

This is the 2<sup>nd</sup> affidavit of L. Fournier in this case and was made on March 13, 2018

No. S174308 Vancouver Registry

#### IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

**PLAINTIFF** 

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP
WEDGEMOUNT POWER (GP) INC.,
WEDGEMOUNT POWER INC.
THE EHRHARDT 2011 FAMILY TRUST
POINTS WEST HYDRO POWER LIMITED PARTNERSHIP
by its general partner POINTS WEST HYDRO (GP) INC.
CALAVIA HOLDINGS LTD.
SWAHEALY HOLDINGS LIMITED
BRENT ALLAN HARDY
DAVID JOHN EHRHARDT
28165 YUKON INC.
PARADISE INVESTMENT TRUST
SUNNY PARADISE INC.

**DEFENDANTS** 

#### **AFFIDAVIT**

- I, LUC FOURNIER, of 1080 Grande Allée West, Quebec City, Quebec G1K 7M3 SWEAR THAT:
- 1. Until August 31, 2017, I was a Senior Portfolio Manager Private Placements working for the Plaintiff, Industrial Alliance Insurance and Financial Services Inc. ("IA"), and as such, have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be based on information and belief, and where so stated I verily believe them to be true.

2. I have read the Affidavit of Bruce Chow made January 19, 2018 (the "Chow Affidavit"), the Affidavit of Melinda McKie (the "McKie Affidavit"), the Affidavit of Paul Chambers (the "Chambers Affidavit"), and the Affidavit of Michael Potyok (the "Potyok Affidavit") sworn in this matter. I have adopted the capitalized terms used in the McKie Affidavit, unless otherwise defined herein.

## Background

- 3. IA advanced funds to Wedgemount LP pursuant to the Credit Agreement and Note as described in paragraph 13 of my first Affidavit herein. The funds were advanced by IA to Wedgemount LP for the purpose of Wedgemount LP's development and construction of the Wedgemount Creek hydroelectric power project (the "**Project**") near Whistler, British Columbia.
- 4. Prior to IA advancing funds to Wedgemount LP, IA conducted standard due diligence into the Wedgemount Entities and the Project. In the course of such due diligence, IA obtained a copy of the Energy Purchase Agreement between Wedgemount LP, by its general partner Wedgemount GP, and the British Columbia Hydro and Power Authority ("BCH") dated March 6, 2015 (the "EPA"). A redacted copy of the EPA is attached as Exhibit "A" to the Chow Affidavit.
- 5. As a condition of entering into the Credit Agreement and the Note and advancing funds to Wedgemount LP, IA:
  - (a) entered into a Lender Consent Agreement with BCH dated June 30, 2015 ("LCA") whereby BCH agreed that it would not terminate the EPA solely because of the insolvency of Wedgemount LP as long as IA is promptly and diligently prosecuting enforcement proceedings. Attached hereto as Exhibit "A" is a copy of the LCA;
  - (b) obtained a comfort letter from BCH on interconnection by Aug 31, 2016 Attached hereto as **Exhibit "B"**.
- 6. The LCA further provides that IA may elect to take possession of the Project, including by way of a Receiver, and give written notice to BCH that IA or the Receiver wishes to cause Wedgemount LP to assign the EPA to a third person or persons.
- 7. The Project suffered from setbacks and delays, many of which are detailed in the Potyok Affidavit. Moreover, Wedgemount LP failed to make payments as required under the Credit

Agreement and the Note. On December 6, 2016, IA issued demand to Wedgemount LP for payment of all amounts due under the Credit Agreement and the Note, along with Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

- 8. IA entered into a Forbearance Agreement with Wedgemount LP on February 10, 2017 whereby IA agreed to forbear from exercising its remedies under the Credit Agreement and the Note until April 30, 2017.
- 9. As at February 10, 2017, Wedgemount LP was indebted to the Plaintiff in the approximate amount of \$21,951,065.79, together with interest accruing thereafter pursuant to the Credit Agreement and Note, plus costs (legal or otherwise) of enforcing the Credit Agreement.
- 10. Wedgemount LP failed to pay the amounts due under the Credit Agreement and the Note to the Plaintiff despite the Plaintiff's demand that Wedgemount LP do so.
- 11. On May 9, 2017, IA commenced this action to appoint a Receiver over the Wedgemount Entities in order to ensure risks at the Project site are properly managed and to protect the value of the assets for all the creditors of the Wedgemount Entities.
- 12. On May 12, 2017, the Honourable Mr. Justice Steeves granted an order (the "Receivership Order") appointing Deloitte Restructuring Inc. (the "Receiver") as Receiver of the Wedgemount Entities. Attached hereto as Exhibit "C" is a copy of the Receivership Order.

## **Events During the Receivership Proceedings**

13. On May 9, 2017, I attended a conference call between IA and BCH to discuss the Project and the Receivership Order being sought by IA. Frank Lin, Ryan Hefflick and Vic Rempel attended the conference call on behalf of BCH and myself, Stefanie Leduc and Maxime Durivage attended on behalf of IA. During this conference call on May 9, 2017, the BCH representatives informed us that extending the Target COD should not be a problem because the facility study report which forms part of the Final Interconnection Study Report was not completed. It was suggested that I reach out to Roland Saltsby with the BCH department responsible for EPAs and they will find a solution.

14. Attached hereto as **Exhibit "D"** is a copy of contemporaneous notes that I made during the May 9, 2017, meeting. There is a notation on the top of the second page of the notes that reads:

This notation was my way of recording that the final facility study was the trigger for the timing of the target COD.

- 15. I tried to reach Mr. Saltsby by phone but my call was not returned. I eventually attended a meeting with the BCH department responsible for EPAs in June.
- 16. On June 14, 2017, I attended a meeting at the BCH offices in Burnaby, BC, between IA and BCH to discuss the Project following the appointment of the Receiver. I had suggested two separate meetings, one with the BCH Interconnections Group and one with the BCH department responsible for EPAs. BCH advised that they would like one meeting with everyone in attendance.
- 17. The June 14, 2017 meeting was attended on behalf of BCH by:
  - (a) Vic Rempel and Ryan Hefflick, who I understood were part of the interconnection team of BCH; and
  - (b) Olha Lui and Joanne McKenna, who I understood represented the BCH department responsible for EPAs.

IA was represented by Stéfanie Leduc, Maxime Durivage and myself. During this meeting, when asked by IA about the risk of the September 30, 2017, date, Olha Lui informed us that IA should not worry about the EPA remaining valid even if the COD was not achieved by September 30, 2017, because the facility study was not final, and the time did not start to run until it was finalized.

18. IA relied on the comments from BCH representatives that BCH would not terminate the EPA if COD was not achieved by September 30, 2017 when deciding to continue to advance funds for the Project, including those funds which were to be advanced by the Receiver to BCH.

SWORN BEFORE ME at the City of Quebec, in the Province of Quebec, this 3 day of March, 2018.

A Notary in and for the Province of Quebec

LUC FOURNIER

referred to in the affidavit #2
of Luc Fournier sworn before
me at \_\_\_\_\_\_\_\_, Quebec.
this \_\_\_\_\_\_\_\_\_ day of March, 2018

A Notary in and for the Province of Quebec

## LENDER CONSENT AGREEMENT WEDGEMOUNT HYDROELECTRIC PROJECT

(See section 7.4 (c) of the Electricity Purchase Agreement)

THIS AGREE	EMENT is made as of JONE 30 , 2015,
AMONG:	
	BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, a corporation continued under the <i>Hydro and Power Authority Act</i> , R.S.BC 1996, c.212, having its head office at 333 Dunsmuir Street, Vancouver, British Columbia, V6B 5R3
	(the "Buyer")
AND:	
	WEDGEMOUNT POWER LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of British Columbia and acting and represented by its general partner, WEDGEMOUNT POWER (GP) INC., a corporation incorporated under the laws of the Province of [British Columbia] (the "General Partner") having an address at [5403 Buckingham Avenue, Burnaby, British Columbia V5E 1Z9]
	(the "Seller")
AND:	
,	TRAVELERS CAPITAL CORPORATION, having an address at 501 - 4180 Lougheed Highway, Burnaby, British Columbia, V5C 6A7
	(the "Agent").
WHEREAS:	
A. The E March 6, 201 the "EPA");	Buyer and the Seller entered into an Electricity Purchase Agreement made as of 5 (as further amended, modified, restated and/or supplemented from time to time,
B. Pursua	ant to a credit agreement to be entered into among the Seller, as borrower, the

lenders from time to time party thereto (the "Lenders") and the Agent, as agent for the Lenders (as amended, modified, restated, renewed and/or supplemented from time to time, the "Credit Agreement"), the Seller will obtain certain credit facilities (the "Credit") from the Lenders for the purposes of financing the design, construction, operation and maintenance of the Seller's Plant (as defined in the EPA);

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- C. To secure the due payment of all principal, interest (including interest on overdue interest), premium (if any) and other amounts payable in respect of the Credit and the due performance of all other obligations, present and future, of the Seller under the Credit Agreement and the other Finance Documents (as defined in the Credit Agreement), the Seller and the General Partner have granted or will grant certain security to and in favour of the Agent, as administrative agent for and on behalf of the Lenders, including, without limitation, assignments by way of security of, and grant of security interest in, all of the right, title and interest of the Seller and the General Partner under the EPA and security on the Seller's Plant (as defined in the EPA) (collectively, the "Agent Security"); and
- **D.** The Agent, for and on behalf of the Lenders, has requested the Buyer to enter into this Agreement confirming certain matters.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the sum of \$10 and other good and valuable consideration now paid by each of the Seller and the Agent to the Buyer (the receipt and sufficiency of which are hereby acknowledged by the Buyer), the parties covenant and agree that:

- 1. Additional Definitions: In this Agreement, including the recitals:
  - (a) "Assumption Notice" means a notice given by the Agent to the Buyer pursuant to subsection 6.l(a) of this Agreement;
  - "Default or Termination Notice" means a notice given to the Seller by the Buyer under the EPA that, with or without the lapse of time, entitles, or shall entitle, the Buyer to terminate the EPA, subject to rights, if any, of the Seller to cure the default or other circumstance in respect of which the notice is given;
  - (c) "Receiver" means a receiver, manager or receiver-manager appointed or designated by, or on the initiative of, the Agent; and
  - (d) words and phrases defined in the EPA, and not otherwise defined herein, when used herein have the meanings given in the EPA.
- 2. <u>EPA Amendments</u>: The Buyer and the Seller acknowledge and agree that the EPA is in full force and effect, and that the EPA, as originally executed, has not been amended.
- 3. Buyer Confirmations Concerning the EPA: The Buyer confirms to the Agent that:
  - (a) the EPA has been duly authorized, executed and delivered by the Buyer;
  - (b) the Buyer has not received any notice of assignment by the Seller or the General Partner of all or any part of their right, title and interest in and to the EPA, except to the Agent;

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- (c) the Buyer has not given any Default or Termination Notice;
- (d) the Buyer is not aware of any default or other circumstance that would entitle the Buyer to give a Default or Termination Notice, provided however that the Buyer has not undertaken any investigation or due diligence in respect of this confirmation; and

the Buyer shall not enter into any agreement with the Seller to materially amend or replace the EPA, or enter into any agreement with the Seller to terminate the EPA, without giving the Agent not less than 30 days' prior written notice.

## 4. Assignment of EPA to Agent:

- 4.1 Buyer Acknowledgement: The Buyer acknowledges receipt of notice of, and consents to, the assignment by the Seller and the General Partner to the Agent of all the right, title and interest of the Seller and the General Partner in and to the EPA made pursuant to and in accordance with the Agent Security.
- 4.2 Agent Acknowledgement: The Agent acknowledges that:
  - (a) it has received a copy of the EPA; and
  - (b) the assignment by the Seller and the General Partner to the Agent of the EPA pursuant to the Agent Security is subject in all respects to the terms and conditions of the EPA and this Agreement.
- 4.2 Confidentiality: The Agent covenants and agrees with the Buyer to be bound by the provisions of section 7.8 of the EPA regarding confidentiality, as if an original signatory thereto.
- 4.3 Seller Representation: Each of the Seller and the General Partner represents and warrants to the Buyer that the Agent is the only person to whom it has granted a security interest in the EPA or the Seller's Plant.
- 5. <u>EPA Notices</u>: The Buyer covenants and agrees with the Agent that, except as hereinafter otherwise permitted, the Buyer:
  - (a) shall give the Agent a copy of any Default or Termination Notice concurrently with, or promptly after, any such notice is given to the Seller;
  - (b) shall not exercise any right it may have to terminate the EPA until the later of: (i) the date that is 45 days after the date on which the Buyer delivered to the Agent a copy of the Default or Termination Notice entitling the Buyer to terminate the EPA; and (ii) the date on which the Buyer is entitled to terminate the EPA;
  - (c) shall not, provided that there is no other Buyer termination event under the EPA, terminate the EPA based on either or both of the Seller and the General Partner becoming Bankrupt or Insolvent if the Agent is promptly and diligently prosecuting to completion enforcement proceedings under the Agent Security

until 30 days after the expiry of any court order period restricting the termination of the EPA; and

(d) shall not exercise any right it may have under section 5.6 of the EPA to deduct any amounts owing by the Seller to the Buyer under the EPA from amounts owing by the Buyer to the Seller under the EPA until the date that is 15 days after the date the Buyer provides the Agent with a copy of the notice delivered by the Buyer to the Seller under section 5.6 of the EPA.

Nothing in this Agreement prevents or restricts: (i) the exercise by the Buyer of any other right or remedy that it may be entitled to exercise under or in relation to the EPA; or (ii) the right of the Agent, without any obligation to do so, to cure, or cause the cure of, any default of the Seller or the General Partner under the EPA that would be curable by the Seller or the General Partner, whether or not an Assumption Notice is given.

## 6. Realization by Agent:

- 6.1 Assumption Notice and/or Sale: If the Seller or the General Partner has defaulted under the Credit Agreement or the Agent Security and the Agent has elected to take possession of the Seller's Plant, either by a Receiver or in any other way, pursuant to the Security, the Agent shall either:
  - (a) give the Buyer written notice (an "Assumption Notice") stating that the Agent is assuming the EPA, whereupon:
    - (i) the Agent shall be entitled to all the rights and benefits, and shall have assumed, and shall perform and discharge, all the obligations and liabilities, of the Seller or the General Partner under the EPA, and the Agent shall be a party to, and bound by, the EPA as if an original signatory thereto in the place and stead of the Seller;
    - (ii) notwithstanding subparagraph (i), the Agent shall not be liable to the Buyer for defaults of the Seller or the General Partner occurring before the Assumption Notice is given, except to the extent that such defaults continue thereafter; provided however that the Buyer may at any time before or after such notice is given exercise any rights of set-off in respect of any such prior default under or in relation to the EPA which the Buyer would otherwise be entitled to exercise; or
  - (b) give written notice to the Buyer that the Agent wishes to cause the Seller or the General Partner to assign all of the Seller's or the General Partner's right, title and interest in and to the EPA and the Seller's Plant to a third person or persons, subject however to the Seller and the assignee complying with all provisions of the EPA relative to such assignment.

The Buyer agrees that if the Agent enters the Seller's Plant for the purpose of viewing or examining the state of repair, condition or operation thereof such shall not constitute taking possession thereof.

- 6.2 Agent Liability and Release: The Agent assumes no liability to the Buyer under the EPA unless and until the Agent gives an Assumption Notice. Thereafter, if the Agent completes an assignment to a third person or persons pursuant to and in accordance with the applicable provisions of the EPA, the Agent shall be released from all liability and obligations of the Seller or the General Partner to the Buyer under the EPA accruing from and after completion of that assignment.
- 6.3 Seller and the General Partner not Released: Nothing in this Agreement, and neither the giving of an Assumption Notice, nor any assignment pursuant to sub-section 6.1(b) of this Agreement releases the Seller or the General Partner from its obligations and liabilities to the Buyer under and in relation to the EPA.
- 6.4 Receiver Included: References in this section 6 to the Agent include a Receiver.
- 7. <u>Notices</u>: Any notice required or permitted to be given under this Agreement must be in writing and may be given by personal delivery, or by transmittal by facsimile, addressed to the respective parties as follows:
  - (a) Buyer at:

British Columbia Hydro and Power Authority 333 Dunsmuir Street, 17<sup>th</sup> Floor Vancouver, British Columbia, V6B 5R3

Attention: Director, Business Development & Contract Management

Facsimile No.: 604-623-4335

Email: IPP.Contract@bchydro.com

(b) Seller at:

Wedgemount Power Limited Partnership 5403 Buckingham Avenue Burnaby, British Columbia V5E 1Z9

Attention:

Mr. David Ehrhardt

Email:

dehrhardt@telus.net

Facsimile No.: 604-649-1200

(c) Agent at:

Travelers Capital Corporation 501 - 4180 Lougheed Highway Burnaby, British Columbia V5C 6A7 Attention: Mark Bohn Facsimile No.: (844) 211-8877

Notices given by facsimile shall be deemed to be received on the Business Day next following the date of transmission.

- 8. <u>Choice of Law</u>: This Agreement is governed by British Columbia law, and the laws of Canada applicable therein.
- 9. <u>Jurisdiction</u>: Each party to this Agreement attorns irrevocably and unconditionally to the courts of the Province of British Columbia, and to courts to which appeals therefrom may be taken, in connection with any action, suit or proceeding commenced under or in relation to this Agreement. Notwithstanding the foregoing, the Agent acknowledges that upon an Assumption Notice being given, the Agent shall become party to, and bound by, the agreements to arbitrate contained in section 7.5 of the EPA.
- 10. <u>Termination</u>: This Agreement, and all rights and liabilities among the parties hereunder shall terminate upon the full and final discharge of all of the Agent Security. The Agent shall give the Buyer prompt notice of the full and final discharge of all of the Agent Security.
- 11. <u>Amendment</u>: This Agreement may be amended only by an instrument in writing signed by each of the parties hereto.
- 12. Enurement: This Agreement enures to the benefit of, and is binding upon, the parties hereto, and their respective successors and permitted assigns.
- 13. <u>Counterparts</u>: This Agreement may be executed by facsimile and in any number of counterparts, each of which is deemed an original, and all of which together constitute one and the same document.
- 14. <u>Effective Date</u>: This Agreement is not binding upon any party unless and until executed and delivered by all parties, whereupon this Agreement will take effect as of the day first above written.

IN WITNESS WHEREOF each of the parties has duly executed this Agreement as of the day and year first above written. BRITISH COLUMBIA HYDRO AND WEDGEMOUNT **POWER AUTHORITY** PARTNERSHIP acting and represented by its general partner WEDGENOUNT POWER (GP) INC. By: (Signature) Name: (Signature) Title: Name: Bruce Chow TRAVELERS CAPITAL CORPORATION By: (Signature) Name: \_\_ Mark Bohn Managing Partner Title: \_

The attached is **Exhibit "B"**referred to in the affidavit #2
of Luc Fournier sworn before
me at <u>Quince</u>, Quebec.
this <u>B</u> day of March, 2018

A Notary in and for the Province of Quebec

# BChydro 🖫

BC HYDRO
Generator interconnections
Edmonds BO3 - 6911 Southpoint Drive
Burnaby, BC V3N 4X8

Industrial Alliance Insurance and Financial Services Inc., as lender 1080 Grande Allée Ouest C.P. 1907, Succursale Terminus Québec (Québec) G1K 7M3

Travelers Capital Corporation, as agent Sulte 501 – 4180 Lougheed Hwy. Burnaby, British Columbia V5C 6A7

June 22, 2015

Dear Sirs/Mesdames:

Re: Wedgemount Creek 5.4 MW Capacity Run-Of-River hydroelectric facility located near Whistler, British Columbia - Latitude 50 06'36" North and 122 57'00" West (the "Project"): Confirmation of status of Distribution Generator Interconnection Agreement ("DGIA") to be entered into between British Columbia Hydro And Power Authority ("BCH") and Wedgemount Power Limited Partnership ("WPLP")

BCH has been approached by WPLP with respect to the development of the Project and BCH and WPLP have entered into an electricity purchase agreement (standing offer program) ("EPA") made as of March 6, 2015.

We are advised by WPLP that you are considering providing the construction and term financing for the Project.

As part of the interconnection of the Project to enable the flow of electric power from WPLP's Plant (as defined in the EPA) to the Distribution System or Transmission System (as defined in the EPA), BCH prepared a Distribution System Impact Study for the Project on November 28, 2014 (the "Project DIS"). BCH confirms that it is currently conducting a facilities study of the Project (the "Facilities Study").

Subject to implementation of the recommendations put forth in the Project DIS, BCH does not anticipate any concerns or risks to arise in connection with the Facilities Study. The Facilities Study is expected to be available for WPLP to review by the end of February 2016.

Upon completion of the Facilities Study, BCH and WPLP will enter into a DGIA. BCH anticipates the DGIA to be fully executed by BCH and WPLP by the end of March 2016.

BCH understands that it may be beneficial to WPLP for some of the load interconnection steps to be conducted in parallel to the Facilities Study. BCH will commit to discuss this possibility and the Early

# BC hydro 🛭

Engineering and Procurement Agreement with WPLP as soon as the opportunity arises. In any event, BCH expects that the implementation phase should be finalized for an August 31, 2016 in service date.

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Yours truly,

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Per:

Ryan Hefflick Manager, Generator Interconnections The attached is **Exhibit "C"**referred to in the affidavit #2
of Luc Fournier sworn before
me at \_\_\_\_\_\_\_, Quebec.
this \_\_\_\_\_\_\_\_, day of March, 2018

A Notary in and for the Province of Quebec

SUPREME GOURT OF BRITISH COLUMBIA VANCOUVER REGISTRY
MAY 1 2 2017

NO. S-174308 VANCOUVER REGISTRY

ENTERED

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

**PLAINTIFF** 

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP
WEDGEMOUNT POWER (GP) INC.
WEDGEMOUNT POWER INC.
THE EHRHARDT 2011 FAMILY TRUST
POINTS WEST HYDRO POWER LIMITED PARTNERSHIP
by its general partner POINTS WEST HYDRO (GP) INC.
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SWAHEALY HOLDING LIMITED
BRENT ALLAN HARDY
DAVID JOHN EHRHARDT
28165 YUKON INC.
PARADISE INVESTMENT TRUST
SUNNY PARADISE INC.

**DEFENDANTS** 

## ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE		)	FRIDAY, THE 12 <sup>TH</sup> I	DAY
MR. JUSTICE	STEEVES	) }	OF MAY, 2017.	
	•	)		

ON THE APPLICATION of the Plaintiff, for an Order pursuant to Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the Law and Equity Act, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing Deloitte Restructuring Inc. ("Deloitte") as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of Wedgemount Power Limited Partnership ("Wedgemount LP"), Wedgemount Power (GP) Inc. ("Wedgemount GP") and Wedgemount Power Inc. ("Wedgemount Power") (collectively, the "Wedgemount Entities") acquired for, or used in relation to a business

carried on by the Wedgemount Entities, coming on for hearing this day at the Courthouse, 800 Smite Street, Vancouver, British Columbia.

AND ON READING the Notice of Application dated May 9, 2017, the Affidavit #1 of Luc Fournier sworn May 9, 2017, the Affidavit #1 of Kristine Jang sworn May 10, 2017 and the consent of Deloitte to act as the Receiver; AND ON HEARING Daniel Shouldice, Counsel for the Plaintiff, and other counsel as listed on **Schedule "A"** hereto.

## THIS COURT ORDERS AND DECLARES that:

#### APPOINTMENT -

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Wedgemount Entities, including all proceeds thereof (the "Property").

## RECEIVER'S POWERS

- 2. 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 Wedgemount Entities, 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 other business, or cease to perform any contracts of the Wedgemount Entities;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons, including Midgard Consulting Inc., 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 Wedgemount Entities or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Wedgemount Entities and to exercise all remedies of the Wedgemount Entities in collecting such monies, including, without limitation, to enforce any security held by the Wedgemount Entities;
- (g) to settle, extend or compromise any indebtedness owing to the Wedgemount Entities;
- (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 Wedgemount Entities, for any purpose pursuant to this Order;
- to undertake environmental or workers' health and safety assessments of the Property and operations of the Wedgemount Entities;
- 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 Wedgemount Entities, 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 and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (I) 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 \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; 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 Section 59(10) of the Personal Property Security Act, R.S.B.C. 1996, c. 359 shall not be required;

(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;

- (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 considered necessary or appropriate by the Receiver, in the name of the Wedgemount Entities;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Wedgemount Entities, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Wedgemount Entities;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Wedgemount Entities may have;
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- in respect of the Impact and Benefits Agreement dated August 1, 2014 (the "Squamish-Lil'wat IBA") between inter alia, Squamish Nation, Lil'wat Nation, and Wedgemount Power (with the interest of Wedgemount Power having been assigned by Wedgemount Power to Wedgemount LP and then assigned as security by Wedgemount LP to the Plaintiff), the Receiver;
  - (i) is authorized and permitted, but not obligated, to make all payments and perform all obligations of Wedgemount LP under the IBA,
  - (ii) may only terminate the Squamish-Lil'wat IBA,
    - A. in accordance with the termination provisions in the IBA, and
    - B. with the consent of the Plaintiff, or
    - C. subject to a further court order on notice to the Plaintiff and to the Squamish and Lil'wat Nations,
  - (iii) may only sell or assign the interest of Wedgemount LP in the Squamish Lil'wat IBA subject to the terms of the Squamish Lil'wat IBA,

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provided that in making any payments or performing any obligations under the Squamish-Lil'wat IBA as permitted herein, the Receiver does not become bound by nor incur any obligations under the Squamish-Lil'wat IBA,

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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 Wedgemount Entities, and without interference from any other Person.

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

- Each of (i) the Wedgemount Entities, (ii) all of the Wedgemount Entities's 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, including Colmac Capital Corp. and Eco Flow Energy Corporation (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 (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
- 4. 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 Wedgemount Entities, 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 4 or in paragraph 5 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.
- 5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an 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, without limitation, 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

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6. 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 WEDGEMOUNT ENTITIES OR THE PROPERTY

7. No Proceeding against or in respect of the Wedgemount Entities 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 Wedgemount Entities or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Wedgemount Entities and the Receiver.

# NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Wedgemount Entities, 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 nothing in this Order shall (i) empower the Receiver or the Wedgemount Entities to carry on any business which the Wedgemount Entities is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

## NO INTERFERENCE WITH THE RECEIVER

9. 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 Wedgemount Entities, without written consent of the Receiver or leave of this Court.

# CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Wedgemount Entities 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 of any kind to the Wedgemount Entities 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 Wedgemount Entities' 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 Wedgemount Entities 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.

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# RECEIVER TO HOLD FUNDS

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**

Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Wedgemount Entities shall remain the employees of the Wedgemount Entities until such time as the Receiver, on the Wedgemount Entities' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Wedgemount Entities, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

Pursuant to Section 7(3)(c) of the Personal Information Protection and Electronic 13. Documents Act, S.C. 2000, c. 5 or Section 18(1)(o) of the Personal Information Protection Act, S.B.C. 2003, c. 63, the Receiver may 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 Wedgemount Entities, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

# LIMITATION ON ENVIRONMENTAL LIABILITIES

Nothing in this Order shall require the Receiver to occupy or to take control, care, 14. 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 relating to 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, 1999, S.C. 1999, c. 33, the Fisheries Act, R.S.C. 1985; c. F-14, the Environmental Management Act, R.S.B.C. 1996, c. 118 and the Fish Protection Act, S.B.C. 1997, c. 21 and regulations thereunder (collectively "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 the Receiver is actually in possession.

# LIMITATION ON THE RECEIVER'S LIABILITY

- 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:
  - (a) any gross negligence or wilful misconduct on its part; or
  - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

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.

- The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, 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.
- 17. The Receiver and its legal counsel shall pass their 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 Supreme Court of British Columbia and may be heard on a summary basis.
- 18. 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**

- 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 \$2.0 million (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver 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.
- 20. 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.

21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule** "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

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22. 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.

## **ALLOCATION**

23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

## **GENERAL**

- 24. 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. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Wedgemount Entities.
- 26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and 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. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and 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. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Wedgemount Entities' estate with such priority and at such time as this Court may determine.
- 29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business 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.

30. Endorsement of this Order by counsel appearing on this application other than the Plaintiff is hereby dispensed.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of Daniel Shouldice lawyer for the Plaintiff

BY THE COURT

DISTRICT REGISTRAR

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#### SCHEDULE "A"

## LIST OF COUNSEL

Industrial Alliance Insurance and Financial Services Inc. v.
Wedgemount Power Limited Partnership et al
SCBC No. \_\_\_\_\_

Counsel for the Plaintiff, Industrial Alliance Insurance and Financial Services Inc.  Gowling WLG (Canada) LLP 2300 - 550 Burrard Street Vancouver, BC V6C 2B5	Counsel for DoForder A 7816S Poven Inc. Amenda Berren
Daniel Shouldice tel: 604-683-6498 fax: 604-683-3558 direct line: 604-891-2286 email: daniel.shouldice@gowlingwlg.com	

[14] Marking and .

# SCHEDULE "B"

### RECEIVER CERTIFICATE

CERTIFICATE NO.	
AMOUNT	\$ •

- 1. THIS IS TO CERTIFY that Deloitte, the Receiver (the "Receiver") of all of the assets, undertakings and properties of the Wedgemount Entities acquired for, or used in relation to a business carried on by the Wedgemount Entities, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the 12<sup>th</sup> day of May, 2017 (the "Order") made in SCBC Action No. S-174308 has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
- The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded and interest interest thereon calculated and compounded and interest interest interest thereon calculated and compounded and interest interest
- 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 the Property in respect of its remuneration and expenses.
- 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 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 under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the day of \_\_\_\_\_\_, 201

Deloitte Restructuring Ltd. solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:

Name:

Title:

The attached is **Exhibit "D"**referred to in the affidavit #2
of Luc Fournier sworn before
me at \_\_\_\_\_\_\_\_, Quebec.
this \_\_\_\_\_\_\_\_\_ day of March, 2018

A Notary in and for the Province of Quebec

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No. S174308 Vancouver Registry

# IN THE SUPREME COURT OF BRITISH COLUMBIA

**BETWEEN:** 

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

**PLAINTIFF** 

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP
WEDGEMOUNT POWER (GP) INC.
WEDGEMOUNT POWER INC.
THE EHRHARDT 2011 FAMILY TRUST
POINTS WEST HYDRO POWER LIMITED PARTNERSHIP by
its general partner POINTS WEST HYDRO (GP) INC.
CALAVIA HOLDINGS LTD.
SWAHEALY HOLDING LIMITED
BRENT ALLAN HARDY
DAVID JOHN EHRHARDT
28165 YUKON INC.
PARADISE INVESTMENT TRUST
SUNNY PARADISE INC.

**DEFENDANTS** 

## **AFFIDAVIT**

GOWLING WLG (CANADA) LLP Barristers & Solicitors Suite 2300, 550 Burrard Street Vancouver, BC V6C 2B5

> Tel. No. 604.683.6498 Fax No. 604.683.3558

File No. L67090009

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