

**Form 3-49
(Rule 3-49)**

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**

ORIGINATING 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	Thursday, October 28, 2021
Time	9:00 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. To confirm the telephone number where you can be reached on the date of the application, you must immediately contact the office of the local registrar at (306) 933-5135 and provide your telephone number. You must remain available by telephone at that number on that date until your matter is heard.

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

The applicant seeks the following remedy or order:

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 within which the Applicants, 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, “**FireSong Group**”) are required to file proposals to their creditors under Division I of Part III of the BIA by 45 days from October 29, 2021 to December 13, 2021 at 4:00 p.m. (Saskatchewan time).
2. Such further and other relief as counsel may request and this Honourable Court may allow.

The material facts and the applicant’s grounds for making this application are:

Background to FireSong Group

3. 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 (“**Fowler Lake**”), 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, build and market fifteen cabins at FireSong Resort pursuant to a “fractional sale” or timeshare sales model. Five of the proposed fifteen cabins have been built to date.

4. The FireSong Group comprises the following corporations, two individuals and one 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 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.

5. Neither Oak and Ash Farm Ltd. nor 2061778 Alberta Ltd. are directly involved in the financing, development, marketing or operation of FireSong Resort. However, these two corporations are both controlled by Dean Runzer and Lori Runzer and the equity in the farm land owned by Oak and Ash Farm Ltd. and 2061779 Alberta Ltd. is a proposed source of funding for the restructuring of the business and financial affairs of FireSong Group.

FireSong Group's Primary Loan and Security Obligations

6. Through Canadian Development Strategies Inc., FireSong Group has granted promissory notes to various creditors in the total aggregate amount of \$3,020,000.00

7. Through 1143402 Alberta Ltd., FireSong Group has borrowed approximately \$1,400,000.00 from lenders represented by a broker from Minnesota known as David Robson ("**Mr. Robson**"). FireSong Group's indebtedness to Mr. Robson's clients (Neal Bird, Maureen Jackson and Joel Lipchitz) is secured by mortgages granted by 11432402 Alberta Ltd. to Mr. Robson's clients against the following lands on which FireSong Resort is located:
 - (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.

8. Through 1143402 Alberta Ltd., FireSong Group has also borrowed approximately \$136,000.00 from Edam Credit Union. FireSong Group's indebtedness to Edam Credit Union is secured by a mortgage granted by 11432402 Alberta Ltd. to Edam Credit Union against the following lands on which FireSong Resort is located:
 - (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.

9. Through Oak and Ash Farm Ltd. and 2061778 Alberta Ltd., FireSong Group has borrowed approximately \$1,500,000.00 from Alberta Treasury Branches ("**ATB**"). FireSong Group's indebtedness to ATB is secured by mortgages granted by Oak and Ash Farm and 20161778 Alberta Ltd. to ATB in the following farm land owned by Oak and Ash Farm Ltd. and 20161778 Alberta Ltd. 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.

10. The Farm Land is the subject of a judicial listing order from the Alberta Court of Queen's Bench in favour of ATB. ATB has agreed not to proceed with enforcement of the judicial listing in order to allow FireSong Group to market and sell the Farm Land through a private sale.
11. Dean Runzer and Lori Runzer are indebted to ATB in the amount of approximately \$780,000.00 in relation to a home equity line of credit, to Olympia Trust Company in the amount of approximately \$50,000.00, and to Strathcona County for an estimated sum of municipal property taxes in the amount of approximately \$26,000.00.

Current Status of FireSong Resort

12. The business plan of FireSong Group for the development of 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 FireSong Resort's garden. To date, 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. FireSong Group currently rents out the five existing cabins to customers on a per-night basis.
13. FireSong Group's construction of the five cabins was completed prior to the COVID-19 pandemic. Upon completion of the five cabins, FireSong Resort was nominated as the 2019 best business of the year by Sask Tourism and was added to The Registry Collections' international luxury property exchange program.
14. 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 been halted, implementation of the "fractional sale" strategy has been delayed, and consumer demand to rent the five existing cabins has decreased. These circumstances are the primary factors contributing to the financial difficulties currently faced by FireSong Group.

FireSong Group's Restructuring Efforts

15. FireSong Group rents the existing cabins at FireSong Resort on a per-night basis and continues to promote FireSong Resort to potential fractional interest purchasers.
16. FireSong Group is taking steps to engage the services of Mr. Jon Zwickel, an expert in Canadian hospitality acquisitions and turnarounds, to advise FireSong Group on the best options for

maximizing the value of 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.

17. FireSong Group has entered into an agreement to sell the Farm Land at Fort Saskatchewan for \$4,200,000. FireSong Group will realize approximately \$1,960,000.00 in net sale proceeds arising from its equity from the sale of the Farm Land after repaying its indebtedness to ATB on closing of the sale. FireSong Group will also receive \$740,000.00 from the sale of the Farm Land over time in the form of vendor take-back financing. FireSong Group intends to use a portion of the sale proceeds to be derived from the sale of the Farm Land to fund and/or advance the restructuring of FireSong Group.

Extension of Time for FireSong Group to File Proposals to Creditors

18. On September 29, 2021, the six corporations and two individuals comprising 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.
19. FireSong Group filed a Projected Cash Flow Statement on October 8, 2021.
20. FireSong Group is acting in good faith and with due diligence. FireSong Group is taking steps to engage the services of Mr. Jon Zwickel, has negotiated the sale of the Farm Land, and has filed its Projected Cash Flow Statement.
21. There is a likelihood that FireSong Group will develop viable proposals to its creditors if the requested 45-day extension of the time period for filing the proposals of FireSong Group is granted. FireSong Group has already expended significant efforts towards developing viable proposals. An Order granting the 45-day extension will maximize prospects for the sale of the Farm Land to close, will provide FireSong Group with time to source additional financing and will provide additional time for FireSong Group to develop and refine its restructuring strategy with the benefit of advice from Mr. Zwickel.
22. No creditor of FireSong Group will be materially prejudiced if the 45-day extension applied for is granted. Allowing FireSong Group to develop and implement a restructuring plan will result in a better financial outcome for the stakeholders of FireSong Group than the alternative. There is no immediate threat of depreciation or devaluation of FireSong Group's assets.
23. The Proposal Trustee has expressed its views that granting FireSong Group a 45-day extension to file a proposal is appropriate in the circumstances.

24. By reason of the facts and matters described above, there is a strong likelihood that FireSong Group will be able to develop a viable proposal to continue operating as a going concern that will result in enhanced recovery for its stakeholders in due course. FireSong Group therefore seeks a 45-day extension of the period within which it is permitted to file proposals to its creditors under Division I of Part III of the BIA.

In support of this application, the applicant relies on the following material or evidence:

25. This Originating Application, with proof of service;
26. Draft Order for Extension of Time to File Proposal;
27. Affidavit of Lori Runzer sworn October 21, 2021;
28. First Report of the Proposal Trustee;
29. Brief of Law on Behalf of the Applicant; and
30. Such further and other material as counsel may advise and this Honourable Court may allow.

DATED at Saskatoon, Saskatchewan, this 22th day of October, 2021.

MLT AIKINS LLP

Per: Shay Brehm
Jeffrey M. Lee, Q.C., Dana Nowak and Shay Brehm, Solicitors for the FireSong Group

This application is issued at the above-noted judicial centre on the 22nd day of October, 2021.

**JACKIE FREEBORN
DEPUTY LOCAL REGISTRAR**

(Deputy) Local Registrar

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 and against all persons claiming under the applicant. You will be bound by any order the Court makes, or another order might be given or other proceedings taken, which the applicant is 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

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