to the future of the OPG Demolition Contract during the next stay extension, including whether this contract will be a part of the Company's sale process or whether the claims between OPG and the JMX Group will instead be subject to litigation.

26. Notwithstanding the ongoing OPG and ASNA issues, the Proposal Trustee is of the view that the JMX Group has made significant good faith progress in these restructuring proceedings, including:

- i. refinancing approximately \$1.3 million of RBC's secured debt, and developing a financial plan that will see the RBC indebtedness substantially reduced within the stay extension period;
- ii. negotiating a letter of intent with a potential purchaser interested in acquiring the OPG Demolition Contract;
- iii. negotiating in good faith with OPG to develop a path forward for completion of the demolition contract – whether through continued performance, or assumed performance by a third-party;
- iv. vacating the lien on title to the ASNA project, thus ensuring no ongoing prejudice to ASNA pending the outcome of their dispute; and
- v. securing new contracts and continuing to work on existing projects and collect accounts receivable which have been used to fund operations and pay sub-trade trust beneficiaries.

IV. EXTENSION OF THE STAY PERIOD TO SEPTEMBER 29, 2020

27. The current stay of proceedings will expire on August 15, 2020. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the BIA to September 29, 2020 (the “**Third Stay Extension**”) to file a proposal.

28. The Company with the assistance of the Proposal Trustee has prepared the Extended Cash Flow Projections. A copy of the Extended Cash Flow Projections is attached hereto as **Appendix “C”**, which is summarized below:

JMX Group
Extended Cash Flow Projections
For the Period August 3 to October 26, 2020

	\$
Cash-in	
Collections of A/R (including holdback)	3,825,953
COVID -19 Wage Subsidy	<u>269,957</u>
	A
	4,095,910
Cash-out	
Payroll	1,012,621
Union dues	333,690
Rent, utilities, & insurance	231,252
HST	104,690
WSIB and EHT	277,172
Payments to vendors	308,764
New contract expenses	299,808
Lease payments	449,416
Professional fees	320,000
Equipment repair	45,000
Office & other	55,364
Payments to RBC	<u>1,000,000</u>
	B
	4,437,777
Net Cash Flow	C=A-B
	<u>(341,867)</u>
Opening Cash Balance	D
	679,036
Closing Cash Balance	C+D
	337,169

29. The Extended Cash Flow Projections indicate that the Company will have sufficient liquidity to fund both operating costs and the costs of these Proposal proceedings, for the duration of the Third Stay Extension, if granted, and to reduce their indebtedness to RBC by a further \$1,000,000.

30. Based on the Company's operations reflected in the Extended Cash Flow Projections, the Proposal Trustee is of the view that payments totaling more than \$1,000,000 to RBC over the duration of the Third Stay Extension may impair the Company's ability to fund their ongoing operations and the cost of these Proceedings, should anticipated receipts be delayed. It should be noted that the JMX Group does not have access to DIP financing.

31. During the period of the Third Stay Extension, the Extended Cash Flow Projections show that the Company will continue to be in compliance with Section 8 of the Construction Act. The Proposal Trustee notes that the Company's books and records contain the information required to be maintained by the Company under Section 8 of the Construction Act.

32. The Proposal Trustee supports the Company's request for the Third Stay Extension for the following reasons:

- i. More time is required to finalize and execute a restructuring plan and to refinance RBC;
- ii. The Company is acting in good faith and with due diligence;
- iii. It is the Proposal Trustee's view that the Third Stay Extension will not materially prejudice any creditors; and
- iv. The Company will likely be able to make a viable proposal to their creditors if their request for an extension is granted.

V. CONCLUSION AND RECOMMENDATIONS

33. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Order sought by the Company, extending the Stay Period to September 29, 2020.

All of which is respectfully submitted this 12th day of August, 2020.

CROWE SOBERMAN INC.

Trustee acting under Notices of Intention to Make a Proposal of
The JMX Group

Per



Hans Rizarri, CIRP, LIT

APPENDIX

‘A’

Court File No. 31-2639875
Estate No. 31-2639875

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)**

THE HONOURABLE MADAM) MONDAY, THE 29th
)
JUSTICE CONWAY) DAY OF JUNE, 2020
)

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC. OF THE TOWN OF
UXBRIDGE IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THREE RELATED INTENDED
PROPOSALS OF JMX NATIONAL INC., BRND PROPERTIES INC.,
and JMX LEASING INC.**

**ORDER
(Re Extension of Time to File Proposal)**

THIS MOTION, made by JMX Contracting Inc., JMX National Inc., BRND Properties Inc., and JMX Leasing Inc. (collectively, the “**Debtors**” or each a “**Debtor**”) for an Order, *inter alia*, extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Charlie Dahl sworn June 24, 2020 and on hearing the submissions of counsel for the Debtors and for Crowe Soberman Inc. in its capacity as proposal trustee (the “**Proposal Trustee**”), and any other person as listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Christel Paul dated June 24, 2020, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to August 15, 2020.

ORDER EFFECTIVE IMMEDIATELY

3. Given the inability to enter Court Orders at this time, this Order is in effect immediately.

A handwritten signature in blue ink, appearing to read "Conner J.", is placed over a horizontal line.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
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AND IN THE MATTER OF THREE RELATED INTENDED PROPOSALS OF
JMX NATIONAL INC., BRND PROPERTIES INC., and JMX LEASING INC.

Court File No. 31-2639875
Estate No. 31-2639875

ONTOARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

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APPENDIX

‘B’

**Court File No. 31-2639875
Estate File No. 31-2639875**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
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**AND IN THE MATTER OF THREE RELATED INTENDED PROPOSALS OF JMX
NATIONAL INC., BRND PROPERTIES INC., and
JMX LEASING INC.**

**SECOND REPORT OF CROWE SOBERMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC.**

June 26, 2020

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APPENDICES

APPENDIX "A"- COURT ORDER MAY 15, 2020

APPENDIX "B"- FIRST REPORT OF PROPOSAL TRUSTEE- MAY 13, 2020

APPENDIX "C"- EXTENDED CASH FLOW PROJECTIONS

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC. OF THE TOWN OF UXBRIDGE IN THE
PROVINCE OF ONTARIO

AND IN THE MATTER OF THREE RELATED INTENDED PROPOSALS OF JMX
NATIONAL INC., BRND PROPERTIES INC., and
JMX LEASING INC.

SECOND REPORT OF CROWE SOBERMAN INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF JMX CONTRACTING INC.

June 26, 2020

1. This report (the “**Second Report**”) is filed by Crowe Soberman Inc. (“**Crowe**”) in its capacity as proposal trustee (the “**Proposal Trustee**”), in connection with the Notices of Intention to Make a Proposal (“**NOI**”) filed by JMX Contracting Inc. (“**Contracting**”), JMX National Inc. (“**National**”), BRND Properties Inc. (“**BRND**”), and JMX Leasing Inc. (“**Leasing**”) (collectively, the “Company” or the “**JMX Group**”).
2. Contracting is a private company incorporated under the *Business Corporations Act* (Ontario) whose registered office is located at 27 Anderson Boulevard, Uxbridge, Ontario. Contracting carries on the business of a full-service environmental contractor construction company and carries out large scale projects in the public and private sector. Contracting is wholly owned by Leasing.

3. Leasing is a private company incorporated under the Business Corporations Act (Ontario) whose registered office is located at 27 Anderson Boulevard, Uxbridge, Ontario. Leasing carries on the business of an equipment leasing company whose primary client is Contracting.
4. National is a private company incorporated under the Business Corporations Act (Ontario) whose registered office is located at 27 Anderson Boulevard, Uxbridge, Ontario. National conducts no active business.
5. BRND is a private company incorporated under the Business Corporations Act (Ontario) whose registered office is located at 27 Anderson Boulevard, Uxbridge, Ontario, and owns the real property that houses the Company's warehouse and head office located in Uxbridge, Ontario (the "**Real Property**").
6. On April 17 and April 20, 2020 (the "**Filing Dates**"), the JMX Group filed Notices of Intention to Make a Proposal and Crowe was appointed as Proposal Trustee.
7. On May 15, 2020, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued a court order (the "**May 15 Order**") which, among other things:
 - i. approved the administrative consolidation of the JMX Group Proposal proceedings;
 - ii. approved an Administration Charge to secure payment of the fees and expenses of the Proposal Trustee and its counsel, as well as counsel to the Company;
 - iii. expanded the powers of the Proposal Trustee to, among other things, monitor the JMX Group's receipts and disbursements and approve all payments made by the JMX Group; and
 - iv. granted an extension of time within which a Proposal(s) must be filed to July 1, 2020 (the "**First Stay Extension**").

A copy of the May 15 Order is attached hereto as **Appendix "A"**.

8. The Proposal Trustee filed its First Report dated May 13, 2020 (the "**First Report**") with the Court in support of the Initial Order. A copy of the First Report, without appendices is attached hereto as **Appendix "B"**.
9. The purpose of this Second Report is to provide the Court with information in connection with the motion of the JMX Group for a further extension of the time period to file a Proposal(s) including:
 - i. the activities of the Company and the Proposal Trustee since the First Stay Extension was granted;
 - ii. various matters concerning the ongoing business and affairs of the Company;
 - iii. potential financing and restructuring opportunities for the Company;
 - iv. an overview of the Company's cash flow projections for the period from the week beginning June 8 to the week beginning August 31, 2020 (the "**Extended Cash Flow Projections**"); and
 - v. the Company's request for a further extension of time within which to file a Proposal(s) to August 14, 2020.

I. TERMS OF REFERENCE

10. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
11. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited internal financial information prepared by the Company's representatives, the Company's books and records and discussions with their management, staff, agents and consultants (collectively, the "**Information**"). The Proposal Trustee has not performed an audit or other verification of the Information in a manner that would comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant of Canada

Handbook (the “**CPA Handbook**”) and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

II. THE PROPOSAL PROCEEDINGS

Overview of the JMX Group’s Activities

12. Since the First Stay Extension was granted, the JMX Group has been engaged in, among other things:

- i. communicating with the Proposal Trustee and the Company’s legal counsel on various matters in connection with the NOI Proceedings;
- ii. working with the Proposal Trustee to prepare various cash flow projections;
- iii. communicating with Royal Bank of Canada (“**RBC**”) and its financial advisor MSI Spergel Inc. concerning the financial affairs of the Company and its compliance with section 8 of the Construction Act, RSO 1990, c C-30 (the “**Construction Act**”);
- iv. managing the logistics associated with the provincial government’s COVID-19 emergency orders and associated shut down and reopening of project sites,
- v. sourcing and securing new construction project contracts;
- vi. dealing with two pre-filing demolition projects which were causing cash flow challenges for the JMX Group, mainly the demolition projects for Ontario Power Generation (“**OPG**”) and for ASNA Robson Landmark Developments Limited (“**ASNA**”);
- vii. negotiating with lien claimants to avoid liens being registered on active projects and disrupting cash flows;
- viii. considering all available refinancing and restructuring options;

- ix. engaging Ritchie Brothers to provide an appraisal of the JMX Group's equipment with the intention of conducting a potential auction of the JMX Group's unused equipment and, in any event, to obtain an appraisal to be used to evaluate any going concern sale or investment offers; and
- x. engaging in discussions with potential buyers of the business of the JMX Group with respect to a potential going-concern sale of the JMX Group's business and assets.

Overview of the Proposal Trustee's Activities

13. In addition to assisting the JMX Group and its legal counsel in connection with the above, the Proposal Trustee has been engaged in, among other things:

- i. monitoring the Company's receipts and disbursements and approving all payments made by the Company as required by the May 15 Order;
- ii. confirming that all receipts from project owners and payments made to suppliers of services and/or materials to the projects for the JMX Group comply with section 8 of the Construction Act;
- iii. assisting the Company in the preparation of various cash flow projections and reviewing the information and support provided therein;
- iv. monitoring the business and financial affairs of the Company;
- v. responding to calls and enquiries from creditors and stakeholders regarding these Proposal proceedings;
- vi. communicating with RBC, its legal counsel, and financial advisor concerning the financial affairs of the Company and its compliance with Section 8 of the Construction Act;
- vii. preparation of a variance analysis of cash flow projections vs actual cash flow as requested by RBC's financial advisor;

- viii. assisting the Company in gathering information and the calculation of the lien filed against OPG; and
- ix. attending the premises of Kirby Waste Transfer Solutions and arranging for the recovery of the Company's equipment that was removed from a Company job site after the commencement of the Proposal proceedings.

OPG Demolition Agreement

- 14. Details of the issues experienced by the JMX Group as it relates to the OPG Demolition Agreement are outlined in the affidavit of Mr. Charlie Dahl sworn June 24, 2020 (the “**Dahl Affidavit**”) that was filed in support of the Company’s extension motion and are not repeated herein.
- 15. Default alleged by OPG, in the performance of the JMX Group and non-payment by OPG impacted the Company’s ability to perform the contract. The Company has reached out to OPG and its lawyers to try to resolve the dispute, or a process for having the dispute resolved.
- 16. The Proposal Trustee understands that the Company has been contacted by potential purchasers and/or investors who have expressed interest in acquiring the JMX Group’s business and in continuing work on the OPG project under the Demolition Agreement.
- 17. JMX has reached out to OPG and its lawyers to approve an assignment of the OPG Demolition Agreement to one of the prospective purchasers and to try to resolve the contract dispute between the parties or a process for having the dispute resolved.

ASNA Contract

18. On October 23, 2017, the JMX Group entered into a contract to carry out the abatement of hazardous materials and demolition of a building known as the 1400 Robson Empire Landmark Hotel in Vancouver, BC. The Proposal Trustee understands that the JMX Group has completed work under the contract and no longer provides any services or materials to the project.
19. The JMX Group experienced significant delays in the completion of the ASNA Contract. The Proposal Trustee has been advised by the Company that the delays were due to various issues described in the Dahl Affidavit.
20. The JMX Group filed liens on title to the Landmark Hotel relating to extra costs arising from the unforeseen conditions in the amounts of 6,595,998.52 and \$127,552.21. The liens include amounts owed to subcontractors.
21. On June 19, 2020, ASNA brought a motion to lift the stay of proceedings in order to file a petition in British Columbia to, among other things, vacate the liens of subcontractors below the JMX Group and to discharge the JMX Group's claim and vacate its lien. Pursuant to the endorsement of Madam Justice Conway dated June 19, 2020, the motion was adjourned to allow ASNA and the JMX Group to negotiate a consensual resolution for vacating subcontractor liens and the posting of security by ASNA to vacate the JMX Group's liens. JMX Group's counsel has since been engaged in discussions with ASNA's counsel in respect of a potential resolution of the lien and security amounts.

New Post-filing Business

22. In addition to ongoing projects, the Company has been engaged to provide services to a number of new projects since filing the NOI, all of which appear to be profitable.

III. REFINANCING AND RESTRUCTURING ACTIVITIES

23. The Proposal Trustee understands that the JMX Group advised RBC that it was in the process of partially refinancing its indebtedness to RBC. Although this process has been delayed, the Company has obtained financing commitments.
24. On June 3, 2020, the JMX Group received a commitment from Pillar Capital Corp., however the Board of directors (the “**Board**”) of the Company declined to sign the commitment as the terms of the loan were too expensive and were unsustainable for the Company to service based on the Company’s projected cash flows.
25. On June 8, 2020, the JMX Group obtained a commitment letter from Hillmount Capital. The commitment provides for a \$1.7 million mortgage on the Real Property and requires a 2% commitment fee and an annual interest rate of 7.99%. Notwithstanding the significant costs expected to be incurred from servicing this loan, the Board has decided to go ahead with the loan in order to refinance a portion of the Company’s indebtedness to RBC. The Proposal Trustee has been advised that the Company has executed the commitment, has paid the deposit, and closing is to occur on approximately July 10, 2020.
26. As well, the JMX Group has received unsolicited interest from two separate parties regarding the potential sale of its business as a going concern. The JMX Group has existing relationships with both parties, and has been working with both parties to obtain a letter of intent.
27. To ensure cash flows are optimized, the Company has also considered the sale of a portion of its equipment that is no longer being used. Ritchie Brothers, Auctioneers, has been engaged to perform an appraisal on the Company’s unused equipment. The Company is also considering disclaiming leases of non-essential or unused vehicles and equipment.

IV. EXTENSION OF THE STAY PERIOD TO AUGUST 14, 2020

28. The current stay of proceedings will expire on July 1, 2020. Accordingly, the Company is seeking a 45-day extension of time pursuant to Section 50.4(9) of the BIA to August 14, 2020 (the “**Second Stay Extension**”) to file a proposal.

29. The Company with the assistance of the Proposal Trustee has prepared the Extended Cash Flow Projections. A copy of the Extended Cash Flow Projections is attached hereto as **Appendix “C”**, which is summarized below:

JMX Group
Extended Cash Flow Projections
For the Period From June 8 to August 31, 2020

	\$
Cash-in	
Collections of Accounts Receivable	5,121,561
COVID -19 Wage Subsidy	<u>146,524</u>
	A
	5,268,085
Cash-out	
Payroll	1,595,747
Union Dues	292,889
Rent, Utilities, & Insurance	227,025
HST	1,000,246
Payments to vendors	880,567
New contract expenses	203,000
Lease Payments	499,931
Professional Fees	357,282
Equipment repair and contingency	91,888
Office & Other	<u>207,048</u>
	B
	5,355,622
Net Cash Flow	C=A-B
	<u>(87,537)</u>
Opening Cash Balance	D
	456,421
Closing Cash Balance	C+D
	368,884

30. The Extended Cash Flow Projections indicate that the Company will have sufficient liquidity to fund both operating costs and the costs of these Proposal proceedings for the duration of the Second Stay Extension, if granted, and comply with section 8 of the Construction Act. The Proposal Trustee notes that the Company's books and records contain the information required to be maintained by the Company under Section 8 of the Construction Act.

31. The Proposal Trustee supports the Company's request for the Second Stay Extension for the following reasons:

- i. More time is required to finalize and execute a restructuring plan and to refinance RBC;
- ii. The Company is acting in good faith and with due diligence;
- iii. It is the Proposal Trustee's view that the Second Stay Extension will not materially prejudice any group of creditors; and
- iv. The Company will likely be able to make a viable proposal to their creditors if their request for an extension is granted.

V. CONCLUSION AND RECOMMENDATIONS

32. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Order sought by the Company, extending the Stay Period to August 14, 2020.

All of which is respectfully submitted this 26th day of June, 2020.

CROWE SOBERMAN INC.

Trustee acting under Notices of Intention to Make a Proposal of
The JMX Group

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APPENDIX

‘C’

JMX
Projected Statement Of Cash Flows
Beginning August 3, 2020 (CDN\$)

For The Week Beginning	03-Aug	10-Aug	17-Aug	24-Aug	31-Aug	07-Sep	14-Sep	21-Sep	28-Sep	05-Oct	12-Oct	19-Oct	26-Oct	Total
Opening Cash	679,036	586,400	61,531	357,810	1,085,364	1,491,478	1,413,598	1,119,732	981,530	952,633	1,097,485	790,517	525,049	679,036
Cash-in														
A/R Collections														
5476City of Hamilton														
J1078Del Management Solutions														
J1091Ingenuity General Contractors														
J1131Pomerleau														
J1136Pomerleau														
J1154Del Management Solutions														
J1183Pomerleau														
J1203Broccolini														
J1211Pomerleau														
J1219Leeswood Construction														
J1221EllisDon Corporation	225,906													
J1226EllisDon Corporation														
J1229McDonald Brothers Construction														
J1235Priestly Demolition Inc.														
J1236Torque Builders														
J1262Torque Builders														
J1268Leeswood Construction														
J1274Town of Richmond Hill														
J1278City of Prince Rupert	99,492													
J1281Torque Builders														
J1282Zancon Environmental Inc														
J1287TRANSALTA														
J1292Broccolini														
J1300Leeswood Construction														
J1311Regional Municipality of York														
J1313Del Management Solutions														
J1314Orlando Corporation														
J1316EllisDon Corporation														
J1317Del Management Solutions														
J1318Del Management Solutions														
J1319Ross & Anglin Ontario Limited														
J1320CALIBER ENVIRONMENTAL CONST														
J1322Ingenuity General Contractors														
J1324Del Management Solutions														
J1325Alterra Developments 2000 Limited														
J1332Regional Municipality of Durham														
J1333Del Management Solutions														
J1334Ingenuity General Contractors														
J1335Ingenuity General Contractors														
J1336Torque Builders														
J1340Del Management Solutions														
J1341Del Management Solutions														
Holdback														
CRA Covid-19 wage subsidy														
Total Cash-in	325,398	211,886	628,978	1,044,515	694,482	360,136	-	-	286,673	302,410	100,000	-	141,431	4,095,910
Cash-out														
Payroll and source deductions	118,002	85,074	70,074	70,074	70,074	69,831	69,831	69,831	69,831	77,750	77,750	77,750	77,750	1,003,621
Union Dues	-	-	133,690	-	-	100,000	-	-	-	-	-	100,000	-	333,690
Medical Benefits	-	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000	9,000
Rent	-	-	-	-	25,000	-	-	-	25,000	-	-	-	25,000	75,000
HST (CRA)	-	-	-	-	(35,151)	-	-	-	66,169	-	-	-	73,672	104,690
WSIB and EHT	134,525	64,645	-	-	26,001	-	-	-	26,001	-	-	-	26,001	277,172
407 ETR	-	216	-	-	-	500	-	-	-	500	-	-	-	1,216
Utilities - Gas & Hydro	130	1,200	-	-	-	1,200	-	-	-	1,200	-	-	-	3,730
Utilities - Phone & Internet	97	-	3,500	-	-	-	3,500	-	-	-	3,500	-	-	10,597
Insurance	35,481	-	-	-	35,481	-	-	-	35,481	-	-	-	35,481	141,925
Construction material purchases	-	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
Employee Live out & Expenses	65	-	-	-	2,500	-	-	-	2,500	-	-	-	2,500	7,565
Subcontractor Expenses	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Fuel & Transportation Costs	5,882	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	47,882
Vehicle Expenses - Petro Canada	10,361	-	-	-	8,000	-	-	-	8,000	-	-	-	8,000	34,361
Disposal costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Equipment repair	-	-	15,000	-	-	15,000	-	-	15,000	-	-	15,000	-	45,000
Office (includes maintenance)	-	-	3,000	-	-	3,000	-	-	3,000	-	-	3,000	-	9,000
IT Support	9,003	-	-	-	4,200	-	-	-	4,200	-	-	-	4,200	21,603
Interest & Bank Charges	7,934	-	-	-	-	7,934	-	-	-	7,678	-	-	-	23,546
Professional Fees	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	320,000
Lease Payments - JMX Leasing	25,866	29,109	67,437	9,214	42,614	62,552	71,536	7,371	29,132	24,430	26,718	26,718	26,718	449,416
A/P Vendor payments														
5476City of Hamilton						3,598	-	-	-	-	-	-	-	3,598
J1034Uxbridge, Pec Brothers						98,700	-	-	-	-	-	-	-	98,700
J1080King Street, Ellis Don						47,222	-	-	-	-	-	-	-	47,222
J1078Del Management Solutions						1,237	-	-	-	-	-	-	-	1,237
J1154Del Management Solutions						2,373	-	-	-	-	-	-	-	2,373
J1183Pomerleau						-	-	-	-	-	-	-	-	989
J1219Leeswood Construction						11,307	-	-	-	-	-	-	-	11,307
J1221EllisDon Corporation	231	-	-	-	-	-	-	-	-	-	-	-	-	231
J1226EllisDon Corporation	-	-	-	-	25,525	-	-	-	-	-	-	-	-	25,525
J1274Town of Richmond Hill	-	-	-	9,281	-	-	-	-	-	-	-	-	-	9,281
J1281Torque Builders	22,600	-	-	-	-	-	-	-	-	-	-	-	-	22,600
J1287TRANSALTA	-	-	464	-	-	-	-	-	-	-	-	-	-	464
J1292Broccolini	-	1,895	-	-	-	-	-	-	-	-	-	-	-	1,895
J1300Leeswood Construction	-	-	4,925	-	-	-	-	-	-	-	-	-	-	4,925
J1314Orlando Corporation	-	3,545	-	-	-	-	-	-	-	-	-	-	-	3,545
J1315Graham Construction	27,856	-	-	-	-	-	-	-	-	-	-	-	-	27,856
J1316EllisDon Corporation	-	4,258	-	-	-	-	-	-	-	-	-	-	-	4,258
J1320CALIBER ENVIRONMENTAL CONST	-	-	-	-	-	-	-	-	257	-	-	-	-	257
J1322Ingenuity General Contractors	-	-	-	-	1,676	-	-	-	-	-	-	-	-	1,676
J1325Alterra Developments 2000 Limited	-	814	-	-	-	18,542	-	-	-	-	-	-	-	814
J1334Ingenuity General Contractors	-	-	-	10,735	-	-	-	-	-	-	-	-	-	10,735
J1335Ingenuity General Contractors	-	-	-	-	250,000	-	-	-	-	-	-	-	-	250,000
RBC Paydown (Note 1)	-	500,000	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Total Cash-out	418,033	736,755	332,700	316,961	288,368	438,016	293,867	138,202	315,570	157,558	406,968	265,468	329,311	4,437,777
Net cash inflow (outflow)	(92,635)	(524,869)	296,279	727,554	406,114	(77,880)	(293,867)	(138,202)	(28,897)	144,852	(306,968)	(265,468)	(187,880)	(341,867)
Closing Cash	586,400	61,531	357,810	1,085,364	1,491,478	1,413,598	1,119,732	981,530	952,633	1,097,485	790,517	525,049	337,169	

Note:

1. The payments to RBC are reflected in the attached cash flow, which payments will be reflected in the cash flows filed with the Court for the stay extension motion. The payments to RBC are contingent upon the timing of receipts being received in accordance with and as reflected in, the cash flow forecast.