

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.

THIRTEENTH SUPPLEMENTARY AFFIDAVIT OF JOHN ORR

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

1. I am the sole director, a shareholder, and the president of 101133330 Saskatchewan Ltd. ("33330") and 101149825 Saskatchewan Ltd. ("825") (33330 and 825 are sometimes hereafter referred to collectively as the "**Applicants**"), 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 shall have the meanings given to them in:

- (a) my Affidavits sworn May 12, 2016, June 6, 2016, June 9, 2016, August 12, 2016, December 16, 2016, May 24, 2017, May 31, 2017, December 15, 2017, December 19, 2017, May 29, 2018, August 27, 2018, February 19, 2019, and February 20, 2019; and
- (b) the Affidavits of David Calyniuk sworn August 12, 2016, December 16, 2016, May 23, 2017, December 15, 2017, and May 29, 2018.

I. OVERVIEW

3. The Initial Order was granted on May 20, 2016, since which time it has been extended by the following orders of the Honourable Justice Meschishnick:

- (a) June 13, 2016;
- (b) August 17, 2016;
- (c) December 22, 2016;
- (d) May 31, 2017;
- (e) December 20, 2017;
- (f) June 1, 2018;
- (g) August 30, 2018; and
- (h) February 22, 2019 (the “**Eighth Extension Order**”).

4. The Stalking Horse Sale Process approved pursuant to the Eighth Extension Order was conducted by the Monitor. Because I expressed my intention to participate in the bidding process in my personal capacity, I did not have access to any information as the process unfolded. The Monitor’s update to the Court with respect to the Stalking Horse Sale Process and its outcome appears in the Eleventh Report of the Monitor (the “**Eleventh Report**”) and Confidential Supplement to the Eleventh Report of the Monitor (the “**Confidential Supplement**”).

5. This Affidavit will therefore provide supplemental evidence in support of the proposed sale (the “**Pinnacle Transaction**”) of the Orr Centre, Campus, and associated lease agreements (collectively, the “**Purchased Assets**”) pursuant to the asset purchase agreement (the “**Pinnacle APA**”) with Pinnacle Developments Inc. (the “**Purchaser**”), and provide the particulars of the proposed stay extension and additional DIP Financing that 33330 estimates will be required to close the Pinnacle Transaction.

II. SUPPLEMENTAL EVIDENCE – THE PINNACLE TRANSACTION

6. 33330 executed the Pinnacle APA on April 10, 2019, and is bringing the within application for this Honourable Court's approval of the same in accordance with paragraph 34 of Schedule "B" to the Eighth Extension Order.

7. For the purposes of providing evidences as to the quantum of the statutory priority claims against the Property:

- (a) a letter from the City of Regina's legal department dated April 18, 2019 is attached as **Exhibit "A,"** which indicates that 33330's pre-filing property tax debt in respect of the Campus is \$17,020.70 if paid on or before June 1, 2019; and
- (b) a letter from the Department of Justice Canada (the "**Attorney General**") dated January 22, 2019 is attached as **Exhibit "B,"** which indicates that the CRA's pre-filing deemed trust claim for 33330's unremitted employee source deductions is \$86,706.85.

8. 33330 has instructed the Applicants' legal counsel to request an updated amount from the Attorney General, which the Applicants anticipate will be confirmed either before or at the hearing of this matter.

9. 33330's bookkeeper has reviewed 33330's books and records and confirmed that 33330's former employee, Mr. Merv Armstrong, is still owed \$173.10 for vacation pay accrued during the six months preceding the Initial Order. Funds are presently available for this purpose and 33330 intends to pay this outstanding amount to Mr. Armstrong prior to the closing of the Pinnacle Transaction.

10. 33330 has paid all wages and compensation owed to the employees it engaged after the date of the Initial Order, which included remitting employee source deductions to the CRA. These payments and remittances to the CRA are detailed in the "forecast to actual" versions of the Applicants' cash flows appended to the various reports of the

Monitor filed in these proceedings.

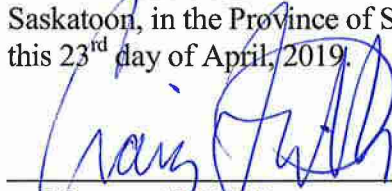
III. ADDITIONAL TIME AND CASH FLOW PROJECTIONS

11. The stay of proceedings provided by the Eighth Extension Order is scheduled to expire at 11:59 on Monday, May 6, 2019. If the Pinnacle Transaction is approved without a stay extension, 33330 and the Purchaser will only have five (5) business days to close the same. In the interests of ensuring that there is adequate time to effect the title transfer, deal with any unanticipated closing issues, and consider what must be done to conclude the CCAA proceedings, the Applicants, in consultation with the Monitor, are requesting an extension of the stay of proceedings to 11:59 on Friday, May 31, 2019.

12. The Applicants' seven (7) week cash flow forecasts for the period of April 15 to June 2, 2019 are attached as **Exhibit "C."** As shown therein, the Applicants are projecting a cash flow deficiency of \$134,421.00 for the period of April 15, 2019 to June 2, 2019.

13. I swear this affidavit in support of the application before this Honourable Court.

SWORN BEFORE ME at the City of)
Saskatoon, in the Province of Saskatchewan,)
this 23rd day of April, 2019.)



A COMMISSIONER FOR OATHS for
Saskatchewan - Being a Solicitor.



JOHN ORR

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

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

TAB A



City of Regina

THIS IS EXHIBIT "A" REFERRED TO IN
THE THIRTEENTH SUPPLEMENTARY AFFIDAVIT
OF JOHN ORR SWORN BEFORE ME AT SASKATOON,
IN THE PROVINCE OF SASKATCHEWAN
THIS 23RD DAY OF APRIL, 2019.


A COMMISSIONER FOR OATHS FOR
SASKATCHEWAN - BEING A SOLICITOR.

April 18, 2019

Sent via e-mail to cfrith@mcdougallgauley.com

Mr. Craig Frith
McDougall Gauley LLP
500-616 Main Street,
Saskatoon, SK S7H 0J6

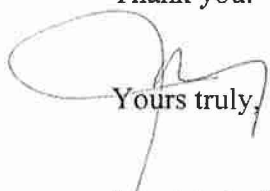
Dear Mr. Frith:

Re: 101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd.
CCAA Proceeding – Property Taxes – City of Regina – 4400 4th Ave.

Further to our discussions on April 17 and April 18, 2019, I spoke with our taxation department and the balance owing on the tax arrears for the above noted property as of May 1, 2019 will be \$17,020.70. That amount will not go up again in terms of further penalties until June 1, 2019. Assuming the closing date will be in May and that the Monitor will be able to pay the City for these tax arrears prior to June 1, 2019, you could use the \$17,020.70 amount in the draft Order. If you think there will be some delay and it could go into June, the tax amount as of June 1, 2019 will be \$17,318.57.

You have indicated that the 2019 taxes will be dealt with under the Asset Purchase Agreement which contemplates a statement of adjustments being made between the seller and the buyer as of the closing date. This should deal with the 2019 taxes, which will be levied shortly, with the full amount being due at the end of June.

Thank you.


Yours truly,

Jana Marie Odling
Office of the City Solicitor

cc: Mr. Jeff Lee, Q.C., MLT Aikins jmlee@mltaikins.com
Mr. Brent Warga, Deloitte as Monitor - bwarga@deloitte.ca

TAB B



Department of Justice Canada
Prairie Region
301 - 310 Broadway
Winnipeg, MB R3C 0S6

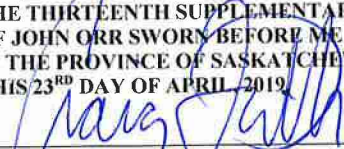
Telephone / Téléphone: (204) 984-6997
Facsimile / Télécopieur: (204) 984-5434 (unsecured Fax)
Email / Courriel: Timothy.Doyle@justice.gc.ca
Our File / Notre dossier: LEX-8637967
Your file / Votre dossier:

Via Electronic Mail

January 22, 2019

Craig Frith
McDougall Gauley LLP
500 - 616 Main Street
Saskatoon, SK S7H 0J6

THIS IS EXHIBIT "B" REFERRED TO IN
THE THIRTEENTH SUPPLEMENTARY AFFIDAVIT
OF JOHN ORR SWORN BEFORE ME AT SASKATOON,
IN THE PROVINCE OF SASKATCHEWAN
THIS 23RD DAY OF APRIL, 2019.


A COMMISSIONER FOR OATHS FOR
SASKATCHEWAN - BEING A SOLICITOR.

Mr. Frith:

**Re: 101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd. - (CCAA - QB File
No 643 of 2016) - Saskatoon Court**

I represent the Canada Revenue Agency in the matter named above and I am writing further to our telephone conversation on January 14 with respect to the matter named above. In particular, I am writing to provide you with details of the pre- and post-CCAA payroll, GST and corporate tax debts of 101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd. Where the details below indicate "deemed trust" amounts, the Canada Revenue Agency asserts a priority interest in the proceeds of sale of any of the two corporations' property. In reviewing the figures below, please note that the pre-CCAA GST debt of 101133330 is somewhat less than I relayed when we spoke (due to the application of pre-CCAA GST credits) and that post-CCAA balances have increased some on account of accruing interest.

101133330 Saskatchewan Ltd.

Payroll

Pre-CCAA balance: \$192,555.45
Deemed trust amount: \$86,706.85
Non deemed trust amount: \$105,848.60

Post CCAA balance: \$349.97 (comprised of 2017 penalties and arrears interest)

GST

Pre-CCAA balance: \$96,836.34
Post CCAA balance: \$46.47 (comprised of 2017 penalties and arrears interest)

- no deemed trust claim

Corp.

Pre-CCAA, year ending 2014/12/31 \$1,045.47

101149825 Saskatchewan Ltd.

Payroll

Pre-CCAA balance: *nil*

Post CCAA balance: \$186.85 (2016 penalties and arrears interest)

- *no deemed trust claim*

GST

Pre-CCAA balance: \$1,539.70

Post CCAA balance: *nil* (annual 2016 and 2017 GST returns are outstanding).

- *no deemed trust claim*

I trust that the information above is sufficient to assist in conducting a sale of the corporations' property and that the deemed trust amounts will be paid in priority to any other creditors. If you have any questions about the CRA's position or the figures provided above then please contact me by email (timothy.doyle@justice.gc.ca) or telephone 204-984-6997.

Yours truly,



Tim Doyle
Senior Counsel

cc: CRA

TAB C

Week Start	Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Total
Week End	15-Apr-19	22-Apr-19	29-Apr-19	6-May-19	13-May-19	20-May-19	27-May-19	15-Jun-19
Notes	21-Apr-19	28-Apr-19	5-May-19	12-May-19	19-May-19	26-May-19	2-Jun-19	2-Jun-19
Receipts								
DIP Proceeds								
Prince Albert Condo Income	(1) \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	(2) 1,200	1,200	1,200	1,200	1,200	1,200	1,200	2,400
Disbursements								
Operating Costs								
Management Fees								
Property Insurance								
Property Taxes	4,950							8,400
Utilities - Electrical								9,900
Utilities - Gas/Heat								34,816
Utilities - Water/Sewer								11,500
Wages & Benefits								10,150
Payroll Deductions (CRA)								4,800
Repairs and Maintenance	800	800		2,400				2,400
Cleaning	5,925			800				2,400
Office Expenses	650							11,850
Contract Services	500	200	500	200				1,300
	7,125			7,125				1,400
Subtotal	19,850	3,400	79,816	3,400			5,500	19,750
Other Costs								116,266
Bank Service Charges								
Contract Consulting Fee								350
City Taxes (Prince Albert Condos)								5,775
Computer Internet	600							1,200
GST Remittance	150							300
Prince Albert Condo Repairs and Maintenance	500							5,000
Television	100							1,000
Vehicle Expense	75	75	75	75	75	75	75	200
Subtotal	1,425	75	12,550	75	75	75	75	525
Restructuring Costs								14,350
Professional Fees								
Restructuring Cost Contingency		50,000		60,000		40,000		150,000
Subtotal		50,000	5,000	60,000	5,000	40,000		10,000
Total Disbursements	21,375	53,475	97,366	63,475	5,075	40,075	9,775	290,616
Cash Surplus / (Deficit)	\$ (21,375)	\$ (53,475)	\$ (96,166)	\$ (63,475)	\$ (5,075)	\$ (40,075)	\$ (8,575)	\$ (288,216)
Consolidated Cash Balance (beginning of period)								
Consolidated Cash Balance (end of period)	\$ 153,795	\$ 132,420	\$ 78,945	\$ (17,221)	\$ (80,696)	\$ (85,771)	\$ (125,846)	\$ 153,795

Summary of Notes and Assumptions

- No additional DIP financing has been confirmed from Affinity at the time of drafting.
- Prince Albert Condo revenue is based on monthly rental agreements for the two units owned by 101133330 Saskatchewan Ltd.
- Operating costs have been budgeted by Colliers International ("Colliers") who was engaged as property manager for the Orr Centre commencing June 1, 2017 for a one (1) year term. The Colliers engagement has been extended for an additional one (1) year term, subject to the sale of the 33330 Property.
- Operating costs are based on historical operations and actual 2018/19 results. Disbursements exclude any deposits that could be required by the various service providers in order to continue servicing the Orr Centre.
- Contract consulting fee paid to shareholder (inclusive of 5% GST).
- GST remittance is net of GST collected and GST paid to suppliers and is remitted quarterly.
- Estimated costs for minor condo repairs for the two rental units.
- Estimated based on expenses already incurred and future expenses pertaining to professional services to be provided with respect to the April 26, 2019 hearing and ongoing CCAA proceedings.
- Contingency reserve for unbudgeted restructuring costs.

THIS IS EXHIBIT "C" REFERRED TO IN THE THIRTEENTH SUPPLEMENTARY AFFIDAVIT OF JOHN ORR SWORN BEFORE ME AT SASKATOON, IN THE PROVINCE OF SASKATCHEWAN THIS 23RD DAY OF APRIL, 2019.

Paul Smith

A COMMISSIONER FOR OATHS FOR SASKATCHEWAN - BEING A SOLICITOR.