

COURT FILE NUMBER KBG-SA-00204-2023

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

JUDICIAL CENTRE SASKATOON

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

-AND-

COURT FILE NUMBER BKY-RG-00164-2023

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

JUDICIAL CENTRE REGINA

IN THE MATTER OF THE BANKRUPTCY OF BLUE MOUNTAIN ADVENTURE PARK INC.

NOTICE OF APPLICATION

(Approval of Sale of Blue Mountain Lands and 102 Street Property)

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	Tuesday, August 15, 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. ("**MNP**"), the Court-appointed Receiver ("**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 "**Receivership Order**"), and Trustee in Bankruptcy (the "**Trustee**") of Blue Mountain Adventure Park Inc. ("**BMAP**"), applies to this Honourable Court for:
 - (a) a Sale Approval and Vesting Order approving the sale of the property owned by the Lighthouse and civically described as 962 – 102 Street, North Battleford, Saskatchewan

(the “**102 Street Property**”) to the Battlefords Agency Tribal Council (“**BATC**”) and vesting title to the 102 Street Property in BATC or its nominee;

- (b) a Sale Approval and Vesting Order:
 - (i) approving the sale of the lands owned by the Lighthouse in the Rural Municipality of North Battleford No. 437 (the “**Blue Mountain Lands**”) along with certain personal property thereon owned by BMAP (the “**Blue Mountain Personal Property**”; together with the Blue Mountain Lands, the “**Blue Mountain Purchased Assets**”) to Raptor Enterprises Inc. (“**Raptor**”), and vesting title to the Blue Mountain Purchased Assets in the name of Raptor or its nominee; and
 - (ii) approving the distribution of certain of the net sale proceeds from the Blue Mountain Lands, approving the release of certain other amounts held in Court, increasing the Receiver’s borrowing limit, approving the activities, fees, and disbursements of the Receiver and its legal counsel, and granting other related relief; and
- (c) 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 102 Street Property

2. The Lighthouse owns several buildings comprising low-income housing in Saskatoon, Saskatchewan and North Battleford, Saskatchewan. One of those properties is the 102 Street Property, which is currently being operated by the BATC as a shelter.
3. The Interim Receivership Order contemplated that certain properties owned by the Lighthouse referred to as the “Battleford Titles” (including the 102 Street Property) would be marketed for sale by MNP in its capacity as Interim Receiver. The Receivership Order contemplated MNP continuing its efforts to market the Battleford Titles in its capacity as Receiver.
4. The sale of the 102 Street Property to BATC represents fair market value. In addition, it is anticipated that BATC will continue to operate the 102 Street Property as a shelter and, thereby, will continue to provide benefit to the Lighthouse’s stakeholders and the public.

Approval of the Sale of the Blue Mountain Purchased Assets

5. The Lighthouse owns the Blue Mountain Lands, which are located near North Battleford, Saskatchewan and were, prior to these proceedings, utilized to operate an outdoor adventure park. Some or all of the personal property located on the Blue Mountain Lands is owned by BMAP.

6. The Court approved a sales process in respect of the Blue Mountain Lands by means of the Sales Process Order (Blue Mountain Lands) granted by the Honourable Madam Justice A.R. Rothery on April 28, 2023. That sales process concluded on June 23, 2023, with the Receiver receiving multiple offers to purchase the Blue Mountain Lands. Raptor's offer to purchase the Blue Mountain Lands would result in the highest realization for the Blue Mountain Lands, represents fair market value, and will free up cash to fund the Lighthouse's ongoing operating losses.
7. Regarding the Blue Mountain Personal Property, the inspector of the bankrupt estate of BMAP has approved the sale of the same and the allocation of the purchase price as between the real property owned by the Lighthouse and the personal property owned by BMAP.

Sealing of the Confidential Supplement

8. The Confidential Supplement to the Third Report of the Receiver (the "**Confidential Supplement**") includes the full details of the offers received and accepted in respect of the proposed sales of the Blue Mountain Purchased Assets and the 102 Street Property. Disclosing this commercially sensitive information (particularly the purchase prices) has the potential to jeopardize future sales processes if the sales do not close for any reason. Accordingly, the Confidential Supplement must remain sealed until after the closing of the sales of the Blue Mountain Purchased Assets and the 102 Street Property, at which point the Confidential Supplement can be made a part of the public court file.

Approval of the Distribution of Sale Proceeds

9. Canada Revenue Agency ("**CRA**") conducted a trust examination of the payroll source deduction account for the Lighthouse and on June 20, 2023 submitted a claim for a total amount of \$510,564.32, of which \$381,665.73 was identified as a deemed trust claim for unremitted payroll source deductions. The sum of \$92,911.32 has been paid toward these obligations from the proceeds of a prior sale. Accordingly, \$288,754.41 remains owing by the Lighthouse to CRA for payroll source deductions. In the circumstances, the \$288,754.41 owed to CRA and giving rise to the deemed trust should be retired by distribution from the sale proceeds of the Blue Mountain Lands.
10. The sum of \$77,941.72 claimed by the Saskatchewan Workers' Compensation Board ("**WCB**"), which amount may be registered by the WCB against the property tax rolls of properties owned by the Lighthouse, should be retired from the net sale proceeds as well.

11. The Receiver and its legal counsel have outstanding fees and disbursements secured by the Receiver's Charge established pursuant to the Receivership Order. To the extent that those fees and disbursements have received Court approval, they should be paid at this time.
12. The Receiver has borrowed approximately \$480,000.00 from Affinity Credit Union to fund the Lighthouse's operations during the receivership proceedings. The indebtedness owing to Affinity Credit Union is secured by the Receiver's Borrowings Charge granted pursuant to the Receivership Order and it is appropriate to pay the amount secured by the Receiver's Borrowings Charge from the proceeds from the sale of the Blue Mountain Lands.

Release of the WCB Holdback Funds

13. Pursuant to the Order (Saskatoon Sales Process and Distribution of Proceeds) granted by the Honourable Madam Justice A.R. Rothery dated June 15, 2023), the sum of \$77,941.72 (the "**WCB Holdback Funds**") were paid into Court while priority to the sale proceeds from the 103 Property in North Battleford, Saskatchewan as between CRA for its deemed trust for payroll deduction and Saskatchewan Workers' Compensation Board for its levy were determined.
14. As all super-priority amounts owed to CRA and WCB will be paid from the sale of the Blue Mountain Lands, it is respectfully submitted that the WCB Holdback Funds should now be released from Court for the benefit of the receivership estate.

Increase To Receiver's Borrowing Limit And Borrowings Charge

15. The Receiver is responsible for continuing the Lighthouse's operations including, inter alia, making payroll, paying for utilities, and paying all required insurance premiums. In carrying out this mandate, the Receiver is incurring ongoing operational losses in the amount of approximately \$70,000.00 per month that is funding through Receiver's borrowings from Affinity Credit Union.
16. The Receiver's borrowings are secured by the Receiver's Borrowings Charge in the amount of \$500,000.00 pursuant to the Receivership Order, and the Receiver's total borrowings currently total approximately \$480,000.00.
17. It is contemplated that the amount secured by the Receiver's Borrowings Charge will be paid from the proceeds from the sale of the Blue Mountain Lands and the 102 Street Property. However, the Receiver requires a higher limit on the Receiver's Borrowings Charge in order to continue with its mandate until such time as the sales of the Blue Mountain Lands and the 102 Street Property can close and the proceeds from the sale can be distributed.

Other Relief Sought

18. The Receiver seeks the usual approvals of its reports, its activities and conduct to date, its Interim Statement of Receipts and Disbursements, and the fees and disbursements of the Receiver and its legal counsel. As more particularly described in the Third Report, 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, and the professional fees and disbursements of the Receiver and its legal counsel are fair and reasonable.

Material or evidence to be relied on:

19. This Notice of Application, with proof of service;
20. Third Report of the Receiver dated August 8, 2023;
21. Confidential Supplement to the Third Report of the Receiver dated August 8, 2023;
22. Draft Sale Approval and Vesting Order (962 - 102 Street, North Battleford, Saskatchewan) (the "**102 Street SAVO**");
23. Redline showing changes to the draft 102 Street SAVO from the Saskatchewan Template Sale Approval and Vesting Order;
24. Draft Sale Approval and Vesting Order (Blue Mountain Lands) (the "**Blue Mountain SAVO**");
25. Redline showing changes to the draft Blue Mountain SAVO from the Saskatchewan Template Sale Approval and Vesting Order;
26. Proof of compliance with General Application Practice Directive #3; and
27. Such further and other relief as counsel may advise and this Honourable Court may allow.

Applicable Acts and regulations:

28. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
29. *The Personal Property Security Act, 1993*, SS 1993, c P-6.2.
30. *The King's Bench Act*, SS 2023, c 28.

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

DATED at Saskatoon, Saskatchewan, this 8th day of August, 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:

Name of firm:	MLT Aikins LLP
Lawyer in charge of file:	Jeffrey M. Lee, K.C. and Paul Olfert
Address of firm:	1201, 409 3rd Avenue South, Saskatoon SK S7K 5R5
Telephone number:	306.975.7100
Email address:	JMLee@mltaikins.com / POlfert@mltaikins.com
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