



This is the 1<sup>st</sup> affidavit  
of Jason Ratzlaff in this case  
and was made on 16/AUG/2022

NO. S-222758  
VANCOUVER REGISTRY

## IN THE SUPREME COURT OF BRITISH COLUMBIA

THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF 0989705 B.C.  
LTD., ALDERBRIDGE WAY GP LTD., AND ALDERBRIDGE WAY LIMITED PARTNERSHIP

PETITIONERS

### AFFIDAVIT

I, JASON RATZLAFF, of Abbotsford, British Columbia, SWEAR (OR AFFIRM) THAT:

#### INTRODUCTION

1. I am a director of each of the petitioners: 0989705 B.C. Ltd. ("**098**") and Alderbridge Way GP Ltd. (the "**GP**"). The GP is the sole general partner of the petitioner Alderbridge Way Limited Partnership (the "**LP**" and together with 098 and the GP, the "**Petitioners**") and as such I have personal knowledge of the matters herein deposed to, except where such facts are stated to be based upon information and belief and where so stated I do verily believe the same to be true.
2. This affidavit is made in support of the Petitioners' application (the "**Administration Charge Application**") to be heard on or about August 19, 2022, relating to an increase in the administration charge (the "**Administration Charge**") originally granted in the initial order pronounced April 1, 2022 (the "**Initial Order**") in these proceedings.
3. In preparing this affidavit, I have relied in various instances on information provided to me by the other directors and advisors of the Petitioners, and where I have relied on such information, I believe such information to be true. Based on my understanding of the matters deposed to herein and from my own review of the Petitioners' books and records, I believe the facts set out herein, as well as those set out in the Administration Charge Application, are true and correct in all material respects.

4. I am authorized to make this Affidavit on behalf of the Petitioners.
5. This affidavit is made in conjunction with Graham Thom's first affidavit sworn March 31, 2022 ("**First Thom Affidavit**"), Graham Thom's second affidavit sworn March 30, 2022 ("**Second Thom Affidavit**"), and Graham Thom's third affidavit sworn April 22, 2022 ("**Third Thom Affidavit**", together with the First Thom Affidavit and the Second Thom Affidavit, the "**Thom Affidavits**") all filed in connection with these CCAA proceedings.
6. Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to them in the First Thom Affidavit.

#### **ADMINISTRATION CHARGE**

7. At the time of the CCAA filing, the directors of the Petitioners understood that the Petitioners' counsel's outstanding fees relating to restructuring work would be paid by the Petitioners, with approval of the monitor, which at that time was Alvarez & Marsal Canada Inc., and later The Bowra Group Inc. (as applicable, in such capacity, the "**Monitor**"), in accordance with the cash flow prepared at the time of the Initial Order (the "**Initial Cash Flow**") and the resulting Initial Order of the CCAA court.
8. The directors of the Petitioners also understood that: the Initial Order and related reasons for judgment of Madam Justice Fitzpatrick pronounced April 1, 2022 (the "**Reasons**") provided for payment of the Petitioners' counsel's pre-filing fees from the Petitioners' interim facility and that its counsel's additional fees throughout the CCAA proceedings would be paid on a go-forward basis, by the Petitioners with approval of the Monitor.
9. I understand from reviewing the First Affidavit of Belinda Diaz, sworn on August 16, 2022 ("**First Diaz Affidavit**") that the Petitioners are owed approximately \$504,348.63 (before application of a \$50,000 retainer).
10. The Petitioners brought the Administration Charge Application to increase the Administration Charge as a direct result of the Monitor, with the approval of the Petitioners' senior secured creditor, Romspen Investment Corporation ("**Romspen**"), not providing payment for all of the Petitioners' counsel's invoices as anticipated. In fairness to the Monitor, I understand that the Monitor was unable or unwilling to facilitate payments given the position of Romspen and/or Romspen not providing the required forecast advance under the interim facility.

#### **ADMINISTRATION CHARGE APPLICATION**

11. Under the Administration Charge Application, the Petitioners seek to increase the Administration Charge from \$300,000.00 to \$700,000.00 and specifically allocate \$500,000.00 to our counsel, Dentons Canada LLP.

12. The purpose of the increase and allocation sought is to protect the Petitioners' counsel from the risk of not recovering its outstanding legal fees incurred in connection with this restructuring, which have not been paid in accordance with the Initial Cash Flow, the intentions of the Petitioners and the Petitioners' counsel at the time of the Initial Order, and the terms of the Initial Order (and now the Second Amended and Restated Initial Order made August 11, 2022 in these proceedings and known as the "**SARIO**"). Currently, the Administration Charge is not sufficient to protect the Petitioners' counsel for amounts owing for outstanding fees.
13. I understand Romspen opposes the Petitioners' Administration Charge Application, claiming, among other things, that the Petitioners have not provided evidence of the Petitioners' counsel's involvement in these CCAA proceedings, prior to and after the date of the Initial Order.
14. I believe that the Monitor's reports filed in these proceedings and the Thom Affidavits provide detail on the work that the Petitioners, and the Petitioners' counsel, have done to advance the restructuring of the Petitioners and the Development, both before and after the CCAA filing. However, this Affidavit will provide further details of the Petitioners' counsel's activity.

#### **ACTIVITIES OF THE PETITIONERS' COUNSEL**

15. Both prior to and following the CCAA filing, the Petitioners' business, and the Development, have been complex. The Development is a large project, with a significant impact for all stakeholders, including the City of Richmond, pre-sale purchasers, contractors, and creditors.
16. The Petitioners engaged the Petitioners' counsel in July 2020, during the COVID pandemic, and after Romspen ceased funding under the Petitioners' construction loan agreements.
17. Since engaging the Petitioners' counsel in July 2020 and up to the present day, the Petitioners' counsel has been integral to the Petitioners' restructuring efforts.
18. Throughout these CCAA proceedings, the Petitioners have continued to:
  - (a) work with their counsel and the Monitor to facilitate monitoring of the Petitioners' business;
  - (b) work with their counsel and the Monitor to prepare and progress the CCAA SISF, including working with the Monitor to retain a sales agent to assist with the CCAA SISF and addressing requests arising through the CCAA SISF; and

- (c) with the Petitioners' counsel, meet with secured creditors and major stakeholders, including contractors, while responding to information requests from various stakeholders.
19. Since its engagement, the Petitioners' counsel has advised on:
- (a) assessing the Petitioners' assets and liabilities and analyzing restructuring options;
  - (b) reviewing alternative construction financing term sheets, and seeking economic concessions from project proponents to address project economics, including extensive discussions with the LP's limited partners, the agent for the Petitioners' second lien lenders (the "**2ML Agent**"), and other creditors;
  - (c) as further discussed in the First Thom Affidavit, negotiating, documenting and closing additional advances from the Petitioners' second lien lenders, (the "**2ML Lenders**"), in May 2020, July 2020, June 2021, August 2021 and January 2022;
  - (d) as further discussed in the First Thom Affidavit, working with Petitioners to meet with or respond to concerns of key Development stakeholders, including the City of Richmond, contractors, purchasers, Romspen, the 2ML Lenders, the 2ML Agent, CIBT, the LP limited partners and MetroCan;
  - (e) as further discussed in the First Thom Affidavit, in April 2021, assisting in engaging A&M for contingency planning matters in relation to a potential insolvency filing, including coordinating a sales process and a strategic review of the Petitioners' capital structure and liquidity requirements;
  - (f) as further discussed in the First Thom Affidavit, in May 2021, developing and progressing a sales process (the "**2021 SISP**"), including retaining a sales agent, advising on the sale process and negotiating with prospective bidders. The 2021 SISP was extensive, involving 31 potential bidders, 17 of whom signed non-disclosure agreements and 14 of whom accessed the 2021 SISP data room. The Petitioners' counsel also attended regular progress meetings throughout this phase with Romspen and its counsel, which meetings continued up to the CCAA filing;
  - (g) as further discussed in the First Thom Affidavit, in July 2021, assisting the Petitioners in executing a letter of intent with a well-known British Columbia property developer ("**Developer 1**");
  - (h) as further discussed in the First Thom Affidavit, in September 2021, drafting and negotiating a restructuring support agreement with Developer 1, which the parties signed, but which, despite considering an alternative proposal from Developer 1, was unable to proceed and ultimately terminated in January 2022;

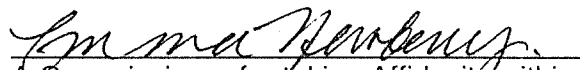
- (i) as further discussed in the First Thom Affidavit, in March 2022, negotiating a term sheet for a potential credit bid involving the Petitioners and assisting the Petitioners in negotiating a term sheet with a construction lender;
  - (j) assisting the Petitioners in negotiating and establishing potential interim financing facilities in connection with the CCAA proceedings; and
  - (k) preparing materials for the initial CCAA filing, which occurred on April 1, 2022.
20. Following commencement of these CCAA proceedings, the Petitioners' counsel has played a critical role in court filings and appearances including:
- (a) attending the hearing for and obtaining the Initial Order and a related sealing order;
  - (b) filing an application for a stay extension, attending the hearing and obtaining the order;
  - (c) advising the Petitioners on the terms of a second interim financing facility and negotiating same;
  - (d) advising the Petitioners in respect of Romspen's request to substitute the Monitor in these proceedings;
  - (e) advising the Petitioners in respect of Romspen's proposed CCAA SISF process and CCAA SISF order and proposed consent receivership;
  - (f) filing an application for the amended and restated initial order ("**ARIO**"), negotiating the same with the parties involved, attending the hearing and obtaining the ARIO;
  - (g) assisting the Petitioners with requests relating to the CCAA SISF from stakeholders and interested parties, as well as on-gong queries from Development creditors, contractors and purchasers;
  - (h) filing an application for a further stay extension, attending the hearing and obtaining the order; and
  - (i) attending Romspen's application for a super-monitor and filing this Application relating to the Administration Charge.
21. In addition, the Petitioners' counsel has assisted the Petitioners with further negotiations with stakeholders, including Romspen, as matters have progressed in the CCAA SISF and in meetings and corresponding with the Monitor as needed to prepare and progress the CCAA SISF.

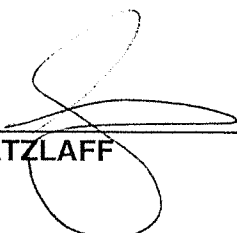
22. The Petitioners' counsel has performed work that has enabled the Petitioners to navigate these CCAA proceedings and contribute to any successful transaction that arises in the Monitor and Romspen-led CCAA SISF. I do not believe there has been a duplication of roles between the Petitioners' counsel and any other professional engaged in these CCAA proceedings.
23. Since COVID spread in 2020 and Romspen ceased funding, with the assistance of the Petitioners' counsel, the Petitioners' directors have worked tirelessly, for no consideration in their role as directors, on numerous avenues to restructure. The Petitioners have cooperated with their senior secured lenders, the Monitor and all stakeholders throughout these proceedings and as the Monitor reports, continue to act diligently and in good faith throughout these proceedings.
24. The directors of the Petitioners are of the view that the Petitioners' counsel's work offers a benefit to all stakeholders, as that work has been focused on keeping the Petitioners "afloat" so that a restructuring may result, offering the greatest benefit to stakeholders including the City of Richmond, pre-sale purchasers, creditors and others.
25. The directors of the Petitioners believe that the Petitioners' counsel's work has been beneficial, as all parties appear to believe there is a prospect for a restructuring under this CCAA, as a further stay extension has been granted to allow the Monitor time to pursue a transaction with an interested party, which no party opposed.
26. In my view, the proposed charge increase will not have a significant effect on the single secured creditor that opposed the charge or materially affect recovery for other stakeholders.
27. While the materials detailing the value of the Petitioners' Real Property are sealed, the LP's current and long term assets according to the LP's 2020 Financial Statements totaled \$351,356,154.

**CONCLUSIONS**

28. Based on the above, the directors of the Petitioners believe that the relief sought in the Administration Charge Application is fair and reasonable in these circumstances.

SWORN (OR AFFIRMED) BEFORE ME at  
Vancouver, British Columbia, on August 16,  
2022.

  
A Commissioner for Taking Affidavits within  
British Columbia

  
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