

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.

NOTICE OF APPLICATION

(Saskatoon Sales Approvals and Distribution of Proceeds)

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	Monday, December 18, 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 Justice A.R. Rothery on April 13, 2023 (the "**Receivership Order**") applies to this Honourable Court for the following relief:
 - (a) a Sale Approval and Vesting Order:
 - (i) approving the sale of the lands legally described as Surface Parcel #120949083, Lot 41A Blk/Par 153 Plan No 99SA35105 Ext. 0 and Surface Parcel #120949094, Lot 41B, Blk/Par 153 Plan 99SA35105 Ext. 0 (collectively, the "**Towers Property**") to Saskatchewan Housing Corporation ("**SHC**") and vesting title to the Towers Property in the name of SHC or its nominee, as well as approving the distribution of the proceeds from the sale of the Towers Property;
 - (ii) sealing the Confidential Supplement to the Fourth Report of the Receiver dated December 11, 2023 (the "**Confidential Supplement**") until after the closing of the sale of the Saskatoon Non-Profit Sale Lands (as defined herein);

- (iii) approving the Fourth Report of the Receiver dated December 11, 2023 (the “**Fourth Report**”);
 - (iv) approving the Receiver’s actions, conduct and activities from August 9, 2023 through and including December 11, 2023;
 - (v) approving the Receiver’s Interim Statement of Receipts and Disbursements for the period ending November 30, 2023; and
 - (vi) approving the professional fees and disbursements of the Receiver up to and including November 30, 2023 and the professional fees and disbursements of the Receiver’s legal counsel, MLT Aikins LLP (the “**Receiver’s Legal Counsel**”), up to and including November 29, 2023;
- (b) a Sale Approval and Vesting Order approving the sale of the lands legally described as Surface Parcel #119934467, Lot 1 Blk/Par 19, Plan No G234 Ext. 0 and Surface Parcel #119934377, Lot 2 Blk/Par 18 Plan No G234 Ext. 0 (collectively, the “**Melrose Property**”) to Hope Restored Canada (“**Hope Restored**”) and vesting title to the Melrose Property in the name of Hope Restored or its nominee, as well as approving the distribution of the proceeds from the sale of the Melrose Property;
 - (c) a Sale Approval and Vesting Order approving the sale of the lands legally described as Surface Parcel #119856774, Lot 5 Blk/Par 32, Plan F5554, Ext 0 (the “**Avenue O Property**”) to Sanctum Group Care Group Inc. (“**Sanctum**”) and vesting title to the Avenue O Property in the name of Sanctum or its nominee, as well as approving the distribution of the proceeds from the sale of the Avenue O Property; and
 - (d) such further and other relief as counsel may request and this Honourable Court may allow.

Grounds for making this application:

I. Approval of the Sales of the Saskatoon Non-Profit Sale Lands

2. By Order (Saskatoon Sales Process and Distribution) dated June 15, 2023 (the “**Sales Process Order**”), the Honourable Justice A.R. Rothery approved a sales process of, among other lands, the Saskatoon Non-Profit Sale Lands. The Sales Process Order provided for a 90-day exclusivity period during which only prospective purchasers in the non-profit and public sectors were permitted to submit offers to purchase for the Receiver’s consideration (the “**Exclusivity Period**”).
3. The Exclusivity Period has elapsed and offers were received from prospective purchasers in the non-profit or public sector for the purchase of each of the Saskatoon Non-Profit Sale Lands.

4. The Receiver is, subject to the discussion below, of the opinion that additional marketing of the Saskatoon Non-Profit Sale Lands will not result in significantly higher net realization for the creditors of the Lighthouse and it is anticipated that each of the Saskatoon Non-Profit Sale Lands will be utilized to fulfill important public purposes and to further the interests of the Lighthouse's stakeholders. Accordingly, the Receiver is of the opinion that it is appropriate to approve the sales of the Saskatoon Non-Profit Sale Lands.

A. Approval of Sale of Towers Property

5. SHC submitted an offer to purchase the Towers Property to the Receiver that comprises (i) a cash payment to retire a portion of the indebtedness secured by the mortgage registered against the Towers Property by Affinity Credit Union 2013 ("**Affinity**") and (ii) a credit bid pursuant to the indebtedness owed to SHC by the Lighthouse and secured by its mortgage registered against the Towers Property.
6. The Receiver and SHC subsequently engaged in negotiations resulting in SHC submitting a revised offer including a larger cash payment towards retiring the indebtedness to Affinity (the "**Revised SHC Offer**"). The cash payment remains insufficient to retire the indebtedness owed to Affinity; however, Affinity has voluntarily agreed to accept the loss from the sale of the Towers Property in the case that the sale of the Towers Property to SHC pursuant to the Revised SHC Offer is approved.
7. It is anticipated that SHC will utilize the Towers Property to continue to offer assisted living and other support services.
8. In the Receiver's opinion, subject to the comment above regarding the interests of Affinity (whom the Receiver understands supports the Revised SHC Offer), the Revised SHC Offer represents the best net realizable value available in the circumstances in respect of the Towers Property.

B. Approval of Sale of the Melrose Property

9. Hope Restored submitted an offer to purchase the Melrose Property comprised of (i) a cash payment sufficient to retire the indebtedness secured by the mortgage registered against the Melrose Property by Affinity and (ii) an agreement to assume the obligations of the Lighthouse owing to SHC in regard to the Melrose Property (the "**Hope Restored Offer**").
10. The Receiver understands that SHC consents to Hope Restored assuming the Lighthouse's obligations owing to SHC in regard to the Melrose Property.

11. Hope Restored is the current tenant of the Melrose Property, and it is anticipated that Hope Restored will utilize the Melrose Property to continue to provide support for the recovery needs of exploited and abused women and youth.
12. In the Receiver's opinion, the Hope Restored Offer represents the best net realizable value available in the circumstances in respect of the Melrose Property.

C. Approval of Sale of the Avenue O Property

13. Sanctum submitted an offer to purchase the Avenue O Property comprised of (i) a cash payment sufficient to retire the indebtedness secured by the mortgage registered against the Avenue O Property by Affinity and (ii) an agreement to assume the obligations of the Lighthouse owing to SHC in regard to the Avenue O Property (the "**Sanctum Offer**").
14. The Receiver understands that SHC consents to Sanctum assuming the Lighthouse's obligations owing to SHC in regard to the Avenue O Property.
15. It is anticipated that Sanctum will utilize the Avenue O Property to provide services to people living with HIV/AIDS.
16. The Avenue O Property requires repair due to deferred maintenance and vandalism, and significant investment would be necessary to prepare the property to be marketed to for-profit purchasers. In the Receiver's opinion, the Sanctum Offer represents the best net realizable value available in the circumstances in respect of the Avenue O Property.

II. Approval of the Distribution from Sale of the Saskatoon Sale Lands

17. The Receiver is seeking to distribute the proceeds from the sale of the Towers Property in the following manner:
 - (a) first, \$32,202.88 to the Saskatchewan Workers' Compensation Board ("**WCB**") for pre-filing indebtedness that is secured by tax liens registered by WCB against the property of the Lighthouse;
 - (b) second, to Affinity:
 - (i) any amount owing by the Receiver on account of Receiver's Borrowings pursuant to the Receivership Order; and
 - (ii) any amount owing by the Lighthouse to Affinity and secured against the Towers Property;up to a maximum amount of \$1,900,000; and

- (c) any outstanding professional fees of Receiver and/or the Receiver's Legal Counsel.
18. The Receiver is seeking to distribute the proceeds from the Melrose Property and the Avenue O Property to Affinity for the amounts secured by Affinity's mortgages registered against each of the properties and to the outstanding professional fees of the Receiver and/or the Receiver's Legal Counsel.
19. The distributions of the funds from the proposed sales of the Saskatoon Non-Profit Sale Lands are necessary to discharge the interests registered against the Saskatoon Non-Profit Sale Lands and to close the sales of the Saskatoon Non-Profit Sale Lands.

III. Sealing of Confidential Supplement

20. The Confidential Supplement includes the full details of the offers received and accepted in the respect of the proposed sales of the Saskatoon Non-Profit Sale Lands. 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 Saskatoon Non-Profit Sale Lands.

IV. Other Relief Sought

21. 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 Fourth 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:

22. This Notice of Application, with proof of service;
23. Fourth Report of the Receiver dated December 11, 2023;
24. Confidential Supplement to the Fourth Report of the Receiver dated December 11, 2023;
25. Draft Sale Approval and Vesting Order (227 20th Street East and 304 2nd Avenue South, Saskatoon, Saskatchewan) (clean and redline against Saskatchewan Template Sale Approval and Vesting Order);

26. Draft Sale Approval and Vesting Order (2540 Melrose Avenue, Saskatoon, Saskatchewan) (clean and redline against Saskatchewan Template Sale Approval and Vesting Order);
27. Draft Sale Approval and Vesting Order (119 Avenue O South, Saskatoon, Saskatchewan) (clean and redline against Saskatchewan Template Sale Approval and Vesting Order); and
28. Such further and other relief as counsel may advise and this Honourable Court may allow.

Applicable Acts and regulations:

29. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
30. *The Personal Property Security Act, 1993*, SS 1993, c P-6.2.
31. *The King's Bench Act*, SS 2023, c 28.
32. *The Non-profit Corporations Act, 2022*, SS 2022, c 25.

DATED at Saskatoon, Saskatchewan, this 11th day of December, 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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