

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

**ALBERTA HEALTH SERVICES**

Plaintiff

-and-

**NETWORK HEALTH INC.**

Defendant

BEFORE THE HONOURABLE  
MADAM JUSTICE B.E.C. ROMAINE  
IN CHAMBERS

) At the Calgary Court Centre, in the City of  
) Calgary, in the Province of Alberta, ON  
) TUESDAY THE 11th DAY OF May, 2010.  
)  
)


**AMENDED CONSENT**  
**INTERIM RECEIVERSHIP ORDER**

UPON the application of Alberta Health Services ("AHS") in respect of Network Health Inc. (the "Debtor"); AND UPON having read the Notice of Motion, the Affidavit of Chris Mazurkewich, and the Affidavit of Service of Rhonda Lastockin filed; AND UPON reading the consent of PricewaterhouseCoopers Inc. ("PwC") to act as interim receiver ("Interim Receiver") of the Debtor, filed; AND UPON being satisfied that all parties entitled to notice of the application for this Order under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA") have been given such notice; AND UPON hearing counsel for AHS, the Debtor, 4040 Properties Corp., Cambrian (Foothills) I Properties Corp. and Cambrian Wellness I Development Corp. (collectively "Cambrian"), PwC, NorthWest Health Care Properties Corporation and Clark Builders Ltd.;

IT IS HEREBY ORDERED AND DECLARED THAT:

**SERVICE**

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

I hereby certify this to be a true copy of  
the original Order  
dated this 11 day of May 2010  
  
for Clerk of the Court

### **APPOINTMENT OF INTERIM RECEIVER**

2. Pursuant to section 46(1) of the BIA, and section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and the inherent jurisdiction of the Court, PwC is hereby appointed Interim Receiver, without security, of all of the financial records and accounts of the Debtor with the further authority to investigate, observe and monitor the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor's business, including all proceeds thereof and including all medical services provided by the Debtor (the "Property").

### **INTERIM RECEIVER'S POWERS**

3. The Interim Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:
  - (a) to take inventory of and oversee the Debtor, to ensure the preservation of the Property;
  - (b) to receive and control any and all proceeds, receipts and disbursements arising out of or from the Property and all bank accounts of the Debtor;
  - (c) to report to the preservation, protection and maintenance of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (d) to manage, operate and carry on the financial affairs of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor, but specifically excluding the management, supervision or provision of medical services and medical assessments conducted by the Debtor;
  - (e) to review and report to the Court the Debtor's compliance with obligations pursuant to agreements between the Debtor and AHS;
  - (f) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Interim Receiver's powers and duties including, without limitation, those conferred by this Order;

- (g) to prepare financial projections in accordance with the Debtor's scheduled and planned provision of medical services;
- (h) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (i) with consent of the Court, to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (j) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (k) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (l) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Interim Receiver, and with the consent of the Court, to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate all matters relating to the Property and the Interim Receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, consents, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Interim Receiver, in the name of the Debtor; and
- (p) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Interim Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

4. Notwithstanding anything else in this order, the right, power and authority to defend, commence, continue, litigate and settle any legal proceedings in dispute between the Debtor and (i) Cambrian, including the proceedings in Bankruptcy No. BK 01-094004,

(ii) AHS, (iii) Clark Builders, and (iv) Healthcare Properties Holdings Inc., are not vested in the Interim Receiver, but will remain in the control and management of the Debtor, but such rights are stayed pursuant to this Order and cannot be exercised without leave of the Court.

5. For further clarity, the Interim Receiver is entitled to monitor the Debtor's provision of medical services, medical assessments and maintenance and operations of the Property, but those matters remain under the control and supervision of the Debtor and with respect to the provision of health, surgical medical or other services to the public shall be acting solely as the agent of the Debtor and the Debtor and any applicable insurers shall be solely liable for any claims, obligations or liabilities arising from the provision of such services.
6. Notwithstanding any power or direction or any provision in this Order, the Interim Receiver is deemed and declared not to be liable for any claim, obligation or liability arising from the provision of health, surgical or medical services such liability of the Debtor being restricted to the Debtor and any applicable insurers. The Interim Receiver will ensure that during the period of its appointment that the insurance premiums payable in respect of the existing directors and officers insurance policies of the Debtor will continue to be paid. The Debtor will continue to have the authority to deal with insurance and claims arising from it, but subject to the supervision of the Interim Receiver.
7. The Interim Receiver and AHS have the right to reapply on notice to this Court to augment or amend the powers of the Interim Receiver as may be appropriate from time to time.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER**

8. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, but excluding legal counsel to the Debtor, (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property (including all premises from which the Debtor conducts its business and operations) to the Interim Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Interim Receiver upon the Interim Receiver's request.
9. All Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the

“Records”) in that Person's possession or control, and shall provide to the Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 9 or in paragraph 10 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

10. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE INTERIM RECEIVER**

11. No proceeding or enforcement process in any court or tribunal (each, a “Proceeding”), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

12. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property (excluding the proceedings in Bankruptcy No. BK01-094004 which will be dealt with by separate order in those proceedings) are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 12.

### **NO EXERCISE OF RIGHTS OF REMEDIES**

13. Subject to paragraph 12 above, all rights and remedies (including, without limitation, set-off rights) against the Debtor, the Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Interim Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Interim Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety, privacy, confidentiality or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE INTERIM RECEIVER**

14. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Interim Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 2) of the *Companies' Creditors Arrangement Act* with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

### **CONTINUATION OF SERVICES**

15. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, any supplies, materials and contracted services provided to enable, directly and indirectly, the provision of medical services, all computer software, communication and other data services, centralized banking services, payroll services, liability insurance, property insurance or any and all other forms of insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such insurance, goods or services as may be required by the Interim Receiver, and this Court directs that the Interim Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Interim Receiver in accordance with existing premiums normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Interim Receiver, or as may be ordered by this Court

### **INTERIM RECEIVER TO HOLD FUNDS**

16. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and

the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

#### **EMPLOYEES**

17. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Debtor, may with the Interim Receiver's consent terminate the employment of such employees. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) and 81.6(3) of the BIA. For clarity, the Interim Receiver is not empowered to terminate any of the Debtor's employees without consent of the Court.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

18. (a) Notwithstanding anything in any federal or provincial law, the Interim Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Interim Receiver's appointment; or
  - (ii) after the Interim Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Interim Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Interim Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Interim Receiver to remedy any environmental condition or environmental damage affecting the Property, the Interim Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Interim Receiver:

- A. complies with the order, or
  - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Interim Receiver to contest the order; or
  - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Interim Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Interim Receiver by Section 14.06 of the BIA or any other applicable legislation.

#### **INTERIM RECEIVER'S ACCOUNTS**

19. The Interim Receiver, counsel to the Interim Receiver and counsel to the Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and the Interim Receiver, counsel to the Interim Receiver and counsel to the Debtor shall be entitled to and are hereby granted a charge (the "Interim Receiver's Charge") in an amount of \$500,000 in total on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Interim Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. Only fees incurred in respect of the Debtor's counsel effective from April 26, 2010 onwards will be covered by the Interim Receiver's Charge.
20. The Interim Receiver, its legal counsel and counsel to the Debtor shall pass their accounts from time to time.
21. Prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates

and charges of the Interim Receiver, its counsel and counsel to the Debtor, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE INTERIM RECEIVERSHIP**

22. The Interim Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Interim Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
23. Neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
24. The Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Interim Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
25. The monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Interim Receiver's Certificates.

#### **ALLOCATION**

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Interim Receiver's Charge and Interim Receiver's Borrowings Charge amongst the various assets comprising the Property.

#### **GENERAL**

27. The Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Nothing in this Order shall prevent the Interim Receiver from acting as a trustee in bankruptcy of the Debtor.

29. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.
30. The Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Interim Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized outside Canada..
31. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
32. Subject to further order of the Court, this Interim Receivership Order shall remain in full force and effect until January 15, 2011.



\_\_\_\_\_  
J.C.C.Q.B.A.

**CONSENTED TO:**

**FRASER MILNER CASGRAIN LLP**

**PER;** \_\_\_\_\_

**DAVID LEGEYT**  
**Solicitor for Network Health Inc.**

ENTERED this 11 day of May, 2010.

\_\_\_\_\_  
CLERK OF THE COURT

**SCHEDULE "A"**

**INTERIM RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that PricewaterhouseCoopers Inc., the Interim Receiver (the "Interim Receiver") of the assets, undertakings and properties Network Health Inc. (the "Debtor") acquired for, or used in relation to the Debtor's business, including all proceeds thereof (collectively the "Property"), appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the \_\_\_\_ day of \_\_\_\_\_, 2010 (the "Order") made in action numbers \_\_\_\_\_, has received as such Interim Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Interim Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the \_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at \*.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Interim Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Interim Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

PRICEWATERHOUSECOOPERS INC.,  
solely in its capacity as Interim Receiver of  
the Property, and not in its personal capacity

Per: \_\_\_\_\_  
Name:  
Title:

CLERK OF THE COURT  
MAY 11 2010  
CALGARY, ALBERTA

Action No: 1001 - 06509

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IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

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BETWEEN:

**ALBERTA HEALTH SERVICES**

Plaintiff  
(Applicant)

- and -

**NETWORK HEALTH INC.**

Defendant  
(Respondent)

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**AMENDED CONSENT**  
**INTERIM RECEIVERSHIP**  
**ORDER**

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**BORDEN LADNER GERVAIS LLP**  
Barristers and Solicitors  
1000 Canterra Tower  
400 Third Avenue S.W.  
Calgary, Alberta T2P 4H2

**Attention: Josef G.A. Krüger, Q.C.**  
**Telephone: (403) 232-9563**  
**Fax: (403) 266-1395**

File No.: 014758-000314 JGK

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