

Bankruptcy Court File No.  
Estate File No. 35-3178683  
35-3178904  
35-3178758  
35-3178767  
35-3178803  
35-3178693

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

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

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**JBT TRANSPORT INC. OF THE CITY OF AYR IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**WAYDOM MANAGEMENT INC. OF THE CITY OF AYR IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**MELAIR MANAGEMENT INC. OF THE CITY OF AYR IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**HERITAGE TRUCK LINES INC. OF THE CITY OF AYR IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**DRUMBO TRANSPORT LIMITED OF THE CITY OF AYR IN THE PROVINCE OF**  
**ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**HERITAGE NORTHERN LOGISTICS INC. OF THE CITY OF AYR IN THE PROVINCE OF**  
**ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**HERITAGE WAREHOUSING & DISTRIBUTION INC. OF THE CITY OF AYR IN THE**  
**PROVINCE OF ONTARIO**

**NOTICE OF MOTION OF THE APPLICANTS**

(Returnable February 7, 2025)

(RE: Stay Extension, DIP Facility & DIP Lender's Charge, Administration Charge, and  
Procedural Consolidation)

JBT Transport Inc., Waydom Management Inc., Melair Management Inc., Heritage Truck  
Lines Inc., Drumbo Transport Limited, Heritage Northern Logistics Inc., and Heritage  
Warehousing & Distribution Inc. (the "**Applicants**" or the "**JBT Group**") will make a motion to a

Judge presiding over the Ontario Superior Court of Justice (the “**Court**”) on **February 7, 2025 at 10:00 a.m.**, or as soon after that time as the motion can be heard by judicial video conference via Zoom at Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard:

- in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

At the following location:

Video conference details to follow.

**THE MOTION IS FOR:**

1. An order substantially in the form attached as Tab 3 of the Applicants’ Motion Record that, among other things:
  - a) abridges the notice periods and validates service of the motion record pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*, if necessary;
  - b) procedurally consolidates the seven NOI proceedings commenced by the Applicants (collectively, the “**NOI Proceedings**”);
  - c) extends the time to file a proposal pursuant to s. 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”) for 45 days, from February 23, 2025 up to and including April 9, 2025;

- d) authorizes the Applicants to borrow up to a maximum principal amount of \$250,000 under a debtor-in-possession credit facility (the “**DIP Facility**”) from Randy Bowman (in his capacity as lender under the DIP Facility, the “**DIP Lender**”) to finance the Applicants’ working capital requirements and pay the costs and expenses of this proceeding, as more fully described in the interim financing term sheet between the Applicants and the DIP Lender (the “**DIP Term Sheet**”);
- e) grants the following charges over the Applicants’ current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Property**”), which charges shall rank in priority to all other security interests, trusts, liens, charges, and encumbrances in favour of any person with the following order of priority:
  - (i) a first-ranking priority charge (“**Administration Charge**”), in the maximum amount of \$150,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by Dodick Landau Inc. (the “**Proposal Trustee**”), counsel to the Proposal Trustee and counsel to the Applicants, in connection with the NOI Proceedings;
  - (ii) a second-ranking charge (the “**DIP Lender’s Charge**”) in the maximum amount of \$250,000 as security for the Applicants’ obligations under the DIP Facility to the DIP Lender; and
- f) such further and other relief as this Honourable Court deems just.

## THE GROUNDS FOR THIS MOTION ARE:

### Background of the Business

2. JBT Group is in the business of end-to-end supply chain services, transportation logistics and warehousing services for customers across Canada, the United States and North America (the “**Business**”). The Applicants’ Business has grown significantly over the past twenty years such that they now have over 58 trucks, over 160 dry vans and refrigerated units, and over 165,000 square feet of state-of-the-art, SQF Gold-certified food storage and warehouse spaces.
3. The JBT Group is comprised on the following entities:
  - a) JBT Transport Inc. (“**JBTTI**”), an Ontario corporation that operates primarily in cross-border transportation and logistics between the United States and Canada;
  - b) Drumbo Transport Limited (“**Drumbo**”), an Ontario corporation that is largely dormant but has some residual receivables;
  - c) Heritage Truck Lines Inc. (“**HTL**”), an Ontario corporation that operates primarily in local transportation and logistics in Ontario;
  - d) Heritage Northern Logistics Inc. (“**HNL**”), an Ontario corporation that is now dormant;
  - e) Heritage Warehousing & Distribution Inc. (“**HWD**”), an Ontario corporation that operates the warehousing and distribution arm of the Business;
  - f) Melair Management Inc., an Ontario corporation formed for the purposes of holding the Applicants’ head office, which is located at 425 Melair Drive, Ayr, Ontario and carrying out property management services; and,

- g) Waydom Management Inc. ("**Waydom**"), an Ontario corporation that previously held and managed certain real estate for the JBT Group. Waydom is now dormant.
4. The core operating companies of the Applicants are JBTTI, HWD and HTL. JBT Group has transitioned most of the accounts and operations of Drumbo, HNL and Waydom to the core operating companies, but there are still some legacy accounts that are processed through those entities.
5. In addition to relying on its own fleet of vehicles to offer transportation services, the Business also works as a third-party logistics provider to coordinate the transportation of goods from a supplier to a purchaser in exchange for a commission. The amount of money owed from the supplier to JBT Group plus commission is known as a broker receivable. The Applicants then pay out the broker receivable in part (i.e. minus the commission) to the carriers the Applicants engaged ("**Broker Payables**").

### **Financial Difficulties**

6. In February 2022, the JBT Group commenced an expansion of its Business by acquiring Drumbo, HTL, HNL, and HWD. The expansion brought an exciting opportunity for the Business to become a full-service provider and to cover a much broader service range. The acquisition also came with two real estate properties that required JBT Group to incur significant costs for land development and construction.
7. Unfortunately, shortly after the expansion, in September 2022, market conditions began to swiftly decline and the Applicants were faced with a significant downward trend in their crossborder transportation operations. By March 2023, freight rates had declined by 31.6%. By August 2023, shipping volume had dropped by \$4.9 million for JBTTI alone.

8. By November 2023, the Applicants were sustaining significant losses and using the line of credit with the Toronto Dominion Bank (“**TD Bank**”) to fund their ongoing operations. As a result, JBT Group was assigned to TD Bank’s special loans group (“**TD Special Loans**”).
9. TD Special Loans initiated a full review of the JBT Group’s credit facilities. Upon doing this analysis, TD Bank realized that Broker Payables had not been included as a reserve against the eligible accounts receivable in the borrowing base calculations for the operating loan. Accordingly, TD Bank adjusted the calculations of the borrowing base for the operating loan by increasing the reserve for Broker Payables, effectively reducing the eligible accounts receivable available for loan coverage. This modification had a devastating impact on the JBT Group’s lending capacity, particularly at a time when the Applicants were already grappling with the challenges facing the transportation industry.
10. Commencing in December 2023, the Applicants took numerous steps to improve the lending relationship between TD Bank and the JBT Group. The JBT Group also began implementing an operational restructuring process, the goal of which was to decrease operating costs and enhance the Applicants’ market position.
11. Through the Applicants’ efforts, the JBT Group became largely profitable. The Applicants were able to successfully decrease the indebtedness owed to TD Bank from approximately \$25 million in January 2024 to \$16.2 million in December 2024.
12. In December 2024, the Applicants also secured two potential transactions that would further significantly repay TD Bank. However, TD Bank refused to permit the transactions to proceed given, in part, the transactions had an associated timeline of a few months. It became clear that despite the significant paydown to TD Bank and the Applicants’

constant cooperation, TD Bank required the Applicants to pay out the entirety of the indebtedness on an expedited basis.

13. Although the Applicants had never missed a principal or interest payment to TD Bank, the Applicants were in breach of certain terms of a forbearance agreement between TD Bank and the Applicants. Accordingly, on January 15, 2024, TD delivered a demand to the Applicants and issued a Notice of Intention to Enforce Security under section 244 of the BIA.
14. In order to preserve the Applicants' ongoing operations and value, the Applicants each filed a Notice of Intention to Make a Proposal to its creditors ("**NOI**") on January 24, 2025.
15. The purpose of the NOI Proceedings is to allow the Applicants to conduct a sale and investment solicitation process ("**SISP**") that will maximize recovery for stakeholders, while also maintaining going concern operations to safeguard employment for the Applicants' 83 full-time employees and preserve value for the Applicants' stakeholders.
16. Since the filing of the NOI, the Applicants have, among other things:
  - a) continued to operate the Business in the normal course, with the oversight of the Proposal Trustee;
  - b) with the assistance of the Proposal Trustee, continued to assess various restructuring options;
  - c) began to develop a SISP with a potential stalking horse bid with a view to canvassing the market for a transaction and developing a proposal;
  - d) with the assistance of the Proposal Trustee, prepared a cash flow forecast statement for the period ending the week of April 19, 2025 (the "**Cash Flow**

**Forecast”);**

- e) negotiated and arranged the DIP Facility, which will allow the Applicants to sustain their operations during the NOI Proceedings;
- f) engaged with their employees, vendors, and customers to address any questions about the NOI Proceedings;
- g) engaged with TD Bank to build consensus in the NOI Proceedings;
- h) disclaimed two leases of real property in order to decrease operational costs; and
- i) continued to maintain and foster relationships with their suppliers and customers.

**Extension of the Time to File a Proposal**

- 17. The initial stay of proceedings pursuant to section 69 of the BIA expires on February 23, 2025. The stay of proceedings may be extended in increments of 45 days pursuant to subsection 50.4(9) of the BIA.
- 18. The Applicants are seeking an order extending the stay of proceedings for a further 45 days up to and including April 9, 2025 (the “**Stay Period**”). The requested extension of the Stay Period is necessary and appropriate to allow the Applicants to protect the going-concern nature and value of the Applicants, develop and implement a SISF in an orderly and transparent manner, and begin to develop a viable proposal.
- 19. The Applicants have acted and will continue to act with good faith and with due diligence. No creditors will be materially prejudiced by the Stay Period.



20. The Cash Flow Forecast, prepared by the Applicants, with the assistance of the Proposal Trustee, demonstrates that the Applicants will have sufficient cash flow to operate over the Stay Period with the use of the DIP Facility.

### **Approval of DIP Facility and DIP Lender's Charge**

21. The Applicants seek the approval of the DIP Facility in the maximum principal amount of \$250,000 and the corresponding DIP Lender's Charge.
22. The Cash Flow Forecast demonstrates that the Applicants require access to immediate interim financing in the week ending February 7, 2025 and throughout the next 12 weeks in the approximate amount of \$250,000 to meet the Applicants' ordinary course of business and restructuring expenses during the Stay Period. The DIP Facility is expected to provide sufficient liquidity to allow the Applicants to operate and meet its ongoing obligations.
23. The key terms and conditions of the DIP Term Sheet are as follows:
  - a) the DIP Lender is a director and officer of the Applicants;
  - b) a maximum loan amount of \$250,000;
  - c) interest accruing at a rate of 12% per annum; and
  - d) advances under the DIP Facility are conditional upon Court approval of the DIP Term Sheet, Court approval of the SISF, and the granting of a super-priority DIP Lender's Charge in favour of the DIP Lender over all of the Property of the Applicants, subject only to the Administration Charge.

24. The DIP Lender's Charge will secure all the funds advanced to the Applicants under the DIP Facility. The DIP Lender's Charge will not secure any obligations incurred prior to the filing of the NOI Proceedings.
25. Without the DIP Lender's Charge, the DIP Lender would not provide the DIP Facility under the DIP Term Sheet resulting in the Applicants inability to finance its operations, which would be detrimental to the stakeholders of the Applicants.
26. The Applicants believe that the terms of the DIP Facility are fair and reasonable in the circumstances, and that the DIP Facility represents the best available interim financing arrangement that could be arranged by the Applicants within the time frame needed to meet the Applicants' cash flow needs.
27. The Proposal Trustee is supportive of the approval of the DIP Facility and the DIP Lender's Charge.

#### **Administration Charge**

28. The Applicants seek an Administration Charge over the Property of the Applicants in the amount of \$150,000 to secure the fees and disbursements of counsel to the Applicants, the Proposal Trustee, and counsel to the Proposal Trustee incurred in connection with this NOI Proceedings. The Administration Charge is proposed to rank in priority to all other security interests and charges.
29. The Administration Charge is necessary as the Applicants require the expertise, knowledge and continued participation of its advisors and professionals during these NOI Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge have a distinct role in the Applicants' restructuring.

30. The quantum of the Administration Charge is reasonable and appropriate.
31. The Proposal Trustee supports the Administration Charge.

### **Administrative Consolidation of the Applicants' NOI Proceedings**

32. Administratively consolidating the NOI Proceedings of the Applicants will avoid a multiplicity of proceedings, and the costs associated with producing, serving and filing separate sets of redundant materials at each stage of the proceedings before the Court and for purposes of filings with the Office of Superintendent in Bankruptcy.
33. There is no benefit to maintaining separate proceedings for the Applicants given the significant factual and procedural overlap between the seven proceedings.

### **Further Grounds**

34. The Applicants also seek to abridge the time requirements for bringing this motion, pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*.
35. The BIA, including sections 50.4, 64.2, and 69.
36. Rules 1.04(1), 2.01(1), 2.03, 3.02, 37 and 39 of the *Rules of Civil Procedure*, RSO 1990, Reg 194.
37. The inherent jurisdiction of this Court.
38. Such further and other grounds as counsel may advise and this Honourable Court may permit.

### **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:**

39. The Affidavit of Denis Medeiros, to be filed;

40. The First Report of the Proposal Trustee, to be filed; and
41. Such further and other evidence as counsel may advise and this Honourable Court may permit.

January 29, 2025

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**TO: THE SERVICE LIST**

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*Proceedings commenced at LONDON*

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**NOTICE OF MOTION  
(Returnable February 7, 2025)**

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