

Deloitte.

COURT FILE NUMBER 1301-13468

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF CANADIAN IMPERIAL BANK OF COMMERCE

DEFENDANT CAMERON CONSTRUCTION SERVICES LTD. AND
CAMERON VENTURE GROUP INC.

DOCUMENT SECOND REPORT OF THE COURT APPOINTED RECEIVER
AND MANAGER OF CAMERON CONSTRUCTION SERVICES
LTD. AND CAMERON VENTURE GROUP INC.

DATED MARCH 18, 2014

PREPARED BY DELOITTE RESTRUCTURING INC.

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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INTRODUCTION AND BACKGROUND

Introduction

1. Pursuant to an Order granted by the Court of Queen's Bench of Alberta (the "**Court**") on November 14, 2013 (the "**Receivership Order**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**") of Cameron Construction Services Ltd. ("**Cameron Construction**") and Cameron Venture Group Inc. ("**Cameron Venture**", collectively the "**Companies**"). A copy of the Receivership Order and other information regarding these proceedings can be accessed on Deloitte's website at www.deloitte.ca under the Insolvency and Restructuring link.
2. The Receivership Order was granted as a result of an application by Canadian Imperial Bank of Commerce ("**CIBC**"), which holds registered security over all of the Companies' present and after-acquired personal property (the "**CIBC Security**").
3. The Receiver retained Gowling Lafleur Henderson LLP ("**Gowlings**") as its independent legal counsel, who has been assisting the Receiver with various matters and who completed an independent review of CIBC's security over the property, assets and undertakings of the Companies (the "**Security Review**"). In certain instances, due to certain real property being located in Saskatchewan and due to a potential conflict of interest in relation to other real property in Alberta, independent legal counsel other than Gowlings was retained to conduct a security review. Gowlings and the other legal firms have determined that the CIBC Security is valid and enforceable.

Notice to Reader

4. In preparing this report, Deloitte has relied on unaudited financial information, the Companies' records and discussions with former management, interested parties and the Companies' stakeholders. The Receiver has not performed an independent review or audit of the information provided.

Background

5. Cameron Construction provided construction solutions through several key business lines including fabric-building installations, earth works and electrical and controls. Cameron Construction was an authorized Guard-All dealer and constructed these fabric buildings throughout Alberta. The earth works group focused on oil and gas well-site reclamation projects and worked with several large exploration and production companies. The electrical and controls group supported the building construction group, in addition to performing electrical installations in various residential and commercial construction projects.

6. This report constitutes the second report of the Receiver (the "**Second Report**"). The Second Report is being filed in support of the Receiver's application to this Honourable Court on March 21, 2014 (the "**March 21, 2014 Application**") seeking the following:
 - a. approval of the sale of land in Estevan;
 - b. approval of the sale of a helicopter; and
 - c. an Order sealing the Confidential Second Report in the Court file.

Powers of the Receiver

7. The Receiver's powers are detailed in Paragraph 3 of the Receivership Order. They include the power to take and maintain possession and control of the assets of the Companies; the power to manage, operate and carry on the business of the Companies; and the power to market and sell the Companies' assets (subject to Court approval if one sale exceeds \$50,000 or if in the aggregate the sales exceed \$250,000).

SALE OF THE HELICOPTER

8. As disclosed in the First Report of the Receiver dated February 24, 2014, Cameron Construction owns a 2007 Robinson R44 Raven II helicopter (the "**Helicopter**"), which is currently in storage at the Springbank airport west of Calgary.
9. At the start of the receivership, the Receiver enquired with several parties if they knew of any potential buyers for the Helicopter. As a result of such enquiries, one party made an offer to the Receiver which the Receiver considered too low. In order to better expose the Helicopter to the market, the Receiver approached two helicopter dealers to gauge their interest and qualifications to sell the Helicopter. As a result of these discussions, the Receiver retained Aerial Recon Ltd. ("**ARL**") on January 14, 2014 to market the Helicopter for sale.
10. The Receiver understands that ARL has been operating since 1985, is the largest Robinson helicopter dealer in Canada and has a far-reaching network of connections in the industry. ARL also knew the Helicopter well as it was the broker that originally imported the Helicopter into Canada for sale. ARL listed the Helicopter for sale on its website and received several enquiries and offers.
11. The highest offer received by ARL for the Helicopter was from a company operating in the United States. Following negotiations, the Receiver entered into an agreement to sell the Helicopter on an "as is where is" basis to the third party (the "**Third Party Helicopter Sale Agreement**"), subject only to Court approval and a quick closing. Particulars of the Third Party Helicopter Sale Agreement are disclosed in the Confidential Supplement to the Second Report of the Receiver dated March 18, 2014 (the "**Confidential Second Report**").

12. CIBC, as first secured creditor of Cameron Construction, has no objection to the sale of the Helicopter in accordance with the terms outlined in the Third Party Helicopter Sale Agreement.
13. John Cameron, the former principal of Cameron Construction and one of the guarantors of the CIBC debt of the Companies with his wife (the "**Guarantors**"), consents to the sale of the Helicopter.
14. It is the Receiver's opinion that the Helicopter has been appropriately exposed to the market and the sale price for the Helicopter included in the Third Party Helicopter Sale Agreement is commercially reasonable. The sale of the Helicopter is also in the best interests of the estate. The sale eliminates the carrying costs for continuing to store the Helicopter at the Springbank airport as well as the ongoing insurance costs which are continuing to be funded through the receivership.
15. At the March 21, 2014 Application, the Receiver is seeking approval of the sale of the Helicopter in accordance with the terms set out in the Third Party Helicopter Sale Agreement.

SALE OF THE ESTEVAN LANDS

16. Cameron Venture owns the following two (2) undeveloped lots located near Estevan, Saskatchewan in the Estevan Industrial Park:

- Lot 10, Block / Parcel 2, Plan No. 101974798 ("**Lot 10**"); and
- Lot 11, Block / Parcel 2, Plan No. 101974798 ("**Lot 11**", collectively, the "**Estevan Lands**").

Lot 10 is 4.99 acres and Lot 11 is 3.78 acres, such that the total area of the Estevan Lands is 8.77 acres. Title documents for Lot 10 and Lot 11 are attached to this Second Report as **Appendix A** and **Appendix B**, respectively.

17. The Receiver discussed the sale and marketing of the Estevan Lands with the former listing brokers, Colliers International ("**Colliers**"), and ICR Commercial Real Estate ("**ICR**") and obtained listing proposals from both parties. The Receiver also discussed the Estevan Lands with its in-house real estate group to determine the best course of action. Neither Colliers nor ICR were aware of any interested buyers and Colliers indicated that it had not received any offers for the Estevan Lands during the 6 month period it had the listing from November 2012 to April 2013.
18. The Receiver did not list the Estevan Lands with a broker as it was approached directly by an interested third party. Following negotiations, the Receiver entered into an agreement to sell the Estevan Lands to the third party (the "**Third Party Land Sale Agreement**"). Particulars of the Third Party Land Sale Agreement and values of the Estevan Lands are disclosed in the Confidential Second Report.
19. The sale of the Estevan Lands are on an "as is where is" basis without any conditions other than Court approval. In addition, this sale will close on or before fourteen (14) days immediately following the approval and vesting order of the Court and no later than April 11, 2014.

20. Although the Estevan Lands have not been formally listed for sale by the Receiver, the Receiver is not aware of any other interested parties and the Third Party Land Sale Agreement includes a quick closing. It is possible that listing the property with a broker may realize a higher sales price for the Estevan Lands; however, broker commissions of 5% would be payable along with additional professional fees and ongoing holding costs such as insurance and property taxes. In addition, there is uncertainty with respect to the timing of a future sale.
21. Based on the Receiver's preliminary review of Cameron Venture's financial records and discussions with Mr. Cameron and other stakeholders, it appears that there are few, if any, creditors of Cameron Venture. The only potential creditor that the Receiver is aware of is CAT Financial Services Ltd. ("**CAT**") and the Alleged Estevan Liens (as defined later in the Second Report). The Receiver understands that CAT has a cross guarantee from Cameron Venture on assets leased by Cameron Construction. As the Receiver understands that all of the CAT leases in Cameron Venture are being assumed by third parties or are being paid out as part of the receivership, any debts should be minimal.
22. The Guarantors appear to be the primary parties that are impacted by the sale price of the Estevan Lands (subject to the issue of marshalling as discussed in more detail later in the Second Report). Mr. Cameron is in agreement with the sale terms contained within the Third Party Land Sale Agreement.
23. CIBC, as first secured creditor of Cameron Venture, has no objection to the sale of the Estevan Lands pursuant to the Third Party Land Sale Agreement.
24. It is the Receiver's opinion that the sale of the Estevan Lands pursuant to the Third Party Land Sale Agreement is commercially reasonable and in the best interests of the estate.
25. At the March 21, 2014 Application, the Receiver is seeking approval of the sale of the Estevan Lands in accordance with the terms set out in the Third Party Land Sale Agreement.

Liens on Title of the Estevan Lands

26. A title search of the Estevan Lands reflects that a lien has been registered by 1174365 Alberta Ltd. ("**1174365**") in the amount of \$12,600 on each of the titles of Lot 10 and Lot 11 (the "**Alleged Estevan Liens**"). The Receiver has sought to clarify the basis for the Alleged Estevan Liens and was informed that they resulted from an invoice that was received, and paid, by 1174365 which 1174365 believes was the responsibility of Cameron Venture. The Receiver understands that the invoice related to the rental of a disc by Cameron Venture to clear the Estevan Industrial Park and is informed by Gowlings that the time period to register any liens had expired.

27. Based on discussions with Gowlings, the Receiver is of the opinion that the Alleged Estevan Liens are invalid. 1174365 will have the opportunity to dispute this position and can attempt to claim an interest in the sales proceeds from the Estevan Lands at a future distribution hearing.

Marshalling Issue

28. As outlined in the First Report, CIBC was owed a principal balance of approximately \$2.8 million from the Companies as at the date of the receivership and there were several other secured and unsecured creditors in Cameron Construction, including leasing companies, the Canada Revenue Agency, trade creditors and employees. As outlined previously, there are few, if any expected creditor claims in Cameron Venture, with the exception of CIBC and CAT.
29. As at March 4, 2014, CIBC was owed approximately \$2.9 million with accrued interest and professional fees (the "**CIBC Debt**"). CIBC holds first ranking security over certain assets of Cameron Construction, first by way of specific security agreements held and secondly by way of a general security agreement. In addition, CIBC holds security over specific assets of Cameron Venture. This security includes a mortgage held by CIBC, which is secured in the amount of \$736,000 for Lot 10 and \$736,000 for Lot 11.
30. The net proceeds realized from the assets of Cameron Construction will not be sufficient to pay out the CIBC Debt in full. Some of the proceeds from the assets of Cameron Venture will be required to make up the shortfall. The Receiver needs to consider the issue of which net proceeds from the assets of the Companies are used to pay out the CIBC Debt first as there are different creditors and interested parties in each of the Companies. This concept is known as marshalling; namely, where a creditor has access to two sources of payment (i.e. CIBC), that creditor shall take their payment out of that fund (i.e. Cameron Venture) upon which another creditor has no access or lien (i.e. the creditors in Cameron Construction). Marshalling is further complicated when a guarantor is in place, as is the case for Mr. and Ms. Cameron.
31. Gowlings has reviewed the marshalling issue and related guarantor and subrogation issues with the Receiver and has advised that the sale of the Estevan Lands only impacts the Guarantors and any other creditors that may exist in Cameron Venture. These issues will be discussed in more detail in a subsequent report of the Receiver where a distribution order will be sought. The creditors of Cameron Construction will be put on notice when the application is made to disburse any funds in the receiverships of the Companies.

SEALING CONFIDENTIAL SECOND REPORT


32. The Receiver recommends that a Court Order be granted sealing the Confidential Second Report and that it remain under seal (the "**Sealing Order**"), unless otherwise ordered by the Court, to avoid any negative impact that could result from the dissemination of the information contained in that report.

33. The Confidential Second Report will be provided to the Court and CIBC, as first secured creditor of the Companies, and no other party other than the Guarantors. The report contains confidential information including the agreed sale terms of the Estevan Lands and the Helicopter. Publication of this information may undermine the efforts to close the sale of either of these assets. Publication may undermine the efforts to close the sale of the Helicopter and/or the Estevan Lands, and in the event that one or both of these sales do not close, the subsequent marketing of them. The Receiver is not aware of any suitable alternative measures to protect the confidentiality of the information contained in the Confidential Second Report from being disseminated.
34. Any interested party may apply, on notice to the Receiver, to vary the terms of the Sealing Order or to unseal the Confidential Second Report

APPROVALS SOUGHT

35. As a result of the foregoing, the Receiver respectfully requests the following:
- a. approval of the sale of the Helicopter pursuant to the Third Party Helicopter Sale Agreement;
 - b. approval of the sale of the Estevan Lands pursuant to the Third Party Land Sale Agreement; and
 - c. an Order sealing the Confidential Second Report in the Court file.

DELOITTE RESTRUCTURING INC.,
in its capacity as Receiver and Manager of
Cameron Construction Services Ltd. and
Cameron Venture Group Inc.
and not in its personal capacity.



Jeff Keeble, CA • CIRP, CBV
Senior Vice President

Appendix A

Search Results

Search By: Title Details
With Criteria: As Of Date = 18-Mar-2014 09:20:08
 Title Number = 142073894

Audit:  **History:** 

[Printer-Friendly Version](#)

Province of Saskatchewan Land Titles Registry Title

Title #: 142073894 **As of:** 18 Mar 2014 09:20:08
Title Status: Active **Last Amendment Date:** 12 Nov 2013 09:22:27.510
Parcel Type: Surface **Issued:** 23 Apr 2012 08:25:01.087
Parcel Value: \$750,000.00 CAD
Title Value: \$750,000.00 CAD **Municipality:** RM OF ESTEVAN NO. 005
Converted Title: 90R53626
Previous Title and/or Abstract #: 137653229

CAMERON VENTURE GROUP INC. is the registered owner of Surface Parcel
 #164368659

Reference Land Description: Lot 10Blk/Par 2Plan No 101974798
 Extension 0

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
158557146 CNV Easement

Value: N/A
Reg'd: 16 Jul 1954 00:17:43
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Expiry Date: N/A

as to SW 1/4

Holder:
 Saskatchewan Power Corporation
 N/A, Saskatchewan, Canada
Client #: 100871063
Int. Register #: 100611683
Converted Instrument #: AK1063

Interest #:
158557157

CNV Easement

Value: N/A
Reg'd: 29 Nov 1991 02:32:36
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

SW

Holder:
Saskatchewan Power Corporation
N/A, Saskatchewan, Canada
Client #: 100871063
Int. Register #: 100611694
Converted Instrument #: 91R55583

Interest #:
158557168

SaskEnergy Act Easement (s.19)

Value: N/A
Reg'd: 16 Jul 2009 10:56:13
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
SASKENERGY INCORPORATED
700 - 1777 Victoria Avenue
Regina, Saskatchewan, Canada S4P 4K5
Client #: 105200693
Int. Register #: 115630523

Interest #:
159089697

Mortgage

Value: \$736,000.00 CAD
Reg'd: 04 Jun 2012 12:53:01
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
Canadian Imperial Bank of Commerce
6200 Macleod Trail South
Calgary, AB, Canada T2H 0K6
Client #: 127500780
Int. Register #: 118371034

Interest #:

164819694

Builders' Lien

Value: \$12,600.00 CAD
Reg'd: 12 Nov 2013 09:22:27
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
1174365 ALBERTA LTD.
BOX 1559
MAYERTHORPE, AB, Canada T0E 1N0
Client #: 122325780
Int. Register #: 119584390

Addresses for Service:

Name	Address
Owner: CAMERON VENTURE GROUP INC. Client #: 127335124	1500 1874 SCARTH ST. REGINA, SK, Canada S4P 4E9

Notes:

Parcel Class Code: Parcel (Generic)

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Appendix B

■ Search Results ■

Search By: Title Details
With Criteria: As Of Date = 18-Mar-2014 09:21:34
 Title Number = 144319114

Audit:  **History:** 

[Printer-Friendly Version](#)

Province of Saskatchewan Land Titles Registry Title

Title #: 144319114	As of: 18 Mar 2014 09:21:34
Title Status: Active	Last Amendment Date: 05 Dec 2013 08:48:58.317
Parcel Type: Surface	Issued: 05 Nov 2013 11:18:50.283
Parcel Value: N/A	
Title Value: N/A	Municipality: RM OF ESTEVAN NO. 005
Converted Title: 90R53626	
Previous Title and/or Abstract #: 142073928	

CAMERON VENTURE GROUP INC. is the registered owner of Surface Parcel #202850120

Reference Land Description: Lot 11Blk/Par 2Plan No 101974798
Extension 1

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #: 164754197	CNV Easement	Value: N/A Reg'd: 16 Jul 1954 00:17:43 Interest Register Amendment Date: N/A Interest Assignment Date: N/A Expiry Date: N/A
	as to SW 1/4 Holder: Saskatchewan Power Corporation N/A, Saskatchewan, Canada Client #: 100871063 Int. Register #: 100611683 Converted Instrument #: AK1063	

Interest #:
164754209

CNV Easement

Value: N/A
Reg'd: 29 Nov 1991 02:32:36
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

SW

Holder:
Saskatchewan Power Corporation
N/A, Saskatchewan, Canada
Client #: 100871063
Int. Register #: 100611694
Converted Instrument #: 91R55583

Interest #:
164754210

SaskEnergy Act Easement (s.19)

Value: N/A
Reg'd: 16 Jul 2009 10:56:13
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
SASKENERGY INCORPORATED
700 - 1777 Victoria Avenue
Regina, Saskatchewan, Canada S4P 4K5
Client #: 105200693
Int. Register #: 115630523

Interest #:
164754232

Mortgage

Value: \$736,000.00 CAD
Reg'd: 04 Jun 2012 12:53:01
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:
Canadian Imperial Bank of Commerce
6200 Macleod Trail South
Calgary, AB, Canada T2H 0K6
Client #: 127500780
Int. Register #: 118371034

Interest #:

164819706

Builders' Lien

Value: \$12,600.00 CAD
Reg'd: 12 Nov 2013 09:22:27
Interest Register Amendment
Date: N/A
Interest Assignment
Date: N/A
Expiry Date: N/A

Holder:

1174365 ALBERTA LTD.
BOX 1559
MAYERTHORPE, AB, Canada T0E 1N0
Client #: 122325780
Int. Register #: 119584390

Addresses for Service:

Name	Address
Owner: CAMERON VENTURE GROUP INC. Client #: 127335124	1500 1874 SCARTH ST. REGINA, SK, Canada S4P 4E9

Notes:

Parcel Class Code: Parcel (Generic)

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