

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**MOTION RECORD
(Returnable May 3, 2024)**

Date: May 1, 2024

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSO #21592F)
Tel: (416) 218-1129
E-mail: harvey@chaitons.com

Laura Culleton (LSO #82428R)
Tel: (416) 218-1128
E-mail: laurac@chaitons.com

**Lawyers for National Traffic Safety
Management Inc.**

TO: SERVICE LIST

SERVICE LIST

<p>CHAITONS LLP 5000 Yonge Street, 10th Floor Toronto, ON M2N 7E9</p> <p>Harvey Chaiton Tel: (416) 218-1129 Email : harvey@chaitons.com</p> <p>Laura Culleton Tel (416) 218-1128 Email: LauraC@chaitons.com</p> <p>Lawyers for National Traffic Safety Management Inc.</p>	<p>TDB RESTRUCTURING LIMITED 11 King Street West, Suite 700 Toronto, ON M5H 4C7</p> <p>Bryan Tannenbaum Email: btannenbaum@tdbadvisory.ca</p> <p>Jeff Berger Email: jberger@tdbadvisory.ca</p> <p>Proposal Trustee</p>
<p>1555207 ONTARIO INC. 10 Milner Business Court #348 Scarborough ON M1B 3C6</p> <p>Allan Grossman Email: allan@ntsminc.com</p> <p>PPSA Registrant</p>	<p>Betty Copeland 219 Dunvegan Road Toronto ON M5P 2P3</p> <p>PPSA Registrant</p>
<p>ROYAL BANK OF CANADA 2 Bloor St. East, 2nd Floor Toronto ON M4W 1A8</p> <p>PPSA Registrant</p>	<p>J9 INVESTMENTS INC. 10 Milner Business Court #348 Scarborough ON M1B 3C6</p> <p>Janine Grossman Email: j9palace@gmail.com</p> <p>PPSA Registrant</p>
<p>MERCEDES-BENZ FINANCIAL SERVICES CANADA CORPORATION and DAIMLER TRUCK FINANCIAL 2680 Matheson Blvd. East, Suite 500 Mississauga ON L4W 0A5</p> <p>PPSA Registrant</p>	<p>EMKAY CANADA LEASING CORP. 55 Standish Court, Suite 440 Mississauga ON L5R 4B2</p> <p>Secured Creditor</p>

<p>DEPARTMENT OF JUSTICE Tax Law Services Division 120 Adelaide Street West, Suite 400 Toronto, Ontario M5H 1T1</p> <p>AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</p> <p>Lawyers for Canada Revenue Agency</p>	<p>HIS MAJESTY THE KING IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE</p> <p>Insolvency Unit 33 King Street West, 6th Floor Oshawa, Ontario L1H 8H5</p> <p>Email: insolvency.unit@ontario.ca</p>
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EMAIL ADDRESSES:

btannenbaum@tdbadvisory.ca; jberger@tdbadvisory.ca; j9palace@gmail.com;
Harvey@chaitons.com; LauraC@chaitons.com; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca;
insolvency.unit@ontario.ca;

**ONTARIO
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IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
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IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**NOTICE OF MOTION
(Returnable May 3, 2024)**

National Traffic Safety Management Inc. (the “**Company**”) will make a motion to a Judge of the Commercial List on Friday, May 3, 2024, at 10:30 a.m., or as soon after that time as the motion can be heard, via Zoom videoconference.

PROPOSED METHOD OF HEARING: The motion is to be heard orally via videoconference.

THE MOTION IS FOR:

1. an Order:
 - (a) approving the Amended and Restated DIP Term Sheet¹ between the Company and J9 Investments Inc. dated April 30, 2024 and granting a DIP Charge to J9 Investments Inc. to secure the DIP Loan;

¹ All defined terms not defined herein have the meaning ascribed to them below.

- (b) granting the Administration Charge to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel and the Company's counsel;
 - (c) granting the D&O Charge; and
 - (d) extending the time required for the Company to file its proposal from May 5, 2024, the date the current stay expires, to June 19, 2024.
2. such other relief as the Company may request and the Court may deem appropriate.

THE GROUNDS FOR THE MOTION ARE:

The NOI Proceeding

3. On April 5, 2024 (the "**Filing Date**"), the Company filed a Notice of Intention to File a Proposal ("**NOI**") under the Bankruptcy and Insolvency Act (the "**NOI Proceeding**"). The NOI filing was necessary to provide stability to the allow the Company to restructure. TDB Restructuring Inc. is the trustee in the NOI Proceeding ("**Proposal Trustee**").
4. The background to the Company's filing is set out in the affidavit of Michael Spencley sworn April 11, 2024.

DIP Financing

5. On April 16, 2024, Justice Cavanagh approved a bridge interim financing loan pursuant to a term sheet dated April 10, 2024 (the "**Interim DIP Term Sheet**") between the Company and a non-arms length party, J9 Investments Inc. (the "**Interim DIP Lender**") in order to finance the Company's working capital requirements and general corporate purposes.

6. The Company has continued negotiations with a third party lender for additional financing. The third party lender has not yet completed its due diligence process.
7. In the meantime, the Company requires additional financing to pay its post-filing obligations.
8. The Company and J9 Investments Inc. have agreed to increase the principal amount of the interim financing provided by J9 Investments Inc. from \$150,00 to \$350,000 (the “**DIP Loan**”).

Administration Charge, D&O Charge and DIP Charge

9. The Company is seeking the approval of the following Court-ordered charges on its present and future assets and property:
 - (a) a charge securing payments of the fees and disbursements (the “**Administration Charge**”) of counsel to the Company, the Proposal Trustee and counsel to the Proposal Trustee (collectively, the “**Administrative Professionals**”) in the maximum amount of \$100,000;
 - (b) the first tranche of a charge in favour of the directors and officers of the Company (the “**D&O Charge**”) to secure obligations that they may incur as director and officers of the Company during the NOI Proceedings, in the maximum amount of \$100,000;
 - (c) an increase to the charge in favour of J9 Investments Inc. to secure the DIP Loan in the maximum amount of \$350,000 (the “**DIP Charge**”); and

- (d) the second tranche of the D&O Charge in favour of the directors and officers of the Company to secure obligations that they may incur as director and officers of the Company during the NOI Proceedings, that will rank subordinate to the DIP Charge in the maximum amount of \$250,000.
10. The Administration Charge is proposed to rank in priority to all encumbrances.
11. The quantum of the Administration Charge and D&O Charge was determined in consultation with the Proposal Trustee in relation to potential director and officer exposure with respect to wages, vacation pay and sales taxes. The first tranche of the D&O Charge is proposed to rank in priority to all encumbrances other than the Administration Charge, the second tranche of the D&O Charge will rank subordinate to the Administration Charge, the first tranche of the D&O Charge and the DIP Charge but in priority to all other encumbrances and claims.
12. The Administration Charge and the D&O Charge are appropriate in the circumstances and necessary to ensure the continued involvement of the Administrative Professionals and the Company's directors and officers during the NOI Proceedings.

Extension of Proposal Period

13. The Company is seeking to extend the time for the Company to file a proposal pursuant to the BIA to June 19, 2024 (being 45 days from its current expiry date of May 5, 2024).
14. If granted, the extension will enable the Company to generate income from ongoing projects and pursue the collection of accounts receivable which are necessary to enable the Company to make a viable proposal to its creditors.
15. The Company is acting in good faith and with due diligence and has made significant progress to advance its restructuring since the NOI Proceedings began.
16. The Company is not aware of any creditors who would be materially prejudiced by the extension of the Proposal Period.

General

17. Sections 50.4(9), 50.6, 64.2 and 183 of the BIA.
18. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
19. Such further and other grounds as counsel for the Plaintiff may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of Michael Spencley sworn May 1, 2024 and the exhibits thereto;
2. the Second Report and the appendices thereto; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

Date: May 1, 2024

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSO #21592F)
Tel: (416) 218-1129
E-mail: harvey@chaitons.com

Laura Culleton (LSO #82428R)
Tel: (416) 218-1128
E-mail: laurac@chaitons.com

**Lawyers for National Traffic Safety
Management Inc.**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY
MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Court File No. BK-24-03064916-0031

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

Proceedings commenced at TORONTO

NOTICE OF MOTION

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Harvey Chaiton (LSO #21592F)

Tel: (416) 218-1129

Email: harvey@chaitons.com

Laura Culleton (LSO #82428R)

Tel: (416) 218-1128

Email: laurac@chaitons.com

**Lawyers for National Traffic Safety
Management Inc.**

Tab 2

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SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF MICHAEL SPENCLEY
(sworn May 1, 2024)**

I, Michael Spencley, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer of National Traffic Safety Management Inc. (the “**Company**”). As such, I have knowledge of the matters to which I depose in this affidavit, save and except for such facts or matters which are stated to be based on information and belief, and where so stated, I believe same to be true.

2. This affidavit is sworn in support of a motion by the Company seeking an order:

(a) approving the Amended and Restated DIP Term Sheet¹ between the Company and J9 Investments Inc. dated April 30, 2024 and granting a DIP Charge to J9 Investments Inc. to secure the DIP Loan;

(b) granting the Administration Charge to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel and the Company’s counsel;

(c) granting the D&O Charge; and

(d) extending the time required for the Company to file its proposal from May 5, 2024, the date the current stay expires, to June 19, 2024.

¹ All capitalized terms in this section not defined herein have the meaning ascribed to them below.

THE NOI PROCEEDING

3. As a result of the Company's financial difficulties, on April 5, 2024 (the "**Filing Date**"), the Company filed a Notice of Intention to File a Proposal ("**NOI**") under the Bankruptcy and Insolvency Act (the "**NOI Proceeding**"). The NOI filing was necessary to provide stability to the allow the Company to restructure. The background to the Company's filing is set out in my affidavit sworn April 11, 2024. Attached hereto and marked as **Exhibit "A"** is a copy of my previous affidavit sworn April 11, 2024, without exhibits.

4. TDB Restructuring Limited ("**TDB**") is the trustee in the NOI Proceeding (the "**Proposal Trustee**").

DIP Financing

5. On April 16, 2024, Justice Cavanagh approved a bridge interim financing loan pursuant to a term sheet dated April 10, 2024 (the "**Interim DIP Term Sheet**") between the Company and a non-arms length party, J9 Investments Inc. (the "**Interim DIP Lender**") in order to finance the Company's working capital requirements and general corporate purposes.

6. The Company has continued negotiations with a third-party lender for replacement interim financing. The third-party lender has not yet completed its due diligence process.

7. In the meantime, the Company requires additional financing to pay its post-filing obligations.

8. The Company and J9 Investments Inc. have agreed to increase the principal amount of the interim financing provided by J9 Investments Inc. from \$150,00 to \$350,000 (the "**DIP Loan**"), along with a corresponding increase in the charge securing the DIP loan from \$150,000 to \$350,000 (the "**DIP Charge**"). Attached hereto and marked as **Exhibit "B"** is a copy of the Amended and Restated DIP Term Sheet dated April 30, 2024.

Administration Charge and D&O Charge

9. The Company seeks an order granting a charge over its property and assets to secure the fees and disbursements of counsel to the Company, the Proposal Trustee and its counsel in the

amount of \$100,000 (the “**Administration Charge**”). The professionals whose fees are to be secured by the Administration Charge have taken on, and will continue to take on, a critical role in this proceeding.

10. The amount of the Administration Charge contemplates that professionals are paid on a current basis during these proceedings.

11. The Company is seeking an order granting a charge over its property and assets in favour of its directors and officers (the “**D&O Charge**”) to secure obligation they may incur as directors and officers of the Company during the NOI Proceedings. The first tranche of the D&O charge in the amount of \$100,000, will rank in priority to all other claims and encumbrances, with the exception of the Administration Charge. The second tranche of the D&O Charge in the amount of \$250,000 will rank subordinate to the Administration Charge, the first tranche of the D&O Charge and the DIP Charge but in priority to all other claims and encumbrances.

12. Thus, the priority of the charges is as follows:

- (a) Administration Charge - \$100,000
- (b) D&O Charge (first tranche) - \$100,000
- (c) DIP Charge - \$350,000
- (d) D&O Charge (second tranche) - \$250,000

13. The Company has worked with the Proposal Trustee to estimate the proposed amount of the Administration Charge and the D&O Charge and I believe both to be reasonable and appropriate in the circumstances.

Extension of NOI Period

14. I understand that the Proposal Period is set to expire on May 5, 2024,

15. A 45-day extension of the Proposal Period will enable the Company to generate income from ongoing projects and pursue the collection of accounts receivable which are necessary to enable the Company to make a viable proposal to its creditors.

- 16. The Company is acting in good faith and with due diligence.
- 17. I am not aware of any creditors who would be materially prejudiced by the extension of the Proposal Period by 45 days.

SWORN remotely by Michael Spencley of the City of Toronto in the Regional Municipality of the Metropolitan of Toronto, before me at the City of Toronto in the Regional Municipality of Metropolitan Toronto, on May 1, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

Michael Spencley

**THIS IS EXHIBIT A” TO
THE AFFIDAVIT OF MICHAEL SPENCLEY
SWORN BEFORE ME THIS 1ST
DAY OF MAY, 2024**



A Commissioner etc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
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NATIONAL TRAFFIC SAFETY MANAGEMENT INC.
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF MICHAEL SPENCLEY
(sworn April 11, 2024)**

I, Michael Spencley, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer of National Traffic Safety Management Inc. (the “**Company**”). As such, I have knowledge of the matters to which I depose in this affidavit, save and except for such facts or matters which are stated to be based on information and belief, and where so stated, I believe same to be true.

2. This affidavit is sworn in support of a motion by the Company seeking an order approving the DIP Facility and granting the DIP Charge in favour of J9 Investments Inc.

OVERVIEW OF THE COMPANY AND OPERATIONS

The Company

3. The Company is a private company incorporated under the Ontario *Business Corporations Act* whose registered head office is located in Toronto, Ontario. Attached hereto as **Exhibit “A”** is a copy of the Corporate Profile Search.

The Business

4. The Company is in the business of providing end-to-end traffic management solutions including traffic management solutions to ensure construction and infrastructure workers are safe at job sites. The Company operates throughout the province of Ontario.

5. The Company currently has 3 long-term multi-year contracts with Aecon, Ellis-Don and West Quarter to provide traffic control services. In addition to these long-term contracts, the Company has several short-term contracts (lasting a year or less). The Company usually has 4-8 of these short-term contracts going on at any one time.

Employees

6. The Company currently employs approximately 25 hourly employees. Of these employees, only 5 are non-unionized. The Company also employs 8 salaried employees.

7. Unionized employees are members of Laborers' International Union of North America (“LIUNA”) and four local branches: Local 837; Local 183; Local 1059 and Local 506. On the 15th day of each month, the Company remits health benefits, pension benefits, 10% vacation pay and administrative fees to the respective Local, in arrears. Union dues are deducted from the wages of each employee and are remitted to the corresponding Local.

8. For the past two months, the Company’s weekly payroll for its hourly employees has been approximately \$20,000 to \$25,000. As the Company enters its busier time of year, it anticipates this payroll will increase to approximately \$80,000 per week. The Company’s payroll for its salaried employees is \$30,000, and is due every two weeks.

THE COMPANY’S CREDITORS

PPSA Registrations

9. I am advised by the Company’s insolvency counsel, Chaitons LLP, that a search of the Personal Property Security Registration System in Ontario (“PPRS”) as of March 31, 2024 shows that there are registrations against the Company as follows:

- (a) Neli Financial Incorporated registered a financing statement on June 22, 2018, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included” in respect of certain vehicles and freightliners. The amount owing to Neli Financial Incorporated in connection with this registration has been paid off in full;
- (b) Mercedes-Benz Financial Services Canada Corporation registered a financing statement of July 5, 2019 listing collateral classified as “equipment”, “other” and “motor vehicle included” in respect of certain motor vehicles and related equipment financed by Mercedes-Benz;
- (c) J9 Investments Ltd. registered a financing statement on July 23, 2020 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. J9 Investments Ltd. is owed \$807,000 in respect of a secured loan;
- (d) Royal Bank of Canada registered a financing statement on May 6, 2021 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. Royal Bank is owed \$199,000 secured in respect of a Highly Affected Sectors Credit Availability Program (“**HASCAP**”) loan;
- (e) 1555207 Ontario Inc. registered a financing statement on February 7, 2022 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included” 1555207 Ontario Inc. is owed \$335,000;
- (f) Betty Copeland registered a financing statement on April 17, 2023 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. Betty Copeland is owed \$200,000 in respect of a secured loan. Ms. Copeland is also owed approximately \$77,000 in unsecured debt.

A copy of the PPRS search results is attached hereto as **Exhibit “B”**.

Other Liabilities

10. The Company is not current in respect of HST remittances. Approximately \$1,000,000 is owed to Canada Revenue Agency for HST arrears.
11. The Company owes \$17,000 to LIUNA Local 837 in respect of unremitted union dues.
12. The Company is current in respect of source deduction remittances.

CURRENT FINANCIAL POSITION

13. The Company has suffered financially in the following respects:
 - (a) working condition constraints from the Covid-19 pandemic significantly reduced sales for 2021-2022; and
 - (b) the diversion of approximately \$2,000,000 in sales and other assets by the Company's former Vice-President Operations, and his operations manager to a new company. Both are currently being investigated by Niagara Police Services.
14. The Company is addressing these financial challenges by hiring a new commissioned, Sales Onboarding Manager. The Company has also offered a commission referral policy for all National employees as a way to incentivize current employees to stay with the business.
15. Despite these measures, the Company has incurred losses since the start of fiscal 2024, totalling approximately \$200,000. The Company's year end loss for 2023 is estimated to be \$500,000.
16. The Company currently owes a total of \$2,406,000 in secured debt and \$4,753,627.39 in unsecured debt.
17. Within the past two weeks, the Company was engaged by:
 - (a) the City of Hamilton to provide traffic services; and
 - (b) Aecon to provide traffic safety services at the Eglinton Crosstown LRT project.

THE NOI PROCEEDING

18. As a result of the Company's financial difficulties, on April 5, 2024 (the "**Filing Date**"), the Company filed a Notice of Intention to File a Proposal ("**NOI**") under the Bankruptcy and Insolvency Act (the "**NOI Proceeding**"). The NOI filing was necessary to provide stability to the allow the Company to restructure.

19. TDB Restructuring Limited ("**TDB**") is the trustee in the NOI Proceeding (the "**Proposal Trustee**").

Cash Flows

20. The Proposal Trustee has assisted the Company in preparing a cash flow forecast (the "**Cash Flow Forecast**") which sets out projected cash flows for the period ending July 5, 2024, 2024 (the "**Cash Flow Period**"), a copy of which I understand will be filed with the Court by the Trustee in connection with the Company's motion.

21. As set out in the Cash Flow Forecast, the Company is expected to have sufficient liquidity to operate to the end of the Cash Flow Period provided that it has access to interim financing. As reflected in the Cash Flow Forecast, without interim financing, the Company will run out of money by the week of April 15, 2024.

DIP and Interim Financing

22. I have reviewed a term sheet for debtor-in-possession ("**DIP**") financing from a third party lender. The proposed terms pursuant to the term sheet are acceptable to the Company.

23. The proposed DIP lender is completing its due diligence process.

24. In the meantime, the Company requires additional funds to pay critical operating expenses including: payroll, fuel and rent.

25. J9 Investments Inc., an investor in the Company, has agreed to provide bridge DIP financing (the "**Interim DIP Loan**") which is to be repaid once the third party lender completes its due diligence, and the DIP facility from the third party lender is approved by the Court and

becomes available to the Company. A copy of the term sheet in respect of the Interim DIP Loan is attached hereto as **Exhibit “C”**.

26. The material terms of the Interim DIP Loan are as follows:

Key Terms	Description
Borrower	National Traffic Safety Management Inc.
Lender	J9 Investments Inc.
Facility	A super-priority, debtor-in-possession non-revolving demand credit facility up to a maximum principal amount of one hundred fifty thousand dollars \$150,000 (the “Facility”).
Interest Rate	Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of fifteen percent (15%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date.
Facility Fee	A Facility fee equal to \$7,500, which shall be fully earned Court approval of this Term Sheet, and secured by the Interim Financing Charge, shall be due and payable on the Maturity Date.
Repayment	The Borrower shall repay all principal, interest, fees and other amounts owing under the Facility on the earlier of (the “Maturity Date”): (i) demand; (ii) the date the Facility is refinanced; (iii) the day on which the stay of proceedings has been terminated; (iv) the date on which the Borrower becomes bankrupt. The Borrower is entitled to repay all or any part of the Facility at any time without notice or penalty.

27. There is a serious risk that the Company will not be able to provide safety services or a viable proposal if it does not receive interim financing. Employees may seek alternative employment if they are not paid on a timely basis.

SWORN remotely by Michael Spencley of the City of Toronto in the Regional Municipality of the Metropolitan of Toronto, before me at the City of Toronto in the Regional Municipality of Metropolitan Toronto, on April 11, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

Michael Spencley

**THIS IS EXHIBIT B” TO
THE AFFIDAVIT OF MICHAEL SPENCLEY
SWORN BEFORE ME THIS 1ST
DAY OF MAY, 2024**



A Commissioner etc.

April 30, 2024

National Traffic Safety Management Inc.
150 Bridgeland Avenue, Suite 206
Toronto, ON M6A 1Z5

Attention: Michael Spencley

Re: Term Sheet – J9 Investments Inc. (the “Lender”) Interim Debtor in Possession Facility in favour of National Traffic Safety Management Inc. (the “Borrower”)

On April 5, 2024, the Borrower filed a notice of intention to make a proposal pursuant to the Bankruptcy and Insolvency Act (Canada) (the “BIA”) naming TDB Restructuring Limited as proposal trustee (the “**Proposal Trustee**”).

In connection with the BIA proceedings (the “**Proposal Proceeding**”) the Borrower required interim financing and on April 16, 2024, the Ontario Superior Court of Justice granted an order approving a debtor in possession term sheet dated April 10, 2024, between the Borrower and the Lender (“**Original Term Sheet**”), wherein the Lender agreed to make a debtor-in-possession loan available to the Borrower in the principal amount of \$150,000 (the “**Original Interim Financing Order**”).

The Borrower and the Lender wish to make amendments and restate the terms of the Original Term Sheet in their entirety in accordance with the terms and conditions set forth herein, including but not limited to, increasing the principal amount to \$350,000 and will be seeking an amended interim financing order (the “**Amended Interim Financing Order**”). Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Term Sheet shall have the meanings ascribed thereto in **Schedule “A”**.

Borrower: National Traffic Safety Management Inc.

Lender: J9 Investments Inc.

Facility: A super priority, debtor-in-possession non-revolving demand credit facility up to the maximum principal amount of three hundred fifty thousand dollars \$350,000 (the “**Facility**”), subject to the terms and conditions contained herein.

Purpose: The purpose of the Facility is to fund (i) working capital needs in accordance with the cash flow projections approved by the Proposal Trustee and the Lender from time to time (the “**Cash Flow Projections**”); (ii) the Lender’s Fees and Expenses (as defined below), (iii) professional fees and expenses incurred by the Borrower and the Proposal Trustee in connection with the Proposal Proceedings, and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.

Repayment: The Borrower shall repay all principal, interest, fees and other amounts owing under the Facility on the earlier of (the "**Maturity Date**"): (i) demand; (ii) the date the Facility is refinanced; (iii) the day on which the stay of proceedings has been terminated; (iv) the date on which the Borrower becomes bankrupt. The Borrower is entitled to repay all or any part of the Facility at any time without notice or penalty.

Facility Advances: Each Advance shall be wire transferred to the current operating account of the Borrower (the "**Borrower's Account**"). The Borrower's Account shall be subject to the Interim Financing Charge.

Interest Rate: Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of fifteen percent (15%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date.

Facility Fee: A Facility fee equal to 5% of \$350,000, less the amount of the Facility Fee paid in respect of the Original Term Sheet, which shall be fully earned upon Court approval of this Term Sheet, and secured by the Interim Financing Charge, shall be due and payable on the Maturity Date.

Security: All debts, liabilities, and obligations of the Borrower under the Facility shall be secured by the Interim Financing Charge charging all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower.

The Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances in favour of any person, including the second tranche of a charge for the Borrower's directors and officers to secure obligations that they may incur in those capacities during the Proposal Proceeding in an amount not exceeding two hundred fifty thousand dollars (\$250,000), provided, however, that the Interim Financing Charge shall rank behind in priority to the charges granted in favour of: (i) professionals to secure the fees and disbursements of the Borrower's counsel, counsel for the Proposal Trustee and the Proposal Trustee in an amount not exceeding one hundred thousand dollars (\$100,000) (the "**Administration Charge**"); and (ii) the first tranche of a charge for the Borrower's directors and officers to secure obligations that they may incur in those capacities during the Proposal Proceeding in an amount not exceeding one hundred thousand dollars (\$100,000) (the "**D&O Charge**").



**Conditions
Precedent to the
Facility:**

The availability of the Facility is subject to and conditional upon the following:

1. the granting by the Court of the Amended Interim Financing Order in a form satisfactory to the Lender, acting reasonably, including:
 - (a) approving this Term Sheet and the Facility contemplated herein;
 - (b) granting the Lender a charge in and to all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower (the "**Interim Financing Charge**"), which Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise, in favour of any Person, except as provided herein;
 - (c) declaring that the granting of the Amended Interim Financing Charge, and the payment of all amounts by the Borrower to the Lender, including any and all fees and interest, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any Applicable Law; and
 - (d) declaring the Amended Interim Financing Order, including the Interim Financing Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, the Proposal Trustee, a receiver, interim-receiver, receiver-manager or any other officer of the Court appointed in respect of the Borrower;
2. receipt of a duly executed copy of this Term Sheet by the Execution Deadline.

**Timing of Initial
Advance:**

Subject to the satisfaction of the Conditions Precedent to the Facility, the Facility shall be made to the Borrower within two (2) Business Days following Court approval of the Amended Interim Financing Order, or such later date as may be agreed to by the Lender and the Borrower.

Covenants:

The Borrower covenants and agrees with the Lender, so long as any amounts are outstanding by the Borrower to the Lender hereunder, to:

1. pay all sums of money when due hereunder;



2. not request, obtain or consent to a variation of the Amended Interim Financing Order if, in the opinion of the Lender, such variation may be prejudicial to the Lender, without the prior written consent of the Lender; such consent not to be unreasonably withheld or delayed;
3. use the proceeds of the Facility solely for the purposes provided for herein;
4. keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
5. upon reasonable notice, permit the Lender or its representatives, at any time and from time to time with such frequency as the Lender, in its sole discretion, may require, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower all at the reasonable expense of the Borrower;
6. to pay or make provision for payment of all Priority Claims due and payable from and after the commencement of the Proposal Proceedings, as and when such Priority Claims are due; and
7. carry on the business of the Borrower in the normal course, consistent with past practice and orders of the Court made in the Proposal Proceedings.

If the terms and conditions of this Term Sheet are acceptable to you, please sign in the space indicated below and return the signed copy of this Term Sheet to us. Acceptance may also be effected by scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Term Sheet.

Yours truly,

J9 INVESTMENTS INC.

Per: 

Name: Janine Grossman

Title:

I have authority to bind the corporation.

ACCEPTANCE

The undersigned hereby accepts this Term Sheet this _____th day of April.

NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

Per: Michael Spencley
Name: MICHAEL SPENCLEY
Title: PRESIDENT & C.E.O.

I have authority to bind the corporation.

SCHEDULE "A"

In addition to terms defined elsewhere in this Term Sheet, the following terms shall have the following meanings:

- (a) **"Applicable Laws"** means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (b) **"Business Day"** means a day on which chartered banks are open for over-the-counter business in Toronto and excludes Saturday, Sunday and any other day which is a statutory holiday in Toronto.
- (c) **"Priority Claims"** means the aggregate of any amounts accrued or payable by any Borrower which under any law may rank prior to or *pari passu* with the Interim Financing Charge or otherwise in priority to any claim by the Lender for payment or repayment of any amounts owing under this Term Sheet, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers' Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; and (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the BIA; and (xii) WEPPA Claims.
- (d) **"WEPPA Claims"** means any claims made against the Borrower pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.



SCHEDULE "B"

1. N/A.

A handwritten signature in blue ink, consisting of a stylized, cursive 'S' shape with a vertical line on the left side.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY
MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Court File No. BK-24-03064916-0031

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

Proceedings commenced at TORONTO

Affidavit of Michael Spencley
(Sworn May 1, 2024)

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Harvey Chaiton (LSO #21592F)
Tel: (416) 218-1129
Email: harvey@chaitons.com

Laura Culleton (LSO #82428R)
Tel: (416) 218-1128
Email: laurac@chaitons.com

**Lawyers for National Traffic Safety
Management Inc.**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY
MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

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

Proceedings commenced at TORONTO

**MOTION RECORD
(RETURNABLE MAY 3, 2024)**

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Harvey Chaiton (LSO #21592F)

Tel: (416) 218-1129

Email: harvey@chaitons.com

Laura Culleton (LSO #82428R)

Tel: (416) 218-1128

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**Lawyers for National Traffic Safety
Management Inc.**