

**IN THE COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE OF SASKATOON**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 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.,**

APPLICANTS

**SUPPLEMENT TO THE FOURTH REPORT OF THE MONITOR
DELOITTE RESTRUCTURING INC.**

DECEMBER 19, 2016

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EXHIBITS

Exhibit A – August 16, 2016 Letter from the City of Regina

PURPOSE

1. The purpose of this supplement to the Fourth Report (the “**Supplement to the Fourth Report**”) is to provide information to the Court regarding a letter received by the Applicants and the Monitor’s legal counsel on August 16, 2016 from the City of Regina.
2. Paragraph 19 of the Fourth Report indicated that the Applicants had not received any further correspondence from the City of Regina regarding outstanding City of Regina property tax arrears as at the date of the Fourth Report since the delivery of correspondence from the Applicants to the City of Regina dated August 5, 2016.
3. It has been brought to the attention of the Monitor that the City of Regina Legal Department did in fact send correspondence dated August 16, 2016 addressing these issues to counsel for the Monitor and to counsel for the Applicants. A copy of this correspondence is attached to this Supplement to the Fourth Report as Exhibit “A”. Counsel for the Monitor apologizes for any misunderstanding or confusion which may have resulted from omission of reference to this letter in the Fourth Report.
4. Although the Applicants and the City of Regina Legal Department disagree on how the pre-filing property tax arrears are to be treated within these proceedings, the City of Regina has not taken any further action as at the date of this Supplement to the Fourth Report, and has indicated that they reserve their right to later challenge the classification and payment of this claim when that issue is being considered by the Court.

All of which is respectfully submitted at Saskatoon, Saskatchewan, this 19th day of December 2016.

DELOITTE RESTRUCTURING INC.

In its capacity as Monitor of
101133330 Saskatchewan Ltd. and
101149825 Saskatchewan Ltd.,
and not in its personal capacity.



Per: Brent Warga, CA, CIRP
Senior Vice-President

Exhibit A – August 16, 2016 Letter from the City of Regina



August 16, 2016

Sent via e-mail

101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd.
c/o McDougall Gauley LLP
Attention: Ian Sutherland / Craig Frith / Mike Russell
Email: isutherland@mcdougallgauley.com / cfrith@mcdougallgauley.com /
mrussell@mcdougallgauley.com

Deloitte Restructuring Inc.
c/o MacPherson, Leslie & Tyerman
Attention: Paul Olfert and Jeff Lee
Email: polfert@mlt.com / jmlee@mlt.com

Dear Mr. Sutherland, Mr. Frith, Mr. Russell, Mr. Olfert and Mr. Lee:

Re: *Companies' Creditors Arrangement Act* – 101133330 Saskatchewan Ltd. and
101149825 Saskatchewan Ltd.
Our File No.:0280 BAN 16260
Your File No.: 524974.11

We write the following in response to Mr. Russell's letter of August 5, 2016. In that letter he advises that it is 101133330 Saskatchewan Ltd.'s position that the requirement to pay municipal taxes in paragraph 9c of the Initial Order must be read subject to paragraph 19. On this reading, he has apportioned the taxes out on a monthly basis and takes the position that the pro-rated taxes owing prior to April 20, 2016 constitute a pre-filing debt and that only the pro-rated taxes owing post April 20, 2016 constitute a post-filing debt. He also advises that only the post-filing debts will continue to be paid on a monthly basis under paragraph 9 of the Initial Order. Mr. Russell also advises that the Monitor supports this position.

We write to indicate that we disagree with this position and we kindly ask that it be reconsidered. We do not believe that paragraph 9c of the Initial Order must be read subject to paragraph 19 and therefore we do not believe that there should be any distinction made as to whether taxes owing are pre or post filing debts. We note that there is no mention of paragraph 19 in paragraph 9. There is also no mention of the April 20, 2016 date in paragraph 9c and there is also no mention of separating debts into debts accrued prior to or after this date. However, paragraph 9b does specifically mention the April 20, 2016 date for sales taxes and makes the distinction between sales taxes accrued or collected prior to or post April 20, 2016. As this is mentioned in 9b but not in 9c we suggest that this is deliberate and therefore that the intent was not to separate out

municipal taxes based on the April 20, 2016 date and therefore that all taxes owing should be paid. We do not believe that paragraph 19 applies to taxes as this provision seems to contemplate suppliers of specific services that can be discontinued or terminated. While it is arguable that the City's utilities could fall under this paragraph, taxes are not similar in nature to the services identified in paragraph 19.

Further while we disagree that any distinction should be made as to pre and post filing taxes, even if paragraph 19 did apply to municipal taxes we further disagree with the position taken by 101133330 Saskatchewan Ltd. that taxes were due on January 1, 2016 and that only taxes apportioned monthly after April 20, 2016 should be paid.

We understand that Mr. Russell bases this position on section 236 of *The Cities Act* which is a deeming provision which deems taxes to have been imposed on January 1st. The purpose of this section is to establish the taxation period which is from January 1-December 31. This deeming provision does not set when taxes are required to be paid. In fact, the taxes are not even known as of January 1st.

In terms of background on how the taxes are set, the various mill rates are set by Bylaw. For 2016, the two bylaws, *The School Division Property Tax Bylaw, 2016* and *The Regina Property Tax Bylaw, 2016* were passed by Regina City Council on April 25, 2016. The City does not pass these bylaws until April because it does not have the education mill rates from the Province until well into the tax year. These two bylaws set the applicable mill rates which then are applied to all assessable property in the City. In May 2016, the tax notices were then sent out to advise property owners of the amount of taxes owing and the due date by which taxes are required to be paid without incurring penalties. Section 62 of Bylaw 2003-69, *The Regina Administration Bylaw*, sets out the due date for paying taxes as follows:

“62. Pursuant to section 237 of the Act, and subject to section 63 of this Bylaw, tax payments must be received by June 30, except in a year where June 30 is a Saturday or a Sunday, in which case, the date shall be revised as follows:

- (a) where June 30 falls on a Saturday tax payments must be received by June 29; and
- (b) where June 30 falls on a Sunday, tax payments must be received by July 2.”

Penalties may only be assessed after the date indicated above. We have attached a duplicate copy of the property tax notice for 101133330 Saskatchewan Ltd. The statement date was May 5, 2016 and the deadline for paying the taxes is clearly identified as June 30, 2016.

We question how a debt can be a pre-filing debt when the amount of the tax debt had not even been established by April 20, 2016 and the tax notices that set the amount and the deadline for paying had not even been sent out by April 20, 2016. Further we question how a debt can be a pre-filing debt when the deadline for payment had not passed and the

City could not take any enforcement actions or impose any penalties until the deadline of June 30.

We believe some confusion has arisen in this case because of 101133330 Saskatchewan Ltd.'s participation in the Tax Instalment Payment Plan Service ("TIPPS"). Perhaps 101133330 Saskatchewan Ltd. believed that because it was on TIPPS originally that the taxes were owing as of January 1st and it may also have believed that the monthly TIPPS amounts covered the taxes when calculated over a 12 month period. These assumptions are not correct. While 101133330 Saskatchewan Ltd. was enrolled in TIPPS, it was taken off TIPPS in April because there were insufficient funds in the owner's designated account to pay the monthly installments. Once a taxpayer is no longer on TIPPS, taxes are due in full on June 30th. Enrolling in TIPPS does not make the taxes owing as of January 1st even though a taxpayer may voluntarily start making monthly payments under TIPPS on January 1st. Further, the original monthly TIPPS amount that 101133330 Saskatchewan Ltd. was paying is insufficient to cover the full amount owing as it is based on an estimate of the taxes.

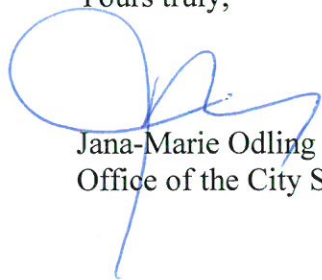
TIPPS is basically a voluntary monthly installment payment plan that allows the taxpayer to pay over 12 months instead of in a lump sum as of June 30th. The monthly TIPPS amount for the months of January to June in each year is calculated based on 1/12th of the total **estimate** of the taxes for that year as the taxes are not set until after the education and municipal mill rates are passed in April. For the months of July to November the monthly amounts are readjusted based on the actual mill rates and taxes assessed. The December monthly payment is further adjusted to ensure that there is no outstanding balance at the end of the year. Where monthly TIPPS amounts are made prior to the June 30th deadline these payments are being made in advance voluntarily.

Based on the above, we believe that no tax debt was required to be paid prior to June 30th and that because this is after the April 20, 2016 Initial Order date that the full taxes owing should be paid in accordance with paragraph 9c of the Initial Order.

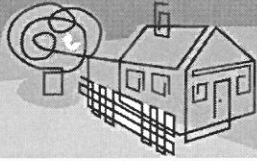
We understand that a number of court applications are being heard on Wednesday August 17, 2016 with respect to the further extension of the Initial Order. As these applications are not considering the classification, and payment of creditors we have not raised these issues within that context. However, we reserve our right to later challenge the classification and payment of these claims when that issue is being considered by the parties and/or the Court.

If you have any questions or concerns regarding the above you can contact me at (306) 777-7475. Thank you.

Yours truly,



Jana-Marie Odling
Office of the City Solicitor



DUPLICATE 2016 Property Tax Notice

Property Address 4400 4TH AVENUE	Account Number 10187033	Statement Date May 5, 2016	Assessed Person(s) 101133330 SASKATCHEWAN LTD.
Assessed Parcel Plan: 75R32425 Block: A/E; Plan: 59R20949 Block: 28 Lot: 7; Plan: 101889344 Block: 28 Lot: 9	Taxable Assessment 7,034,500	Lien Year	
Mortgage Company	Mortgage Number	Taxation Period January to December	

	Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Amount	Details Of Taxes	
Education Taxes	<i>Public Support: 71%</i>								
	Commercial	2,255,585		8.2800		1.00000	\$18,676.24		
	Multi-Residential	1,772,231		5.0300		1.00000	\$8,914.32		
	<i>Separate Support: 29%</i>								
	Commercial	921,295		8.2800		1.00000	\$7,628.32		
	Multi-Residential	723,869		5.0300		1.00000	\$3,641.06		
							Total School Taxes (36% of total taxes) ▶	\$38,859.94	
Library Taxes	Commercial	3,176,880		0.9594		1.32901	\$4,050.68		
	Multi-Residential	2,496,100		0.9594		0.87880	\$2,104.51		
								Total Library Taxes (6% of total taxes) ▶	\$6,155.19
Municipal Taxes	Commercial	3,176,880		9.5920		1.32901	\$40,498.43		
	Multi-Residential	2,496,100		9.5920		0.87880	\$21,040.74		
								Total Municipal Taxes (58% of total taxes) ▶	\$61,539.17
BID Taxes									
Other Charges									
							Total 2016 Taxes ▶	\$106,554.30	
21258								Balance on account as of May 05, 2016	(\$9,728.32)
							Total Balance Due by June 30, 2016 ▶	\$96,825.98	

Interested in the Tax Installment Payment Plan? For more information or an application form, go to Regina.ca or call 306-777-7000.
E & O E See reverse for payment options.

Property Tax Payment Stub

DUPLICATE

Attach this portion to your payment.



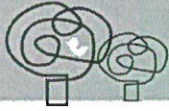
10187033 000009682598 20160505

101133330 SASKATCHEWAN LTD.
C/O ORR DEVELOPMENTS
163 CARTWRIGHT AVENUE
TORONTO ON M6A 1V5

000001

Payment Due Date: June 30, 2016

Account Number:	10187033
Property Address:	4400 4TH AVENUE
Balance Due:	\$96,825.98
Amount Paid:	



Conditions and Terms

Where Your Tax Dollar Goes:	Provincial legislation requires the City of Regina to collect property taxes on behalf of the following taxing authorities: > School Boards: Public 306-523-3000 or Separate 306-791-7200 > City of Regina: 306-777-7000 > Regina Public Library: 306-777-6000 > Business Improvement Districts (if applicable): Regina Downtown: 306-359-7541 Regina's Warehouse District: 306-585-3958								
Provincial Education Property Tax:	For more information on the education tax and 2016 education mill rates, please contact the Province of Saskatchewan at www.education.gov.sk.ca/Finance/Education-Property-Tax or call 1-866-984-8577.								
Tax Inquiries:	Have a question about your tax bill? Go to Regina.ca or call 306-777-7000.								
Due Date:	The City of Regina must receive payment by Thursday, June 30, 2016 to avoid penalties on the current levied amount.								
Payment Options:	You can pay your property taxes using the following options: > TIPPS: Make monthly payments for property taxes rather than one annual payment. Visit us at Regina.ca or call 306-777-7000. > In person: Cashiers on the Main Floor, City Hall (2476 Victoria Avenue) accept payment by cash, debit card, or cheque. Open 8 a.m. – 4:45 p.m. weekdays (except holidays) > 24-Hour Deposit Box: Located on the southeast corner of City Hall. Include the tax payment stub with the cheque or money order. > Most Banks or Credit Unions: Payments can be made at the teller, by telepay, or internet banking. Please ensure you use the 8-digit account number, shown on your notice. Allow 5 days for processing if using this method of payment. > Mail: Your cheque or money order can be mailed to: City of Regina, P.O. Box 5042, Regina, SK S4P 3M3								
If Paying By Cheque:	> Please make cheque payable to City of Regina . Include the tax payment stub with the cheque. > Post-dated cheques are accepted, however cheques dated or received after June 30, 2016 are subject to penalty. > An administrative fee of \$20 will be added to the tax roll for all cheques returned by a financial institution, or \$10 per tax account if multiple tax accounts are affected by that withdrawal. > To reduce expenses, please accept your cancelled cheque as your receipt.								
Other Charges:	Other charges may also be added to the tax account throughout the year and are subject to penalties .								
Late Payments:	> If payment is received after June 30, 2016 (regardless of postmark date), a penalty of 1.25 % is applied to unpaid balances on the first working day each month. > If you pay your property taxes after June 30, 2016, call 306-777-7000 to confirm the amount due, including penalties. > If your tax account is not paid in full by December 31, 2016 your account will be considered in arrears. A penalty of 1.5% will be added to unpaid balances on the first working day of each month.								
Updating Your Information:	Change in ownership: If this property has been sold, return this notice to: City of Regina, Assessment, Tax and Real Estate Department P.O. Box 5042, Regina, SK S4P 3M3 Change in address: If your mailing address has changed, please notify the City of Regina, Assessment, Tax and Real Estate Department, in writing to P.O. Box 1790, Regina, SK S4P 3C8. Only registered owners are authorized to alter the mailing address and a signature is required to complete this request. A change of address form is available for download at Regina.ca . Click on "Assessment & Tax", "Download Forms & Brochures" and "Change of Address Form". NOTE: Notification given to other City of Regina departments will not update your property tax account. Account numbers are specific to individual properties. If you purchase a different property, your account number will change. Please update your online and/or telephone banking records to ensure your payments are applied correctly in the future.								
Explanation of Terms:	<table border="0"> <tr> <td><i>Lien Year</i></td> <td>The year a tax lien was registered on the title of the property.</td> </tr> <tr> <td><i>Taxation Period</i></td> <td>January 1 - December 31</td> </tr> <tr> <td><i>Assessed Parcel</i></td> <td>The property identifier used by Information Services Corporation of Saskatchewan containing the plan number, block and lot of the property.</td> </tr> <tr> <td><i>Lanes, Local Improvements</i></td> <td>Your property tax bill may include a special tax for lane maintenance and/or a charge for local improvements.</td> </tr> </table>	<i>Lien Year</i>	The year a tax lien was registered on the title of the property.	<i>Taxation Period</i>	January 1 - December 31	<i>Assessed Parcel</i>	The property identifier used by Information Services Corporation of Saskatchewan containing the plan number, block and lot of the property.	<i>Lanes, Local Improvements</i>	Your property tax bill may include a special tax for lane maintenance and/or a charge for local improvements.
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<i>Lanes, Local Improvements</i>	Your property tax bill may include a special tax for lane maintenance and/or a charge for local improvements.								

Tear off this portion and include with your property tax payment.

Payment Options:

- TIPPS: Monthly Payments
Visit Regina.ca or call 306-777-7000
- Internet or Telephone banking
- Most Chartered Banks or Credit Unions
- At City Hall - 2476 Victoria Ave, Regina, SK
 - Cashiers Wickets
8:00 – 4:45 weekdays
 - 24 hr Deposit Box

If paying with banking method, verify the 8 digit account number and allow 5 business days for processing.

Make Cheques Payable to City of Regina