

Court File No. CV-19-615560-00CL

**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
BONDFIELD CONSTRUCTION COMPANY LIMITED, 950504 ONTARIO INC., 352021
ONTARIO LIMITED, 2433485 ONTARIO INC. AND 2433486 ONTARIO INC.**

**SEVENTH SUPPLEMENT TO THE PHASE II INVESTIGATION
REPORT OF THE MONITOR**

AUGUST 18, 2020

VOLUME 1 OF 4

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INDEX

Tab	Document
VOLUME 1	
A	Report
1	Seventh Supplement to the Phase II Investigation Report of the Monitor dated August 18, 2020
	Appendix A – TUV Amendment Filing Summary Tables
	Appendix B – Calculations of TUV Damages – Transfers between BCCL and 230
	Appendix C – 2015 & 2017 General Indemnity Agreements
	Appendix D – Bondfield 2016 Year End Bonus Summary **CONFIDENTIAL**
VOLUME 2	
B	Prior Reports
2	Phase II Investigation Report of the Monitor dated October 30, 2019
3	First Supplement to the Preliminary Phase II Investigation Report of the Monitor dated November 8, 2019
4	Second Supplement to Phase II Investigation Report of the Monitor dated December 6, 2019
5	Third Supplement to Phase II Investigation Report of the Monitor dated January 24, 2020

Tab	Document
VOLUME 3	
B	Prior Reports Cont.
6	Fourth Supplement to the Phase II Investigation Report of the Monitor dated February 14, 2020
7	Fifth Supplement to the Phase II Investigation Report of the Monitor dated June 12, 2020
8	Sixth Supplement to the Phase II Investigation Report of the Monitor dated June 19, 2020
VOLUME 4	
C	Pleadings
9	Notice of Application in Court File No. CV-19-630908-00CL issued November 12, 2019
10	Notice of Application in Court File No. CV-20-635942-00CL issued February 7, 2020
D	Reasons, Orders & Endorsements
11	Initial Order of Justice Hailey dated April 3, 2019
12	Order of Justice Hailey dated May 30, 2019
13	Order of Justice Hailey dated October 11, 2019
14	Reasons of Justice McEwen dated December 30, 2019
15	Unofficial Transcription of Reasons of Justice McEwen dated December 30, 2019
16	Endorsement of Justice Hailey dated April 21, 2020
17	Unofficial Transcription of Endorsement of Justice Hailey dated April 21, 2020
18	Endorsement of Justice Hailey dated May 8, 2020
19	Unofficial Transcription of Endorsement of Justice Hailey dated May 8, 2020

TAB A

TAB 1

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INTRODUCTION

- 1 On April 3, 2019, Bondfield Construction Company Limited ("**Bondfield**"), 950504 Ontario Inc., 35201 Ontario Limited, 2433485 Ontario Inc. and 2433486 Ontario Inc. (the "**Bondfield Group**") were granted an initial order under the *Companies' Creditors Arrangement Act* ("**CCAA**"). Among other things, Ernst & Young Inc. was appointed monitor ("**Monitor**") of the Bondfield Group. Bondfield was the principal operating entity of the Bondfield Group.
- 2 By order of Justice Hainey of May 30, 2019, the Monitor was authorized to take all steps deemed necessary or desirable to undertake an investigation into certain aspects of the financial affairs of the Bondfield Group, known as the Phase II Investigation. The Monitor was further authorized and directed to deliver a report to the Court on the results of the Phase II Investigation ("**Phase II Investigation Report**"), including recommendations on any rights or claims the Applicants might have as against any parties and any recommendations on any further steps that the Monitor deemed appropriate.
- 3 On October 1, 2019, the Monitor served Dominic DiPede ("**DiPede**"), formerly the Chief Financial Officer of the Bondfield Group, with a motion to commence an application

pursuant to section 96 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), as incorporated into the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”), by section 36.1 thereof, for a determination that certain transactions constituted transfers at under value (“**TUV**”), and various ancillary relief (“**DiPede Application**”). The DiPede Application was supported by a preliminary version of the Phase II Investigation Report.

- 4 The DiPede Application was commenced without other respondents because the Monitor became aware that DiPede was seeking to sell his residential property. The Monitor and DiPede subsequently agreed to a consent order dated October 11, 2019, by which all of DiPede’s property was secured pending the final determination of the application against DiPede. DiPede delivered responding materials on November 1, 2019, and the DiPede Application has otherwise proceeded in parallel with the TUV Application (as defined below).
- 5 On October 30, 2019, the Monitor served its Phase II Investigation Report. The Phase II Investigation Report provided information to the Court regarding the results of the Monitor’s investigation into certain transactions of interest and recommended that the Monitor be authorized to commence an application to seek specific relief against John Aquino, the Estate of Michael Solano and individuals known to the Monitor as Marco Caruso, Joe Ana, and Lucia Coccia/Canderle, (collectively, the “**Individual Respondents**”), among others.
- 6 The proposed application was authorized on November 5, 2019 and, in connection with that authorization, the Monitor commenced an application (the “**TUV Application**”) seeking a declaration that transactions between Bondfield and certain suppliers occurring between April 3, 2014 and April 3, 2019 (the “**Impugned Transactions**”) are transfers at undervalue for the purposes of section 96 of the BIA, as incorporated into the CCAA, by section 36.1 thereof, and various ancillary relief, including that the Individual Respondents are jointly and severally liable to Bondfield for the value of the Impugned Transactions.

7 Subsequent to the service of the Phase II Investigation Report, the Monitor served six supplemental reports (“**Supplemental Reports**”). Each of the Supplemental Reports provided additional evidence in response to developing events in the TUV Application or DiPede Application:

- (a) On November 8, 2019, the Monitor served a supplement to the preliminary Phase II Investigation Report, to reply to DiPede’s responding record;
- (b) On December 6, 2019, the Monitor served the second supplement to the Phase II Investigation Report (“**Second Supplement**”) to provide additional supporting evidence on a motion for a mareva injunction against John Aquino and one specific parcel of land known as the Gervais Property (“**Gervais Property**”)(“**Gervais Mareva**”). The Gervais Mareva was heard by Justice McEwen on December 12, 2019 and granted on December 30, 2019. John Aquino served a notice of motion for leave to appeal the Gervais Mareva on January 14, 2020. Although perfected, that motion has not been heard, due to Covid-19 related court disruptions.
- (c) On January 24, 2020, the Monitor served a third supplement to the Phase II Investigation Report (the “**Third Supplement**”) in connection with a motion by various Individual Respondents to convert the TUV Application to an action (the “**Motions to Convert**”). The Motions to Convert were heard by Justice Hainey on February 28, 2020 and dismissed on April 21, 2020.
- (d) On February 14, 2020, the Monitor served a fourth supplement to the Phase II Investigation Report (“**Fourth Supplement**”), seeking a general mareva injunction against John Aquino (“**Extended Mareva**”). The Extended Mareva was granted on February 25, 2020, as a term of an adjournment sought by John Aquino.
- (e) On May 8, 2020, Justice Hainey ordered the TUV Applications to proceed on a fixed timetable (“**TUV Timetable**”) for final hearing the week of September 14, 2020, over the objections of the Individual Respondents. The Individual

Respondents in turn sought to bring appeal proceedings before the Court of Appeal in connection with the decision of Justice Hainey on the Motions to Convert, without leave, and to stay the TUV Timetable.

- (f) On June 12, 2020, the Monitor served the fifth supplement to the Phase II Investigation Report (“**Fifth Supplement**”) in connection with the Individual Respondents’ appeal proceedings and the Monitor’s related motion to quash.
- (g) On June 18, 2020, at the request of the Individual Respondents and over the objection of the Monitor, the parties appeared before a single judge of the Court of Appeal, in connection with the Individual Respondents’ motion to stay the TUV Timetable. The motion was adjourned by Justice MacPherson of the Court of Appeal on the basis that it was first necessary to have determined the Monitor’s motion to quash, by a panel. The Monitor’s motion to quash is now scheduled for October 2, 2020, though counsel for certain of the Individual Respondents have requested an earlier motion date.
- (h) On June 19, 2020, the Monitor served the sixth supplement to the Phase II Investigation Report (“**Sixth Supplement**”) in connection with the return of the motion for the Extended Mareva. Although granted as a term of adjournment, the Extended Mareva included a provision for a full subsequent hearing. The Extended Mareva was heard by Justice Hainey on June 24, 2020, with the determination being reserved.

8 The purpose of this seventh supplement to the Phase II Investigation Report (“**Seventh Supplement**”) is to:

- (a) reply to the evidence of the Individual Respondents delivered since the Sixth Supplement; and
- (b) for the convenience of the Court and the parties summarize and extract key information and appendices from the Supplemental Reports that remains relevant to the TUV Application and the responding records of the Respondents in the TUV Application.

TERMS OF REFERENCE AND DISCLAIMER

- 9 In preparing this Seventh Supplement and making the comments herein, the Monitor has been provided with, and has relied upon information from the books and records of the Bondfield Group, information in response to a Norwich Order obtained by the Monitor, information contained in affidavits filed in other court proceedings and information from publicly available third party sources (collectively, the “**Information**”).
- 10 Except as described in this Seventh Supplement, the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
- 11 Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Seventh Supplement is based on the Information, and not independent factual determinations made by the Monitor.
- 12 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
- 13 Copies of the Monitor’s reports, including a copy of this Sixth Supplement, and motion records and Orders in these proceedings are available on the Monitor’s website at www.ey.com/ca/bondfield.
- 14 All capitalized terms used herein and not otherwise defined have the meanings given to them in the Phase II Investigation Report.

OVERVIEW OF REPLY EVIDENCE AND ISSUES

- 15 As set out in the Phase II Investigation Report, the Monitor’s investigation has led it to conclude that from 2011 – 2018 there were extensive movements of funds out of Bondfield for which no value was provided.
- 16 Those fund movements formed two distinct patterns:
- (a) A false invoicing scheme by which \$42,259,422 was removed from Bondfield over seven years through activities involving John Aquino, Michael Solano, Giuseppe (Joe) Anastasio, Lucia Canderle and Marco Caruso (the “**False Invoicing Scheme**”); and
 - (b) A fund cycling scheme through which \$23,536,913 in funds were removed from Bondfield over seven years, with the assistance of DiPede, to what has now been identified as John Aquino’s personal holding company, 2304288 (“**230**”). Portions of these funds were from time to time returned on a temporary basis to Bondfield in amounts totalling \$17,300,000.00, giving an inaccurate impression of the interim financial capability of Bondfield, (the “**Fund Cycling Scheme**”).
- 17 The Monitor therefore seeks the return of these funds, or compensation in lieu of same, during the statutory five year review period (“**TUV Period**”).
- 18 In the case of the False Invoicing Scheme, these funds or compensation are \$21,807,693 - i.e. that portion of the total false invoices of \$42,259,422 that occurred between 2014 and 2018, as detailed in para 30- 31 below.
- 19 In the case of the Fund Cycling Scheme, these funds or compensation are up to \$14,029,369, depending on whether or how any credit or set-off is made for the funds returned during the TUV Period (\$17,300,000) and additional funds removed prior to the TUV Period (\$29,959,293), as detailed in para 32 – 38, below. This last figure of pre-TUV period funds is comprised of \$9,507,544 in outflows from Bondfield to 230, and \$20,451,749 paid by Bondfield to Suppliers of Interest.
- 20 The respondents variously assert in response that, among other things:

- (a) The Monitor's reference to transactions outside of the 5 year statutory review period is impermissible;
- (b) Bondfield or the Bondfield Group were at all times able to pay their creditors as their debts fell due, or were solvent, and therefore there can have been no intent to defraud, defeat or delay Bondfield's creditors;
- (c) John Aquino was not the sole 'directing mind' of Bondfield;
- (d) the respondents, and in particular John Aquino, have been deprived of information by which to exonerate themselves; and
- (e) Bondfield's surety, Zurich Insurance Company Ltd. ("**Zurich**"), who is a primary funder of the CCAA proceedings, was in fact responsible for Bondfield's failure due to its eventual refusal to extend Bondfield's bonding facilities.

21 These assertions are made with respect to both the False Invoicing Scheme and the Fund Cycling Scheme. The Individual Respondents have not, however, with one minor exception, delivered any positive evidence to dispel the concerns regarding the False Invoicing Scheme.

22 With respect to the Fund Cycling Scheme, John Aquino has put forward various additional responses, including, among other things that:

- (a) Other family insiders, including in particular his father Ralph and brother Steven, were complicit in and approved of his transfers and received similar transfers themselves, as alleged by John Aquino at paragraphs 19-32 of his affidavit sworn July 27, 2020 (the "**July 27, 2020 John Aquino Affidavit**");
- (b) Steven Aquino, who the Monitor consulted as one of the sources for its investigation, is an unreliable witness, because of those similar transfers and because of alleged side deals with stakeholders of Bondfield that are allegedly motivating Steven's evidence as alleged at paragraph 119 of the July 27, 2020 John Aquino Affidavit and paragraphs 24-27 of the Affidavit of John Aquino sworn June 14, 2020 (the "**June 14, 2020 John Aquino Affidavit**");

- (c) Steven Aquino is additionally unreliable because of his involvement in what is known as the Corebuild Construction Ltd. (“**Corebuild**”) transaction, as alleged at paragraph 120 of the July 27, 2020 John Aquino Affidavit and paragraphs 25-27 of the June 14, 2020 John Aquino Affidavit;
 - (d) He, John Aquino, was entitled to the 230 transfers as part of his legitimate shareholder loan as alleged at paragraphs 136-137 of the July 27, 2020 John Aquino Affidavit and paragraphs 71-91 of the June 14, 2020 John Aquino Affidavit;
 - (e) He, John Aquino, was entitled to the 230 transfers as part of his legitimate compensation from employment as alleged at paragraphs 42 and 59-70 of the June 14, 2020 John Aquino Affidavit.
- 23 DiPede has also asserted that transfers to him constituted legitimate bonus compensation, an assertion that John Aquino denies.
- 24 The Monitor has given careful consideration to each of the responses put forth. Because a variety of these responses have been put forward without acceptance at interim hearings within the TUV Application, the Monitor’s responses below constitute a blend of the prior Supplemental Reports which responded to such issues, as noted, and additional reply evidence to positions taken subsequent to the delivery of the Supplemental Reports.
- 25 As set out in greater detail below, it is the Monitor’s considered view that the responses put forth do not constitute defences to the TUV Application because:
- (a) the Monitor refers to fund transfers outside of the TUV Period only to demonstrate the net absence of value received by Bondfield in the context of John Aquino’s claims for “credits” or set-offs, not to seek recovery of such funds themselves;
 - (b) As a question of law, the Monitor understands that solvency at the time of the transfers does not eliminate an intent to defraud, defeat or delay creditors, an issue which will be addressed in the Monitor’s factum. However, as a question of fact,

the Bondfield Group was in troubled financial circumstances during the TUV Period;

- (c) For reasons that will be explained in the Monitor's factum, the question of whether John Aquino was the sole directing mind of Bondfield does not need to be answered for the purposes of the TUV Application;
- (d) Steven Aquino was a helpful source to the Monitor in its investigation. However, the primary sources relied upon by the Monitor for its conclusions are the Bondfield Group's own books and records, or deficiency therein;
- (e) Similarly while any transfers to Steven and his father are not germane to the consideration of whether transfers to John Aquino were transfers at undervalue, the Monitor notes that the activities raised by John Aquino were also engaged in by John Aquino in addition to the False Invoicing Scheme and the Fund Cycling Scheme, in amounts greater than those of Steven and Ralph. Further, Steven has provided specific evidence detailing substantive distinctions for many of the alleged transfers to him and Ralph;
- (f) Bondfield's books and records are not consistent with any alleged entitlement of John Aquino to the funds received through the Fund Cycling Scheme or the False Invoicing Scheme, with the exception of certain limited bonus payments to John Aquino, discussed below, and, in any event, such alleged employment compensation or shareholder loan amounts are only a small portion of the overall funds the Monitor seeks to recover; and
- (g) The Corebuild Transaction, as described in greater detail below, was a transaction approved by the Court in the CCAA proceedings on a motion by the Monitor.

DAMAGES UPDATE TO THE PHASE II INVESTIGATION REPORT AND APPLICABLE REVIEW PERIODS

- 26 As a starting point, and as disclosed in the Sixth Supplement, the Monitor has updated the damages claimed in the application.

- 27 The Phase II Investigation Report described aggregate transfers at undervalue in an amount of approximately \$33 million during the TUV Period. Since the date of the Phase II Investigation Report, as a result of the disclosure of additional financial information to the Monitor from various financial institutions, the Monitor has identified additional Impugned Transactions bringing the total amount of the transfers to approximately CDN \$35.7 million and US\$35,030 or \$35,837,062. An updated summary of the Impugned Transactions is attached hereto as **Appendix A**.
- 28 To further assist, the Monitor has prepared the more detailed summary attached as **Appendix B**.
- 29 As set out in the Overview above, the Monitor claims damages relating to the TUV Period.
- 30 In the case of the False Invoicing Scheme involving the other supplier respondents, there are \$21,807,693 in transfers in the TUV Period. These amounts relate only to invoices from the Suppliers of Interest other than 230 in the five year review period.
- 31 The Monitor notes there are an additional \$20,451,749 in false invoices. These fall outside the TUV Period, and are therefore not claimed on this application. They are, however, relevant to John Aquino's claim for offsets.
- 32 In the case of the Fund Cycling Scheme involving 230, there are \$14,029,369 in transfers falling within the TUV Period.
- 33 The Monitor notes there are an additional \$9,507,544 in transfers out to 230 outside the TUV Period under the Fund Cycling Scheme. Again, the Monitor does not claim for damages or return of these transfers on this application. They are, however, relevant to John Aquino's claims for offsets of \$17,300,000.
- 34 As disclosed in the Phase II Investigation Report, in addition to the total outflows to 230, which is John Aquino's holding company, there are also inflows from 230 to Bondfield of \$17,300,000. The Monitor believes, in part based on John Aquino's own evidence at paragraphs 74-76 of the June 14, 2020 John Aquino Affidavit, that these inflows were

designed to give a temporary and unduly favourable picture of Bondfield's financial condition.

- 35 These inflows from 230 to Bondfield all occurred during the TUV Period. As a result John Aquino claims to be entitled to a "credit" of \$17,300,000 against outflows from Bondfield in the TUV Period, without any reference to the value in the transfers he was involved in prior to the TUV Period. Additionally, the Monitor is unaware of any significant source of funds that John Aquino ultimately had outside of Bondfield. Moreover, John Aquino's own evidence on the Extended Mareva motion is that, since his departure from Bondfield he has insufficient assets to support his lifestyle of expenses of approximately \$60,000 per month. Accordingly, it is probable based upon the information available to the Monitor that any funds flowing in from 230 to Bondfield originally arose from funds removed from Bondfield, whether through the Fund Cycling Scheme, the False Invoice Scheme, or otherwise.
- 36 The core of a transfer at under value claim is an absence of or diminution in value. In the case of monetary transfers without consideration, the transfer at undervalue is equal to the amount of the funds removed. To the extent that John Aquino seeks to claim that "value" was provided to Bondfield as a result of the inflows from 230 to Bondfield in the TUV Period, it is also relevant to consider the effect of transfers outside the TUV Period. The total cycle of outflows and inflows are all part of the same pattern or series of transactions. As such, the value provided to Bondfield through any inflows from 230 during the TUV Period can only be assessed in light of their effects on the totality of the schemes.
- 37 These circumstances give rise to a range of possible damages relating the outflows to 230:
- (a) \$14,029,369 – the total transfers out to 230 during the TUV Period. The total inflows from 230 to Bondfield is, under this calculation, entirely offset by the absence of value in all pre-TUV period outflows;

- (b) \$6,236,913 – the total transfers out to 230 offset by all transfers in to Bondfield from 230, without reference to any of the False Invoice Scheme amounts outside of the TUV Period; or
- (c) Zero, as contended for by John Aquino, based upon ignoring any effect on the value of the funds flowing into Bondfield during the TUV Period caused by the funds he removed from Bondfield prior to the TUV Period.

38 The Monitor notes that in treating funds prior to the TUV Period as relevant to the offset claimed by John Aquino, it is not seeking to recover funds outside of the TUV Period. That would have entailed a total claim of \$65,796,355, for all funds transferred out of Bondfield from 2012-2018. In the Monitor's view, though, it would not be fair or equitable to focus on netting of amounts over only a selected limited time period that would be more favourable to John Aquino due to timing differences. In addition, the Monitor has not sought to take into account in assessing value the various potentially inappropriate expense items relating to John Aquino that can be found in Bondfield's records; as such, the net amount received by John Aquino is likely understated.

BONDFIELD'S FINANCIAL CONDITION DURING THE TUV PERIOD

39 The respondents have made arguments, and John Aquino has filed evidence, with respect to Bondfield's financial health during the TUV period (2014-2019), or at least through 2017.

40 The Monitor understands the general tenor of these arguments and evidence to be that Bondfield was solvent and in adequate financial condition during the TUV period and that therefore the statutorily required intent to defraud, defeat or delay creditors through the False Invoicing Scheme or the Fund Cycling Scheme cannot exist. The Monitor's understanding is that this position is an incorrect interpretation of the applicable statutory provisions.

41 As the Monitor shall argue in its factum, it is the Monitor's understanding, based upon applicable case law and the terms of the BIA that the issue of whether or not Bondfield was insolvent at the relevant time is not the applicable test under the BIA. The Monitor

also notes that the transfers in question here number in the hundreds but constitute a part of an overall scheme or schemes. Their financial impact is cumulative and must be understood as at the end of the TUV period, as much as, if at all, at the beginning.

42 However, it is also the Monitor's view that the respondents' arguments are based upon a misunderstanding as to the accuracy of the books and records relied upon by John Aquino and Ross Hamilton, the accounting expert relied upon by John Aquino.

43 As detailed in Section 1.3.1 of the Ross Hamilton report, Mr. Hamilton relied upon Bondfield's financial information as of August 2018, with additional financial information requested from and provided by the Monitor relating to the same time periods.

44 The Monitor takes no issue with the adequacy of Mr. Hamilton's methodology in reviewing the financial characteristics that are included in Mr. Hamilton's report. Rather, it is the Monitor's experience that the data relied upon by Mr. Hamilton is inaccurate; it presents a false picture of the Bondfield's financial condition.

45 At a global level the Monitor notes that:

- (a) Bondfield's bonding surety, Zurich, has encountered stated losses of over \$300 million to date in paying sub-trades and completing Bondfield projects. Those losses arise from projects and project activities started many years before the CCAA filing;
- (b) Bondfield entered into CCAA proceedings after close to a year of negotiations with creditors;
- (c) Bondfield encountered serious financial difficulties in attempting to re-finance its secured loan facility;
- (d) Bondfield faced persistent liquidity challenges, as evidenced in part by John Aquino's steps to inject cash into Bondfield temporarily at the beginning of the years 2014 through 2017 in order to improve the appearance of Bondfield's

liquidity for the purposes of its bonding and lending arrangements (discussed in greater detail below); and

- (e) Bondfield's auditors are the subject of litigation by both Bondfield and Zurich with respect to the accuracy of the financial statements John Aquino now relies upon, and which were the basis of Mr. Hamilton's analysis.

46 Most fundamentally, a review of key items in Bondfield's financial records demonstrates that its revenues were significantly overstated, its liabilities significantly understated and its income did not match the eventual cash flows generated by the company. The result is that Bondfield's true financial condition was one of significant difficulty throughout much of the TUV Period, difficulties that were likely exacerbated by the TUV payments.

47 For instance, Bondfield had from time to time a practice of entering incorrect supplier invoice dates into the accounting system. By using a date later than that on the face of the supplier invoice, Bondfield's payables were kept outstanding for longer periods of time than reflected by the accounting records. While the Monitor has not conducted an exhaustive review of Bondfield's records for all such instances, the following chart provides a representative sample of this type of conduct:

Supplier Name	Invoice#	Amount	Incorrect invoice Date per BCCL accounting system	Actual date per Invoice/ Statement	Difference (Days)	Doc Reference
NORAM BUILDING SYSTEMS INC.	004632	\$ 20,844.43	30-Jan-14	22-Aug-13	161	BON-01190529
NORAM BUILDING SYSTEMS INC.	004634	\$140,854.50	30-Jan-14	20-Sep-13	132	BON-01190529
NORAM BUILDING SYSTEMS INC.	004637	\$ 24,204.60	30-Jan-14	21-Oct-13	101	BON-01190529
NORAM BUILDING SYSTEMS INC.	004643	\$ 54,511.20	30-Jan-14	27-Nov-13	64	BON-01190529
NORAM BUILDING SYSTEMS INC.	004652	\$204,010.20	30-Jan-14	20-Dec-13	41	BON-01190529
DELOITTE	3764608	\$120,910.00	12-May-15	27-Mar-15	46	BON-00396512
DELOITTE	3774384	\$120,910.00	12-May-15	07-Apr-15	35	BON-00396510
DUFFERIN CONCRETE	705369044	\$ 7,278.34	01-Mar-15	14-Dec-14	77	BON-00386978
DUFFERIN CONCRETE	705381346	\$ 14,418.25	01-Mar-15	21-Dec-14	70	BON-00386978
DUFFERIN CONCRETE	705381348	\$ 10,270.57	01-Mar-15	21-Dec-14	70	BON-00386978
DUFFERIN CONCRETE	705388031	\$ 3,793.41	01-Mar-15	28-Dec-14	63	BON-00386978
DUFFERIN CONCRETE	705389897	\$ 14,939.73	01-Mar-15	31-Dec-14	60	BON-00386978
BROCK AGGREGATES INC.	B021935	\$ 9,767.20	01-Mar-15	30-Sep-14	152	BON-01940388

DELOITTE	3842054	\$ 10,985.16	22-Mar-16	28-May-15	299	BON-00235602
DELOITTE	3884887	\$ 48,364.00	22-Mar-16	11-Aug-15	224	BON-00172602
DELOITTE	3975138	\$ 13,300.00	19-Oct-16	19-Jan-16	274	BON-00247794
DELOITTE	4111952	\$ 89,032.61	19-Oct-16	10-Jun-16	131	BON-00255864
PRIESTLY DEMOLITION INC.	023435	\$846,449.10	04-Nov-16	21-Sep-16	44	BON-00910133
DELOITTE	4264755	\$ 8,923.16	01-May-17	01-Feb-17	89	BON-00298372
DELOITTE	4264734	\$ 2,418.20	01-May-17	01-Feb-17	89	BON-00298371
DELOITTE	4256724	\$ 90,682.50	04-Apr-17	23-Jan-17	71	BON-00061806
DELOITTE	4304746	\$120,910.00	08-Jun-17	24-Mar-17	76	BON-00061806
PELICAN WOODCLIFF INC.	190314	\$ 22,420.85	17-May-17	16-Mar-17	62	BON-00064617
PELICAN WOODCLIFF INC.	190329	\$ 3,785.35	17-May-17	27-Mar-17	51	BON-00064617
PELICAN WOODCLIFF INC.	190402	\$ 7,181.90	17-May-17	04-Apr-17	43	BON-00064617
PELICAN WOODCLIFF INC.	190403	\$ 8,285.83	17-May-17	11-Apr-17	36	BON-00064617
PELICAN WOODCLIFF INC.	190408	\$ 67,726.55	17-May-17	11-Apr-17	36	BON-00064617
ROCKLYNN CAPITAL INC,	2017-0058	\$ 13,560.00	21-Nov-17	06-Nov-17	15	BON-00418145

- 48 Bondfield also had a practice of holding payment cheques. By writing cheques for payables, Bondfield would record suppliers as having been paid on the cheque date. However, Bondfield would refrain from delivering the cheque itself thus extending its use of those funds, and again keeping supplier payments outstanding for longer periods of time than reflected by the accounting records. By way of example, EY discovered in June 28, 2018 a store of such cheques written to suppliers with a total balance of \$23,214,486.95, which had not been released to suppliers.
- 49 Unsupported back charges were another practice affecting the reliability of Bondfield's accounts payable records. A back charge is an amount deducted from an amount owing (included in accounts payable) to a sub-contractor or supplier on the basis of insufficient or deficient services or goods. When so applied, a back charge creates a negative entry against an account payable. Bondfield maintained many back charge entries even when it became known that such charges could not be justified in reducing the amount payable to the subcontractor.
- 50 To identify the extent of this practice, the Monitor examined the total amount of negative accounts payable (back charges and holdback) at calendar year end from 2014-2017:

	Negative AP Amount	Net AP Amount	AP Discount Factor¹
As at December 31, 2014	(6,137,919)	84,838,735	6.75%
As at December 31, 2015	(9,632,506)	62,688,765	13.32%
As at December 31, 2016	(12,575,269)	85,988,886	12.76%
As at December 31, 2017	(20,389,144)	61,653,710	24.85%

- 51 This analysis identified significant year over year growth every year in the negative accounts payable position. Bondfield's contract revenues and contract costs were also growing, at least in the earlier part of this time frame. As such, some increase in negative accounts payable could be expected to be reflective of greater contracting activity and greater sub-trade obligations. However, the trend in negative accounts payable growth is significantly higher than the contract costs trend, which is indicative of problematic back charges which would require reversal later.

	Negative AP Amount	% Growth	Contract Costs	% Growth
As at December 31, 2014	(6,137,919)		457,712,695	
As at December 31, 2015	(9,632,506)	56.93%	557,282,059	21.75%
As at December 31, 2016	(12,575,269)	30.55%	602,146,307	8.05%
As at December 31, 2017	(20,389,144)	62.14%	438,370,517	-27.20%

	2014	2015	2016	2017
Total Outstanding Negative AP	(6,137,919)	(9,632,506)	(12,575,269)	(20,389,144)
Outstanding Negative AP Older than 1 Year	(3,963,157)	(4,648,531)	(5,670,932)	(9,316,198)

- 52 To confirm this exercise the Monitor also considered the aging of the negative accounts payable, in the second table above.
- 53 Negative accounts payable over a year old are generally considered to be significantly more difficult to utilize as a reduction in the amount to be paid to the subcontractor. As reflected in the above table, close to half of Bondfield's negative accounts payable were over a year, which is similarly suggestive of problematic back charging practices. The Monitor notes that while Mr. Hamilton identified (at paragraph 61 of his report) 90 projects with average holdbacks of \$14,000 (or a total of \$1,260,000 for project start

¹ AP Discount Factor is equal to the discount that was effectively applied by including the negative AP balances. The calculation of the AP Discount Factor = { 1 - [Net AP / (Net AP + Negative AP)] }

dates from 1996 to 2010) as a factor inflating accounts payable; the negative accounts payable balances far exceed this amount.

54 Just as accounts payable were understated in Bondfield's records, accounts receivable were similarly overstated or were otherwise treated in a problematic fashion.

55 Even on the face of Bondfield's records, it was apparent that even while Bonfield's contract revenues were going up, the collectability of those revenues was going down. To demonstrate that condition, the Monitor has calculated a measurement known as the AR turnover ratio of Bondfield from 2015-2019.

56 This ratio, like aged accounts receivable is a way to measure the health of a company's collections. The higher the number of "turns" in a year, the faster a company is collecting its contract monies. A turn of 4 or higher is indicative of receivables being collected on average in less than 90 days. Bondfield's turnover ratios were as follows:

Year	AR Turnover
2015	4.64
2016	4.15
2017	3.62
2018	1.14
2019	1.70

57 The chart demonstrates that throughout the TUV period, Bondfield's account receivable collection was in continual decline – this indicates that while revenues may have been increasing, Bondfield's ability to generate cash flow from the revenues on a timely basis was not occurring and as such would have and did create or add to liquidity problems. These collection difficulties could be indicative of overstated/uncollectible accounts receivable.

58 Even more significantly, at the beginning of the CCAA period, Bondfield finally recognized large write-offs to be required for overstated receivables. In particular, the company recognized numerous projects that had been recognizing revenue aggressively and too early based upon inaccurate estimates of the cost to complete. In general terms, Bondfield was also underestimating uncollectible receivables due to (i) owner disputes or

other project issues, (ii) too aggressive project profitability estimates that had over-stated project profits, and (iii) including profits from prior years financial statements.

- 59 In addition to demonstrating the generally deteriorating financial conditions at Bondfield, the above noted payable and receivable impacts, especially payables, are indicative of the fact that Bondfield could ill-afford the steady drain of TUV payments.
- 60 Another way to measure the negative impact of the TUV payment flows is to consider them relative to Bondfield's bank financing requirements, as depicted below:

	2014	2015	2016	2017	Total
Payments to Supplier Respondents	5,749,917	8,578,689	7,487,832	1,716,922	23,533,360
Bank Indebtedness ²	31,100,000	76,144,344	76,668,354	90,391,064	
Increase		45,044,344	524,010	13,722,710	\$59,291,064

Bank indebtedness, Dec 31, 2014	31,100,000.00
Bank indebtedness, Dec 31, 2017	90,391,064.00
Increase in Bank indebtedness	59,291,064.00
Payments to Suppliers Respondents (excluding 2304288)	
Year ended December 31, 2014	5,749,916.70
Year ended December 31, 2015	8,578,688.80
Year ended December 31, 2016	7,487,832.00
Year ended December 31, 2017	1,716,922.00
Total	23,533,359.50
Payments as % of increase in Bank indebtedness	39.69%

- 61 Bondfield's total increase in bank indebtedness from 2014 to 2017 was \$59,291.064. The TUV payments for the same period were \$23,533,360. While the respondents now argue that the increase in indebtedness was simply reflective of growth in contract commitments (without recognizing the unprofitability of those contracts) the fact is that, but for the TUV payments, a significant portion of that growth could have been financed internally, and without increased interest costs.

² 2014 financial statements do not include bank indebtedness as the 2014 bank indebtedness balance was netted against cash on the balance sheet per the CHS Report. However, for purposes of the above analysis, we have included it in 2014

- 62 The above accounting analysis of Bondfield's financial decline is corroborated by an understanding of the capital requirements of Bondfield's business.
- 63 As John Aquino himself notes, Bondfield had a particularly capital intensive operating structure. Not only did it have the usual costs and delays between expenses incurred and revenues paid of all general contractors, but it self-performed many common sub-trade activities.
- 64 This condition was then exacerbated by the wave of P3 infrastructure projects Bondfield successfully bid on in the early part of the TUV Period, 2014-2015. The projects typically provided initial payments to assist the contractor to address up-front costs, but then lengthy milestones would need to be met before any additional payments would be made. In these circumstances, removal of the TUV amounts would, and did, have material effects on Bondfield's working capital, in turn contributing to the company's continually deteriorating condition, as reflected in the above analysis.
- 65 Finally, John Aquino has asserted at paragraphs 90–95 of the July 27, 2020 John Aquino Affidavit, that Zurich's refusal to extend bonding in the later part of the TUV Period was the causal event of Bondfield's decline.
- 66 In the Monitor's observation, based on the weaknesses in Bondfield's balance sheet and working capital, the inability to obtain bonding was an effect not a cause. The Monitor also notes that, pursuant to the terms of Bondfield's contracts with Zurich, and general surety industry practice, Zurich was under no obligation to provide bonding to any given project at all. In this regard, the applicable bonding contract terms provided as follows:

Advances and Financing: Surety is authorized but not required to advance or lend money to any entity which Surety may see fit and at times and amounts that Surety determines in its sole discretion, for the purpose of facilitating performance of any obligation under any Bond or Bonded Contract. Surety may cancel such advances or financing or may cease to make or continue such financing at any time and without notice...

Issuance of Bonds: Surety does not guarantee the issuance or compliance of any Bond or any obligee's acceptance of any bond

issued. Surety has an absolute right to decline to issue or continue or renew any Bond or to cancel any Bond...

Copies of the 2015 and 2017 indemnity agreements with Bondfield are attached at **Appendix C** in this regard.

67 Similarly, the absence of bonding and the resulting inability to get new projects and any upfront payments from those projects simply exposed the fact that the existing Bondfield projects were money-losing, and Bondfield no longer had the additional upfront payments from new projects to provide the funding needed to effectively cover those losses and the TUV payments.

68 As noted at the outset of this financial analysis, the Monitor's understanding is that under the applicable branch of the TUV test being relied upon, there is no onus upon the Monitor to prove the debtor's financial condition at the time of TUV payments, or at all. Nevertheless, if it is desirable to consider such factors, when Bondfield's financial records are adjusted to reflect reality, there is ample information to show that Bondfield was facing existing or foreseeable financial difficulties at the time of the False Invoicing Scheme and the Fund Cycling Scheme and that the removal of funds from the company through those schemes would reasonably have been expected to increase those challenges.

STEVEN AQUINO'S EVIDENCE

69 John Aquino has made a variety of allegations against his brother and father, Steven and Ralph Aquino, including specifically at paragraphs 19-32 of the July 27, 2020 John Aquino Affidavit and paragraphs 97-116 of the June 14, 2020 John Aquino Affidavit.

70 In part the purpose of these allegations appears to be to challenge the reliability of the Monitor's evidence, because Steven is the source of some of the Monitor's information.

71 In part the purpose of these allegations appears to be to suggest that John's activities were legitimate because Steven and Ralph engaged in similar such activities.

- 72 Steven has provided an affidavit, to provide his perspective on his brother's allegations and provides contradictory evidence to those allegations.
- 73 The Monitor has additional information and observations with respect to this issue.
- 74 With respect to Steven Aquino's reliability as a source of information, the Monitor notes that it does not rely upon uncorroborated evidence from Steven to establish the absence of value in the Impugned Transactions. Paragraphs 27-45 of the Phase II Investigation Report set out in detail the facts relied upon to establish the False Invoicing Scheme and to which elements Steven's information contributed.
- 75 In general terms, those facts are common "badges of fraud" or departures from usual financial and commercial practices. The only challenge to those facts has been an allegation by John Aquino that in fact Bondfield paid legitimate suppliers on a similar basis as the Suppliers of Interest.
- 76 The data relied upon by John Aquino does not support that position. John Aquino refers at paragraph 118 of his June 14, 2020 Affidavit to Ann Fize Construction, Urban Mechanical and Lab Flooring as suppliers who were also paid on accelerated time frames.
- 77 According to Bondfield's records, Ann Fize Construction was an independent contractor, and therefore paid on the same basis as payroll.
- 78 With respect to Lab Flooring and Urban Mechanical, the full data attached by John Aquino in fact demonstrates that they were paid on standard 30-45 day terms, as shown in the chart below:

Supplier Code	Invoice Date	Date of Record	Cheque Date	Days from Invoice Date	Days from Date of Record
URBA464	10-Apr-2016	30-Apr-2016	27-May-2016	47	27
URBA464	23-Dec-2016	31-Dec-2016	15-Feb-2017	54	46
URBA464	10-Jul-2016	31-Jul-2016	30-Aug-2016	51	30
URBA464	10-Jun-2016	30-Jun-2016	30-Jul-2016	50	30
URBA464	10-Jun-2016	30-Jun-2016	30-Jul-2016	50	30

Supplier Code	Invoice Date	Date of Record	Cheque Date	Days from Invoice Date	Days from Date of Record
URBA464	10-Jun-2016	30-Jun-2016	30-Jul-2016	50	30
URBA464	10-May-2016	31-May-2016	7-Jul-2016	58	37
URBA464	10-May-2016	31-May-2016	7-Jul-2016	58	37
URBA464	23-Oct-2016	5-Dec-2016	5-Dec-2016	43	0
URBA464	23-Oct-2016	5-Dec-2016	5-Dec-2016	43	0
URBA464	10-Sep-2016	30-Sep-2016	26-Oct-2016	46	26
URBA464	10-Sep-2016	30-Sep-2016	26-Oct-2016	46	26
URBA464	10-Sep-2016	30-Sep-2016	26-Oct-2016	46	26
URBA464	10-Aug-2016	31-Aug-2016	1-Oct-2016	52	31
LABF422	19-May-2015	31-May-2015	30-Jun-2015	42	30
LABF425	19-Aug-2015	30-Sep-2015	16-Nov-2015	89	47
LABF425	19-Oct-2015	31-Oct-2015	16-Nov-2015	28	16
LABF425	17-Jul-2015	17-Jul-2015	17-Jul-2015	0	0
LABF428	16-Jun-2015	30-Jun-2015	28-Jul-2015	42	28
LABF428	19-Aug-2015	31-Aug-2015	2-Oct-2015	44	32
LABF428	18-Sep-2015	19-Oct-2015	19-Oct-2015	31	0
LABF428	19-Oct-2015	31-Oct-2015	24-Nov-2015	36	24
LABF428	20-Nov-2015	30-Nov-2015	31-Dec-2015	41	31
LABF428	20-Nov-2015	30-Nov-2015	31-Dec-2015	41	31
LABF428	20-Nov-2015	30-Nov-2015	31-Dec-2015	41	31
LABF428	20-Nov-2015	30-Nov-2015	11-Jan-2016	52	42
LABF428	18-Dec-2015	31-Dec-2015	10-Feb-2016	54	41
LABF428	19-Jan-2016	29-Feb-2016	6-Apr-2016	78	37
			Average	46.89	27.36

79 This analysis assumes the date of record or invoice date to be accurate, which, as noted above, may not be case. If those dates were delayed, as the Monitor has determined occurred from time to time, then in fact the payment terms are even further extended as compared to the Suppliers of Interest.

PAYMENTS FROM BONDFIELD FOR PERSONAL BENEFIT OF AQUINO FAMILY

80 With respect to John Aquino’s allegations that his brother and father engaged in similar transfers to the Impugned Transactions, the Monitor notes that the alleged transfers have no bearing on the False Invoicing Scheme, only the Fund Cycling Scheme. The Monitor is not aware of any involvement of Steven or Ralph Aquino in any false invoicing to Suppliers of Interest.

81 The Monitor also notes that even with respect to Fund Cycling Scheme transfers, those allegations are ultimately irrelevant to the issue for determination by the court; whether the 230 transfers did or did not have value to Bondfield and a corresponding intent to defeat, delay or defraud creditors.

82 The Monitor does have certain additional observations in connection with the allegations regarding transfers to John, Steven and Ralph Aquino.

83 The transfers John Aquino describes, such as payments for significant personal items, can be categorized as potentially “inappropriate expenses”.

84 The amounts identified as paid for the benefit of John Aquino to fund personal expenditures exceed the amounts alleged by John Aquino as having been received by Steven Aquino and Ralph Aquino, as depicted below:

	John	Steven	Ralph
Mortgage Payments (Oct 2016 onward)	293,592	79,851	0
Expenses for residence	133,710	5,665	10,884
Total	427,302	85,516	10,884
Credit card and expense reports	Unknown	509,322	153,977

85 This exercise is non-exhaustive. The amounts under the Steven and Ralph columns are simply the tabulation of the amounts cited against them by John Aquino in his evidence. The Monitor notes Steven’s evidence that various such expenses were intended to be recorded against Ralph’s shareholder loan. Setting aside those qualifications, the Monitor further notes that the total of like to like expenses it has been able to identify in a brief review is significantly higher for John Aquino. With respect to the credit card and

expense reports, the Monitor has not engaged in an analysis as to whether the credit card and expense reports cited by John contain both proper and improper expenses. The Monitor has also not engaged in a review of John's credit card and expense reports since they similarly may contain legitimate and non-legitimate expenses. The Monitor is aware that John Aquino had credit card invoices and expense reports of higher magnitudes.

- 86 With respect to allegations of a car purchase by Ralph Aquino, Bondfield's books and records indicate such purchase, but show it properly recorded against Ralph Aquino's shareholder loan account. As the founder of the business, it is reasonable to accept that Ralph Aquino had a significant shareholder loan arising from foregone dividends.
- 87 John Aquino claims at paragraph 59 of the June 14, 2020 John Aquino Affidavit that various sums received by 230 in December of 2014, 2015 and 2016 totalling \$1,977,500 were in fact legitimate year end bonuses.
- 88 The Monitor was not able to clearly identify these payments as bonuses in BCCL's accounting records as (i) no T4s were issued by BCCL or its affiliates in respect of these amounts; and (ii) these payments were recorded as material and tax expenses on specific projects (not as employee bonuses or shareholder draws). The amounts of these payments were quite substantial relative to John Aquino's base compensation for these years, which was reflected in the applicable T4s as follows: \$189,280 (in 2014); \$233,953.20 (in 2015) and \$230,446.36 (in 2016).
- 89 The Monitor does note that these bonus amounts are consistent with a year end bonus allocation summary identified to the Monitor by Steven Aquino, which summary is said to represent the intended bonus distributions agreed to between John Aquino, Ralph Aquino and Steven Aquino. That summary does not indicate why these sums were distributed through 230 and allocated to job costs, or why DiPede received sums in excess of such summary through the same method. A copy of the year end bonus allocation summary is attached at **Appendix D**. Because the bonus allocation summary contains the private financial information of many other Bondfield employees, unrelated to this application, the Monitor intends to seek a sealing order over Appendix D.

LOANS BY JOHN AQUINO

Capital Injections

- 90 The June 14, 2020 John Aquino Affidavit describes at paragraphs 72–91 various “Capital Injections” made to Bondfield by 230 during several years prior to the CCAA proceedings for the specific purpose of temporarily increasing the cash and working capital to then also increase the borrowing and bonding capacity of Bondfield.
- 91 Based upon the description of these transactions by John Aquino, these do not appear to be *bona fide* contributions of funds from 230 or John Aquino to Bondfield. These transactions appear to have been designed specifically to artificially and very temporarily increase Bondfield’s liquidity as asserted by John Aquino paragraphs 74–76 of the June 14, 2020 John Aquino Affidavit. The Monitor is not aware of any potential source of the funding used by 230 to make these Capital Injections other than Bondfield itself through prior Impugned Transactions.
- 92 The Monitor believes the Capital Injections, which John Aquino explains were used from 2014 to 2017, are a sign of potential liquidity concerns at Bondfield during those years.

Additional Aquino Loans

- 93 John Aquino also described \$7.5 million of loans made from 230 to Bondfield in March of 2018 at paragraph 177 of the June 14, 2020 John Aquino Affidavit.
- 94 One of these advances by 230 was made on March 17, 2018 in the amount of \$2,000,000. This advance was recorded as a reduction to construction job costs, and not as a shareholder loan or contribution. On April 6, 2018 a payment was made to 230 for \$2,000,000 to effectively remove the \$2,000,000 amount that was previously advanced on March 17, 2018. This transaction followed the same pattern as the short term Capital Injections described above.
- 95 The other two advances by 230 of \$4,000,000 on March 10, 2018 and \$1,500,000 on March 20, 2018 were recorded as shareholder contributions made by John Aquino. However, the process to record these contributions was a multistep process that involved

recording the contributions as reductions to construction job costs before ultimately moving the amount to show as an amount owing to John Aquino. The amounts were not returned to 230.

- 96 To the extent that amounts were received by Bondfield from 230 as part of these series of transactions, those receipts are already accounted for in the Monitor's damages calculation related to the Fund Cycling Scheme as described earlier in this Seventh Supplement. This should resolve any concerns in respect of these alleged advances by 230.

COREBUILD TRANSACTION

- 97 John Aquino has also made reference to a transaction involving Corebuild at paragraph 120 of the July 27, 2020 John Aquino Affidavit and paragraphs 25-27 of the June 14, 2020 John Aquino Affidavit.
- 98 In March 2020, the Court in the CCAA proceedings approved a transaction pursuant to which certain Bondfield projects would be assigned to Corebuild, an entity in which Maria Bot (the sister of John Aquino and Steven Aquino) is a significant shareholder and for which the Monitor has been informed Steven Aquino is a director (the **"Corebuild Transaction"**).
- 99 John Aquino appears to believe that this is evidence of a *quid pro quo* with Zurich, as surety, or Bridging Finance Inc., as agent for the secured lenders, directed against John Aquino. The Monitor is not aware of any such *quid pro quo*. As described in greater detail in the Eleventh Report of the Monitor, dated March 13, 2020, the Corebuild Transaction was a reasonable step by Bondfield that was anticipated to reduce overhead and administrative expenses for Bondfield and would allow Zurich to mitigate uncertainty in completing the assigned projects and crystallize losses on those projects.
- 100 The Monitor is not aware of any connection between the Corebuild Transaction and the TUV Application.

CONCLUSION

101 For the assistance of the Court and the parties the Monitor has engaged in a detailed assessment of many of the allegations raised by the respondents, and John Aquino in particular.

102 To conclude, however, the Monitor observes it may be helpful to return to the starting point. Many of the allegations raised by the respondents, such as Bondfield's financial health, are not germane to the issue the Court must decide. Others, such as John Aquino's offset claim and 230 transfers form a smaller fraction of the whole transfers but a larger portion of the issues under discussion. This stands in notable contrast to the \$42.3 million attributable to the False Invoicing Scheme, to which John Aquino has fundamentally failed to respond.

All of which is respectfully submitted this 18th day of August, 2020.

ERNST & YOUNG INC.

**Solely in its role as Court-appointed Monitor
of the Bondfield Group, and not in its personal capacity**

Per:



Alex Morrison, CPA, CA

Senior Vice President

APPENDIX A

TUV Amendment Filing Summary Tables

Supplier of Interest Receipts from Bondfield Group After April 3, 2014

Supplier of Interest	Receipts from Bondfield Group
2466601 Ontario Inc. / MMC General Contracting	4,208,798 CAD
2483251 Ontario Corp. / Clearway Haulage	7,566,887 CAD
2420595 Ontario Ltd. / Strada Haulage	6,097,028 CAD
2420570 Ontario Ltd. / MTEC Construction	3,093,827 CAD
RCO General Contracting Inc.	282,500 CAD
Time Passion, Inc.	558,653 CAD
2304288 Ontario Inc.	13,985,743 CAD 35,030 USD
Total (with TUV period – after April 3, 2014)	35,793,436 CAD 35,030 USD

Entity	Received from BCCL	Paid to BCCL	Curr	Net
2304288 Ontario Inc.	23,493,287	17,300,000	CAD	6,193,287
	35,030	-	USD	35,030
Clearway Haulage	7,566,887	-	CAD	7,566,887
MMC Contracting	4,208,798	-	CAD	4,208,798
MTEC Construction	3,093,827	-	CAD	3,093,827
RCO General Contracting Ltd.	282,500	-	CAD	282,500
Strada Haulage	6,097,028	-	CAD	6,097,028
Time Passion	1,346,153	-	CAD	1,346,153
Total	46,123,510	17,300,000	CAD	28,823,510
	35,030	-	USD	35,030

APPENDIX B

Bondfield Construction Company Limited
Calculation of TUV Damages

TRANSFERS BETWEEN BCCL AND 2304288 ONTARIO

	Total - Pre-TUV	TUV 2014	2015	2016	2017	2018	TUV Total	Total - All periods
BCCL Paid to 2304288								
2304288 CAD	9,507,544	678,000	1,734,500	5,565,000	2,695,000	3,313,243	13,985,743	23,493,287
Total CAD	9,507,544	678,000	1,734,500	5,565,000	2,695,000	3,313,243	13,985,743	23,493,287
2304288 USD	-	-	-	-	-	35,030		
FX Factor (Note 1)						1.2454		
Total CAD amount of USD Payments	-	-	-	-	-	43,626	43,626	43,626
Total BCCL Paid to 2304288	9,507,544	678,000	1,734,500	5,565,000	2,695,000	3,356,869	14,029,369	23,536,913
Cummulative during TUV period		678,000	2,412,500	7,977,500	10,672,500	14,029,369		
2304288 paid to BCCL								
BCCL CAD		1,000,000	4,000,000	1,000,000	3,800,000	7,500,000	17,300,000	17,300,000
Total CAD	-	1,000,000	4,000,000	1,000,000	3,800,000	7,500,000	17,300,000	17,300,000
BCCL USD	-	-	-	-	-	-		
FX Factor								
Total CAD amount of USD Payments	-	-	-	-	-	-	-	-
Total BCCL Paid to 2304288	-	1,000,000	4,000,000	1,000,000	3,800,000	7,500,000	17,300,000	17,300,000
Net BCCL Paid to 2304288	9,507,544	(322,000)	(2,265,500)	4,565,000	(1,105,000)	(4,143,131)	(3,270,631)	6,236,913

Note 1: The transfer happened on Jan 9, 2018 - the Bank of Canada FX rate for this date was 1.2454

APPENDIX C



ZURICH

General Indemnity Agreement

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this **16th** day of **July, 2015** by:

Bondfield Construction Company Limited, 407 Basaltic Rd., Concord, ON, L4K 4W8

1033803 Ontario Inc., 407 Basaltic Rd., Concord, ON, L4K 4W8

2032686 Ontario Limited, 407 Basaltic Rd., Concord, ON, L4K 4W8

B.B.M. Excavation Company Limited, 407 Basaltic Rd., Concord, ON, L4K 4W8

1291546 Ontario Inc., Basaltic Rd., Concord, ON, L4K 4W8

1291547 Ontario Inc., Basaltic Rd., Concord, ON, L4K 4W8

950504 Ontario Inc., Basaltic Rd., Concord, ON, L4K 4W8

352021 Ontario Limited, Basaltic Rd., Concord, ON, L4K 4W8

1087507 Ontario Limited, Basaltic Rd., Concord, ON, L4K 4W8

834076 Ontario Inc., Basaltic Rd., Concord, ON, L4K 4W8

2002960 Ontario Limited, Basaltic Rd., Concord, ON, L4K 4W8

1428508 Ontario Limited, Basaltic Rd., Concord, ON, L4K 4W8

Bondfield Construction Equipment Ltd., 407 Basaltic Rd., Concord, ON, L4K 4W8

Bondfield Management Inc., 407 Basaltic Rd., Concord, ON, L4K 4W8

Ralph Aquino, 121 Rebecca Court, Maple, ON, L6A 1G2

John Aquino, 9 Chieftan Crescent, Toronto, ON, M2L 2H3

Steven Aquino, 247 Donessle Drive, Oakville, ON, L6J 3Y8

New Indemnitors added via Rider

(each an "Indemnitor" and all of the above individually and collectively "Indemnitors") in favor of and for the continuing benefit of ZURICH INSURANCE COMPANY LTD and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to ZURICH AMERICAN INSURANCE COMPANY, FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY, and ZURICH INSURANCE GROUP LTD, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, obligation of suretyship and/or instrument of guarantee or indemnity, and any agreement or consent to provide such a bond, undertaking, obligation or instrument, which is executed, provided or procured (herein "issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) in the name of or on behalf of any Indemnitor, any Related Entity, any other entity on request in accordance with this Agreement, or any combination thereof, whether issued prior to or after the execution of this Agreement, and all continuations, renewals, extensions, modifications and substitutions of bonds (all of the foregoing collectively "Bonds" and each individually a "Bond"). This Agreement shall be liberally construed so as to fully protect, exonerate, indemnify and hold Surety harmless from all liability and Loss.

The Indemnitors acknowledge that the Surety requires their signatures to the present agreement in consideration of the issue of Bonds, whether past, present and future, by the Surety or by others referred to in the Agreement, directly or indirectly, or of the Surety refraining from cancelling such Bonds.

Indemnitors hereby represent and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence, in its sole discretion, that it has been fully released and/or discharged from liability under such Bonds.

2. **INDEMNITY:** Indemnitors shall exonerate, indemnify, and hold Surety harmless from any and all liability and Loss, sustained or incurred, arising from or related to: (a) any Bond, (b) any Claim, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of Surety's interests, or to avoid, or lessen Surety's liability or alleged liability. The liability of Indemnitors to Surety under this Agreement includes all Claims made on Surety, all payments made, Loss incurred, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the amounts paid or the actions taken, or that it was necessary or expedient to make such payments or take such actions, whether or not such liability, necessity or expediency existed (but without being required to consult with or obtain the agreement or approval of the Indemnitors). Indemnitors shall promptly, upon demand, make payment to Surety as soon as liability or Loss is sustained or incurred or is asserted against Surety, whether or not Surety has made any payment. An itemized statement of Loss, sworn to by any officer of Surety, or the voucher or other evidence of any

payment, shall be *prima facie* evidence of the fact, amount and extent of the liability of Indemnitors for such Loss. Indemnitors shall promptly, upon demand, procure the full and complete discharge of Surety from all Bonds and all liability in connection with such Bonds. If Indemnitors are unable to obtain discharge of any or all such Bonds within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations.

3. SURETY'S RIGHT TO PERFORM, SETTLE AND/OR MODIFY: Surety shall have the absolute and unconditional right and is authorized but not required to: (a) adjust, pay, perform, decline to perform, compromise, settle, deny, defend, litigate or otherwise resolve any Claim and/or any claim, counterclaim, defense or setoff held by or made against any Indemnitor, Principal or other entity and/or to take any action to protect any rights of Surety or to preserve or protect Surety's interests, or to avoid or lessen any alleged liability (hereinafter "Settlement"); and (b) modify, consent to or decline to consent to modification of any Bond and/or Bonded Contract, and/or to take, consent to or decline to consent to any assignment (hereinafter "Modification"). Any Settlement and/or Modification by Surety shall be final, binding and conclusive upon Indemnitors. Indemnitors shall remain bound under this Agreement for all Loss even though any such Settlement or Modification by Surety does or might substantially increase the liability of Indemnitors.

4. PLACE IN FUNDS: In addition to the Indemnity afforded by this Agreement, Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. PLEDGE AND ASSIGNMENT OF COLLATERAL: Indemnitors pledge, assign, transfer and set over to Surety the Collateral, as collateral to secure the obligations in this Agreement, whether incurred before or after the execution of this Agreement, including a license to use the Collateral, without cost, to perform or discharge Surety's obligations under any Bond or Bonded Contract. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. In the event the Principal or Indemnitors shall borrow any money to finance any Bonded Contract or shall undertake to make any assignment of the Bonded Contract or any monies due or to become due thereunder, then it is expressly agreed that any such assignment shall be subordinate and inferior to the rights of the Surety hereunder.

6. TRUST FUNDS: The Indemnitors and Principal(s) agree and hereby expressly declare that all funds due or to become due under any Bonded Contract are, whether in the possession of the Principal or another, trust funds for the benefit of and payment to all persons to whom the Principal incurs, in the performance of such Bonded Contract, obligations for which the Surety would be liable under any Bond. If the Surety assumes or discharges any such obligation, it shall be entitled to assert the claim of such person to the trust funds for the benefit of, payment to, or reimbursement of Surety for any liability or Loss that Surety may have or sustain under any Bonds or under this Agreement whether or not a claim is asserted against Surety. Surety has the right, but not the obligation, to require that trust funds be placed in a dedicated trust fund account. This Agreement and declaration constitute notice of such trust.

7. PERSONAL PROPERTY SECURITY ACT FILING: This Agreement constitutes a security agreement to Surety in accordance with the Personal Property Security Act or similar statute in any jurisdiction, including but not limited to the Uniform Commercial Code. The Indemnitors specifically acknowledge and agree that Surety may file a photocopy or other reproduction of this Agreement as a financing statement or otherwise take any action or file any statement or documents in any appropriate office or register to perfect the rights and interests granted in the Collateral or trust funds at any time. The filing or recording of a financing statement in respect of this Agreement shall be solely at the option of Surety and shall not in any way subrogate, restrict or limit the rights of Surety under this Agreement, under law or in equity and the failure to do so shall not release or excuse any of the obligations of Indemnitors under this Agreement. Each of the Indemnitors and Principal(s) further waives its right (if applicable) to receive a copy of any financing statement, financing change statement and verification statement outside Quebec or, everywhere, any notice delivered, filed or issued in respect of this agreement.

8. TAKEOVER: If an Event of Default occurs, in addition to the other remedies provided in this Agreement, Surety shall have the right, in its sole discretion, and is authorized to take possession of any part or all of the work, materials and equipment under any Bonded Contract and any other materials or equipment which Surety deems necessary or proper to perform such Bonded Contract, and to perform or arrange for the performance of such Bonded Contract.

9. ADVANCES AND FINANCING: Surety is authorized but not required to guarantee loans and to advance or lend money to any entity which Surety may see fit and at times and amounts that Surety determines in its sole discretion, for the purpose of facilitating performance of obligations under any Bond or Bonded Contract. Surety may cancel such advances or financing or may cease to make or continue such advances or financing at any time and without notice. Indemnitors shall indemnify Surety for all such loans or advances and all Loss incurred by Surety relating to such loans and advances. Any failure to use the loans or advances, in whole or in part, for performance of obligations under such

Bonds or Bonded Contracts shall not be a defense to Indemnitors' duty to indemnify Surety for such loans or advances. Surety has no obligation to provide financing or other support to any Principal or Indemnitor.

10. BONDS FOR OTHER ENTITIES: Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any Related Entity. "Related Entity" means: (a) any present or future, directly or indirectly owned subsidiary or affiliate of any Indemnitor; (b) any legal entity in which any Indemnitor has or acquires an ownership interest; and (c) any joint ventures, consortiums, teaming arrangements or any other business collaboration or economic enterprise ("Joint Venture") in which any Indemnitor is or was a member at the time the Bond was issued. Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any entity other than a Related Entity, on the written request of any Indemnitor..

11. FINANCIAL STATEMENTS, BOOKS AND RECORDS: Indemnitors shall promptly provide Surety with any and all information and documentation concerning the business or financial situation of any Indemnitor or any subsidiary, affiliate or Related Entity of any Indemnitor, as requested by Surety. Indemnitors shall furnish on demand, and Surety shall have the right to access, examine and copy the books, records and accounts of Indemnitors and of any entity under the control of any Indemnitor, at no cost to Surety. Indemnitors authorize any entity in which funds of any Indemnitor may be deposited to furnish to Surety a statement of the amount of such deposits as of the date requested. Indemnitors authorize any and all lenders, obligees, subcontractors, suppliers, accountants, other insurers, and other persons or entities to furnish to Surety any information requested by Surety, including but not limited to the performance of obligations under any Bond or Bonded Contract and payments related to any such Bond or Bonded Contract.

12. ISSUANCE OF BONDS: Surety does not guarantee the issuance or compliance of any Bond or any obligee's acceptance of any Bond issued. Surety has an absolute right to decline to issue or continue or renew any Bond and to cancel any Bond. If Surety issues a bid or proposal Bond or a written commitment to issue any Bond (each a "Bond Commitment"), Surety has an absolute right to decline to issue any Bond that may be required in connection with any award made under the proposal for which the Bond Commitment was given.

13. WAIVER OF NOTICE: Indemnitors waive notice of the issuance or cancellation of any Bond, any Settlement or Modification, and any act, fact or information concerning or affecting the rights and liabilities of Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Principal and/or Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.

14. OTHER SURETIES AS BENEFICIARIES: If Surety procures the execution of any Bond by other sureties, or executes any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then the Indemnitors agree that all the terms and conditions of this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement of this Agreement. The Surety hereby declares that it is the trustee of all of the rights of the Beneficiaries under the foregoing covenant. Surety may furnish copies of any and all underwriting and Claim documentation to reinsurers and co-sureties, including statements, agreements, financial statements, and any information which Surety now has or may obtain in the future concerning (a) Principals and/or Indemnitors, (b) Related Entities of Principals and/or Indemnitors, and (c) other entities for which any Bond is requested pursuant to paragraph 10.

15. SURETY'S ADDITIONAL RIGHTS: This Agreement is in addition to and not in lieu of all other agreements of indemnity and any and all rights, powers, and remedies that Surety may have or acquire against Indemnitors or any other person or entity, whether by agreement, law or otherwise, including every right and remedy which a personal surety without compensation would have. Each right, remedy and power of Surety provided in this Agreement or by law, equity, or statute shall be cumulative, and the exercise or forbearance by Surety of any right, power or remedy shall not preclude Surety's simultaneous or subsequent exercise of any or all other rights, powers or remedies, and shall not be a waiver or election of other rights, remedies or powers. Nothing in this Agreement shall waive, abridge or diminish any right or remedy which Surety might have if this Agreement were not executed. Indemnitors acknowledge and agree that other indemnity, application or submission, collateral, property and/or security may be required by Surety with respect to Bonds issued under this Agreement. Indemnitors shall remain bound under the terms of this Agreement even though Surety may from time to time (before or after the date of this Agreement): (a) accept, modify or release other agreements of indemnity, applications or submissions with respect to any Bond; (b) accept, modify the indemnity of, or release any Indemnitor or any other person or entity; or (c) accept, release or subordinate any rights to collateral, real property, personal property or security, and this Agreement shall not be construed as having merged with or been cancelled, limited or superseded by any of the foregoing, unless such other instrument is in writing, expressly states that this Agreement is terminated thereby, and is signed by an officer of the Surety, nor shall any such other agreement be construed as having merged with or been cancelled, limited or superseded by this Agreement. Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may

hold against any person or entity or which may be asserted by any Principal, Indemnitor or any other person or entity arising from or related to any Bonded Contract, any Bond, this Agreement, other agreements, by law or otherwise. Surety is subrogated to all rights, Claims, funds and receivables related to any Bonded Contract. Surety has the right to offset Loss on any Bonded Contract against proceeds, funds, real property or personal property under any other Bonded Contract or otherwise available to Surety under this Agreement. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.

16. SURETY'S RIGHT TO SPECIFIC PERFORMANCE: Indemnitors acknowledge that the failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Indemnitors agree that Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.

17. POWER OF ATTORNEY: Indemnitors irrevocably nominate, constitute, appoint and designate Surety, and any persons designated by Surety, as their attorney-in-fact, with the right, but not the obligation, to exercise all of the rights of Indemnitors pledged, assigned, transferred and set over to Surety in this Agreement, including, in the name of Indemnitors to make, execute, and deliver any and all assignments or documents deemed necessary and proper by Surety in order to exercise its rights, powers and remedies under this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as such attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts.

18. JOINT AND SEVERAL LIABILITY: Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, Principal, or other person or entity.

19. CONTRIBUTION AND BANKRUPTCY: Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any Principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full and the period within which a trustee or other similar official in a bankruptcy, insolvency, reorganization or similar proceeding may avoid, rescind or set aside any payments in respect of such obligations shall have expired. In the event that any payment by the Indemnitors shall have been rescinded or returned as a result of any bankruptcy, insolvency, reorganization or similar proceeding at any time during the term of this Agreement, the Indemnitors shall pay to Surety all such sums as shall be outstanding on demand. No delay in making such demand shall affect in any manner the other obligations of the Indemnitors hereunder.

20. NOTICE TO SURETY: Indemnitors shall notify Surety as soon as any Indemnitor becomes aware of the happening of any Event of Default. This notice, and any other notice to Surety, shall be addressed as follows: **ZURICH INSURANCE COMPANY LTD, Head Office for Canada, ATTN: SURETY DEPT. 100 King Street West, Suite 5500, Toronto, Ontario M5X 1C9**

21. LAWSUITS AND JURISDICTION: Separate lawsuits may be brought under this Agreement as causes of action accrue, and the bringing of any lawsuit or the recovery of any judgment on any cause of action shall not prejudice or bar the bringing of other lawsuits, on the same or other causes of action, whether arising before or after any other lawsuit or cause of action. In any legal proceeding brought by or against Surety that in any way relates to this Agreement, each Indemnitor irrevocably and unconditionally submits to the jurisdiction, at Surety's sole option, of the Provincial, Federal, state and local courts in which (a) any Indemnitor resides or has property, (b) any bonded obligation arises or is performed, in whole or in part, or (c) any action may be brought against Surety. Indemnitors submit to the jurisdiction of such courts and waive and agree not to assert that they are not subject to the jurisdiction of any such court or that the jurisdiction and/or venue is in an inconvenient forum or otherwise improper.

22. GOVERNING LAW FOR BONDED CONTRACTS OUTSIDE CANADA: Indemnitors agree that as to any legal action or proceeding related to any Bond issued in connection with any Bonded Contract to be performed outside Canada and its territories, this Agreement shall be governed by and interpreted under the laws of the Province of Ontario, Canada, without regard to principles of conflicts of laws.

23. EXECUTION AND CHANGES: This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other party has executed the Agreement or fails to execute this Agreement. This Agreement shall only be changed or modified in writing.

24. SEVERABILITY: If any provision of this Agreement is found to be void or unenforceable as to an Indemnitor, the remainder of this Agreement shall nevertheless remain enforceable as to that Indemnitor; and the entire Agreement shall remain enforceable as to all other Indemnitors.

25. TERMINATION: Indemnitors' obligations and Surety's rights and remedies under this Agreement are continuing.

Indemnitors acknowledge that their obligations under this Agreement remain for Bonds executed for entities that may be sold, dissolved, or otherwise disposed of in the future. This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may terminate their participation in this Agreement with respect to future Bonds by sending written notice of termination to Surety at the address in Paragraph 20. Such termination shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date") and shall be effective only as to the Indemnitor providing such written notice. The notice of termination shall not terminate, modify, bar or discharge such notifying Indemnitor's obligations to Surety under this Agreement for: (a) Bonds issued prior to the Effective Date; (b) Bonds issued after the Effective Date where such Bonds are issued with respect to a Bond Commitment issued prior to the Effective Date; and (c) any Collateral or interest provided under this Agreement. The execution of any subsequent agreements of indemnity in favor of Surety by any Indemnitor shall not be construed as a novation, and this Agreement may only be terminated as provided herein.

26. JURY WAIVER: Indemnitors hereby knowingly and voluntarily waive and covenant that they will not assert any right to trial by jury in respect to any legal proceeding arising out of this Agreement.

27. REPRESENTATIONS AND WARRANTIES: Indemnitors each represent and warrant the following: (a) Each Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling any such Bond; (b) Each Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate and complete as of the time provided; and (d) Each right, power and remedy given to Surety, under any provision of this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

28. WAIVER OF EXEMPTIONS: Indemnitors waive all rights to claim any of their property, including their respective homesteads, as exempt from any levy, execution, sale or other legal process by Surety under the laws of any province or territory of Canada, unless such waiver is prohibited by law.

29. SPECIAL PROVISIONS FOR QUEBEC BONDS AND FOR PRINCIPALS HAVING THEIR DOMICILE IN QUEBEC: Addendum No. 1, Special Provisions for Quebec Bonds, is attached to this Agreement and is incorporated by reference. A "Quebec Bond" is defined as any Bond issued with respect to Bonded Contracts or other obligations to be performed (in part or in whole) in the Province of Quebec.

30. NOT USED

31. DEFINITIONS:

Bonded Contract means any contract or other obligation referred to in any Bond or secured by any Bond.

Change in Control means any Principal or Indemnitor, without Surety's prior written consent: (a) assigning or selling any Bonded Contract; (b) undergoing a change in the beneficial ownership, directly or indirectly, of thirty percent (30%) or more of its voting stock (measured by voting power rather than number of shares) in one or more transactions, or any change in stock that results in a change of majority ownership; or (c) ceasing or threatening to cease to carry on business, or having any resolution passed or order made for its winding-up, liquidation or dissolution.

Claim or Claims means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond, any Bonded Contract, or this Agreement.

Collateral means all right, title and interest of one or more Indemnitors in the following, wherever located, and whenever acquired or arising: (a) all Bonded Contracts; (b) all goods (including equipment, machinery, tools and materials), general intangibles, and inventory, to the extent not subject to a prior perfected security interest; (c) all subcontracts and purchase orders arising under any Bonded Contract, and all surety bonds supporting such subcontracts and purchase orders; (d) all sums which are or may become payable in connection with any Bonded Contract and all other contracts in which any Indemnitor has an interest; (e) all intellectual property (including proprietary software) necessary or required to perform any Bonded Contract; (f) any facilities or plants necessary or required to perform any Bonded Contract; and (g) any real or personal property, the improvement of which is secured by any Bond, including any construction, mechanic's or builder's lien rights; (h) any statutory trust rights; and (i) any rights under any contract of insurance or financial instrument, including any letter of credit, guarantee or surety bond.

Event of Default means any one or more of the following: (a) failure to timely perform or comply with any Bonded Contract or failure to timely pay invoices, bills or other indebtedness or to discharge liabilities under any Bonded Contract

or Bond; (b) Breach of any Bond or declaration of default under any Bonded Contract (whether admitted or contested); (c) Surety setting any reserve against Loss or incurring Loss; (d) breach of or failure to timely comply with this Agreement; (e) any Principal or Indemnitor becoming the subject of any bankruptcy, insolvency, receivership, creditor assignment or trusteeship (whether voluntary or involuntary and whether insolvent or not); (f) any occurrence which deprives or impairs any Principal, Indemnitor and/or Surety of the use of any Collateral; (g) any individual Indemnitor becoming legally incompetent, imprisoned, convicted of a felony or indictable offence or imprisoned, or disappearing and being unable to be located; (h) a Change in Control; (i) any default, however described, which occurs under any document relating to the financial indebtedness of any Principal or Indemnitor, as a result of which that financial indebtedness is or becomes capable of being rendered prematurely due and payable; or (j) any representation by any Principal or Indemnitor to Surety which was materially false or misleading when made.

Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Principal and Indemnitors.

Loss means all premiums due to Surety and any and all liability, loss, Claims, damages, court and party costs and expenses, attorney, solicitor, counsel and/or own client fees and disbursements (including those of Surety, and including on appeal), consultant fees and disbursements, and all other costs and expenses, including but not limited to any additional or extra-contractual damages arising from Surety's Settlement of any Claim. Pre-judgment and post-judgment interest shall accrue from the date of any payment made by Surety with respect to any of the foregoing at the maximum default rate permitted by law.

Principal means any person or entity whose obligation is guaranteed by a Bond.

SIGNATURE PAGE(S) TO FOLLOW

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SIGNATURE INSTRUCTIONS

1. All signatures should be dated and give the written name (and title, if applicable) of the person signing.
2. If the signer is a Corporation, an officer on the operational side (i.e. President, CEO, COO) should sign and the Corporation should attach its seal.
3. If the signer is an individual (personal) Indemnitor, each Indemnitor should sign and date their signature and provide all of the required information. Each signature should be witnessed.

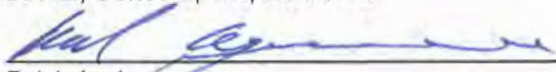
By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

INDEMNITOR:

Bondfield Construction Company Limited
407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By:


Ralph Aquino
as President of Bondfield Construction Company Limited

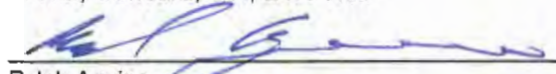
Date: October 20, 2015

INDEMNITOR:

1033803 Ontario Inc.
407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By:


Ralph Aquino
as President of 1033803 Ontario Inc.


Date: October 20, 2015

INDEMNITOR:

2032686 Ontario Limited
407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By:


Michael Solano
as President of 2032686 Ontario Limited

Date: October 20, 2015


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INDEMNITOR:

1087507 Ontario Limited

407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 1087507 Ontario Limited

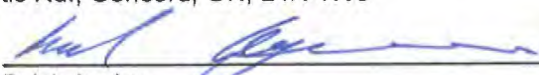
Date: October 20, 2015

INDEMNITOR:

834076 Ontario Inc.

407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 834076 Ontario Inc.

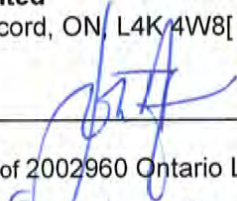
Date: October 20, 2015

INDEMNITOR:

2002960 Ontario Limited

407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By: 
John Aquino
as President of 2002960 Ontario Limited


Date: October 20, 2015

INDEMNITOR:

1428508 Ontario Limited

407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By: 
Michael Solano
as President of 1428508 Ontario Limited

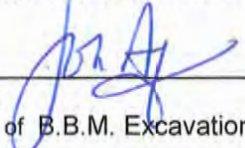
Date: October 20, 2015

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INDEMNITOR:

B.B.M. Excavation Company Limited
407 Basaltic Rd., Concord, ON, L4K 4W8

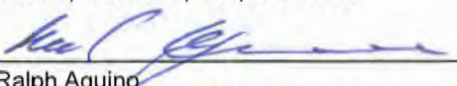
(SEAL, if a
Corporation)

By: 
John Aquino
as President of B.B.M. Excavation Company Limited
Date: October 20, 2015

INDEMNITOR:

1291546 Ontario Inc.
407 Basaltic Rd., Concord, ON, L4K 4W8

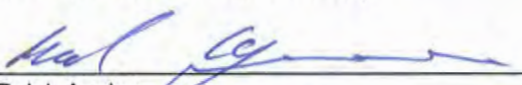
(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 1291546 Ontario Inc.
Date: October 20, 2015

INDEMNITOR:

1291547 Ontario Inc.
407 Basaltic Rd., Concord, ON, L4K 4W8


(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 1291547 Ontario Inc.
Date: October 20, 2015

INDEMNITOR:

950504 Ontario Inc.
407 Basaltic Rd., Concord, ON, L4K 4W8


(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 950504 Ontario Inc.
Date: October 20, 2015

INDEMNITOR:


352021 Ontario Limited
407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By: 
Ralph Aquino
as President of 352021 Ontario Limited
Date: October 20, 2015

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WITNESS:

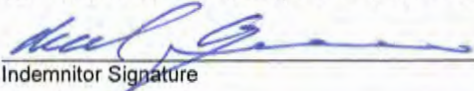


Witness Signature
Print Name: Dominic Di Lorenzo
Date: October 20, 2015

INDEMNITOR


Ralph Aquino

121 Rebecca Court, Maple, ON, L6A 1G2



Indemnitor Signature
Date: Oct 20, 2015

WITNESS:

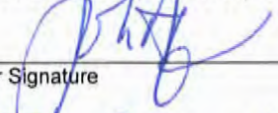


Witness Signature
Print Name: Dominic Di Lorenzo
Date: October 20, 2015

INDEMNITOR


John Aquino

9 Chieftan Crescent, Toronto, ON, M2L 2H3



Indemnitor Signature
Date: Oct 20, 2015

WITNESS:

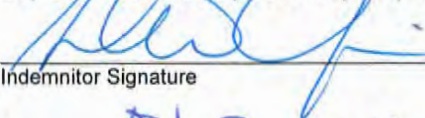


Witness Signature
Print Name: Dominic Di Lorenzo
Date: October 20, 2015

INDEMNITOR

Steven Aquino

247 Donessle Drive, Oakville, ON, L6J 3Y8



Indemnitor Signature
Date: Oct 20, 2015

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RIDER ADDING ADDITIONAL INDEMNITOR TO GENERAL INDEMNITY AGREEMENT

DATE OF GIA: July 16, 2015
DATE OF RIDER: February 16, 2016

This Rider shall be attached to and incorporated into the General Indemnity Agreement ("Agreement") dated above, which has been executed by **Bondfield Construction Company Limited, 1033803 Ontario Inc., 2032686 Ontario Limited, B.B.M. Excavation Company Limited, 1291546 Ontario Inc., 1291547 Ontario Inc., 950504 Ontario Inc., 352021 Ontario Limited, 1087507 Ontario Limited, 834076 Ontario Inc., 2002960 Ontario Limited, 1428508 Ontario Limited, Bondfield Construction Equipment Ltd., Bondfield Management Inc., Ralph Aquino, John Aquino and Steven Aquino**, each jointly and severally "Indemnitors" on behalf of the **Surety**.

WHEREAS Indemnitors and **BRC Restoration Inc.** desire for **BRC Restoration Inc.** to be added to the Agreement as an **additional Indemnitor**; and

WHEREAS Surety requires that **BRC Restoration Inc.** be added to the Agreement in consideration for Surety considering further surety credit on behalf of Indemnitors.

Therefore, it is understood and agreed that:

1. The General Indemnity Agreement is modified to add **BRC Restoration Inc.**, incorporated in the Province of **Ontario** and located at **407 Basaltic Rd., Concord, ON, L4K 4W8**, as Indemnitor.
2. Pursuant to Paragraph 10 of the General Indemnity Agreement, **Bondfield Construction Company Limited** has requested to extend the indemnity of the Indemnitors listed in said Agreement, to **BRC Restoration Inc.** for any bond or bonds the Surety shall issue on behalf of **BRC Restoration Inc.**, and Indemnitors hereby agree that the indemnity of the Indemnitors is hereby extended to include **BRC Restoration Inc.** Said addition of **BRC Restoration Inc.** to the Agreement shall be immediately effective as of the date of this Rider, in accordance with the terms and conditions of the Agreement, for all past, present and future obligations and liabilities of Indemnitors and **BRC Restoration Inc.**, each jointly and severally liable to Surety under the General Indemnity Agreement.
3. Nothing in this Rider shall waive, amend or affect the terms and conditions contained in the General Indemnity Agreement other than as indicated above.
4. This Rider shall be attached to and shall form a part of the General Indemnity Agreement, which is also incorporated into this Rider by reference.

Signed and sealed this 22nd day of February, 2016.

NEW INDEMNITOR SIGNATURE PAGE TO FOLLOW

(The remainder of this page is intentionally left blank)


I/WE HAVE CAREFULLY READ THIS RIDER AND THE AGREEMENT OF INDEMNITY (OF WHICH THIS RIDER IS A PART) AND FULLY UNDERSTAND MY/OUR OBLIGATIONS AS A CONTRACTOR AND/OR INDEMNITOR UNDER THE AGREEMENT OF INDEMNITY AND RIDER. THERE ARE NO SEPARATE AGREEMENTS OR UNDERSTANDINGS, EITHER WRITTEN OR ORAL, THAT IN ANY WAY LESSEN OR ALTER MY/OUR OBLIGATIONS AS SET FORTH ABOVE. IN WITNESS OF WHICH I/we have signed and sealed the day and year written above.

Sign below if entity is a Corporation, Limited Liability Company, Partnership or Trust:

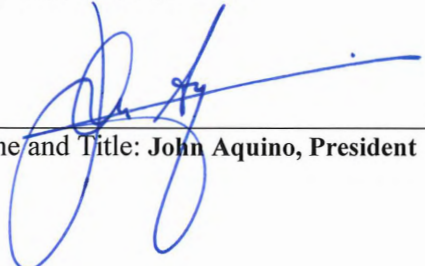
Instructions: If the entity is : 1) a corporation, an authorized officer should sign on behalf of the corporation, 2) a limited liability corporation, the manager or member(s) should sign on behalf of the LLC, 3) a trust, the trustee(s) should sign on behalf of the trust, or 4) a partnership, the partner(s) should sign on behalf of the partnership. All signatures must be witnessed and dated.

Each of the undersigned affirms to the Surety that he or she is a secretary or a duly authorized officer, manager, trustee or official of the entity for which he or she executes this Rider to Agreement of Indemnity as a Contractor and/or Indemnitor. In such capacity, the undersigned is familiar with all of the documents which establish the rights which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) corporate resolutions, (4) trust agreements and (5) partnership, and operating or limited liability agreements of such entity. Having reviewed all such applicable documents and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into this Rider and that the undersigned is duly authorized by the entity to execute on behalf of and to bind the entity to this Rider.

ATTEST OR WITNESS:


Name: _____

**INDEMNITOR:
BRC Restoration Inc.**


Name and Title: John Aquino, President _____



ZURICH

General Indemnity Agreement

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this 13th day of December, 2017 by:

Terranata Developments Inc., 407 Basaltic Rd., Concord, ON, L4K 4W8

Bondfield Construction Company Limited, 407 Basaltic Rd., Concord, ON, L4K 4W8

John Aquino, 9 Chieftan Crescent, Toronto, ON, M2L 2H3

New Indemnitors added via Rider

(each an "Indemnitor" and all of the above individually and collectively "Indemnitors") in favour of and for the continuing benefit of ZURICH INSURANCE COMPANY LTD (CANADIAN BRANCH) and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to ZURICH AMERICAN INSURANCE COMPANY, FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY, and ZURICH INSURANCE GROUP LTD, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, obligation of suretyship and/or instrument of guarantee or indemnity, and any agreement or consent to provide such a bond, undertaking, obligation or instrument, which is executed, provided or procured (herein "issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) in the name of or on behalf of any Indemnitor, any Related Entity, any other entity on request in accordance with this Agreement, or any combination thereof, whether issued prior to or after the execution of this Agreement, and all continuations, renewals, extensions, modifications and substitutions of bonds (all of the foregoing collectively "Bonds" and each individually a "Bond"). This Agreement shall be liberally construed so as to fully protect, exonerate, indemnify and hold Surety harmless from all liability and Loss.

The Indemnitors acknowledge that the Surety requires their signatures to the present agreement in consideration of the issue of Bonds, whether past, present and future, by the Surety or by others referred to in the Agreement, directly or indirectly, or of the Surety refraining from cancelling such Bonds.

Indemnitors hereby represent and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence, in its sole discretion, that it has been fully released and/or discharged from liability under such Bonds.

2. **INDEMNITY:** Indemnitors shall exonerate, indemnify, and hold Surety harmless from any and all liability and Loss, sustained or incurred, arising from or related to: (a) any Bond, (b) any Claim, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of Surety's interests, or to avoid, or lessen Surety's liability or alleged liability. The liability of Indemnitors to Surety under this Agreement includes all Claims made on Surety, all payments made, Loss incurred, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the amounts paid or the actions taken, or that it was necessary or expedient to make such payments or take such actions, whether or not such liability, necessity or expediency existed (but without being required to consult with or obtain the agreement or approval of the Indemnitors). Indemnitors shall promptly, upon demand, make payment to Surety as soon as liability or Loss is sustained or incurred or is asserted against Surety, whether or not Surety has made any payment. An itemized statement of Loss, sworn to by any officer of Surety, or the voucher or other evidence of any payment, shall be *prima facie* evidence of the fact, amount and extent of the liability of Indemnitors for such Loss. Indemnitors shall promptly, upon demand, procure the full and complete discharge of Surety from all Bonds and all liability in connection with such Bonds. If Indemnitors are unable to obtain discharge of any or all such Bonds within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations.

3. **SURETY'S RIGHT TO PERFORM, SETTLE AND/OR MODIFY:** Surety shall have the absolute and unconditional right and is authorized but not required to: (a) adjust, pay, perform, decline to perform, compromise, settle, deny, defend, litigate or otherwise resolve any Claim and/or any claim, counterclaim, defense or setoff held by or made against any

Indemnitor, Principal or other entity and/or to take any action to protect any rights of Surety or to preserve or protect Surety's interests, or to avoid or lessen any alleged liability (hereinafter "Settlement"); and (b) modify, consent to or decline to consent to modification of any Bond and/or Bonded Contract, and/or to take, consent to or decline to consent to any assignment (hereinafter "Modification"). Any Settlement and/or Modification by Surety shall be final, binding and conclusive upon Indemnitors. Indemnitors shall remain bound under this Agreement for all Loss even though any such Settlement or Modification by Surety does or might substantially increase the liability of Indemnitors.

4. PLACE IN FUNDS: In addition to the indemnity afforded by this Agreement, Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. PLEDGE AND ASSIGNMENT OF COLLATERAL (OUTSIDE PROVINCE OF QUEBEC): Indemnitors pledge, assign, transfer and set over to Surety the Collateral, as collateral to secure the obligations in this Agreement, whether incurred before or after the execution of this Agreement, including a license to use the Collateral, without cost, to perform or discharge Surety's obligations under any Bond or Bonded Contract. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. In the event the Principal or Indemnitors shall borrow any money to finance any Bonded Contract or shall undertake to make any assignment of the Bonded Contract or any monies due or to become due thereunder, then it is expressly agreed that any such assignment shall be subordinate and inferior to the rights of the Surety hereunder.

6. TRUST FUNDS: The Indemnitors and Principal(s) agree and hereby expressly declare that all funds due or to become due under any Bonded Contract are, whether in the possession of the Principal or another, trust funds for the benefit of and payment to all persons to whom the Principal incurs, in the performance of such Bonded Contract, obligations for which the Surety would be liable under any Bond. If the Surety assumes or discharges any such obligation, it shall be entitled to assert the claim of such person to the trust funds for the benefit of, payment to, or reimbursement of Surety for any liability or Loss that Surety may have or sustain under any Bonds or under this Agreement whether or not a claim is asserted against Surety. Surety has the right, but not the obligation, to require that trust funds be placed in a dedicated trust fund account. This Agreement and declaration constitute notice of such trust.

7. PERSONAL PROPERTY SECURITY ACT FILING: This Agreement constitutes a security agreement to Surety in accordance with the Personal Property Security Act or similar statute in any jurisdiction, including but not limited to the Uniform Commercial Code. The Indemnitors specifically acknowledge and agree that Surety may file a photocopy or other reproduction of this Agreement as a financing statement or otherwise take any action or file any statement or documents in any appropriate office or register to perfect the rights and interests granted in the Collateral or trust funds at any time. The filing or recording of a financing statement in respect of this Agreement shall be solely at the option of Surety and shall not in any way subrogate, restrict or limit the rights of Surety under this Agreement, under law or in equity and the failure to do so shall not release or excuse any of the obligations of Indemnitors under this Agreement. Each of the Indemnitors and Principal(s) further waives its right (if applicable) to receive a copy of any financing statement, financing change statement and verification statement outside Quebec or, everywhere, any notice delivered, filed or issued in respect of this agreement.

8. TAKEOVER: If an Event of Default occurs, in addition to the other remedies provided in this Agreement, Surety shall have the right, in its sole discretion, and is authorized to take possession of any part or all of the work, materials and equipment under any Bonded Contract and any other materials or equipment which Surety deems necessary or proper to perform such Bonded Contract, and to perform or arrange for the performance of such Bonded Contract.

9. ADVANCES AND FINANCING: Surety is authorized but not required to guarantee loans and to advance or lend money to any entity which Surety may see fit and at times and amounts that Surety determines in its sole discretion, for the purpose of facilitating performance of obligations under any Bond or Bonded Contract. Surety may cancel such advances or financing or may cease to make or continue such advances or financing at any time and without notice. Indemnitors shall indemnify Surety for all such loans or advances and all Loss incurred by Surety relating to such loans and advances. Any failure to use the loans or advances, in whole or in part, for performance of obligations under such Bonds or Bonded Contracts shall not be a defense to Indemnitors' duty to indemnify Surety for such loans or advances. Surety has no obligation to provide financing or other support to any Principal or Indemnitor.

10. BONDS FOR OTHER ENTITIES: Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any Related Entity. "Related Entity" means: (a) any present or future, directly or indirectly owned

subsidiary or affiliate of any Indemnitor; (b) any legal entity in which any Indemnitor has or acquires an ownership interest; and (c) any joint ventures, consortiums, teaming arrangements or any other business collaboration or economic enterprise ("Joint Venture") in which any Indemnitor is or was a member at the time the Bond was issued. Indemnitors' obligations under this Agreement shall also apply to any Bond Surety issues for or on behalf of any entity other than a Related Entity, on the written request of any Indemnitor..

11. FINANCIAL STATEMENTS, BOOKS AND RECORDS: Indemnitors shall promptly provide Surety with any and all information and documentation concerning the business or financial situation of any Indemnitor or any subsidiary, affiliate or Related Entity of any Indemnitor, as requested by Surety. Indemnitors shall furnish on demand, and Surety shall have the right to access, examine and copy the books, records and accounts of Indemnitors and of any entity under the control of any Indemnitor, at no cost to Surety. Indemnitors authorize any entity in which funds of any Indemnitor may be deposited to furnish to Surety a statement of the amount of such deposits as of the date requested. Indemnitors authorize any and all lenders, obligees, subcontractors, suppliers, accountants, other insurers, and other persons or entities to furnish to Surety any information requested by Surety, including but not limited to the performance of obligations under any Bond or Bonded Contract and payments related to any such Bond or Bonded Contract.

12. ISSUANCE OF BONDS: Surety does not guarantee the issuance or compliance of any Bond or any obligee's acceptance of any Bond issued. Surety has an absolute right to decline to issue or continue or renew any Bond and to cancel any Bond. If Surety issues a bid or proposal Bond or a written commitment to issue any Bond (each a "Bond Commitment"), Surety has an absolute right to decline to issue any Bond that may be required in connection with any award made under the proposal for which the Bond Commitment was given.

13. WAIVER OF NOTICE: Indemnitors waive notice of the issuance or cancellation of any Bond, any Settlement or Modification, and any act, fact or information concerning or affecting the rights and liabilities of Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Principal and/or Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.

14. OTHER SURETIES AS BENEFICIARIES: If Surety procures the execution of any Bond by other sureties, or executes any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then the Indemnitors agree that all the terms and conditions of this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement of this Agreement. The Surety hereby declares that it is the trustee of all of the rights of the Beneficiaries under the foregoing covenant. Surety may furnish copies of any and all underwriting and Claim documentation to reinsurers and co-sureties, including statements, agreements, financial statements, and any information which Surety now has or may obtain in the future concerning (a) Principals and/or Indemnitors, (b) Related Entities of Principals and/or Indemnitors, and (c) other entities for which any Bond is requested pursuant to paragraph 10.

15. SURETY'S ADDITIONAL RIGHTS: This Agreement is in addition to and not in lieu of all other agreements of indemnity and any and all rights, powers, and remedies that Surety may have or acquire against Indemnitors or any other person or entity, whether by agreement, law or otherwise, including every right and remedy which a personal surety without compensation would have. Each right, remedy and power of Surety provided in this Agreement or by law, equity, or statute shall be cumulative, and the exercise or forbearance by Surety of any right, power or remedy shall not preclude Surety's simultaneous or subsequent exercise of any or all other rights, powers or remedies, and shall not be a waiver or election of other rights, remedies or powers. Nothing in this Agreement shall waive, abridge or diminish any right or remedy which Surety might have if this Agreement were not executed. Indemnitors acknowledge and agree that other indemnity, application or submission, collateral, property and/or security may be required by Surety with respect to Bonds issued under this Agreement. Indemnitors shall remain bound under the terms of this Agreement even though Surety may from time to time (before or after the date of this Agreement): (a) accept, modify or release other agreements of indemnity, applications or submissions with respect to any Bond; (b) accept, modify the indemnity of, or release any Indemnitor or any other person or entity; or (c) accept, release or subordinate any rights to collateral, real property, personal property or security, and this Agreement shall not be construed as having merged with or been cancelled, limited or superseded by any of the foregoing, unless such other instrument is in writing, expressly states that this Agreement is terminated thereby, and is signed by an officer of the Surety, nor shall any such other agreement be construed as having merged with or been cancelled, limited or superseded by this Agreement. Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against any person or entity or which may be asserted by any Principal, Indemnitor or any other person or entity arising from or related to any Bonded Contract, any Bond, this Agreement, other agreements, by law or otherwise. Surety is subrogated to all rights, Claims, funds and receivables related to any Bonded Contract. Surety has the right to offset

Loss on any Bonded Contract against proceeds, funds, real property or personal property under any other Bonded Contract or otherwise available to Surety under this Agreement. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.

16. SURETY'S RIGHT TO SPECIFIC PERFORMANCE: Indemnitors acknowledge that the failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Indemnitors agree that Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.

17. POWER OF ATTORNEY: Indemnitors irrevocably nominate, constitute, appoint and designate Surety, and any persons designated by Surety, as their attorney-in-fact, with the right, but not the obligation, to exercise all of the rights of Indemnitors pledged, assigned, transferred and set over to Surety in this Agreement, including, in the name of Indemnitors to make, execute, and deliver any and all assignments or documents deemed necessary and proper by Surety in order to exercise its rights, powers and remedies under this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as such attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts.

18. JOINT AND SEVERAL LIABILITY: The Indemnitors agree that they bind themselves jointly, severally and solidary with respect to all of the obligations assumed under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, Principal, or other person or entity.

19. WAIVER OF BENEFITS OF DIVISION AND DISCUSSION: The Indemnitors specifically waive the benefit of division, which would, in the absence of such waiver, permit any one Indemnitor to require the Surety to divide its claim proportionately amongst all the Indemnitors. Further, the Indemnitors specifically waive the benefit of discussion, which would, in the absence of such waiver, permit the Indemnitors to require the Surety to exhaust its recourses against the Principal before calling upon the Indemnitors under this Agreement.

20. CONTRIBUTION AND BANKRUPTCY: Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any Principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full and the period within which a trustee or other similar official in a bankruptcy, insolvency, reorganization or similar proceeding may avoid, rescind or set aside any payments in respect of such obligations shall have expired. In the event that any payment by the Indemnitors shall have been rescinded or returned as a result of any bankruptcy, insolvency, reorganization or similar proceeding at any time during the term of this Agreement, the Indemnitors shall pay to Surety all such sums as shall be outstanding on demand. No delay in making such demand shall affect in any manner the other obligations of the Indemnitors hereunder.

21. NOTICE TO SURETY: Indemnitors shall notify Surety as soon as any Indemnitor becomes aware of the happening of any Event of Default. This notice, and any other notice to Surety, shall be addressed as follows: **ZURICH INSURANCE COMPANY LTD, Head Office of Canada, ATTN: SURETY DEPT. 100 King Street West, Suite 5500, Toronto, Ontario M5X 1C9**

22. LAWSUITS AND JURISDICTION: Separate lawsuits may be brought under this Agreement as causes of action accrue, and the bringing of any lawsuit or the recovery of any judgment on any cause of action shall not prejudice or bar the bringing of other lawsuits, on the same or other causes of action, whether arising before or after any other lawsuit or cause of action. In any legal proceeding brought by or against Surety that in any way relates to this Agreement, each Indemnitor irrevocably and unconditionally submits to the jurisdiction, at Surety's sole option, of the Provincial, Federal, state and local courts in which (a) any Indemnitor resides or has property, (b) any bonded obligation arises or is performed, in whole or in part, or (c) any action may be brought against Surety. Indemnitors submit to the jurisdiction of such courts and waive and agree not to assert that they are not subject to the jurisdiction of any such court or that the jurisdiction and/or venue is in an inconvenient forum or otherwise improper.

23. GOVERNING LAW FOR BONDED CONTRACTS OUTSIDE CANADA: Indemnitors agree that as to any legal action or proceeding related to any Bond issued in connection with any Bonded Contract to be performed outside Canada and its territories, this Agreement shall be governed by and interpreted under the laws of the Province of Ontario, Canada, without regard to principles of conflicts of laws.

24. EXECUTION AND CHANGES: This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that

Indemnitor executes this Agreement, regardless of whether any other party has executed the Agreement or fails to execute this Agreement. This Agreement shall only be changed or modified in writing.

25. SEVERABILITY: If any provision of this Agreement is found to be void or unenforceable as to an Indemnitor, the remainder of this Agreement shall nevertheless remain enforceable as to that Indemnitor; and the entire Agreement shall remain enforceable as to all other Indemnitors.

26. TERMINATION: Indemnitors' obligations and Surety's rights and remedies under this Agreement are continuing. Indemnitors acknowledge that their obligations under this Agreement remain for Bonds executed for entities that may be sold, dissolved, or otherwise disposed of in the future. This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may terminate their participation in this Agreement with respect to future Bonds by sending written notice of termination to Surety at the address in Paragraph 20. Such termination shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date") and shall be effective only as to the Indemnitor providing such written notice. The notice of termination shall not terminate, modify, bar or discharge such notifying Indemnitor's obligations to Surety under this Agreement for: (a) Bonds issued prior to the Effective Date; (b) Bonds issued after the Effective Date where such Bonds are issued with respect to a Bond Commitment issued prior to the Effective Date; and (c) any Collateral or interest provided under this Agreement. The execution of any subsequent agreements of indemnity in favor of Surety by any Indemnitor shall not be construed as a novation, and this Agreement may only be terminated as provided herein.

27. JURY WAIVER: Indemnitors hereby knowingly and voluntarily waive and covenant that they will not assert any right to trial by jury in respect to any legal proceeding arising out of this Agreement.

28. REPRESENTATIONS AND WARRANTIES: Indemnitors each represent and warrant the following: (a) Each Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling any such Bond; (b) Each Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate and complete as of the time provided; and (d) Each right, power and remedy given to Surety, under any provision of this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

29. WAIVER OF EXEMPTIONS: Indemnitors waive all rights to claim any of their property, including their respective homesteads, as exempt from any levy, execution, sale or other legal process by Surety under the laws of any province or territory of Canada, unless such waiver is prohibited by law.

30. NOT USED

31. LANGUAGE: : The parties to the Agreement have requested that the Agreement be drafted in the English language. *Les parties aux présentes ont requis que la présente convention soit rédigée dans la langue anglaise.*

32. DEFINITIONS:

Bonded Contract means any contract or other obligation referred to in any Bond or secured by any Bond.

Change in Control means any Principal or Indemnitor, without Surety's prior written consent: (a) assigning or selling any Bonded Contract; (b) undergoing a change in the beneficial ownership, directly or indirectly, of thirty percent (30%) or more of its voting stock (measured by voting power rather than number of shares) in one or more transactions, or any change in stock that results in a change of majority ownership; or (c) ceasing or threatening to cease to carry on business, or having any resolution passed or order made for its winding-up, liquidation or dissolution.

Claim or Claims means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond, any Bonded Contract, or this Agreement.

Collateral means all right, title and interest of one or more Indemnitors in the following, wherever located, and whenever acquired or arising: (a) all Bonded Contracts; (b) all goods (including equipment, machinery, tools and materials), general intangibles, and inventory, to the extent not subject to a prior perfected security interest; (c) all subcontracts and purchase orders arising under any Bonded Contract, and all surety bonds supporting such subcontracts and purchase orders; (d) all sums which are or may become payable in connection with any Bonded Contract and all other contracts in which any

Indemnitor has an interest; (e) all intellectual property (including proprietary software) necessary or required to perform any Bonded Contract; (f) any facilities or plants necessary or required to perform any Bonded Contract; and (g) any real or personal property, the improvement of which is secured by any Bond, including any construction, mechanic's or builder's lien rights; (h) any statutory trust rights; and (i) any rights under any contract of insurance or financial instrument, including any letter of credit, guarantee or surety bond.

Event of Default means any one or more of the following: (a) failure to timely perform or comply with any Bonded Contract or failure to timely pay invoices, bills or other indebtedness or to discharge liabilities under any Bonded Contract or Bond; (b) Breach of any Bond or declaration of default under any Bonded Contract (whether admitted or contested); (c) Surety setting any reserve against Loss or incurring Loss; (d) breach of or failure to timely comply with this Agreement; (e) any Principal or Indemnitor becoming the subject of any bankruptcy, insolvency, receivership, creditor assignment or trusteeship (whether voluntary or involuntary and whether insolvent or not); (f) any occurrence which deprives or impairs any Principal, Indemnitor and/or Surety of the use of any Collateral; (g) any individual Indemnitor becoming legally incompetent, imprisoned, convicted of a felony or indictable offence or imprisoned, or disappearing and being unable to be located; (h) a Change in Control; (i) any default, however described, which occurs under any document relating to the financial indebtedness of any Principal or Indemnitor, as a result of which that financial indebtedness is or becomes capable of being rendered prematurely due and payable; or (j) any representation by any Principal or Indemnitor to Surety which was materially false or misleading when made.

Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Principal and Indemnitors.

Loss means all premiums due to Surety and any and all liability, loss, Claims, damages, court and party costs and expenses, attorney, solicitor, counsel and/or own client fees and disbursements (including those of Surety, and including on appeal), consultant fees and disbursements, and all other costs and expenses, including but not limited to any additional or extra-contractual damages arising from Surety's Settlement of any Claim. Pre-judgment and post-judgment interest shall accrue from the date of any payment made by Surety with respect to any of the foregoing at the maximum default rate permitted by law.

Principal means any person or entity whose obligation is guaranteed by a Bond.

SIGNATURE PAGE(S) TO FOLLOW

(The remainder of this page is intentionally left blank)

SIGNATURE INSTRUCTIONS

1. All signatures should be dated and give the written name (and title, if applicable) of the person signing.
2. If the signer is a Corporation, an officer on the operational side (i.e. President, CEO, COO) should sign and the Corporation should attach its seal.
3. If the signer is an individual (personal) Indemnitor, each Indemnitor should sign and date their signature and provide all of the required information. Each signature should be witnessed.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

INDEMNITOR:

Terranata Developments Inc.
407 Basaltic Rd., Concord, ON, L4K 4W8

(SEAL, if a
Corporation)

By:


John Aquino
as President of Terranata Developments Inc.

Date: December 13, 2017

INDEMNITOR:

Bondfield Construction Company Limited

(SEAL, if a

407 Basaltic Rd., Concord, ON, L4K 4W8

Corporation)

By:


John Aquino
as President of Bondfield Construction Company Limited

Date: December 13, 2017

SIGNATURES CONTINUED ON NEXT PAGE

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INDEMNITOR:

John Aquino

9 Chieftan Crescent, Toronto, ON, M2L 2H3

By: _____

John Aquino

Date: DEC 13, 2017

Witnessed by: _____

Date: December 13, 2017

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APPENDIX D