

COURT FILE NUMBER 643 of 2016

COURT QUEEN'S BENCH FOR SASKATCHEWAN
 IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

APPLICANTS 101133330 SASKATCHEWAN LTD. and
 101149825 SASKATCHEWAN LTD.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

SUPPLEMENTARY AFFIDAVIT OF DAVID CALYNIUK

I, DAVID CALYNIUK, of the City of Saskatoon, in the Province of Saskatchewan,
businessman, MAKE OATH AND SAY THAT:

1. I am the Chief Executive Officer of Land and Commercial Development for North Ridge Development Corporation ("**North Ridge**"), consultant to 825 and 33330, such that I have personal knowledge of the facts and matters hereinafter deposed, except where stated to be on information and belief and, where so stated, I believe the same to be true.

2. Unless otherwise defined, capitalized terms in this affidavit will have the meanings given to them in my Affidavit sworn August 12, 2016 (the "**First Calyniuk Affidavit**"), as well as the affidavits sworn by Mr. Orr in these proceedings.

I. INTRODUCTION

3. North Ridge was retained by 825 as the Owner's Consultant for the 825 Land pursuant to an agreement dated July 1, 2016. North Ridge's mandate in respect of the 825 Land is to provide advice, direction, and take all steps necessary to maximize the ultimate value of the 825 Land. To date, this has largely involved acting as the owner's

agent, liaising with Dream, and completing the necessary work for the inclusion of the 825 Land in the Willows community by way of Dream's Amended Willows Concept Plan submission to the City.

4. As of November 8, 2016, North Ridge and 33330 have entered into an additional consulting agreement in relation to the Orr Centre and Campus, such that North Ridge is now the Orr Centre Owner's Consultant as well. The Orr Centre and Campus are unique assets, and the conclusion ultimately reached by the parties was that the most effective manner to approach the nature of North Ridge's consulting services would be for it to provide advice and analysis in relation to the Orr Centre and Campus as though they were North Ridge assets (i.e., what would North Ridge potentially do to maximize the value of the property in the present circumstances?).

II. 825 LAND UPDATE

A. Overview

5. Distilled to its most basic elements, the work required to complete the submission of the preliminary Amended Willows Concept Plan entailed:

- (a) a reconsideration of Dream's original land use and golf course concepts to accommodate the inclusion of the 825 Land;
- (b) the conceptualization and development of a proposed land use plan for the 825 Land itself; and
- (c) the initiation of certain civil infrastructure studies.

6. Generally speaking, the land use plan is one of the most important components of any new neighbourhood development. It provides the civic authority with not only the specific types of land uses (e.g., single family, multi-family, commercial, etc.), amenities spaces, and transportation networks being proposed by the developer, but also their spatial arrangements.

7. The civil infrastructure studies, on the other hand, are necessary in order to, among other things, demonstrate to the civic authority what is required to accommodate the proposed development, as well as the anticipated effects of the same on, for example, the current traffic patterns.

B. Dream's Revised Land Use and Golf Course Concept

8. The specific elements of what has changed with respect to Dream's proposed land use and golf course concepts constitute confidential business information and cannot be made public at this point in time. An additional concern from a developer's perspective arises from the fact that such plans can often change between the preliminary submission and public unveiling, which occurs shortly before the submission is considered for final approval. Having a preliminary version of the land use and concept plans available to the public prior to the submission of the final version to City Council has the potential to create public misconceptions about the new development, and may be detrimental from a business perspective if the public reaction to the changes in the final version is negative.

9. It was necessary for Dream to carefully consider the implications of adding the 825 Land to the development, particularly with respect to the golf course, which is focal point of the community. Given the 825 Land's proximity to the golf course and fact that it will now be developed, Dream had to consider how the two would interact.

10. Over the course of September, Dream narrowed down its preferred options for the revised layout of the Willows land uses, which were then presented to Dream's golf course consultant to consider how the proposed changes would interact with the golf course. A final decision was then made near the end of November, and Dream's preferred layout was provided to North Ridge for review and comment with respect to the 825 Land. From North Ridge's perspective, the preferred layout is positive, with the preliminary indications being that the 825 Land will overlook a hole on the revised golf course layout.

C. The 825 Land Use Plan

11. North Ridge has proposed (and Dream has agreed) that the 825 Land as a whole is to be zoned as Direct Control District 4 in order to allow for a variety of multi-family uses, which North Ridge believes provides the best potential to maximize 825 Lands' end sale value.

12. In addition, the parties have determined that the 825 Land may be more marketable at an earlier stage if it is subdivided into smaller pieces, as opposed to being incorporated into the Willows community as one 15 acre parcel. Having smaller subdivisions increases the pool of potential buyers, as there are a limited number of entities capable of raising the capital required to purchase an entire 15 acre parcel.

13. While North Ridge has submitted its proposed land use patterns detailing the potential configurations and mixes of townhouses and apartments for Dream's consideration, the parties have agreed for the purposes of the preliminary Amended Willows Concept Plan submission to forego committing to any specific subdivisions or one land use pattern, and instead present the 825 Land as a single multi-family parcel.

14. The primary reason for keeping the land use plan generic is because there is additional work to be done on the servicing capacity study (as will be described in more detail in the next section of this affidavit). The outcome of the servicing capacity study will dictate the extent of permissible development on the 825 Land, absent an upgrade to the existing sanitary system; consequently, committing to a certain land use pattern that does not take into account the results of the servicing capacity study could, among other things, unnecessarily limit the 825 Land's ultimate development.

15. For the sake of illustration, assume that the parties submitted a land use pattern with a fixed population density as part of the preliminary Amended Willows Concept Plan. If it were approved by the City the parties would be locked into that configuration

and density for the 825 Land, absent a further amendment. This would be problematic if the servicing study later revealed that the existing infrastructure could support a higher density of development than that which was approved. Seeking preliminary comments from the City as to the type of development for the 825 Land without committing to a specific land use pattern will provide the needed flexibility to deal with the results of the servicing study, and help ensure that the land's development potential is maximized for the benefit of the stakeholders.

C. Civil Infrastructure Studies

(i) The Sanitary Study

16. Of the various civil infrastructure studies required, the results of the sewer capacity study are perhaps the most significant. The parties need to be able to demonstrate to the City that the existing Willows infrastructure has capacity to accommodate development on the 825 Land. If that can be done, then North Ridge will propose a more specific land use to Dream that provides for the maximum density allowed without triggering an upgrade. Alternatively, if the results evidence a shortfall in capacity, Dream and North Ridge will know the extent of the upgrades that will be necessary in order to accommodate additional densities of development on the 825 Land.

17. Ordinarily a new development would use a pre-determined model to estimate capacity for the servicing study because there is no actual data. In this case Dream is able to conduct a study detailing the actual flows from the existing Willows development. Using the actual flows is preferable because the results will either demonstrate that there is capacity in the existing system, or determine the extent of the upgrade that is required. In the latter case it will also provide realistic design guidelines (i.e., how much additional capacity is required?) and ensure that the system is not overdesigned.

18. North Ridge has been advised by Dream that it intends to monitor the flows through the winter months and the spring until it has collected data through into the

spring runoff and initial rainfall events, at which time the study and a more detailed 825 Land use and concept plan will be finalized.

(ii) **Remaining Studies**

19. As outlined in paragraphs 13 and 14 of the First Calyniuk Affidavit, the City also requires a natural area and archaeology study, environmental assessment, and traffic impact study (the “**Remaining Studies**”); however, the City previously indicated that it will accept simplified, desktop analyses for each of the forgoing due the fact that full studies were already submitted as part of the original, approved Willows Concept Plan.

20. It is not cost effective to complete the Remaining Studies prior to the City’s initial review of the preliminary Amended Concept Plan because any revisions the City imposes could in turn require changes to the Remaining Studies. In North Ridge’s experience, it is common to have these items brought to substantial completion pending the City’s review, comment, and direction as to whether any changes are required. Based on the feedback received on the preliminary Amended Willows Concept Plan, Dream will then revise certain details and provide additional information, as requested, with the Remaining Studies to be completed and submitted with the revised Amended Willows Concept Plan to the City for final approval.

D. Submission of the Amended Willows Concept Plan

21. As alluded to above, the preliminary Amended Willows Concept Plan was submitted to the City on December 2, 2016. A copy of an email dated December 5, 2016 from Darryl Dawson, Manager of the Development Review Section of the City’s Planning and Development Department confirming receipt is attached as Exhibit “A.”

22. North Ridge’s experience is that the City could generally take between six to eight months to complete an initial review of this nature. The process is not static, but rather involves a back and forth dialogue, during which the City will often request

changes and additional information from the lead developer. Once that process is finished, the Remaining Studies will be completed and the submission will be considered for final approval.

III. ORR CENTRE UPDATE

A. Overview

23. The main factors that could potentially limit redevelopment options for the Campus are its servicing capacity, and whether the City of Regina is receptive to the same being subdivided and rezoned to accommodate further development. The answers to these questions dictate not only what 33330 could do with the Campus in its present circumstances, but also the available opportunities (and therefore value) to any prospective purchaser. This base level information is needed before North Ridge can provide a realistic range of available options.

24. On a micro-level, North Ridge is analyzing the existing facilities, lease arrangements, and overall revenue streams to determine whether the existing property could be repackaged in some fashion as a stabilized, income producing asset.

B. Servicing Capacity, Subdivision, and Rezoning

25. On or about November 11, 2016, North Ridge presented and 33330 accepted an engineering proposal from Catterall & Wright Consulting Engineers (“**Catterall & Wright**”), a copy of which is attached as Exhibit “B.” As detailed therein, the initial work to be performed includes:

- (a) collecting:
 - (i) as-built drawing information for the surrounding water and sewer services; and
 - (ii) data regarding existing drainage by collecting a topographical

survey of the surrounding roadways;

- (b) estimating the existing water usage and sewer flows from the existing site; and
- (c) reviewing the capacity of the current sanitary, storm, and water mains with reference to potential redevelopment options of the site (both residential and commercial).

26. With respect to the servicing capacity specifically, Catterall & Wright has issued a preliminary report (the “**Catterall & Wright Report**”), which North Ridge is in the process of reviewing and analyzing. North Ridge’s initial assessment is positive, as it concludes there is indeed capacity for further residential and commercial development; however, more time is required to consider the implications of the report from a site planning perspective, and conduct some initial drafting.

27. For these reasons, North Ridge is reticent to commit to any density or other estimates in respect of the Campus’ development potential at this time. North Ridge anticipates the present analysis will continue over the course of December and into the New Year, and the conclusions drawn will necessarily inform the nature of the discussions with the City of Regina and North Ridge’s recommendations for the Orr Centre and Campus that are to follow.

B. Analysis of the Orr Centre “As-Is”

28. North Ridge has obtained copies of the Orr Centre building plans, specifications, as-built drawings, and lease agreements and reviewed the same. North Ridge has a number of questions regarding the leases that will be referred to 33330 and its legal counsel for a response, following which North Ridge will draft a rent roll for consideration along with its analysis of the Caterall & Wright Report.

IV. CONCLUSION OF THE OWNER’S CONSULTANT

29. The submission of the preliminary Amended Willows Concept Plan to the City is


a significant milestone in the development process for the 825 Land; however, with the submission now made, the timing of further progress on that front will be determined by the City's response, the scope of required changes, and Dream's completion of the servicing study and Remaining Studies. From a developer's perspective, six to eight months is a realistic timeframe to allow this process to unfold, during which time North Ridge and Dream will correspond with the City as to the status of the review process, and whether any changes or additional information are required.

30. In the meantime, North Ridge's instructions are to focus its efforts on formulating a range of realistic options for the Orr Centre and Campus, which I understand will form the basis of further discussions and negotiations between the Companies and stakeholders. Based upon the facts of which I am presently aware, I estimate that North Ridge will be in a position to provide some high level options for consideration in or about the second week of January of 2017.

31. I therefore swear this Affidavit in support of the application that is presently before this Honourable Court.

SWORN (OR AFFIRMED) BEFORE ME)
at the City of Saskatoon, in the Province of)
Saskatchewan, this 16th day of December,)
2016.)


A COMMISSIONER FOR OATHS for
Saskatchewan Being a Solicitor.


DAVID CALYNIUK

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

Name of firm:	McDougall Gauley LLP
Name of lawyer in charge of file:	Ian A. Sutherland
Address of legal firm:	500-616 Main Street Saskatoon, SK S7H 0J6
Telephone / Fax number:	(306) 665-5417 / (306) 652-1323
Email address (if any):	isutherland@mcdougallgauley.com

Sent: Monday, December 05, 2016 5:10 PM
To: David Calyniuk
Subject: Willows Concept Plan Amendment

Hello David

This email is to verify that the Development Review Section, Planning and Development Division received a draft of the Willow's Neighbourhood Concept Plan map for preliminary comments on December 2, 2016. The preliminary comments from Civic Administration will be provided back to Dream Developments in due course.

Regards,

Darryl Dawson | tel 306.975.8103

Manager, Development Review Section, Planning and Development
City of Saskatoon | 222 3rd Avenue North | Saskatoon, SK S7K 0J5
darryl.dawson@saskatoon.ca
www.saskatoon.ca

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Please contact the sender and delete the message and any attachments.*

THIS IS EXHIBIT "A" REFERRED TO IN
THE SUPPLEMENTARY AFFIDAVIT OF
DAVID CALYNIUK SWORN BEFORE ME
AT THE CITY OF SASKATOON, IN THE
PROVINCE OF SASKATCHEWAN THIS
16TH DAY OF DECEMBER, 2016.


A COMMISSIONER FOR OATHS IN AND
FOR THE PROVINCE OF SASKATCHEWAN
BEING A SOLICITOR



CATTERALL & WRIGHT | CONSULTING ENGINEERS

1221 – 8th STREET EAST | SASKATOON, SK S7H 0S5

TEL: (306) 343-7280 | www.cwce.ca | FAX: (306) 956-3199

November 11th, 2016

**101133330 Saskatchewan Ltd. (John Orr)
c/o North Ridge Developments Ltd.
Saskatoon, SK S7K 8B3**

Copy sent via email: dcalyniuk@northridge.sk.ca

Attention: David M. Calyniuk

Re: Servicing Review – 4400 4th Avenue

We provide the following proposal to provide engineering servicing study to determine the redevelopment options for 4400 4th Avenue, in Regina Saskatchewan.

Company Profile

Catterall & Wright was established in Saskatoon in 1965 and offers engineering services to municipalities, land developers, government agencies, First Nations and industries in Saskatchewan. Located in Saskatoon, the firm employs a staff of 20, including 11 engineers. The senior engineers have 33 to 37 years of experience in civil engineering. Operating primarily in Saskatchewan we are able to provide our clients with quality personal service. The strength of the team is our people, a mix of experienced senior engineers, intermediate and junior staff who are well versed in current engineering technology and analytical software.

Engineering services provided by Catterall & Wright include planning, feasibility studies, drainage studies and analysis, detailed equipment and construction specifications, construction inspections and supervision, contract administration and project management. Catterall & Wright has successfully completed numerous servicing studies in Saskatchewan.

Scope of Work

We propose to conduct the work as follows:

1. Collect as built drawing information for surrounding water and sewer services.
2. Collect data regarding existing drainage by collecting a topographical survey of the surrounding roadways.
3. Estimate existing water usage and sewer flows from the existing site.
4. Review capacity of current sanitary, storm and water mains with reference to potential redevelopment options of the site (residential and commercial).
5. Prepare detailed cost estimates for feasible redevelopment options.

Schedule

Work can commence on the above scope of work immediately, with the scope of work described above completed by December 6th, 2016. Schedule is subject to timely acceptance of this proposal and timely receipt of all required information from the City of Regina.

THIS IS EXHIBIT "B" REFERRED TO IN
THE SUPPLEMENTARY AFFIDAVIT OF
DAVID CALYNIUK SWORN BEFORE ME
AT THE CITY OF SASKATOON, IN THE
PROVINCE OF SASKATCHEWAN THIS
16TH DAY OF DECEMBER, 2016.

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CATTERALL



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1221 – 8th STREET EAST | SASKATOON, SK S7H 0S5

TEL: (306) 343-7280 | www.cwce.ca | FAX: (306) 956-3199

Fees

We propose to offer the above services for the following lump sum for the items listed under the scope of work:

Total Fees = \$8,500 plus applicable taxes.

Any additional work requested outside of the outlined scope will be charged on a time and expense basis.

Agreement

Attached is a short form agreement for engineering services. Services will commence once the agreement has been fully executed and the proposal has been accepted. Payment in the absence of a signature on this proposal or the terms of engagement will indicate acceptance of the terms and conditions stated herein.

Summary

We trust that we have provided sufficient information for your consideration. We would be pleased to discuss any aspect of this proposal. We hope that Catterall & Wright will merit your favorable consideration and we assure you of our co-operation to expedite the work and to bring the project to a successful conclusion.

Sincerely;

Catterall & Wright

Per:

Ryan Rogal, P. Eng.

Client Approval Name & Signature: _____

Date: _____