

COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF
MATTER

B301 354154
COURT OF KING'S BENCH OF ALBERTA
CALGARY
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
HARMONY HEATING AND AIR CONDITIONING
INC.

APPLICANT:

HARMONY HEATING AND AIR CONDITIONING
INC.

DOCUMENT
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

BENCH BRIEF OF THE APPLICANT

Reconstruct LLP
80 Richmond Street West
Suite 1700
Toronto, ON, CA M5H 2A4

Brendan Bissell
Tel: 416.613.0066
Email: bbissell@reconllp.com

Simran Joshi
Tel: 416.304.6589
Fax: 416.613.8290
Email: sjoshi@reconllp.com

Lawyers for the Applicant

TABLE OF CONTENTS

I. INTRODUCTION..... 3

II. STATEMENT OF FACTS 3

III. ISSUES..... 6

IV. LAW & ARGUMENT 6

 A. The Court Should Approve the Stay Extension..... 6

V. CONCLUSION 9

VI. TABLE OF AUTHORITIES..... 11

I. INTRODUCTION

1. On March 31, 2026, the Applicant, Harmony Heating and Air Conditioning Inc. (the “**Company**” or “**Harmony**”), filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). BDO Canada Limited was appointed to act as proposal trustee (in such capacity, the “**Proposal Trustee**”) in the NOI proceeding (the “**NOI Proceedings**”).¹

2. This Bench Brief is submitted on behalf of the Company, which seeks the following relief in this Application:

(a) An order (the “**Stay Extension Order**”) substantially in the form attached as **Schedule “A”**:

- i. abridging the time for service of this application, validating the manner of service and declaring that this application is properly before the Court; and
- ii. extending the time for the filing of a proposal in respect of the Company under the BIA for a period of 45 days up to and including July 30, 2026.

II. STATEMENT OF FACTS

3. The Company’s application is supported by the Affidavit of Anthony Fisher, sole director and founder of the Company, sworn June 11, 2026 (the “**Fisher Affidavit**”). The Company relies on the evidence in the Fisher Affidavit for the purposes of this Bench Brief, in addition to the brief statement of facts provided below.

¹ Affidavit of Anthony Fisher sworn June 11, 2026 [“**Fisher Affidavit**”] at para 2.

4. Capitalized terms not defined herein have the meanings given to them in the Fisher Affidavit.

The Company's Background and Financial Difficulties

5. The Company is in the the business of providing maintenance and repair services for heating, ventilation and air conditioning (“HVAC”) systems (the “**Business**”).²

6. In 2024, the Company was approached by MechCan Inc. (“**MechCan**”), which expressed an interest in acquiring the Company as part of an aggregation of HVAC companies. Mr. Fisher’s partner sold all his shares of the Company and Mr. Fisher sold some of his while retaining a 40% interest. Ultimately, MechCan acquired eleven (11) companies across Ontario, Alberta and British Columbia, which collectively formed the “**MechCan Group**”.³

7. The MechCan Group of companies had by that time begun to suffer financial difficulties in the prevailing economic environment including a reduction in consumer spending, increased costs and the pandemic pull forward.⁴ During the summer of 2025 MechCan management implemented an operational restructuring in an effort to reduce costs.⁵

8. Despite the Company’s attempts, the costs of the restructuring initiatives together with the changed economic environment stressed the MechCan Group’s liquidity leading to it make the decision to file a NOI for most of the companies within the MechCan Group.⁶

² Fisher Affidavit at para 5.

³ Fisher Affidavit at para 6.

⁴ Fisher Affidavit at para 8.

⁵ Fisher Affidavit at para 8.

⁶ Fisher Affidavit at para 9.

Sale Process

9. After the commencement of the NOI Proceedings the Company, in consultation with the Proposal Trustee, developed the Sale Process (as defined herein), which was intended to widely expose the Company's Business to the market and provide a structured and orderly process for interested parties to perform due diligence and submit offers for a potential transaction for a sale of all or substantially all or part of its property as a going concern or otherwise or some combination thereof that is superior to the Stalking Horse Bid (as defined herein).⁷

10. On April 29, 2026, this Court granted an initial proposal order (the "**Initial Proposal Order**") that, among other things:

- (a) extended stay of proceedings for the Company to June 15, 2026;
- (b) approved a sale process for the marketing and sale of the Company's Business and assets (the "**Sale Process**"), which contemplated a motion for approval of a sale transaction before the expiry of the extended stay period on June 15, 2026;
- (c) approved a stalking horse asset purchase agreement between Harmony, as vendor, and 2811153 Alberta Ltd., as purchaser, solely for the purpose of constituting the "**Stalking Horse Bid**" under the Sale Process; and
- (d) granted the Proposal Trustee with enhanced powers to implement the Sale Process.⁸

11. The Sale Process contemplated a 32-day single phase process that would be implemented and supervised by the Proposal Trustee as an officer of this Court.⁹

⁷ Fisher Affidavit at para 11.

⁸ Fisher Affidavit at para 12.

⁹ Fisher Affidavit at para 13.

12. In accordance with the Initial Proposal Order, the Proposal Trustee, with the assistance of BDO Canada Transaction Advisory, in its capacity as sales agent, administered the Sale Process.¹⁰

13. The Proposal Trustee received multiple Qualified Bids (as defined in the Sale Process) by the bid deadline, June 1, 2026. As a result of this, the Proposal Trustee held a series of auctions to determine which bidder(s) can provide the highest or otherwise best bid that maximizes value for the benefit of the MechCan Group's stakeholders.

14. A combination of an extension of the timeframes initially contemplated (as permitted by the Initial Proposal Order) and some steps that the Proposal Trustee felt were necessary to ensure fairness of the process resulted in the Sale Process taking longer than anticipated. An application to approve the proposed sale will now have to take place after June 15. The Proposal Trustee will provide a high-level overview of the steps it took to administer the Sale Process in its Second Report, to be filed.¹¹

III. ISSUES

15. The issue to be determined by the Court on this Application is whether to extend the stay of proceedings up to and including July 30, 2026.

IV. LAW & ARGUMENT

A. The Court Should Approve the Stay Extension

16. Pursuant to section 69 of the BIA, an NOI may be extended in increments of 45 days on sufficient cause.¹²

¹⁰ Fisher Affidavit at para 14.

¹¹ Fisher Affidavit at paras 14-15.

¹² *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ["BIA"], [s. 50.4\(9\)](#).

17. The current stay of proceedings is set to expire on June 15, 2026. Despite diligent efforts, the Company is not yet in a position to complete the Sale Process and then deliver a proposal to its creditors. Accordingly, the Company seeks a 45-day extension of the time to file a proposal up to and including July 30, 2026 to enable it to continue its restructuring efforts and avoid a deemed bankruptcy.

18. Pursuant to subsection 50.4(9) of the BIA, the Court has the authority to extend the period for filing a proposal and the stay of proceedings for a period of 45 days where it is satisfied that:

- (a) the insolvent person has acted, and is acting in good faith, and with due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
- (c) no creditor would be materially prejudiced if the extension being applied for were granted.¹³

19. The Company bears the burden of establishing that an extension of the stay of proceedings is warranted.¹⁴

20. The Company submits that each of these factors are met in this case.

i. The Company has acted in good faith and with due diligence

21. In *Re H&H Fisheries Limited*, the court noted that “the converse of good faith is bad faith, and bad faith requires some motivation or conduct which is unacceptable”.¹⁵ In this case, there is no evidence that the Company has acted with bad faith or conducted itself in an unacceptable

¹³ *Ibid*, [s. 50.4\(9\)](#). See for example, *Castle Rock Research Corp v AGC Investments Ltd*, 2012 ABQB [“**Castle Rock**”] 208 at [para 8](#).

¹⁴ *Castle Rock*, *ibid*, at [para 9](#).

¹⁵ *Re H&H Fisheries Limited*, 2005 NSSC 346 [“**H&H Fisheries**”] at [para 17](#).

manner.

22. In contrast, the Company has submitted evidence confirming that it has acted in good faith and with due diligence since the Court granted the Initial Proposal Order. Specifically, the Company has taken several steps to implement a restructuring that will result in its Business emerging as a going concern including, among others:

- (a) continued to operate the Business in the normal course;
- (b) assisted the Proposal Trustee in the implementation of the Sale Process by providing documents for the virtual data room and responding to bidders' due diligence inquiries; and
- (c) as coordinated with the Proposal Trustee, engaged with stakeholders to build consensus on the next steps contemplated in these NOI Proceedings.¹⁶

ii. There are grounds to believe that the Company may be able to make a viable proposal

23. The test for whether an insolvent person would likely be able to make a viable proposal if granted an extension is whether the insolvent person might (not that it certainly will) be able to present a proposal that seems reasonable on its face to a reasonable creditor.¹⁷

24. The Company submits that the evidence before the Court satisfies this requirement. The Company has advised it will use the extension of the time to finalize the terms of the transaction contemplated by a successful bid, seek Court approval of same, and close the transaction for the purpose of maximizing the realization of the Business for the benefit of its stakeholders while

¹⁶ Fisher Affidavit at para. 17.

¹⁷ *H&H Fisheries*, *supra* note 39, at [para. 22](#); *Nautican v. Dumont*, 2020 PESC 15 [“*Nautican*”], [paras 16-17](#); *Andover Mining Corp. (Re)*, 2013 BCSC 1833 at [para 35](#).

developing a proposal for the benefit of its general body of creditors.¹⁸

iii. No creditor is materially prejudiced

25. In considering this factor, courts consider whether there is a significant concern that would be unreasonable for a creditor to accept.¹⁹

26. The Company submits that there is no evidence of any material prejudice to any creditor if the requested extension is granted. The extension of the stay of proceedings will assist in the likelihood of a greater benefit to creditors by allowing the Company to continue its Business as a going concern while closing the transaction contemplated by the successful bid.

27. Conversely, if the extension is not granted, the Company will be deemed to have made an assignment in bankruptcy and their efforts to successfully restructure their Business will be terminated. In such circumstances, it is not clear that the Proposal Trustee would be able to seek Court approval of the successful bid, seeing as it relies on a going concern sale, which would likely result in the liquidation of the Company's assets and a corresponding diminution in value available to creditors.²⁰

V. CONCLUSION

28. The Company respectfully request that the relief sought in the Stay Extension Order be granted. All of the relief sought is necessary for the Company and for the benefit of its stakeholders.

¹⁸ Fisher Affidavit at para 18.

¹⁹ *H&H Fisheries*, *supra* note 39 at [para. 37](#).

²⁰ Fisher Affidavit at para 18.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 11TH DAY OF JUNE, 2026.



Reconstruct LLP
Brendan Bissell/Simran Joshi

Counsel for the Applicant

VI. TABLE OF AUTHORITIES

STATUTES

1. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, section 50.4(9).

CASE LAW

1. *Castle Rock Research Corp v AGC Investments Ltd*, [2012 ABQB 208](#)
2. *Re H&H Fisheries Limited*, [2005 NSSC 346](#)
3. *Nautican v. Dumont*, [2020 PESC 15](#)
4. *Andover Mining Corp. (Re)*, [2013 BCSC 1833](#)

Schedule "A"

Clerk's Stamp:

COURT FILE NUMBER / BANKRUPTCY ESTATE NUMBER	B301 354154
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PROCEEDING	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF HARMONY HEATING AND AIR CONDITIONING INC.
DOCUMENT	STAY EXTENSION ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Reconstruct LLP 80 Richmond Street West, Suite 1700 Toronto, Ontario M5H 2A4
	Attention: Brendan Bissell Telephone: 416-613-0066 E-Mail: bbissell@reconllp.com
	Attention: Simran Joshi Telephone: 416.304.6589 Email: sjoshi@reconllp.com

DATE ON WHICH ORDER WAS PRONOUNCED: June 12, 2026

NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Justice Little

LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Harmony Heating and Air Conditioning Inc. (the "**Company**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the "**BIA**") for an order that, among other things extends the stay of proceedings up to and including July 30, 2026;

AND UPON HAVING READ the Affidavit of Anthony Fisher, sworn on June 11, 2026, and the Second Report of BDO Canada Limited in its capacity as proposal trustee of the Company (in such

capacity, the “**Proposal Trustee**”), dated as of June ●, 2026, and the Affidavit of Service of ● sworn June ●, 2026, filed;

AND UPON HAVING HEARD the submissions of counsel for the Company, counsel for the Proposal Trustee, and any other counsel or interested parties present at the hearing of the within Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

EXTENSION OF TIME TO FILE A PROPOSAL

2. Pursuant to Section 50.4(9) of the BIA, the deadline for the Company to file a proposal be and is hereby extended up to and including July 30, 2026.

GENERAL

3. Each of the Company and the Proposal Trustee be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
4. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant, the Proposal Trustee, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

5. This Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order without any need for entry and filing.
6. The Company or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
7. Notwithstanding Rule 6.11 of the Alberta Rules of Court, unless otherwise ordered by this Court, the Proposal Trustee will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Proposal Trustee's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
8. Service of this Order shall be deemed good and sufficient by serving the same by posting a copy of this Order on the Proposal Trustee's website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mechcangroup> .

Justice of the Court of King's Bench of Alberta