

COURT FILE NUMBER           KBG-SA-00204-2023

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

JUDICIAL CENTRE            SASKATOON

APPLICANTS                 AFFINITY CREDIT UNION 2013 and AFFINITY HOLDINGS INC.

RESPONDENT                 THE LIGHTHOUSE SUPPORTED LIVING INC.

-AND-

COURT FILE NUMBER:        KBG-SA-00149-2023

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

JUDICIAL CENTRE:           SASKATOON

APPLICANTS                 TWILA REDDEKOPP and JEROME HEPFNER

RESPONDENTS                THE LIGHTHOUSE SUPPORTED LIVING INC. and BLUE MOUNTAIN  
ADVENTURE PARK INC.

IN THE MATTER OF THE RECEIVERSHIP OF THE LIGHTHOUSE SUPPORTED LIVING INC.

**NOTICE OF APPLICATION**

**(Sale Approval and Vesting Order and Sales Process Order)**

**NOTICE TO RESPONDENTS: All recipients on the attached 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	Friday, April 28, 2023
Time	10:00 a.m.

*(Read the Notice at the end of this document to see what else you can do and when you must do it.)*

**Remedy claimed or sought:**

1. MNP Ltd. (the "**Receiver**"), the Court-appointed Receiver of The Lighthouse Supported Living Inc. (the "**Lighthouse**") pursuant to the Order granted in these proceedings by the Honourable Madam Justice A.R. Rothery on April 13, 2023 (the "**Interim Receivership Order**") applies to this Honourable Court for the following relief:

- (a) a Sale Approval and Vesting Order approving the sale of 1322 – 103 Street, North Battleford, Saskatchewan (the “**103 Street Property**”) to Cobalt Bay Capital Ltd. (the “**Prospective Purchaser**”) and vesting title to the 103 Street Property in the name of the Prospective Purchaser or its nominee, as well as certain other relief as more particularly detailed herein (the “**SAVO**”);
- (b) a Sales Process Order approving the Receiver’s proposed process for the marketing and potential sale of the Lighthouse’s lands in the Rural Municipality of North Battleford No. 437 (the “**Proposed Blue Mountain Sales Process**”), as well as certain other relief as more particularly detailed herein (the “**SPO**”);
- (c) a Discharge Order formalizing the discharge of MNP Ltd. as Interim Receiver of the Lighthouse and Blue Mountain Adventure Park Inc. (“**BMAP**”); and
- (d) such further and other relief as counsel may request and this Honourable Court may allow.

**Grounds for making this application:**

Approval Of The Sale Of The 103 Street Property

- 2. The Lighthouse owns several residential rental properties and shelters for low-income individuals in Saskatoon, Saskatchewan and North Battleford, Saskatchewan. One of those properties the 103 Street Property, a small apartment building located in North Battleford, Saskatchewan.
- 3. The Order granted by the Honourable Madam Justice A.R. Rothery in KBG-SA-00149-2023 on February 24, 2023 (the “**Interim Receivership Order**”) contemplated, at paragraph 3(l), that certain properties owned by the Lighthouse (including the 103 Street Property) would be marketed for sale by MNP Ltd. in its capacity as Interim Receiver. That authority was carried forward in paragraph 2A of the Receivership Order granted by the Honourable Madam Justice A.R. Rothery on April 13, 2023 (the “**Receivership Order**”).
- 4. The sale of the 103 Street Property to the Prospective Purchaser represents fair market value and will free up cash to fund the Lighthouse’s ongoing operating losses as more particularly described in the First Report of the Interim Receiver dated April 5, 2023 and the First Report of the Receiver dated April 21, 2023 (the “**First Report**”).
- 5. The Confidential Supplement to the First Report of the Receiver dated April 21, 2023 (the “**Confidential Supplement**”) includes the full details of the offers received and accepted in respect of the proposed sale of the 103 Street Property. Disclosing this commercially sensitive information (particularly the purchase price) has the potential to jeopardize a future sales process if the sale does not close for any reason. The purchase price and other commercially sensitive information

must remain sealed until after closing, at which point the Confidential Supplement can be made a part of the public Court file.

#### Approval of the Proposed Sales Process

6. In view of the nature of the activities carried on by the Lighthouse and BMAP, and the developments in these proceedings to date, the Receiver considers it appropriate to seek approval of its proposed process for the sale of the Lighthouse's lands in the Rural Municipality of North Battleford No. 437 (the "**Blue Mountain Lands**") prior to embarking upon the same.
7. The operations of BMAP were wound down following the Interim Receivership Order (except to the limited extent necessary to preserve the lands and buildings). In the context of this Receivership, the optimal use of the Blue Mountain Lands is to put them up for sale.
8. As more particularly described in the First Report, the Proposed Blue Mountain Sales Process contemplates direct marketing (including to commercial real estate agents), a dataroom for the use of interested parties in completing their due diligence, and a 45-day deadline to submit offers. Completing a sales process for the Blue Mountain Lands in the spring has the benefit of attracting prospective purchasers wishing to operate the former BMAP adventure park for the summer of 2023.

#### Other Relief Sought

9. The Receiver seeks the usual approvals of its reports, its activities and conduct to date, and its Interim Statement of Receipts and Disbursements. As more particularly described in the First Report and the Confidential Supplement, the Receiver's mandate has at all times been carried out with efficiency and integrity and with due regard for the interests of all parties.
10. Although BMAP was previously subject to the Interim Receivership Order, it was not made subject to the Receivership Order. It is a wholly-owned subsidiary of the Lighthouse, with the same deadlocked board of directors. The majority of the real and personal property used in the BMAP operations belongs to the Lighthouse; however, it is possible that some personal property (e.g. the website and online booking system) used in the BMAP operations belongs to the BMAP corporate entity. Further, the Court may find it desirable to render the laid-off former employees of BMAP with the ability to apply for relief pursuant to the Wage Earner Protection Program. As such, the Receiver is requesting specific authorization from this Honourable Court to assign BMAP into bankruptcy.
11. In order to streamline the legal process going forward, the Receiver seeks the following additional relief, namely:

- (a) the consolidation of KBG-SA-00149-2023 into KBG-SA-00204-2023; and
  - (b) authorization to remove the membership of the Lighthouse from the Service List.
12. Finally, due to the manner in which the various applications were brought before the Court on April 13, 2023, the mandate of MNP Ltd. as Interim Receiver was never formally terminated; rather, it was carried forward in the authority to continue to market the Lighthouse's lands in the City of North Battleford for sale. It is prudent at this time to formally wind up the Interim Receivership, discharge MNP Ltd. from its role as Interim Receiver, and affirm that the Receiver may continue to market the City of North Battleford properties for sale.

**Material or evidence to be relied on:**

- 13. This Notice of Application, with proof of service;
- 14. First Report of the Receiver dated April 21, 2023;
- 15. Confidential Supplement to the First Report of the Receiver dated April 21, 2023;
- 16. Draft Order (Sale Approval and Vesting Order - 1322 – 103 Street, North Battleford) (clean);
- 17. Draft Order (Sale Approval and Vesting Order - 1322 – 103 Street, North Battleford) (redline against the Saskatchewan Template Sale Approval and Vesting Order);
- 18. Proof of compliance with General Application Practice Directive #3;
- 19. Draft Sales Process Order (Blue Mountain Lands);
- 20. Draft Order (Discharge of Interim Receivership) (clean);
- 21. Draft Order (Discharge of Interim Receivership) (redline against Saskatchewan Template Distribution and Discharge Order);
- 22. Brief of Law (to be filed); and
- 23. Such further and other relief as counsel may advise and this Honourable Court may allow.

**Applicable Acts and regulations:**

- 24. *Bankruptcy and Insolvency Act*, RSC 1958, c B-3.
- 25. *The Personal Property Security Act*, 1993, SS 1993, c P-6.2.

26. *The Queen's Bench Act, 1998*, SS 1998, c Q-1.01.

27. *The Non-profit Corporations Act, 2022*, SS 2022, c 25.

DATED at Saskatoon, Saskatchewan, this 21<sup>st</sup> day of April, 2023.

**MLT AIKINS LLP**

Per 

Jeffrey M. Lee, K.C. and Paul Olfert counsel for the  
Interim Receiver, MNP Ltd.

**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.

**CONTACT INFORMATION AND ADDRESS FOR SERVICE:**

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