



This is Affidavit #1
of Huey Lee in this case
and was made on October 22, 2015

No. S144832
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

KATZIE COAST MARINE SERVICES INC.
KATZIE COAST MARINE OPERATIONS (2009) INC.
COAST MARINE SERVICES 2004 LTD.
0818987 B.C. LTD.
COAST MARINE SERVICES INC.
KATZIE FIRST NATION BAND

RESPONDENTS

AFFIDAVIT

I, Huey Lee, of 2800 – 1055 Dunsmuir Street, Vancouver British Columbia, accountant,
SWEAR THAT:

1. I am a partner at Deloitte Restructuring Inc. (“**Deloitte**”), court appointed receiver and manager (the “**Receiver**”) of the Respondents Katzie Coast Marine Services Inc., Katzie Coast Marine Operations (2009) Inc., Coast Marine Services 2004 Ltd., 0818987 B.C. Ltd. and Coast Marine Services Inc. and as such have personal knowledge of the facts hereinafter deposed to except where stated to be on information and belief, in which case I verily believe them to be true.
2. I am one of the individuals at Deloitte that had primary carriage of this receivership proceeding, and I am authorized to make this affidavit on behalf of Deloitte.

3. Capitalized terms used herein but not otherwise defined have the same meanings as are ascribed to them in the Third Report of the Receiver, dated October 21, 2015 (the “**Third Report**”).

4. Attached hereto and marked as indicated are the following Exhibits (together, the “**Invoices**”):

Exhibit	Invoice description	Amount
A	Invoice # 3693910, dated November 27, 2014	\$59,752.35
B	Invoice #3874620, dated July 21, 2015	\$25,044.60

5. As detailed in the Invoices, from June 23, 2014 to July 17, 2015, the amount of the Receiver’s fees was \$80,759.00, plus GST in the amount of \$4,037.95, for a total amount of \$84,796.95.

6. In addition to the foregoing, as at the date of this affidavit, the Receiver has incurred, but not billed, fees of approximately \$4,000 (exclusive of taxes), and estimates that it will incur further fees of approximately \$2,500 (exclusive of taxes) to the completion of this matter, assuming the Receiver’s application for discharge is not opposed.

7. To the best of my knowledge, information and belief, the information contained in the Invoices as to:

- (a) the number of hours worked;
- (b) the nature of work performed;
- (c) the identity of the individuals who performed work; and
- (d) the rates charged for the work performed,

is true and correct in all respects.


8. The details of the work carried out by the Receiver in these proceedings are set forth in the First Report, the Second Report and the Third Report (collectively, the “**Reports**”). I have reviewed the Reports and confirm that, to the best of my knowledge, information and belief, the work detailed therein was carried out by the Receiver, and that such work was necessary to the Receiver completing its obligations under the Receivership Order.

9. The incurred fees set out in the Invoices are calculated on the basis of the hours spent by the Receiver's personnel, multiplied by the applicable standard hourly rates charged by Deloitte in its insolvency practice. To the best of my knowledge, information and belief, such hourly rates are consistent with those charged by other large chartered accounting firms for work of a similar nature in Vancouver, B.C.

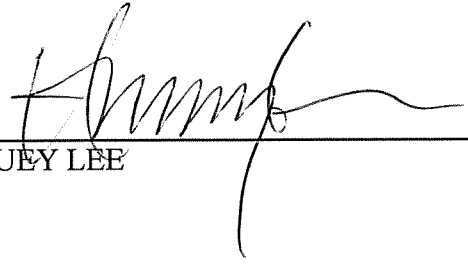
10. As part of the application for the Receiver's discharge, the Receiver is seeking an order releasing Deloitte from any liability that might arise in relation to its role as Receiver. The Receiver notes that the Receivership Order includes a limitation on the Receiver's liability, however, the Receiver has concerns with specific issues that arose after the Receivership Order was made. In particular, the Receiver notes that the Miller 309 (which initially formed part of the Property the Receiver was appointed over) remains submerged near Mosquito Creek Marina in North Vancouver which, notwithstanding the Receiver's disclaimer of any interest in the Miller 309, could result in one or more parties, including the Port of Metro Vancouver taking action against Deloitte. As part of its mandate, the Receiver was also tasked with selling marine vessels which were in a poor state of repair. Although appropriate disclosure was made to purchasers there is a risk that a party may seek to advance a claim against Deloitte for any damages or losses caused by the poor state of the vessels. Accordingly, the Receiver is of the opinion that the release sought is appropriate in the circumstances.

11. I have read Affidavit #1 of Kibben Jackson affirmed on October 22, 2015, and I refer to the invoices of FMD that are attached to that affidavit as Exhibits "A" - "N" thereto. I am satisfied that the work detailed therein was completed by FMD and in my experience, the fees and rates charged by FMD in those invoices are consistent with those charged by other large law firms for work of a similar nature in Vancouver, B.C.

SWORN BEFORE ME at Vancouver,)
British Columbia, on 22 October,)
2015)



A Commissioner for taking Affidavits for)
British Columbia)




HUEY LEE

ILYA MARGULIS
*A Commissioner for Taking Affidavits
For the Province of British Columbia*
**Suite 2800 - 1055 Dunsmuir Street
Vancouver, B.C. V7X 1P4**
Appointment Expires: June 30, 2016



This is Exhibit "A" referred to in the affidavit of Huey Lee sworn before me at Vancouver in the Province of British Columbia, this 22 day of October 2015


A Commissioner for taking Affidavits for British Columbia

Deloitte Restructuring Inc.
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-640-3060
Fax: 604-602-1583
www.deloitte.ca

Bank of Montreal
595 Burrard Street, Suite 2200
Vancouver, BC V7X 1L7

Attention: Mr. Larry Chipman, Senior Account Manager

Date: November 27, 2014
Invoice No: **3693910**
Client/Mandate No: 805397 -1000436
Partner: H Lee
GST Registration No: 122893605

Invoice

For professional services rendered for the period June 23, 2014 to November 13, 2014 in connection with our appointment as **Court Appointed Receiver of Katzie Coast Marine Services et al.**, pursuant to the Receivership Order dated June 26, 2014. Services rendered include:

- Attendance at Roger St. site to take possession and secure vessels;
- Multiple ongoing discussions and meeting with Mr. G. Kleaman regarding location of books and records, general business operations, statutory filings, GST, outstanding liabilities, location and condition of vessels and other assets;
- Multiple discussions with Mr. J. Tweedale, legal counsel for G. Kleaman regarding Katzie Coast Marine affairs;
- Coordination and arrangement of general liability insurance coverage during receivership period;
- Coordination and engagement of Accurate Effective Bailiffs and Harlow Marine International to inspect and appraise vessels;
- Management of Request for Listing Proposals process;
- Management and administration of sales of vessels;
- Various discussions and arrangements with marinas to connection with the moorage of vessels;
- Review and follow-up with respect to denial of Miller 309 insurance claim with Receiver's legal counsel (K. Jackson, M. Parrish). Various investigations and discussions with insurer (R. DeSouza), Bank of Montreal, Katzie First Nation, G. Kleaman and legal counsel relating to the Miller 309 insurance claim. Preparation and consideration of options, next steps and conclusion with respect to Miller 309 insurance matter;
- Ongoing discussions and arrangements with Rogers Sugar and Vancouver Sand & Gravel in connection with the lease of Rogers St. property;
- Various discussions with Vancouver Sand & Gravel in relation to a settlement agreement with G. Kleaman and sale of barge ramp;

- Review of Imperial Paving claim in connection with Malaspina Straits vessel;
- Preparation of the Receiver's First Report to Court to approve the sale of various vessels;
- Preparation of Receiver's interim Estimated Outcome Statements;
- Preparation and filing of GST returns;
- Preparation of bank reconciliations;
- Updates to Receiver's website;
- Continued discussions with creditors and lessors; and
- Attendance to all other statutory obligations in relation to this matter.


Professional Fees	\$ 126,461.00
Less discount provided	(69,554.00)
Net fees	56,907.00
GST @ 5%	2,845.35
Total	59,752.35
Less Payment Received	(59,752.35)
Amount payable	\$ 0.00

Schedule of Hours by Professional

Name	Level	Hours	Fee \$
Huey Lee	Partner	30.4	26,144.00
Paul Chambers	Senior Manager	100.6	67,905.00
Tim Morahan	Manager	22.2	12,210.00
Allison Burton	Senior Analyst	51.8	20,202.00
Gross Fee		205.0	126,461.00
Discount			(69,554.00)
Net Fee			56,907.00
Average hourly rate			277.60



This is Exhibit "B" referred to in the affidavit of Huey Lee sworn before me at Vancouver in the Province of British Columbia, this 22 day of October 2015


A Commissioner for taking Affidavits for British Columbia

Deloitte Restructuring Inc.
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-640-3060
Fax: 604-602-1583
www.deloitte.ca

Bank of Montreal
595 Burrard Street, Suite 2200
Vancouver, BC V7X 1L7

Attention: Mr. Larry Chipman, Senior Account Manager

Date: July 21, 2015
Invoice No: 3874620
Client/Mandate No: 805397 -1000436
Partner: H Lee
GST Registration No: 122893605

Invoice

For professional services rendered for the period November 14, 2014 to July 17, 2015 in connection with our appointment as **Court Appointed Receiver of Katzie Coast Marine Services et al.**, pursuant to the Receivership Order dated June 26, 2014. Services rendered include:

- Management and administration of sales of vessels, and liaison with broker on same;
- Various discussions and arrangements with marinas to connection with the moorage of vessels;
- Review and follow-up with respect to denial of Miller 309 insurance claim with Receiver's legal counsel (K. Jackson, M. Parrish). Various investigations and discussions with insurer (R. DeSouza), Bank of Montreal, Katzie First Nation, G. Kleaman and legal counsel relating to the Miller 309 insurance claim. Preparation and consideration of options, next steps and conclusions with respect to Miller 309 insurance matter;
- Ongoing discussions and arrangements with Rogers Sugar and Vancouver Sand & Gravel in connection with the lease of Rogers St. property;
- Various discussions and negotiations with Vancouver Sand & Gravel in relation to a settlement agreement with G. Kleaman and sale of barge ramp;
- Coordination and arrangement of general liability insurance coverage during the receivership period;
- Preparation of the Receiver's Second and Third Reports to Court to approve the sale of various vessels, and to obtain the Receiver's discharge;
- Preparation of Receiver's interim Estimated Outcome Statements and liaison with BMO on same;
- Preparation and filing of GST returns;
- Preparation of bank reconciliations;
- Updates to Receiver's website;
- Continued discussions with creditors and lessors; and

Bank of Montreal

July 21, 2015

Page 2

- Attendance to all other statutory obligations in relation to this matter.

Professional Fees	\$ 53,007.00
Less discount provided	(29,155.00)
Net fees	23,852.00
GST @ 5%	1,192.60
Total	25,044.60
Less Payment Received	(25,044.60)
Amount payable	\$ 0.00

Schedule of Hours by Professional

Name	Level	Hours	Fee \$
Huey Lee	Partner	13.1	11,266.00
Paul Chambers	Senior Manager	53.1	35,842.50
Allison Burton	Senior Analyst	13.9	5,428.50
Pauline Huie	Administration	3.2	470.00
Gross Fee		83.3	53,007.00
Discount			(29,155.00)
Net Fee			23,852.00
Average hourly rate			286.34

No. S144832
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

KATZIE COAST MARINE SERVICES INC. et.al

RESPONDENTS

AFFIDAVIT #1 OF HUEY LEE

FASKEN MARTINEAU DuMOULIN LLP

Barristers and Solicitors
2900 - 550 Burrard Street
Vancouver, BC, V6C 0A3
+1 604 631 3131

Counsel: Danielle Toigo
Matter No: 242587.00098