

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

**BANK OF MONTREAL**

Applicant

- and -

**1817870 ONTARIO INC.  
(FORMERLY AFI HYDRO INC.)**

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND  
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS  
AMENDED**

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**MOTION RECORD**  
**(Motion Returnable February 27, 2015)**

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

BANK OF MONTREAL

Applicant

- and -

1817870 ONTARIO INC.  
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**MOTION RECORD**  
**(Motion Returnable February 27, 2015)**

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**Davies Ward Phillips & Vineberg LLP**  
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Lawyers for the Receiver

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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BANK OF MONTREAL

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**TAB 1**

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

**BANK OF MONTREAL**

Applicant

- and -

**1817870 ONTARIO INC.  
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**APPLICATION UNDER SECTION 243(1) OF THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND  
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS  
AMENDED**

**NOTICE OF MOTION  
(Returnable February 27, 2015)**

Richter Advisory Group Inc. ("Richter"), in its capacity as the court-appointed receiver (the "Receiver") of 1817870 Ontario Inc. (formerly AFI Hydro Inc.) ("AFI"), will make a motion to a judge presiding over the Commercial List on February 27, 2015 at 10:00 a.m., or as soon thereafter as the motion can be heard, at the Courthouse located at 330 University Avenue, Toronto, Ontario, Canada.

**PROPOSED METHOD OF HEARING:**

The motion is to be heard orally.

**THE MOTION IS FOR AN ORDER:**

1. if necessary, validating and abridging the time of service of the Notice of Motion and Motion Record and directing that any further service of the Notice of Motion and Motion Record be dispensed with such that this Motion is properly returnable on the date scheduled for the hearing of this Motion;



2. authorizing and directing the Receiver to make payments totalling \$176,761 in respect of the 81.4 Claims (as defined below);

3. authorizing and directing the Receiver to distribute \$840,000 to the Bank of Montreal ("**BMO**") and BMO Capital Corporation (collectively, the "**Lender**") on account of the outstanding secured indebtedness owed to the Lender (the "**BMO Distribution**");

4. authorizing and directing the Receiver to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Priority Claims and Remaining Fees and Disbursements (each as defined below) (collectively, the "**Outstanding Disbursements**") without further approval of this Court;

5. confirming that any distributions made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5<sup>th</sup> Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(2) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended (collectively, the "**Tax Legislation**"), and that the Receiver is not required to obtain any certificate as required by the Tax Legislation and that the Receiver shall not be liable in any manner for failure to obtain any certificate as required by the Tax Legislation prior to making the distributions pursuant to the authorizations granted to the Receiver under this Order;

6. approving the Fourth Report of the Receiver dated February 20, 2015 (the "**Fourth Report**") and the activities of the Receiver set out therein;

7. approving the accounts of the Receiver and its counsel, Davies Ward Phillips & Vineberg LLP ("Davies"), including the Remaining Fees and Disbursements;
8. discharging the Receiver upon completion of the Remaining Matters (as defined below), and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Lender after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court; and
9. ordering and declaring that, effective upon Richter's discharge as Receiver, Richter is released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter.

**THE GROUNDS FOR THE MOTION ARE:**

**Background**

1. on February 24, 2014, on application by BMO, the Court granted an Order appointing Richter as Receiver (the "**Appointment Order**");
2. on April 30, 2014, the Court granted an Order approving the sale of the assets of AFI to Andritz Hydro AFI Inc. (the "**Sale Transaction**") for gross proceeds of approximately \$5.9 million;
3. on July 30, 2014, the Court granted an Order adjudging AFI bankrupt and appointing Richter as the bankruptcy trustee;
4. between the date of the Appointment Order and February 13, 2015, the Receiver had total receipts of approximately \$7.7 million, the majority of which being proceeds from the **Sale Transaction**, and disbursements of approximately \$1.8 million;
5. to date, the Receiver has distributed \$4,850,000 to the Lender in part satisfaction of the indebtedness owed to the Lender by AFI;

6. as at February 13, 2015, cash on hand to satisfy AFI's outstanding debts was approximately \$1,063,606;

7. the Receiver does not anticipate any additional material realizations, other than those detailed in the Remaining Matters (as defined below);

#### **Payment of 81.4 Claims**

8. the Receiver has determined priority claims under section 81.4 of the of the *Bankruptcy and Insolvency Act* (the "**BIA**") to be approximately \$181,409 in respect of the 127 former AFI employees with claims for outstanding wages and/or vacation pay;

9. Service Canada has issued *Wage Earner Protection Program Act* ("**WEPPA**") payments to 124 of these 127 former employees, for which Service Canada asserted a subrogated priority claim of approximately \$174,470 (the "**Service Canada 81.4 Claims**");

10. based on its review of AFI's books and records, the Receiver has determined the priority claims in respect of these 124 former AFI employees to be approximately \$176,761, resulting in a residual balance of \$2,291 (the "**Residual 81.4 Claims**" and together with the Service Canada 81.4 Claims, the "**81.4 Claims**"), which would rank in priority to the secured claims of BMO;

11. it is the Receiver's intention to pay the Residual 81.4 Claims to the affected former AFI employees directly, subject to the Court's approval;

12. the three remaining former AFI employees have claims for outstanding wages and/or vacation pay totaling approximately \$4,648 (the "**Outstanding Priority Claims**");

### **BMO Distribution**

13. Davies reviewed the security granted by AFI in favour of the Lender in respect of AFI's indebtedness to the Lender and opined that the security is valid and has been properly perfected;

14. other than the 81.4 Claims and Outstanding Priority Claims, the Receiver is not aware of any other claims that rank in priority to the claims of the Lender;

15. as at February 1, 2015, AFI remained indebted to the Lender in the approximate amount of \$8.3 million, exclusive of costs, on a secured basis;

16. after the Receiver makes the proposed \$840,000 BMO Distribution, the Lender is expected to suffer a shortfall on its advances to AFI;

### **Fees of the Receiver and Davies**

17. the fees and disbursements of each of the Receiver and Davies for the period from the Appointment Order to June 30, 2014 were approved pursuant to an Order of the Court dated August 20, 2014;

18. from July 1, 2014 up to and including January 31, 2015: (i) the Receiver had professional fees for services rendered in the amount of \$72,737 plus disbursements in the amount of \$482 (each excluding HST), and (ii) Davies had professional fees for services rendered in the amount of \$68,202.50 plus disbursements in the amount of \$1,777.72 (each excluding HST);

19. in addition to the fees incurred as of January 30, 2015, the Receiver has estimated the professional fees and disbursements required to complete the administration of these receivership proceedings as being \$30,000 (excluding HST) (the "**Remaining Fees and Disbursements**");

20. taking into account the overall value of the services provided by the Receiver and Davies, including the consummation of the Sale Transaction for gross proceeds of \$5.9 million, the knowledge, experience and skill of the Receiver and

Davies, the degree of responsibility assumed by the Receiver and the time spent by the Receiver and Davies, the fees and disbursements of the Receiver and Davies, including the Remaining Fees and Disbursements, are fair and reasonable in the circumstances;

21. the Lender, the only party with an economic interest in these receivership proceedings, supports the approval of the fees and disbursements incurred by the Receiver and Davies to date and the Remaining Fees and Disbursements;

22. the Receiver has reviewed Davies' bills and is of the opinion that the services have been duly authorized and rendered and the charges are reasonable;

### **Retention of Holdback and Approval to Make Subsequent Payment**

23. the Receiver is seeking approval to retain a holdback of approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Disbursements without further approval of this Court;

24. the Receiver is of the view that such amount should be sufficient to settle the Remaining Matters (as defined below) as well as provide a small contingency fund to satisfy any unexpected or unknown claims or expenses;

### **No Requirement to Obtain Clearance Certificates**

25. if clearance certificates were required in these circumstances, the Receiver would be required to pay liabilities arising pursuant to the Tax Legislation (if any exist) in priority to the amounts owed to the Lender, effectively giving the Crown a priority over the Lender when no explicit statutory priority over the Lender exists;

26. the distributions proposed to be made by the Receiver do not constitute "distributions of property within the control of the Receiver" as they will be made in satisfaction of the Lender's secured debt and therefore do not give rise to the obligation to file clearance certificates under the Tax Legislation;

**Approval of Fourth Report and Receiver's Activities, Discharge and Release of Receiver**

27. as described in the Fourth Report, there remain certain matters to be completed by the Receiver (the "**Remaining Matters**");

28. upon the completion of the Remaining Matters, the Receiver will have completed its statutory duties as well as those duties set out in the Appointment Order and any other subsequent Order of the Court;

29. the Receiver's activities to date have been in compliance with and in furtherance of the mandates, discretions and directions provided to the Receiver by all applicable Orders of the Court made in these proceedings and have been reasonable under the circumstances;

30. the Receiver has acted honestly and in good faith and has dealt with AFI's property in a commercially reasonable manner;

**Miscellaneous**

31. Sections 81.4, 183, 243, 247 and 251 of the BIA;

32. Section 101 of the Ontario *Courts of Justice Act*;

33. Section 36(1) of the WEPPA;

34. Rules 1.04, 2.03, 3.02, 16.04 and 37 of the Ontario *Rules of Civil Procedure*; and

35. such further and other grounds as counsel may advise and this Court may permit.

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

1. the Fourth Report of the Receiver and the appendices referred to therein, including the Affidavit of Pritesh Patel sworn February 19, 2015 and the Affidavit of Robin B. Schwill sworn February 19, 2015; and
2. such further material as counsel may advise and this Court may permit.

February 20, 2015

**Davies Ward Phillips & Vineberg LLP**  
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**TO: THE ATTACHED SERVICE LIST**

**BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
  
(PROCEEDING COMMENCED AT TORONTO)**

**NOTICE OF MOTION  
(Returnable February 27, 2015)**

**Davies Ward Phillips & Vineberg LLP  
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**TAB 2**

**1817870 ONTARIO INC.  
(FORMERLY KNOWN AS AFI HYDRO INC.)**

FOURTH REPORT OF THE RECEIVER

FEBRUARY 20, 2015

**ONTARIO  
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

**BANK OF MONTREAL**

**Applicant**

**- and -**

**1817870 ONTARIO INC.  
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**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**FOURTH REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF  
1817870 ONTARIO INC. (FORMERLY KNOWN AS AFI HYDRO INC.)**

**FEBRUARY 20, 2015**

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APPENDIX "D" -	SECOND REPORT OF RICHTER ADVISORY GROUP INC. DATED JULY 25, 2014
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APPENDIX "H" –	AFFIDAVIT OF ROBIN SCHWILL

## I. INTRODUCTION

1. Pursuant to an application by Bank of Montreal (together with Bank of Montreal Capital Corporation, “**BMO**” or the “**Lender**”) under section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and an order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 24, 2014 (the “**Date of Appointment**”), Richter Advisory Group Inc. (“**Richter**”) was appointed as Receiver (in such capacity, the “**Receiver**”) without security over all the assets, undertakings and properties (the “**Property**”) of AFI Hydro Inc. (now 1817870 Ontario Inc.) (“**AFI**” or the “**Company**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. On April 30, 2014, the Court issued an order (the “**Approval and Vesting Order**”) approving the sale transaction (the “**Sale Transaction**”) contemplated by the asset purchase agreement dated April 25, 2014 between the Receiver and Andritz Hydro AFI, Inc. (the “**Purchaser**”), and vesting in the Purchaser the Purchased Assets as defined in the asset purchase agreement. The Sale Transaction closed and the Receiver’s certificate in respect of the Sale Transaction was filed on April 30, 2014.
3. As contemplated by the Approval and Vesting Order, articles of amendment were filed changing the name of the Company from AFI to 1817870 Ontario Inc., effective as of May 15, 2014.
4. On July 30, 2014, the Court issued an order (the “**Bankruptcy Order**”) approving the application for bankruptcy made by BMO and appointing Richter Advisory Group Inc. as the trustee (in such capacity, the “**Trustee**”) of the estate of the Company.
5. On August 20, 2014, the Court issued an order (the “**Distribution Order**”) authorizing the Receiver to make a payment of \$4.8 million to BMO on account of its secured indebtedness, and any other amounts held or received by the Receiver, up to the amount of the indebtedness owing to BMO. A copy of the Distribution Order is attached hereto as **Appendix “B”**. As at February 1, 2015, following the \$4.8 million payment, the amount of indebtedness owing to BMO was approximately \$8.3 million.

6. This report is the Receiver's fourth report (the "**Fourth Report**") to this Court. The Receiver's first report dated April 25, 2014 (the "**First Report**"), second report dated July 25, 2014 (the "**Second Report**"), and third report dated August 13, 2014 (the "**Third Report**") outlined, among other things, the background on the Company, the activities of the Receiver since the Appointment Order, the results of the marketing and sales process undertaken by the Receiver, the Sale Transaction between the Receiver and the Purchaser, the Receiver's receipts and disbursements, a summary of the security opinion prepared by Davies Ward Phillips & Vineberg LLP ("**Davies**"), and details on the proposed \$4.8 million payment to BMO. Copies of the First Report, the Second Report and the Third Report (without attachments) are attached hereto as **Appendix "C"**, **Appendix "D"** and **Appendix "E"**, respectively.
7. The First Report and the Receiver's activities as set out therein were approved by the Court pursuant to the Approval and Vesting Order. The Second and Third Report and the Receiver's activities as set out therein were approved by the Court pursuant to the Distribution Order. The fees and disbursements of each of the Receiver and Davies for the period of the Date of Appointment to June 30, 2014 were also approved by the Court pursuant to the Distribution Order.

## **II. PURPOSE OF REPORT**

8. The purpose of this Fourth Report is to:
  - (a) report on the activities of the Receiver since the Third Report;
  - (b) report on the Receiver's statement of receipts and disbursements for the period from February 24, 2014 to February 13, 2015;
  - (c) update the Court with respect to the Receiver's estimate of outstanding potential priority claims under section 81.4 of the BIA as at the date of this Fourth Report (the "**Outstanding Priority Claims**") and the Receiver's estimate of professional fees and disbursements required to complete the administration of these receivership proceedings (the "**Remaining Fees and Disbursements**"); and

- (d) recommend that the Court issue an order:
- (i) approving the Fourth Report and the activities of the Receiver set out therein;
  - (ii) approving the accounts of the Receiver and its counsel, including the Remaining Fees and Disbursements, as set out in this Fourth Report;
  - (iii) authorizing the Receiver to make payments totalling \$176,761 in respect of the 81.4 Claims (as defined below);
  - (iv) authorizing the Receiver to distribute \$840,000 to BMO on account of the outstanding secured indebtedness owed to the Lender (the “**BMO Distribution**”);
  - (v) authorizing the Receiver to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution (the “**Holdback**”), and to use such funds to pay the Outstanding Priority Claims and Remaining Fees and Disbursements (collectively, the “**Outstanding Disbursements**”) without further approval of this Court;
  - (vi) confirming that Receiver has no requirement to obtain clearance certificates in connection with any distributions made by the Receiver under the order;
  - (vii) discharging the Receiver upon completion of the Remaining Matters (as defined herein), and authorizing the Receiver to distribute any residual amounts remaining in its possession to BMO after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court; and
  - (viii) ordering and declaring that effective upon its discharge as Receiver, Richter is released and discharged from any and all liability that Richter

now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter.

### **III. QUALIFICATIONS**

9. In preparing this Fourth Report, Richter has relied upon the Company's books and records, financial information obtained from discussions with former personnel of the Company and other sources (collectively, the "**Information**").
10. In accordance with industry practice, except as described in this Fourth Report:
  - (a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) future-oriented financial information relied upon in preparing this Fourth Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
11. Unless otherwise noted, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars.

### **IV. ACTIVITIES OF THE RECEIVER**

12. The Receiver's activities since the Third Report include:
  - (a) liaising with Service Canada on numerous claims submitted by former employees of the Company under the *Wage Earner Protection Program Act* ("**WEPPA**");
  - (b) corresponding with former employees of the Company regarding the status of claims and payments under WEPPA;



- (c) corresponding with the Company's unions, and their respective counsels, regarding claims for outstanding wages and benefits submitted by their members;
  - (d) arranging for recovery of amounts held in the Company's old bank accounts;
  - (e) corresponding and negotiating settlements with customers, and their respective counsels, regarding the recovery of outstanding amounts owed to the Company;
  - (f) corresponding with various government agencies in respect of the Company's sales tax accounts, corporate tax accounts, workers' compensation, and applicable filings;
  - (g) discussing and corresponding with Manulife Financial, Financial Services Commission of Ontario and the plan administrator regarding wind-up of the Company's pension plan;
  - (h) preparing and mailing T4s and T4As (where applicable) for 2014 for the Company's former employees;
  - (i) discussing and corresponding with Davies on numerous matters, including collection of outstanding amounts owed to the Company, construction lien claims, and potential priority claim issues;
  - (j) corresponding with BMO on a regular basis on the status of the receivership; and
  - (k) responding to unsecured creditor and former employee enquiries regarding the status of these proceedings.
13. To the best of its knowledge and belief, the Receiver has complied with all of its statutory duties and obligations pursuant to the BIA as at the date of this Fourth Report. Prior to filing its Certificate of Discharge, described more fully below, the Receiver will complete its statutory duties, including preparing and filing its final report pursuant to section 246(3) of the BIA.

V. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

14. The Receiver's statement of cash receipts and disbursements for the period from the Date of Appointment to February 13, 2015 is set out below:

1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)		
Statement of receipts and disbursement		
For the period February 24, 2014 to February 13, 2015		
Receipts	\$	Note
Proceeds from sales process	5,900,000	
Accounts receivable collections	736,363	
Metal fabrication	55,428	
Customer accommodation agreement	288,786	1
Facility access agreement	99,361	2
Asset realizations	319,447	
Pre-filing HST refund	128,665	
Post-filing HST refund	93,691	
Other receipts	72,937	3
<b>Total receipts</b>	<b>\$ 7,894,677</b>	
<b>Disbursements</b>		
Rent	104,078	
Payroll for contract services	315,948	4
Material purchases	119,044	
Operating expenses	75,953	
Pre-filing source deductions	22,311	
Pre-filing pension remittances	60,765	5
HST remittance	21,265	
Professional fees	874,787	
Insurance	29,770	
HST paid on disbursements (I.T.C)	156,969	
Bank charges / other fees	181	
<b>Total disbursements</b>	<b>\$ 1,781,071</b>	
<b>Excess Receipts over Disbursements</b>	<b>5,913,606</b>	
Repayments to secured lender	4,850,000	
<b>Cash on hand</b>	<b>\$ 1,063,606</b>	
<b>Notes:</b>		
1. The Receiver entered into accommodation agreements with Ontario Power Generation ("OPG") for the completion and delivery of work on certain new or AFI existing projects.		
2. The Receiver entered into an arrangement with Klewit-Alarie Partnership to facilitate the release of finished goods inventory related to the Lower Mattagami River Project.		
3. Other receipts include proceeds from scrap sale, refund of a legal retainer, interest etc.		
4. The Receiver engaged former AFI employees as independent contractors to assist with the Receivership.		
5. Payment of unremitted employee and employer contributions to the Company's defined contribution pension plan pursuant to section 81.6 of the <i>Bankruptcy and Insolvency Act</i> .		

15. As detailed in the table above, the Receiver had total receipts of approximately \$7.7 million between the Date of Appointment and February 13, 2015, the majority of which relate to proceeds received from the Sale Transaction with the Purchaser. Total

disbursements over the same period were approximately \$1.8 million, primarily consisting of payroll for contract services and professional fees related to the administration of the receivership.

16. Payments to BMO were made in accordance with paragraph 3 of the Distribution Order. To date, \$4,850,000 has been distributed by the Receiver to BMO in part satisfaction of the indebtedness owed to it by the Company, of which \$50,000 was paid to the Trustee upon direction from the Lender pursuant to a third party deposit agreement between BMO and the Trustee. As at February 13, 2015, cash on hand was approximately \$1,063,606.
17. As at the date of this Fourth Report, the Receiver does not anticipate any additional material realizations, other than those detailed in the Remaining Matters.

#### **VI. PRIORITY CLAIMS**

18. The Receiver has determined priority claims under section 81.4 of the BIA to be approximately \$181,409 in respect of the 127 former AFI employees with claims for outstanding wages and/or vacation pay.
19. The Receiver understands that Service Canada has issued WEPPA payments to 124 of these 127 former AFI employees, for which Service Canada asserted a subrogated claim, ranking in priority to the secured claims of BMO, for approximately \$174,470 (the “**Service Canada 81.4 Claims**”). A copy of the most recent statement of account from Service Canada is attached hereto as **Appendix “F”**.
20. However based on its review of the Company’s books and records, the Receiver has determined the priority claims in respect of these 124 former AFI employees to be approximately \$176,761, resulting in a residual balance of \$2,291 (the “**Residual 81.4 Claims**” and together with the Service Canada 81.4 Claims, the “**81.4 Claims**”), which would rank in priority to the secured claims of BMO. The Receiver has discussed this matter with BMO and it is the Receiver’s intention to pay the Residual 81.4 Claims to the affected former AFI employees directly, subject to this Court’s approval.

21. Accordingly, the Receiver is seeking this Court's approval to pay the 81.4 Claims from funds currently held by the Receiver.
22. As at the date of this Fourth Report, there remain three outstanding claims from former AFI employees with potential priority amounts for wages and/or vacation pay. Based on the Company's books and records, the Receiver understands the Outstanding Priority Claims amount to be approximately \$4,648 in total.
23. To date, the Receiver has made numerous attempts to contact these three former AFI employees, the most recent of which was by letter dated December 5, 2014. Two of the former AFI employees responded and subsequently submitted their applications to Service Canada for processing. The Receiver understands that Service Canada can take four to six weeks from the date of receipt to process payments, provided the information received is complete. No response has been received from the third former AFI employee to date, despite follow-up calls and messages left by the Receiver at the individual's last known telephone number.
24. The Receiver is seeking this Court's approval to withhold \$4,648 from any distribution to BMO and continue to work with Service Canada to address the Outstanding Priority Claims as part of the Remaining Matters. In the event the Receiver is unable to settle these claims with the former AFI employees or Service Canada within 60 days of the date of this Fourth Report, the Receiver seeks authority to forward the balance of funds to the Office of the Superintendent of Bankruptcy for deposit, along with a list of creditor names, last known addresses and amount payable to each individual.
25. As at the date of this Fourth Report, the Receiver is not aware of any other claims that rank in priority to the claims of BMO.

## VII. REMAINING MATTERS TO BE COMPLETED IN THESE PROCEEDINGS

26. If this Court grants the order requested herein, the Receiver will have completed its duties and obligations as set out in the Appointment Order and subsequent orders of this Court, except for the following (the “**Remaining Matters**”):
- (a) Pursuing collection of the remaining \$6,519 (excluding taxes) owed by Manitoba Hydro for the Pointe Du Bois Generating Station Spillway Replacement Project. The Receiver signed the contract completion certificate on January 12, 2015 and understands payment should be processed within 45 days thereof;
  - (b) Settlement of the Outstanding Priority Claims, as outlined in this Fourth Report;
  - (c) Payment of the Remaining Fees and Disbursements;
  - (d) Pursuing potential recovery of any unclaimed HST input tax credits paid during these proceedings; and
  - (e) Other administrative matters incidental to these proceedings such as filing the Receiver’s report pursuant to section 246(3) of the BIA.
27. Upon the completion of the Remaining Matters, the Receiver will have completed its statutory duties as well as those duties set out in the Appointment Order. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver upon the filing of a certificate with this Court certifying that all of the Remaining Matters have been completed.

## VIII. DISTRIBUTION TO BMO

28. As stated in the Second Report, the Receiver has obtained an independent legal opinion on BMO’s security from Davies. Davies has provided an opinion to the Receiver that the Company has granted valid security interests to BMO in the assets of the Company, which have been properly perfected pursuant to the *Personal Property Security Act* (Ontario), subject to the standard assumptions, qualifications and limitations contained in

the opinion. The opinion also confirms that there are no registrations prior in time to those of BMO.

29. As noted above, the Receiver had cash on hand of approximately \$1,063,606 as at February 13, 2015. BMO is seeking a distribution of \$840,000 from the Receiver and is agreeable to the Receiver retaining approximately \$223,606 in the estate to pay the 81.4 Claims, the Outstanding Disbursements and any other liabilities ranking in priority to BMO's claims as part of the Remaining Matters.
30. As at February 1, 2015, the Company was indebted to BMO in the approximate amount of \$8.3 million, exclusive of costs on a secured basis. After the Receiver makes the proposed \$840,000 payment, BMO is expected to suffer a shortfall on its advances to the Company. As such, there will not be any funds available for distribution to the Company's unsecured creditors.
31. Following payment of the BMO Distribution and the 81.4 Claims, the Receiver will have in its possession a Holdback in the amount of approximately \$46,845. In the Receiver's view, such amount should be sufficient to settle the Remaining Matters as well as provide a small contingency fund to satisfy any unexpected or unknown claims or expenses as of the date of this Fourth Report.
32. The Receiver also seeks authority to pay the Outstanding Disbursements from the Holdback without further order of this Court. Accordingly, upon satisfying the Remaining Matters, the Receiver shall distribute any residual amounts remaining in the Holdback, or subsequently collected by the Receiver, to BMO without further order of this Court.

#### **IX. NO REQUIREMENT TO OBTAIN CLEARANCE CERTIFICATES**

33. Subsection 159(2) of the *Income Tax Act*, subsection 23(5) of the *Canada Pension Plan*, subsection 86(3) of the *Employment Insurance Act*, subsections 81(1) and 270(2) of the *Excise Tax Act*, subsection 19(2) of the *Employer Health Tax Act*, subsection 107(2) of the *Corporations Tax Act*, and subsection 22(5) of the *Retail Sales Tax Act*, as amended

(collectively, the “**Tax Legislation**”) require that clearance certificates be obtained by a receiver prior to making distributions of property in its control.

34. If the Receiver were required to obtain the clearance certificates, the Receiver would be required to pay liabilities arising pursuant to the Tax Legislation (if any exist) in priority to the amounts owed to the Lender. This would effectively give the Crown a priority over the Lender when no explicit statutory priority over the Lender exists. While the Receiver is of the view that the distributions to be made do not constitute “distributions of property within the control of the Receiver” as the funds are subject to the Lender’s prior ranking security interest, an order of the Court confirming that the Receiver is not required to obtain clearance certificates is being sought because the Tax Legislation creates personal liability on the Receiver for not obtaining such certificates where they are required.

#### **X. REQUEST FOR APPROVAL OF FEES**

35. The Receiver and its counsel Davies have maintained detailed records of their professional time and disbursements since the Date of Appointment.
36. In accordance with the Appointment Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court.
37. The Receiver’s professional fees incurred for services rendered from July 1, 2014 to January 31, 2015 amount to \$72,737.50, plus disbursements in the amount of \$481.81 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver’s professionals is described in the affidavit of Pritesh Patel attached hereto as **Appendix “G”**.
38. The fees of the Receiver’s counsel, Davies, for services rendered from July 1, 2014 to January 31, 2015 total \$68,202.50, plus disbursements in the amount of \$1,777.72 (all excluding HST). These amounts represent professional fees and disbursements not yet

approved by the Court. The time spent by the Davies' professionals is described in the affidavit of Robin Schwill attached hereto as **Appendix "H"**.

39. The Receiver has reviewed these accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.
40. In addition to the fees incurred as of January 31, 2015, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings, including the within motion, and the performance of the Remaining Matters, the Receiver has estimated Remaining Fees and Disbursements in the amount of \$30,000 (excluding HST). This estimate represents the Receiver's best estimate of the reasonable professional and legal fees required to complete the administration of these proceedings up to the effective date of discharge.
41. In addition, as it is expected that BMO will suffer a shortfall on its advances to the Company, BMO is the only party with an economic interest in these proceedings. BMO supports the approval of the fees and disbursements incurred by the Receiver and Davies to date, and the Remaining Fees and Disbursements.

## **XI. CONCLUSION AND RECOMMENDATION**

42. To the best of the Receiver's knowledge and belief, all duties of the Receiver, as set out in the Appointment Order and subsequent orders of this Court, will be completed upon payment of the BMO Distribution, the 81.4 Claims, the Outstanding Disbursements, and completion of the Remaining Matters.
43. Accordingly, the Receiver recommends that this Court grant an order:
  - (a) approving the Fourth Report and the activities of the Receiver set out therein;
  - (b) approving the accounts of the Receiver and its counsel, including the Remaining Fees and Disbursements, as set out in this Fourth Report;
  - (c) authorizing the Receiver to make payment in respect of the 81.4 Claims;



- (d) authorizing the Receiver to make the BMO Distribution;
- (e) authorizing the Receiver to retain the Holdback, and to use such funds to pay the Outstanding Disbursements;
- (f) confirming that Receiver has no requirement to obtain clearance certificates in connection with any distributions made by the Receiver under the order;
- (g) discharging the Receiver upon completion of the Remaining Matters, and authorizing the Receiver to distribute any residual amounts remaining in its possession after payment of all amounts in respect of the Remaining Matters to BMO, subject to the Receiver filing a certificate evidencing the same with the Court; and
- (h) ordering and declaring that effective upon its discharge as Receiver, Richter is released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter.

Dated the 20th day of February, 2015

**RESPECTFULLY SUBMITTED,**



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**Paul van Eyk, CIRP, IFA, CPA**  
Senior Vice-President

Richter Advisory Group Inc.  
the Receiver of 1817870 Ontario Inc.  
and not in its personal capacity

## **APPENDIX A**



## **SERVICE**

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

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter Advisory Group Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever

basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof, negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate, and negotiating and entering into non-disclosure agreements with potential purchasers of the Property or any part or parts thereof;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or

destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**NO PROCEEDINGS AGAINST THE RECEIVER**

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH THE RECEIVER**

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,



licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **RECEIVER TO HOLD FUNDS**

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in

respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of

time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates

#### GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. THIS COURT HEREBY REQUESTS 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

*C. Hon - M.J.*

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LE / DANS LE REGISTRE NO.:

FEB 24 2014

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**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Richter Advisory Group Inc., the receiver (the "Receiver") of all of the assets, undertakings and properties of AFI Hydro Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 2014 (the "Order") made in an application having Court file number \_\_\_\_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 2014.

Richter Advisory Group Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: \_\_\_\_\_

Name:

Title:

BANK OF MONTREAL

and AFI HYDRO INC.

APPLICANT

RESPONDENT

Court File No.

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

**PROCEEDING COMMENCED AT  
TORONTO**

**RECEIVERSHIP ORDER**

**CASSELS BROCK & BLACKWELL LLP**  
2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

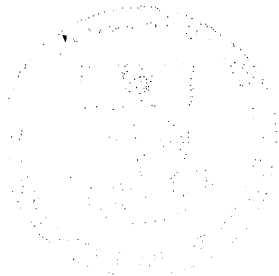
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Lawyers for the Applicant, Bank of Montreal



## **APPENDIX B**



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE M.R. **HAINES** ) WEDNESDAY, THE 20th DAY  
)  
) OF AUGUST, 2014

**BETWEEN:**

**BANK OF MONTREAL**

**Applicant**

- and -

**AFI HYDRO INC.  
(NOW 1817870 ONTARIO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**ORDER**

**THIS MOTION**, made by Richter Advisory Group Inc., in its capacity as court appointed receiver and manager (the "**Receiver**") of AFI Hydro Inc. (now 1817870 Ontario Inc.) (the "**Company**"), for an order:

1. dispensing with further service of this motion;
2. authorizing the Receiver to pay \$5,887.41 to Canada Revenue Agency ("**CRA**") in full and final settlement of the deemed trust claim asserted by CRA;
3. authorizing the Receiver to pay to the Bank of Montreal ("**BMO**") and BMO Capital Corporation (together with BMO, the "**Lenders**") (a) the amount of \$4.8 million on account of the secured indebtedness (the "**Indebtedness**") owed by the Company to the Lenders which totals approximately \$13.1 million, exclusive of costs, and (b) after satisfying any Prior Ranking Claims (as defined below), any other amounts currently held or received by the Receiver after the date of this Order up to the full amount of the Indebtedness, without the need for further Court approval;
4. authorizing the Receiver to pay any and all amounts that rank in priority to the Indebtedness (the "**Prior Ranking Claims**") up to the aggregate amount of \$0.9 million, without the need for further Court approval;
5. approving the Second Report of the Receiver dated July 25, 2014 (the "**Second Report**") and the Third Report of the Receiver dated August 13, 2014 (the "**Third Report**" and together with the Second Report, the "**Reports**") and the activities of the Receiver set out therein; and
6. approving the fees and disbursements of the Receiver and its counsel, Davies Ward Phillips & Vineberg LLP ("**Davies**") up to and including June 30, 2014, as set out in the Affidavit of Pritesh Patel sworn August 13, 2014 (the "**Patel Affidavit**") and the Affidavit of Natalie Renner sworn August 11, 2014 (the "**Renner Affidavit**"),

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Second Report and the Appendices and the Third Report and the Appendices including the Patel Affidavit and the Renner Affidavit, and on hearing the submissions of counsel for the Receiver and no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed.

**SERVICE**

1. **THIS COURT ORDERS** that service of the Motion Record, including the Reports is deemed adequate and hereby dispenses with further service thereof.

**PAYMENTS TO CREDITORS**

2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to pay CRA the amount of \$5,997.41 in full and final settlement of the deemed trust claim asserted by CRA.

3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to pay the Lenders (a) the amount of \$4.8 million on account of the Indebtedness, and (b) after satisfying any Prior Ranking Claims, any other amounts currently held or received by the Receiver after the date of this Order, without the need for further Court approval.

4. **THIS COURT ORDERS** that the Receiver is authorized to pay any Prior Ranking Claim from monies held or received to date up to the aggregate amount of \$0.9 million, including the further fees and disbursements of the Receiver and Davies,

without the need for further Court approval, unless the Receiver receives an objection from a creditor of the Company prior to paying any Prior Ranking Claim.

5. **THIS COURT ORDERS** that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(3) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended, and the Receiver be and is hereby directed not to obtain any certificate pursuant to any such statutory provisions and the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order.

#### **APPROVAL OF THE SECOND REPORT AND THE THIRD REPORT**

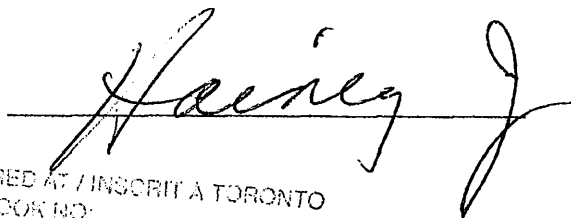
6. **THIS COURT ORDERS** that activities of the Receiver, as set out in the Second Report, and the Second Report, including the appendices, are hereby and approved.

7. **THIS COURT ORDERS** that activities of the Receiver, as set out in the Third Report, and the Third Report, including the appendices, are hereby and approved.

**FEES AND DISBURSEMENTS OF THE RECEIVER AND DAVIES**

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period of February 24, 2014 to June 30, 2014 as described in the Patel Affidavit are hereby approved.

9. **THIS COURT ORDERS** that the fees and disbursements of Davies for the period of February 24, 2014 to June 30, 2014 as described in the Renner Affidavit, are hereby approved.



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ON / BOOK NO:  
LE / DANS LE REGISTRE NO.

AUG 23 2014

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## **APPENDIX C**

# **AFI HYDRO INC.**

**FIRST REPORT OF THE RECEIVER**

**APRIL 25, 2014**



**ONTARIO  
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

**BANK OF MONTREAL**

Applicant

- and -

**AFI HYDRO INC.**

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF  
AFI HYDRO INC.**

**APRIL 25, 2014**

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### APPENDICIES

APPENDIX "A" –	AFFIDAVIT OF ROBERT KIEFER SWORN FEBRUARY 24, 2014
APPENDIX "B" –	ORDER OF THE HONOURABLE MR. JUSTICE WILTON-SIEGEL DATED FEBRUARY 24, 2014
APPENDIX "C" –	SUMMARY OF PPSA REGISTRATIONS
APPENDIX "D" –	PROPOSED ASSET PURCHASE AGREEMENT BETWEEN THE RECEIVER AND ANDRITZ HYDRO AFI, INC. (REDACTED)

## I. INTRODUCTION

1. Pursuant to an application by Bank of Montreal ("**BMO**" or the "**Lender**") under section 243(1) of *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the "**BIA**") and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, and an order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), dated February 24, 2014 (the "**Date of Appointment**"), Richter Advisory Group Inc. was appointed as Receiver ("**Richter**" or the "**Receiver**") without security over all the assets, undertakings and properties (the "**Property**") of AFI Hydro Inc. ("**AFI**" or the "**Company**").
2. Richter was previously retained by BMO to act as their financial advisor to assist in BMO's discussions with the Company and the Company's financial advisors on addressing such issues as liquidity concerns and a potential informal restructuring of the Company's capital structure prior to the Date of Appointment.
3. Certain sensitive pricing information has been omitted from the Receiver's first report (the "**First Report**") and redacted from certain appendices to this First Report. In the event that the proposed transaction does not close, it is the Receiver's view that release of such information would be prejudicial to the interests of the creditors. A confidential supplementary report to this First Report (the "**Confidential Supplementary Report**"), which includes the omitted pricing information and certain unredacted appendices, and which appends the liquidation analysis of the Company's business and assets prepared by the Receiver, will be filed with this Court on a sealed and confidential basis to prevent this information from becoming publicly available.

## II. PURPOSE OF REPORT

4. The purpose of this First Report is to:
  - (a) Provide this Court with background information on:
    - (i) The Company, including its corporate structure and operations; and
    - (ii) Reasons for the Company's liquidity constraints and financial difficulties.

- (b) Report on the activities of the Receiver since its appointment on February 24, 2014;
- (c) Provide this Court with an overview of the expedited sales process ("**Expedited Sales Process**") undertaken by the Receiver of AFI's assets and the proposed sale transaction which has been negotiated, including:
  - (i) The marketing and sales process undertaken by the Company to refinance or effect a sale of its assets prior to the Date of Appointment;
  - (ii) The marketing and sales process undertaken by Richter to effect a sale of the Company's assets; and
  - (iii) Providing information regarding the proposed asset sale transaction (the "**Transaction**"), including the proposed Asset Purchase Agreement (the "**APA**") to be entered into between the Receiver and Andritz Hydro AFI, Inc. (the "**Purchaser**").
- (d) Summarize the results of a liquidation analysis prepared by the Receiver.
- (e) Recommend that the Court issue an order:
  - (i) Approving the Transaction and authorizing and directing the Receiver to execute such documents and take such additional steps as are necessary to complete the Transaction and execute the APA;
  - (ii) Sealing the Confidential Supplementary Report as well as unredacted copies of the APA;
  - (iii) Vesting in the Purchaser, as at closing, the purchased assets as identified in the APA, free and clear of all liens, charges, security interests and other encumbrances; and
  - (iv) Authorizing the Receiver to terminate the Company's lease at 6 Adams Street, Paris Ontario (the "**Premise**"), pursuant to the Appointment Order.

### III. QUALIFICATIONS

5. In preparing this First Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management and the Company's financial advisor and legal counsel (collectively, the "**Information**").
6. In accordance with industry practice, except as described in this First Report:
  - (a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy of completeness of the **Information** in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) Future-oriented financial information relied upon in preparing this First Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
7. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

### IV. BACKGROUND

8. Reference is made to the Affidavit of Robert Kiefer, sworn February 24, 2014, in support of BMO's application for the appointment of Richter as Receiver over all of the property, assets and undertaking of the Company (the "**Kiefer Affidavit**"). A copy of the Kiefer Affidavit is attached hereto without exhibits as **Appendix "A"**.

#### **Company Overview**

9. The Company was founded in 1992 under the name of Allied Fabricators Inc., which was owned by the shareholders of 1101751 Ontario Inc. It commenced operations as a custom fabrication company, manufacturing equipment from customer drawings and specifications. Over the passage of time, the Company became a specialized fabricator for projects in the hydroelectric power generation and water control systems sector. The Company has expertise in the design, fabrication and installation of crane and hoisting

equipment, intake gates, draft tube gates, sluice gates, trashracks and gate superstructures. This specialization in hydroelectric generating stations accounts for approximately 98% of the Company's annual sales. Historically, the Company has performed essentially all of the gate replacement work for Ontario Power Generation Inc. ("OPG") and is one of OPG's top suppliers for hydroelectric work. This work is typically seasonal with much of the fabrication and installation occurring in mid-summer to fall.

10. On May 4, 2010, Allied Fabricators Inc. and 1101751 Ontario Inc. were acquired by AFI Hydro Inc., a private company incorporated under the *Business Corporations Act* (Ontario), for \$17.2M in a leveraged buy-out of the former shareholders. The Receiver was advised by former shareholders of Allied Fabricators Inc. that, at that time, due to the uniqueness of the operation and revenue concentration, there were limited offers.
11. AFI operates out of a leased facility in Paris, Ontario. The Company has an 82,000 square feet manufacturing facility that allows them to work on projects in excess of 80 tons of weight. The Company also has on the same site a 4,200 square feet engineering department that houses their in-house structural and mechanical designers and engineers. In this same facility the Company also houses offices for administration and sales support.
12. AFI has a highly skilled labour force in Paris, Ontario, with trades ranging from engineers, sheet metal workers, millwrights, fitters, iron workers, welders, structural plate fitters and machinists. Prior to the Date of Appointment, AFI was the largest employer in Paris, Ontario employing approximately 100 individuals.

### **Company Structure**

13. As noted above, AFI was acquired in May 2010 in a leveraged buy-out. The main shareholder behind this leveraged buy-out was C.S. Craig Family L.P. ("CCF") who directly and indirectly accounted for 75% of the equity ownership of AFI as at the Date of Appointment.
14. The principals behind CCF were the primary leads in the negotiations with BMO on the attempted balance sheet restructuring prior to this Receivership. The Receiver was

advised by management that all members of the equity group were aware of the financial situation and the Company's consent to the appointment of a Receiver.

### **Causes of Insolvency**

15. The factors contributing to the Company's financial difficulties are summarized as follows:
  - (a) Significant cost overrun on the Lower Mattagami River Project was the primary reason for the Company's liquidity constraints. The Company signed this contract with Kiewit-Alarie, a Partnership ("KAP") in March 2012. Due to a variety of reasons, AFI had cost overruns of approximately \$6M that they were not able to recover.
  - (b) The above cost overruns contributed to Company's significantly reduced liquidity as the AFI subsequently failed to pay certain trade creditors. This resulted in the accumulation of various lien and trust claims which prevented the release of funds from customers on projects; and
  - (c) The Company's deteriorating financial position resulted in a breach of lending covenants and restrictions on operating line availability.
16. The Company advised BMO on January 31, 2014 of its liquidity issues. At the same time the Company engaged its own financial advisor and legal counsel to start discussions with BMO on a balance sheet restructuring. Over the course of a four week period, BMO engaged in intense discussions and negotiations with the Company and its advisors to develop a solution to restructure its balance sheet and provide certain liquidity relief in order to give the Company time to restructure its debts and continue to operate as a going concern.
17. On February 20, 2014, BMO and AFI agreed to terms on a balance sheet restructuring; however, this new term sheet had certain conditions precedent that AFI needed to satisfy, including a provision which required AFI to secure performance security guarantees in support of BMO's proposed letter of credit facility. On February 23, 2014, BMO was

advised by AFI that they were not able to fulfill this condition. At this same time, the CCF and senior management of AFI further advised that the Company would consent to a court appointed receiver provided the receiver was appointed immediately on February 24, 2014.

**V. RECEIVER'S ACTIVITIES SINCE THE DATE OF APPOINTMENT**

18. Immediately upon issuance of the Appointment Order, the Receiver attended at the Company's head office in Paris, Ontario to take possession and secure the Company's assets, and books and records located therein. A copy of the Appointment Order is attached hereto as **Appendix "B"**. Following its appointment, the Receiver's initial activities included:

- (a) Arranging for AFI's bank accounts to be frozen and opening new bank accounts under the Receiver's name;
- (b) Terminating the employment of AFI's employees and contractors and entering into consulting arrangements with certain of these former employees and contractors on a term and task basis to assist the Receiver in its administration, asset recovery and sales process;
- (c) Determining the amounts owed under the *Wage Earner's Protection Program Act* ("WEPPA") and liaising with Service Canada on these amounts;
- (d) Taking possession of AFI's books and records and making best efforts to update the Company's accounting records in respect of accounts receivable, inventory, accounts payable and fixed assets register;
- (e) Notifying certain customers of AFI's receivership and advising these parties to secure the assets of AFI that are in their possession, and in certain cases, arranging for the return of these assets to AFI's head office in Paris, Ontario;
- (f) Establishing new statutory accounts with the Canada Revenue Agency for HST and various other statutory deductions;



- (g) Arranging for the payment of rent for the Company's lease with Silverbridge Business Centre Limited ("**Silverbridge**") for the Premise;
- (h) Arranging for the release of certain finished goods inventory to customers of AFI upon receipt of payment;
- (i) Arranging for the release of certain finished goods inventory of AFI that was located at a third party facility upon receipt of final payment;
- (j) Arranging for the continuation of all utilities to the Premise;
- (k) Arranging for the continuation of all applicable insurances for the Premise and assets of AFI;
- (l) Planning and executing an Expedited Sales Process, including the preparation of various schedules, summaries and financial information and supporting documentation for interested parties;
- (m) Holding numerous discussions with the OPG team of executives assigned to the AFI receivership in order to provide them updates on the Expedited Sales Process, release of finished goods inventory and status of contracts being worked on by the Receiver for the benefit of OPG;
- (n) Entering into an arrangement with KAP to allow them, at their cost, access to the Premise and certain tooling and equipment in order to facilitate the release of finished goods inventory and related intellectual property related to the Lower Mattagami River Project;
- (o) Corresponding with BMO on a regular basis on the status of the receivership and Expedited Sales Process;
- (p) Sending to all creditors on record the *Notice and Statement of Receiver* required under Section 245(1) and 246(1) of the BIA;

- (q) Responding to demands for repossession of goods received from suppliers pursuant to Section 81.1 of the BIA; and
  - (r) Responding to creditor and employee inquiries regarding the status of these proceedings.
19. To inform creditors and all other stakeholders, general information on these proceedings has been posted on the Receiver's website at [www.richter.ca/en/insolvency-cases/a/afi-hydro-inc](http://www.richter.ca/en/insolvency-cases/a/afi-hydro-inc). The Receiver has also identified on its website a point of contact at Richter for any enquiries, including a telephone number and email address.

## VI. OVERVIEW OF LIABILITIES

### BMO Facilities

20. Since May 2010, BMO has provided credit facilities to AFI to finance the Company's operations pursuant to various term sheets and lending agreements as described in the Kiefer Affidavit. The Company's secured debt facilities with BMO consisted of 7 facilities with a total amount outstanding of approximately \$17.2 million, as summarized below:

<b>AFI Hydro Inc.</b>	
<i>Estimated Secured Claims at April 22, 2014</i>	
(\$000)	
Letter of Credit Facility	\$ 4,979
Demand Revolving Operating Facility	4,612
BMOCC Subordinated Debt	4,686
Non-Revolution Term Loan Facility	2,056
Delayed Draw Demand Non-Revolution Term Loan Facility	841
US Operating Advances	12
Mastercard Facility	1
	<u>\$ 17,187</u>

### Vendor Take Back Note

21. The six former founding shareholders of AFI when they sold their business to CCF each received a vendor take back note ("VTB"). As at the Date of Appointment, the total

outstanding balance on the VTBs was approximately \$2.4M. These VTBs paid a total of \$55,000 in interest annually. Management advised that repayments of the VTBs were to begin in 2014; however, due to the discussions between CCF and BMO on a balance sheet restructuring, no such payments were made as the VTBs were to be restructured as part of this negotiated balance sheet restructuring.

**Potential Priority Claims**

22. Based on information provided by the Company after the Date of Appointment, potential priority claims total approximately \$267,000, and are comprised of the following:

<b>AFI Hydro Inc.</b>	
<i>Estimated Potential Priority Claims at April 22, 2014</i>	
(\$000)	
Source deductions	\$ 24
Wages and vacation pay	183
Pension contributions outstanding	60
	<u>\$ 267</u>

23. The Receiver is currently working with Service Canada and the Company's respective unions in order to comply with WEPPA. Furthermore, the Receiver has made BMO aware of these potential priority claims and has advised BMO that the Receiver will need to hold back an appropriate amount prior to any distribution.
24. The above priority claims summary does not include certain monies collected from customers since the Date of Appointment that could potentially be subject to trust claims pursuant to applicable construction lien legislation. To date, the Receiver has not determined the validity or quantum of these potential claims but has advised BMO that the Receiver will need to hold back an appropriate amount prior to any distribution. These monies have been segregated for purposes of accounting and have not been used to fund the operations of the Receivership.
25. The Receiver is aware that a number of creditors have registered liens on AFI's project sites pursuant to the *Construction Lien Act*. The Receiver understands that most if not all

of the liens relate to the Lower Mattagami River Project, a project that the Receiver has not received any monies relating to accounts receivable owing to the Company prior to the Date of Appointment.

**Other PPSA Registrants**

26. In addition to BMO, the creditors of AFI that had registered a security interest against the Company include National Leasing Group Inc. and Canadian Portable Structures (1992) Ltd. Both parties have received notice of these proceedings. A summary of the PPSA registrations for AFI is attached hereto as **Appendix “C”**.

**Unsecured Trade Creditors**

27. The Receiver understands that the Company had unsecured trade payables and accrued liabilities owing of approximately \$6.3M as at December 31, 2013. The Company had not updated its financial statements since December 2013 and it is expected that these liabilities may be higher as at the Date of Appointment.

<b>AFI Hydro Inc.</b>	
<i>Estimated Unsecured Liabilities as at December 31, 2013</i>	
(\$000)	
Trade payables	\$ 5,501
Accrued liabilities	830
	<u>\$ 6,331</u>

**VII. EXPEDITED SALES PROCESS**

**Reasons for an Expedited Sales Process**

28. The Receiver recognized immediately that AFI's business was extremely unique and subject to rapid deterioration in value and goodwill if a sales process was not commenced immediately. The Receiver, with the powers authorized by the Appointment Order, in particular paragraph 3(k) thereof, immediately began soliciting interest from prospective parties on an expedited basis.

29. The Expedited Sales Process was required due to the following reasons:

- (a) Limited market of buyers for AFI's assets: As discussed above, the Company when previously sold as a going-concern in 2010 had only two offers. AFI is a highly specialized fabricator with economic dependence on one main customer, OPG and one main industry, hydroelectric. AFI's specialization in hydroelectric projects eliminates a number of interested parties due to the required sophistication of the asset base, customer base and infrastructure required to support it.
- (b) Seasonality of business: This business needs to be transferred to a buyer as soon as possible to allow a purchaser to meet certain project deadlines for OPG and others. An Expedited Sales Process also affords a purchaser the ability to participate in the request for proposals ("**RFP's**") on new projects that have been submitted by AFI and evaluated by the clients this spring.
- (c) Continued OPG support: This Company has economic dependence upon OPG and is a critical supplier to OPG on their hydroelectric projects. In order to secure OPG's support throughout this receivership, OPG needed to ensure that a buyer was in place by the end of April 2014 in order to ensure outstanding project milestones are met. This process is very time sensitive as certain projects require OPG to essentially take a hydroelectric facility offline and off the electrical grid. Accordingly, planning for such projects and related permission from the Ontario Power Authority ("**OPA**") is extremely time sensitive and if certain windows for the completion of work are missed, replacement projects can be postponed or delayed significantly which has wider implications for OPG and OPA.
- (d) Retaining talent and necessary employee base: As discussed above, AFI is the largest employer in Paris, Ontario and employs many specialized trades. A sales process and transaction needed to be undertaken immediately in order to preserve as many specialized employees as possible for a potential purchaser. Furthermore, the loss of the largest employer in Paris Ontario has a detrimental impact on the community and local supply chain network and an Expedited Sales Process would lessen the impact on this wider stakeholder group.

- (e) Limited cash flows: The Receiver has entered into certain cost reimbursement agreements with certain customers in order to complete certain work during the receivership period; however to date, the main party financing the receivership has been the secured creditor. The Receiver, with the permission of BMO, has used approximately \$438K from accounts receivable collections to maintain a senior management team of executives and engineers and certain trades along with incurring overheads such as rent and utilities, in order to complete certain projects and, more importantly, prepare for an Expedited Sale Process. These funds were from ordinary course collection of accounts receivable and were funds available to the Receiver after taking into account potential priority claims as discussed above.

### **Expedited Sales Process**

30. As per the reasons above, the Receiver implemented an immediate sales process to solicit interest from potential strategic and financial parties. At the same time the Receiver met with executives from OPG to make them aware of the Expedited Sales Process and to get OPG's support on meeting with potential buyers of AFI's assets. The Receiver notes that the OPG executive team assigned to the AFI receivership have been very supportive of the Company, the Receiver and its employees during this Expedited Sales Process.
31. The initial list of interested parties was put together by the Receiver with input and comments from the management team of AFI. Furthermore, the Receiver retained the services of Mr. David Ballantyne, a former owner of AFI, to act as a senior consultant to the Receiver and management team on soliciting interested parties and supporting the Receiver on discussions with OPG, a relationship Mr. Ballantyne has had for 20+ years.
32. The Receiver, with the support of the management team and Mr. Ballantyne created a short-list of ten (10) potential parties that were either strategic parties that understood the AFI opportunity and/or had existing relationships with OPG that would allow for ease of transition, or were financial players that had experience in distressed deals or had similar investments in similar industries. Of this short-list of ten (10) potential parties, eight (8)

were strategic parties and two (2) were financial parties. These parties were contacted starting February 25, 2014 to immediately solicit their interest.

33. Of the ten (10) parties contacted, eight (8) signed non-disclosure agreements ("**NDAs**") and all eight (8) conducted due diligence on AFI's business and assets (the "**Initial Interested Parties**").
34. The Receiver set a date of March 7, 2014 for letters of interest ("**March 7 LOIs**") to be received from the Initial Interested Parties. On March 7, 2014, the Receiver received letters of interest from six (6) of these parties (the "**Round 1 Bidders**"). One party submitted two different forms of LOI for the assets, so in total, the Receiver had seven (7) March 7 LOIs to review. A summary of the March 7 LOIs is included in the Confidential Supplementary Report.
35. All of the LOIs had certain terms and conditions that needed to be met prior to the Receiver completing a proposed asset purchase transaction. Two of the primary terms and conditions were (i) a meeting with OPG and (ii) additional due diligence. The Receiver concluded that three (3) of the Round 1 Bidders would move forward as part of the sales process (the "**Round 2 Bidders**") and the Receiver subsequently organized meetings with OPG and supported the Round 2 Bidders with additional due diligence as required during the week ending March 14, 2014.
36. Upon conclusion of these meetings and additional due diligence, each of the Round 2 Bidders advised the Receiver that they would be submitting a revised bid and each reduced their offers significantly, and requested additional due diligence time to continue their review. No party was willing to make a firm commitment on a purchase price and closing date.
37. On March 15, 2014, the Receiver emailed the Round 2 Bidders to provide additional clarity on certain issues they had questions on and furthermore, the Receiver advised the Round 2 Bidders that due to the fact that they had all rescinded their initial LOIs, the Receiver would need to look at its options to advance a deal potentially with another party.

38. During the week of March 17, 2014 the Receiver continued to support the Round 2 Bidders with their additional due diligence demands; however, the Receiver reached out to an additional four (4) parties that did not have time to submit an LOI by March 7, 2014 but remained interested in the AFI opportunity (the “**Additional Interested Parties**”). Furthermore, the Receiver also reached out to one (1) of the Initial Interested Parties (the “**Renewed Initial Interested Party**”) that was not part of the Round 2 Bidders to advise them of the continued process and the opportunity to resubmit a bid if they so desired. The Receiver did not reach out to any of the other Round 1 Bidders as their March 7 LOIs were too low to be considered.
39. On March 18, 2014, the Receiver advised the Round 2 Bidders, the Additional Interested Parties, and the Renewed Initial Interested Party that final offers and/or LOIs must be submitted by March 21, 2014 (the “**March 21 LOIs**”). The Receiver received five (5) March 21 LOIs (the “**Round 3 Bidders**”), four (4) from strategic parties and one (1) from a financial buyer. A summary of the March 21 LOIs is included in the Confidential Supplementary Report.
40. The LOIs from the Round 3 Bidders contained a number of terms and conditions, and over the course of a week the Receiver continued discussions and negotiations with each of these parties on their submitted offers. Upon its final review, the Receiver concluded that the offer from Andritz Hydro Canada Inc. (“**Andritz**”), an affiliate of the Purchaser, was the offer the Receiver would pursue an exclusive closing on.
41. Over the past four weeks, the Receiver has been working exclusively with Andritz to address a number of conditions contained in their offer. These conditions included discussions and negotiations with third parties, primarily OPG and the landlord for the Premise. As at the date of this First Report, the Receiver understands that all of the terms and conditions in the offer from the Purchaser have been met and satisfied, subject to the Court approving the Transaction.

#### **Proposed Asset Purchase Agreement**

42. The Purchaser has offered to purchase the assets of AFI, including its fixed assets, inventory, furniture and fixtures, leasehold improvements and certain other assets as



defined in the APA (the "**Purchased Assets**") for a fixed cash purchase price (the "**Asset Transaction Purchase Price**"). The Asset Transaction Purchase Price is detailed in the Confidential Supplementary Report and is materially less than the total secured debt currently owing to BMO.

43. On April 14, 2014, the Purchaser delivered to the Receiver a deposit equal to 10% of the Asset Transaction Purchase Price to be held in trust by the Receiver pending closing of the Transaction. The balance of the Asset Transaction Purchase Price will be paid on closing, which is anticipated to occur on April 30, 2014 ("**Closing**").
44. The Purchaser is also assuming certain liabilities ("**Assumed Liabilities**"). The Assumed Liabilities are as follows:
  - (a) On or before Closing, continuing employment will be offered to approximately 50 of AFI's former employees on substantially the same terms and conditions as they were previously employed. The Purchaser has also agreed to establish replacement employee plans ("**Replacement Plans**") for those employees who accept employment offers made by the Purchaser ("**Transferred Employees**"). For these Transferred Employees, the Purchaser will recognize the employees years of service with AFI for the purpose of determining the eligibility under the Replacement Plans; and
  - (b) Obligations and liabilities of AFI under certain contracts, leases, agreements, licences, and certifications, all as outlined within the APA.
45. On Closing, the Purchased Assets are to be conveyed to the Purchaser by vesting Order, on an "as is, where is" basis, and subject to the usual terms and conditions contained in such transactions, and subject to this Court's approval.
46. Attached as **Appendix "D"** is a redacted copy of the APA entered into between the Receiver and the Purchaser, subject to the Court's approval. An unredacted copy of the APA will be appended to the Confidential Supplementary Report.

**Lease with Silverbridge Business Centre Limited**

47. As noted above, one of the conditions of the Purchaser's offer related to the lease at 6 Adams Street. We understand that the Purchaser has come to terms with Silverbridge on a new lease. As a result, the APA requires the Receiver to terminate AFI's lease with Silverbridge. Subject to the Court's approval, the Receiver will terminate the lease effective the Closing date.

**VIII. LIQUIDATION ANALYSIS**

48. The Receiver conducted a liquidation analysis of the Company's assets as at the Date of Appointment ("**Liquidation Analysis**") taking into consideration such things as the:

- (a) quality of the accounts receivable and inventory;
- (b) value of the fixed assets;
- (c) potential priority claims and other amounts that may need to be paid by the Receiver; and
- (d) costs of operating and realizing on AFI's assets, including professional fees.

49. A copy of the Liquidation Analysis will be filed with the Court on a sealed and confidential basis as an appendix to the Confidential Supplementary Report.

**IX. CONCLUSION AND RECOMMENDATION**

50. The Receiver recommends that this Court issue an order approving the Transaction for the following reasons:

- (a) The sales process undertaken by the Receiver was commercially reasonable and involved the participation of multiple interested parties and multiple offers;
- (b) The Company has limited liquidity and is operating on a very limited basis since the Date of Appointment and there is no additional funding available to support continued operations and a prolonged sales process;

- (c) AFI is the largest employer in Paris, Ontario, and the Purchaser is committed to continuing this production onsite at the Premise which allows for the continued employment of former AFI employees, the continued use of the existing Premise and supports the going-concern operations of AFI to continue which will further support local suppliers and their communities;
  - (d) The Transaction ensures there is certain continuity and project expertise in place for OPG on completing existing projects;
  - (e) The Transaction offers a return to BMO that is higher than will be achieved in a non-orderly liquidation of assets; and
  - (f) Absent an immediate sale of the AFI assets, the Company's operations would be discontinued.
51. Upon issuance of the Order approving the APA, the Receiver shall forthwith enter into such agreements and carry out the Transaction contemplated therein.
52. The Receiver respectfully requests that this Court grant an order which provides for the following:
- (a) Approval of the Receiver's activities to date;
  - (b) Approval of the First Report of the Receiver;
  - (c) Approval of the Transaction and APA with the Purchaser; and
  - (d) Authorization for the Receiver to terminate the lease for the Premise.

Dated the 25<sup>th</sup> day of April, 2014

**RESPECTFULLY SUBMITTED,**

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a series of loops and a horizontal line extending to the right.

---

**Paul van Eyk, CIRP, IFA, CPA**  
Senior Vice-President

Richter Advisory Group Inc.  
the Receiver of AFI Hydro Inc.  
and not in its personal capacity

## **APPENDIX D**

**1817870 ONTARIO INC.**  
**(formerly known as AFI HYDRO INC.)**

SECOND REPORT OF THE RECEIVER

JULY 25, 2014

Court File No. CV-14-10456-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

**BANK OF MONTREAL**

Applicant

- and -

**1817870 ONTARIO INC.**

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE  
ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF  
1817870 ONTARIO INC. (formerly known as AFI HYDRO INC.)**

**JULY 25, 2014**

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### APPENDICIES

APPENDIX "A" – ORDER OF THE HONOURABLE MR. JUSTICE WILTON-SIEGEL DATED FEBRUARY 24, 2014

APPENDIX "B" – FIRST REPORT OF RICHTER ADVISORY GROUP INC. DATED APRIL 25, 2014



## I. INTRODUCTION

1. Pursuant to an application by Bank of Montreal ("**BMO**" or the "**Lender**") under section 243(1) of *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the "**BIA**") and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, and an order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), dated February 24, 2014 (the "**Date of Appointment**"), Richter Advisory Group Inc. was appointed as Receiver ("**Richter**" or the "**Receiver**") without security over all the assets, undertakings and properties (the "**Property**") of AFI Hydro Inc. ("**AFI**" or the "**Company**"). A copy of Appointment Order is attached hereto as **Appendix "A"**.
2. On April 30, 2014, the Court issued an order (the "**Approval and Vesting Order**") approving the sale transaction contemplated by the asset purchase agreement dated April 25, 2014 between the Receiver and Andritz Hydro AFI, Inc. (the "**Purchaser**"), and vesting in the Purchaser the Purchased Assets as defined in the asset purchase agreement.
3. As contemplated by the Approval and Vesting Order, articles of amendment were filed changing the name of the Company from AFI to 1817870 Ontario Inc., effective as of May 15, 2014.
4. This report is the Receiver's second report (the "**Second Report**") to this Court. The Receiver's first report (the "**First Report**"), dated April 25, 2014, outlined among other things, the background on the Company, the activities of the Receiver since the Appointment Order, the results of the marketing and sales process undertaken by the Receiver, and the proposed sale transaction between the Receiver and the Purchaser. As certain pricing information was redacted from the First Report, on April 25, 2014, the Receiver filed a supplementary report with this Court on a sealed and confidential basis. A copy of the First Report, without appendices, is attached hereto as **Appendix "B"**.

## II. PURPOSE OF REPORT

5. The purpose of this Second Report is to:
  - (a) report on the activities of the Receiver since the First Report;
  - (b) report on the Receiver's statement of receipts and disbursements for the period from February 24, 2014 to June 30, 2014;
  - (c) provide relevant background to BMO's application for a bankruptcy order in respect of the Company; and
  - (d) provide this Court with a summary of the security opinion prepared by Davies Ward Phillips & Vineberg LLP ("**Davies**"), independent counsel to the Receiver in this matter.

## III. QUALIFICATIONS

6. In preparing this Second Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with former management (collectively, the "**Information**").
7. In accordance with industry practice, except as described in this Second Report:
  - (a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) future-oriented financial information relied upon in preparing this Second Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
8. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

#### IV. ACTIVITIES OF THE RECEIVER

9. On April 30, 2014, the Receiver closed the Court-approved sale transaction with the Purchaser for substantially all of the Company's assets for total cash proceeds of \$5.9 million. Following closing, the only material assets not transferred to the Purchaser as part of the sale transaction were the Company's receivables and accrued revenue under its existing contracts with customers.
  
10. In addition to closing the sale transaction, the Receiver's activities since the First Report include:
  - (a) terminating consulting arrangements with former employees and contractors of the Company who assisted the Receiver in its administration, asset recovery and sales process;
  - (b) terminating the Company's lease at 6 Adams Street, Paris Ontario with Silverbridge Business Centre Limited;
  - (c) liaising with Service Canada on claims submitted by former employees of the Company under the *Wage Earner's Protection Program Act* ("WEPPA");
  - (d) corresponding with customers regarding the recovery of outstanding amounts owed to the Company;
  - (e) corresponding with Ontario Power Generation Inc. ("OPG") regarding the completion and delivery of work pursuant to certain contracts entered into between the Receiver and OPG;
  - (f) corresponding with construction lien claimants, and their respective counsels, regarding requests to lift the stay of proceedings in order to preserve and advance lien rights in respect of certain work at OPG's generating stations;
  - (g) discussions and correspondence with Davies on numerous matters, including security opinion, lien claims, and potential priority claim issues;
  - (h) corresponding with BMO on a regular basis on the status of the receivership; and

(i) responding to unsecured creditor and employee enquiries regarding the status of these proceedings.

11. To inform creditors and all other stakeholders, general information on these proceedings has been posted on the Receiver's website at [www.richter.ca/en/insolvency-cases/a/afi-hydro-inc](http://www.richter.ca/en/insolvency-cases/a/afi-hydro-inc). The Receiver has also identified on its website a point of contact at Richter for any enquiries, including a telephone number and email address.

**V. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

12. The Receiver's statement of cash receipts and disbursements for the period from the Date of Appointment to June 30, 2014 is set out below:

1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)		
Statement of receipts and disbursement		
For the period February 24 to June 30, 2014		
Receipts		Note
Proceeds from sales process	5,900,000	
Accounts receivable collections	636,363	
Metal fabrication	55,428	
Customer accommodation agreement	288,786	1
Facility access agreement	99,361	2
Asset realizations	109,447	
Pre-filing HST refund	128,665	
Post-filing HST refund	6,681	
Other receipts	56,358	3
<b>Total receipts</b>	<b>7,281,089</b>	
<b>Disbursements</b>		
Rent	104,078	
Payroll for contract services	315,948	4
Material purchases	119,044	
Operating expenses	73,356	
Pre-filing source deductions	16,313	
Pre-filing pension remittances	60,765	5
HST remittance	12,312	
Professional fees	595,024	
Insurance	29,770	
HST paid on disbursements (I.T.C)	120,299	
Bank charges / other fees	181	
<b>Total disbursements</b>	<b>1,447,090</b>	
<b>Cash on hand</b>	<b>5,833,999</b>	
<b>Notes:</b>		
1. The Receiver entered into accommodation agreements with OPG for the completion and delivery of work on certain new or AFI existing projects.		
2. The Receiver entered into an arrangement with Kiewit-Alarie Partnership to facilitate the release of finished goods inventory related to the Lower Mattagami River Project.		
3. Other receipts include proceeds from scrap sale, refund of a legal retainer, interest etc.		
4. The Receiver engaged former AFI employees as independent contractors to assist with the Receivership.		
5. Payment of unremitted employee and employer contributions to the Company's defined contribution pension plan pursuant to section 81.6 of the <i>Bankruptcy and Insolvency Act</i> .		

13. As at June 30, 2014, the Receiver had total receipts of approximately \$7.3 million, the majority of which relates to proceeds received from the sale transaction with the Purchaser. Total disbursements over the same period were approximately \$1.4 million, for a net cash balance of approximately \$5.8 million.

14. As outlined in the table above, the Receiver collected \$636,363 from accounts receivable and accrued revenue owed to the Company, the majority of which is related to the Company's construction contracts with OPG, Manitoba Hydro or H2O Power Limited Partnership. As at the date of this Second Report, the Receiver continues to work with the Company's customers to collect any outstanding amounts still owed, however the Receiver does not anticipate significant realizations going forward.
15. The Receiver generated \$55,428 in new receipts, as well as collected approximately \$45,000 in pre-filing receivables, from one of the Company's customers for the completion of metal fabrication orders. In addition, the Receiver generated proceeds of \$109,447 from miscellaneous asset realizations, primarily related to the sale of intake stoplogs and a spreader beam associated with the BC Hydro Lajoie Dam Project to HMI Construction Inc. ("**HMI**") on an "as is, where is" basis pursuant to a bill of sale between the Receiver and HMI dated February 28, 2014.
16. As discussed in the First Report, the Receiver entered into an agreement with Kiewit-Alarie Partnership ("**KAP**"), to allow them, at their cost, access to the Company's facility and certain tooling and equipment in order to facilitate the release of finished goods inventory and related intellectual property related to the Lower Mattagami River Project. As part of the agreement, KAP agreed to pay the Receiver a fixed amount to cover the Receiver's costs as well a per diem to offset rent and operating costs for the Company's facility. Total receipts generated from this agreement were \$99,361.
17. The Receiver also entered into separate accommodation agreements with OPG, on a cost reimbursable basis, for the completion and delivery of a specific scope of work at each of Barrett Chute Generating Station ("**Barrett Chute**"), Alexander Generating Station ("**Alexander**") and Lower Notch Generating Station ("**Lower Notch**"). OPG had requested the Receiver's assistance with the completion of certain documentation and/or physical elements related to each of these projects to ensure critical milestones and timelines could be met by OPG during the sales process. For Lower Notch and Alexander, OPG agreed to advance funds into segregated bank accounts opened by the Receiver in order to fund costs related to these two projects. On a weekly basis, the

Receiver would submit a draw request to OPG for authorization to withdraw from the segregated accounts to pay costs incurred. Furthermore, as part of the Alexander agreement, OPG also agreed to pay a portion of the Receiver's ongoing overhead costs and expenses. The agreement for Barrett Chute was structured as a fixed fee to complete certain documentation and drawings related to work previously commenced by the Company. As at the date of this Second Report, the Receiver has completed its obligations under these agreements and is currently working with OPG to finalize any outstanding payments.

18. Since the Date of Appointment, the Receiver entered into consulting arrangements with certain former employees and contractors of the Company to assist the Receiver with fulfilling its obligations under the aforementioned agreements with KAP and OPG, as well as other matters such as administration of the receivership, asset recovery and the sales process. As at June 30, 2014, the Receiver had incurred costs of approximately \$315,948 relating to such consulting arrangements. As mentioned above, all of these consulting agreements have been terminated as at the date of the Second Report.
19. On or about June 4, 2014, the plan administrator (represented by a former employee of the Company) for the Company's defined contribution pension plan filed a proof of claim with the Receiver for \$60,764.81 in connection with unpaid pension contributions pursuant to section 81.6 of the BIA. This claim was accepted and paid to Manulife Financial on June 6, 2014 as directed by the plan administrator.

**VI. PRIORITY CLAIMS**

20. As outlined in the First Report, the Receiver understands that potential statutory deemed trust claims total approximately \$190,271 based on the Company's books and records, and are comprised of the following:

<b>1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)</b>	
<b>Potential deemed trust claims as at June 30, 2014</b>	
Outstanding wages and vacation pay	184,274
Pre-filing source deductions	5,997
<b>Total</b>	<b>190,271</b>

21. As at the date of this Second Report, the Receiver has not received proof of claims in connection with outstanding wages and vacation pay, and the employee portion of pre-filing source deductions, but continues to work with Service Canada.
22. The Receiver has made BMO aware of these potential statutory deemed trust claims and has advised BMO that the Receiver will need to hold back an appropriate amount from any distribution.
23. The Receiver has also received notices from a few creditors asserting trust claims pursuant to applicable construction lien legislation against monies collected by the Receiver in connection with the Company's construction project receivables. Substantially all of these notices were related to the Lower Mattagami River Project, a project that the Receiver has not collected any accounts receivable owing to the Company. One of the notices received was in connection with the Company's project at OPG's McVittie Generating Station, where the Receiver collected a total of approximately \$18,000 (excluding taxes).

## **VII. BANKRUPTCY APPLICATION**

24. The Receiver raised the issue with BMO that if the Receiver effects a distribution the Receiver may be exposed to personal liability pursuant to provisions of the *Income Tax Act*, the *Excise Tax Act* and similar provincial taxing statutes which impose liability upon a receiver if it distributes property of a debtor without first obtaining clearance certificates from the relevant taxing authority.
25. Based on the state of the Company's books and records it appears unlikely that the Receiver will be in a position to obtain such clearance certificates in a timely fashion, if at all.
26. Therefore, BMO took the decision to resolve this issue through a bankruptcy of the Company and, with the consent of the Receiver, brought an application for a bankruptcy order against the Company naming Richter Advisory Group Inc. as trustee. The Receiver notes that CRA and similar provincial taxing authorities that could be impacted by a bankruptcy of the Company have been served with a copy of this Second Report.



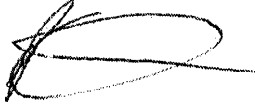
27. The Receiver understands that there were no outstanding amounts for harmonized sales tax (“HST”) or retail sales tax (“RST”) due as of the Date of Appointment but whether or not any liability may arise upon an audit remains unknown.
28. After the statutory deemed trust claims described above, Richter, in its capacity as trustee in bankruptcy of the Company’s estate, would have the next highest priority claim (pursuant to subsection 136(1) of the BIA) against the estate for the costs of administration thereof. Accordingly, it is expected that the costs of administration of the bankruptcy will be paid from proceeds in the Receiver’s possession.

#### **VIII. SECURITY OPINION**

29. The Receiver has obtained an independent legal opinion on BMO’s security from Davies. Davies has provided an opinion to the Receiver that the Company has granted valid security interests to BMO in the assets of the Company, which have been properly perfected pursuant to the Ontario *Personal Property Security Act*, subject to the standard assumptions, qualifications and limitations contained in the opinion. The opinion also confirms that there are no registrations prior in time to those of BMO.
30. As stated above, the Receiver had cash on hand of approximately \$5.8 million as at June 30, 2014. Subsequent to the bankruptcy of the Company (if the bankruptcy order is granted by this Court), the Receiver anticipates seeking this Court’s approval to make an interim distribution to BMO subject to retaining an amount sufficient to pay any and all amounts that rank, or may rank, in priority to BMO, including professional fees subject to the Receiver’s Charge.
31. After accounting for payments from Export Development Canada to BMO on the insured letters of credits, the outstanding secured indebtedness is approximately \$13.1 million as at the date of this Second Report. As such, BMO will suffer a significant shortfall on its advances to the Company.

Dated the 25th day of July, 2014

**RESPECTFULLY SUBMITTED,**



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**Paul van Eyk, CIRP, IFA, CPA**  
Senior Vice-President

Richter Advisory Group Inc.  
the Receiver of 1817870 Ontario Inc.  
and not in its personal capacity

## **APPENDIX E**

**1817870 ONTARIO INC.**  
**(formerly known as AFI HYDRO INC.)**

THIRD REPORT OF THE RECEIVER

AUGUST 13, 2014

**ONTARIO  
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

**BANK OF MONTREAL**

**Applicant**

**- and -**

**1817870 ONTARIO INC.  
(FORMERLY KNOWN AS AFI HYDRO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF  
1817870 ONTARIO INC. (formerly known as AFI HYDRO INC.)**

**AUGUST 13, 2014**

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APPENDIX “A” –	ORDER OF THE HONOURABLE MR. JUSTICE WILTON-SIEGEL DATED FEBRUARY 24, 2014
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APPENDIX “C” –	LETTER FROM THE CRA DATED JULY 11, 2014
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## I. INTRODUCTION

1. Pursuant to an application by Bank of Montreal (together with Bank of Montreal Capital Corporation, "BMO" or the "Lender") under section 243(1) of *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the "BIA") and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, and an order (the "Appointment Order") of the Ontario Superior Court of Justice (Commercial List) (the "Court"), dated February 24, 2014 (the "Date of Appointment"), Richter Advisory Group Inc. was appointed as Receiver ("Richter" or the "Receiver") without security over all the assets, undertakings and properties (the "Property") of AFI Hydro Inc. (now 1817870 Ontario Inc.) ("AFI" or the "Company"). A copy of the Appointment Order is attached hereto as Appendix "A".
2. On April 30, 2014, the Court issued an order (the "Approval and Vesting Order") approving the sale transaction (the "Sale Transaction") contemplated by the asset purchase agreement dated April 25, 2014 between the Receiver and Andritz Hydro AFI, Inc. (the "Purchaser"), and vesting in the Purchaser the Purchased Assets as defined in the asset purchase agreement.
3. As contemplated by the Approval and Vesting Order, articles of amendment were filed changing the name of the Company from AFI to 1817870 Ontario Inc., effective as of May 15, 2014.
4. On July 30, 2014, the Court issued an order (the "Bankruptcy Order") approving the application for bankruptcy made by BMO and appointing Richter Advisory Group Inc. as the trustee ("Trustee") of the estate of the bankrupt.
5. This report is the Receiver's third report (the "Third Report") to this Court. The Receiver's first report dated April 25, 2014 (the "First Report") and the Receiver's second report dated July 25, 2014 (the "Second Report") outlined among other things, the background on the Company, the activities of the Receiver since the Appointment Order, the results of the marketing and sales process undertaken by the Receiver, the proposed sale transaction between the Receiver and the Purchaser, the Receiver's receipts and disbursements, and a summary of the security opinion prepared by Davies Ward

Phillips & Vineberg LLP (“**Davies**”), independent counsel to the Receiver in this matter. A copy of the Second Report is attached hereto as **Appendix “B”**.

## **II. PURPOSE OF REPORT**

6. The purpose of this Third Report is to:

- (a) report on the Receiver’s statement of receipts and disbursements for the period from February 24, 2014 to August 1, 2014;
- (b) update the Court with respect to the deemed trust claim asserted by Canada Revenue Agency (“**CRA**”) for pre-appointment source deductions owed by the Company; and
- (c) recommend that the Court issue an order:
  - (i) authorizing and directing the Receiver to make payment in the amount of \$5,997.41 in settlement of the deemed trust claim asserted by CRA;
  - (ii) authorizing the Receiver to pay to BMO (A) the amount of \$4.8 million on account of the Indebtedness (as defined herein), and (B) any amount held or subsequently received by the Receiver on account of the Indebtedness after satisfying any Prior Ranking Claims (as defined herein), without further approval of this Court;
  - (iii) authorizing the Receiver to retain approximately \$0.9 million from the amounts received to date and to use such funds to pay any and all Prior Ranking Claims, without further approval of this Court;
  - (iv) approving the Second Report and the Third Report, and the activities of the Receiver set out therein; and
  - (v) approving the accounts of the Receiver and its counsel, as set out in this Third Report.



### **III. QUALIFICATIONS**

7. In preparing this Third Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with former management (collectively, the “**Information**”).
8. In accordance with industry practice, except as described in this Third Report:
  - (a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) future-oriented financial information relied upon in preparing this Third Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
9. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

### **IV. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

10. The Receiver's statement of cash receipts and disbursements for the period from the Date of Appointment to August 1, 2014 is set out below:

<b>1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)</b>		
<b>Statement of receipts and disbursement</b>		
<b>For the period February 24 to August 1, 2014</b>		
<b>Receipts</b>		<b>Note</b>
Proceeds from sales process	5,900,000	
Accounts receivable collections	636,363	
Metal fabrication	55,428	
Customer accommodation agreement	288,786	1
Facility access agreement	99,361	2
Asset realizations	109,447	
Pre-filing HST refund	128,665	
Post-filing HST refund	6,681	
Other receipts	61,649	3
<b>Total receipts</b>	<b>7,286,380</b>	
<b>Disbursements</b>		
Rent	104,078	
Payroll for contract services	315,948	4
Material purchases	119,044	
Operating expenses	73,356	
Pre-filing source deductions	16,313	
Pre-filing pension remittances	60,765	5
HST remittance	12,312	
Professional fees	713,943	
Insurance	29,770	
HST paid on disbursements (I.T.C)	135,739	
Bank charges / other fees	181	
<b>Total disbursements</b>	<b>1,581,448</b>	
<b>Cash on hand</b>	<b>5,704,932</b>	
<b>Notes:</b>		
1. The Receiver entered into accommodation agreements with OPG for the completion and delivery of work on certain new or AFI existing projects.		
2. The Receiver entered into an arrangement with Kiewit-Alarie Partnership to facilitate the release of finished goods inventory related to the Lower Mattagami River Project.		
3. Other receipts include proceeds from scrap sale, refund of a legal retainer, interest etc.		
4. The Receiver engaged former AFI employees as independent contractors to assist with the Receivership.		
5. Payment of unremitted employee and employer contributions to the Company's defined contribution pension plan pursuant to section 81.6 of the <i>Bankruptcy and Insolvency Act</i> .		

11. As referenced in the Second Report, the Receiver had total receipts of approximately \$7.3 million, the majority of which relate to proceeds received from the Sale Transaction with the Purchaser. Total disbursements over the same period were approximately \$1.6 million, primarily consisting of payroll for contract services and professional fees related

to the administration of the receivership. As at August 1, 2014, cash on hand was approximately \$5.7 million.

12. As at the date of this Third Report, the Receiver continues to work with the Company's customers to collect any outstanding amounts still owed, and is in the process of negotiating settlements on two accounts; however, the Receiver does not anticipate any other significant realizations going forward.

**V. PRIORITY CLAIMS**

13. As outlined in the Second Report, the Receiver understands that potential statutory deemed trust claims total approximately \$190,271 based on the Company's books and records, and are comprised of the following:

<b>1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)</b>	
<i>Potential deemed trust claims as at July 30, 2014</i>	
Outstanding wages and vacation pay	\$ 184,274
Pre-filing source deductions	5,997
<b>Total</b>	<b>\$ 190,271</b>

14. By letter dated July 11, 2014, CRA advised the Receiver that the Company had indebtedness to CRA for source deductions amounting to \$13,427.14 (including penalties and interest), of which \$5,997.41 was held in trust and did not form part of the property, business or estate of the Company. A copy of the CRA letter is attached hereto as **Appendix "C"**.
15. The Receiver understands that the amount claimed by CRA is consistent with the results of the payroll field audit conducted by CRA on or about April 29, 2014. Accordingly, the Receiver is seeking this Court's approval to pay the CRA claim from funds currently held by the Receiver.
16. As referenced in the Second Report, the Receiver has not received a proof of claim in connection with outstanding wages and vacation pay but continues to work with Service Canada to resolve this matter.

17. The Receiver has made BMO aware of these potential statutory deemed trust claims and has advised BMO that the Receiver will need to hold back an appropriate amount from any payment that is made to BMO.
18. As at the date of this Third Report, the Receiver is not aware of any other claims that it believes rank in priority to the claims of BMO.

#### VI. PAYMENT ON ACCOUNT OF THE INDEBTEDNESS

19. As stated in the Second Report, the Receiver has obtained an independent legal opinion on BMO's security from Davies. Davies has provided an opinion to the Receiver that the Company has granted valid security interests to BMO in the assets of the Company, which have been properly perfected pursuant to the *Personal Property Security Act* (Ontario), subject to the standard assumptions, qualifications and limitations contained in the opinion. The opinion also confirms that there are no registrations prior in time to those of BMO.
20. As noted above, the Receiver had cash on hand of approximately \$5.7 million as at August 1, 2014. BMO is seeking the Receiver to pay it \$4.8 million on account of the Indebtedness (as defined below) and is agreeable to the Receiver retaining approximately \$0.9 million in the estate to pay any and all amounts that rank, or may rank, in priority to BMO, including professional fees subject to the Receiver's Charge (the "**Prior Ranking Claims**").
21. As at August 1, 2014, the Company was indebted to BMO in the approximate amount of \$13.1 million, exclusive of costs on a secured basis (the "**Indebtedness**"). After the Receiver makes the \$4.8 million payment contemplated, BMO is expected to suffer a shortfall on its advances to the Company.
22. As noted above, the Receiver is negotiating settlements with parties on two accounts, but does not anticipate any subsequent material realizations on account of the Indebtedness going forward.

23. The Receiver requests that this Court allow the Receiver to pay any additional proceeds held or received on account of the Indebtedness to BMO without seeking the further approval of this Court, assuming the Receiver is comfortable that it has satisfied any Prior Ranking Claims.

## **VII. REQUEST FOR APPROVAL OF FEES**

24. The Receiver and its counsel Davies have maintained detailed records of their professional time and disbursements since the Date of Appointment.
25. In accordance with the Appointment Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court.
26. The Receiver's professional fees incurred for services rendered from February 24, 2014 to June 30, 2014 amount to \$531,574, plus disbursements in the amount of \$6,919 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is described in the affidavit of Pritesh Patel attached hereto as **Appendix "D"**.
27. The fees of the Receiver's counsel, Davies, for services rendered February 24, 2014 to June 30, 2014 total \$188,710, plus disbursements in the amount of \$4,717 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Davies' professionals is described in the affidavit of Natalie Renner attached hereto as **Appendix "E"**.
28. The Receiver has reviewed these accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

## VIII. CONCLUSION AND RECOMMENDATION

29. The Receiver recommends that this Court grant an order:
- (a) authorizing and directing the Receiver to make payment in the amount of \$5,997.41 in settlement of the deemed trust claim asserted by CRA;
  - (b) authorizing the Receiver to pay to BMO (i) the amount of \$4.8 million on account of the Indebtedness, and (ii) any amount held or subsequently received by the Receiver on account of the Indebtedness after satisfying any Prior Ranking Claims, without further approval of this Court;
  - (c) authorizing the Receiver to retain approximately \$0.9 million from the amounts received to date and to use such funds to pay any and all Prior Ranking Claims, without further approval of this Court;
  - (d) approving the Second Report and the Third Report, and the activities of the Receiver set out therein; and
  - (e) approving the accounts of the Receiver and its counsel, as set out in this Third Report.

Dated the 13th day of August, 2014

**RESPECTFULLY SUBMITTED,**



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**Paul van Eyk, CIRP, IFA, CPA**  
Senior Vice-President

Richter Advisory Group Inc.  
the Receiver of 1817870 Ontario Inc.  
and not in its personal capacity

## **APPENDIX F**



December 8, 2014

RSM RICHTER INC.  
ANN STREMSKI  
1981 AV MCGILL COLLEGE 12TH FLOOR  
MONTREAL, QC H3A 0G6  
CANADA

Re.: WAGE EARNER PROTECTION PROGRAM (WEPP) / PROGRAMME DE  
PROTECTION DES SALARIES (PPS)

ANN STREMSKI,

As per your request please find attached a WEPP - Bankruptcy/ Receivership breakdown  
report for estate number 32-158675.

Should you have any questions or concerns regarding this report, please contact Service  
Canada at 1 866 683 6516 (TTY: 1-800-926-9105).

Thank you / Merci,

Russel Racine  
Service Canada





Service  
Canada

Wage Earner Protection Program (WEPP) - Bankruptcy/ Receivership Breakdown  
Estate Number 32-158675

First Name	Last Name	Pay Schedule					*Total Payment	Super Priority	Non- Secured
		Wages	Disbursement	Vacation	Termination	Severance			
		\$42.77	\$0.00	\$0.00	\$0.00	\$0.00	\$42.77	\$42.77	\$0.00
		\$1,899.20	\$0.00	\$700.45	\$883.87	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$1,780.00	\$0.00	\$442.91	\$1,280.81	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$2,748.75	\$0.00	\$875.28	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$1,553.88	\$0.00	\$360.92	\$1,569.02	\$0.00	\$3,483.52	\$1,914.50	\$1,569.02
		\$0.00	\$0.00	\$752.61	\$0.00	\$0.00	\$974.82	\$0.00	\$974.82
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$188.12	\$0.00	\$0.00	\$3,483.52	\$188.12	\$3,315.40
		\$397.51	\$0.00	\$0.00	\$0.00	\$0.00	\$397.51	\$397.51	\$0.00
		\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
		\$0.00	\$0.00	\$628.47	\$2,857.05	\$0.00	\$3,483.52	\$828.47	\$2,857.05
		\$0.00	\$0.00	\$740.88	\$2,742.86	\$0.00	\$3,483.52	\$740.88	\$2,742.86
		\$2,186.07	\$0.00	\$1,081.09	\$237.36	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$718.90	\$2,768.62	\$0.00	\$3,483.52	\$718.90	\$2,768.62
		\$1,413.46	\$0.00	\$735.00	\$1,335.06	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$3,289.23	\$0.00	\$214.29	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$1,037.80	\$0.00	\$331.33	\$1,214.59	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$1,762.25	\$0.00	\$807.22	\$914.05	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$40.25	\$0.00	\$0.00	\$0.00	\$0.00	\$40.25	\$40.25	\$0.00
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$1,290.19	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$1,290.19	\$2,193.33
		\$2,206.40	\$0.00	\$263.79	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$3,158.32	\$0.00	\$284.26	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$376.31	\$0.00	\$0.00	\$1,802.00	\$0.00	\$1,802.00
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
		\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
		\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52

\* Intentionally redacted by the Receiver

	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$1,185.46	\$0.00	\$525.92	\$0.00	\$0.00	\$3,483.52	\$1,691.38	\$1,792.14
	\$2,867.07	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,249.12	\$0.00	\$0.00	\$0.00	\$0.00	\$1,249.12	\$1,249.12	\$0.00
	\$2,211.54	\$0.00	\$863.46	\$608.52	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$227.36	\$3,256.16	\$0.00	\$3,483.52	\$227.36	\$3,256.16
	\$3,339.62	\$0.00	\$0.00	\$0.00	\$0.00	\$3,339.62	\$2,000.00	\$1,339.62
	\$1,919.21	\$0.00	\$213.99	\$1,350.32	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$1,692.46	\$0.00	\$0.00	\$1,692.46	\$77.85	\$1,614.61
	\$2,324.59	\$0.00	\$1,158.93	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$2,214.89	\$0.00	\$303.17	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$228.18	\$3,256.34	\$0.00	\$3,483.52	\$228.18	\$3,256.34
	\$893.13	\$0.00	\$0.00	\$0.00	\$0.00	\$893.13	\$893.13	\$0.00
	\$2,400.96	\$0.00	\$241.04	\$841.52	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,238.87	\$0.00	\$1,246.65	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$323.29	\$0.00	\$0.00	\$0.00	\$0.00	\$323.29	\$323.29	\$0.00
	\$0.00	\$0.00	\$1,128.75	\$2,354.77	\$0.00	\$5,808.49	\$1,128.75	\$4,679.74
	\$0.00	\$0.00	\$430.03	\$1,037.96	\$0.00	\$1,467.99	\$0.00	\$1,467.99
	\$0.00	\$0.00	\$680.46	\$0.00	\$0.00	\$3,483.52	\$680.46	\$2,803.06
	\$1,947.50	\$0.00	\$1,101.86	\$434.16	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,364.62	\$0.00	\$0.00	\$0.00	\$0.00	\$1,364.62	\$1,364.62	\$0.00
	\$1,284.13	\$0.00	\$141.29	\$0.00	\$0.00	\$3,483.52	\$1,435.42	\$2,048.10
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$179.22	\$3,304.30	\$0.00	\$3,483.52	\$179.22	\$3,304.30
	\$0.00	\$0.00	\$661.32	\$2,822.20	\$0.00	\$3,483.52	\$661.32	\$2,822.20
	\$2,426.88	\$0.00	\$1,056.64	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,927.99	\$0.00	\$0.00	\$0.00	\$0.00	\$1,927.99	\$1,927.99	\$0.00
	\$0.00	\$0.00	\$21.12	\$3,462.40	\$0.00	\$3,483.52	\$21.12	\$3,462.40
	\$2,515.63	\$0.00	\$967.89	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$322.54	\$0.00	\$0.00	\$1,870.78	\$269.23	\$1,601.55
	\$2,971.15	\$0.00	\$512.37	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$960.00	\$0.00	\$395.38	\$2,128.14	\$0.00	\$3,483.52	\$1,355.38	\$2,128.14
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,341.56	\$0.00	\$141.96	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,334.62	\$0.00	\$0.00	\$148.90	\$0.00	\$3,483.62	\$2,000.00	\$1,483.52

\* Intentionally redacted by the Receiver

	\$1,307.69	\$0.00	\$2,137.42	\$38.41	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$113.21	\$0.00	\$0.00	\$0.00	\$0.00	\$113.21	\$113.21	\$0.00
	\$0.00	\$0.00	\$1,502.57	\$1,980.95	\$0.00	\$3,483.52	\$1,502.57	\$1,980.95
	\$727.08	\$0.00	\$0.00	\$0.00	\$0.00	\$727.08	\$727.08	\$0.00
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$317.00	\$0.00	\$0.00	\$0.00	\$0.00	\$317.00	\$317.00	\$0.00
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$938.42	\$0.00	\$0.00	\$0.00	\$0.00	\$938.42	\$938.42	\$0.00
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,461.43	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$201.63	\$0.00	\$314.82	\$0.00	\$0.00	\$881.14	\$0.00	\$881.14
	\$1,992.10	\$0.00	\$1,106.82	\$384.60	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,227.05	\$0.00	\$1,256.47	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,436.01	\$0.00	\$1,047.51	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$248.13	\$3,236.39	\$0.00	\$3,483.52	\$248.13	\$3,235.39
	\$0.00	\$0.00	\$2.34	\$3,481.18	\$0.00	\$3,483.52	\$2.34	\$3,481.18
	\$0.00	\$0.00	\$0.00	\$3,483.62	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,304.64	\$0.00	\$104.37	\$2,074.51	\$0.00	\$3,483.52	\$1,409.01	\$2,074.51
	\$1,778.43	\$0.00	\$1,451.90	\$253.19	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,267.99	\$0.00	\$0.00	\$0.00	\$0.00	\$1,267.99	\$1,267.99	\$0.00
	\$0.00	\$0.00	\$89.70	\$3,393.82	\$0.00	\$3,483.52	\$89.70	\$3,393.82
	\$0.00	\$0.00	\$578.00	\$2,906.52	\$0.00	\$3,483.52	\$578.00	\$2,905.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,326.00	\$0.00	\$330.97	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$613.34	\$0.00	\$0.00	\$1,439.05	\$0.00	\$1,439.05
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$488.82	\$2,994.70	\$0.00	\$3,483.52	\$488.82	\$2,994.70
	\$3,483.82	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,387.18	\$0.00	\$0.00	\$0.00	\$0.00	\$1,387.18	\$1,387.18	\$0.00
	\$896.76	\$0.00	\$0.00	\$0.00	\$0.00	\$896.76	\$896.76	\$0.00
	\$2,010.70	\$0.00	\$1,318.51	\$156.31	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$245.30	\$0.00	\$0.00	\$0.00	\$0.00	\$245.30	\$245.30	\$0.00
	\$0.00	\$0.00	\$0.00	\$3,463.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$0.00	\$3,483.62	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$123.78	\$3,359.74	\$0.00	\$3,483.52	\$123.78	\$3,359.74
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$0.00	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52

\* Intentionally redacted by the Receiver

	\$2,378.92	\$0.00	\$280.85	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$279.54	\$0.00	\$0.00	\$0.00	\$0.00	\$2,515.88	\$279.54	\$2,238.32
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,461.54	\$0.00	\$21.98	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$2,740.19	\$0.00	\$0.00	\$743.33	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,498.50	\$0.00	\$728.19	\$1,258.83	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,935.00	\$0.00	\$1,019.91	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$889.36	\$0.00	\$0.00	\$0.00	\$0.00	\$889.36	\$889.36	\$0.00
	\$1,753.87	\$0.00	\$0.00	\$0.00	\$0.00	\$1,753.87	\$1,753.87	\$0.00
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,920.00	\$0.00	\$1,371.88	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$3,483.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$188.27	\$3,297.25	\$0.00	\$3,483.52	\$188.27	\$3,297.25
	\$327.08	\$0.00	\$0.00	\$0.00	\$0.00	\$327.08	\$327.08	\$0.00
	\$1,493.88	\$0.00	\$559.85	\$1,429.79	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$70.77	\$3,412.75	\$0.00	\$3,483.52	\$70.77	\$3,412.75
	\$0.00	\$0.00	\$365.12	\$3,118.40	\$0.00	\$3,483.52	\$365.12	\$3,118.40
	\$2,316.88	\$0.00	\$1,109.80	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,617.07	\$0.00	\$0.00	\$0.00	\$0.00	\$1,617.07	\$1,617.07	\$0.00
	\$2,500.00	\$0.00	\$500.00	\$483.52	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$1,440.00	\$0.00	\$432.00	\$1,611.52	\$0.00	\$3,483.52	\$1,872.00	\$1,611.52
	\$0.00	\$0.00	\$0.00	\$3,483.52	\$0.00	\$3,483.52	\$0.00	\$3,483.52
	\$0.00	\$0.00	\$722.08	\$2,781.44	\$0.00	\$3,483.52	\$722.08	\$2,781.44
	\$3,110.08	\$0.00	\$311.01	\$82.45	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$7.55	\$0.00	\$0.00	\$0.00	\$0.00	\$7.55	\$7.55	\$0.00
	\$2,218.50	\$0.00	\$643.77	\$821.25	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$393.10	\$0.00	\$0.00	\$3,483.52	\$393.10	\$3,090.42
	\$3,481.54	\$0.00	\$21.98	\$0.00	\$0.00	\$3,483.52	\$2,000.00	\$1,483.52
	\$0.00	\$0.00	\$0.00	\$30.99	\$0.00	\$3,483.52	\$0.00	\$3,483.52
<b>Total</b>	<b>\$213783.77</b>	<b>\$0.00</b>	<b>\$44929.61</b>	<b>\$139631.94</b>	<b>\$0.00</b>	<b>\$428472.98</b>	<b>\$174470.27</b>	<b>\$257486.23</b>

\* Intentionally redacted by the Receiver

This report reflects the most recent information as of 2014/12/08. (Amounts are subject to change)  
Amounts do not reflect any dividend payments made to the account

## **APPENDIX G**

**ONTARIO  
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST**

**IN THE MATTER UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43 AS AMENDED**

**BANK OF MONTREAL**

**Applicant**

**- and -**

**1817870 ONTARIO INC.**

**Respondent**

**AFFIDAVIT OF PRITESH PATEL**

I, **PRITESH PATEL**, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Vice President of Richter Advisory Group Inc. (“**Richter**”) and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. On February 24, 2014 pursuant to an order of the Court (the “**Appointment Order**”), Richter was appointed as receiver (the “**Receiver**”) over all of the undertaking, property and assets of 1817870 Ontario Inc. (formerly known as AFI Hydro Inc.) (“**1817870**” or the “**Company**”). The Appointment Order was granted Pursuant to an application made by Bank of Montreal pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O 10990, c. C.43, as amended.
3. By order dated August 20, 2014 (the “**First Interim Fee Approval Order** ”), the fees and disbursements of the Receiver for the period from period from February 24, 2014 to June 30,

2014 were approved by the Court, in the amount of \$538,492.79 (excluding HST). Attached, hereto as Exhibit "A" to this my Affidavit is a copy of the First Interim Fee Approval Order.

4. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements, in the amount of \$72,737.50 and \$481.81 (all excluding HST), respectively, in the period from July 1, 2014 to January 31, 2015 (the "**Period**") with respect to services provided. Attached hereto and marked as Exhibit "B" to this my Affidavit is a summary of all invoices rendered by the Receiver on a periodic basis during the Period (the "**Accounts**").
5. True copies of the Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver, are attached as Exhibit "C" to this my Affidavit.
6. Richter, in its capacity as Receiver, has previously filed three reports with the Court (the "**Previous Reports**"). In addition, and contemporaneously with the filing of this Affidavit the Receiver is filing its fourth report to the Court (the "**Fourth Report**"). Details of the activities undertaken and services provided by the Receiver in connection with the administration of the receivership proceedings are described in the Previous Reports and the Fourth Report.
7. In the course of performing its duties pursuant to the Appointment Order, the Receiver's staff has expended a total of 168.90 hours during the Period. Attached as Exhibit "D" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the receivership and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$430.65.
8. The Receiver requests that this Court approve its Accounts for the Period, in the total amount of \$73,219.31 (excluding HST) for services rendered and recorded during the Period.
9. Davies Ward Phillips & Vineberg LLP ("**Davies**"), as independent legal counsel to the Receiver, have provided legal services to the Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver and have prepared an affidavit with respect to the services rendered during the Period. The Receiver has reviewed the invoices rendered by Davies during the Period.



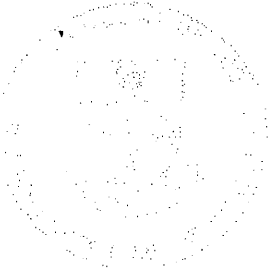


This is Exhibit "A" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
19 day of February, 2015



Commissioner for Taking Affidavits, etc

Dina Mitrovic



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE M.R. **HAINBY** ) WEDNESDAY, THE 20th DAY  
)  
) OF AUGUST, 2014

**BETWEEN:**

**BANK OF MONTREAL**

**Applicant**

- and -

**AFI HYDRO INC.  
(NOW 1817870 ONTARIO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**ORDER**

**THIS MOTION**, made by Richter Advisory Group Inc., in its capacity as court appointed receiver and manager (the "Receiver") of AFI Hydro Inc. (now 1817870 Ontario Inc.) (the "Company"), for an order:

1. dispensing with further service of this motion;
2. authorizing the Receiver to pay \$5,887.41 to Canada Revenue Agency ("CRA") in full and final settlement of the deemed trust claim asserted by CRA;
3. authorizing the Receiver to pay to the Bank of Montreal ("BMO") and BMO Capital Corporation (together with BMO, the "Lenders") (a) the amount of \$4.8 million on account of the secured indebtedness (the "**Indebtedness**") owed by the Company to the Lenders which totals approximately \$13.1 million, exclusive of costs, and (b) after satisfying any Prior Ranking Claims (as defined below), any other amounts currently held or received by the Receiver after the date of this Order up to the full amount of the Indebtedness, without the need for further Court approval;
4. authorizing the Receiver to pay any and all amounts that rank in priority to the Indebtedness (the "**Prior Ranking Claims**") up to the aggregate amount of \$0.9 million, without the need for further Court approval;
5. approving the Second Report of the Receiver dated July 25, 2014 (the "**Second Report**") and the Third Report of the Receiver dated August 13, 2014 (the "**Third Report**" and together with the Second Report, the "**Reports**") and the activities of the Receiver set out therein; and
6. approving the fees and disbursements of the Receiver and its counsel, Davies Ward Phillips & Vineberg LLP ("**Davies**") up to and including June 30, 2014, as set out in the Affidavit of Pritesh Patel sworn August 13, 2014 (the "**Patel Affidavit**") and the Affidavit of Natalie Renner sworn August 11, 2014 (the "**Renner Affidavit**"),

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the **Second Report** and the **Appendices** and the **Third Report** and the **Appendices** including the **Patel Affidavit** and the **Renner Affidavit**, and on hearing the submissions of counsel for the **Receiver** and no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed.

#### **SERVICE**

1. **THIS COURT ORDERS** that service of the **Motion Record**, including the **Reports** is deemed adequate and hereby dispenses with further service thereof.

#### **PAYMENTS TO CREDITORS**

2. **THIS COURT ORDERS** that the **Receiver** be and is hereby authorized to pay **CRA** the amount of \$5,997.41 in full and final settlement of the deemed trust claim asserted by **CRA**.

3. **THIS COURT ORDERS** that the **Receiver** be and is hereby authorized to pay the **Lenders** (a) the amount of \$4.8 million on account of the **Indebtedness**, and (b) after satisfying any **Prior Ranking Claims**, any other amounts currently held or received by the **Receiver** after the date of this **Order**, without the need for further **Court** approval.

4. **THIS COURT ORDERS** that the **Receiver** is authorized to pay any **Prior Ranking Claim** from monies held or received to date up to the aggregate amount of \$0.9 million, including the further fees and disbursements of the **Receiver** and **Davies**,

without the need for further Court approval, unless the Receiver receives an objection from a creditor of the Company prior to paying any Prior Ranking Claim.

5. **THIS COURT ORDERS** that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(3) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended, and the Receiver be and is hereby directed not to obtain any certificate pursuant to any such statutory provisions and the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order.

#### **APPROVAL OF THE SECOND REPORT AND THE THIRD REPORT**

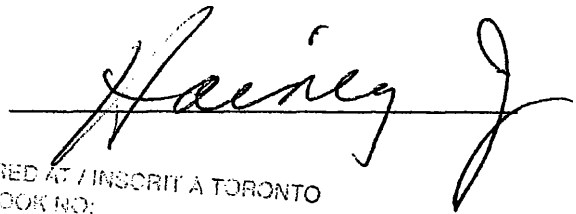
6. **THIS COURT ORDERS** that activities of the Receiver, as set out in the Second Report, and the Second Report, including the appendices, are hereby and approved.

7. **THIS COURT ORDERS** that activities of the Receiver, as set out in the Third Report, and the Third Report, including the appendices, are hereby and approved.

**FEEES AND DISBURSEMENTS OF THE RECEIVER AND DAVIES**

8. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period of February 24, 2014 to June 30, 2014 as described in the Patel Affidavit are hereby approved.

9. **THIS COURT ORDERS** that the fees and disbursements of Davies for the period of February 24, 2014 to June 30, 2014 as described in the Renner Affidavit, are hereby approved.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO..

AUG 23 2014

NB

This is Exhibit "B" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
19 day of February, 2015



Commissioner for Taking Affidavits, etc

Dina Milivojovic

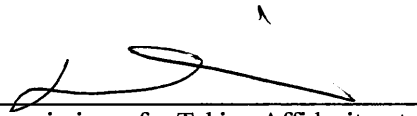
**Richter Advisory Group Inc.**  
**in its capacity as Receiver of**  
**1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)**  
**Statement of accounts**

**Exhibit B**

<b>Invoice #</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Sub total</b>	<b>HST</b>	<b>Total</b>
RTO10142	July 1 to August 31, 2014	38,228.00	126.41	38,354.41	4,986.07	43,340.48
RTO10302	September 1, 2014 to January 31, 2015	34,509.50	355.40	34,864.90	4,532.44	39,397.34
	<b>Total</b>	<b>72,737.50</b>	<b>481.81</b>	<b>73,219.31</b>	<b>9,518.51</b>	<b>82,737.82</b>



This is Exhibit "C" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
19 day of February, 2015



Commissioner for Taking Affidavits, etc

Dina Milivojevic

# RICHTER

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3

Date: 09/08/2014  
Invoice #: RTO10142  
File #: 036479-002  
Due Date: Upon Receipt

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Re: Receivership of 1817870 Ontario Inc.

Professional services rendered for the period ended August 31, 2014

Fees	\$38,228.00
Disbursements	126.41
Sub-Total	<hr/> 38,354.41
HST # 885435842 RT0001	4,986.07
<b>Balance to pay:</b>	<hr/> <b>\$43,340.48</b> <hr/>

## Payment Options

Electronic: Royal Bank of Canada, 33 City Centre Drive Branch, Mississauga, ON L5B 2N5  
Transit no.: 03132 Swift code: ROYCCAT2 CAD account: 106 564 8 USD account: 400 353 9  
Email payment details, including invoice number and amount paid, to: [collection@richter.ca](mailto:collection@richter.ca)  
Cheques payable to: Richter Advisory Group Inc. *Enclose remittance copy of invoice with payment*  
Send to: Richter Advisory Group Inc., 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto, ON M5J 2T3

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

Montreal, Toronto



Date: 09/08/2014  
Invoice #: RTO10142  
File #: 036479-002



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**Professional Fees**

Date	Tkpr	Description	Hours
07/02/2014	AS	Communications with Toronto office; prepare reallocation entries; file HST on line; other administration of file	1.00
07/02/2014	PP	Discussions with R.Mercer re Muirtec settlement and review of AFI working papers on same. Responding to enquiries from former employees re WEPPA.	2.20
07/03/2014	AS	Prepare entries for deposits; communications with Toronto office	0.70
07/03/2014	PP	Review and comments on counsel fee affidavit. Discussions with former AFI employees re Muirtec.	1.60
07/04/2014	AS	Prepare reallocation entries; communications with Toronto office	0.60
07/04/2014	AS	Update Service Canada payment schedule	1.50
07/04/2014	PP	Discussion with R.Mercer re finalizing Muirtec settlement amount. Edits to Second Report based on comments from partner and counsel. Call with counsel on same. Finalize report appendicies. Circulate revised draft to Bank's counsel.	4.30
07/08/2014	AS	Continue updating weppa schedule with payments from Service Canada	2.20
07/08/2014	PvE	Conference call on bankruptcy application by bank	1.00
07/09/2014	AS	Communication with employee regarding weppa payment; call Service Canada regarding Toronot request for details	0.40
07/09/2014	PL	Bank reconciliation	0.20
07/10/2014	AS	Communications with Service Canada; update schedule and pdf new letters to Toronto office; communications with Duncan Lau	0.50
07/11/2014	PL	bank reconciliation	0.80
07/11/2014	PvE	Review of bankruptcy application and bank reconciliations	2.00
07/14/2014	AS	Communication with Toronto office; prepare entries for reallocation of funds; administration of file	0.40
07/22/2014	PP	Responding to questions from former employees re WEPPA and 2014 T4s. Responding to creditor hotline messages. Follow-up on status of Muirtec settlement funds	1.40
07/23/2014	PP	Analysis on collectability of outstanding balance owed on AFI project in support of potential deal with Newco.	2.00
07/24/2014	PP	Review of revised cash flow from Deloitte. Preparation of cash flow slides based on management's projection. Various edits to report and discussion with C.Lonergan on security review.	4.00
07/24/2014	PP	Review and edits to Second Report.	1.50
07/24/2014	PvE	Discussions on Second Report, review of report, edits to report and final review	2.25
07/25/2014	PP	Sensitivity analysis on cash flow and preparation of slides for report. Discussion with C.Lonergan on security review. Edits to various sections of report.	5.50
07/28/2014	CO	Prepare cheques. Review of 2nd report. Telephone conversation with Service Canada regarding amendment to notice and severance for WEPP.	0.90
07/28/2014	LL	File administration re interim report of Receiver.	0.25

Date: 09/08/2014  
 Invoice #: RTO10142  
 File #: 036479-002



**Professional Fees**

Date	Tkpr	Description	Hours
07/28/2014	PP	Discussion with T.Ryan re deal on customer AR. Discussion with P.van Eyk on same. Discussion with M.Barrington re bankruptcy application and outstanding issues.	3.20
07/28/2014	PvE	Conference call with lawyers and management, call with Cassels, review of emails, discussion with Warren on SISP and data room, discussion and review of draft report with Adam Sherman	1.50
07/28/2014	PvE	Discussions with Pritesh on settlement of Alta-Gas, emails with Andritz on settlement, email to BMO	2.00
07/29/2014	PP	Responding to enquiries from union employees re WEPPA and status of payments.	1.20
07/29/2014	PP	Discussion with D.Lau on Third Report. Review of July HST and updated R&D.	1.00
07/29/2014	PvE	Dealing with file administration, signing cheque	1.00
07/29/2014	SB	Efiling with OSB of the Receivership Report (by fax), posting to website, search of the file, email to Service clients, discussion with Lucie Leroux	0.70
07/30/2014	CO	Prepare HST. Obtain July bank statement and email to D. Lau.	0.70
07/30/2014	DL	Read motion materials and preparation for court; attendance in court; coordinate bankruptcy requirements; review June's HST.	2.00
07/30/2014	PvE	Attendance at court, discussions with lawyers, review of report	2.00
07/30/2014	SB	Update, filing, discussion with Carol ODonnell re. bankruptcy order	0.80
07/31/2014	CO	Obtain access for HSt for June 2014. File HST on line.	0.60
07/31/2014	DL	Prepare third court report.	2.00
07/31/2014	PP	Gather information for bankruptcy filing and documentation. [NEED TO TRANSER TO BANKRUPTCY MANDATE]	1.10
08/04/2014	AS	Réconciliation bancaire	0.30
08/06/2014	CO	Review of letter received from CRA for HST audit. Email's with Duncan.	0.20
08/06/2014	PP	Discussion with counsel re potential AR sale.	0.90
08/07/2014	PP	Edits to Third Report. Discussion with counsel on potential sale of AR asset. Discussion with R.Mercer on status of payment re Muirtec settlement	3.80
08/08/2014	PP	Call with counsel regarding status of Third Report.	0.50
08/11/2014	CO	Prepare deposit.	0.10
08/11/2014	PP	Edits to Receiver's Third Report. Meeting to finalize payment on Muirtec settlement and deposit of funds. Review and drafting of response to Manitoba Hydro letter re Pointe Du Bois contract.	3.20
08/12/2014	PP	Finalize and sign Fee affidavit included in Third Report. Edits to Third Report. Discussion with R.Kiefer on Third Report. Update to P.van Eyk on status of report and asset realizations.	2.70
08/13/2014	PP	Numerous discussions with N.Renner on edits to Receiver's report. Finalize report and compile all appendices.	4.10
08/15/2014	CO	Assemble Receivers 3rd report and notice of motion, fax to OSB and post to website.	2.40
08/15/2014	PP	Reconciliation of uses of sale proceeds to date for BMO. Drafting of letter to Manitoba Hydro re Point Du Bois contract.	1.60
08/20/2014	CO	Discussions with P Patel and A. Adessky regarding transfer of	0.50

Date: 09/08/2014  
 Invoice #: RTQ10142  
 File #: 036479-002



**Professional Fees**

Date	Tkpr	Description	Hours
		fund to BMO.	
08/20/2014	PP	Preparation and attendance in Court for distribution motion. Coordination of transfer to BMO.	1.80
08/22/2014	PP	Call with T. Ryan re AltaGas.	0.50
08/22/2014	SB	Update and organization file, Order dated August 20, 2014 faxed to OSB	0.50
08/25/2014	CO	Discussion with CRA regarding May's HSt claim. Discussion with P Patel and A Gaudet. email to A Gaudet	0.50
08/25/2014	PP	Call with former employee to discuss WEPPA issues. Call with counsel to discuss M. Sullivan & Sons letter and proposed AR sale to Andritz.	0.80
08/27/2014	CO	Discussions with Julie from Service Canada regarding WEPP. Email to Pritesh Patel regarding certain employees WEPP.	0.70
08/27/2014	PP	Call with counsel to trust claim issues and proposed AR sale to Andritz.	0.50
08/28/2014	CO	Review of HST, discussion with D. Lau regarding July HST. Email, Preparation of HST. Make amendments to Richter's invoices from billing to BMO to Richter as Receiver. Discussions with CRA, fax amended invoices to CRA	2.60
08/28/2014	PL	changing adresse in Ascend for returning mail	0.50
08/29/2014	CO	Email to D. Lau regarding HST. Prepare cheques. File HST online, scan and send to BMO to make payment.	1.30
08/29/2014	PP	Review of letter from counsel to M. Sullivan & Sons.	0.20
<b>Total:</b>			<b>87.20</b>

**Disbursements**

Date	Description	Amount
08/25/2014	Invoice 57582: RTO Disbursements Aug 25th, 2014, 74350-12-4-3-Q	2.71
06/09/2014	Courrier service: FedEx, 595057910101, RP-036479-002-AFI HYDRO	18.09
06/06/2014	Conference calls	6.19
06/06/2014	Courrier service: FedEx, 595057910075, RP-036479-002-AFIHYD-FRO	14.81
07/31/2014	57249: RTO Disbursements July 31st, 2014; Messageries Premiere Inc.; 74350-12-4-3-Q	5.25
07/03/2014	Invoice 7-257-48685 Fedex (R&P disbursements of July 3rd, 2014)	66.76
06/17/2014	Courrier service: RP-036479-002-AFIHYD	5.25
06/05/2014	Conference calls	7.35
<b>Total:</b>		<b>\$126.41</b>

Date: 09/08/2014  
Invoice #: RTO10142  
File #: 036479-002



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**Fees and Disbursements Summary**

Name	Hours	Rate	Amount
PvE Paul van Eyk	11.75	595.00	6,991.25
DL Duncan Lau	4.00	495.00	1,980.00
PP Pritesh Patel	49.60	495.00	24,552.00
CO Carol O'Donnell	10.50	250.00	2,625.00
SB Soazig Bourgine	2.00	185.00	370.00
AS Ann Stremski	7.60	185.00	1,406.00
PL Pascale Lareau	1.50	185.00	277.50
LL Lucie Leroux	0.25	105.00	26.25
<b>Professional Fees</b>	<b>87.20</b>		<b>38,228.00</b>
<b>Disbursements</b>			<b>126.41</b>
<b>Total:</b>			<b>\$38,354.41</b>

# RICHTER

1817870 Ontario Inc.  
c/o Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3

Date: 02/03/2015  
Invoice #: RTO10302  
File #: 036479-002  
Due Date: Upon Receipt

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Re: Receivership of 1817870 Ontario Inc.

Professional services rendered for the period from  
September 1, 2014 to January 31, 2015

Fees	\$34,509.50
Disbursements	355.40
Sub-Total	34,864.90
HST # 885435842 RT0001	4,532.44
<b>Balance to pay:</b>	<b>\$39,397.34</b>

## Payment Options

Electronic: Royal Bank of Canada, 33 City Centre Drive Branch, Mississauga, ON L5B 2N5  
Transit no.: 03132 Swift code: ROYCCAT2 CAD account: 106 564 8 USD account: 400 353 9  
Email payment details, including invoice number and amount paid, to: [collection@richter.ca](mailto:collection@richter.ca)  
Cheques payable to: Richter Advisory Group Inc. Enclose remittance copy of invoice with payment.  
Send to: Richter Advisory Group Inc., 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto, ON M5J 2T3

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay Street, Suite 3320  
Bay Wellington Tower  
Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

Montreal, Toronto



Date: 02/03/2015  
 Invoice #: RTO10302  
 File #: 036479-002



Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
09/02/2014	PvE	Review of reconciliation, update on next court report, general file activities	1.25	595.00	743.75
09/03/2014	PP	Review of response letter to M.Sullivan and comments to counsel.	0.40	495.00	198.00
09/03/2014	SB	Redirection of mail	0.50	185.00	92.50
09/05/2014	PvE	Negotiate terms related to the Alta Gas offer	2.20	595.00	1,309.00
09/08/2014	PvE	Review Alta Gas settlement; discussion with P.Patel on the same	2.60	595.00	1,547.00
09/08/2014	PP	Review of Andritz/AltaGas/Receiver settlement on Forrest Kerr.	0.80	495.00	396.00
09/10/2014	PvE	Discuss Alta Gas agreement with counsel	2.50	595.00	1,487.50
09/10/2014	PvE	AFI administration	0.25	595.00	148.75
09/10/2014	PP	Call with counsel to discuss Andritz agreement.	0.50	495.00	247.50
09/15/2014	PvE	Review of letter from HR Canada on WEPPA complaint, review of Davies invoice and approval, discussion with team file matters	0.75	595.00	446.25
09/16/2014	CO	Communications with Royal Bank to verify balance of Company's bank account. Email to P Pritesh.	0.30	250.00	75.00
09/16/2014	PvE	Update on Alta Gas agreement with all stakeholders; email P.Patel re update	1.40	595.00	833.00
09/18/2014	PvE	Admin, cheque approvals	0.50	595.00	297.50
09/18/2014	PP	Edits to letter of direction to RBC on remaining balance in AFI accounts.	0.30	495.00	148.50
09/18/2014	CO	Prepare letter to Royal Bank to company's bank account.	0.50	250.00	125.00
09/18/2014	AS	Update payment schedule; communication with Duncan Lau; administration of file	0.30	185.00	55.50
09/19/2014	CO	Scan and email letter to close company's bank account.	0.10	250.00	25.00
09/22/2014	PvE	Call with T.Ryan re transition; review latest draft agreement	1.75	595.00	1,041.25
09/22/2014	PP	Call with T.Ryan to discuss AltaGas sale. Review of revised draft of agreement.	0.70	495.00	346.50
09/22/2014	CO	Prepare cheque.	0.20	250.00	50.00
09/22/2014	AS	Communications with Duncan Lau; verify weppa; call Service Canada	0.50	185.00	92.50
09/23/2014	CO	communicate with Canada Post regarding error in redirection of mail. Email to P. Patel, send Andritz mail by	0.70	250.00	175.00



Date: 02/03/2015  
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Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
		FEDEX.			
09/24/2014	PP	Call with ADP re 2014 T4s. Discussion with H.Hignett re corporate tax filings.	1.20	495.00	594.00
09/24/2014	CO	Telephone conversation with Canada Post regarding redirection of mail. Review redirected mail, send Andritz hydro their mail by FEDEX. Review WEPP with Ann Stremski, discussions with Duncan lau. Discussions re storage of boxes	0.90	250.00	225.00
09/24/2014	AS	Communication with Service Canada and Duncan Lau	0.40	185.00	74.00
09/25/2014	PP	Discussion with D.Lau on outstanding WEPPA claims. Call with counsel to Ironworkers and Carpenters' unions on same.	0.60	495.00	297.00
09/29/2014	PP	Spot check on draft 2014 T4s from ADP.	0.50	495.00	247.50
09/29/2014	AS	Print and resent weppa package to employee	0.30	185.00	55.50
09/30/2014	PP	Call with ADP regarding production of 2014 T4s.	0.50	495.00	247.50
10/03/2014	CO	Review redirected mail. Review notice of assessment for HST. Email to Duncan Lau. Telephone CRA regarding notice of assessments.	0.80	250.00	200.00
10/06/2014	CO	Prepare August HST, file on line, scan and save.	0.50	250.00	125.00
10/08/2014	PvE	Dealing with file management issues, review of bank reconciliations, call from CRA on Payroll taxes, discussions with staff	1.50	595.00	892.50
10/10/2014	CO	Review redirected mail. Scan and email inquiries to P Patel.	0.50	250.00	125.00
10/10/2014	CO	Prepare QST, scan and save for September 2014.	0.20	250.00	50.00
10/14/2014	PP	Call with M.Mazzuca re outstanding WEPPA claims of union employees.	0.50	495.00	247.50
10/14/2014	CO	review redirected mail, send mail to Andritz Hydro	0.30	250.00	75.00
10/14/2014	AS	Update weppa schedule; communications with Service Canada and P. Patel	0.70	185.00	129.50
10/15/2014	PP	Edits to WEPPA amendment letter for outstanding union employees.	0.20	495.00	99.00
10/15/2014	AS	Enter weppa amendments to employee informaiton forms; prepare cover letter	0.80	185.00	148.00
10/20/2014	AS	Prepare letters to employees with construction liens; administration of file	1.50	185.00	277.50
10/27/2014	PP	Review and comments to counsel on	0.50	495.00	247.50

Date: 02/03/2015  
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Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
		updated draft of AltaGas agreement.			
10/27/2014	PvE	Review draft agreement; discussion with counsel	1.40	595.00	833.00
10/28/2014	CO	Review redirected mail. Send mail to AFI Andritz Hydro. Review BMO Mastercard statement email to P Patel. Review HST assessment, email to D. Lau and P. Patel.	0.60	250.00	150.00
10/29/2014	PvE	Review and sign-off on monthly reconciliation	0.25	595.00	148.75
10/29/2014	AS	Update weppa schedule including new payments; communication with Lau Duncan	0.30	185.00	55.50
11/07/2014	PvE	Call from CRA on tax matters related to AFI.	0.50	595.00	297.50
11/13/2014	PvE	Status update with team	0.60	595.00	357.00
11/17/2014	PvE	Review agreement and provide final comments on terms	1.80	595.00	1,071.00
11/17/2014	CO	Sort through returned mail. Send emails to Duncan Lau and Pritish Patel regarding mastercard statements and cheque.	0.50	250.00	125.00
11/17/2014	PL	bank reconciliation	0.40	185.00	74.00
11/19/2014	CO	Prepare cheque.	0.10	250.00	25.00
11/19/2014	CO	Discussion with P. Patel regarding WEPP. Verify WEPP.	0.20	250.00	50.00
11/20/2014	PvE	Review of bank reconciliations	0.25	595.00	148.75
11/21/2014	CO	Verify bank for wire transfer, email to P. Patel.	0.10	250.00	25.00
11/24/2014	CO	Verify bank for wire transfer, email to P. Patel. Sort through returned mail. Email to P. Patel regarding Mastercard statements and cheques. Send mail to New Co.	0.60	250.00	150.00
11/27/2014	PP	Responding to and following up on creditor inquiries. Follow-up on status of funds transfer re AG sale to Newco.	1.80	495.00	891.00
11/27/2014	PvE	Correspond with various counsels on transfer of funds; update with P.Patel	1.20	595.00	714.00
12/03/2014	PvE	Correspond with Alta Gas' counsel re status of release; update with Purchaser and team	1.40	595.00	833.00
12/03/2014	PP	Preparation of invoice related to Alta settlement and release. Numerous discussions and correspondence with Alta re outstanding information.	2.10	495.00	1,039.50
12/03/2014	AS	Prepare follow up notices; communications with Duncan Lau	0.50	185.00	92.50

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 Invoice #: RTO10302  
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Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
12/04/2014	DL	Prepare 2014 T4s.	1.00	495.00	495.00
12/05/2014	PvE	Team update meeting	0.40	595.00	238.00
12/05/2014	PP	Correspondence with Alta re settlement payment. Revision to Release, execution and circulating copy to all parties.	1.10	495.00	544.50
12/05/2014	AS	Communication with Duncan Lau; finalize Notices to employees who did not file; administration of file	0.80	185.00	148.00
12/08/2014	AS	Administration of file, open ledger; communications with BMO for transfer of funds; prepare entries; communications with Pritesh Patel and BMO regarding statements in returned mail and having accounts closed	1.80	185.00	333.00
12/09/2014	CO	Update HST, prepare deposit.	0.50	250.00	125.00
12/09/2014	AS	Update schedule regarding payments from Service Canada; communication with Service Canada regarding breakdown; administration and communication with Duncan Lau	0.30	185.00	55.50
12/16/2014	AS	Update weppa schedule with breakdown information from Service Canada	1.00	185.00	185.00
12/17/2014	CO	Sort through redirected mail, send mail to Andritz Hydro. Respond to Revenu Quebec questionnaire. Scan and save.	0.60	250.00	150.00
12/17/2014	AS	Verify Service Canada breakdown, update schedule, and balance	2.00	185.00	370.00
12/17/2014	PL	balancing schedule of Weppa with Service Canada Listing, bank reconciliation	0.80	185.00	148.00
12/18/2014	PvE	Review of reconciliation, sign-off, discussion with Duncan	0.25	595.00	148.75
12/18/2014	PP	Discussion with C.O'Donnell on outstanding statutory tasks.	0.40	495.00	198.00
12/18/2014	CO	Sort redirected mail, send to Andritz Hydro. Review WEPP schedule from Service Canada. Discussion with D. Lau and P. Patel regarding discharge and WEPP.	1.20	250.00	300.00
12/18/2014	AS	Verify Canada Post regarding status of registered mail	0.20	185.00	37.00
12/22/2014	CO	Emails to Duncan Lau regarding redirection of mail and HST for December. File October's HST return.	0.50	250.00	125.00
12/29/2014	CO	Sort through redirected mail, send to Andritz Hydro.	0.30	250.00	75.00
01/05/2015	DL	Prepare and submit 2014 T4s.	1.20	495.00	594.00

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Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
01/05/2015	AS	Communications with Duncan Lau; reprint mailing for employee; prepare forms and send by registered mail	0.60	185.00	111.00
01/06/2015	AS	Communications with Duncan Lau; print weppa mailing and send by registered mail; prepare forms	0.60	185.00	111.00
01/07/2015	AS	Administration regarding registered mail	0.10	185.00	18.50
01/09/2015	PP	Arranging for closure of RBC accounts and remittance of funds to Receiver.	1.00	495.00	495.00
01/12/2015	DL	Update call with C.O'Donnell re bank reconciliation, Service Canada invoice and tax returns; review amount owing to Service Canada.	0.80	495.00	396.00
01/12/2015	PP	Correspondence with Manitoba Hydro regarding collection of outstanding amounts on Pointe Du Bois. Review of contract and execution of completion certificate.	1.30	495.00	643.50
01/12/2015	CO	Prepare deposit. Discussions with Duncan lau regarding outstanding issues.	0.30	250.00	75.00
01/13/2015	PL	bank reconciliation	0.20	185.00	37.00
01/14/2015	CO	Discussions with D Lau regarding T4A's, outstanding issues. Explain and allocate work to P. Lareau. Review WEPP with A. Stremski	0.40	250.00	100.00
01/14/2015	AS	Review and reply to email from C. O'Donnell	0.20	185.00	37.00
01/16/2015	PP	Drafting of Receiver's Fourth Report.	1.10	495.00	544.50
01/20/2015	PP	Drafting of Receiver's Fourth Report.	2.10	495.00	1,039.50
01/21/2015	PP	Drafting Receiver's Fourth Report. Review and edits to R&D.	1.60	495.00	792.00
01/21/2015	PL	preparation T4A (10h)	1.50	185.00	277.50
01/22/2015	DL	Review bank reconciliation; prepare R&D for discharge report; review postings to the general ledger; respond to employee inquiry.	1.20	495.00	594.00
01/22/2015	CO	Prepare reallocations to GL. Reconcile and prepare HST for December 2014. Emails to Duncan lau.	1.80	250.00	450.00
01/23/2015	PP	Drafting and edits to Receiver's Fourth Report.	1.80	495.00	891.00
01/26/2015	PvE	Review of various bank reconciliations, discussion with Duncan on cash flow and final report	0.50	595.00	297.50
01/27/2015	AS	Communications with Service Canada and LUncan Lau	0.30	185.00	55.50
01/28/2015	PP	Drafting of Receiver's report. Compiling	2.50	495.00	1,237.50

Date: 02/03/2015  
Invoice #: RTO10302  
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### Professional Fees

Date	Timekeeper	Description	Hours	Rate	Amount
01/28/2015	CO	appendices. Scan and send HST to bank for payment.	0.10	250.00	25.00
01/30/2015	PvE	Review of bank recs	0.25	595.00	148.75
01/30/2015	PP	Drafting Fee Affidavit. Edits to R&D and holdback estimates.	1.10	495.00	544.50
			<b>Total:</b>	<u>81.70</u>	<u>\$34,509.50</u>

### Disbursements

Date	Description	Amount
08/19/2014	Taxi to Court	9.03
09/18/2014	Silvana Giusfredi, Visa Statement re Mail forwarding for Moves Canada Post (RTO disbursements of October 13, 2014)	193.95
10/02/2014	Invoice 57828, RTO Disbursements Oct 2nd, 2014: Messageries Premiere Inc.	5.42
10/07/2014	Travel to and from site	80.40
10/07/2014	Purchase boxes for records retrieval	18.62
10/09/2014	Parking to unload boxes	12.65
10/16/2014	Staples Canada, USB (RTO disbursements of Bay Street Petty Cash of October 30, 2014)	29.91
01/13/2015	Invoice 58906, RTO Disbursements Jan 13, 2015: Messagerie Premiere	5.42
		<b>Total:</b> <u>\$355.40</u>

Date: 02/03/2015  
Invoice #: RTO10302  
File #: 036479-002

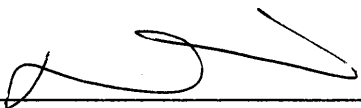


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**Fees and Disbursements Summary**

<b>Name</b>		<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
PvE	Paul van Eyk	23.50	595.00	13,982.50
PP	Pritesh Patel	24.60	495.00	12,177.00
DL	Duncan Lau	4.20	495.00	2,079.00
CO	Carol O'Donnell	12.80	250.00	3,200.00
SB	Soazig Bourgine	0.50	185.00	92.50
AS	Ann Stremski	13.20	185.00	2,442.00
PL	Pascale Lareau	2.90	185.00	536.50
<b>Professional Fees</b>		<b>81.70</b>		<b>34,509.50</b>
<b>Disbursements</b>				<b>355.40</b>
<b>Total :</b>				<b>\$34,864.90</b>

This is Exhibit "D" referred to in the Affidavit of  
Pritesh Patel, sworn before me this  
19 day of February, 2015

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc  
Dina Miliogjevic

Richter Advisory Group Inc.  
in its capacity as Receiver of  
1817870 Ontario Inc. (formerly known as AFI Hydro Inc.)  
Time summary

Exhibit D

<b>Staff member</b>	<b>Number of hours</b>	<b>Hourly rate</b>	<b>Amount</b>
<b>Senior Vice President</b>			
P.van Eyk	35.25	595	20,973.75
<b>Vice President</b>			
D.Lau	8.20	495	4,059.00
P.Patel	74.20	495	36,729.00
<b>Administration</b>			
S.Bourgine	2.50	185	462.50
P.Lareau	4.40	185	814.00
L.Leroux	0.25	105	26.25
C.O'Donnell	23.30	250	5,825.00
A.Stremski	20.80	185	3,848.00
<b>Total</b>	<b>168.90</b>		<b>72,737.50</b>
<b>Blended average hourly rate:</b>	<b>430.65</b>		



## **APPENDIX H**

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

**BANK OF MONTREAL**

Applicant

- and -

**1817870 ONTARIO INC.  
(FORMERLY AFI HYDRO INC.)**

Respondent

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF  
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF  
ROBIN B. SCHWILL  
(sworn February 19, 2015)**

I, Robin B. Schwill, of the City of Toronto, in the Province of Ontario,

**MAKE OATH AND SAY:**

1. I am a partner with Davies Ward Phillips & Vineberg LLP ("**Davies**"), solicitors for Richter Advisory Group Inc. in its capacity as the court appointed receiver of 1817870 Ontario Inc. (formerly AFI Hydro Inc.) (the "**Receiver**") and as such I have knowledge of the matters deposed to herein.

2. This affidavit is sworn in support of a motion to be made in these proceedings seeking, among other things, approval of the fees and disbursements of **Davies** in its capacity as legal counsel to the **Receiver**.

3. The **Davies** invoices, which are for the period from July 1, 2014 to January 31, 2015, disclose in detail: (i) the names of each person who rendered

services on this matter; (ii) the dates on which the services were rendered; (iii) the time expended each day; and (iv) the total charges for each of the categories of services rendered for the relevant time period. A billing summary is attached hereto as Exhibit "A". A summary of the hourly rates of each person who rendered services, total time expended by such person and the aggregate blended rate of all professionals of Davies who rendered services on this matter is attached hereto as Exhibit "B". Copies of the actual invoices are attached hereto as Exhibit "C".

4. I have reviewed the Davies invoices and believe that the time expended and the legal fees charged are reasonable in light of the services performed and the prevailing market rates for legal services of this nature in downtown Toronto.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on February 19, 2015.



Commissioner for taking affidavits

Dina Milivojevic



Robin B. Schwill

This is Exhibit "A"  
referred to in the Affidavit of  
Robin B. Schwill  
sworn before me  
this 19<sup>th</sup> day of February, 2015



---

Commissioner for Taking Affidavits

Dina Milivojevic

**RICHTER ADVISORY GROUP INC.**

**Re: AFI HYDRO INC.**

**EXHIBIT A**  
**DAVIES DOCKET SUMMARY**

<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
2-Jul-14	ROBIN B. SCHWILL	0.30	\$910.00	Voicemail and e-mail exchanges with counsel to BMO regarding distribution matters; revising draft fee affidavit.	273.00
4-Jul-14	ROBIN B. SCHWILL	2.00	\$910.00	Revising Fee Affidavit; Telephone call with BMO's counsel regarding possible bankruptcy; Telephone call with Pritesh Patel regarding same; reviewing and commenting on revised draft Second Report.	1,820.00
4-Jul-14	LISA HUGHES	0.20	\$365.00	Instructions received and searches and summaries ordered as required.	73.00
7-Jul-14	ROBIN B. SCHWILL	0.50	\$910.00	Conference call with Paul van Eyk, Pritesh Patel and counsel to BMO and Rob Keifer regarding distribution mechanics and bankruptcy application.	455.00
2-Jul-14	NATASHA MACPARLAND	0.40	\$830.00	Discussions with and emails with Ben Howard.	332.00
4-Jul-14	NATASHA MACPARLAND	0.30	\$830.00	Numerous emails.	249.00
8-Jul-14	ROBIN B. SCHWILL	0.90	\$910.00	Reviewing and commenting on draft release regarding insurance payout on a particular damages claim.	819.00
10-Jul-14	ROBIN B. SCHWILL	0.10	\$910.00	Reviewing and commenting on bankruptcy application materials.	91.00
7-Jul-14	LISA HUGHES	1.80	\$365.00	Review searches and summaries received and update to include reference to previous results for searches other than personal property. Forward all results for reference as required.	657.00
8-Jul-14	NATASHA MACPARLAND	0.70	\$830.00	Review of opinion; discussions with Ben Howard.	581.00
22-Jul-14	ROBIN B. SCHWILL	0.10	\$910.00	Discussion with Natalie Renner	91.00

<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
				regarding trust claimant issue.	
24-Jul-14	ROBIN B. SCHWILL	1.70	\$910.00	Telephone call with Pritesh Patel regarding Second Report; Telephone call with David Ward regarding same; reviewing and revising draft Second Report; e-mail exchanges regarding same.	1,547.00
25-Jul-14	ROBIN B. SCHWILL	0.70	\$910.00	Finalizing and serving Second Report; drafting affidavit of service.	637.00
22-Jul-14	NATALIE RENNER	0.30	\$610.00	Drafting email re s81 claim.	183.00
28-Jul-14	ROBIN B. SCHWILL	0.40	\$910.00	Preparing submissions for bankruptcy application hearing.	364.00
30-Jul-14	NATALIE RENNER	0.10	\$610.00	Email re 30 day goods claim. Email to client re name change.	61.00
30-Jul-14	ROBIN B. SCHWILL	2.60	\$910.00	Preparing for and attending at court on bankruptcy application; e-mail exchanges regarding court date for distribution motion; discussion with Natalie Renner regarding same.	2,366.00
6-Aug-14	NATALIE RENNER	1.30	\$610.00	Calls with Pritesh Patel re Third Report and Andritz settlement. Reviewing purchase agreement and receivership order.	793.00
7-Aug-14	NATALIE RENNER	1.80	\$610.00	Calls and reviewing materials re Andritz sale. Calls with client. Calls with Stikeman Elliot.	1,098.00
8-Aug-14	NATALIE RENNER	2.50	\$610.00	Reviewing and commenting on third report. Call with Pritesh Patel to discuss concerns and changes.	1,525.00
7-Aug-14	JAY A. SWARTZ	0.20	\$995.00	Discuss sale or settlement of debt owing by AltaGas with Natalie Renner.	199.00
11-Aug-14	NATALIE RENNER	3.90	\$610.00	Finalizing opinion. Commenting on report. Discussions re same. Preparing materials in connection with motion.	2,379.00
12-Aug-14	NATALIE RENNER	2.10	\$610.00	Finalizing motion materials and coordinating swearing of affidavits.	1,281.00

<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
13-Aug-14	NATALIE RENNER	5.50	\$610.00	Preparing materials for motion record. Calls with Pritesh. Arranging for service and filing of Motion Record re August 20 motion.	3,355.00
12-Aug-14	RACHAEL LEE	1.80	\$275.00	Meeting with Natalie; Commissioned affidavits.	495.00
18-Aug-14	NATALIE RENNER	0.40	\$610.00	Updates to R. Schwill re report.	244.00
19-Aug-14	NATALIE RENNER	1.70	\$610.00	Preparing materials for court.	1,037.00
20-Aug-14	NATALIE RENNER	0.10	\$610.00	Emailing order to service list.	61.00
20-Aug-14	MEGAN CHEEMA	0.70	\$275.00	Traveled to courthouse to retrieve materials.	192.50
25-Aug-14	ROBIN B. SCHWILL	0.30	\$910.00	Discussion with Natasha MacParland regarding construction trust claimant priority in bankruptcy cases.	273.00
25-Aug-14	NATALIE RENNER	0.40	\$610.00	Call with K. Kyte re Andritz.	244.00
26-Aug-14	NATALIE RENNER	1.60	\$610.00	Discussion of Andritz issues. Call to Kevin Kyte. Discussion of lien issues.	976.00
7-Aug-14	NATASHA MACPARLAND	2.00	\$830.00	Numerous discussions with Natalie Renner; numerous emails; review of Third Report.	1,660.00
8-Aug-14	NATASHA MACPARLAND	1.30	\$830.00	Discussions with Natalie Renner; engaged re opinion; engaged re report.	1,079.00
27-Aug-14	NATALIE RENNER	0.30	\$610.00	Emails and calls re Andritz.	183.00
11-Aug-14	NATASHA MACPARLAND	1.00	\$830.00	Engaged re opinion; engaged re Report; discussions with Natalie Renner.	830.00
26-Aug-14	NATASHA MACPARLAND	3.10	\$830.00	Engaged re Andritz and AR issue; discussions with Natalie Renner; discussions with Pritesh Patel; review of agreement; discussions with Robin Schwill.	2,573.00
27-Aug-14	NATASHA MACPARLAND	1.00	\$830.00	Engaged re AR issues and	830.00

<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
				construction lien issues.	
29-Aug-14	NATALIE RENNER	0.40	\$610.00	Discussions re trust issues and letter re same.	244.00
25-Aug-14	SAMANTHA HENEIN	0.40	\$275.00	Compiled binder of cases for Natasha from Aird and Berlis flash.	110.00
29-Aug-14	SAMANTHA HENEIN	0.40	\$275.00	Meeting with Natalie Renner and Natasha MacParland regarding response letter re: asserted trust.	110.00
18-Aug-14	NATASHA MACPARLAND	2.70	\$830.00	Engaged re motion record; discussion with Natalie Renner; review and revise Order.	2,241.00
19-Aug-14	NATASHA MACPARLAND	2.30	\$830.00	Discussions with Pritesh Patel; discussions with Natalie Renner; reviewing law re distributions; preparation for motion.	1,909.00
20-Aug-14	NATASHA MACPARLAND	4.50	\$830.00	Preparation for Court; attendance at Court; attending to Order being issued and entered; engaged re Andritz AR issue; discussions with Natalie Renner; discussions with Pritesh Patel; engaged re review of correspondence from M. Sullivan.	3,735.00
22-Aug-14	NATASHA MACPARLAND	1.30	\$830.00	Engaged re Andritz AR agreement; discussions with Pritesh Patel; discussions with Natalie Renner.	1,079.00
30-Aug-14	SAMANTHA HENEIN	2.10	\$275.00	Drafted response letter to Heather Acton regarding the trust claims over funds owing to Sullivan and Son Limited.	577.50
31-Aug-14	SAMANTHA HENEIN	2.30	\$275.00	Continued drafting response letter regarding trust claims.	632.50
25-Aug-14	NATASHA MACPARLAND	2.70	\$830.00	Discussions with Pritesh Patel regarding AR issues; discussions with Natalie Renner; telephone call to Alex Rose; engaged re construction lien issues; discussions with Robin Schwill; discussions with Samantha Henein.	2,241.00
28-Aug-14	NATASHA MACPARLAND	1.20	\$830.00	Engaged re correspondence from Heather Acton; numerous emails.	996.00



<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
2-Sep-14	NATALIE RENNER	2.00	\$610.00	Reviewing letter re s67 trusts and providing comments. Call with Alex Rose. Discussions with S. Heinen.	1,220.00
2-Sep-14	SAMANTHA HENEIN	2.80	\$275.00	Meeting with Natalie Renner to discuss draft of letter regarding trust claims and updated letter to incorporate comments.	770.00
3-Sep-14	SAMANTHA HENEIN	0.60	\$275.00	Updated response letter to reflect Natasha's comments.	165.00
9-Sep-14	NATALIE RENNER	1.00	\$610.00	Reviewing contract. Emails to K. Kyte. Call to client. Discussions with N. MacParland.	610.00
10-Sep-14	NATALIE RENNER	1.20	\$610.00	Call with client. Call with Stikeman. Discussions with N. MacParland. Reviewing agreement.	732.00
22-Sep-14	NATASHA MACPARLAND	1.50	\$830.00	Discussions with Kevin Kyte; review of draft agreement.	1,245.00
23-Sep-14	NATASHA MACPARLAND	0.40	\$830.00	Email to client; email to Michael Finley.	332.00
24-Sep-14	NATASHA MACPARLAND	0.90	\$830.00	Engaged re Andritz receivable.	747.00
26-Sep-14	NATASHA MACPARLAND	1.50	\$830.00	Engaged re receivable issue; discussions with Kevin Kyte; discussions with Pritesh Patel; discussions with Robin Schwill.	1,245.00
10-Sep-14	NATASHA MACPARLAND	3.10	\$830.00	Discussions with Natalie Renner regarding outstanding issues; discussions with Kevin Kyte regarding draft agreement; discussions with Pritesh Patel; reviewing draft documents.	2,573.00
11-Sep-14	NATASHA MACPARLAND	1.20	\$830.00	Engaged re receivables issue; engaged re construction lien issue.	996.00
15-Sep-14	NATASHA MACPARLAND	1.00	\$830.00	Discussions with Pritesh Patel; discussions with Kevin Kyte; numerous emails.	830.00
3-Sep-14	NATASHA MACPARLAND	1.50	\$830.00	Reviewing and revising response letter on construction lien issues; discussions with Samantha Heenan; discussions with Pritesh Patel	1,245.00

<b>DATE</b>	<b>INDIVIDUAL</b>	<b>HOURS</b>	<b>RATE</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
8-Sep-14	NATASHA MACPARLAND	1.80	\$830.00	Discussions with P. Patel; finalizing H. Acton letter; engaged re receivables issue.	1,494.00
9-Sep-14	NATASHA MACPARLAND	1.90	\$830.00	Engaged re Alta Gas Coast; discussions with N. Renner; reviewing and revising assumption agreement; discussions with K. Kyke; discussions with P. Patel.	1,577.00
29-Sep-14	NATASHA MACPARLAND	0.70	\$830.00	Discussions with Pritesh Patel; numerous emails; discussions with Kevin Kyte re HST issue.	581.00
21-Oct-14	NATASHA MACPARLAND	1.00	\$830.00	Discussions with Pritesh Patel; discussions with Kevin Kyte; numerous emails.	830.00
8-Oct-14	NATASHA MACPARLAND	1.00	\$830.00	Discussions with Kevin Kyte; numerous emails.	830.00
16-Oct-14	NATASHA MACPARLAND	1.00	\$830.00	Numerous discussions with Robin Schwill.	830.00
29-Oct-14	NATASHA MACPARLAND	1.20	\$830.00	Finalizing Alta Gas arrangements; numerous e-mails	996.00
6-Nov-14	NATASHA MACPARLAND	0.60	\$830.00	Numerous emails re Coast.	498.00
14-Nov-14	NATASHA MACPARLAND	0.50	\$830.00	Numerous emails.	415.00
18-Nov-14	NATASHA MACPARLAND	0.50	\$830.00	Engage re Coast Assumption Agreement.	415.00
19-Nov-14	NATASHA MACPARLAND	0.80	\$830.00	Engaged re receipt; discussions with Pritesh Patel; numerous emails.	664.00
26-Nov-14	NATASHA MACPARLAND	0.30	\$830.00	Numerous emails re Coast.	249.00
05-Dec-14	NATASHA MACPARLAND	0.40	\$830.00	Numerous emails re Coast Mountain.	332.00
<b>TOTALS</b>		<b>96.80</b>			<b>\$68,202.50</b>

**EXHIBIT A****DAVIES DISBURSEMENTS SUMMARY****RICHTER ADVISORY GROUP INC.****Re: AFI HYDRO INC.**

<b>DATE</b>	<b>ITEM</b>	<b>COST</b>
2-Jul-14	Laser Printing; Final, 114 Page(s) Printed	17.10
2-Jul-14	Copy; Lt, 13 Page(s)	1.95
3-Jul-14	Laser Printing; Final, 3 Page(s) Printed	0.45
4-Jul-14	Laser Printing; Final, 15 Page(s) Printed	2.25
4-Jul-14	Laser Printing; Final, 51 Page(s) Printed	7.65
7-Jul-14	Laser Printing; Final, 66 Page(s) Printed	9.90
7-Jul-14	Laser Printing; Final, 113 Page(s) Printed	16.95
7-Jul-14	Laser Printing; Final, 228 Page(s) Printed	34.20
7-Jul-14	VENDOR: ESC CORPORATE SERVICES LTD.; INVOICE#: E583535; DATE: 07/07/2014 PPSA/ONTARIO/CERTIFIED/BUSINESS DEBTOR, ENHANCED REPORT	305.00
8-Jul-14	Laser Printing; Final, 4 Page(s) Printed	0.60
18-Jul-14	Laser Printing; Final, 8 Page(s) Printed	1.20
24-Jul-14	Laser Printing; Final, 8 Page(s) Printed	1.20
25-Jul-14	Copy; Lt, 153 Page(s)	23.95
25-Jul-14	Laser Printing; Final, 5 Page(s) Printed	0.75
25-Jul-14	Laser Printing; Final, 52 Page(s) Printed	7.80
29-Jul-14	TAB AND BINDING FOR JULY 25, 2014	8.60
28-Jul-14	Copy; Lt, 1 Page(s)	0.25
28-Jul-14	Laser Printing; Final, 6 Page(s) Printed	0.90
30-Jul-14	Laser Printing; Final, 2 Page(s) Printed	0.30
31-Jul-14	Laser Printing; Final, 4 Page(s) Printed	0.60

**EXHIBIT A**

**DAVIES DISBURSEMENTS SUMMARY**

**RICHTER ADVISORY GROUP INC.  
Re: AFI HYDRO INC.**

<b>DATE</b>	<b>ITEM</b>	<b>COST</b>
6-Aug-14	Laser Printing; Final, 18 Page(s) Printed	2.70
6-Aug-14	Laser Printing; Final, 82 Page(s) Printed	12.30
7-Aug-14	Laser Printing; Final, 33 Page(s) Printed	4.95
7-Aug-14	Laser Printing; Final, 5 Page(s) Printed	0.75
7-Aug-14	Laser Printing; Final, 12 Page(s) Printed	1.80
8-Aug-14	Laser Printing; Final, 6 Page(s) Printed	0.90
8-Aug-14	Laser Printing; Final, 34 Page(s) Printed	5.10
11-Aug-14	Laser Printing; Final, 32 Page(s) Printed	4.80
11-Aug-14	Laser Printing; Final, 64 Page(s) Printed	9.60
11-Aug-14	Laser Printing; Final, 1 Page(s) Printed	0.15
12-Aug-14	Copy; Lt, 70 Page(s)	11.50
12-Aug-14	Copy; Lt, 40 Page(s)	10.00
12-Aug-14	Laser Printing; Final, 238 Page(s) Printed	35.70
13-Aug-14	Copy; Lt, 178 Page(s)	27.70
13-Aug-14	Copy; Lt, 14 Page(s)	3.10
13-Aug-14	Laser Printing; Final, 110 Page(s) Printed	16.50
13-Aug-14	Laser Printing; Final, 36 Page(s) Printed	5.40
13-Aug-14	Copy; Lt, 4 Page(s)	0.60
13-Aug-14	Copy; Lt, 10 Page(s)	1.50
13-Aug-14	Copy; Lt, 11 Page(s)	1.65
13-Aug-14	Copy; Lt, 15 Page(s)	2.25
13-Aug-14	Copy; Lt, 49 Page(s)	7.35

**EXHIBIT A**

**DAVIES DISBURSEMENTS SUMMARY**

**RICHTER ADVISORY GROUP INC.  
Re: AFI HYDRO INC.**

<b>DATE</b>	<b>ITEM</b>	<b>COST</b>
13-Aug-14	Copy; Lt, 3 Page(s)	0.45
13-Aug-14	Copy; Lt, 43 Page(s)	6.45
13-Aug-14	Copy; Lt, 41 Page(s)	6.15
13-Aug-14	Copy; Lt, 7 Page(s)	1.05
14-Aug-14	PAYEE: MINISTER OF FINANCE; REQUEST#: 304639; DATE: 14/08/2014. - COURT FILING FEE TO FILE MOTION RECORD	127.00
14-Aug-14	Copy; Lt, 9 Page(s)	2.25
14-Aug-14	Copy; Lt, 186 Page(s)	28.90
14-Aug-14	Laser Printing; Final, 16 Page(s) Printed	2.40
14-Aug-14	Copy; Lt, 64 Page(s)	9.60
14-Aug-14	Purolator Couri,RICHTER ADVISORY GROUP INC.,2345 YONGE STREET,TORONTO,ON,M4P2E5	12.61
15-Aug-14	VENDOR: DONALDSON LAW CLERK SERVICES INC.; INVOICE#: 77179; DATE: 15/08/2014- PROCESS SERVER FEES	45.00
18-Aug-14	TAB AND BINDING FOR AUGUST 14, 2014	4.70
19-Aug-14	Copy; Lt, 1166 Page(s)	175.90
19-Aug-14	Copy; Lt, 347 Page(s)	53.05
19-Aug-14	Laser Printing; Final, 40 Page(s) Printed	6.00
19-Aug-14	Laser Printing; Final, 24 Page(s) Printed	3.60
20-Aug-14	Copy; Lt, 21 Page(s)	4.15
20-Aug-14	Copy; Lt, 7 Page(s)	1.75
20-Aug-14	Laser Printing; Final, 6 Page(s) Printed	0.90
21-Aug-14	Laser Printing; Final, 8 Page(s) Printed	1.20

**EXHIBIT A**

**DAVIES DISBURSEMENTS SUMMARY**

**RICHTER ADVISORY GROUP INC.**

**Re: AFI HYDRO INC.**

<b>DATE</b>	<b>ITEM</b>	<b>COST</b>
25-Aug-14	TAB AND BINDING FOR AUGUST 19, 2014	2.90
25-Aug-14	Laser Printing; Final, 45 Page(s) Printed	6.75
25-Aug-14	Laser Printing; Final, 8 Page(s) Printed	1.20
26-Aug-14	Laser Printing; Final, 118 Page(s) Printed	17.70
27-Aug-14	Laser Printing; Final, 4 Page(s) Printed	0.60
28-Aug-14	PAYEE: CASH; REQUEST#: 305217; DATE: 28/08/2014. - TO REPLENISH PETTY CASH FLOAT CHQ 83641- TAXI FOR NATASHA MACPARLAND	13.27
28-Aug-14	PAYEE: CASH; REQUEST#: 305217; DATE: 28/08/2014. - TO REPLENISH PETTY CASH FLOAT CHQ 83641- TAXI FOR MEGAN CHEEMA	15.04
29-Aug-14	Laser Printing; Final, 4 Page(s) Printed	0.60
29-Aug-14	Laser Printing; Final, 8 Page(s) Printed	1.20
2-Sep-14	Laser Printing; Final, 64 Page(s) Printed	9.60
2-Sep-14	Laser Printing; Final, 3 Page(s) Printed	0.45
2-Sep-14	Laser Printing; Final, 3 Page(s) Printed	0.45
2-Sep-14	Laser Printing; Final, 12 Page(s) Printed	1.80
16-Sep-14	VENDOR: DONALDSON LAW CLERK SERVICES INC.; INVOICE#: 77663; DATE: 16/09/2014 - PROCESS SERVER FEES	45.00
23-Sep-14	Laser Printing; Final, 7 Page(s) Printed	1.05
16-Oct-14	Copy; Lt, 435 Page(s)	66.25
16-Oct-14	Copy; Lt, 1577 Page(s)	237.55
16-Oct-14	Copy; Cl, 1 Page(s)	0.90
17-Oct-14	Copy; Lt, 562 Page(s)	85.30
17-Oct-14	Laser Printing; Final, 3 Page(s) Printed	0.45

**EXHIBIT A**

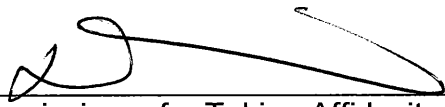
**DAVIES DISBURSEMENTS SUMMARY**

**RICHTER ADVISORY GROUP INC.**

**Re: AFI HYDRO INC.**

<b>DATE</b>	<b>ITEM</b>	<b>COST</b>
17-Oct-14	QMSTOR DIR,LARRY ELLIS,CASELS BROCK & BLACKWELL LLP, 40 KING ST W,TOR M5H 3C2	17.00
17-Oct-14	TAB AND BINDING FOR OCTOBER 17, 2014	30.00
12-Nov-14	Laser Printing; Final, 1 Page(s) Printed	0.15
19-Nov-14	Laser Printing; Final, 1 Page(s) Printed	0.15
19-Nov-14	Copy; Lt, 5 Page(s)	0.75
19-Nov-14	Copy; Lt, 3 Page(s)	0.45
19-Nov-14	VENDOR: ESC CORPORATE SERVICES LTD.; INVOICE#: E791315; DATE: 19/11/2014 CORPORATE FILE/ONTARIO/COPIES/SPECIFY COPIES	30.00
24-Nov-14	Laser Printing; Final, 1 Page(s) Printed	0.15
24-Nov-14	VENDOR: ESC CORPORATE SERVICES LTD.; INVOICE#: E796701; DATE: 24/11/2014 CORPORATE FILE/ONTARIO/COPIES/SPECIFY COPIES	90.00
	<b>TOTAL</b>	<b>\$1,777.72</b>

This is Exhibit "B"  
referred to in the Affidavit of  
Robin B. Schwill  
sworn before me  
this 19<sup>th</sup> day of February, 2015



---

Commissioner for Taking Affidavits,  
Dina Milivojević



**EXHIBIT B**

**SUMMARY OF BILLING RATES AND HOURS EXPENDED**

<b>Individual</b>	<b>Rate (\$/hr)</b>	<b>Total Hours</b>	<b>Year of Call</b>
Jay A. Swartz	\$975.00	0.20	Ontario, 1975
Natasha MacParland	\$830.00	47.30	Ontario, 1999 Newfoundland, 1998
Natalie Renner	\$610.00	26.60	Ontario, 2008
Robin B. Schwill	\$910.00	9.60	Ontario, 1996
Samantha Henein	\$275.00	8.60	N/A
Lisa Hughes	\$365.00	2.00	N/A
Rachael Lee	\$275.00	1.80	N/A
Megan Cheema	\$275.00	0.70	N/A
Blended Hourly Rate	\$564.38		

This is Exhibit "C"  
referred to in the Affidavit of  
Robin B. Schwill  
sworn before me  
this 19<sup>th</sup> day of February, 2015



---

Commissioner for Taking Affidavits

Dina Milivojević

**DAVIES**

155 Wellington Street West  
Toronto ON M5V 3J7  
dwpv.com

**523094**

September 8, 2014

Bill No. 523094

File No. 246813

Richter Advisory Group Inc.  
2345 Yonge Street  
Suite 300  
Toronto, ON M4P 2E5

Attention: Paul van Eyk

**AFI HYDRO INC.**

Period: July 2, 2014 to August 31, 2014

FOR PROFESSIONAL SERVICES rendered during the above-noted period in connection with the above noted matter as set out in the attached account summary.

OUR FEE	\$ 45,781.50
DISBURSEMENTS (TAXABLE)	1,023.27
DISBURSEMENTS (NON-TAXABLE)	127.00
SUBTOTAL	46,931.77
HST @ 13%	6,084.63
TOTAL	<u>\$ 53,016.40</u>

GST/HST No. R118882927

PER 

DAVIES WARD PHILLIPS & VINEBERG LLP

In accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered.

Any disbursements incurred on your behalf and not charged to your account on the date of this statement will be billed later.

Payment can be wired as follows:

Canadian Dollars				US Dollars Pay by SWIFT MT 103			
BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9				REMIT TO AGENT BANK - INTERMEDIARY BANK Wells Fargo Bank, N.A., 375 Park Avenue, New York, NY 4080			
BANK # 010	TRANSIT # 00002	ACCOUNT # 29-09219	CIBC SWIFT CODE CIBCCATT	BIC/SWIFT PNBPUS3N NYC	ABA/ROUTING # 028 005 092	CHIPS 0509	CIBC's CHIPS UID 015035
BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP Canadian General Account				BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9			
BANK # 010	TRANSIT # 00002	ACCOUNT # 02-10714	CIBC SWIFT CODE CIBCCATT	BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP US General Account			
<i>As wire fees may be charged by the source bank, it may be advisable to instruct your bank to debit your account for these additional charges.</i>							

Please include file number as reference on transfer documents.

If you require further information, please contact David Neal, Collections Supervisor at 416.367.6950 or by e-mail at [DNeal@dwpv.com](mailto:DNeal@dwpv.com).

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**APPENDIX TO ACCOUNT**

**RICHTER ADVISORY GROUP INC.  
AFI HYDRO INC.**

**July 2, 2014 to August 31, 2014**

**TIME DETAIL**

<b>Date</b>	<b>Timekeeper</b>	<b>Description</b>	<b>Hours</b>
02/Jul/14	ROBIN B SCHWILL	Voicemail and e-mail exchanges with counsel to BMO regarding distribution matters; revising draft fee affidavit;	0.30
02/Jul/14	NATASHA MACPARLAND	Discussions with and emails with Ben Howard.	0.40
04/Jul/14	ROBIN B SCHWILL	Revising Fee Affidavit; Telephone call with BMO's counsel regarding possible bankruptcy; Telephone call with Pritesh Patel regarding same; reviewing and commenting on revised draft Second Report;	2.00
04/Jul/14	LISA HUGHES	Instructions received and searches and summaries ordered as required.	0.20
04/Jul/14	NATASHA MACPARLAND	Numerous emails.	0.30
07/Jul/14	ROBIN B SCHWILL	Conference call with Paul van Eyk, Pritesh Patel and counsel to BMO and Rob Keifer regarding distribution mechanics and bankruptcy application;	0.50
07/Jul/14	LISA HUGHES	Review searches and summaries received and update to include reference to previous results for searches other than personal property. Forward all results for reference as required.	1.80
08/Jul/14	ROBIN B SCHWILL	Reviewing and commenting on draft release regarding insurance payout on a particular damages claim;	0.90
08/Jul/14	NATASHA MACPARLAND	Review of opinion; discussions with Ben Howard.	0.70
10/Jul/14	ROBIN B SCHWILL	Reviewing and commenting on bankruptcy application materials;	0.10
22/Jul/14	ROBIN B SCHWILL	Discussion with Natalie Renner regarding trust claimant issue;	0.10
22/Jul/14	NATALIE RENNER	Drafting email re s81 claim.	0.30
24/Jul/14	ROBIN B SCHWILL	Telephone call with Pritesh Patel regarding Second Report; Telephone call with David Ward regarding same; reviewing and revising draft Second Report; e-mail exchanges regarding same;	1.70
25/Jul/14	ROBIN B SCHWILL	Finalizing and serving Second Report; drafting affidavit of service;	0.70
28/Jul/14	ROBIN B SCHWILL	Preparing submissions for bankruptcy application hearing;	0.40
30/Jul/14	NATALIE RENNER	Email re 30 day goods claim. Email to client re name change.	0.10
30/Jul/14	ROBIN B SCHWILL	Preparing for and attending at court on bankruptcy application; e-mail exchanges regarding court date for distribution motion; discussion with Natalie Renner regarding same;	2.60
06/Aug/14	NATALIE RENNER	Calls with Pritesh Patel re Third Report and Andritz settlement. Reviewing purchase agreement and receivership order.	1.30
07/Aug/14	NATALIE RENNER	Calls and reviewing materials re Andritz sale. Calls with client. Calls with Stikeman Elliot.	1.80
07/Aug/14	JAY A SWARTZ	Discuss sale or settlement of debt owing by AltaGas with Natalie Renner.	0.20
07/Aug/14	NATASHA MACPARLAND	Numerous discussions with Natalie Renner; numerous emails; review of Third Report.	2.00

**TIME DETAIL**

Date	Timekeeper	Description	Hours
08/Aug/14	NATALIE RENNER	Reviewing and commenting on third report. Call with Pritesh Patel to discuss concerns and changes.	2.50
08/Aug/14	NATASHA MACPARLAND	Discussions with Natalie Renner; engaged re opinion; engaged re report.	1.30
11/Aug/14	NATALIE RENNER	Finalizing opinion. Commenting on report. Discussions re same. Preparing materials in connection with motion.	3.90
11/Aug/14	NATASHA MACPARLAND	Engaged re opinion; engaged re Report; discussions with Natalie Renner.	1.00
12/Aug/14	NATALIE RENNER	Finalizing motion materials and coordinating swearing of affidavits.	2.10
12/Aug/14	RACHAEL LEE	Meeting with Natalie; Commissioned affidavits;	1.80
13/Aug/14	NATALIE RENNER	Preparing materials for motion record. Calls with Pritesh. Arranging for service and filing of Motion Record re August 20 motion.	5.50
18/Aug/14	NATALIE RENNER	Updates to R. Schwill re report.	0.40
18/Aug/14	NATASHA MACPARLAND	Engaged re motion record; discussion with Natalie Renner; review and revise Order.	2.70
19/Aug/14	NATALIE RENNER	Preparing materials for court.	1.70
19/Aug/14	NATASHA MACPARLAND	Discussions with Pritesh Patel; discussions with Natalie Renner; reviewing law re distributions; preparation for motion.	2.30
20/Aug/14	NATALIE RENNER	Emailing order to service list.	0.10
20/Aug/14	MEGAN CHEEMA	Traveled to courthouse to retrieve materials.	0.70
20/Aug/14	NATASHA MACPARLAND	Preparation for Court; attendance at Court; attending to Order being issued and entered; engaged re Andritz AR issue; discussions with Natalie Renner; discussions with Pritesh Patel; engaged re review of correspondence from M. Sullivan.	4.50
22/Aug/14	NATASHA MACPARLAND	Engaged re Andritz AR agreement; discussions with Pritesh Patel; discussions with Natalie Renner.	1.30
25/Aug/14	ROBIN B SCHWILL	Discussion with Natasha MacParland regarding construction trust claimant priority in bankruptcy cases;	0.30
25/Aug/14	NATALIE RENNER	Call with K. Kyte re Andritz.	0.40
25/Aug/14	SAMANTHA HENEIN	Compiled binder of cases for Natasha from Aird and Berlis flash.	0.40
25/Aug/14	NATASHA MACPARLAND	Discussions with Pritesh Patel regarding AR issues; discussions with Natalie Renner; telephone call to Alex Rose; engaged re construction lien issues; discussions with Robin Schwill; discussions with Samantha Henein.	2.70
26/Aug/14	NATALIE RENNER	Discussion of Andritz issues. Call to Kevin Kyte. Discussion of lien issues.	1.60
26/Aug/14	NATASHA MACPARLAND	Engaged re Andritz and AR issue; discussions with Natalie Renner; discussions with Pritesh Patel; review of agreement; discussions with Robin Schwill.	3.10
27/Aug/14	NATALIE RENNER	Emails and calls re Andritz.	0.30
27/Aug/14	NATASHA MACPARLAND	Engaged re AR issues and construction lien issues.	1.00
28/Aug/14	NATASHA MACPARLAND	Engaged re correspondence from Heather Acton; numerous emails.	1.20
29/Aug/14	NATALIE RENNER	Discussions re trust issues and letter re same.	0.40
29/Aug/14	SAMANTHA HENEIN	Meeting with Natalie Renner and Natasha MacParland regarding response letter re: asserted trust.	0.40

**TIME DETAIL**

Date	Timekeeper	Description	Hours
30/Aug/14	SAMANTHA HENEIN	Drafted response letter to Heather Acton regarding the trust claims over funds owing to Sullivan and Son Limited.	2.10
31/Aug/14	SAMANTHA HENEIN	Continued drafting response letter regarding trust claims.	2.30
<b>TOTAL</b>			<b>66.40</b>

**DISBURSEMENT SUMMARY**

	Amount
<b>Non-Taxable</b>	
Notice of Motion	127.00
<b>Taxable</b>	
Courier & Taxi	40.92
Searches/Rcports	305.00
Process Servers	45.00
Reproduction Charges	632.35
<b>TOTAL</b>	<b>1,150.27</b>



155 Wellington Street West  
Toronto ON M5V 3J7  
dwpv.com

524916

October 7, 2014

Bill No. 524916

File No. 246813

Richter Advisory Group Inc.  
2345 Yonge Street  
Suite 300  
Toronto, ON M4P 2E5

Attention: Paul van Eyk

**AFI HYDRO INC.**

Period: September 2, 2014 to September 30, 2014

FOR PROFESSIONAL SERVICES rendered during the above-noted period in connection with the above noted matter as set out in the attached account summary.

OUR FEE	\$ 16,362.00
DISBURSEMENTS (TAXABLE)	68.35
SUBTOTAL	<u>16,430.35</u>
HST @ 13%	<u>2,135.95</u>
TOTAL	<u><u>\$ 18,566.30</u></u>



In accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered.

Any disbursements incurred on your behalf and not charged to your account on the date of this statement will be billed later.

Payment can be wired as follows:

Canadian Dollars				US Dollars Pay by SWIFT MT 103			
BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9				REMIT TO AGENT BANK - INTERMEDIARY BANK Wells Fargo Bank, N.A., 375 Park Avenue, New York, NY 4080			
BANK #	TRANSIT #	ACCOUNT #	CIBC SWIFT CODE	BIC/SWIFT	ABA/ROUTING #	CHIPS	CIBC's CHIPS UID
010	00002	29-09219	CIBCCATT	PNBPUS3NNYC	026 005 092	0509	015035
BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP Canadian General Account				BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9			
BANK #	TRANSIT #	ACCOUNT #	CIBC SWIFT CODE	BANK #	TRANSIT #	ACCOUNT #	CIBC SWIFT CODE
010	00002	02-10714	CIBCCATT	010	00002	02-10714	CIBCCATT
BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP US General Account				BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP US General Account			
<i>As wire fees may be charged by the source bank, it may be advisable to instruct your bank to debit your account for these additional charges.</i>							

Please include file number as reference on transfer documents.

If you require further information, please contact David Neal, Collections Supervisor at 416.367.6950 or by e-mail at [DNeal@dwpv.com](mailto:DNeal@dwpv.com).

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**APPENDIX TO ACCOUNT**

**RICHTER ADVISORY GROUP INC.  
AFI HYDRO INC.  
September 2, 2014 to September 30, 2014**

<b>TIME DETAIL</b>							
<b>Task Code</b>	<b>Act. Code</b>	<b>Date</b>	<b>Timekeeper</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
		02/Sep/14	NATALIE RENNER	Reviewing letter re s67 trusts and providing comments. Call with Alex Rose. Discussions with S. Heinen.	2.00	610.00	1,220.00
		02/Sep/14	SAMANTHA HENEIN	Meeting with Natalie Renner to discuss draft of letter regarding trust claims and updated letter to incorporate comments.	2.80	275.00	770.00
		03/Sep/14	SAMANTHA HENEIN	Updated response letter to reflect Natasha's comments.	0.60	275.00	165.00
		03/Sep/14	NATASHA MACPARLAND	Reviewing and revising response letter on construction lien issues; discussions with Samantha Heenan; discussions with Pritesh Patel	1.50	830.00	1,245.00
		08/Sep/14	NATASHA MACPARLAND	Discussions with P. Patel; finalizing H. Acton letter; engaged re receivables issue.	1.80	830.00	1,494.00
		09/Sep/14	NATALIE RENNER	Reviewing contract. Emails to K. Kyte. Call to client. Discussions with N. MacParland.	1.00	610.00	610.00
		09/Sep/14	NATASHA MACPARLAND	Engaged re Alta Gas Coast; discussions with N. Renner; reviewing and revising assumption agreement; discussions with K. Kyke; discussions with P. Patel.	1.90	830.00	1,577.00
		10/Sep/14	NATALIE RENNER	Call with client. Call with Stikeman. Discussions with N. MacParland. Reviewing agreement.	1.20	610.00	732.00
		10/Sep/14	NATASHA MACPARLAND	Discussions with Natalie Renner regarding outstanding issues; discussions with Kevin Kyte regarding draft agreement; discussions with Pritesh Patel; reviewing draft documents.	3.10	830.00	2,573.00
		11/Sep/14	NATASHA MACPARLAND	Engaged re receivables issue; engaged re construction lien issue.	1.20	830.00	996.00
		15/Sep/14	NATASHA MACPARLAND	Discussions with Pritesh Patel; discussions with Kevin Kyte; numerous emails.	1.00	830.00	830.00

**TIME DETAIL**

Task Code	Act. Date	Timekeeper	Description	Hours	Rate	Amount
	22/Sep/14	NATASHA MACPARLAND	Discussions with Kevin Kyte; review of draft agreement.	1.50	830.00	1,245.00
	23/Sep/14	NATASHA MACPARLAND	Email to client; email to Michael Finley.	0.40	830.00	332.00
	24/Sep/14	NATASHA MACPARLAND	Engaged re Andritz receivable.	0.90	830.00	747.00
	26/Sep/14	NATASHA MACPARLAND	Engaged re receivable issue; discussions with Kevin Kyte; discussions with Pritesh Patel; discussions with Robin Schwill.	1.50	830.00	1,245.00
	29/Sep/14	NATASHA MACPARLAND	Discussions with Pritesh Patel; numerous emails; discussions with Kevin Kyte re HST issue.	0.70	830.00	581.00
<b>TOTAL</b>				<b>23.10</b>		<b>16,362.00</b>

**DISBURSEMENT SUMMARY**

	Amount
<b>Taxable</b>	
Process Servers	45.00
Reproduction Charges	23.35
<b>TOTAL</b>	<b>68.35</b>



155 Wellington Street West  
Toronto ON M5V 3J7  
dwpv.com

527447

November 14, 2014

Bill No. 527447  
File No. 246813

Richter Advisory Group Inc.  
2345 Yonge Street  
Suite 300  
Toronto, ON M4P 2E5

Attention: Paul van Eyk

**AFI HYDRO INC.**

Period: October 8, 2014 to October 31, 2014

FOR PROFESSIONAL SERVICES rendered during the above-noted period in connection with the above noted matter as set out in the attached account summary.

OUR FEE	\$ 3,486.00
DISBURSEMENTS (TAXABLE)	437.45
SUBTOTAL	3,923.45
HST @ 13%	510.05
TOTAL	<u>\$ 4,433.50</u>

In accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered.

Any disbursements incurred on your behalf and not charged to your account on the date of this statement will be billed later.

Payment can be wired as follows:

Canadian Dollars				US Dollars Pay by SWIFT MT 103			
BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9				REMIT TO AGENT BANK - INTERMEDIARY BANK Wells Fargo Bank, N.A., 375 Park Avenue, New York, NY 4080			
BANK # 010	TRANSIT # 00002	ACCOUNT # 29-09219	CIBC SWIFT CODE CIBCCATT	BIC/SWIFT PNBPUS3NYYC	ABA/ROUTING # 026 005 092	CHIPS 0509	CIBC's CHIPS UID 015035
BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP Canadian General Account				BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9			
BANK # 010	TRANSIT # 00002	ACCOUNT # 02-10714	CIBC SWIFT CODE CIBCCATT	BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP US General Account			
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**RICHTER ADVISORY GROUP INC.  
AFI HYDRO INC.  
Period: October 8, 2014 to October 31, 2014**

**TIME DETAIL**

Date	Timekeeper	Description	Rate	Hours	Amount
08/Oct/14	NATASHA MACPARLAND	Discussions with Kevin Kyte; numerous emails.	830.00	1.00	830.00
16/Oct/14	NATASHA MACPARLAND	Numerous discussions with Robin Schwill.	830.00	1.00	830.00
21/Oct/14	NATASHA MACPARLAND	Discussions with Pritesh Patel; discussions with Kevin Kyte; numerous emails.	830.00	1.00	830.00
29/Oct/14	NATASHA MACPARLAND	Finalizing Alta Gas arrangements; numerous e-mails	830.00	1.20	996.00
<b>TOTAL</b>				<b>4.20</b>	<b>3,486.00</b>

**DISBURSEMENT SUMMARY**

	Amount
<b>Taxable</b>	
Courier & Taxi	17.00
Reproduction Charges	420.45
<b>TOTAL</b>	<b>437.45</b>



155 Wellington Street West  
Toronto ON M5V 3J7  
dwpv.com

528678

December 5, 2014

Bill No. 528678

File No. 246813

Richter Advisory Group Inc.  
2345 Yonge Street  
Suite 300  
Toronto, ON M4P 2E5

Attention: Paul van Eyk

**AFI HYDRO INC.**

Period: November 6, 2014 to November 30, 2014

FOR PROFESSIONAL SERVICES rendered during the above-noted period in connection with the above noted matter as set out in the attached account summary.

OUR FEE	\$ 2,241.00
DISBURSEMENTS (TAXABLE)	121.65
SUBTOTAL	<u>2,362.65</u>
HST @ 13%	307.14
TOTAL	<u><u>\$ 2,669.79</u></u>

GST/HST No. R118882927

PER

DAVIES WARD PHILLIPS & VINEBERG LLP

In accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.3% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered.

Any disbursements incurred on your behalf and not charged to your account on the date of this statement will be billed later.

Payment can be wired as follows:

Canadian Dollars				US Dollars Pay by SWIFT MT 103			
BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9				REMIT TO AGENT BANK - INTERMEDIARY BANK Wells Fargo Bank, N.A., 375 Park Avenue, New York, NY 4080			
BANK # 010	TRANSIT # 00002	ACCOUNT # 29-09219	CIBC SWIFT CODE CIBCCATT	BIC/SWIFT PNBPUS3N NYC	ABA/ROUTING # 026 005 092	CHIPS 0609	CIBC's CHIPS UID 016035
BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP Canadian General Account				BENEFICIARY BANK Canadian Imperial Bank of Commerce (CIBC) CIBC Main Branch, Commerce Court, Toronto, Ontario M5L 1G9			
BANK # 010	TRANSIT # 00002	ACCOUNT # 02-10714	CIBC SWIFT CODE CIBCCATT	BANK ACCOUNT NAME Davies Ward Phillips & Vineberg LLP US General Account			
As wire fees may be charged by the source bank, it may be advisable to instruct your bank to debit your account for these additional charges.							

Please include file number as reference on transfer documents.

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**RICHTER ADVISORY GROUP INC.  
AFI HYDRO INC.  
November 6, 2014 to November 30, 2014**

**TIME DETAIL**

Date	Timekeeper	Description	Rate	Hours	Amount
06/Nov/14	NATASHA MACPARLAND	Numerous emails re Coast.	830.00	0.60	498.00
14/Nov/14	NATASHA MACPARLAND	Numerous emails.	830.00	0.50	415.00
18/Nov/14	NATASHA MACPARLAND	Engage re Coast Assumption Agreement.	830.00	0.50	415.00
19/Nov/14	NATASHA MACPARLAND	Engaged re receipt; discussions with Pritesh Patel; numerous emails.	830.00	0.80	664.00
26/Nov/14	NATASHA MACPARLAND	Numerous emails re Coast.	830.00	0.30	249.00
<b>TOTAL</b>				<b>2.70</b>	<b>\$2,241.00</b>

**DISBURSEMENT SUMMARY**

	Amount
<b>Taxable</b>	
Searches/Reports	120.00
Reproduction Charges	1.65
<b>TOTAL</b>	<b>\$121.65</b>

Tor#: 3163342.1

**122142 246813**

RICHTER ADVISORY GROUP INC.  
 AFI HYDRO INC.

BILL FROM: ALL TO:12/Feb/15  
 LAST BILL DATE: 05/Dec/14  
 LAST BILLED TO DATE: 30/Nov/14

FILE LAWYER: ROBIN B. SCHWILL  
 ASSIGNED LAWYER: ROBIN B. SCHWILL

CLIENT ADDRESS  
 RICHTER ADVISORY GROUP INC.  
 C/O MS. SHARKA HAMET  
 1981 MCGILL COLLEGE AVENUE, 11TH  
 FLOOR  
 MONTREAL, QC H3A 0G6  
 CANADA

BILLING ADDRESS  
 RICHTER ADVISORY GROUP INC.  
 2345 YONGE STREET, SUITE 300  
 TORONTO, ON , M4P 2E5  
 CANADA

PAUL VAN EYK

PAUL VAN EYK



**BILLING/WRITE-OFF INSTRUCTIONS**

BILL DATE \_\_\_\_\_  
 BILL [ ]

BILL UP TO: 12/Feb/15  
 WRITE-OFF [ ]

UNBILLED TIME @ STANDARD RATE		\$1,257.00	
UNBILLED TIME @ EFFECTIVE RATE		\$1,257.00	
PREMIUM DISCOUNT		\$0.00	
ADD:	UNPOSTED TIME	\$ _____	
	PREMIUM	\$ _____	
LESS:	TIME WRITE-OFF	\$ _____ *	
	TIME ON HOLD (SPECIFY)	\$ _____	
FEE BILLED		\$ _____	_____
UNBILLED DISBURSEMENTS		\$2.70	
LESS:	DISB. WRITE-OFF	\$ _____ *	
	DISB. ON HOLD (SPECIFY)	\$ _____	
DISBURSEMENTS BILLED		\$ _____	_____
TAX AMOUNT	TAX EXEMPT [ ]	\$ _____	_____
TOTAL BILL		\$ _____	_____
LESS: MATTER CREDITS			
ON ACCOUNT FEES	\$0.00		
ON ACCOUNT DISB	\$0.00		
UNAPPLIED CASH	\$0.00		
	AVAILABLE BALANCE	\$0.00 \$	_____
LESS: TRANSFER FROM TRUST			
	AVAILABLE BALANCE	\$0.00 \$	_____
BALANCE DUE		\$ _____	_____

\* If the write-off of time or disbursements exceeds \$100, and is in excess of the lesser of 10% of the total time or disbursements or \$999, the write-off has been approved by

\_\_\_\_\_  
 (Insert Name)

APPROVED BY \_\_\_\_\_ LWYR \_\_\_\_\_

The Accounting Department will not accept billings unless the Instructions box is completed and signed by a partner. A cheque requisition must accompany instructions to transfer trust funds.

**NOTES:**

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		UNBILLED TIME SUMMARY – STANDARD				
TIMEKEEPER		HOURS	EFFECTIVE AMOUNT	STANDARD AMOUNT	LAST ENTRY	LAST DOCKET
0645	N.MACPARLAND	0.40	332.00	332.00	05-Dec-14	22-Jan-15
0901	R.B.SCHWILL	1.00	925.00	925.00	10-Feb-15	11-Feb-15
TOTAL TIME		1.40	1,257.00			
TAX ON \$ 1,257.00 OF UNBILLED TIME				163.41		

UNBILLED DISBURSEMENT SUMMARY

CODE	DISB. TYPE	AMOUNT	TAX	LAST TRANSACTION
G99	Reproduction Charges	2.70	Y	05-Feb-15
TOTAL DISBURSEMENTS		2.70		
TAX ON \$ 2.70 OF DISBURSEMENTS		0.35		

DISBURSEMENTS MARKED WITH A 'Y' INDICATE TAXABLE  
DISBURSEMENTS MARKED WITH AN 'N' INDICATE EXEMPT

In estimating HST, our accounting system defaults to the tax rate associated with the matter billing address (as displayed on the first page of the prebill). It is the responsibility of the partner signing the account to ensure that the proper HST rate is applied to such account. Our accounting department is aware of the HST rules, but will not be in a position to make this heavily fact-based determination.

**DETAIL OF UNBILLED TIME - STANDARD**

DATE	TIMEKEEPER	HOURS	STD RATE	EFFECTIVE RATE	AMOUNT	DESCRIPTION
05-Dec-14	0645 N.MACPARLAND	0.40	830.00	830.00	332.00	Numerous emails re Coast Mountain.
08-Feb-15	0901 R.B.SCHWILL	0.80	925.00	925.00	740.00	Reviewing and commenting on draft Fourth Report;
10-Feb-15	0901 R.B.SCHWILL	0.20	925.00	925.00	185.00	Discussions with Dina Milivojevic regarding draft report and discharge motion materials;
<b>TOTAL UNBILLED TIME</b>		<b>1.40</b>			<b>1,257.00</b>	

**DETAIL OF UNBILLED DISBURSEMENTS**

DATE	CODE DISB.TYPE	AUTH	UNITS	AMOUNT	DESCRIPTION	AUDIT
05-Feb-15	G03 Reproduction Charges	2641-DY	18.00	2.70	Laser Printing; Final, 18 Page(s) Printed	20343574
<b>TOTAL UNBILLED DISBURSEMENTS</b>				<b>2.70</b>		

**BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985,  
c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS  
AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
  
(PROCEEDING COMMENCED AT TORONTO)**

**AFFIDAVIT OF  
ROBIN B. SCHWILL  
(Sworn February 19<sup>th</sup>, 2015)**

**Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7**

**Robin B. Schwill (LSUC #38452I)**

**Dina Milivojevic (LSUC #64521U)**

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**Lawyers for the Receiver**

**TAB 3**

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

THE HONOURABLE ) FRIDAY, THE 27th DAY  
)  
) OF FEBRUARY, 2015

**B E T W E E N:**

**BANK OF MONTREAL**

**Applicant**

- and -

**1817870 ONTARIO INC.  
(FORMERLY AFI HYDRO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**ORDER**

**THIS MOTION**, made by Richter Advisory Group Inc. ("**Richter**"), in its capacity as court appointed receiver (the "**Receiver**") of AFI Hydro Inc. (now 1817870 Ontario Inc.) ("**AFI**"), for an order:

1. if necessary, validating and abridging the time of service of the Notice of Motion and Motion Record and directing that any further service of the Notice of Motion



and Motion Record be dispensed with such that this Motion is properly returnable on the date scheduled for the hearing of this Motion;

2. authorizing and directing the Receiver to make payments totalling \$176,761 in respect of priority claims (the "**81.4 Claims**") under section 81.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"), \$174,470 of which shall be paid to Service Canada in respect of its subrogated claim under the *Wage Earner Protection Program Act* and \$2,291 of which shall be paid directly to affected former employees of AFI;

3. authorizing and directing the Receiver to distribute \$840,000 to the Bank of Montreal and BMO Capital Corporation (collectively, the "**Lender**") on account of the outstanding secured indebtedness (the "**Indebtedness**") owed to the Lender (the "**BMO Distribution**");

4. authorizing and directing the Receiver to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Priority Claims and Remaining Fees and Disbursements (each as defined in the Fourth Report of the Receiver dated February 20, 2015 (the "**Fourth Report**")) (collectively, the "**Outstanding Disbursements**") without further approval of this Court;

5. confirming that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended,

subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(2) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended, and that the Receiver is not required to obtain any certificate pursuant to any such statutory provisions and that the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order;

6. approving the Fourth Report and the activities of the Receiver set out therein;

7. approving the accounts of the Receiver and its counsel, Davies Ward Phillips & Vineberg LLP ("**Davies**"), including the Remaining Fees and Disbursements;

8. discharging the Receiver upon completion of certain remaining matters described in the Fourth Report (the "**Remaining Matters**"), and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Lender after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court; and

9. releasing Richter from any and all liability, as set out in paragraph 10 of this Order,

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Fourth Report and the Appendices thereto, including the Affidavit of Pritesh Patel sworn February 19, 2015 (the "**Patel Affidavit**") and the Affidavit of Robin B. Schwill sworn February 19, 2015 (the "**Schwill Affidavit**"), and on hearing the submissions of counsel to the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed.

### **SERVICE**

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

### **PAYMENTS TO CREDITORS**

2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to make payments totalling \$176,761 in respect of the 81.4 Claims, \$174,470 of which shall be paid to Service Canada in respect of its subrogated claim under the *Wage Earner Protection Program Act* and \$2,291 of which shall be paid directly to affected former employees of AFI;

3. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to pay the amount of \$840,000 to the Lender on account of the Indebtedness.

4. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and directed to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Disbursements without further approval of this Court;

5. **THIS COURT ORDERS** that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(2) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended, and the Receiver be and is hereby directed not to obtain any certificate pursuant to any such statutory provisions and that the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order.

#### **APPROVAL OF THE THIRD REPORT AND ACTIVITIES OF THE RECEIVER**

6. **THIS COURT ORDERS** that activities of the Receiver, as set out in the Fourth Report, and the Fourth Report be and are hereby approved.

## **FEES AND DISBURSEMENTS OF THE RECEIVER AND DAVIES**

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period of July 1, 2014 to January 31, 2015 as described in the Patel Affidavit be and are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Davies for the period of July 1, 2014 to January 31, 2015 as described in the Schwill Affidavit, be and are hereby approved.

## **DISCHARGE OF RECEIVER**

9. **THIS COURT ORDERS** that, upon the filing of a Receiver's certificate with this Court substantially in the form attached as Schedule "A" hereto, Richter is hereby discharged as Receiver of the undertaking, property and assets of AFI, provided however that notwithstanding its discharge herein (a) Richter shall remain Receiver for the performance of the Remaining Matters and such incidental duties as may be required to complete the administration of the receivership herein including making distributions of remaining proceeds to the Lender; and (b) Richter shall continue to have the benefit of the provisions of all Orders made in this proceeding including all approvals, protections and stays of proceedings in favour of Richter in its capacity as Receiver.

10. **THIS COURT ORDERS** that Richter is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as

Receiver, save and except for any gross negligence or wilful misconduct on the part of Richter. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings by any party served with notice of this motion, including the distribution to the Lender hereby authorized, save and except for any gross negligence or wilful misconduct on the part of Richter.

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**Schedule "A"**

Court File No. CV-14-10456-00CL

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

**BETWEEN:**

**BANK OF MONTREAL**

**Applicant**

- and -

**1817870 ONTARIO INC.  
(FORMERLY AFI HYDRO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED**

**RECITALS**

A. pursuant to the Order of the Court made on February 24, 2014 (the "**Receivership Order**"), RSM Richter Inc. was appointed as the receiver (the "**Receiver**") of 1817870 Ontario Inc. (formerly AFI Hydro Inc.);

C. pursuant to an Order of the Court made on February 27, 2015 (the "**Order**"), the Court authorized the Receiver to complete certain remaining matters described in the Fourth Report of the Receiver dated February 20, 2015 (the "**Remaining Matters**") and to distribute any residual amounts remaining in its possession to the Bank of

Montreal and BMO Capital Corporation after the payment of the Outstanding Disbursements (as defined in the Order);

**THE RECEIVER HEREBY CERTIFIES** that it has, in accordance with the Order, completed the Remaining Matters and paid the Outstanding Disbursements.

**DATED** at Toronto, Ontario this        day of        , 2015.

Richter Advisory Group Inc.  
the Receiver of 1817870 Ontario Inc.  
and not in its personal capacity

By: \_\_\_\_\_  
Name:  
Title:



BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43, AS AMENDED

Court File No. CV-14-10456-00CL

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

Proceeding commenced at Toronto

**ORDER**

**DAVIES WARD PHILLIPS & VINEBERG LLP**  
155 WELLINGTON STREET WEST  
TORONTO, ON M5V 3J7

Robin B. Schwill (LSUC #38452I)  
Dina Milivojevic (LSUC #64521U)  
Tel: 416.863.0300  
Fax: 416.863.0871

Lawyers for the Receiver

**TAB 4**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE ■ ) ■ ~~DAY~~ FRIDAY, THE ■ 27th DAY  
JUSTICE ■ ) OF ■ FEBRUARY, 20■-2015  
BETWEEN: )

PLAINTIFF

Plaintiff

BANK OF MONTREAL

Applicant

- and -

DEFENDANT

Defendant

1817870 ONTARIO INC.  
(FORMERLY AFI HYDRO INC.)

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY  
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF  
JUSTICE ACT, R.S.O. 1990, c. C.43 AS AMENDED

DISCHARGE ORDER

**THIS MOTION**, made by ~~[RECEIVER'S NAME]~~ Richter Advisory Group Inc. ("Richter"), in its capacity as the ~~Court~~ court appointed receiver (the "Receiver") of ~~the undertaking, property and assets of [DEBTOR]~~ (the "~~Debtor~~" AFI Hydro Inc. (now 1817870 Ontario Inc.) ("AFI")), for an order:

1. if necessary, validating and abridging the time of service of the Notice of Motion and Motion Record and directing that any further service of the Notice of Motion and Motion Record be dispensed with such that this Motion is properly returnable on the date scheduled for the hearing of this Motion;

2. authorizing and directing the Receiver to make payments totalling \$176,761 in respect of priority claims (the "81.4 Claims") under section 81.4 of the Bankruptcy and Insolvency Act (the "BIA"), \$174,470 of which shall be paid to Service Canada in respect of its subrogated claim under the Wage Earner Protection Program Act and \$2,291 of which shall be paid directly to affected former employees of AFI;

3. authorizing and directing the Receiver to distribute \$840,000 to the Bank of Montreal and BMO Capital Corporation (collectively, the "Lender") on account of the outstanding secured indebtedness (the "Indebtedness") owed to the Lender (the "BMO Distribution");

4. authorizing and directing the Receiver to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Priority Claims and Remaining Fees and Disbursements (each as defined in the Fourth Report of the

Receiver dated February 20, 2015 (the "Fourth Report")) (collectively, the "Outstanding Disbursements") without further approval of this Court;

5. confirming that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(2) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O, c. R.31, as amended, and that the Receiver is not required to obtain any certificate pursuant to any such statutory provisions and that the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order;

6. 1. approving the Fourth Report and the activities of the Receiver as set out in the report of the Receiver dated [DATE] (the "Report"); therein;

7. 2. approving the fees and disbursements accounts of the Receiver and its counsel, Davies Ward Phillips & Vineberg LLP ("Davies"), including the Remaining Fees and Disbursements;

3. ~~approving the distribution of the remaining proceeds available in the estate of the Debtor;~~  
~~[and]~~

8. ~~4. discharging [RECEIVER'S NAME] as Receiver of the undertaking, property and assets of the Debtor;~~ and the Receiver upon completion of certain remaining matters described in the Fourth Report (the "Remaining Matters"), and authorizing the Receiver to distribute any residual amounts remaining in its possession to the Lender after the payment of the Outstanding Disbursements, subject to the Receiver filing a certificate evidencing the same with the Court; and

9. ~~4. releasing [RECEIVER'S NAME] Richter from any and all liability, as set out in paragraph 510 of this Order},<sup>1</sup>~~

was heard on this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Fourth Report, the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits and the Appendices thereto, including the Affidavit of Pritesh Patel sworn February 19, 2015 (the "Patel Affidavit") and the Affidavit of Robin B. Schwill sworn February 19, 2015 (the "Schwill Affidavit")), and on hearing the submissions of counsel ~~for~~to the Receiver, no one ~~else~~ appearing for any other person on the service list, although properly served as evidenced by the Affidavit of [NAME] sworn [DATE] appears from the affidavit of service, filed;<sup>2</sup>

## SERVICE

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<sup>1</sup> ~~\_\_\_\_\_ If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.~~

<sup>2</sup> ~~\_\_\_\_\_ This model order assumes that the time for service does not need to be abridged.~~

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

**PAYMENTS TO CREDITORS**

2. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to make payments totalling \$176,761 in respect of the 81.4 Claims, \$174,470 of which shall be paid to Service Canada in respect of its subrogated claim under the *Wage Earner Protection Program Act* and \$2,291 of which shall be paid directly to affected former employees of AFI;

3. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to pay the amount of \$840,000 to the Lender on account of the Indebtedness.

4. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to retain approximately \$46,845 from the available cash on hand remaining following payment of the 81.4 Claims and the BMO Distribution, and to use such funds to pay the Outstanding Disbursements without further approval of this Court;

5. THIS COURT ORDERS that any payments made by the Receiver pursuant to the authorizations granted to the Receiver under this Order are not and shall not be deemed to be distributions that are subject to the provisions of any one of subsection 159(2) of the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement), as

amended, subsection 23(5) of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended, subsection 86(3) of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, subsections 81(1) and 270(2) of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, subsection 19(2) of the *Employer Health Tax Act*, R.S.O. 1990, c. E. 11, as amended, and subsection 107(2) of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, as amended, and subsection 22(5) of the *Retail Sales Tax Act*, R.S.O. c. R.31, as amended, and the Receiver be and is hereby directed not to obtain any certificate pursuant to any such statutory provisions and that the Receiver shall not be liable in any manner for failure to obtain any certificate pursuant to any such statutory provisions prior to making the payments pursuant to the authorizations granted to the Receiver under this Order.

#### **APPROVAL OF THE THIRD REPORT AND ACTIVITIES OF THE RECEIVER**

6. 1. THIS COURT ORDERS that the activities of the Receiver, as set out in the Fourth Report, and the Fourth Report be and are hereby approved.

2. \_\_\_\_\_

#### **FEES AND DISBURSEMENTS OF THE RECEIVER AND DAVIES**

7. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, for the period of July 1, 2014 to January 31, 2015 as described in the Patel Affidavit be and are hereby approved.



~~3. THIS COURT ORDERS that, after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to [NAME OF PARTY].<sup>3</sup>~~

8. THIS COURT ORDERS that the fees and disbursements of Davies for the period of July 1, 2014 to January 31, 2015 as described in the Schwill Affidavit, be and are hereby approved.

**DISCHARGE OF RECEIVER**

9. ~~4. THIS COURT ORDERS that, upon payment of the amounts set out in paragraph 3 hereof [and upon the Receiver the filing of a Receiver's certificate certifying that it has completed the other activities described in the Report], the Receiver shall be with this Court substantially in the form attached as Schedule "A" hereto, Richter is hereby discharged as Receiver of the undertaking, property and assets of the Debtor AFI, provided however that notwithstanding its discharge herein (a) the Receiver Richter shall remain Receiver for the performance of the Remaining Matters and such incidental duties as may be required to complete the administration of the receivership herein, including making distributions of remaining proceeds to the Lender; and (b) the Receiver Richter shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of [RECEIVER'S NAME] Richter in its capacity as Receiver.~~

10. ~~5. [THIS COURT ORDERS AND DECLARES that [RECEIVER'S NAME] Richter is hereby released and discharged from any and all liability that~~

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<sup>3</sup> ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

~~[RECEIVER'S NAME]~~Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of ~~[RECEIVER'S NAME]~~Richter while acting in its capacity as Receiver ~~herein~~, save and except for any gross negligence or wilful misconduct on the Receiver's part of Richter. Without limiting the generality of the foregoing, ~~[RECEIVER'S NAME]~~Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings by any party served with notice of this motion, including the distribution to the Lender hereby authorized, save and except for any gross negligence or wilful misconduct on the Receiver's part of Richter.<sup>4</sup>

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<sup>4</sup> ~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.~~

**Schedule "A"**

**Court File No. CV-14-10456-00CL**

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

**BETWEEN:**

**BANK OF MONTREAL**

**Applicant**

**- and -**

**1817870 ONTARIO INC.**  
**(FORMERLY AFI HYDRO INC.)**

**Respondent**

**APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY**  
**ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF**  
**JUSTICE ACT, R.S.O. 1990, c. C.43 AS AMENDED**

**RECITALS**

**A. pursuant to the Order of the Court made on February 24, 2014 (the**  
**"Receivership Order"), RSM Richter Inc. was appointed as the receiver (the**  
**"Receiver") of 1817870 Ontario Inc. (formerly AFI Hydro Inc.);**

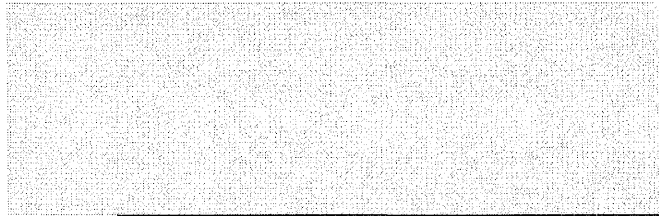
**C. pursuant to an Order of the Court made on February 27, 2015 (the "Order"),**  
**the Court authorized the Receiver to complete certain remaining matters described in**  
**the Fourth Report of the Receiver dated February 20, 2015 (the "Remaining Matters")**  
**and to distribute any residual amounts remaining in its possession to the Bank of**

Montreal and BMO Capital Corporation after the payment of the Outstanding Disbursements (as defined in the Order):

THE RECEIVER HEREBY CERTIFIES that it has, in accordance with the Order, completed the Remaining Matters and paid the Outstanding Disbursements.

DATED at Toronto, Ontario this            day of            , 2015.

Richter Advisory Group Inc.  
the Receiver of 1817870 Ontario Inc.  
and not in its personal capacity



By

.

Name:  
Title:

BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT,  
R.S.O. 1990, c. C.43, AS AMENDED

Court File No. CV-14-10456-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER

DAVIES WARD PHILLIPS & VINEBERG LLP  
155 WELLINGTON STREET WEST  
TORONTO, ON M5V 3J7

Robin B. Schwill (LSUC #38452I)

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Lawyers for the Receiver

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Moved cell	
Split/Merged cell	
Padding cell	

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Court File No. CV-14-10456-00CL

**BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
  
(PROCEEDING COMMENCED AT TORONTO)**

**MOTION RECORD  
(Returnable February 27, 2015)**

**Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7**

**Robin B. Schwill (LSUC #38452I)  
Dina Milivojevic (LSUC #64521U)**

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**Lawyers for the Receiver**

**BANK OF MONTREAL – and – 1817870 ONTARIO INC. (FORMERLY AFI HYDRO INC.)  
APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
  
(PROCEEDING COMMENCED AT TORONTO)**

**MOTION RECORD  
(Returnable February 27, 2015)**

**Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7**

**Robin B. Schwill (LSUC #38452I)  
Dina Milivojevic (LSUC #64521U)**

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**Lawyers for the Receiver**