Clerk's Stamp:

COURT FILE NUMBER	2003 15829
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	**BANK OF MONTREAL**
DEFENDANTS	**KALCO INVESTMENTS LTD., KALCO FARMS LTD., MICHAEL KALISVAART, and KAREN JANSEN**
DOCUMENT	**SUPPLEMENTAL AFFIDAVIT IN SUPPORT OF APPLICATION FOR APPOINTMENT OF A RECEIVER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Dentons Canada LLP 2500 Stantec Tower 10220 – 103 Avenue NW Edmonton, Alberta T5J 0K4 Ph. (780) 423-7284 Fx. (780) 423-7276 File No.: 126233-1895/DAH Attention: Dean A. Hitesman / Nicholas C. Williams

Sworn on December 22, 2020

I, John Hermann, of the City of Edmonton, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a Senior Account Manager in the ERPM Western Canada division of the Bank of Montreal ("**BMO**"), the Plaintiff in these proceedings and as such have knowledge of the facts and matters hereinafter deposed to by me, except where stated to be based upon information and belief and where so stated I do verily believe the same to be true.

2. BMO is a Bank chartered pursuant to the Laws of Canada with offices in Edmonton and elsewhere throughout Alberta.

3. I am the person at BMO directly responsible for the administration of the accounts of the Defendants with BMO insofar as concerns the matters raised in the Statement of Claim in these proceedings.

4. I am authorized to make this Affidavit on behalf of BMO.

5. On September 17, 2020, I swore an Affidavit on behalf of BMO in this Action (the "**September Affidavit**"). I adopt the evidence in the September Affidavit and adopt the capitalized Terms defined in the September Affidavit. This supplemental Affidavit should be read in conjunction with the September Affidavit.

6. On or about September 21, 2020, BMO filed an Application for an Order seeking the appointment of Bowra as Receiver of the undertaking, property (real and personal), and assets of Investments and Farms and the Personal Lands, returnable September 29, 2020.

7. On or about September 28, 2020, BMO received a letter dated September 25, 2020 from the Farm Debt Mediation Service ("**FDMS**") advising that Investments and Farms had sought the protections of section 5(1) of the *Farm Debt Mediation Act*, SC 1997, c 21, as amended (the "***FDMA***"), and enclosing a Notice to Creditors for Stay of Proceedings regarding Investments and Farms. Attached to my Affidavit as Exhibit "A" is a true copy of the letter and enclosures received from FDMS dated September 25, 2020.

8. On or about September 28, 2020, BMO received a letter dated September 28, 2020 from FDMS providing a revised Notice to Creditors for Stay of Proceedings regarding Investments, Farms, Kalisvaart, and Jansen. Attached to my Affidavit as Exhibit "B" is a true copy of the letter and enclosures received from FDMS dated September 28, 2020.

9. BMO responded to financial information requests from Joe Chomistek ("**Chomistek**"), the *FDMA* expert assigned to the matter, and cooperated in the *FDMA* mediation process. Attached to my Affidavit as Exhibit "C" are true copies of BMO's responses to the *FDMA* financial information requests.

10. On or about November 11, 2020, BMO was advised by Chomistek that Farms had requested that the *FDMA* mediation scheduled for November 17, 2020 be re-scheduled to November 24, 2020. Attached to my Affidavit as Exhibit "D" is a true copy of the email from Chomistek.

11. On November 19, 2020, BMO was advised by Chomistek that Farms and Kalisvaart would make a proposal to each creditor on an individual basis and would not be participating in the *FDMA* mediation scheduled for November 24, 2020. Attached to my Affidavit as Exhibit "E" is a true copy of the email from Chomistek.

12. On November 19, 2020, BMO received a letter dated November 19, 2020 from FDMS advising that the Administrator of FDMS was terminating the stay of proceedings under the *FDMA* because Investments, Farms, Kalisvaart, and Jansen had refused to participate in the *FDMA* mediation. Attached to my Affidavit as Exhibit "F" is a true copy of the letter received from FDMS dated November 19, 2020.

13. On or about November 27, 2020, BMO received a letter dated November 27, 2020 from the FDMS advising that FDMS had received an appeal with respect to the termination of the stay of proceedings. Attached to my Affidavit as Exhibit "G" is a true copy of the letter received from FDMS dated November 27, 2020.

14. Attached to my Affidavit as Exhibit "H" is a true copy of the Notice of Appeal dated November 27, 2020, executed by Kalisvaart.

15. On December 1, 2020, BMO responded to the Notice of Appeal by way of letter to FDMS. Attached to my Affidavit as Exhibit "I" is a true copy of BMO's response to the Notice of Appeal.

16. On December 9, 2020, BMO received a letter dated December 9, 2020 from FDMS advising that the Appeal Board had upheld the Administrator's decision to terminate the stay of

proceedings. Attached to my Affidavit as Exhibit "J" is a true copy of the letter dated December 9, 2020 and Record of Appeal.

17. Between November 19, 2020 and the date of this Affidavit, BMO has not received a proposal from Investments, Farms, Kalisvaart, or Jansen.

18. As stated in paragraph 8 of my September Affidavit, Investments borrowed money from BMO which it agreed to repay to BMO with interest, and as a result of such borrowing, Investments is presently directly indebted to BMO as follows:

(a) Demand Loan Non Revolving 2517-6977-262 (previously Current Account 2517-1994-303) – outstanding balance as at December 18, 2020 of $146,381.32, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(b) Term Loan 2517-6981-827 – outstanding balance as at December 18, 2020 of $4,076,686.47, plus interest thereon and thereafter at the rate of 4.43% per annum;

(c) Term Loan 2517-6981-819 – outstanding balance as at December 18, 2020 of $2,046,137.38, plus interest thereon and thereafter at the rate of 4.77% per annum;

(d) Term Loan 2517-6981-800 – outstanding balance as at December 18, 2020 of $3,062,669.12, plus interest thereon and thereafter at the rate of 4.58% per annum;;

(e) Demand Loan Non-Revolving 2517-6981-747 – outstanding balance as at December 18, 2020 of $161,265.93, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(f) Demand Loan Non-Revolving 2517-6980-760 – outstanding balance as at December 18, 2020 of $411,164.90, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(g) Demand Loan Non-Revolving 2517-6979-516 – outstanding balance as at December 18, 2020 of $1,025,092.08, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(h) Term Loan 2517-6981-157 – outstanding balance as at December 18, 2020 of $297,569.13, plus interest thereon and thereafter at the rate of 5.33% per annum;

(i) Demand Loan Non-Revolving 2517-6980-453 – outstanding balance as at December 18, 2020 of $152,787.38, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime; and

(j) costs on a solicitor and his own client basis

(all sums payable to BMO in paragraphs (a) – (j) above are herein collectively referred to as the "**Updated Investments Direct Indebtedness**").

Attached to my Affidavit and marked as Exhibit "K" is a true copy of entries made in the usual and ordinary course of business of BMO in books and records which were at the time of making of the entries one of the ordinary books or records of BMO. The books or records

are in the custody and control of BMO. Exhibit "K" evidences the Updated Investments Direct Indebtedness, exclusive of costs on a solicitor and his own client basis.

19. As stated in paragraph 11 of my September Affidavit, Farms borrowed money from BMO which it agreed to repay to BMO with interest, and as a result of such borrowing, Investments is presently directly indebted to BMO as follows:

(a) Demand Loan Non-Revolving 2517-6977-166 (previously Operating Demand Loan 2517-1994-311) – outstanding balance as at December 18, 2020 of $3,388,789.14, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(b) Demand Loan Non-Revolving 2517-6979-540 – outstanding balance as at December 18, 2020 of $408,572.42, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(c) Demand Loan Non-Revolving 2517-6980-293 – outstanding balance as at December 18, 2020 of $1,057,237.28, plus interest thereon and thereafter at the rate of 2.00% per annum above Prime;

(d) Demand Loan Non-Revolving 2517-6977-158 (previously MasterCard 5264-****-****-1356) – outstanding balance as at December 18, 2020 of $234,904.42, plus interest thereon and thereafter at the rate of 18.40% per annum; and

(e) costs on a solicitor and his own client basis;

(all sums payable to BMO in paragraphs (a) – (e) above are herein collectively referred to as the "**Updated Farms Direct Indebtedness**").

Attached to my Affidavit and marked as Exhibit "L" is a true copy of entries made in the usual and ordinary course of business of BMO in books and records which were at the time of making of the entries one of the ordinary books or records of BMO. The books or records are in the custody and control of BMO. Exhibit "L" evidences the Updated Farms Direct Indebtedness, exclusive of costs on a solicitor and his own client basis.

20. I make this Affidavit *bona fide* in support of an application for the appointment of a Receiver over the assets and undertakings of Investments, Farms, and the Personal Lands.

SWORN BEFORE ME at Edmonton, Alberta,
this 22nd day of December, 2020

Commissioner for Oaths in and for the
Province of Alberta

JOHN HERMANN

This is Exhibit "A" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

September 25, 2020

BMO Bank of Montreal Attn: Wade Plawucki
10175 - 101 Street, 20th Floor
Edmonton, Alberta T5J 0H3
wade.plawucki@bmo.com

RE: **NOTICE OF STAY OF PROCEEDINGS & APPOINTMENT OF GUARDIAN**
For Kalco Farms Ltd. & Kalco Investments Ltd. of Gibbons, Alberta
File: 003102

Please find enclosed the **Notice to Creditors for Stay of Proceedings** and **Notice of Appointment of Farmer as Guardian** with respect to the above-named farmer. These notices are given to advise that an application has been made by the farmer pursuant to Section 5(1)(a) of the *Farm Debt Mediation Act* and that the farmer has been appointed as Guardian. Please note that during the stay of proceedings the rights of the farmer and the creditors remain substantially the same now as they did before the stay. The major exception is that creditors cannot realize on their security, recover their debt or take property out of the possession of the farmer. In turn, the farmer may not dispose of secured property without the approval of secured creditors nor use money obtained as a result of such disposal without the approval of the secured creditor. Secured creditors may also inspect or take an inventory of their security during the stay. Creditors should contact the FDMS office immediately if the actions of the farmer have jeopardized the assets.

You will also note on the **Notice to Creditors for Stay of Proceedings** attached, you can appeal the decision of an administrator relating to the eligibility of a farmer to make an application. You can request a **Notice of Appeal** form from the FDMS office at the above telephone numbers if you believe the applicant is not a farmer or is not insolvent. The **Notice of Appeal** must contain your name, purpose of the appeal, the name of the farmer and a brief explanation of the grounds or reason for the appeal.

PLEASE NOTE: The **Notice of Appeal** for the stay of proceedings letter must be received by the FDMS not later than 4:00 pm Central Standard Time on

October 5, 2020.

.../ 2

A Field-person will be assigned to prepare a financial statement and assist the farmer to prepare a financial recovery plan. Once these reports are completed a qualified mediator will meet with the farmer and creditors. At this meeting a mutually acceptable arrangement between the farmer and the creditors will be sought.

Please be advised that the Farm Debt Mediation process is confidential. As such, creditors are not permitted to communicate to others that the above-named farmer has made application to the Farm Debt Mediation Service. In this regard, we would like to draw your attention to Subsections 24(1) and (2) of the *Farm Debt Mediation Act***, which read as follows:**

> **... no person shall knowingly communicate or knowingly allow to be communicated to any person any information obtained under this Act from a farmer or from any creditor of a farmer, or knowingly allow any person to inspect or have access to any such information.**

You will be advised of any change in the status of this file, including extensions of the stay of proceedings and the date of the mediation meeting. In the meantime, if you have any questions concerning the FDMS, please contact us at the address or phone number shown above.

Yours truly,

Jeff Doud
Assistant Regional Manager
Enc.

Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada
Farm Debt Mediation Service / Service de médiation en matière d'endettement agricole

PROTECTED B (when completed)

NOTICE TO CREDITORS FOR STAY OF PROCEEDINGS

You are hereby notified that an application was made by

Kalco Farms Ltd. / Kalco Investments Ltd.

of

Box 1020

Gibbons, Alberta

T0A 1N0

under section 5(1)(a) of the *Farm Debt Mediation Act*.

In view of the above mentioned application, a stay of proceedings pursuant to Section 7 of the *Act* is in effect until the

25 day of October 2020 at 24:00 hours

Section 12 of the *Act* states that notwithstanding any other law, during any period in which a stay of proceedings is in effect, no creditor of the above-named farmer shall enforce any remedy against the property of the farmer or shall commence or continue any proceedings or any action, execution or other proceedings, judicial or extra-judicial, for the recovery of a debt, the realization of any security or the taking of any property of the farmer.

Section 15(2) states that a farmer or creditor may, in accordance with the regulations, appeal to an Appeal Board a decision of an administrator relating to the eligibility of a farmer to make an application under section 5(1)(a) or the extension or termination of a stay of proceedings.

Any creditor wishing further information should contact the undersigned at:

Farm Debt Mediation Service - Western Region
301 - 2010 12th Avenue
Regina, Saskatchewan
S4P 0M3
Toll Free: 1-866-452-5556
Fax: 306-780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

Dated this 25 day of September 2020 at 13:00 hrs CST

Digitally signed by Doud, Jeffrey J
Date: 2020.09.25 13:57:12 -06'00'

Farm Debt Mediation Service

File no. 003102

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act.*

Canada

TENTATIVE DATE of Farm Debt Mediation Meeting

APPLICANT(S): **Kalco Farms Ltd. & Kalco Investments Ltd.**

EXPERT: **Mr. Joe Chomistek**

DATE: **November 17, 2020**

Note: this date is tentative only, and is provided so calendars can be marked. Confirmation of the date, and meeting logistics, will be provided once the financial expert has consulted with the farmer and key creditors. If you have any questions please contact the expert.

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Agriculture et Agroalimentaire Canada
Service de médiation en matière d'endettement agricole

PROTECTED B (when completed)

NOTICE OF APPOINTMENT OF FARMER AS GUARDIAN

Effective immediately Michael Kalisvaart

of Gibbons, Alberta

is hereby appointed Guardian of the assets of Kalco Farms Ltd. / Kalco Investments Ltd.

as required under section 16 of the *Farm Debt Mediation Act*.

The Guardian of the assets shall:

(1) prepare an inventory of all assets of the farmer;

(2) verify periodically the presence and condition of those assets;

(3) advise the administrator of any act or omission on the part of the farmer that would jeopardize those assets; and

(4) comply with any directives issued by the administrator.

This appointment as Guardian of the assets is in effect as of the date below until such time as it is terminated in writing by the administrator or until the administrator receives your rejection of the appointment, and it is understood that such appointment is non-remunerative.

For further information concerning this appointment please contact:

Farm Debt Mediation Service - Western Region
301 - 2010 12th Avenue
Regina, Saskatchewan
S4P 0M3

Toll Free: 1-866-452-5556
Fax: 306-780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

Dated this 25 day of September 2020 at Regina, Saskatchewan

Digitally signed by Doud, Jeffrey J
Date: 2020.09.25 13:59:26 -06'00'

Farm Debt Mediation Service

File Nº 003102

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act.*

Canada

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Farm Debt Mediation Service (FDMS)
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353

Directives to a Farmer Appointed as Guardian

The following directives are in effect as of date of enclosed Stay. They are given pursuant to your appointment as Guardian of your assets under Section 16 and 17 of the Farm Debt Mediation Act (FDMA). To effectively guard assets you must follow the requirements as listed in your appointment as well as:

(a) carry on the farm and/or business enterprise in the best interest of that enterprise, including depositing all income to the usual accounts, keep proper financial records and written records and supporting documents for the business;

(b) keep all property insured for such amount and against such hazards as would be prudent in the normal course of business;

(c) not sell, dispose or transfer any secured property, nor use money thus obtained, WITHOUT THE PRIOR WRITTEN APPROVAL OF SECURED CREDITOR(S);

(d) not pay any creditor for a debt which was outstanding at the time the Stay of Proceedings began. Since such payments could result in preference to some creditors over others, they may result in termination of the Stay. Therefore, if you are not in arrears with a creditor we suggest that you advise the creditor that payments may not be made during the Stay and make arrangements for catching up on the missed payments once the Stay expires. This includes pre-authorized payments and automatic debits from your bank accounts;

(e) not incur any additional debts without the consent of the Administrator of the Farm Debt Mediation Service (FDMS);

(f) in the case of corporations, not pay any salaries, wages, bonuses or dividends to the employers, officers, or shareholders, as the case may be, except for the living expenses of themselves or their families and by following the procedures outlined in (g) and (c); and

(g) if funds are available, you may pay only essential operating expenses such as heat, power, feed and family living expenses. If necessary, you should develop a budget of planned income and expenses during the stay of proceedings and review it with the main creditor to avoid conflict for payments of expenses during the stay period. The FDMS office will assist in this area, if required.

Compliance with the duties of your appointment and the above directives will help determine whether the Stay of Proceedings, now in place, may be extended or terminated. Further, paragraphs 14(2)(c) and (d) of the FDMA states that if the farmer has, by any act or omission jeopardized the assets, the administrator may direct that the Stay of Proceedings be terminated.

Finally, you are responsible for periodically verifying the presence and condition of the assets. To meet this requirement you must complete a Guardian's Report to the Administrator form and send this report to the Administrator of the FDMS before each extension of the stay of proceedings. A copy of the report form is enclosed for your use.

Please note that the "Guardian's Report to the Administrator" is due in the FDMS office on or just before October 10, 2020.

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service (FDMS)
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556

***FAX:* 866-277-5009**

September 25, 2020

RE: **FINANCIAL INFORMATION REQUEST**
For Kalco Farms Ltd. & Kalco Investments Ltd. of Gibbons, Alberta
File: 003102

To complete the review and financial statements, we require the following information from you.

The applicant's consultant, Joe Chomistek can be contacted at 403-793-9382 or jchomistek@eidnet.org

*Please return this information as soon as possible, by **FAX:*** 866-277-5009

Lender/Creditor Name: _____ **Contact Person:** _____

Address: _____ **Phone Number:** _____

Fax Number: _____ **E-Mail Address:** _____

Loan #:			
Purpose:			
Amount Approved:			
Approval Date:			
Interest Rate:			
Installment Amount:			
Installment dates:			
# of Installment:			
Amortized?			
Current Balance			
Principal:			
Interest:			
Arrears Amounts			
Principal:			
Interest:			
Other:			
*****Total Owing:			
Security:			

***** In the case of some creditors, Principal, Interest and Total Owing may be sufficient.

Comments: _____

I / we, the undersigned, hereby authorize Agriculture and Agri-Food Canada, its employees, agents and contractors, to:

i) request and obtain any information of a financial nature concerning my/our farming operations at GIBBONS, AB 56314 RR224
in the province of ALBERTA ;

ii) have access to any and all records, books, papers, and other documentation concerning my/our financial affairs (including all security documents); and

iii) release a factual statement of my/our financial affairs to my/our creditors participating in any Mediation Meeting;

all for the purpose of conducting an examination of my/our current financial affairs and/or arriving at a financial arrangement(s) with my/our creditor(s) pursuant to the *Farm Debt Mediation Act*.

In addition to being notified by Agriculture and Agri-Food Canada, its employees, agents and contractors by telephone, mail or courier, I/we agree to be informed or notified, where required by the *Act* or the Regulations, by facsimile or electronic mail as indicated below:

☐ Fax ☑ Electronic mail ☐ Regular mail

I/we certify that the information contained herein is true and complete to the best of my knowledge.

Dated this 25 day of SEPTEMBER 2020 at GIBBONS

(Where farmer is a person or partnership)

Farmer signature

Name of farmer

Farmer signature

Name of farmer

Farmer signature

Name of farmer

OR

(Where farmer is a company or cooperative)

MICHAEL KALISVAART

Officer signature

Corporate Seal

Officer signature

This is Exhibit "B" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

September 28, 2020

Kalco Farms Ltd. & Kalco Investments Ltd. c/o Michael Kalisvaart. and Karen Jansen
Box 1020
Gibbons, Alberta T0A 1N0
mike@kalcofarms.com & dbodner@dbodnerlaw.ca

RE: **NOTICE OF STAY OF PROCEEDINGS & APPOINTMENT OF GUARDIAN**
For Kalco Farms Ltd. & Kalco Investments Ltd. c/o Michael Kalisvaart. and Karen Jansen
of Gibbons, Alberta
File: 003102

Please find enclosed the **Notice to Creditors for Stay of Proceedings** and **Notice of Appointment of Farmer as Guardian** with respect to the above-named farmer. These notices are given to advise that an application has been made by the farmer pursuant to Section 5(1)(a) of the *Farm Debt Mediation Act* and that the farmer has been appointed as Guardian. Please note that during the stay of proceedings the rights of the farmer and the creditors remain substantially the same now as they did before the stay. The major exception is that creditors cannot realize on their security, recover their debt or take property out of the possession of the farmer. In turn, the farmer may not dispose of secured property without the approval of secured creditors nor use money obtained as a result of such disposal without the approval of the secured creditor. Secured creditors may also inspect or take an inventory of their security during the stay. Creditors should contact the FDMS office immediately if the actions of the farmer have jeopardized the assets.

You will also note on the **Notice to Creditors for Stay of Proceedings** attached, you can appeal the decision of an administrator relating to the eligibility of a farmer to make an application. You can request a **Notice of Appeal** form from the FDMS office at the above telephone numbers if you believe the applicant is not a farmer or is not insolvent. The **Notice of Appeal** must contain your name, purpose of the appeal, the name of the farmer and a brief explanation of the grounds or reason for the appeal.

PLEASE NOTE: The **Notice of Appeal** for the stay of proceedings letter must be received by the FDMS not later than 4:00 pm Central Standard Time on

October 25, 2020.

A Field-person will be assigned to prepare a financial statement and assist the farmer to prepare a financial recovery plan. Once these reports are completed a qualified mediator will meet with the farmer and creditors. At this meeting a mutually acceptable arrangement between the farmer and the creditors will be sought.

Please be advised that the Farm Debt Mediation process is confidential. As such, creditors are not permitted to communicate to others that the above-named farmer has made application to the Farm Debt Mediation Service. In this regard, we would like to draw your attention to Subsections 24(1) and (2) of the *Farm Debt Mediation Act***, which read as follows:**

> **... no person shall knowingly communicate or knowingly allow to be communicated to any person any information obtained under this Act from a farmer or from any creditor of a farmer, or knowingly allow any person to inspect or have access to any such information.**

You will be advised of any change in the status of this file, including extensions of the stay of proceedings and the date of the mediation meeting. In the meantime, if you have any questions concerning the FDMS, please contact us at the address or phone number shown above.

Yours truly,

Jeff Doud
Assistant Regional Manager
Enc.

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Agriculture et Agroalimentaire Canada
Service de médiation en matière d'endettement agricole

PROTECTED B (when completed)

NOTICE TO CREDITORS FOR STAY OF PROCEEDINGS

You are hereby notified that an application was made by

Kalco Farms Ltd., Kalco Investments Ltd.,

Michael Kalisvaart and Karen Jansen

of

Box 1020

Gibbons, Alberta

T0A 1N0

under section 5(1)(a) of the *Farm Debt Mediation Act*.

In view of the above mentioned application, a stay of proceedings pursuant to Section 7 of the *Act* is in effect until the

25 day of October 2020 at 24:00 hours

Section 12 of the *Act* states that notwithstanding any other law, during any period in which a stay of proceedings is in effect, no creditor of the above-named farmer shall enforce any remedy against the property of the farmer or shall commence or continue any proceedings or any action, execution or other proceedings, judicial or extra-judicial, for the recovery of a debt, the realization of any security or the taking of any property of the farmer.

Section 15(2) states that a farmer or creditor may, in accordance with the regulations, appeal to an Appeal Board a decision of an administrator relating to the eligibility of a farmer to make an application under section 5(1)(a) or the extension or termination of a stay of proceedings.

Any creditor wishing further information should contact the undersigned at:

Farm Debt Mediation Service - Western Region
301 - 2010 12th Avenue
Regina, Saskatchewan
S4P 0M3
Toll Free: 1-866-452-5556
Fax: 306-780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

Dated this 25 day of September 2020 at 13:00 hrs CST

Digitally signed by Doud, Jeffrey J
Date: 2020.09.28 12:35:47 -06'00'

Farm Debt Mediation Service

File no. 003102

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act.*

Canada

TENTATIVE DATE of Farm Debt Mediation Meeting

APPLICANT(S): **Kalco Farms Ltd., Kalco Investments Ltd., Karen Jansen & Michael Kalisvaart**

EXPERT: **Mr. Joe Chomistek**

DATE: **November 17, 2020**

Note: this date is tentative only, and is provided so calendars can be marked. Confirmation of the date, and meeting logistics, will be provided once the financial expert has consulted with the farmer and key creditors. If you have any questions please contact the expert.

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Agriculture et Agroalimentaire Canada
Service de médiation en matière d'endettement agricole

PROTECTED B (when completed)

NOTICE OF APPOINTMENT OF FARMER AS GUARDIAN

Effective immediately Michael Kalisvaart

of Gibbons, Alberta

is hereby appointed Guardian of the assets of Kalco Farms Ltd., Kalco Investments Ltd., Michael Kalisvaart and Karen Jansen

as required under section 16 of the *Farm Debt Mediation Act*.

The Guardian of the assets shall:

(1) prepare an inventory of all assets of the farmer;

(2) verify periodically the presence and condition of those assets;

(3) advise the administrator of any act or omission on the part of the farmer that would jeopardize those assets; and

(4) comply with any directives issued by the administrator.

This appointment as Guardian of the assets is in effect as of the date below until such time as it is terminated in writing by the administrator or until the administrator receives your rejection of the appointment, and it is understood that such appointment is non-remunerative.

For further information concerning this appointment please contact:

Farm Debt Mediation Service - Western Region
301 - 2010 12th Avenue
Regina, Saskatchewan
S4P 0M3

Toll Free: 1-866-452-5556
Fax: 306-780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

Dated this 25 day of September 2020 at Regina, Saskatchewan

Digitally signed by Doud, Jeffrey J
Date: 2020.09.28 12:34:32 -06'00'

Farm Debt Mediation Service

File Nº 003102

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act.*

Canada

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Farm Debt Mediation Service | Service de médiation en matière d'endettement agricole

PROTECTED B (when completed)

File Nº 003102

GUARDIAN'S REPORT TO THE ADMINISTRATOR

I, the undersigned, _____ state that there are ◯ changes
Guardian (print)

◯ no changes

in the inventory or condition of the assets as listed on the application and/or since the last report dated _____ as follows:

Item	Increase	Decrease

_____ _____
Print Name Signature of Guardian

Dated this ____ day of _____ ____ at _____

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act.*

Canada

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Farm Debt Mediation Service (FDMS)
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353

Directives to a Farmer Appointed as Guardian

The following directives are in effect as of date of enclosed Stay. They are given pursuant to your appointment as Guardian of your assets under Section 16 and 17 of the Farm Debt Mediation Act (FDMA). To effectively guard assets you must follow the requirements as listed in your appointment as well as:

(a) carry on the farm and/or business enterprise in the best interest of that enterprise, including depositing all income to the usual accounts, keep proper financial records and written records and supporting documents for the business;

(b) keep all property insured for such amount and against such hazards as would be prudent in the normal course of business;

(c) not sell, dispose or transfer any secured property, nor use money thus obtained, WITHOUT THE PRIOR WRITTEN APPROVAL OF SECURED CREDITOR(S);

(d) not pay any creditor for a debt which was outstanding at the time the Stay of Proceedings began. Since such payments could result in preference to some creditors over others, they may result in termination of the Stay. Therefore, if you are not in arrears with a creditor we suggest that you advise the creditor that payments may not be made during the Stay and make arrangements for catching up on the missed payments once the Stay expires. This includes pre-authorized payments and automatic debits from your bank accounts;

(e) not incur any additional debts without the consent of the Administrator of the Farm Debt Mediation Service (FDMS);

(f) in the case of corporations, not pay any salaries, wages, bonuses or dividends to the employers, officers, or shareholders, as the case may be, except for the living expenses of themselves or their families and by following the procedures outlined in (g) and (c); and

(g) if funds are available, you may pay only essential operating expenses such as heat, power, feed and family living expenses. If necessary, you should develop a budget of planned income and expenses during the stay of proceedings and review it with the main creditor to avoid conflict for payments of expenses during the stay period. The FDMS office will assist in this area, if required.

Compliance with the duties of your appointment and the above directives will help determine whether the Stay of Proceedings, now in place, may be extended or terminated. Further, paragraphs 14(2)(c) and (d) of the FDMA states that if the farmer has, by any act or omission jeopardized the assets, the administrator may direct that the Stay of Proceedings be terminated.

Finally, you are responsible for periodically verifying the presence and condition of the assets. To meet this requirement you must complete a Guardian's Report to the Administrator form and send this report to the Administrator of the FDMS before each extension of the stay of proceedings. A copy of the report form is enclosed for your use.

Please note that the "Guardian's Report to the Administrator" is due in the FDMS office on or just before October 10, 2020.

This is Exhibit "C" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Financial Information Request: Kalco Farms Ltd, **Kalco Investments Ltd,** Michael Kalisvaart, Karen Jansen
FDMS File No: 003102

Lender/Creditor Name: BMO-Bank of Montreal, SAMU Edmonton
Contact John Hermann
Phone Number: 587-920-3065
E-Mail Address: John.Hermann@bmo.com

Kalco Investments Ltd

Loan #:	2517 6981-827	2517 6981-819	2517 6981-800	2517 6981-747	2517 6980-760
Purpose:	Consolidation/Re-Structure	Consolidation/Re-Structure	Consolidation/Re-Structure	Consolidation/Re-Structure	Consolidation/Re-Structure
Amount Approved:	4,000,000.00	2,000,000.00	3,000,000.00	153,068.58	390,540.15
Approval Date:	March, 2018	March, 2018	March, 2018	March, 2018	March, 2018
Interest Rate:	Fixed 4.43	Fixed 4.77	Fixed 4.58	Prime + 2	Prime + 2
Installment Amount:	13,513.51	6,756.76	10,135.14	533.34	1,351.31
Installment Dates:	N/A	monthly	monthy	monthly	monthly
# of Installments:	300	300	300	300	300
Amortized?:	N	N	N	N	N
Current Balances:					
Principal Balance:	3,837,836.79	1,939,190.12	2,908,785.18	152,535.42	389,188.80
Interest:	160,060.59	86,286.33	124,182.47	7,210.86	18,398.31
Arrears Amount:					
Principal Arrears:	3,837,836.79	1,939,190.12	2,908,785.18	152,535.42	389,188.80
Interest Arrears:	160,060.59	86,286.33	124,182.47	7,210.86	18,398.31
Other:	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing
'* Total Owing:	3,997,897.38	2,025,476.45	3,032,967.65	159,746.28	407,587.11

Loan #:	2517 6979-516	2517 6981-157	2517 6980-453	2517 6977-262
Purpose:	Consolidation/Re-Structure	Consolidation/Re-Structure	Consolidation/Re-Structure	Current Account Excess
Amount Approved:	969,595.06	285,000.00	145,000.00	134,180.71
Approval Date:	Aug, 2019	March, 2018	March,2018	May, 2020
Interest Rate:	Prime + 2.0	Fixed 5.33	Prime + 2	Prime + 2
Installment Amount:	3378.38	$950	483.33	134,180.71
Installment Dates:	N/A	monthly	monthly	due under Demand Jun,2020
# of Installments:		120	300	Demand
Amortized?:	N	N	N	N
Current Balances:				
Principal Balance:	969,595.06	280,250.00	144,515.67	134,180.71
Interest:	45,836.19	13,964.30	6,831.78	10,821.09
Arrears Amount:				
Principal Arrears:	969,595.06	280,250.00	144,515.67	134,180.71
Interest Arrears:	45,836.19	13,964.30	6,831.78	10,821.09
Other:	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing
'* Total Owing:	1,015,431.25	294,214.30	151,347.45	145,001.80

Security: (as generally described)

- Mortgage $14.7MM over Lot4BLK1Plan0840686, S1/2 29 56-22-W4, Lot2Block2Plan0922546, Lot5Blk1,Plan1723349
- Kalco Farms Guarantee $4.7MM
-GSA over all agricultural inventory, equipments, supplies, products and all other assets
- Bank Act over all equipment and agriculture supplies, commodities and inventory
- J/S G'tee Michael Kalisvaart & Karen Jansen for $10.7MM secured by $14.7MM Mtg over NW 20 & NE 8 of 56-22-W4 and Lot 1, Plan 8022100 and General Security Agreement granted by Michael Kalisvaart
- Postponement and Subordination of amounts owed to Jack and Theresa

Comments:

-Demand Notice Period expired June 22, 2020; all amounts owing under all facilities is due and owing
- All costs and fees continue to be added to debt owed
- All Interest Balances and arrears amount are up to and including September 30, 2020
- All amounts for information purposes only
- Original Purpose of all loan facilities is total debt re-structure including:
  - $3.8MM Farm Credit
  -$2.0MM Christian Credit Union
- $2.1MM Crop Input Trade Accounts, Input Capital, CCGA, Input Capital Streaming Contract
- $1.6MM Private Mtg Backed financing (re: SW34, $150M), Personal LOC $532M, Private Notes Pay $950M
- $1.2MM LeaseCo Financing

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Financial Information Request: **Kalco Farms Ltd**, Kalco Investments Ltd, Michael Kalisvaart, Karen Jansen
FDMS File No: 003102

Lender/Creditor Name: BMO-Bank of Montreal, SAMU Edmonton
Contact John Hermann
Phone Number: 587-920-3065
E-Mail Address: John.Hermann@bmo.com

Kalco Farms Ltd

Loan #:	2517 6977-166	2517 6980-293	2517 6979-540 (Prev *-974)	2517 6977-158
Purpose:	Prev Operating Advances	Fund crop inputs	Conversion after 6mos Int only	Prev Corp Mastercard advance
Amount Approved:	3,000,000.00	1,000,000.00	402,102.87	200,000.00
Approval Date:	January, 2018	April, 2019	Aug, 2019	April, 2019
Interest Rate:	P + 2.0	P + 0.75	P + 2.0	Fixed 18.40%
Installment Amount:	N/A	$1,000,000	$7884.37 + int mo.	In full monthly
Installment Dates:	N/A	Originally Due in full Apr, 2020	Nov/19 & monthly thereafter	monthly
# of Installments:	Previous revolving facility	1	51	Previous Revolving facility
Amortized?:	N	N	N	N
Current Balances:				
Principal Balance:	3,206,504.06	1,000,000.00	386,334.13	216,322.74
Interest:	149,477.29	47,273.50	18,387.77	9,604.48
Arrears Amount:				
Principal Arrears:	3,206,504.06	1,000,000.00	386,334.13	216,322.74
Interest Arrears:	149,477.29	47,273.50	18,387.77	9,604.48
Other:	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing	Non-Accrual Non-Performing
'* Total Owing:	3,355,981.35	1,047,273.50	404,721.90	225,927.22

Security: (as generally described)
- Mortgage $14.7MM over S1/2 SW 20 and SE 20 all of 56-22-W4
- Kalco Investment Guarantee $10.7MM
- Chattel Mtg: 2018 JD S780 Combine (*00476), 2017 Kubota Skidsteer (*-2HWC), 2018 Lexion 760 Combine (*00601) with 1050 Header (*00673)
-GSA over all agricultural inventory, equipments, supplies, products and all other assets
- Bank Act over all equipment and agriculture supplies, commodities and inventory
- J/S G'tee Michael Kalisvaart & Karen Jansen for $4.7MM secured by $14.7MM Mtg over NW 20 & NE 8 of 56-22-W4 and Lot 1, Plan 8022100
- Postponement and Subordination of amounts owed to Jack and Theresa

Comments:
-Demand Notice Period expired June 22, 2020; all amounts owing under all facilities is due and owing
- All costs and fees continue to be added to debt owed
- All Interest Balances and arrears amount are up to and including September 30, 2020
- All amounts for information purposes only

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Financial Information Request: Kalco Farms Ltd, Kalco Investments Ltd, **Michael Kalisvaart**, **Karen Jansen**
FDMS File No: 003102

Lender/Creditor Name: BMO-Bank of Montreal, SAMU Edmonton
Contact John Hermann
Phone Number: 587-920-3065
E-Mail Address: John.Hermann@bmo.com

Kalco Farms Ltd

Loan #:	*-0957	*-482
Purpose:	Personal Mastercard	Personal Chequing
Amount Approved:	30,000.00	-
Approval Date:	indeterminate	unauthorized
Interest Rate:	22.99	21
Installment Amount:	Next Min Pymt $1008.16	Due in full
Installment Dates:	Oct 13, monthly	N/A
# of Installments:	indeterminate	N/A
Amortized?:	N	N
Current Balances:		
Principal Balance:	23,841.01	290.94
Interest:	436.69	0.50
Arrears Amount:		
Principal Arrears:	N/A	290.24
Interest Arrears:	N/A	0.50
Other:	Non-Accrual Non-Performing	Unauthorized Excess
'* Total Owing:	24,277.70	290.74
Security:		
(as generally described)	- Mastercard Agreement	- Account Agreement

Comments:

- All costs and fees continue to be added to debt owed
- All Interest Balances and arrears amount are up to and including September 30, 2020
- All amounts for information purposes only

This is Exhibit "D" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Fax: (780) 408-0499

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From: jchomistek@eidnet.org [mailto:jchomistek@eidnet.org]
Sent: November-11-20 9:17 AM
To: turnerchristinea@johndeere.com; dennis.vance@nutrien.com; lisa.owczar@cwbnationalleasing.com; gkelly@providencegrain.ca; HERMANN, JOHN; joanna.alford@meridiancu.ca; miltmiller@providencegrain.ca; jtigne@mcewens.ca; info@bonnefield.com; csc@rcapleasing.com; norma7371@cwbnationalieasing.com; ron.luba@inputcapital.com; Jim Kroczynski
Cc: Doud, Jeff (AAFC/AAC); Michael Kalisvaart
Subject: Mediation Meeting for Kalco Farms

External Email: Use caution with links and attachments. | **Courriel externe :** Faites preuve de prudence en ce qui a trait aux liens et aux pièces jointes.

Please be advised that Kalco Farms has asked to reschedule the current mediation meeting scheduled for November 17,2020 for one week to November 24, 2020 at 10:AM. This is to provide Kalco Farms with additional time to prepare information for Creditors.

Please provide a response to this email to acknowledge that you have received it.

If you wish you may provide a confirmation of agreement to reschedule in your reply.

I am available to answer any questions and will contact creditors in the next two days if I do not receive a reply confirming agreement to reschedule.

Chomistek Consulting Inc.
Joe Chomistek P. Ag.
Phone 1 403 793 9382

This is Exhibit "E" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

20th Floor
10175 101 Street
Edmonton, AB T5J 0H3

John.Hermann@BMO.com

Office: (780) 408-0493
Mobile: (587) 920-3065
Fax: (780) 408-0499

This email and its attachments are confidential. Any unauthorized use or disclosure is prohibited. If you receive this email in error, please notify me by reply email and permanently delete the original without making any copies or disclosing its contents.

From: jchomistek@eidnet.org [mailto:jchomistek@eidnet.org]
Sent: November-19-20 11:15 AM
To: turnerchristinea@johndeere.com; lisa.owczar@cwbnationalleasing.com; gkelly@providencegrain.ca; HERMANN, JOHN; joanna.alford@meridiancu.ca; miltmiller@providencegrain.ca; jtigne@mcewens.ca; info@bonnefield.com; csc@rcapleasing.com; norma7371@cwbnationalieasing.com; ron.luba@inputcapital.com; Jim Kroczynski; norma7371@cwbnationalleasing.com; Roy Farrer
Cc: Doud, Jeff (AAFC/AAC); Michael Kalisvaart
Subject: RE: [EXT] Mediation Meeting for Kalco Farms

External Email: Use caution with links and attachments. | **Courriel externe :** Faites preuve de prudence en ce qui a trait aux liens et aux pièces jointes.

Kalco Farms and Michael Kalisvaart have now made arrangements for a proposal to each creditor on an individual basis and will not be participating in a meeting with all creditors on Tuesday November 24. The arrangements are being finalized and will not be completed in time for a meeting on November 24. A further delay in the meeting is not considered useful given that MIchael and Kalco Farms will be providing a proposal to each creditor on an individual basis. Michael indicates that he would expect each of you will be contacted the week of November 30.

Please call if you have any questions.

This is Exhibit "F" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

November 19, 2020

BMO Bank of Montreal Attn: Wade Plawucki
10175 - 101 Street, 20th Floor
Edmonton, Alberta T5J 0H3
wade.plawucki@bmo.com

RE: **NOTICE OF TERMINATION OF STAY OF PROCEEDINGS (SUBJECT TO APPEAL)**
For Kalco Farms Ltd. & Kalco Investments Ltd. c/o Michael Kalisvaart and Karen Jansen of Gibbons, Alberta

---

This notice is given to advise that the Administrator of the Farm Debt Mediation Service is terminating the Stay of Proceedings under the Farm Debt Mediation Act (FDMA) for the above named applicant pursuant to section 14(2)(a)(i) of the FDMA because the farmer has refused to participate in the mediation.

In accordance with section 14(4)(a) of the FDMA, the termination will take effect on the expiration of the time prescribed for filing an appeal of this decision under section 15, unless an Appeal is received.

PLEASE NOTE: Any appeal of this termination of the Stay of Proceedings must be received by the FDMS office no later than 4:00 pm Central Standard Time on **November 27, 2020.**

Under section 15 of the FDMA, you have a right to appeal this decision. If you wish to appeal, you may request a Notice of Appeal form from the Farm Debt Mediation Service (FDMS) office. The Notice of Appeal must include your name, the name of the applicant and a brief explanation of the reason for the appeal.

If an appeal is received, the FDMS will inform the applicant and all creditors. In the event of an appeal, pursuant to paragraph 14(4)(b) of the FDMA, the Stay of Proceedings will remain in effect unless the Appeal Board dismisses the appeal.

In the event that no appeal is received by the time prescribed above, the Administrator will send a Notice of Termination to the applicant and all creditors to confirm that the Stay of Proceedings has been terminated.

Creditors are advised against commencing or continuing any action against the applicant for the recovery of debt until notified by the Administrator that the Stay of Proceedings has been terminated.

If you have any questions concerning this notice, please contact the FDMS office at the address or phone number shown above.

Yours truly,

Jeff Doud
Assistant Regional Manager

This is Exhibit "G" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service (FDMS)
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

November 27, 2020

BMO Bank of Montreal Attn: John Hermann
10175 101 Street 20th Floor
Edmonton, Alberta T5J 0H3
john.hermann@bmo.com

RE: NOTICE OF RECEIPT OF APPEAL (TERMINATION)

For Kalco Farms Ltd. & Kalco Investments Ltd. c/o Michael Kalisvaart and Karen Jansen of Gibbons, Alberta

---

This notice is given to advise that the Farm Debt Mediation Service (FDMS) has received an appeal of a decision by the Administrator of the FDMS with respect to the **termination** of the Stay of Proceedings for the above named farmer under the *Farm Debt Mediation Act*.

Please note the farmer or farmer's creditor(s) may request a copy of that document by contacting the FDMS office.

Pursuant to Section 9 of the *Farm Debt Mediation Regulations* you are advised that you may oppose or provide comments, in writing, to this appeal. If you wish to oppose the appeal or provide comments you must send a statement in writing that clearly sets out your objections to the appeal together with any other relevant information to the Administrator. Your statement must also include your name and the name of the farmer.

The Stay of Proceedings remains in effect until the appeal period has ended or until the Appeal Board reviews the appeal and provides a decision. Creditors are advised against commencing or continuing any action against the farmer for the recovery of debt until the termination of the stay has been confirmed.

PLEASE NOTE: If you want to submit an objection to this appeal, your comments must be received by the FDMS office no later than 4:00 pm Central Standard Time on **December 3, 2020.**

If you have any questions, please contact the FDMS office at the address or phone number shown above.

Yours truly,

Jeff Doud
Assistant Regional Manager
Enc.

This is Exhibit "H" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada
Farm Debt Mediation Service / Service de médiation en matière d'endettement agricole

NOTICE OF APPEAL

Pursuant to Section 15(2) of the *Farm Debt Mediation Act*, I, MICHAEL KALISVAART (please print)

wish to advise the administrator of the Farm Debt Mediation Service that I wish to appeal:

CHOOSE ONE OF THREE OPTIONS ONLY

1 ( ) eligibility of applicant or

2 ( ) the extension of the stay of proceedings of or

3 (✓) the termination of the stay of proceedings of

Name of applicant
Please print MICHAEL KALISVAART / KARGN JANSEN
KALCO FARMS LTD
KALCO INVESTMENTS LTD.

for the following reason(s) pursuant to Section 14 of the *Farm Debt Mediation Act*.

IT WILL BE IN THE BEST INTEREST of MY CREDITORS TO GIVE ME THE TIME FOR THE INVESTMENT FUNDS TO TRANSFER. I AM APPROVED FOR THESE FUNDS AND IT IS STRICTLY THE LOGISTICS of THIS TRANSFER TO MY LAWYER THAT MUST BE DONE, PLEASE ALLOW ME THE EXTRA WEEK TO ACCOMPLISH THIS.

Please attach any additional relevant documentation.

If you have any questions regarding this appeal you may contact the FDMS office

Signature of Person Appealing | 780-777-3260 Telephone number Ext. | Fax number | MIKE@KALCOFARMS.COM E-mail address

Dated this 27th day of NOVEMBER 2020 at GIBBONS, AB (City / Province)

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Canada

This is Exhibit "I" referred to in the Affidavit of
John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

BMO Financial Group

ERPM, Western Canada
20th Floor, 10175 101 Street
Edmonton, AB T5J 0H3
Tel.: 587-920-3065
Fax: 780-408-0499
bmo.com

December 1, 2020

Agriculture and Agri-Food Canada
Farm Debt Mediation Service (FDMS)
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Attention: Appeal Board Committee

Dear Sir:

RE: Kalco Farms Ltd., Kalco Investments Ltd., Michael Kalisvaart and Karen Jansen (collectively, "Farmers") of Gibbons, Alberta, FDMS File #003102

BMO-Bank of Montreal ("BMO") has received each of:

(1) Farm Debt Mediation Service (the "FDMS") *Notice of Termination of Stay of Proceedings (Subject to Appeal)* dated November 19, 2020 (the "Termination"),

(2) FDMS *Notice of Receipt of Appeal (Termination)* dated November 27, 2020, and

(3) Farmer's *Notice of Appeal* (the, "Appeal") under Section 15(2) of Farm Debt Mediation Act dated November 27, 2020.

The aforementioned notices were provided to BMO consistent with BMO's understanding of the *Farm Debt Mediation Act* S.C. 1997, c. 21 (the, "Act") and *Farm Debt Mediation Regulations* SOR/98-168 (the, "Regulations").

BMO objects to the Farmers' Appeal of the Termination for the reasons set out herein.

BMO has acted in good faith and in accordance with each of the Act and the Regulations as each relates to BMO's *Notice of Intention to Realize on Security* dated May 27, 2020.

Conversely, the Farmers, notwithstanding having filed an application under the Act which instituted a stay of proceedings on the Farmers' creditors, have indicated they will not to participate in good faith and mediate with their creditors in accordance with the Act and the Regulations. BMO submits that the resulting decision of the administrator to issue the Termination was correct and ought to be upheld as:

a) the Farmers have refused to participate in mediation and refused to continue to participate in good faith in mediation as outlined in Section 14(2)(a)(i) and (ii) of the Act, respectively;
b) mediation will not result in an arrangement between the Farmers and the majority of the creditors listed in the application as outlined in Section 14(2)(b);
c) the financial review required by Section 9(2) of the Act has and will not be completed; and

d) as a result, an arrangement with the Farmers' creditors as contemplated by Section 19 of the Act is no longer a possible outcome.

Notwithstanding the foregoing, the Farmers wish to continue the stay of proceedings. The Appeal cites a desire of the Farmers to pursue or complete a form of funding to enable them to pay, in part or in whole, amounts owed to their creditors. No defined or agreed to process or understanding of the nature of Farmers' intent that may result in payments to some or all creditors at some time in the future has been forthcoming to date. The Appeal provides no information, substantiation or justification supporting the Farmers position for continuation of the stay of proceedings.

The Act states that it is "[a]n Act to provide for mediation between insolvent farmers and their creditors". The Farmers seek to be afforded the benefits of the Act in continuing the stay of proceedings while reneging their obligations under the Act in refusing to mediate in good faith with their creditors. Such action contravenes the intent and spirit of the Act and ought not to be permitted. BMO accordingly opposes the Appeal and submits that the Appeal ought to be dismissed.

Yours truly,

John Hermann
Account Manager, Special Accounts Management Unit
Western Canada
Ph: (587) 920-3065
Email: John.Hermann@BMO.com

This is Exhibit "J" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

PROTECTED "B"

Farm Debt Mediation Service
301-2010 12th Avenue
Regina, Saskatchewan S4P 0M3

Telephone: (306) 780-5544
Toll Free: 1-866-452-5556
Fax: (306) 780-7353
Email: aafc.fdmswest-smmeaouest.aac@canada.ca

December 9, 2020

BMO Bank of Montreal Attn: John Hermann
10175 101 Street 20th Floor
Edmonton, Alberta T5J 0H3
john.hermann@bmo.com

RE: **NOTICE OF TERMINATION OF STAY OF PROCEEDINGS AND MEDIATION**
For Kalco Farms Ltd. & Kalco Investments Ltd. and Michael Kalisvaart and Karen Jansen of Gibbons, Alberta
File: 003102

This notice is to inform you that the Appeal Board has upheld the Administrator's decision to terminate the Stay of Proceedings regarding Kalco Farms Ltd. & Kalco Investments Ltd. and Michael Kalisvaart and Karen Jansen of Box 1020, Gibbons, Alberta, T0A1N0 under section 5(1)(a) of the Farm Debt MediationAct(FDMA), notice is given to advise that the Stay of Proceedings, related extensions and the role of the Farm Debt Mediation Service (FDMS) in facilitating an arrangement come to an end as of December 09, 2020 at midnight.

The mediation is terminated in accordance with section11(1) of the FDMA.

If you have any questions concerning this notice please contact the FDMS office at the address or telephone numbers shown above.

Your truly,

Jeff Doud
Assistant Regional Manager

Agriculture and Agri-Food Canada
Farm Debt Mediation Service

Agriculture et Agroalimentaire Canada
Service de médiation en matière d'endettement agricole

File N° 003102

RECORD OF APPEAL

This is to advise that the Appeal Board has met on the 4 day of December 2020 and has rendered a decision in the matter of Kalco Farm Ltd.
(name of applicant)

in reference to:

- ○ eligibility of applicant
- ○ the extension of the stay of proceedings
- ◉ the termination of stay of proceedings

The decision of the administrator regarding the above is:

- ◉ upheld
- ○ reversed

Pursuant to Section 15(5) of the *Farm Debt Mediation Act* the decision of the Appeal Board is final and is not subject to appeal.

P R Wolthuis
Chairperson, Appeal Board

2020-12-04
Date

The information you provide on this document is collected by Agriculture and Agri-Food Canada under the authority of the *Farm Debt Mediation Act* for the purpose of facilitating financial arrangements between farmers and their creditors. Personal information will be protected under the provisions of the *Privacy Act* and will be stored in Personal Information Bank AAFC-PPU-227. Information may be accessible or protected as required under the provisions of the *Access to Information Act*.

Canada

This is Exhibit "K" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

To: Mr. Dean Hitesman
Dentons Canada LLP
Address Line 1
Address Line 2
City
Postal Code email fax #

Client Name(s): Kalco Investments Ltd.

Payout Statement Preparation Date: **December 18, 2020**

Payout calculation is for receipt of funds by BMO prior to close of business: **December 18, 2020** , the "Payout Date".

Future Date Payout , if provided, is an estimate of additional cost and charges for receipt of funds on date indicated

Payout Calculation is subject to change for: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

This Payout Calculation is compiled for: (check one) [X] information purposes only, or [ ] final payout quote not exceeding 15 days to Payout Date

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)		Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (**) (6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	2517-6977-262	DLNR	$ 134,180.71	$ 11,898.68		$ 277.34	$ 24.59			$ 146,381.32	$ 17.76	Prime +	2.0000%
2	2517-6980-453	DLNR	$ 144,515.67	$ 7,956.55		$ 298.71	$ 16.45			$ 152,787.38	$ 18.54	Prime +	2.0000%
3	2517-6981-157	FRTL	$ 280,250.00	$ 16,584.26		$ 693.81	$ 41.06			$ 297,569.13	$ 43.23	Fixed	5.3300%
4	2517-6979-516	DLNR	$ 969,595.06	$ 53,382.59		$ 2,004.09	$ 110.34			$ 1,025,092.08	$ 124.38	Prime +	2.0000%
5	2517-6980-760	DLNR	$ 389,188.80	$ 21,427.38		$ 804.43	$ 44.29			$ 411,464.90	$ 49.92	Prime +	2.0000%
6	2517-6981-747	DLNR	$ 152,535.24	$ 8,398.05		$ 315.28	$ 17.36			$ 161,265.93	$ 19.57	Prime +	2.0000%
7	2517-6981-800	FRTL	$ 2,908,785.18	$ 147,382.49		$ 6,187.92	$ 313.53			$ 3,062,669.12	$ 382.44	Fixed	4.5800%
8	2517-6981-819	FRTL	$ 1,939,190.12	$ 102,423.91		$ 4,296.42	$ 226.93			$ 2,046,137.38	$ 266.08	Fixed	4.7700%
9	2517-6981-827	FRTL	$ 3,878,377.32	$ 189,937.98		$ 7,980.34	$ 390.83			$ 4,076,686.47	$ 492.42	Fixed	4.4300%
											$ -		
		Totals:	$ 10,796,618.10	$ 559,391.89		$ 22,858.34	$ 1,185.38	$ -	$ -	$ 11,380,053.71	$ 1,414.34		
			(A)	(B)		(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: December 18, 2020

Principal Balance	**$ 10,796,618.10**	**(A)**
Accrued Interest	**$ 583,435.61**	**(B)+(C)+(D)**
Penalty	**$ -**	**(E)**
Total Other Charge **	**$ -**	**(F)**
TOTAL AS AT: December 18, 2020	**$ 11,380,053.71**	**(G)**
Per Diem Rate	**$ 1,414.34**	**(H)**

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	**$ 10,796,618.10**
Accrued Interest	**$ 583,435.61**
Penalty	**$ -**
Total Other Charge **	**$ -**
TOTAL AS AT:	**$ 11,380,053.71**
Per Diem Rate	**$ 1,414.34**

Notes:

- Note: All legal and professional fees accrue to connected Borrower, Kalco Farms; please additionally refer to its commentary

Prime Rate on Payout Calculation Date: 2.45%

** Other Charges Defined:

** Total Other Charge $ -

BMO Feb 23, 2018

This is Exhibit "L" referred to in the Affidavit
of John Hermann sworn before me on
December 22, 2020

Commissioner for Oaths in and for the
Province of Alberta

NICHOLAS C. WILLIAMS
BARRISTER AND SOLICITOR

To: Mr. Dean Hitesman
Dentons Canada LLP
Address Line 1
Address Line 2
City
Postal Code email fax #

Client Name(s): Kalco Farms Ltd.

Payout Statement Preparation Date: **December 18, 2020**

Payout calculation is for receipt of funds by BMO prior to close of business: **December 18, 2020** , the "Payout Date".

Future Date Payout , if provided, is an estimate of additional cost and charges for receipt of funds on date indicated

Payout Calculation is subject to change for: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

This Payout Calculation is compiled for: (check one)
[X] information purposes only, or
[ ] final payout quote not exceeding 15 days to Payout Date

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)		Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (**) (6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	2517-6977-166	DLNR(Prev ODL)	$ 3,207,397.69	$ 174,401.47		$ 6,629.50	$ 360.48			$ 3,388,789.14	$ 411.18	Prime +	2.0000%
2	2517-6977-158	DLNR	$ 216,322.74	$ 16,591.10		$ 1,848.79	$ 141.79			$ 234,904.42	$ 117.09	Fixed	18.4000%
3	2517-6980-293	DLNR	$ 1,000,000.00	$ 55,056.54		$ 2,066.94	$ 113.80			$ 1,057,237.28	$ 128.28	Prime +	2.0000%
4	2517-6979-540	DLNR	$ 386,334.13	$ 21,395.54		$ 798.53	$ 44.22			$ 408,572.42	$ 49.57	Prime +	2.0000%
5		Other(refer Notes)							$ 5,349.04	$ 5,349.04	$ -		
6											$ -		
											$ -		
		Totals:	$ 4,810,054.56	$ 267,444.65		$ 11,343.76	$ 660.29	$ -	$ 5,349.04	$ 5,094,852.30	$ 706.12		
			(A)	(B)		(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: December 18, 2020

Principal Balance	**$ 4,810,054.56**	**(A)**
Accrued Interest	**$ 279,448.70**	**(B)+(C)+(D)**
Penalty	**$ -**	**(E)**
Total Other Charge **	**$ 5,349.04**	**(F)**
TOTAL AS AT: December 18, 2020	**$ 5,094,852.30**	**(G)**
Per Diem Rate	**$ 706.12**	**(H)**

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	**$ 4,810,054.56**
Accrued Interest	**$ 279,448.70**
Penalty	**$ -**
Total Other Charge **	**$ 5,349.04**
TOTAL AS AT:	**$ 5,094,852.30**
Per Diem Rate	**$ 706.12**

Notes:

1.) Previous Operating loan advance
2) Previous Corp MC advance
3) & 4) Term loans

Subject payout data includes in-process Denton's invoice #3547834 in amount of $5349.04 and dated Nov 30, 2020; amount will be charged to Facility #1 once processed.

Prime Rate on Payout Calculation Date: 2.45%

** Other Charges Defined:

$ 5,349.04	Dentons LLP invoice #3547834 in amount $5,349.04 included as approved payment by BMO as in process of being charged to debt facility #1

** Total Other Charge $ 5,349.04

BMO Feb 23, 2018