

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.

THE 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, 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 the Third Supplementary Affidavit of John Orr sworn August 11, 2016 (the "**Orr Affidavit**"), as well as Mr. Orr's previous affidavits filed in these proceedings.

I. INTRODUCTION

3. Pursuant to the agreement between North Ridge and 825 whereby North Ridge is appointed as Owner's Consultant, it has a mandate to provide advice, direction, and take all steps necessary to maximize the ultimate value of the 825 Land. Given the nature and current state of the 825 Land, it is necessary to ensure that the property is rezoned and

ultimately the subject of a Development Services Agreement (“**DSA**”) with the City so that it can be subsequently developed.

4. As previously identified by the Companies, one of the critical steps in the process will ordinarily be the preparation and submission of a standalone Concept Plan to the City for its consideration. There is an alternate option, however, whereby an existing Concept Plan can be amended to include another parcel of land. An amendment to an existing Concept Plan is in some respects a more simplified process, because a substantial bulk of the necessary work will have already been done in order to have the pre-existing plan approved. Further, participating in an amendment achieves the same goals at lower costs, and in this case, North Ridge believes there is less uncertainty associated with the process, consideration, and approval because the City prefers that the 825 Land be developed as part of the Willows.

5. After being retained as Owner’s Consultant, North Ridge analyzed the most effective way to maximize the 825 Land’s value and concluded that, given the immediate proximity to the Willows Residential Golf Community (the “**Willows**”), there is a unique opportunity whereby 825 could forego the significant amount of work and cost associated with preparing and obtaining approval for a standalone Concept Plan, and instead enter into an agreement with the Willows’ developer to make an application to amend the Willows Golf Course Community Concept Plan (the “**Willows Concept Plan**”) to incorporate the 825 Lands into the existing development (the “**Willows Development Plan**”).

6. Before arriving at a determination as to how best to maximize the value of the 825 Lands, North Ridge looked at other options that had previously been under consideration, including the 825 Development Plan, which contemplated a standalone approach with a significant amount of work contemplated by the Stantec Proposal and incurring the associated costs immediately with no ability to recoup any portion of the same in the short term.

7. As will be explained in more detail below, the Willows Development Plan does not require these costs to be incurred upfront and ultimately mitigates significant financial risk and uncertainty in terms of the ultimate end goal of having the 825 Lands rezoned and subject to a DSA, and consequently significantly increased in value from the current bare land assessment.

II. THE WILLOWS DEVELOPMENT PLAN

A. Agreement with Dream Developments

8. Dream Unlimited Corp.'s website indicates that it is a publicly traded, award-winning Canadian real estate company with approximately \$15 billion worth of assets in North America and Europe. As detailed at pages 30 to 33 of Exhibit "C" to the Orr Affidavit, the land development branch of Dream Unlimited Corp.'s business, Dream Development ("**Dream**"), has extensive landholdings and developments in Regina and Saskatoon.

9. The Willows is perhaps Dream's most well-known Saskatoon development, featuring large single family homes on spacious lots, townhome villas, and apartment style homes within the vicinity of the Willows Golf Course and Country Club. More importantly from a development perspective, the Willows Concept Plan is already approved, and the Willows itself has an existing sewer, water, storm, and transportation infrastructure.

10. Working in consultation with neighbouring landowners towards a mutually agreeable goal is always the preferable option. The City's process for approving a new Concept Plan for a given area entails consultation with such landowners, and, to a certain extent, a level of consent. This can add significant delays to the Concept Plan adoption process in the event a neighbouring landowner opposes the same; consequently, before providing a concrete recommendation to 825, North Ridge approached representatives of Dream to ascertain whether Dream would be amenable to working with 825 to advance

an amendment to the Willows Concept Plan which would achieve the end goals for the 825 Land by way of including the 825 Lands in the Willows development.

11. After a number of meetings between North Ridge and Dream, it was agreed that Dream would support an amendment to the Willows Concept Plan that included the 825 Lands (the “**Amended Willows Concept Plan**”), and while a number of terms and conditions remain to be resolved, the parties are now actively working towards that end goal. Because 825 will now be joining an existing development as opposed to proposing an entirely new development in addition to the Willows, the 825 Concept Plan is no longer required.

12. North Ridge has also met with representatives of the City on several occasions and the City has indicated that it is generally supportive of the approach embodied by the Amended Willows Concept Plan, and in fact would prefer the 825 Land be developed as part of the Willows rather than independently. Consequently, with the support of the largest neighbouring landowner, Dream, and the City, this approach involves much less uncertainty in terms of obtaining the civic and regulatory approvals that are prerequisites to the execution of a DSA.

B. Amendment to the Willows Concept Plan

13. As part of Dream’s application to amend the Willows Concept Plan, the City has indicated that Dream will need to provide:

- (a) documentation outlining the proposed land uses and site design, and explain how the same are consistent with the Community Plan and existing Willows DCD4 zoning regulations;
- (b) a natural area and archaeology study;
- (c) an environmental assessment; and
- (d) a traffic impact study (“**TIS**”), and storm water management and sanitary sewer analyses detailing the anticipated impact on existing developed

areas and future development on other lands brought into the City limits in 2015.

14. With respect to:

7(a): North Ridge has completed seven different land use options for the 825 Land for discussion with Dream, while Dream is working to finalize the necessary modifications to the golf course and resulting property around it;

7(b): the City has confirmed that Dream can perform a simplified or “desktop” study instead of the in-depth study including onsite investigations and analysis that would have been required to complete the 825 Concept Plan;

7(c): the City has similarly confirmed that Dream can undertake a more simplified approach for the environmental study given the Willows was previously studied as part of the approval process for the Willows Concept Plan; and

7(d): the TIS has yet to be undertaken, but it represents a much narrower scope of work than would be required for the full blown transportation study which would have been required had the Applicants been seeking to obtain approval of their own standalone Concept Plan; the servicing strategy, on the other hand, is ongoing.

15. 825 and North Ridge will continue to work in conjunction with Dream to satisfy the outstanding requirements to ensure that they are completed well in advance of the anticipated date for submitting the application for the Amended Willows Concept Plan, which is currently being targeted for no later than the fourth quarter of 2016.

C. Access to the Willows’ Infrastructure

16. Perhaps most significantly from a cost perspective, 825 will no longer be solely responsible for installing all the necessary water, sewer, storm, and transportation infrastructure for the 825 Land and neighbouring land owners (other than Dream), which would have been required in order to develop the 825 Land independently.

17. Rather, as part of the Willows, the 825 Land will gain access to the Willows’

existing sewer, water, storm, and transportation infrastructure in return for paying Dream a proportionate share of the overall development costs for the same. The exact amount of these costs remains to be determined, but it can be said with certainty that they will be significantly lower than those associated with undertaking these initiatives directly.

18. One of the most significant aspects to accessing the Willows infrastructure is the ability to access the storm pond located thereon. I understand from my discussions with Mr. Orr and believe it to be true that he was previously unaware that, were the 825 Land to be developed on its own, he would have had to sacrifice between 10 and 15 percent of the 825 Land's total acreage in order to accommodate the required storm water storage, resulting in a lower number of saleable acres and overall price.

D. Initial Savings

19. Stantec's estimated fee for completing the 825 Concept Plan was \$150,084.90. Of that amount, 825 has paid Stantec \$18,097.21 for the work performed to date.

20. North Ridge's rough estimate of Dream's costs to complete the necessary work for the application to amend the Willows Concept Plan is \$200,000.00. Of that amount, 825 will be responsible for its pro rata share of those costs. The final number remains to be determined but it is unlikely to be in excess of 27% which would equate to a total investment of \$54,000.00 to take the matter through the planning stage. Combined with the \$18,097.21 already paid to Stantec, 825's front-end development costs will be approximately \$72,097.21, for estimated savings of \$77,987.69.

E. Implications for the 825 Land's Potential Value

21. The eventual land use agreement reached with Dream for the 825 Lands will affect the types of dwellings that can be built thereon and therefore the ultimate unit price per acre or lot that can be obtained; consequently, it is difficult to provide this Honourable Court with a firm estimate of value at this time. There are simply too many

variables at present.

22. Despite these limitations, 825 has nevertheless requested North Ridge opine on a range for the potential gross value of the 825 Land. With the foregoing in mind, North Ridge would estimate that there is a potential for the gross value of the 825 Land to be between \$900,000.00 and \$1.1 million per acre (or \$13.86 million and \$16.94 million in total), once it has been incorporated into the Willows (and therefore rezoned) and subdivided, with a DSA in place with the City.

III. CONCLUSION OF THE OWNER'S CONSULTANT

23. To summarize, the Willows Development Plan is the best possible and most effective option for maximizing the value of the 825 Land, as 825 will no longer have to incur the up-front planning, design, engineering, and infrastructure costs for the 825 Land (and the other neighbouring parcels referenced in the Stantec Proposal), and will instead gain access to an existing infrastructure in exchange for the payment of its proportionate share of the costs.

24. In addition to the financial benefits outlined above, there are other positive aspects of the Willows Development Plan, including the fact that the process is somewhat streamlined because of the less onerous requirements for an amendment as opposed to the creation and approval of a standalone plan. Further, the chances of the requisite approvals being obtained and the DSA ultimately executed are significantly enhanced because the process is now being actively supported by Dream, which is not only the largest neighbouring landowner, but also an experienced, reputable developer in and around the City.

25. While I am very encouraged with the progress that has been made to date both in discussions and negotiations with Dream and the City, there is nevertheless additional work to be done requiring additional time. I believe that the proposed target for the submission of the Amended Willows Concept Plan for the fourth quarter of 2016 is

reasonable and achievable if that additional time is permitted, and I therefore swear this Affidavit in support of the applications presently before this Honourable Court.

SWORN (OR AFFIRMED) BEFORE ME)
at the City of Saskatoon, in the Province of)
Saskatchewan, this 12th day of August, 2016.)


A COMMISSIONER FOR OATHS for
Saskatchewan - Being a Solicitor.


DAVID CALYNIUK

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