



COURT FILE NUMBER 1403-10990
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

APPLICANT ROYAL BANK OF CANADA

RESPONDENTS SPRAGUE-ROSSER CONTRACTING CO. LTD., SPRAGUE-ROSSER DEVELOPMENTS INC., PACIFIC FEDERATION EQUITY GROUP INC., JEFFERY JESSAMINE, DANIEL EDWARDS and MATTHEW MACKAY

DOCUMENT APPLICATION

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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File No. 01100375-0590

NOTICE TO RESPONDENT(S):

This Application is made against you. You are a Respondents.

You have the right to state your side of this matter before the Justice.

To do so, you must be in Court when the Application is heard as shown below:

Date: July 31, 2014
Time: 2:00 p.m.
Where: Edmonton Law Courts
Before Whom: The Hon. Madam Justice J.B. Veit, of the Commercial List

Go to the end of this document to see what else you can do and when you must do it.

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Remedy claimed or sought:

1. Abridging, if necessary, the time for service of this Application and deeming service good and sufficient.
2. Appointing Alvarez & Marsal Canada Inc. ("**Alvarez**") as receiver and manager over the assets, undertakings and property of Sprague-Rosser Contracting Co. Ltd. (the "**Borrower**") and Sprague-Rosser Developments Inc. and Pacific Federation Equity Group Inc. (collectively, the "**Corporate Guarantors**"), by way of an order in substantially the form as the Receivership Order attached as Schedule "A" hereto.
3. Alternatively, appointing Alvarez as receiver over the assets, undertakings and property of the Borrower and the Corporate Guarantors.
4. Awarding costs of this Application to the Applicant Royal Bank of Canada (the "**Bank**"), on a solicitor and his own client, full indemnity basis.
5. In the alternative, granting costs to the Bank pursuant to Schedule "C" of the *Alberta Rules of Court*.
6. Such further and other relief, advice and directions as counsel may advise and this Honourable Court may deem just and appropriate.

Grounds for making this Application:

7. The Bank as lender entered into a Loan Agreement as amended, restated, modified, replaced or supplemented from time to time with the Borrower (collectively, the "**Loan Agreements**"), pursuant to which the Bank agreed to provide the Borrower with certain credit facilities and advance funds all on the terms set out therein and all in related and amending documents (the "**Credit Facilities**").
8. In accordance with the terms of the Loan Agreements, the Bank made various loans to the Borrower from time to time.
9. As security for the amounts advanced by the Bank pursuant to the Loan Agreements, the Borrower granted various security agreements to the Bank (the "**Security**").
10. The Borrower agreed to repay the principal and interest advanced from time to time by the Bank at such times and on such terms with such interest and costs as set out under the terms of the Loan Agreements and related Security.
11. As at July 18, 2014, the total indebtedness outstanding under the Loan Agreements and Credit Facilities was approximately \$20,000,000.00 in principal, plus interest, associated costs, fees and disbursements with additional interest and other charges accrued and accruing thereon at the rates and on the terms established by the Loan Agreements (the "**Indebtedness**").
12. The Corporate Guarantors each granted unlimited guarantees and security in respect of the Indebtedness owing by the Borrower to the Bank.
13. It is an express term of the Loan Agreements that the Indebtedness was repayable on demand by the Bank or upon the occurrence of a default by the Borrower.

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14. Under the terms of the Loan Agreements and Security, the Borrower agreed to reimburse the Bank for all costs and expenses, including legal fees on a solicitor and his own client, full indemnity basis, incurred by the Bank in taking any proceedings to collect amounts due and owing.
15. The Borrower failed to make punctual payments in accordance with the terms of the Loan Agreements and Credit Facilities and, accordingly, for this and for other reasons, the Borrower is in default of the Loan Agreements and Security.
16. The Bank has issued a Demand and Notice of Intention to Enforce Security to the Borrower and each of the Corporate Guarantors pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "Demands" and "Notices").
17. Notwithstanding receipt of the Demands and Notices, the Borrower and the Guarantors have failed or neglected to repay the indebtedness.
18. The Borrower and the Guarantors are insolvent, and the within Application is of an urgent nature.
19. It was a term of the Loan Agreements, the Corporate Guarantees and Security that upon default by the Borrower, the Bank would be entitled to the appointment of a Court-appointed receiver and manager.
20. The appointment of Alvarez as receiver and manager, or, in the alternative, as receiver over the assets, undertakings and property of the Borrower and the Corporate Guarantors is just, equitable, convenient and necessary to preserve the Bank's Security.
21. Alvarez has consented to act as receiver and manager, or, in the alternative, as receiver over the assets, undertakings and property of the Borrower and the Corporate Guarantors.
22. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

23. All pleadings and proceedings, including the Statement of Claim, filed in the within action.
24. The Affidavit of Gary Ivany dated July 29, 2014, filed.
25. The Affidavit(s) of Service, if any, filed.
26. The Consent to Act as Receiver executed by a duly authorized representative of Alvarez.
27. The proposed form of Receivership Order, attached hereto as Schedule "A".
28. The inherent jurisdiction of this Honourable Court to control its own process.
29. Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

30. Rules 6.3(1), 6.47(e) and (f), 6.9(1)(a) and 11.27.

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Applicable Acts and regulations:

31. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and particularly s 243 thereof, the *Judicature Act*, RSA 2000, c J-2, as amended, and particularly s 13(2) thereof, the *Personal Property Security Act*, RSA 2000, c P-7, as amended, and particularly s 65(7) thereof, and such other Rules, Acts and Regulations as counsel may advise and that this Honourable Court may permit.

Any irregularity complained of or objection relied on:

32. None.

How the Application is proposed to be heard or considered:

33. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel, before the Honourable Madam Justice J.B. Veit at the Edmonton Law Courts, 1A Sir Winston Churchill Square, Edmonton, Alberta, T5J 0R2, on Thursday, July 31, 2014 at 2:00 p.m. or as soon thereafter as counsel may be heard.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this Application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the Application is heard or considered, you must reply by giving reasonable notice of the material to the Applicant.