

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

-and-

ASTORIA ORGANIC MATTERS LTD. AND ASTORIA ORGANIC MATTERS CANADA LP

Respondents

THIRD SUPPLEMENTARY MOTION RECORD

February 20, 2018

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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BUSINESS DEVELOPMENT BANK OF CANADA

Applicant

-and-

ASTORIA ORGANIC MATTERS LTD. AND ASTORIA ORGANIC MATTERS CANADA LP

Respondents

**AFFIDAVIT OF SARAH QUILDON
(AFFIRMED ON FEBRUARY 20, 2018)**

I, Sarah Quildon, of the City of Toronto in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Legal Assistant at Eric K. Gillespie Professional Corporation.
2. I am advised by Nick Pora that he prepared the Expert Report as requested on behalf of SusGlobal Energy Belleville Ltd. I am advised by Nick Pora that his Expert Report accurately sets out his opinion. Attached to my affidavit as Exhibit "A" is a copy of that Expert Report, which was served on the parties on January 26, 2018 (the "Expert Report").
3. Attached to my affidavit as Exhibit "B" is a copy of the curriculum vitae of Nick Pora, which was inadvertently omitted when Nick Pora's Expert Report was served on the parties on January 26, 2018.
4. I have been advised by Nick Pora and verily believe that the curriculum vitae of Nick Pora attached to my affidavit as Exhibit "B" is true and up to date.

5. I have been advised by Nick Pora and verily believe that he based the calculations in his Expert Report on photographs provided to him by Gerald Hamaliuk that were date stamped sometime in September 2017, which are attached to my affidavit as Exhibit "C." These photographs are found at the lower right of page 168 and the top left and top right of page 169 of BDO's Fourth Report.

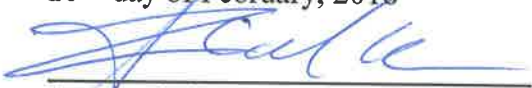
6. I have been advised by Nick Pora and verily believe that Nick Pora inspected the Tipping Building on the Site (as previously defined in SusGlobal Energy Belleville Ltd.'s materials) to determine its dimensions to provide accurate calculations in his Expert Report.

7. I have been advised by Gerald Hamaliuk and verily believe that all organic waste that was received by the Debtors and is currently received by SusGlobal Belleville and put into the Tipping Building is either wastewater management waste or pulp and paper sludge, both of which have significant water content. At no part in the composting process is any of the organic waste that is received from vendors or the leaf and yard waste used to prepare the compost mixture in the Tipping Building dried out: all organic waste is wet. Water is added to the compost mixture in the Tipping Building to bring the water-moisture content up to approximately 60 percent. At no part in the composting process is any organic waste ever dried out, so a dry weight is never used.

8. The leaf and yard waste used to create the compost mixture in the Tipping Building is also wet when received and there is no step in the process to dry out the leaf and yard waste, as well.

9. This affidavit is sworn in support of the motion for leave to claim compensation from BDO for damages for gross negligence or in the alternative, wilful misconduct, and breaches of the APA and Court Order and the ECA and related legislation, and for no improper purpose.

AFFIRMED BEFORE ME in)
the City of Toronto)
in the Province of Ontario, this)
20th day of February, 2018)


A commissioner etc.

CSUL # 68035A


SARAH QUILDON

TAB A

**This is Exhibit "A" referred to in the
Affidavit of SARAH QUILDON affirmed before
me on this 20th day of February, 2018.**

A handwritten signature in blue ink, appearing to be "J. Calu", written over a horizontal line.

A Commissioner, etc.

CSue # 08035 A

NICK PORA

porafamily@rogers.com

6899 Sparkling Lake Way
Greely, ON, K4P 1R7
613.797.4671

January 26, 2018

In November and December of 2017, I was hired on as an Operations Consultant at SusGlobal Energy Belleville Ltd. ("SusGlobal Belleville") in Belleville, Ontario. I was at the site two days per week during that time. I became very familiar with the site and worked with the staff to improve and standardize operations and process all incoming material in a more efficient manner.

On December 18th, 2017, Gerald Hamaliuk, SusGlobal Belleville's Chief Executive Officer, asked me to look at a series of photographs that were taken in September 2017 when SusGlobal Belleville took possession of the Astoria Organic Matters property in Belleville. These photographs were of the incoming material (biosolids, paper sludge, manure, food waste) inventory that was in the tipping building at that time. In those pictures, it was quite easy to determine inventory levels in association to landmarks within the tipping building (stair-ladder, side concrete block-walls, spans/supports of the building fabric, and the metal push-wall within the tipping building) as well as the established dimensions of the building. At that time, Gerald asked me to estimate the inventory of materials in the tipping building.

I was able to determine the following:

- Each span/support of the building fabric measured approximately 3.35 meters. There was material in inventory covering 16 spans. Therefore $16 \text{ spans} \times 3.35 \text{ meters} = 53.6 \text{ meters}$
- The width of the tipping building is 24.4 meters.
- I used a height of 2 meters based on the fact that the side concrete block-walls are 1.5 meters high and the metal push-wall is 3 meters high. I feel that 2 meters high is a fair representation of the height of those piles.
- Therefore, my estimation of the amount of inventory in the tipping building is:

$53.6\text{m} \times 24.4\text{m} \times 2\text{m} = 2,615.68 \text{ cubic meters.}$

Cubic meters and tons do not denote the same physical property – cubic meters measure volume and metric tonnes measure mass. However, you can determine the amount of space a specific material fills by using the mass per volume of the substance, known as the density. The bulk density of the biosolids is 0.8 metric tonne per cubic meter. Therefore, we can calculate the following tonnage of biosolids in inventory:

$2,615.68 \text{ cubic meters} \times 0.8 \text{ metric tonnes per cubic meter} = 2,092.54 \text{ metric tonnes}$

In addition, based on the DHL Material Report from April 13 to September 14, 2017, I was able to conclude the following:

- Biosolids received: 1,606.37 tonnes
- Manure received: 10.52 tonnes
- Paper sludge received: 3,334.88 tonnes

- Total organic waste received: 4,951.77 tonnes.

4,951.77 tonnes divided by 23 weeks = 215.29 tonnes of organic waste received per week.

Based on Astoria's stated mix ratio, 3:1 (Leaf and Yard Waste : Biosolids), and total tonnage per windrow of 500 tonnes at 1 windrow per week, I arrive at the following calculation:

3:1 equals 375 tonnes of leaf and yard waste to 125 tonnes of biosolids. 1 windrow is made per week over the 23 week period.

215 tonnes biosolids – 125 tonnes biosolids = 90 tonnes extra biosolids per week

90 tonnes x 23 weeks = 2,070 tonnes of biosolids in inventory in the Tipping Building.

This is almost the exact same number that I calculated based on the September photographs I was shown.

As a result, I am confident in these estimates.

While I was visiting the SusGlobal Belleville site in Belleville, they would make 1 new windrow each week. They would accumulate the biosolids for that week and begin to mix the biosolids with the leaf and yard waste and store that mixed material at one end of the tipping building behind the metal push-wall. The leaf and yard waste was stored outside in front of the tipping building as their ECA allows for outside storage of leaf and yard waste. They would only bring the leaf and yard waste inside when they were making a fresh mix. The mix they were utilizing, while I was there, was a 2:1 mix of Leaf and Yard Waste to Biosolids. They would fill a fresh windrow each week and monitor the temperatures and oxygen levels accordingly and maintain the proper composting parameters as per their ECA. Once the compost was filled into a windrow, it was covered with a Gore cover and remained in Stage 1 for approximately 21 days. After Stage 1, the windrow was transferred to another aerated area and remained covered in Stage 2 for approximately 10 days. Finally, after Stage 2, the material was transferred to another aerated windrow where it remained for 10 days before being moved to the outdoor concrete storage pad for further processing (screening). The total number of days for all 3 stages was approximately 41. During the composting process, temperatures were maintained well above the ECA and composting requirements and a pathogen kill was clearly evident based on the temperature profiles provided on the Gore computer system.

I would like to add that the change from producing Category "A" compost to Non-Agricultural Source Materials Plan ("NASM") compost will be a real challenge for SusGlobal Belleville as they had to adjust to processing so much inventoried biosolids. In my experience, I've seen how difficult it is to market and sell NASM material and this will be an upcoming challenge in terms of customers, but also in terms of outside storage space being over capacity at times. This will put pressure on them with the Ministry of the Environment and Climate Change regarding outside storage volumes in the future.

Nick Pora

TAB B

**This is Exhibit "B" referred to in the
Affidavit of SARAH QUILDON affirmed before
me on this 20th day of February, 2018.**

A handwritten signature in blue ink, appearing to be "A. [unclear]", written over a horizontal line.

A Commissioner, etc.

CSUC # 68035A

CAREER PROFILE

An accomplished Executive with more than 29 years of experience managing operations, personnel, and production for an established agricultural enterprise and organics composting companies.

A strong leader with a motivational management style and a reputation for building and retaining highly motivated production teams.

A results-oriented achiever with an excellent track record of identifying and implementing opportunities for growth while maintaining low-cost efficiencies.

WORK EXPERIENCE

Susglobal Energy

Belleville, ON

Operations Consultant

2017-Present

- Helped identify, create, and train a new and more responsive team
- Established daily, weekly, and monthly production plans and relevant reporting documentation
- Designed and implemented inventory controls, daily facility and equipment checklists, and lab testing requirements and schedules as per legislated by the Ministry of the Environment

Orgaworld Canada

Ottawa, ON

Ontario Operations Manager

2015 - Present

- Reduced labour & maintenance spending by greater than 10%
- Reduced both energy & fuel consumption by 10% respectively
- Achieved zero lost time due to accidents for the past 30 months
- Coached & mentored employees to advance and succeed
- Repaired and improved relationships with key stakeholders

Continental Mushroom

Metcalf, ON

Vice President and Assistant General Manager

2009 - 2014

- Helped design and implement a successful Food Safety Program
- Sourced and tested alternative composting ingredients
- Managed various projects including a tunnel pasteurization facility and a state-of-the-art composting facility
- Evaluated and negotiated purchases of key equipment and machinery
- Ensured the highest level of customer service within the very demanding fresh food industry

Farm Manager

- 3 plus years with no lost time injuries
- Created and implemented one of the first modified work programs with WSIB in Eastern Ontario
- Hired and maintained a dynamic workforce of 300 employees with very little turnover
- Consistently produced industry-high quantities of fresh mushrooms
- Held operating and production costs to less than 10% total increase over a 5-year period

1989-2011

Essex – Continental Distributors Inc.

Board of Directors

- Grew business to become the largest supplier of fresh mushrooms to Quebec
- Expanded business to include high value specialty items such as Italian chestnuts and BC tree fruit

Montreal, QC
1990 – 2014

EDUCATION

Trent University

BA Administrative Studies and Politics

Peterborough, ON

Pennsylvania State University

Annual Mushroom Short Course

Old Main, PA

Dutch Mushroom School

Senior Grower and Composting

Holland

Jan Huys Consulting

Phase 2 and Phase 3 Indoor Composting

Belgium

Apex Public Relations

Media Training

Toronto, ON

Hockey Canada

Certified High Performance 1 Hockey Coach

Ottawa, ON

COMMUNICATION

Keynote speaker at various conferences throughout North America

LEADERSHIP

Mushrooms Canada

President

2009 - 2011

North American Mushroom Conferences

Chairman and Organizing Committee

Every 4 Years

Ottawa and Area Hockey Associations

Head Coach: Tournament golds and 2 provincial silver medals

2002 - Present

SKILLS & ABILITIES

Very good communicator. Extensive experience in working with people of many diverse ethnic groups, racial groups, age groups, those with other religious beliefs and customs, and new Canadian immigrants.

Experienced working with and managing Boards of Directors.

Years of experience in fostering collaborative team efforts and managing conflict. Helped establish organizational structure to ensure performance and accountability of all staff.

Experienced in the identification, qualification, and utilization of suppliers capable of meeting cost, quality, and delivery requirements, along with negotiating price, delivery, and terms.

Represented the organization externally to the community, government, media, supply chain partners, and other organizations and agencies.

Able to work independently, demonstrating sound judgment and problem-solving ability.

Able to efficiently design and adjust work schedules according to customers' needs.

TAB C

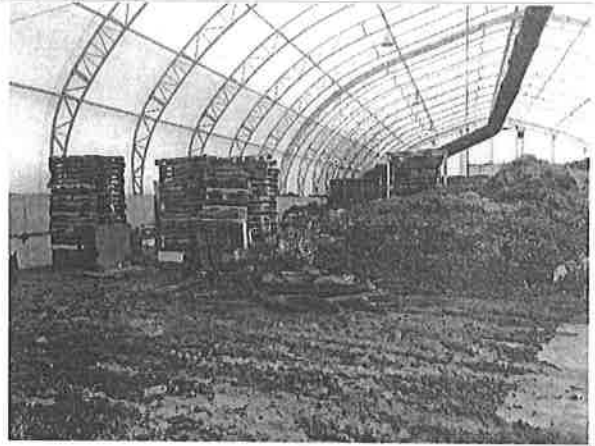
**This is Exhibit "C" referred to in the
Affidavit of SARAH QUILDON affirmed before
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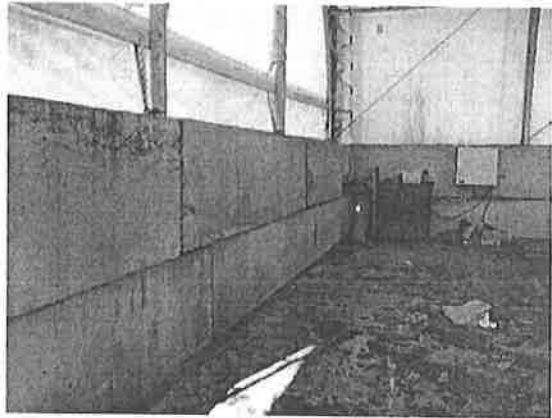
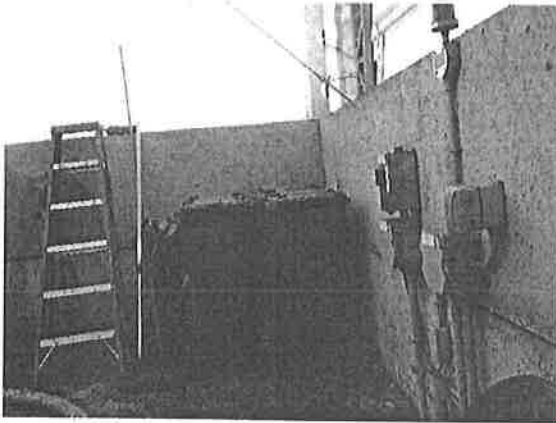
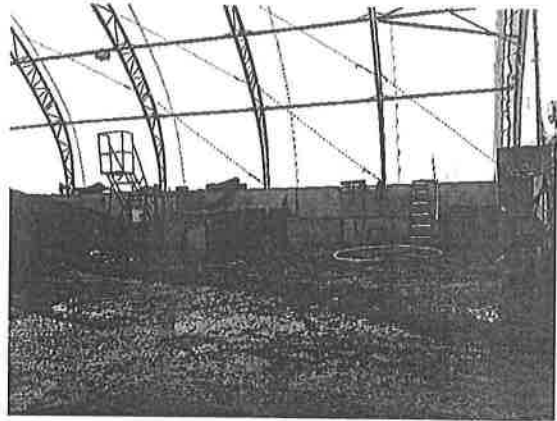
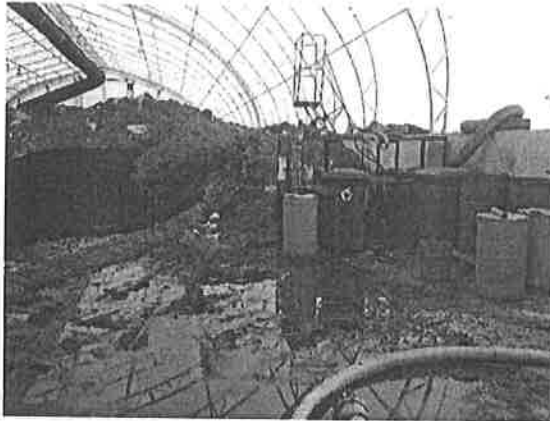


A Commissioner, etc.

CSUC # 08035A

Tipping building





BUSINESS DEVELOPMENT
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Court File No. CV-17-11760-00CL

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Proceeding Commenced at Toronto

**AFFIDAVIT OF SARAH QUILDON
(AFFIRMED ON FEBRUARY 20, 2018)**

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**THIRD SUPPLEMENTARY MOTION
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