

Form 6-5
(Rule 6-5(1))

COURT FILE NUMBER QBG 1076 of 2021

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN DEVELOPMENT STRATEGIES INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CROSSROADS ONE INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OAK AND ASH FARM LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1143402 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2061778 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1216699 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
DEAN RUNZER

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LORI RUNZER

NOTICE OF APPLICATION

(Extension of Time to File Proposal)

NOTICE TO RECIPIENTS LISTED IN SERVICE LIST

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	Court House, 520 Spadina Crescent East Saskatoon, Saskatchewan
Date	Monday, December 13, 2021
Time	10:00 am

Due to the health risks posed by the COVID-19 pandemic, all chambers applications will be heard by telephone unless the presiding judge has decided otherwise. If you intend to participate in the hearing of this application by telephone, please contact the office of the local registrar at (306) 933-5135 and provide your telephone number.

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

Remedy claimed or sought:

1. An Order pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) extending the period of time within which Canadian Development Strategies Inc., Crossroads One Inc., Oak and Ash Farm Ltd., 1143402 Alberta Ltd., 1216699 Alberta Ltd., 2061778 Alberta Ltd., Dean Runzer, and Lori Runzer (collectively, the “**FireSong Group**”) are required to file proposals to their creditors with the Official Receiver under Division I of Part III of the BIA by 45 days, from December 13, 2021 to and including January 26, 2022 at 4:00 p.m. (Saskatchewan time).
2. An Order pursuant to section 64.1 of the BIA approving an administration charge on the assets of the FireSong Group in favour of the Proposal Trustee, MNP Ltd. (the “**Proposal Trustee**”) and legal counsel to the FireSong Group, MLT Aikins LLP (“**Applicants’ Counsel**”) in the amount of \$100,000 in order to secure payment of the professional fees and disbursements of the Proposal Trustee and Applicants’ Counsel.
3. Such further and other relief as counsel may request and this Honourable Court may allow.

Grounds for making this Application:

Background to the FireSong Group

4. The FireSong Group carries on the business of financing, developing, marketing, and operating a four-season luxury resort village property (“**FireSong Resort**”) at Fowler Lake, Saskatchewan, located in the vicinity of Makwa Lake Provincial Park, approximately 60 kilometres west of the City of Meadow Lake, Saskatchewan. The FireSong Group intends to develop and market fifteen cabins at FireSong Resort pursuant to a “fractional ownership” business model.
5. The FireSong Group comprises the following corporations, individuals and limited partnership:
 - (a) Living Water Limited Partnership - the investment vehicle for raising funds for developing, marketing and operating FireSong Resort;
 - (b) Canadian Development Strategies Inc.- the corporation which is the general partner of Living Water Limited Partnership and the entity which is responsible for financing the development, marketing, and operations of FireSong Resort;
 - (c) 1143402 Alberta Ltd.- the corporation which owns the real property comprising FireSong Resort and which is responsible for the development and construction of FireSong Resort;
 - (d) Crossroads One Inc.- the corporation which rents, operates and maintains the properties comprising FireSong Resort, including a gift shop, ice cream shop, communal gardens, water features, and kayak and canoe facilities;
 - (e) 1216699 Alberta Ltd.- the corporation which owns the construction equipment used to develop and maintain FireSong Resort;
 - (f) Oak and Ash Farm Ltd.- family farm corporation of Dean and Lori Runzer (the “**Runzers**”) which owns farm land near Fort Saskatchewan, Alberta (“**Fort Saskatchewan**”);
 - (g) 2061778 Alberta Ltd.- family farm corporation of the Runzers that owns farm land near Fort Saskatchewan;
 - (h) Dean Runzer- director of the corporations comprising FireSong Group and a primary operator of the business of FireSong Group; and
 - (i) Lori Runzer- director of the corporations comprising FireSong Group and a primary operator of the business of the FireSong Group.

6. Neither Oak and Ash Farm Ltd. ("**Oak**") and 2061778 Alberta Ltd. ("**206**") are directly involved in the financing, development, marketing, or operation of the FireSong Resort. However, the corporations are both controlled by Dean Runzer and Lori Runzer and a sale of the farm land owned by Oak and 206 may assist with the successful restructuring of the FireSong Group.

The FireSong Group's Primary Loan and Security Obligations

7. Through Canadian Development Strategies Inc., the FireSong Group has granted promissory notes to various creditors in the total aggregate amount of \$3,020,000.00.
8. Through 1143402 Alberta Ltd. ("**114**"), the FireSong Group has borrowed approximately \$1,400,000.00 from clients of a broker from Ontario known as David Robson ("**Mr. Robson**"). The FireSong Group's indebtedness to Mr. Robson's clients (Neal Bird, Maureen Jackson, and Joel Lipchitz (collectively the "**Robson Clients**")) is secured by mortgages granted by 114 to Mr. Robson's clients in the following lands comprising a portion of the FireSong Resort:
- (a) Surface Parcel #153874345, Lot 1 Blk/Par 1 Plan No 101855145 Ext. 0;
 - (b) Surface Parcel #163499215, Lot 1 Blk/Par 2 Plan No 101922353 Ext. 0;
 - (c) Surface Parcel #153874356, Lot 2 Blk/Par 1 Plan No 101855145 Ext. 0;
 - (d) Surface Parcel #163499226, Lot 2 Blk/Par 2 Plan No 101922353 Ext. 0;
 - (e) Surface Parcel #163499237, Lot 3 Blk/Par 2 Plan No 101922353 Ext. 0;
 - (f) Surface Parcel #163499204, Lot 4 Blk/Par 2 Plan No 101922353 Ext. 0;
 - (g) Surface Parcel #163499170, Lot 6 Blk/Par 2 Plan No 101922353 Ext. 0; and
 - (h) Surface Parcel #101855145, Lot 11 Blk/Par 1 Plan No 101855145 Ext. 0.
9. Through 114, the FireSong Group has also borrowed approximately \$136,000.00 from Edam Credit Union. The FireSong Group's indebtedness to Edam Credit Union is secured by a mortgage granted by 114 to Edam Credit Union on the following lands comprising a portion of the FireSong Resort:
- (a) Surface Parcel #153874402, Lot 7 Blk/Par 1 Plan No 101855145 Ext. 0; and
 - (b) Surface Parcel #154874413, Lot 8 Blk/Par 1 Plan No 101855145 Ext. 0.

10. Through Oak and 206, the FireSong Group has borrowed approximately \$2,700,000.00 from Alberta Treasury Branches (“**ATB**”). The FireSong Group’s indebtedness to ATB is secured by mortgages granted by Oak and 206 to ATB on the following farm land owned by Oak and 206 near Fort Saskatchewan (collectively, the “**Farm Land**”):
 - (a) 54417 Range Road 222 Strathcona County Lot 3A Plan 9920673; and
 - (b) 54343 Range Road 222 Strathcona County Lot 1 Block 1 Plan 0324002.
11. The Farm Land is subject to a judicial listing order from the Alberta Court of Queen’s Bench in favour of ATB. Since the granting of the first stay extension Order on October 28, 2021 (the “**First Stay Extension Order**”), ATB has proceeded to obtain a redemption order in respect of lands owned by 206.
12. Through 114, the FireSong Group has borrowed approximately \$380,000.00 from Yvonne Hoeller (“**Hoeller**”) and \$50,000.00 from Olympia Trust Company (“**Olympia**”). The FireSong Group’s indebtedness to ATB is secured by mortgages granted by 114 to Holler and Olympia in the following land owned by 114 in trust for Benjamin Runzer and located in Cranbrook, British Columbia (collectively the “**Cranbrook Property**”):
 - (a) PID: 027-728-684; Legal: Strata Lot 26 Section 82 Highland District Strata Plan VIS6714; and
 - (b) PID: 009-889-183; Legal: Lot 24 District Lots 10353 and 10354 Kootenay District Plan 14398.

Summary of Secured Indebtedness

13. 114 is indebted to the Robson Clients in the amount of approximately \$1,700,000.00 and to the Edam Credit Union in the amount of approximately \$136,000.00 in relation to certain of the lands located at the FireSong Resort.
14. Oak and 206 are indebted to ATB in the amount of approximately \$2,700,000.00 in respect of the Farm Land.
15. Oak and 206 are indebted to Hoeller in the amount of approximately \$380,000.00 and to Olympia in the amount of approximately \$50,000.00, in respect of the Cranbrook Property.

Current State of the FireSong Resort

16. The business plan of the FireSong Group for the development of the FireSong Resort contemplates the development of fifteen cabins, with seven cabins to be located on residential lakefront lots and eight cabins to be located on residential lots bordering the FireSong Resort's garden. To date, the FireSong Group has constructed five of the fifteen planned cabins, with one cabin constructed on a lakefront lot and four cabins constructed on the garden lots. The FireSong Group currently rents out the five constructed cabins to customers on a per-night basis.
17. The FireSong Group's construction of the five cabins was completed prior to the COVID-19 pandemic.
18. Since the COVID-19 pandemic, and as a consequence of, among other things, government travel restrictions, further development of the remaining lots at FireSong Resort has halted, implementation of the "fractional ownership" strategy has been delayed, and consumer demand to rent the five constructed cabins has decreased. These circumstances are the primary factors contributing to FireSong Group's financial difficulties.

The FireSong Group's Restructuring Efforts

19. The FireSong group rents the constructed cabins at FireSong Resort on a per-night basis and continues to promote the FireSong Resort to potential fractional interest purchasers.
20. The FireSong Group has:
 - (a) engaged the services of Mr. Jon Zwickel, an expert in Canadian hospitality acquisitions and turnarounds, to advise the FireSong Group on the best options for maximizing the value of the FireSong Resort, including in respect of the "fractional sales" strategy, the rental of cabins, and the development of the remaining undeveloped lots at FireSong Resort. Mr. Zwickel has provided preliminary recommendations to the FireSong Group regarding its proposed business model;
 - (b) made significant progress in securing rental income for various purposes, including in respect of special events and in respect of various hunting outfitter, some of whom have expressed interest in investing in the FireSong Resort;
 - (c) continued to work toward a sale of the Farm Land; and

- (d) made significant progress in assisting with advancing a program directed at indigenous youth and families at risk, which focuses on first nations land based learning and healing programs.

Extension of Time for the FireSong Group to File Proposals

21. On September 29, 2021, the six corporations and two individuals comprising the FireSong Group each filed Notices of Intention to Make a Proposal to their creditors under section 50.4(1) of the BIA. MNP Ltd. consented to act as Proposal Trustee to the FireSong Group.
22. On October 28, 2021 pursuant to the First Stay Extension Order, this Honourable Court granted an extending the period required to file proposals to the FireSong Group's creditors with the Official Receiver under Division I of Part III of the BIA to December 13, 2021.
23. The FireSong Group is in the process of filing an amended Projected Cash Flow Statement.
24. The FireSong Group is acting in good faith and with due diligence. The FireSong Group has engaged the services of Mr. Jon Zwickel, continues to work toward the sale of the Farm Land and the Cranbrook Property, and has filed its updated Projected Cash Flow Statement.
25. There is a likelihood that the FireSong Group will develop viable proposals if the second 45-day extension for filing the proposals the FireSong Group has applied for is granted. The FireSong Group has already exerted significant efforts towards developing viable proposals. Granting the 45-day extension would provide additional time for the sale of the Farm Land to close and would provide the FireSong Group time to source additional financing (if required), and for the FireSong Group to develop an operating plan with Mr. Zwickel.
26. No creditor will be materially prejudiced if the 45-day extension applied for by the FireSong Group is granted. Allowing the FireSong Group to implement a restructuring plan will result in a better financial outcome for the stakeholders of the FireSong Group. There is no immediate threat of depreciation or devaluation of the FireSong Group's assets.
27. The Proposal Trustee is of the opinion that granting the FireSong Group the second 45-day extension to file a proposal is appropriate in the circumstances.
28. By reason of the facts and matters described above, there is a strong likelihood that the FireSong Group will be able to develop a viable proposal to continue operating as a going concern that will result in a better outcome for its stakeholders in due course. FireSong Group therefore seeks a second 45-day extension of the period required to file proposals to their creditors with the Official Receiver under Division I of Part III of the BIA.

The Administration Charge

29. The FireSong Group seek an administration charge on its assets in the amount of \$100,000.00 in favour of the Proposal Trustee and Applicants' Counsel. The expertise and professional services of the Proposal Trustee and Applicants' Counsel are essential to a successful restructuring of the FireSong Group.

Material or evidence relied on:

30. This Application, with proof of service;
31. Draft Order for Extension of Time to File Proposal and granting of the Administration Charge;
32. Two Affidavits of Lori Runzer sworn October 21, 2021 and December 6, 2021;
33. First Report of the Proposal Trustee, dated October 21, 2021;
34. Second Report of the Proposal Trustee dated December 6, 2021;
35. Brief of Law on Behalf of the Applicant; and
36. Such further and other material as counsel may advise and this Honourable Court may allow.

Applicable rules:

37. *The Queen's Bench Rules*, and in particular Part 6, Division 1.

Applicable Acts and regulations:

38. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, and in particular s.50.4(9) and s.64.1.

DATED at Saskatoon, Saskatchewan, this 6th day of December, 2021.

MLT AIKINS LLP



Per. _____

Jeffrey M. Lee, Q.C. and Dana Nowak, Solicitors for
the FireSong Group

NOTICE

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

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

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C., Dana Nowak
Address of legal firms:	Suite 1201 - 409 3rd Avenue S, Saskatoon SK S7K 5R5
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145
E-mail address:	JMLee@mltaikins.com / dnowak@mltaikins.com
File No:	153171.1