

FORM 3-49
(Rule 3-49)

COURT FILE NUMBER Q.B. No. 1693 of 2017

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

APPLICANTS COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT
CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP.,
PRAIRIE COUNTRY HOMES LTD., JJL DEVELOPMENTS &
INVESTMENTS CORP. and MDI UTILITY CORP.

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

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT FOR THE CREDITORS OF
COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL
DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JJL
DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

ORIGINATING APPLICATION

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where The Court House
520 Spadina Crescent East
Saskatoon, SK S7K 3G7

Date Wednesday, November 15, 2017

Time 2:00 p.m.

Go to the end of this document to see what you can do and when you must do it.

1. The Applicants, **COPPER SANDS LAND CORP. ("CSLC"), WILLOW RUSH DEVELOPMENT CORP. ("Willow Rush"), MIDTDAL DEVELOPMENTS & INVESTMENTS CORP. ("MDI"), PRAIRIE COUNTRY HOMES LTD. ("Prairie Country"), JJL DEVELOPMENTS & INVESTMENTS CORP. ("JJL") and MDI UTILITY CORP.**, hereby apply by Originating Application to the Court of Queen's Bench For Saskatchewan, pursuant to sections 9, 10, 11, 11.2 and 11.7 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**"), Rules 3-2(4), 3-3(3), 3-49(1)(f), 3-49(1)(i), 3-49(2), 3-50(1), 12-1(1) and 12-4(1)(d) of the *Rules of Court* and the inherent jurisdiction of this Honourable

Court, for an Order substantially in the form of the Draft CCAA Initial Order filed concurrently herewith, including the following items of relief:

- (a) (to the extent necessary) abridging the time for service of this Notice of Application and the materials filed in support thereof and dispensing with service on any other person other than those served;
- (b) declaring that the Applicants are parties to whom the CCAA applies;
- (c) appointing Deloitte Restructuring Inc. ("**Deloitte**") as officer of this Honourable Court pursuant to the CCAA to monitor the assets, business and affairs of the Applicant (the "**Monitor**");
- (d) staying all proceedings taken or that might be taken in respect of the Applicants or the Monitor;
- (e) authorizing the Applicants to obtain interim financing in the amount of One Million, Two Hundred and Fifty-Thousand (\$1,250,000) Dollars (the "**Interim Financing**") from Staheli Construction Ltd. or another lender approved by this Honourable Court (the "**Interim Financing Lender**") in relation to these proceedings and providing for a super-priority charge in favour of the Interim Financing Lender in respect of the Interim Financing;
- (f) sealing the Pre-Filing Confidential Report of the Proposed Monitor dated November 10, 2017, and the exhibits thereto, on the Court file; and
- (g) providing for such further and other relief as this Honourable Court may deem just and appropriate.

2. The grounds for the application are:

- (a) The Applicants are Companies to whom the CCAA applies.
 - (i) The Applicants are incorporated under the laws of the Province of Saskatchewan which have their head offices and chief places of business located in Regina, Saskatchewan and which carry on business in real estate, land development and related enterprises. Specifically, the Applicants operate a mobile home community and a waste water treatment system.
- (b) The Claims Against the Applicants exceed Five Million (\$5,000,000) Dollars.
 - (i) The Applicants are or will soon be in default of their covenants under their credit facility arrangements with Affinity Credit Union 2013 ("**Affinity**") and/or Industrial Properties Regina Ltd. ("**IPRL**").

- (ii) On or about June 8, 2015, Affinity advanced to CSLC Mortgage Loan #1494514 in the original principal amount of Four Million, Three Hundred Thousand (\$4,300,000) Dollars (the "**Affinity Loan**").
 - (iii) On or about September 26, 2017, Affinity made demand for repayment by the Applicants of the approximately \$4,200,000 owing on the Affinity Loan. Affinity has subsequently commenced an action against certain of the Applicants to enforce its mortgage security.
 - (iv) On or about February 18, 2015, IPRL advanced to MDI, CSLC, Willow Rush and Prairie Country a loan in the original principal amount of Four Hundred Thousand (\$400,000) Dollars, plus a Ten Thousand (\$10,000) Dollar fee (the "**IPRL \$410,000 Loan**").
 - (v) By means of Commitment Letter dated May 26, 2015, an Amending Agreement dated May 29, 2015 and a further Renewal Agreement signed by IPRL on July 6, 2016 and MDI on June 22, 2016 (the "**IPRL Renewal Agreement**"), IPRL advanced to MDI a loan in the original principal amount of Three Million (\$3,000,000) Dollars (the "**IPRL \$3,000,000 Loan**").
 - (vi) Pursuant to the terms of a loan agreement dated March 27, 2015 between IPRL (as lender) and MDI and Prairie Country (as borrowers), IPRL advanced to MDI Corp. and Prairie Country a loan in the original principal amount of Two Hundred and Forty-Five Thousand (\$245,000.00) Dollars, plus a fee in the amount of Five Thousand (\$5,000.00) Dollars (the "**IPRL \$250,000 Loan**").
 - (vii) On or about February 5, 2016, IPRL advanced to MDI an additional loan in the original principal amount of Eighty Thousand (\$80,000.00) Dollars (the "**IPRL \$80,000 Loan**"; collectively with the Loans described in paragraphs 2(b)(iv) to 2(b)(vi), the "**IPRL Loans**").
 - (viii) IPRL has requested repayment of the IPRL Loans, but has not made formal demand as of the date of this Application.
- (c) The Applicants are unable to meet their liabilities as they become due.
- (d) The Applicants face a liquidity crisis and are insolvent, as a result of the following factors:
- (i) a two-year process which the Applicants have had to undergo in order to obtain an expansion of their existing use permit from the Rural Municipality of Edenwold No. 158 (the "**RM of Edenwold**"), including an initial denial of their

- permit application by the RM of Edenwold, a successful appeal of that decision by the Applicants (resulting in issuance of a development permit to the Applications in June of 2017) and an attempt by the RM of Edenwold to launch a further appeal of that decision;
- (ii) delays in the commissioning and construction of the MDI Utility Corp. waste water treatment system occasioned by the two-year regulatory litigation process between the Applicants and the RM of Edenwold;
 - (iii) a decision by Affinity not to renew the Affinity Loan, which decision was caused or contributed to by the continual delays experienced by the Applicants in the commissioning and construction of the MDI Utility Corp. waste water treatment system; and
 - (iv) a seven-month effort by the Applicants to identify potential sources of refinancing for the Affinity Loan and to secure a commitment letter to refinance the Affinity Loan;
- (e) Deloitte has agreed to act as Monitor of the Applicants under the CCAA on the terms of the proposed form of CCAA Initial Order.
 - (f) Interim financing is necessary in order to allow the Applicants to continue to carry on their business operations, to complete the construction of the Water Treatment Utility which is at the core of their business enterprise and to fund the costs associated with the restructuring of their business and financial affairs under the CCAA.
 - (g) The Interim Financing Lender has agreed to provide Interim Financing to fund shortfalls reflected in the cash flow projections, but are only willing to do so on the terms of an order from this Honourable Court providing for a super-priority charge on all of the assets and property of the Applicants, as security for the Interim Financing.
 - (h) Without the Interim Financing to be provided by the Interim Financing Lender, the Applicants will be unable to pursue restructuring options or meet their post-filing obligations.
 - (i) The Applicants require a stay of proceedings and related relief described in the proposed form of CCAA Initial Order in order to be able to pursue restructuring of their business and financial affairs, which may include the potential sale of their assets (in whole or in part).

- (j) It is necessary and in the best interests of the Applicants and all of their stakeholders that the Applicants be afforded the breathing space provided for under the CCAA as they attempt to restructure their business and financial affairs. Such relief will preserve the equity in the assets of the Applicants and will enable the Applicants to preserve the going concern value of their business enterprise for the benefit of all of their stakeholders.
- (k) In the Pre-Filing Confidential Report of the Proposed Monitor, the Proposed Monitor has provided the Court with highly sensitive information as to the appraised value of the assets of the Applicants and details of proposed offers to purchase the Applicants' assets, in support of the Applicants' application for an Initial Order pursuant to the CCAA. Publicly disclosing this highly sensitive information would be prejudicial to any future sales process within these CCAA proceedings, particularly if the transaction contemplated in the Pre-Filing Confidential Report of the Proposed Monitor were to fail to close (for whatever reason).
- (l) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The materials to be relied upon in support of this application are as follows:

- (a) this Originating Application;
- (b) the Affidavit of Jaimey Midtdal;
- (c) the Consent of Deloitte to act as Monitor;
- (d) a Draft CCAA Initial Order;
- (e) Draft CCAA Initial Order redlined against the Saskatchewan Template CCAA Initial Order;
- (f) the Pre-Filing Report of the Proposed Monitor (filed on a sealed basis);
- (g) the Pre-Filing Confidential Report of the Proposed Monitor;
- (h) Brief of Law on behalf of the Applicants;
- (i) Order (Abridgment of Time for Service) of the Honourable Mr. Justice R.S. Smith in Chambers dated November 9, 2017; and

- (j) Such further and other material as counsel may advise and this Honourable Court may allow.

DATED at Saskatoon, Saskatchewan, this 10th day of November, 2017.

MLT Aikins LLP

Per: 

Jeffrey M. Lee, Q.C., Counsel for the Applicants, Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., J.J.L. Developments & Investments Corp. and MDI Utility Corp.

NOTICE

You are named as a respondent because you have made or are expected to make an adverse claim with respect to this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken, which the applicant(s) is(are) entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form.

The rules require that a party moving or opposing an originating application must serve any brief of written argument on each of the other parties and file it at least 3 days before the date scheduled for hearing the originating application.

If you intend to rely on an affidavit or other evidence when the originating application is heard or considered, you must serve a copy of the affidavit and other evidence on the originating applicant at least 10 days before the originating application is to be heard or considered.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C.
Address of legal firms:	1500 - 410 22nd Street Saskatoon, Saskatchewan S7K 5T6
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145