

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act* RSC 1985, c B-3 and Section 101 of the *Courts of Justice Act* RSO 1990, c C-43

**MOTION RECORD
(RETURNABLE JUNE 20, 2016)**

June 15, 2016

DLA PIPER (CANADA) LLP

Barristers & Solicitors

1 First Canadian Place

100 King Street West, Suite 6000

P.O. Box 367

Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

Tel: 416-365-3425

Fax: 416-369-5240

jennifer.whincup@dlapiper.com

Lawyers for the Receiver

TO: **THE ATTACHED SERVICE LIST**

SERVICE LIST

TO: **MACDONALD SAGER MANIS LLP**
Barristers and Solicitors
150 York Street
Suite 800
Toronto ON M5H 3S5

Howard F. Manis (LSUC# 34366V)
hmanis@msmlaw.ca
Tel: 416-364-1553
Fax: 416-364-1453

Lawyers for the Applicant

AND TO: **SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

Respondent

AND TO: **FSP HOLDINGS INC.**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

Respondent

AND TO: **LANA STODDART**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

lstoddart@settlersghost.com

Respondent

AND TO: **JOHN BARZO**
Barrister & Solicitor
205 - 60 Collier Street
Barrie, ON L4M 1G8

Tel: 705-733-6245
Fax: 705-730-0009

jbarzo@barzolaw.com

Lawyer for Hilary Mills, unsecured creditor

AND TO: **GREG AZEFF**
Fogler Rubinoff LLP
Lawyers
TD Centre North Tower
77 King St. W
Suite 3000, PO Box 95
Toronto, ON M5K 1G8

Tel: 416-354-3716
Fax: 416-941-8852

gazeff@foglers.com

Lawyer for Hilary Mills, unsecured creditor

AND TO: **MITCHELL, BARDYN & ZALUCKY LLP**
Barristers & Solicitors
3029 Bloor Street West, Suite 200
Toronto, ON M8X 1C5

Harry Perlis
Tel: 416-234-9111 ext. 233
Fax: 416-234-9114

harry.perlis@mbzlaw.com

Lawyer for Theodor Pochwalowski et al., 2nd Mortgagee

AND TO: **LYNDA MCLAREN**
Box 242
Sebringville, ON N0K 1X0

lyndamclaren@outlook.com

AND TO: **ROBERT (R.A.) CAMPBELL**
bandbcampbell@sympatico.ca

Tel: 705 790 4508

AND TO: **HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE
MINISTER OF FINANCE**
3 - 1400 Blair Place
Ottawa ON
K1J 9B8

Kevin O'Hara
kevin.ohara@ontario.ca
Tel: 905-433-6934
Fax: 905-436-4510

AND TO: **CANADA REVENUE AGENCY**
c/o Department of Justice
The Exchange Tower
130 King Street West
Suite 3400
Toronto, ON M5X 1K6

Diane Winters
diane.winters@justice.gc.ca
Tel: 416.973.3172

Peter Zevenhuizen
peter.zevenhuizen@justice.gc.ca
Tel: 416.952.8563

AND TO: **IRA SMITH TRUSTEE AND RECEIVER INC, Trustee in Bankruptcy**
Suite 6 - 167 Applewood Crescent
Vaughan, Ontario L4K 4K7

ira@irasmithinc.com / brandon@irasmithinc.com
Tel: 905.738.4167
Fax: 905.738.9848

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

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SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

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APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act* RSC 1985, c B-3 and Section 101 of the *Courts of Justice Act* RSO 1990, c C-43

NOTICE OF MOTION

Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the “**Receiver**”) without security, of all of the assets, including undertakings and properties of Settler’s Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the “**Debtors**”) will make a Motion to a Judge presiding over the Commercial List on June 20, 2016 at 9:30 a.m. or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 7th Floor, Toronto, Ontario, M5G 1R7.

PROPOSED METHOD OF HEARING: The Motion is to be heard:

in writing under subrule 37.12.1(1) because it is;

in writing as an opposed motion under subrule 37.12.1(4);

[X] orally.

THE MOTION IS FOR

- (a) An Order substantially in the form of the draft order attached hereto as Schedule "A" for the following relief:
 - (i) abridging the time for service of the Notice of Motion and all of the materials filed in support at this motion, such that this motion is properly returnable on June 20, 2016, and dispensing with any further service thereof;
 - (ii) approving the sale transaction (the "**Transaction**") contemplated by the offer to purchase between Pace and the Receiver (the "**Stalking Horse Bid**") and completion of the Transaction, as more particularly described in the second report of the Receiver, dated June 15, 2016 (the "**Second Report**").

- (b) An Order substantially in the form of the draft order attached hereto as Schedule "B" for the following relief:
 - (i) abridging the time for service of the Notice of Motion and all of the materials filed in support at this motion, such that this motion is properly returnable on June 20, 2016, and dispensing with any further service thereof;
 - (ii) approving the fees and disbursements of the Receiver and its counsel, DLA Piper (Canada) LLP;

- (iii) approving the Receiver's Statement of Receipts and Disbursements for the period of December 15, 2015 to May 31, 2016; and
 - (iv) discharging Ira Smith Trustee & Receiver Inc. as Receiver of the undertaking, property and assets of the Debtors; and
 - (v) releasing Ira Smith Trustee & Receiver Inc. from any and all liability arising from the receivership; and
- (c) Such further and other relief as to this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

The Parties

- (a) The debtor, Settler's Ghost Golf Club Limited Partnership ("**Settler's Ghost**"), owns and operates the Settlers' Ghost Golf Club, a golf facility located at 3421 1 Line N, Barrie, Ontario (the "**Property**"). The Property consists of an 18-hole golf course, merchandise shop, a restaurant and various other buildings.
- (b) The debtor, FSP, is the general partner of Settler's Ghost and was appointed as trustee to hold title to the property on behalf of the beneficial owner, Settler's Ghost.
- (c) The applicant, Pace Savings, is a secured lender to Settler's Ghost in connection with a loan in the principal amount of \$3,130,000.00 (the "**Loan**"). As at May 26, 2016, the estimated amount owing under the Loan up to and including July 31, 2016, will be in the range of \$3,500,000.00,

including estimated future operational costs/ependitures, professional fees, and prior ranking encumbrances (the “**Indebtedness**”).

- (d) As the general partner of Settler’s Ghost, FSP is indebted to Pace Savings for the full amount of the Indebtedness.

The Appointment of the Receiver

- (e) On or about December 7, 2015, Pace Savings brought an application for, among other things, appointing the Receiver, and seeking judgment against the individual respondent pursuant to a personal guarantee of the obligations of Settler’s Ghost to Pace Savings.
- (f) The Honourable Justice Conway granted an order appointing the Receiver on December 15, 2015. This order was amended on December 18, 2015 to correct the name of Settler’s Ghost and include FSP as general partner of Settler’s Ghost.
- (g) The Receiver, among other activities described in the First Report, have retained a bailiff to inventory and appraise the chattels and fixtures at the Property as well as consultants to conduct a review of operations at the Property. The Receiver also updated a prior appraisal of Settler’s Ghost.
- (h) The Receiver has allowed the continuance of the Company’s employees and has facilitated arrangements to allow the Company to continue remuneration of its employees.

- (i) On or about March 14, 2016 Pace Savings indicated that it was no longer willing to fund the Receiver to continue with the mandate provided for in the Order, as amended. Pace Savings also indicated that it would not consent to a DIP lender obtaining secured ahead in priority to Pace Savings.
- (j) On or about March 16, 2016, the Receiver reached out to the stakeholders on the original service list and known to the Limited Partners requesting that if the recipient of the letter or a party known to them wished to submit an offer to purchase the Receiver's right, title and interest in the Company's assets, properties, and undertakings, such party should forthwith submit the offer to purchase directly to the Receiver.
- (k) The Receiver did not obtain any written expressions of interest, letters of intent, or offers to purchase in response to this request, other than the offer to purchase discussed, below.

The Offer to Purchase

- (l) On or about April 13, 2016, Pace Savings submitted an offer to purchase substantially all of the assets of Settler's Ghost (the "**Offer to Purchase**").
- (m) Some of the key terms of the Offer to Purchase include:
 - (i) **Purchase Price:** The amount of the outstanding indebtedness to the Applicant as at the time of Closing, plus the amount of outstanding Receiver's Certificates, plus the amount of any claims

ranking in priority to that of the Applicant, including the costs of this receivership administration.

- (ii) **Deposit:** The Receiver's Borrowings under the Court approved Receiver's Certificates.
- (iii) **Purchaser's Conditions:** The Agreement is conditional to the Purchaser for a period of twenty one (21) days following the Receiver's acceptance and is subject to the Purchaser satisfying itself in its sole, absolute and unfettered discretion with all matters relating to the Property.
- (iv) **Court Approval:** The Agreement is conditional upon the approval of this Honourable Court.
- (v) **Adjustments:** There will be no adjustments on the sale.
- (vi) **Closing:** Closing shall take place on the later of the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order, and the waiver of the Purchaser's Conditions, or such earlier or later date as the parties or their respective solicitors may actually agree upon in writing.
- (vii) **Assignment:** Save and except for the completion of this transaction by a company to be incorporated by the Purchaser, the Purchaser shall not have the right to assign its rights under this Agreement

without the Vendor's prior written consent, which consent may be unreasonably withheld.

- (viii) **Other:** The Purchaser will provide its undertaking and indemnity to the Receiver to pay for any liabilities incurred by the Receiver in this Receivership administration which remain unpaid as of the Closing date, the costs of the receivership administration including the professional fees and disbursements in addition to any charges ranking in priority to the security of the Applicant.

- (n) On April 25, 2016, the Honourable Mr. Justice Wilton-Seigel determined that the Receiver should undertake a full sales process and allowed the Offer to Purchase to stand as a stalking horse bid, subject to terms and conditions as set out in the order issued by the Court on April 29, 2016 (the “**Stalking Horse and Bid Procedures Order**”).

- (o) A second order was also issued on April 29, 2016, approving the activities of the Receiver and approving the fees and disbursements of the Receiver and its counsel (the “**Ancillary Order**”, together with the Stalking Horse and Bid Procedures Order, the “**Orders**”)

The Activities of the Receiver

- (p) Since the Orders issued on April 29, the Receiver has conducted the sales process, as set out in detail in the Second Report, in accordance with the Stalking Horse and Bid Procedures Order.

- (q) The sales opportunity was properly advertised by the Receiver, in compliance with federal anti-spam legislation.
- (r) The deadline to submit offers to purchase was Wednesday, June 8, 2016 12:00 noon Toronto time. No offers to purchase were received. Accordingly, the only offer for the assets and Property of the Debtors is the Stalking Horse Bid.
- (s) The Stalking Horse Bid represents fair value for all of the assets, properties and undertaking of the Debtors.
- (t) The Stalking Horse Bid is in excess of the value of the Property as determined by independent appraisers engaged by the Receiver.
- (u) The Receiver and Pace Savings support the closing of the Transaction.
- (v) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion

- (w) Second Report; and
- (x) Such further and other evidence as the lawyers may advise and this Honourable Court permit.

June 15, 2016

DLA PIPER (CANADA) LLP

Barristers & Solicitors

1 First Canadian Place

100 King Street West, Suite 6000

P.O. Box 367

Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

Tel: 416-365-3425

Fax: 416-369-5240

jennifer.whincup@dlapiper.com

Lawyers for the Receiver

TO: **THE ATTACHED SERVICE LIST**

SERVICE LIST

TO: **MACDONALD SAGER MANIS LLP**
Barristers and Solicitors
150 York Street
Suite 800
Toronto ON M5H 3S5

Howard F. Manis (LSUC# 34366V)
hmanis@msmlaw.ca
Tel: 416-364-1553
Fax: 416-364-1453

Lawyers for the Applicant

AND TO: **SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

Respondent

AND TO: **FSP HOLDINGS INC.**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

Respondent

AND TO: **LANA STODDART**
3421 Line 1 North
Oro-Medonte ON L4M 4Y8

lstoddart@settlersghost.com

Respondent

AND TO: **JOHN BARZO**
Barrister & Solicitor
205 - 60 Collier Street
Barrie, ON L4M 1G8

Tel: 705-733-6245
Fax: 705-730-0009

jbarzo@barzolaw.com

Lawyer for Hilary Mills, unsecured creditor

AND TO: **GREG AZEFF**
Fogler Rubinoff LLP
Lawyers
TD Centre North Tower
77 King St. W
Suite 3000, PO Box 95
Toronto, ON M5K 1G8

Tel: 416-354-3716
Fax: 416-941-8852

gazeff@foglers.com

Lawyer for Hilary Mills, unsecured creditor

AND TO: **MITCHELL, BARDYN & ZALUCKY LLP**
Barristers & Solicitors
3029 Bloor Street West, Suite 200
Toronto, ON M8X 1C5

Harry Perlis
Tel: 416-234-9111 ext. 233
Fax: 416-234-9114

harry.perlis@mbzlaw.com

Lawyer for Theodor Pochwalowski et al., 2nd Mortgagee

AND TO: **LYNDA MCLAREN**
Box 242
Sebringville, ON N0K 1X0

lyndamclaren@outlook.com

AND TO: **ROBERT (R.A.) CAMPBELL**
bandbcampbell@sympatico.ca

Tel: 705 790 4508

AND TO: **HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE
MINISTER OF FINANCE**
3 - 1400 Blair Place
Ottawa ON
K1J 9B8

Kevin O'Hara
kevin.ohara@ontario.ca
Tel: 905-433-6934
Fax: 905-436-4510

AND TO: **CANADA REVENUE AGENCY**
c/o Department of Justice
The Exchange Tower
130 King Street West
Suite 3400
Toronto, ON M5X 1K6

Diane Winters
diane.winters@justice.gc.ca
Tel: 416.973.3172

Peter Zevenhuizen
peter.zevenhuizen@justice.gc.ca
Tel: 416.952.8563

AND TO: **IRA SMITH TRUSTEE AND RECEIVER INC, Trustee in Bankruptcy**
Suite 6 - 167 Applewood Crescent
Vaughan, Ontario L4K 4K7

ira@irasmithinc.com / brandon@irasmithinc.com
Tel: 905.738.4167
Fax: 905.738.9848

TAB A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE)
MONDAY THE 20TH
DAY OF JUNE, 2016

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER Section 243 of the Bankruptcy and Insolvency Act RSC 1985, c B-3 and Section 101 of the Courts of Justice Act RSO 1990, c C-43

APPROVAL AND VESTING ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "**Debtors**") for an order:

1. abridging the time for service;
2. approving the activities of the Receiver as set out in the second report of the Receiver dated June 15, 2016 (the "**Second Report**");

3. approving the and completion of the sale transaction (the “**Transaction**”) contemplated by an offer to purchase between the Receiver and Pace Savings & Credit Union Limited (the “**Stalking Horse Bid**”), as appended to the Second Report as Exhibit E, and vesting in the Pace Savings & Credit Union Limited (the “**Purchaser**”) the Debtors’ right, title and interest in and to the assets described in the Stalking Horse Bid, subject to the priorities identified in the Stalking Horse Bid (the “**Purchased Assets**”),

was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the Motion Record of the Receiver, including the Second Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Kim Hamill, sworn June 15, 2016, filed:

1. **THIS COURT ORDERS** that the time and method of service of the motion record be and hereby is abridged and validated and that the motion is properly returnable today.

2. **THIS COURT ORDERS** that the activities of the Receiver, as set out in the Second Report are hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Stalking Horse Bid by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the

completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Stalking Horse Bid, and listed on Schedule "B" hereto, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Conway dated December 15, 2015 and amended December 18, 2015; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "D") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Registry Division of Barrie of a Transfer/Deed of Land in the form prescribed by the

Land Registration Reform Act duly executed by the Receiver, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule "B" hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule "C" hereto.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any Trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule "A" - Form of Receiver's Certificate

Court File No. CV-15-11212-00CL

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Respondents

APPLICATION UNDER

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Conway of the Ontario Superior Court of Justice (the "**Court**") dated December 15, 2015 and amended on December 18, 2015, Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "**Debtors**")

B. Pursuant to an Order of the Court dated June 20, 2016, the Court approved the sale transaction (the "**Transaction**") contemplated by an offer to purchase between the Receiver and Pace Savings & Credit Union Limited (the "**Stalking Horse Bid**") pursuant to a sale process conducted by the Receiver, and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which

vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 19 and 20 of the Stalking Horse Bid have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Stalking Horse Bid.

THE RECEIVER CERTIFIES the following:

- The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Stalking Horse Bid;
- The conditions to Closing as set out in sections 19 and 20 of the Stalking Horse Bid have been satisfied or waived by the Receiver and the Purchaser; and
- The Transaction has been completed to the satisfaction of the Receiver.
- This Certificate was delivered by the Receiver on June , 2016.

Ira Smith Trustee & Receiver Inc., as receiver and manager without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc.

Per: _____

Name:

Title:

Schedule "B" - Purchased Assets

1. Part Lot 41-42 Concession 2 Medonte Part 1 Plan 51R30187; Oro-Medonte
2. Being whole of PIN 58527-0314 (LT)
3. Land Titles Division for the Land Registry Office of Simcoe County (No. 51)

Schedule "C" - Claims to be deleted and expunged from title to Real Property

1. Registration Number: RO1467834
2. Registration Number: SC660196
3. Registration Number: SC762211
4. Registration Number: SC804471
5. Execution Number: 15-0000256 – County of Simcoe

**Schedule "D" – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. None

PACE SAVINGS & CREDIT UNION LIMITED

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-and- SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
et al.
Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
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PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

DLA PIPER (CANADA) LLP

Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

TAB B

**ONTARIO
SUPERIOR COURT OF JUSTICE
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THE HONOURABLE) MONDAY THE 20TH
JUSTICE) DAY OF JUNE, 2016

B E T W E E N:

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APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act* RSC 1985, c B-3 and Section 101 of the *Courts of Justice Act* RSO 1990, c C-43

DISCHARGE ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the “**Receiver**”) without security, of all of the assets, including undertakings and properties of Settler’s Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the “**Debtors**”), for an order:

1. abridging the time for service;

2. approving the fees and disbursements of the Receiver and its counsel, including a reserve for the completion of the receivership, as set out in the second report of the Receiver dated June 15, 2016 (the “**Second Report**”);
3. discharging Ira Smith Trustee & Receiver Inc. as Receiver of the undertaking, property and assets of the Debtors; and
4. releasing Ira Smith Trustee & Receiver Inc. from any and all liability, as set out in paragraph 4 of this Order,

was heard this day at 330 University Avenue, 8th Floor, Toronto, ON.

ON READING the Motion Record of the Receiver, including the Second Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, counsel for the debtors, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Kim Hamill, sworn March 18, 2016, filed:

1. **THIS COURT ORDERS** that the time and method of service of the motion record be and hereby is abridged and validated and that the motion is properly returnable today.
2. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel including the Reserve, as set out in the Second Report, are hereby approved.
3. **THIS COURT ORDERS** that upon the Receiver filing a certificate certifying that it has completed the other activities described in the Second Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtors, provided

however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Ira Smith Trustee & Receiver Inc. in its capacity as Receiver.

4. **THIS COURT ORDERS AND DECLARES** that Ira Smith Trustee & Receiver Inc. is hereby released and discharged from any and all liability that Ira Smith Trustee & Receiver Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Ira Smith Trustee & Receiver Inc. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Ira Smith Trustee & Receiver Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

Schedule "A" - Form of Receiver's Certificate

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Conway of the Ontario Superior Court of Justice (the "**Court**") dated December 15, 2015 and amended on December 18, 2015, Ira Smith Trustee & Receiver Inc. ("**ISI**"), as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "**Debtors**")

B. Pursuant to an Order of the Court dated June 20, 2016, (the "**Discharge Order**"), ISI was discharged as Receiver of the undertaking, property and assets of the Debtors to be effective upon the filing by the Receiver with the Court of a certificate confirming that the Receiver has completed the activities described in the Report and all matters to be

attended to in connection with the receivership have been provided for to the satisfaction of the Receiver, provided, however, notwithstanding its discharge: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of its duties, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of ISI in its capacity as Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Discharge Order

THE RECEIVER CERTIFIES that the Receiver has completed all activities described in the Second Report and all matters to be attended to in connection with the receivership have been provided for to the satisfaction of the Receiver.

Ira Smith Trustee & Receiver Inc., as receiver and manager without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc.

Per:

Name:

Title:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and- SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
et al.
Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

DISCHARGE ORDER

DLA PIPER (CANADA) LLP

Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and- SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
et al.
Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

DLA PIPER (CANADA) LLP

Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

TAB 2

ONTARIO SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* RSC 1985, C B-3 AND SECTION 101 OF THE *COURTS OF JUSTICE ACT* RSO 1990, C C-43

BETWEEN

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP HOLDINGS INC.
AND LANA STODDART**

Respondents

**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
and FSP HOLDINGS INC.**

DATED JUNE 15, 2016

**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP and
FSP HOLDINGS INC.**

DATED JUNE 15, 2016

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**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP and
FSP HOLDINGS INC. DATED JUNE 15, 2016**

Exhibits

Settlers' Ghost Golf Club Limited Partnership Order and endorsement dated December 15, 2015	A
Amending Order, Amended Receivership Appointment Order and endorsement dated December 18, 2015	B
First Report to Court dated April 14, 2016 (without Exhibits).....	C
First Report Approval Order dated April 29, 2016.....	D
Stalking Horse and Bid Procedures Order dated April 29, 2016.....	E
Receivership sale advertisement in The Globe & Mail on May 4, 2016.....	F
Receiver's webpage established for the Settlers' Ghost receivership	G
Receiver's purchase opportunity summary.....	H
Receiver's Confidential Information Memorandum.....	I
Applicant's estimated indebtedness as at July 31, 2016.....	J
Receiver's Statement of Receipts and Disbursements for the period December 15, 2015 to May 31, 2016.....	K
Affidavit of Mr. Brandon Smith in connection with the Receiver's fee and disbursements	L
Affidavit of Mr. Bruce Darlington in connection with DLAP's fee and disbursements	M

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**SECOND REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
and FSP HOLDINGS INC.**

DATED JUNE 15, 2016

1.0 INTRODUCTION

1. This report (the “**Second Report**”) is filed by Ira Smith Trustee & Receiver Inc. (“**ISI**”) in its capacity as Court-appointed Receiver and Manager (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. C.43, as amended (the “**CJA**”), without security, of all of the assets, including undertakings and properties of Settlers’ Ghost Golf Club Limited Partnership (the “**LP**”) and FSP Holdings Inc. (“**FSP**”) (collectively the “**Company**” or the “**Debtor**”).

2. The Honourable Madam Justice Conway made an order dated December 15, 2015 (the “**Appointment Date**”) appointing the Receiver, initially as Receiver of the LP (the “**LP Receivership Order**”). A copy of the LP Receivership Order and Her Honour’s endorsement are attached hereto as **Exhibit “A”**.

3. Following service of its Application Record for the appointment of a Receiver, the Applicant, Pace Savings & Credit Union Limited (the “**Applicant**” or “**Pace**”) realized that it had omitted FSP as a Respondent in the proceedings and moved to amend the original Application and the LP Receivership Order as to style of cause, Respondents and named parties over whose assets the Receiver would be appointed.

4. The Honourable Madam Justice Conway made two orders dated December 18, 2015 (the “**Amended Order Date**”) to amend the LP Appointment Order (the “**Amending Order**”) and appointing the Receiver, as Receiver of the Debtor (the “**Receivership Order**”). A copy of the Amending Order, the Receivership Order and Her Honour’s endorsement are attached hereto as **Exhibit “B”**.

5. The Receiver issued its First Report to Court dated April 14, 2016 (the “**First Report**”) which was contained in the Receiver’s Motion Record of the same date, for its motion on April 25, 2016. Attached hereto as **Exhibit “C”** is a copy of the First Report without Exhibits.

6. Of the various recommendations made by the Receiver in the First Report, the one that certain stakeholders were opposed to was the recommendation to approve the sale transaction (the “**Transaction**”) contemplated by the offer to purchase between Pace and the Receiver (the “**Stalking Horse Bid**”).

7. The Receiver issued its Supplementary First Report to Court on April 21, 2016 (the “**Supplementary First Report**”) for the April 25, 2016 motion date. The purpose of the Supplementary First Report was to advise this Honourable Court and the stakeholders regarding:

- i. a non-binding letter of intent to purchase the assets, properties and undertaking of the Company for a lesser amount than the amount of the Transaction;
- ii. information provided to the Receiver that certain limited partners had discussed making an offer to purchase the Company's assets; and
- iii. the two proofs of claim received from Canada Revenue Agency on account of the indebtedness of the Company to CRA on account of both its payroll and HST accounts, broken down between trust and ordinary unsecured claims.

8. On April 25, 2016, the Honourable Mr. Justice Wilton-Seigel determined that the Transaction should not be approved but rather, the Receiver should undertake a full sales process to allow the marketplace to determine if there is another party prepared to purchase the assets, properties and undertaking of the Company for an amount greater than the amount of the Transaction. His Honour was prepared to allow the Transaction to stand as a stalking horse bid, subject to terms and conditions to be approved by this Honourable Court. Mr. Justice Wilton-Seigel requested the parties to reattend on April 29, 2016 for the issuance of the necessary Court orders.

9. On April 29, 2016, Mr. Justice Wilton-Seigel issued two Orders. One Order approved: (i) the actions and activities of the Receiver as described in the First Report and the Supplementary First Report; (ii) the fees and disbursements of the Receiver and its legal counsel, DLA Piper (Canada) LLP (“**DLAP**”) and; (iii) that the Receiver has the authority to file an assignment in

bankruptcy for LP, FSP or both and to act as the licensed insolvency trustee (the “**Report Approval Order**”). Attached as **Exhibit “D”** is a copy of the Report Approval Order.

10. The other Order approved the stalking horse sales process and bid procedures (the “**Stalking Horse and Bid Procedures Order**”). Attached as **Exhibit “E”** is a copy of the Stalking Horse and Bid Procedures Order.

1.1 Purpose of this Report

11. The purpose of this Second Report is to report to this Honourable Court on:

- i. the actions and activities of ISI as the Receiver since the date of the Supplementary First Report, including the conduct of the stalking horse sales process;
- ii. the results of the stalking horse sales process;
- iii. an update on the operations of the golf course since the date of the Supplementary First Report;
- iv. the Receiver’s recommendation for the approval of the Stalking Horse Bid and completion of the Transaction, an offer to purchase the assets, properties and undertaking of the Debtor, being the real property and golf course described as 3421 McNutt Road, Barrie, ON (the “**Property**”) and chattels as defined and described in the First Report and this Second Report;
- v. the accounting for the receipts and disbursements of the Receiver from December 15, 2015 to May 31, 2016; and

- vi. the fees and costs incurred by the Receiver and DLAP since the fees and costs approved by this Honourable Court as included in the First Report.

1.2 Disclaimer

12. In preparing this Second Report, the Receiver, where stated, has relied upon information obtained from and discussions with employees, contractors and other third parties as stated herein (collectively, the “**Information**”). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion, or other form of assurance, in respect of the Information. As indicated herein, notwithstanding having served the principal of the Debtor, Ms. L. Stoddart, with a copy of the Receivership Order, Ms. Stoddart has chosen not to meet with the Receiver (but rather delegated that task to the day-to-day management) and has failed to supply the books and records of the Company which she initially identified as being in her possession. Certain books and records were located on the premises of the Property and, the Receiver has collected certain data from third parties and from operating the Property to be able to determine the financial position of the Company and the Property and to accumulate the Information.

13. This report is prepared solely for the use of the Court and the stakeholders in this proceeding, for the purpose of assisting the Court in making a determination whether to approve the actions and activities of the Receiver, and other relief being sought. It is based on the Receiver’s analysis of information provided to it by Management, Directors, staff, and contractors of the Debtor, and other third parties as stated herein, which included unaudited financial statements and internal financial reporting. The Receiver’s procedures did not constitute an audit or financial

review engagement of the Debtor's financial reporting. Where stated, the Receiver has relied upon the Information in reaching the conclusions set out in this report.

2.0 BACKGROUND AND OVERVIEW

2.1 Operations

14. The Company's principal asset is the Property, a 114.025 acre site featuring a par 72, 18-hole golf course (the "**Golf Course**"). As described above, the Property is located at 3421 McNutt Road, RR#1, Barrie, Ontario, in the township of Oro-Medonte.

15. The Property also includes undeveloped forest land, an irrigation holding pond, deep well pump and structure, parking lot, maintenance facility, century old barn, 650 sq. ft. pro-shop, 2520sq. ft. restaurant and other ancillary structures and features related to the golf course operation. The Golf Course lacks its own driving range, and leases adjacent land for that purpose.

16. The Golf Course operates seasonally, weather permitting, April through October. The Golf Course is open to the public for play at a rate per round sold directly or through a number of third-party discounters. Additionally, memberships allowing unlimited play per season can be purchased. At the Appointment Date approximately 100 memberships were pre-paid. The Golf Course features active men's and women's league play.

17. During the off season the restaurant remains open for dinner, four days a week. Other than for Management, all staff, including the rotational winter food and beverage employees, are either contract, part time or seasonal employees. Most are local to the area and work at near-by winter recreation facilities when the Golf Course is not operating. In addition to paid staff, during full

operations, there are volunteer starters and rangers who ensure timely play, adherence to rules and look after limited upkeep. The volunteers receive points in exchange for their service which can be exchanged for incentives like rounds of golf or food.

18. The Company owns various furniture and chattels related to its food and golf operations and it leases 58 golf carts for player use as well as an assortment of maintenance vehicles and equipment. The carts, vehicles and equipment are leased from Maxium Financial Services Inc. (“**Maxium**”) who has designed a golf course leasing program to allow flexible payment terms structured to recognize the cash flow needs of a seasonal business operation. A copy of the leases was included as an Exhibit to the First Report.

2.2 Ownership Structure

19. FSP was incorporated on January 26, 2001. FSP’s minute book indicates that at the appointment date Ms. L. Stoddart (also known as Ms. L. Bertram) was the sole Director and Officer and Ms. Stoddart and a Mr. R. Bertram each own 200 shares of FSP.

20. The LP was formed by agreement dated August 22, 2003 between FSP as General Partner, Robert Campbell, Initial Limited Partner and as third parties, all subsequent limited partners (the “**LP Agreement**”). A copy of the LP Agreement was attached as an Exhibit in the First Report.

21. Although not updated since September 22, 2008, the LP partnership register listed 34 parties who hold between them 50 units, subscribed at the rate of \$50,000 per unit. Most unit holders hold between 1 and 3 units, and Ms. Stoddart holds 9 units. A copy of the redacted LP

partnership register was included as an Exhibit in the First Report. The Exhibit was redacted so that the address of each limited partner would not be disclosed.

3.0 ACTIVITIES OF THE RECEIVER

3.1 *The Sales Process*

22. On May 4, 2016, the Receiver caused to be published in The Globe & Mail, Report on Business, National edition, an advertisement of the stalking horse sales process and the opportunity. Attached as **Exhibit “F”** is a copy of the advertisement.

23. Due to Canada’s Anti-Spam Legislation, the Receiver could only email the advertisement to parties that had previously granted ISI permission to do so. Accordingly, the Receiver provided by email a copy of the advertisement to:

- i. the Ontario Golf Association and the Canadian Golf Association, who agreed to disseminate the information to its members;
- ii. Maxium;
- iii. ClubLink;
- iv. 235783 Ontario Inc., the golf course consultant retained by the Receiver, as described in the First Report;
- v. 119 subscribers to ISI’s blog postings made up primarily, but not exclusively, of lawyers and accountants who either practice in or are interested in insolvency matters; and

- vi. certain limited partners and other parties who contacted the Receiver prior to the implementation of the stalking horse sales process and requested notice of when a sales process was being undertaken.

24. Upon the issuance of the Stalking Horse and Bid Procedures Order, the Receiver established a webpage for this receivership administration. Included in the webpage are links to all public documents, including, The Globe & Mail advertisement, the purchase opportunity summary and the terms and conditions of sale, as approved by this Honourable Court. Attached hereto as **Exhibit “G”** is a copy of the webpage as at the date of this Second Report.

25. All parties who contacted the Receiver regarding this opportunity was provided with a copy of the Receiver’s purchase opportunity summary. Attached as **Exhibit “H”** is a copy of that document describing the opportunity.

26. Any party who then contacted the Receiver expressing interest in performing due diligence was sent a copy of the Receiver’s Confidentiality Agreement to review, sign and return to the Receiver. Upon receipt, the Receiver provided that party with a copy of the Receiver’s Confidential Information Memorandum and access to the Receiver’s password protected online data room. The online data room contained a copy of documents and other information concerning the operation of the Golf Course.

27. Understanding this information allowed interested parties to form their own opinion as to the amount they believed they would be prepared to pay for the assets, properties and undertaking of the Company and compare that amount to the Stalking Horse Bid amount. That would allow

each such party to determine whether they wished to make an offer to purchase higher than the Stalking Horse Bid. A copy of the Asset Purchase Agreement to be used by any party wishing to submit an offer was also included in the online data room.

28. In order to allow all potential purchasers to determine the value of the Stalking Horse Bid, the Receiver obtained from the Applicant, its estimate of the indebtedness of the Company to it. The Applicant estimated that as at July 31, 2016, the indebtedness, including the costs of this receivership administration would be the amount of \$3.5 million (subject to a final accounting as at a proposed closing date if another party submitted a better offer). This information was also included in the online password protected data room.

29. Attached as **Exhibit "I"** is a copy of the Confidential Information Memorandum. Attached as **Exhibit "J"** is a copy of the Applicant's estimate of the indebtedness as at July 31, 2016 with the Receiver's memo to prospective purchasers performing due diligence which was located in the data room.

30. The Receiver received eight (8) signed Confidentially Agreements and provided each respective party with a copy of the Confidential Information Memorandum and access to the online password protected data room to perform due diligence. The Receiver advised all eight parties that the Receiver would provide a private tour of the Golf Course and its facilities to assist in each respective party's due diligence. One such party requested a tour of the Golf Course and that tour was conducted on May 31, 2016.

31. In accordance with the Stalking Horse and Bid Procedures Order, the deadline to submit offers to purchase was Wednesday, June 8, 2016 12:00 noon Toronto time. The Receiver advises this Honourable Court that no offers to purchase were received. Accordingly, the only offer to purchase the Receiver has is the Stalking Horse Bid.

32. The Receiver advised this Honourable Court in the First Report regarding the independent appraisal of the real property performed by DTZ Barnicke Niagara Limited for the Receiver, the discussions as to value held between representatives of the Receiver and 235783 Ontario Inc. and that the Stalking Horse Bid was in excess of those amounts¹.

33. Attached as Schedule “B” to the Stalking Horse and Bid Procedures Order, which is attached hereto as Exhibit “E”, is a copy of the Stalking Horse Bid for the Transaction that the Receiver wishes to complete. The Receiver advises this Honourable Court that: (i) the stalking horse sales process was carried out in accordance with the terms of the Stalking Horse and Bid Procedures Order; (ii) this sales opportunity was properly advertised; (iii) the Stalking Horse Bid represents fair value and potentially in excess of market value for the assets, properties and undertaking of the Company; and (iv) no other offer was received in this stalking horse sales process.

34. Accordingly, the Receiver respectfully recommends to this Honourable Court that the Stalking Horse Bid be approved and the Transaction be completed by the Receiver.

¹ See sections 4.0 and 5.0, contained on pages 18 through 22 of the First Report.

3.2 *Operations*

35. In the First Report the Receiver advised of its efforts after taking possession of the Golf Course in maintaining the food and beverage services during the winter months and developing and implementing the plan for the opening of the Golf Course for the 2016 season. The Golf Course opened on April 21, 2016.

36. The Golf Course has been operating in the normal course with a full complement of staff. In the First Report, the Receiver advised of the retainer of the two management personnel, Ms. M-P Quilty and Mr. D. Graham, whose retainer was approved in the Report Approval Order. In addition to these two management personnel, there are currently 41 staff on payroll as follows:

- i. Groundskeeping crew (including the Golf Course Superintendent) – 7;
- ii. Maintenance, pro shop and office staff – 9; and
- iii. Food and beverage staff – 25.

37. On a cash basis, for the period December 15, 2015 to May 31, 2016, the Golf Course operations has incurred a net loss of \$88,585.02 as follows:

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Receiver's Interim Income Statement IN THE MATTER OF THE RECEIVERSHIP OF SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP & FSP HOLDINGS INC. FOR THE PERIOD FROM DECEMBER 15, 2015 TO MAY 31, 2016		
RECEIPTS		
Receivable and rebate collection	5,481.70	
Food & Beverage sales	122,755.33	
Proshop, carts, range & lesson sales	26,748.65	
Green Fees	60,097.63	
Membership sales	42,990.41	
Golf League revenue	16,764.15	
HST collected on sales	26,547.52	
TOTAL RECEIPTS:		\$ 301,385.39
DISBURSEMENTS		
Food & Beverage COGS	50,668.69	
Pro Shop COGS	18,364.58	
Wages, Gratuities, WSIB, Employer EI/ CPP and Management Fees	162,386.13	
Bank & Merchant POS Charges	6,274.04	
Property Tax	15,001.32	
HST Paid	17,612.10	
Utilities	11,722.61	
Advertising and Promotion	1,933.40	
Equipment, Supplies, Repair, Maintenance, Janitorial & Upkeep	94,593.98	
Gift Certificate and Promo Spirit Dollars	3,894.16	
Licenses, Permits and Misc. overhead expenses	7,519.40	
TOTAL DISBURSEMENTS		\$ 389,970.41
NET INCOME (LOSS)		(\$ 88,585.02)

38. After salaries, the most significant expense was for equipment repairs and Golf Course supplies, which will benefit the Golf Course throughout the entire season. The Receiver notes that this is on a cash basis and not a full accrual accounting basis.

39. As part of the proposed Transaction, the Applicant or its assignee as purchaser (the “**Purchaser**”) will indemnify the Receiver for all purchases made during the receivership for which payment has not been made as at the closing date of the Transaction. Accordingly, the above-noted statement is tentative and is subject to change.

4.0 RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS

40. The Receiver has been utilizing a combination of Receiver’s Borrowing Certificates and revenue from operations to operate the Company’s business. Attached as **Exhibit “K”** is the Receiver’s Statement of Receipts and Disbursements for the period December 15, 2015 to May 31, 2016. The professional fees included in the First Report and approved in the Report Approval Order were paid directly by the Applicant. Accordingly, no amount of such fees are indicated in the Statement of Receipts and Disbursements.

5.0 PROFESSIONAL FEES AND DISBURSEMENTS

41. Attached as **Exhibit “L”** is a copy of the Affidavit of Mr. Brandon Smith in connection with the Receiver’s fee and disbursements including the detailed statement of account for the period from April 13, 2016 to June 13, 2016 in the amount of \$42,151.53 (inclusive of HST), plus an estimate to complete this receivership administration. No funds have been advanced on account of this fee and disbursements.

42. Attached as **Exhibit “M”** is a copy of the Affidavit of Mr. Bruce Darlington in connection with DLAP’s fee and disbursements including the detailed statements of account for the period March 30, 2016 to June 13, 2016 in the amount of \$46,592.30 (inclusive of HST), plus an estimate to complete this receivership administration,. No funds have been advanced on account of these fee and disbursements.

6.0 OTHER MATTERS

43. The Receiver advises that after the completion of the sale to the Purchaser, under the authority granted in the Report Approval Order, the Receiver will be assigning one or both of FSP and LP into bankruptcy. At that point there will be no need for this receivership administration to continue.

44. The Receiver respectfully recommends to this Honourable Court that, after the completion of the sale under the Transaction, the Receiver file a Certificate with this Honourable Court, substantially in the form attached hereto as **Exhibit “M”** and that upon such filing, the Receiver shall be discharged and the receivership administration will terminate.

7.0 CONCLUSION AND RECOMMENDATIONS

45. For the reasons set out in this Second Report, the Receiver respectfully requests that this Honourable Court approve:

- i. this Second Report and the actions and activities of the Receiver described herein since April 21, 2016;

- ii. the Receiver completing the sale to Pace, or its assignee as described herein;
- iii. the Receiver filing the Certificate with this Honourable Court substantially in the form attached hereto as Exhibit "M";
- iv. the accounting for the receipts and disbursements of the Receiver from December 15, 2015 to May 31, 2016; and
- v. the fees and costs incurred by the Receiver and its legal counsel, DLAP, including the estimate to complete this receivership administration, as disclosed herein.

**

**

**

All of which is respectfully submitted at Toronto, Ontario this 15th day of June, 2016.

IRA SMITH TRUSTEE & RECEIVER INC.

solely in its capacity as Court-Appointed Receiver and Manager of
Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc.
and not in its personal Capacity

Per:



President

TAB A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE *MADAM*)
JUSTICE *CONWAY*)

TUESDAY, THE 15TH DAY
OF DECEMBER, 2015

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and



**SETTLER'S GHOST LIMITED PARTNERSHIP
AND LANA STODDART**

Respondents

ORDER
(Appointing Receiver)

THIS MOTION made by the Applicant, PACE SAVINGS & CREDIT UNION LIMITED, for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing IRA SMITH TRUSTEE & RECEIVER INC. as receiver [and manager] (in such capacities, the "Receiver") without security, of all of the assets, including undertakings and properties of SETTLER'S GHOST LIMITED PARTNERSHIP (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of SUZANNE HYDE sworn December 7, 2015 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and upon being

advised of the consent of the Respondents, and upon reading the consent of IRA SMITH TRUSTEE & RECEIVER INC. to act as the Receiver,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, IRA SMITH TRUSTEE & RECEIVER INC. is hereby appointed Receiver, without security, for all of the assets, including undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof and over the property of the Debtor located at 3421 1 Line N, Barrie, Ontario (the "Property").

RECEIVER'S POWERS

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$300,000.00; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,]¹ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(l) to run a sales process for the Property;

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

4. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's

possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

6. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including

without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.²

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile

transmission or email transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties here under.

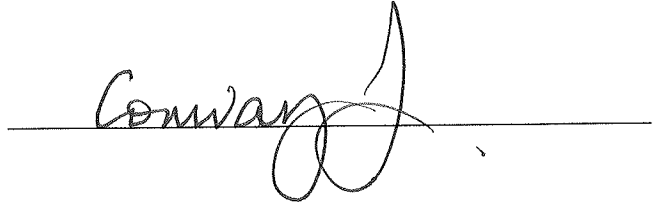
26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

27. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, peace officers, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

29. THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

30. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in cursive script, appearing to read "Conway", is written over a solid horizontal line. The signature is positioned to the right of the center of the page.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

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DEC 15 2015

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that IRA SMITH TRUSTEE & RECEIVER INC., the Receiver (the "Receiver") of the assets, including undertakings and properties SETTLER'S GHOST LIMITED PARTNERSHIP acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the 15th day of December, 2015 (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any

person other than the holder of this certificate without the prior written consent of the holder of this certificate.

The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

IRA SMITH TRUSTEE & RECEIVER INC.,
solely in its capacity as Receiver of the Property,
and not in its personal capacity

Per: _____

Name: Ira Smith

Title: President

PACE SAVINGS & CREDIT UNION LIMITED

V. SETTLER'S GHOST LIMITED PARTNERSHIP et al.

Court File No. CV-15-11212-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

ORDER

MACDONALD SAGER MANIS LLP

Lawyers

Suite 800, 150 York Street
TORONTO, ON M5H 3S5

Telephone: (416) 364-1553

Telefax: (416) 364-1453

Howard F. Manis

Direct: (416) 364-5289

LSUC: 34366V

Lawyers for the Applicant

TAB B

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)
JUSTICE CONWAY)
FRIDAY, THE 18TH DAY
OF DECEMBER, 2015

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

**SETTLER'S GHOST LIMITED PARTNERSHIP
AND LANA STODDART**

Respondents

ORDER

THIS MOTION made by the Applicant for an Order amending the Notice of Application and the style of cause of the within proceeding, was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario,

UPON READING the Motion Record of the Applicant, filed, and **UPON HEARING** the submissions of counsel for the Applicant, no one appearing for the Respondents or the proposed Respondent, FSP Holdings Inc., although duly served with the Motion Record,

1. **THIS COURT ORDERS THAT** the FSP Holdings Inc. be and is hereby added as a party Respondent in the within Application.

2. **THIS COURT ORDERS THAT** the style of cause of the within Application be and is hereby amended to the following:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

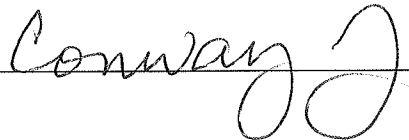
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP,
FSP HOLDINGS INC. and LANA STODDART

Respondents

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



DEC 18 2015



PACE SAVINGS & CREDIT UNION LIMITED

V. SETTLER'S GHOST LIMITED PARTNERSHIP et al.

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

ORDER

MACDONALD SAGER MANIS LLP

Lawyers

Suite 800, 150 York Street
TORONTO, ON M5H 3S5

Telephone: (416) 364-1553

Telefax: (416) 364-1453

Howard F. Manis

Direct: (416) 364-5289

LSUC: 34366V

Lawyers for the Applicant

TAB C

ONTARIO SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* RSC 1985, C B-3 AND SECTION 101 OF THE *COURTS OF JUSTICE ACT* RSO 1990, C C-43

BETWEEN

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP HOLDINGS INC.
AND LANA STODDART**

Respondents

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
and FSP HOLDINGS INC.**

DATED APRIL 14, 2016

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Receiver's report in accordance with Sections 245(1) and 246(1)
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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP and FSP HOLDINGS
INC.**

DATED APRIL 14, 2016

1.0 INTRODUCTION

1. This report (the “**First Report**”) is filed by Ira Smith Trustee & Receiver Inc. (“**ISI**”) in its capacity as Court-appointed Receiver and Manager (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. C.43, as amended (the “**CJA**”), without security, of all of the assets, including undertakings and properties of Settlers’ Ghost Golf Club Limited Partnership (the “**LP**”) and FSP Holdings Inc. (“**FSP**”) (collectively the “**Company**” or the “**Debtor**”).

2. The Honourable Madam Justice Conway made an order dated December 15, 2015 (the “**Appointment Date**”) appointing the Receiver, initially as Receiver of the LP (the “**LP Receivership Order**”). A copy of the LP Receivership Order and Her Honour’s endorsement are attached hereto as **Exhibit “A”**.

3. Following service of its Application Record for the appointment of a Receiver, the Applicant, Pace Savings & Credit Union Limited (the “**Applicant**” or “**Pace**”) realized that it had omitted FSP as a Respondent in the proceedings and moved to amend the original Application and the LP Receivership Order as to style of cause, Respondents and named parties over whose assets the Receiver would be appointed.

4. The Honourable Madam Justice Conway made two orders dated December 18, 2015 (the “**Amended Order Date**”) to amend the LP Appointment Order (the “**Amending Order**”) and appointing the Receiver, as Receiver of the Debtor (the “**Receivership Order**”). A copy of the Amending Order, the Receivership Order and Her Honour’s endorsement are attached hereto as **Exhibit “B”**.

1.1 Purpose of this Report

5. The purpose of this First Report is to report to this Honourable Court on:

- i. the actions and activities of ISI as the Receiver since December 15, 2015;
- ii. the Receiver’s retainer of Mr. David Graham and Ms. Mary-Pat Quilty, as day-to-day management to assist the Receiver (collectively referred to herein as “**Management**”);
- iii. the Receiver’s retainer of 2357383 Ontario Inc. (“**235**”), as consultant to assist the Receiver;

- iv. the Applicant's position and Offer to Purchase the assets of the debtor, for the real property and golf course described as 3421 McNutt Road, Barrie, ON (the "**Property**") and chattels as defined and described in this First Report (the "**Sale**");
- v. the accounting for the receipts and disbursements of the Receiver from December 15, 2015 to March 15, 2016; and the fees and costs to date incurred by the Receiver and its legal counsel, DLA Piper (Canada) LLP, ("**DLAP**").

1.2 Disclaimer

6. In preparing this First Report, the Receiver, where stated, has relied upon information obtained from and discussions with employees, contractors and other third parties as stated herein (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion, or other form of assurance, in respect of the Information. As indicated herein, notwithstanding having served the principal of the Debtor, Ms. L. Stoddart, with a copy of the Receivership Order, Ms. Stoddart has chosen not to meet with the Receiver (but rather delegated that task to the day-to-day management) and has failed to supply the books and records of the Company which she initially identified as being in her possession. Certain books and records were located on the premises of the Property and, the Receiver has collected certain data from third parties and from operating the Property to be able to determine the financial position of the Company and the Property and to accumulate the Information.

7. This report is prepared solely for the use of the Court and the stakeholders in this proceeding, for the purpose of assisting the Court in making a determination whether to approve the actions and activities of the Receiver, and other relief being sought. It is based on the Receiver's analysis of information provided to it by Management, Directors, staff, and contractors of the Debtor, and other third parties as stated herein, which included unaudited financial statements and internal financial reporting. The Receiver's procedures did not constitute an audit or financial review engagement of the Debtor's financial reporting. Where stated, the Receiver has relied upon the Information in reaching the conclusions set out in this report.

2.0 BACKGROUND AND OVERVIEW

2.1 Operations

8. The Company's principal asset is the Property, a 114.025 acre site featuring a par 72, 18-hole golf course (the "**Golf Course**"). As described above, the Property is located at 3421 McNutt Road, RR#1, Barrie, Ontario, in the township of Oro-Medonte.

9. The Property also includes undeveloped forest land, an irrigation holding pond, deep well pump and structure, parking lot, maintenance facility, century old barn, 650 sq. ft. pro-shop, 2520sq. ft. restaurant and other ancillary structures and features related to the golf course operation. The Golf Course lacks its own driving range, and leases adjacent land for that purpose.

10. The Golf Course operates seasonally, weather permitting, April through October. The Golf Course is open to the public for play at a rate per round sold directly or through a number of

third-party discounters. Additionally, memberships allowing unlimited play per season can be purchased. At the Appointment Date approximately 100 memberships were pre-paid. The Golf Course features active men's and women's league play.

11. During the off season the restaurant remains open for dinner, four days a week. Other than for Management, all staff, including the rotational winter food and beverage employees, are either contract, part time or seasonal employees. Most are local to the area and work at near-by winter recreation facilities when the Golf Course is not operating. In addition to paid staff, during full operations, there are volunteer starters and rangers who ensure timely play, adherence to rules and look after limited upkeep. The volunteers receive points in exchange for their service which can be exchanged for incentives like rounds of golf or food.

12. The Company owns various furniture and chattels related to its food and golf operations and it leases 58 golf carts for player use as well as an assortment of maintenance vehicles and equipment. The carts, vehicles and equipment are leased from Maxium Financial Services Inc. who has designed a golf course leasing program to allow flexible payment terms structured to recognize the cash flow needs of a seasonal business operation. Attached hereto as **Exhibit "C"** is a copy of the leases.

2.2 Ownership Structure

13. FSP was incorporated on January 26, 2001. FSP's minute book indicates that at the appointment date Ms. L. Stoddart (also known as Ms. L. Bertram) was the sole Director and Officer and Ms. Stoddart and a Mr. R. Bertram each own 200 shares of FSP.

14. The LP was formed by agreement dated August 22, 2003 between FSP as General Partner, Robert Campbell, Initial Limited Partner and as third parties, all subsequent limited partners (the “**LP Agreement**”). A copy of the LP Agreement is attached hereto as **Exhibit “D”**.

15. Although not updated since September 22, 2008, attached hereto as **Exhibit “E”** is a copy of the LP partnership register, with the partners’ addresses redacted for privacy. It lists 34 parties who hold between them 50 units, subscribed at the rate of \$50,000 per unit. Most unit holders hold between 1 and 3 units, and Ms. Stoddart holds 9 units.

3.0 ACTIVITIES OF THE RECEIVER

3.1 *Initial site visit*

16. On December 15, 2015, following issuance of the LP Receivership Order, the Receiver contacted the Principal of the Debtor, Ms. Stoddart via email, to advise of its appointment and to arrange to meet with her at the Property to take possession of the Property, related chattels and fixtures and any and all books and records related thereto as provided for in the LP Receivership Order. Ms. Stoddart advised that due to her current state of health she was under advice of her doctor not to engage in any stress-inducing activities, which she considered this to be, and delegated the task of meeting with representatives of the Receiver to the Company’s managers, Mr. D. Graham and Ms. M.P. Quilty, both of whom are also unit holders of the LP.

17. The Receiver requested that Ms. Stoddart ensure that any and all books and records or assets of the Debtor in her possession or control be delivered by her to Mr. Graham or Ms. Quilty for surrender to the Receiver. Ms. Stoddard replied that the Receiver will be able to get what it

needs from Mr. Graham and or Ms. Quilty. A copy of the Receiver's email exchange with Ms. Stoddart is attached hereto as **Exhibit "F"**.

18. On December 16, 2015 representatives of the Receiver attended at the Property and met with Mr. Graham, the Business Manager and Ms. Quilty, the Golf Pro. The Receiver took possession of the necessary books and records located at the Property, and discussed operations with Management.

19. The Receiver also retained: (i) S. Wilson & Co. Bailiffs Limited ("**Wilson**") whose representatives took an inventory of the chattels and fixtures located upon the Property (and subsequently provided the Receiver with an appraisal of such items) and advising on securing the Property; (ii) a locksmith to change the keys to all building locks; and (iii) an IT consultant to perform a backup of all computers on site, to opine on IT security and implement any necessary changes to improve security.

20. As the only means to communicate with Ms. Stoddart was by her business email address the Receiver allowed the email address to remain functional but deactivated her remote access to the Company's network and server. After considering the Company's requirements of its computer systems, including discussions with the IT consultant and Management, the Receiver was satisfied the steps taken provided adequate protection from potential malice while allowing for the integrity of ongoing operations.

3.2 Additional steps taken

21. The Receiver obtained from the Applicant the details of the Debtor's bank account held at the Toronto-Dominion Bank ("TD") and corresponded with TD's centralized insolvency department to quickly effect a freeze of the account, immediately upon its appointment.

22. After meeting with Management and learning: (i) that there were outstanding payroll cheques that the Receiver wished to honour; and (ii) that most of the revenue was generated by credit card sales; the Receiver determined that it would provide the best continuity to ongoing operations for the Receiver to take control of the existing TD account rather than set up new banking arrangements including suspending and replacing agreements with the credit and debit card processors.

23. The Receiver communicated with TD to stop payment of certain outstanding cheques it did not wish to honour, to discontinue the existing signing authorities and client cards and create new signatories, either one of Messers. B. Smith or M. Wolfe, of the Receiver. This process took far longer than anticipated due to internal issues with TD and the paperwork they presented to the Receiver. In the interim many payroll cheques that the Receiver wished to have honoured were declined and had to be replaced by the Receiver.

24. The protocol put in place by the Receiver has it approving purchase orders submitted by Management. All cheques are prepared by Management and are sent to the Receiver for approval and signing by one of the Receiver's authorized signatories.

25. The Receiver recognized the need for Management's experience and various certifications they hold that allows for continuity of operations. The Receiver determined that Mr. Graham and Ms. Quilty each earned approximately \$60,000 per annum, and with Pace's approval and subject to the approval of this Honourable Court, the Receiver entered into agreements with Management to retain them as contractors. Attached hereto as **Exhibit "G"** are the fully executed contractor agreements with Management.

26. The Receiver contacted the Company's external accountant and legal counsel to make them aware of the Receivership Order and requesting they deliver to the Receiver any books and records or other property of the Company in their possession or control. Legal counsel delivered to the Receiver the Minute books for FSP and the LP. The external accountant provided the most recent financial statements, although they were already in the Receiver's possession.

27. The Receiver obtained from Wilson both the inventory listing and its opinion of value of the Company's chattels and leased equipment. Attached hereto as **Exhibit "H"** are the Wilson appraisals. The Receiver requests that the Exhibit be sealed until after the closing of a sales transaction for reasons of confidentiality.

28. Based on the value that Wilson appraised the leased assets to be worth, the Receiver believes that there may be substantial equity in certain leases for golf carts and turf equipment and negative equity in one lease for a promotional beverage cart. This opinion does not take into account any present or future value of money calculations, depreciation or the mechanical fitness of the leased equipment as Wilson performed a visual inspection only.

3.3 *Insurance*

29. ISI contacted A. McAfee & Associates Insurance Brokers Ltd. (“**McAfee**”), the insurance broker who placed the insurance coverage for the Company on the Property. The broker confirmed that the Company had paid the premium in full and that ISI would be added as a named insured to the existing policy. The broker subsequently advised that although ISI was recognized as standing in the shoes of the Debtor, due to the nature of the policy, it cannot have more than one named insured. A copy of the insurance policy is appended hereto as **Exhibit “I”**. As indicated therein there are at least seven separate subscribing insurers, under multiple separate agreements that form the coverage provided under the policy.

30. On January 22, 2016 during a subsequent visit to the property, Management advised the Receiver that the barn located on the Property, where the leased carts are stored, sustained wind damage over Christmas, and that they have concerns regarding the structural integrity of the barn. The Receiver requested that the contractor who has maintained the barn be called to examine the structure. The contractor assessed that significant damage had been caused and that it would be less expensive to build a new barn than to repair the existing structure.

31. Following receipt of that oral report, the Receiver contacted McAfee to discuss the situation given the potential risk. After considering McAfee’s advice the Receiver filed a claim for loss.

32. An adjuster from Crawford and Company was assigned and on February 1, 2016 the Receiver met at the Property with the adjuster, its engineer and the contractor who maintained

the barn. It was observed that a load bearing portion of an exterior wall was not resting on the foundation, and was displaced outwards. Consequently the structure lacked support as originally designed and had non designed forces acting upon other structural portions and cladding. The contractor, who exclusively builds and repairs barns, believed wind acted upon the barn and caused a vacuum effect that displaced the structural member. The engineer and adjuster felt that deterioration of the foundation played a role in the failure.

33. The adjuster requested that all of the golf carts be removed from the barn. The Receiver directed Mr. Graham to carry this out and has advised the Receiver that this has been completed.

34. On February 16, 2016 the adjuster advised the Receiver that the lead examiner does not believe the damage was caused by wind and therefor the loss cannot be considered for coverage. A copy of the engineer's report is attached hereto as **Exhibit "J"**. There was significant delay in receiving this reports as the insurance risk is covered by five insurers on this portion of the risk and pre-approval was required for the report to be released to the Receiver. As of the date of this First Report, the Receiver has yet to receive from the adjuster, its report prepared by its lead examiner, although the Receiver has requested same.

3.4 Retainer of 235

35. ISI determined that the retainer of a consultant experienced in the golf industry and the operation of golf courses was required to review the operations and provide a report to the Receiver on the existing operations, with recommendations on how to improve operations and maximize profit, while also advising on the suitability of any potential sales process the Receiver

was considering undertaking. 235's principals, Mr. Steve Ralph and Mr. Gerard Wasslen (the "Consultants") have substantial experience in the golf industry. A summary of their experience and qualifications are attached hereto as **Exhibit "K"**. Representatives of the Receiver and 235 negotiated the terms of and entered into a consulting agreement, all subject to the approval of this Honourable Court. A copy of the consulting agreement is attached hereto as **Exhibit "L"**.

36. The Receiver met with the Consultants both on site and in the Receiver's office. The Consultants carried out the review of the Company's operations, financial statements and has interviewed Management. The Consultants prepared a report which was presented first to the Receiver in draft and discussed with the Receiver. After such presentation and discussion, the Consultants' final report was presented to both the Receiver and to the Applicant for discussion. Attached hereto as sealed **Exhibit "M"** is a copy of the Consultants' report. The Receiver requested that the Consultants discuss their views of value with the Receiver only, and not contain any such information in their report. The Receiver requests that the Exhibit be sealed until after the closing of a sales transaction for reasons of confidentiality.

3.5 Cash flow and borrowings

37. After meeting with Management the Receiver reviewed historical financial records and a forward looking cash flow prepared by Management. The Receiver, in consultation with the Applicant determined that the base food and beverage operation is essentially break-even but because of the seasonal nature of the golf course, the business as a whole runs cash-flow negative due to certain fixed costs, Management costs and overhead costs.

38. In consultation with the Applicant it was determined that keeping the food and beverage operations running enhances goodwill, maintains continuity consistent with maximizing value of the assets, preserves jobs and retains key staff who work doing both the winter and summer seasons.

39. Based on the Receiver's experience, even if the operations were shut down during the winter, costs would be incurred to ensure that the property was maintained and occupied consistent with a prudent operator and as required by the insurance policy. The Applicant agreed with the Receiver's recommendations and agreed, consistent with the golf course's historic operations, to allow ongoing food and beverage operations and the retainer of two management personnel, through the end of March and fund any operating shortfall through borrowing under Receiver's Certificates as provided for in the Appointment Order.

40. Accordingly the Receiver has allowed the continuance of the Company's winter food and beverage employees and two management personnel and has facilitated arrangements to allow the Company to continue remuneration of its employees.

41. As of the date of this First Report the Receiver has issued four Receiver's Certificates, and has borrowed to date the sum of \$62,000 from the Applicant, and has available remaining borrowing capacity of \$188,000 provided for under the Appointment Order.

3.6 Lack of co-operation from Ms. Stoddart

42. As previously reported the principal of the Company, Ms. Stoddart, has refused to meet with the Receiver and had delegated that task to Management. While satisfied with the co-

operation received from Management, it became apparent that Ms. Stoddart may be in possession of certain books and records not previously delivered to the Receiver, specifically details of an insurance policy on the life of Ms. Stoddart where the Company may be the beneficiary. On January 20, 2016 the Receiver renewed its request for Ms. Stoddart to deliver all books, records or property belonging to or pertaining to the Company, in her possession or control. In response Ms. Stoddart confirmed she had documents relating to the LP, specifically meeting minutes.

43. On March 24, 2016 in response to a further renewed request by the Receiver, Ms. Stoddart replied that on closer inspection she has no records as described by the Receiver in her possession.

3.7 Opening of the Course

44. Following meeting with the Consultants at the Property in January, the Consultants advised the Receiver that early planning with the intent to open the course for the 2016 season would be a proactive step and either enhance value or at a minimum preserve and not deteriorate value. The Receiver shared this with the Applicant and although a plan for a sales process had yet to be discussed, the Applicant was supportive of taking steps to “maintain status quo” including but not limited to selling memberships, advising members and league players of continuing operations, booking tournaments and other private events, filing all regulatory reporting, and preparing equipment and the course itself for regular operations.

45. The instruction to prepare for opening was communicated to Management and at the date of this First Report preparations are underway to acquire pro-shop inventory, perform maintenance on equipment and order greens keeping chemicals and supplies. The irrigation report was filed with the regulatory body over the winter and membership sales and tournament bookings have been opened up. Since the Appointment Date, there has been limited interest in booking tournaments and only a few memberships have been sold. Management believes that the future uncertainty created by the Receivership is responsible as compared to such sales in prior years.

3.8 Canada Revenue Agency (“CRA”)

46. The Receiver contacted CRA to set up new “0002” extension accounts for filings. CRA advised that the Debtor is in arrears with respect to both payroll remittances and Harmonized Sales Tax (“HST”). Consequently new accounts, using the Debtor’s primary business number and the “0002” extension have been established for both payroll and HST so as to separate the Receiver’s current remittances from the Debtor’s accrued liabilities. As of the date of this First Report the Receiver is current with its reporting, filings and remittances for payroll (both employer contribution and source deductions) and HST since its appointment.

47. The Receiver notes that the HST and payroll accounts are in the personal name of the Debtor’s principal, Lana Bertram. The Receiver is solely the Receiver of the Debtor and not Lana Bertram aka Lana Stoddart in any capacity.

48. T4’s for 2015 were prepared by Management and issued to the Debtor’s employees.

49. CRA conducted audits of the payroll and HST accounts for both the Debtor and the new Receiver's account. CRA apportioned wages earned after December 15, 2015 to the new payroll account and created amended T4s to account for the split period. CRA determined the Receiver to be in compliance.

50. Attached hereto as **Exhibit "N"** are CRA's demands concerning the accounts of "Lana Bertram, sometime carrying on business as Settlers' Ghost Limited Partnership and Settlers' Ghost Golf Club". CRA has assessed the HST liability of Lana Bertram to be \$129,189.36 of which they assert \$117,827.90 is a trust claim. CRA has assessed the payroll liability of Lana Bertram to be \$36,009.34 of which they assert \$26,265.08 is a trust claim.

51. Consistent with the Receiver's review of other documentation, including, the amended 2015 T4's prepared by CRA, third party demands issued by CRA to Pace and a letter dated February 2, 2016 issued by CRA to the Receiver, relating to payroll and HST arrears, CRA indicates that the employer and the taxpayer for HST purposes is Lana Bertram.

52. The Receiver has reviewed the draft 2014 financial statements for the golf course business prepared by the external accountant, Powell Jones LLP. The financial statement is in the name of "Settler's Ghost Golf Club Limited Partnership" as approved and issued by its General Partner, FSP. The Company's internal accounting records are consistent with the draft financial statements showing ownership of the Property and other assets.

53. The Receiver has reviewed a Parcel Register (Abbreviated) For Property Identifier search dated December 15, 2015, provided to the Receiver by the Applicant's legal counsel, indicating that FSP is the sole owner of the Property and the grantor of charges in favour of the Applicant.

54. The Application Record contains, *inter alia*, a letter from independent legal counsel, Page, Martin LLP dated December 4, 2015 addressed to ISI opining on the security of the Applicant¹. The opinion states, subject to the qualifications and reservations expressed therein, that the General Security Agreement in favour of the Applicant provides a continuing security interest in the assets of the debtor, Settlers' Ghost Golf Club Limited Partnership.

55. Given the above, on April 5, 2016, the Receiver wrote to CRA seeking clarification on the legal name of the taxpayer that CRA believes is indebted to CRA for the outstanding HST liability. Attached as **Exhibit "O"** is a copy of the Receiver's letter, without enclosures.

56. That same day, Ms. P. Davey of CRA contacted the Receiver by telephone and advised that: (i) a CRA field auditor mistakenly changed the name of the account in error and that Ms. Davey was taking steps to have the name changed back to the name of the LP as the taxpayer in arrears; and (ii) CRA was looking to the assets in the hands of the Receiver with respect to its source deduction and HST trust claims. The Receiver is awaiting CRA's written confirmation.

¹ See Exhibit "U" to the Applicant's Motion Record dated December 7, 2015.

4.0 PROPOSED SALES TRANSACTION

57. ISI discussed with the Applicant the need to obtain a current appraisal. The Applicant advised that DTZ Barnicke Niagara Limited (“**DTZ**”) had previously performed an appraisal for the Company and has experience with the Property. ISI retained DTZ, to prepare an updated appraisal of the Property (the “**Appraisal**”). A copy of the Appraisal is attached hereto as **Exhibit “P”**. The Receiver requests that the Exhibit be sealed until after the closing of a sales transaction for reasons of confidentiality.

58. The Receiver has relied upon the Appraisal as a basis for the Receiver’s recommendations in discussions with the Consultants and the Applicant in a meeting to strategize and seek support for a proposed sales process. The Receiver cautioned the Applicant that based on its experience although the Appraisal would typically be used in evaluating offers to purchase, the marketplace is a truer indicator of value ascribed by a potential purchaser. The Receiver and the Consultants also advised that it expected a knowledgeable purchaser would submit an offer which took into account any capital improvement expenditures such potential purchaser believed would have to be made.

59. The Receiver sought the advice of the Consultants who concurred with the Receiver’s understanding of the potential range of value. The Consultants made it clear that this value could only be obtained after an investment was made in the infrastructure and not the Golf Course in its current state.

60. On March 15, 2016 legal counsel for the Applicant wrote to the Receiver advising that: (i) the Applicant is not prepared to support continued operational losses; (ii) is opposed to a DIP lender priming their secured position; and (iii) the Applicant, or its nominee, intends to submit an offer to purchase the Receiver's right, title and interest in the assets forming the Golf Club. A copy of the letter is attached hereto as **Exhibit "Q"**.

61. Given this situation, on March 16, 2016, the Receiver wrote to all stakeholders on the original Service List and to the known Limited Partners advising that:

- i. the Applicant does not wish to fund projected operational losses but rather wishes to make an offer to purchase to the Receiver for the Receiver's right, title and interest, if any, in the assets, properties and undertaking of the Company;
- ii. the Applicant is opposed to any form of DIP lender loaning funds to the Receiver under the Court-approved Receiver's Certificate, which would provide such DIP lender with a priority position over the Applicant;
- iii. the Receiver's legal counsel has obtained a Court date on March 29, 2016 for the Receiver's motion, and the Receiver has started to prepare its First Report to Court, in which the Receiver will be providing, inter alia, the Court and the stakeholders with its analysis and recommendations in connection with the putative offer to purchase by the Applicant; and
- iv. requesting that if the recipient of the letter or a party known to them wishes to submit an offer to purchase the Receiver's right, title and interest in the

Company's assets, properties, and undertakings, such party should forthwith submit the offer to purchase directly to the Receiver.

62. Attached hereto as **Exhibit "R"** is a copy of the Receiver's letter dated March 16, 2016.

63. As a final executed offer was not received from the Applicant by the deadline to serve material for a March 29th motion date, the Receiver sent a follow up letter on March 23, 2016, advising of the postponement of a court hearing to a date in late April. Attached hereto as **Exhibit "S"** is a copy of the Receiver's letter dated March 23, 2016.

5.0 THE OFFER OF PACE OR ITS ASSIGNEE

64. On April 13, 2016, the Receiver obtained a mortgage statement from the Applicant indicating that the indebtedness outstanding to it from the LP effective April 13, 2016 is the amount of \$3,029,234.60. Attached hereto as **Exhibit "T"** is a copy of the payout statement.

65. On April 13, 2016, the Applicant provided the Receiver with a final Agreement of Purchase and Sale (the "**APS**"). The major elements of Pace's APS can be described as follows:

- i. **Purchase Price:** The amount of the outstanding indebtedness to the Applicant as at the time of Closing, plus the amount of outstanding Receiver's Certificates, plus the amount of any claims ranking in priority to that of the Applicant, including the costs of this receivership administration.
- ii. **Deposit:** The Receiver's Borrowings under the Court approved Receiver's Certificates.

- iii. **Purchaser's Conditions:** The Agreement is conditional to the Purchaser for a period of twenty one (21) days following the Receiver's acceptance and is subject to the Purchaser satisfying itself in its sole, absolute and unfettered discretion with all matters relating to the Property.
- iv. **Court Approval:** The Agreement is conditional upon the approval of this Honourable Court.
- v. **Adjustments:** There will be no adjustments on the sale.
- vi. **Closing:** Closing shall take place on the later of the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order, and the waiver of the Purchaser's Conditions, or such earlier or later date as the parties or their respective solicitors may actually agree upon in writing.
- vii. **Assignment:** Save and except for the completion of this transaction by a company to be incorporated by the Purchaser, the Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld.
- viii. **Other:** The Purchaser will provide its undertaking and indemnity to the Receiver to pay for any liabilities incurred by the Receiver in this Receivership administration which remain unpaid as of the Closing date, the costs of the receivership administration including the professional fees and disbursements in addition to any charges ranking in priority to the security of the Applicant.

66. Attached hereto as **Exhibit “U”** is a copy of the APS. The Receiver requests that the Exhibit be sealed until after the closing of a sales transaction for reasons of confidentiality.

67. The Receiver advises this Honourable Court that the Pace APS does represent fair value for the assets, properties and undertakings of the Golf Course. The Receiver bases this on the findings from the Appraisal. However, since no sales process has been undertaken, without exposure to the marketplace, the Receiver does not know if there is any other party who would be prepared to submit a similar or better offer.

68. The Receiver has received a few informal inquiries regarding the sale of the assets. The Receiver has advised such parties that although no formal sales process has been undertaken, the Receiver is willing to review any non-binding letter of intent such party may wish to provide to the Receiver for the purchase of the assets.

69. Although the Receiver has received some inquiries both before and after the issuance of the Receiver’s March 16, 2016 letter described above, as of this date, no party has submitted a written expression of interest or offer to purchase other than as described herein.

6.0 RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS

70. As described in this First Report the Receiver has been utilizing a combination of Receiver’s Borrowing Certificates and food and beverage revenue to operate the Company’s business. Attached as **Exhibit “V”** is the Receiver’s Statement of Receipts and Disbursements for the period December 15, 2015 to March 31, 2016.

7.0 PROFESSIONAL FEES AND DISBURSEMENTS

71. Attached as **Exhibit “W”** is a copy of the Affidavit of Mr. Ira Smith in connection with the Receiver’s fee and disbursements including the detailed statement of account for the period from December 15, 2015 to April 12, 2016 in the amount of \$95,131.39 (inclusive HST). No funds have been advanced on account of the fee and disbursements.

72. Attached as **Exhibit “X”** is a copy of the Affidavit of Mr. Bruce Darlington in connection with DLAP’s fee and disbursements including the detailed statements of account for the period December 8, 2015 to March 30, 2016 in the amount of \$35,782.62 (inclusive of HST). No funds have been advanced on account of DLAP’s fee and disbursements.

8.0 OTHER MATTERS

73. In accordance with Subsections 245(1) and 246(1) of the BIA, on December 21, 2015, the Receiver’s statutory report (the “**BIA Report**”) was sent by ordinary mail to the Debtor, the Office of the Superintendent of Bankruptcy and all known creditors and limited partners of the Debtor. Attached as **Exhibit “Y”** to this First Report is a copy of the BIA Report.

74. The Receiver retained the Company’s external accountant, Powell Jones LLP to prepare 2015 year-end financial statements, T2 corporate tax return and T5013 statements of partnership income (loss). All returns and filings were submitted in accordance with CRA’s filing deadlines, including the issuance of the individual limited partners’ respective T5013 statements or partnership income (loss) to each of them.

75. At the request of the Applicant, the Receiver has been providing it with weekly reporting on operations and any other matters of importance in this receivership administration.

9.0 CONCLUSION AND RECOMMENDATIONS

76. For the reasons set out in this First Report, the Receiver respectfully requests that this Honourable Court approve:

- i. this First Report and the actions and activities of the Receiver described herein since December 15, 2015;
- ii. the Receiver's retainer of 253, the Consultants, Powell Jones LLP and the Appraiser;
- iii. the Receiver's retainer of Management, assisting the Receiver;
- iv. the APS to purchase the Property by the Purchaser, as described and included herein;
- v. the Receiver completing the sale to Pace, or its assignee as described herein;
- vi. the Receiver having the authority to file an assignment in bankruptcy for one or both of LP and FSP, and ISI having the authority to act as the licensed insolvency trustee;
- vii. the Receiver terminating the two agreements entered into with Management in accordance with their terms and conditions without notice, concurrent with the

sale of the Property, if approved by this Honourable Court, should the Purchaser not wish to continue the retainer of Ms. Quilty and Mr. Graham under those agreements;

viii. the accounting for the receipts and disbursements of the Receiver from December 15, 2015 to March 31, 2016; and

ix. the fees and costs to date incurred by the Receiver and its legal counsel, DLAP.

**

**

**

All of which is respectfully submitted at Toronto, Ontario this 14th day of April, 2016.

IRA SMITH TRUSTEE & RECEIVER INC.

solely in its capacity as Court-Appointed Receiver and Manager of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. and not in its personal Capacity

Per: _____
Senior Vice-President

TAB D

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE WILTON SIEGAL

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)
)

FRIDAY THE 29TH

DAY OF APRIL, 2016

B E T W E E N:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER Section 243 of the Bankruptcy and Insolvency Act RSC 1985, c B-3 and Section 101 of the Courts of Justice Act RSO 1990, c C-43

ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, including undertakings and properties of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "**Debtors**") for an order:

1. abridging the time for service;

2. approving the activities of the Receiver as set out in the first report of the Receiver dated April 14, 2016 (the "**First Report**") and the first supplementary order of the Receiver, dated April 21, 2016 (the "**Supplementary First Report**");
3. approving the fees and disbursements of the Receiver and its counsel, including a reserve for the completion of the receivership, as set out in the First Report;

was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the Motion Record of the Receiver, including the First Report and the appendices thereto, and the Supplementary Motion Record of the Receiver, including the Supplementary First Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, counsel for the debtors, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Jennifer Whincup, sworn April 15, 2016 and the Affidavit of Kim Hamill, sworn April 22, 2016, filed:

1. **THIS COURT ORDERS** that the time and method of service of the motion record be and hereby is abridged and validated and that the motion is properly returnable today.
2. **THIS COURT ORDERS** that the activities of the Receiver, as set out in the First Report and the Supplementary First Report, are hereby approved.
3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the First Report, are hereby approved.

4. **THIS COURT ORDERS AND DECLARES** that the Receiver has the authority to file an assignment in bankruptcy for one or both of the Debtors, and Ira Smith Trustee & Receiver Inc. has the authority to act as the licensed insolvency trustee.

A handwritten signature in black ink, appearing to read "W. Han-M J.", is written above a horizontal line.

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
et al.

Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

DLA PIPER (CANADA) LLP
Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)
jennifer.whincup@dlapiper.com
Tel: 416-365-3425
Fax: 416-369-5240

Lawyers for the Receiver

TAB E

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE WILTON-SIEGEL)
FRIDAY THE 29TH
DAY OF APRIL, 2016

B E T W E E N :

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART**

Respondents

STALKING HORSE AND BID PROCEDURES ORDER

WHEREAS Ira Smith Trustee & Receiver Inc. was appointed the Court-appointed Receiver and Manager (the "**Receiver**") of the undertaking, property and assets of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (collectively the "**Company**") pursuant to Orders of this Court made December 15, 2015 and December 18, 2015 (the "**Appointment Order**");

NOW THEREFORE the Receiver brings this motion for an Order authorizing the Receiver to enter into the stalking horse asset purchase agreement and to carry out the related bid procedures was read this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the Motion Record of the Receiver, including the First Report and the appendices thereto, and the Supplementary Motion Record of the Receiver, including the Supplementary First Report and the appendices thereto, and on hearing the submissions of

counsel for the Receiver, counsel for the debtors, no one appearing for any other person on the service list, although properly served, and on noting that this order is not opposed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record in respect of this motion is hereby abridged and that further service is dispensed with.

STALKING HORSE PROCESS

2. **THIS COURT ORDERS** that the Receiver be and is hereby authorized and approved to enter into an agreement (the "**Purchase Agreement**") to sell all or substantially all of the assets, property and undertakings of the Company (the "**Purchased Assets**") to Pace Savings and Credit Union Limited (the "**Purchaser**") (the "**Transaction**"), substantially in the form of the agreement attached hereto as Schedule "B" (the "**Stalking Horse APA**" or the "**Stalking Horse Bid**"), and subject to the terms of this Order, such agreement is hereby approved and accepted for the purpose of conducting the Stalking Horse Process (as defined below).

3. **THIS COURT ORDERS** that the bidding procedures attached hereto as Schedule "A" (the "**Bid Procedures**") and the sales and auction process described therein (collectively, the "**Stalking Horse Process**") be and are hereby approved and the Receiver be and is hereby authorized and directed to conduct the Stalking Horse Process.

4. **THIS COURT ORDERS** that, in connection with the Stalking Horse Process and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver be and is hereby authorized and permitted to disclose personal information of identifiable individuals to prospective bidders for the Purchased Assets and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of such assets. Each prospective bidder to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the assets and related business, and if it does not complete a purchase thereof, shall return all such information to the Receiver or in the alternative destroy all such information and certify such destruction to the Receiver.

GENERAL

5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

William H. J.

Schedule "A"

BID PROCEDURES

Set forth below are the proposed bid procedures (the “**Bid Procedures**”) to be employed with respect to the sale of the assets, properties and undertaking of Settlers Ghost Golf Club Limited Partnership and FSP Holdings Inc. (“**Settlers**”) (the “**Purchased Assets**”). Such Purchased Assets are located at the Settlers’ premises, 3421 McNutt Road, RR#1, Barrie, Ontario, L4M 4Y8 and include the real estate at the same municipal address, in Oro-Medonte Township, which includes an 18 hole par 72 golf course and related ancillary structures.

The Purchased Assets being purchased and the terms and conditions upon which Ira Smith Trustee & Receiver Inc. (“**Smith**” and/or “**Receiver**”) contemplate consummating a sale as further described in the form of the Stalking Horse Agreement (the “**APA**”).

The Receiver will seek approval of the Ontario Superior Court of Justice Commercial List (the “**Court**”) of the APA with Pace Credit Union (the “**Stalking Horse Bidder**”) and the Bid Procedures set out herein (the “**Stalking Horse and Bid Procedures Orders**”).

Marketing Process and Identifying Potential Bidders

1. Upon Court approval and issuance of the Stalking Horse and Bid Procedures Orders, the Receiver will immediately commence the following marketing process:
 - (a) advertisement(s) will be placed in the national edition of the Globe and Mail newspaper as soon as practical following Court approval of the Sale Process;
 - (b) the advertisement will be communicated to a list of potential buyers identified by the Receiver for the current opportunity to acquire the assets introduced;
 - (c) notice(s) will be placed on the website of the Receiver.

Due Diligence

2. A confidential information memorandum (“**CIM**”) will be prepared and will be provided to all interested parties that sign a confidentiality agreement and who the Receiver determines is likely, based on financial information submitted by the bidder, the availability of financing and other considerations deemed relevant by the Receiver, to be able to consummate a sale if selected as the Successful Bidder, as defined below (a “**Potential Bidder**”);
3. A Potential Bidder will be provided access to a data room containing detailed information regarding the assets to enable them to perform their due diligence.
4. A Potential Bidder will be provided access to management, facilitated by the Receiver, to supplement their due diligence procedures, as necessary.

5. Potential Bidders are cautioned not to rely upon any documentation or information provided by or on behalf of the Receiver. Any such documentation or other material provided with respect to the Assets was prepared solely for the convenience of Potential Bidders and is not warranted to be complete or accurate, has not been independently verified, and is not part of these Bid Procedures or the APA. Each Potential Bidder shall be deemed to have relied entirely on its own inspection and investigation in submitting its offer. Potential Bidders are required to obtain such third party consents as they consider necessary. Potential Bidders are to make such independent enquiries, as they deem necessary, concerning all Assets prior to submitting their Offer.

Bid Deadline

6. A Potential Bidder that desires to make a bid (a “**Bidder**”) shall deliver its bid to the Receiver not later than noon (Eastern Time) on June 8, 2016 (the “**Bid Deadline**”).

Bid Requirements

7. All bids must include:
 - (a) An offer to pay a cash purchase price greater than the aggregate consideration offered by the Stalking Horse Bidder pursuant to the APA;
 - (b) An executed copy of a purchase agreement in the form of the APA, together with a blackline copy of the APA reflecting any changes made to the APA, shall be submitted to the Receiver and shall be binding and irrevocable until either (i) such time as the Receiver rejects a Bidder’s Bid in accordance with paragraph 13 herein; (ii) at the conclusion of the Auction, if held, each respective Qualified Bidder does not become the Successful Bidder; or (iii) if the Court does not approve the Successful Bidder’s Accepted Bid;
 - (c) A certified cheque, bank draft or wire transfer drawn on a Canadian Schedule “1” Chartered Bank (an “**Acceptable Institution**”) or by bankers draft from an Acceptable Institution in the amount of \$300,000 payable to the Receiver in trust. This amount will either (i) be applied to satisfy the purchase price of a Successful Bidder, the balance of which purchase price shall be due on closing; (ii) be returned to the Bidder if its bid is not successful at the Auction (subject to the other provisions of these Bid Procedures) or approved by the Court, or (iii) be forfeited to the Receiver in the event that the Successful Bidder breaches its obligations pursuant to the APA or an Accepted Bid (as defined herein);

- (d) A representation of the Bidder and written evidence of available cash and/or a commitment for financing to evidence the Bidder's ability to consummate the proposed transaction as the Receiver may reasonably request;
- (e) A copy of a resolution or similar document demonstrating authority to make an irrevocable bid, and to execute the transaction contemplated by the offering bid for the Purchased Assets;
- (f) A disclosure of the identity of each entity that will be bidding for the Purchased Assets or otherwise participating with such bid and the complete terms of any such participation;
- (g) A disclosure of the identity of each of the Officers and Directors or Partners, as the case may be, of each entity bidding for the Purchased Assets or otherwise participating with such bid;
- (h) An acknowledgement by such Bidder that if its bid becomes a Qualified Bid and the bidder becomes a Qualified Bidder (as such terms are hereinafter defined) that the such Qualified Bidder's continued participation in this Sales Process is on a non-exclusive basis;
- (i) A description of the Bidder's current operations, including an indication of similarities between its current operations and that of Settlers'; and
- (j) A representation as to the Bidder's plans to either engage current management or provide its own management team if the bid is accepted.

Qualified Bids

- 8. A bid received from a Bidder that meets the above requirements will be considered a "Qualified Bid" and each Bidder that submits a Qualified Bid will be considered a "Qualified Bidder".
- 9. The APA shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder for all purposes and requirements pursuant to the Sale Procedures, notwithstanding the requirements that other potential Bidders must satisfy to be considered a Qualified Bidder.
- 10. Qualified Bids will be valued and assessed by the Receiver in its sole commercial discretion based upon any and all factors that the Receiver may deem pertinent.
- 11. The Receiver, in its business judgement, reserves the right to reject any bid if such bid:
 - a) is on terms that are more burdensome or conditional than the terms of the APA;

- b) requires any indemnification of such Bidder;
 - c) excludes assets or contracts or leases of Settlers’;
 - d) is not received by the Bid Deadline;
 - e) includes non-cash consideration;
 - f) is subject to any due diligence, financing condition or other contingencies (including representations, warranties, covenants, and timing requirements) of any kind or any other conditions precedent on such party’s obligation to acquire the Purchased Assets other than as may be specifically included in the APA; or
 - g) includes any other considerations that the Receiver may deem relevant to the bid.
12. Any bid rejected pursuant to Paragraph 11 above, shall not be deemed to be a Qualified Bid.
 13. The Receiver will advise all Bidders by email or by other written communication whether or not they are a Qualified Bidder within two (2) business days after the Bid Deadline or such further period of time as the Receiver may determine in its sole discretion and not less than 48 hours before the start of the Auction, if any (the “Notification Date”).
 14. The Auction will be held no later than seven (7) days after the Notification Date.

The Auction and Auction Procedures

15. If the Receiver determines that it has received more than one Qualified Bid (in addition to the APA), it will invite Qualified Bidders to participate in an Auction, as described in more detail below (the “Auction”). If the Receiver does not receive any Qualified Bids other than the APA, it will not hold an Auction, in which case the APA will be deemed the Successful Bid (as this term is defined below) and the Stalking Horse Bidder will be named the Successful Bidder (as this term is defined below).
16. At least two business days prior to the Auction, each Qualified Bidder must inform the Receiver in writing whether it intends to participate in the Auction.
17. The Receiver will promptly thereafter inform, in writing, each Qualified Bidder who has expressed its intent to participate in the Auction of the identity of all other Qualified Bidders that have expressed their intention to participate in the Auction and will provide copies of all other Qualified Bids to such Qualified Bidders.

18. Only the authorized representatives, professionals or agents of the Stalking Horse Bidder and each other Qualified Bidder identified in advance to the Receiver, shall be eligible to participate at the Auction.
19. The Auction, if any, shall be conducted by the Receiver, commencing on June 15, 2016 at 10:00 a.m. (Eastern Time) at the offices of DLA Piper (Canada) LLP, Suite 6000, 100 King St W, Toronto, Ontario.
20. At the Auction, the bidding will start at the aggregate consideration for the Purchased Assets and terms proposed in the offer that the Receiver selects as the highest and best offer prior to the Auction and will continue in cash increments of at least \$250,000.
21. The Receiver, in its sole discretion, may adjourn the Auction at any time to permit the Qualified Bidders and the Stalking Horse Bidder, the opportunity to consider improved bids.
22. During the Auction, Qualified Bidders and the Stalking Horse Bidder may submit revised bids that otherwise comply with the rules of this bidding and Auction process (a “Revised Bid”).
23. If no Qualified Bidder submits a Revised Bid after a period of 15 minutes following the Receiver’s acceptance of a Revised Bid and the Receiver in its sole discretion chooses not to adjourn the Auction further, the Auction will be concluded whereupon the Receiver shall enter into a binding agreement of purchase and sale with the Qualified Bidder or the Stalking Horse Bidder (the “Accepted Bid”) that submitted the leading bid as determined by the Receiver in its sole discretion (the “Successful Bidder”). The bid process shall end at the conclusion of the Auction.

The Successful Bidder

24. The Successful Bidder agrees to do all such things as may be required by the Receiver to obtain Court approval of the Accepted Bid.
25. If the Successful Bidder fails to consummate the transaction within 10 days after Court approval (or such date that may otherwise be mutually agreed upon), the Receiver shall be authorized but not required to deem that the Successful Bidder has breached its obligations pursuant to the Accepted Bid, has forfeited its deposit to the Receiver, and the Company and the Receiver are authorized to seek an alternative bidder for the Purchased Assets.
26. Potential Bidders, Bidders and/or Qualified Bidders shall not be allowed any breakup, termination or similar fee. For greater certainty, Potential Bidders, Bidders and/or Qualified Bidders/Successful Bidder shall be responsible for all of their own professional and other fees and costs relating to their investigation or closing of any transaction in this regard.

Assets which are insured, the Purchaser may elect by notice in writing, 15 days after receiving notice from the Receiver, of such damage or loss, either to close the Agreement and receive the remaining Purchased Assets and the proceeds of the insurance, or may rescind the Agreement, have all moneys theretofore paid returned without interest, costs, deduction or compensation, but shall have no further or other right to damages, costs, specific performance or any other remedy.

35. The Purchaser shall pay on closing, in addition to the purchase price, all applicable federal, provincial and municipal taxes in connection with the sale, including, without limitation, land transfer tax.
36. The Purchaser shall, at its own cost and expense, be responsible for compliance with all municipal, provincial and federal laws insofar as they apply to the Purchased Assets and the use thereof by the Purchaser from and after closing.
37. All stipulations as to time are strictly of the essence.
38. Any tender of documents or money hereunder may be made upon the Receiver or its solicitor. Money may only be tendered by certified cheque, bank draft or wire transfer drawn on an Acceptable Institution.
39. The obligations of the Receiver to complete the Agreement shall be relieved if, on or before the closing of such sale, any asset which is the subject of the sale has been removed from the control of the Receiver by any means or process, or any such asset is redeemed, or if the completion of the sale is restrained or prohibited by an injunction or other order issued by a court of competent jurisdiction, whereupon the only obligation of the Receiver shall be to return the applicable deposit, without interest, deduction, costs or compensation.

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Schedule "B"

OFFER TO PURCHASE

PIN 58527-0314 (LT)
3421 Line 1 North, Oro-Medonte, Ontario

TO: IRA SMITH TRUSTEE & RECEIVER INC. (the "Vendor" or "Receiver") in its capacity as court-appointed Receiver and Manager of the assets, undertakings and properties of Settlers' Ghost Golf Club Limited Partnership (the "Debtor") pursuant to the Order of the Honourable Justice Conway of the Ontario Superior Court of Justice, dated December 15, 2015 and the Amended Order of the Honourable Justice Conway of the Ontario Superior Court of Justice, dated December 18, 2015 in Court File No. CV-15-11212-00CL at Toronto (collectively, the "Appointment Order"), and not in its personal capacity or corporate capacity.

1. Offer to Purchase

The undersigned, being PACE SAVINGS AND CREDIT UNION LIMITED (the "Purchaser" or "Pace") (and its assignees), hereby offers to purchase from and through the Vendor all of the right, title and interest in and to the Property (hereinafter defined) which the Vendor is entitled to sell pursuant to the Appointment Order at the purchase price set out herein and upon and subject to the terms hereof.

2. Definitions

In this Offer and the Agreement arising from the acceptance hereof, the following terms have the meanings respectively assigned to them:

"Agreement", "the Agreement" or "this Agreement" means the agreement of purchase and sale resulting from the acceptance of the Offer by the Vendor.

"Approval" in relation to the Court means the making of an appropriate Order of the Court in respect of the particular matter submitted for approval approving the action or proposed action of the Vendor on terms satisfactory to the Vendor.

"Buildings" means the building(s), if any, situate on the Lands (as hereinafter defined) together with all other structures situate thereon, including all improvements thereto and all fixtures forming a part thereof.

"Business Day" means a day other than Saturday, Sunday or a statutory holiday or any other day upon which the Vendor is not open for the transaction of business throughout normal business hours at its principal office.

"Closing" or "Closing Date" has the meaning ascribed in Section 18 thereto hereof.

"Condition Period" has the meaning ascribed thereto in Section 4 hereof.

"Court" means the Ontario Superior Court of Justice and includes a judge, master or registrar of that court and any appellate court judge having jurisdiction in any particular matter.

"Deposit" has the meaning ascribed thereto in Section 3 hereof.

"Environmental Laws" has the meaning ascribed thereto in Section 25 hereof.

"Estimated Prior Ranking Claims" has the meaning ascribed thereto in Section 8 hereof.

"Final Prior Ranking Claims" has the meaning ascribed thereto in Section 8 hereof.

"Hazardous Substances" means any contaminant, pollutant, dangerous substance, potentially dangerous substances, noxious substance, toxic substance, hazardous waste, flammable material, explosive material, radioactive material, urea-formaldehyde foam insulation, asbestos, PCBs radiation and any other substance, material, effect, or thing declared or defined to be hazardous, toxic, a contaminant, or pollutant, in or pursuant to any Environmental Laws.

"HST" has the meaning ascribed thereto in Section 17 hereof.

"Indemnities" has the meaning ascribed thereto in Section 25 hereof.

"Lands" means the lands legally described in Schedule "A" attached hereto.

"Lease(s)" means collectively, all leases, agreements to lease, tenancies, licenses, and any other rights of occupation of space in the Buildings or on the Lands, if any.

"Material Documents" includes copies of all architectural drawings, site plans relating to the Property, existing plan of survey, if any, the Lease(s), if any, and operating statements for the Building, if any, to the extent that such Material Documents are in the possession of the Vendor.

"Offer", "the Offer" or "this Offer" means the offer to purchase the Property made by the Purchaser and contained in and comprised of this document.

"Pace Indebtedness" means the indebtedness of the Debtor to Pace in connection with a Mortgage/Charge of Land registered on July 2, 2008 in the Land Registry

Office of the Land Titles Division of Simcoe (Barrie), as Instrument #SC660148 and supplemented by a General Assignment of Rents registered as Instrument No. SC660149 and a General Security Agreement. As well as a further amended Mortgage amended by a Mortgage Amending Agreement dated January 21, 2010 and a Notice of Agreement registered on March 3, 2010 in the Land Registry Office as Instrument #SC804470.

"Pace Security" means all existing security held by Pace in respect of the Pace Indebtedness.

"Personal Property" means all of the Receiver's right, title and interest in and to the personal property owned by the Debtor in association with the operation of the golf course, restaurant, banquet facilities and other ancillary and sundry assets.

"Prior Ranking Claims" means collectively, the fees and disbursements of the Vendor and its counsel in accordance with paragraph 17 of the Appointment Order, including their estimated fees and disbursements to complete the transactions contemplated herein and to complete the Vendor's administration of the Debtor's estate and to obtain its discharge as court-appointed Receiver and Manager, and all of each Debtor's obligations to creditors who have a lien, charge, security interest or deemed trust in any Debtor's property and assets which rank in priority to all of the Settler's Security in relation to the Property.

"Property" means collectively the Lands, Buildings and Personal Property.

"Purchase Price" has the meaning ascribed thereto in Section 3 hereof.

"Purchaser Indebtedness" means the indebtedness of the Debtor to the Purchaser as at the Closing Date under the Purchaser Security, inclusive of principal, interest and costs, including protective disbursements.

"Purchaser Security" means the mortgage registered against the Lands as Instrument No. #SC660148 on July 2, 2008 and Instrument No. #SC804470 on March 3, 2010 and all other security given by a Debtor to the Purchaser in respect of the Purchaser Indebtedness.

"Purchaser's Conditions" has the meaning ascribed thereto in Section 4 hereof.

"Vesting Order" has the meaning ascribed thereto in Section 6 hereof.

3. Purchase Price

The purchase price for the Property shall be the amount of the outstanding Pace Indebtedness as at the time of Closing, subject to any and all adjustments.

The deposit shall be any and all monies already paid by Pace to the Receiver as of the date of this Agreement (the "**Deposit**").

4. **Purchaser's Conditions**

Notwithstanding anything to the contrary herein contained, the Agreement is conditional to the Purchaser for a period of twenty one (21) days following the Vendor's acceptance hereof (the "**Condition Period**") and is subject to the Purchaser satisfying itself in its sole, absolute and unfettered discretion with all matters relating to the Property, including without limitation, title matters as set out in Paragraph 11, zoning matters, the Leases, if any, and the suitability and economic viability of the Property for the Purchaser's use, the physical condition of the Property, soil conditions, the environmental condition of the Property and the surrounding real property and the results of its other due diligence tests, inspections and investigations (collectively, the "**Purchaser's Conditions**").

The Purchaser's Conditions are for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time on or before the expiry of the Condition Period, any such waiver to be made in writing by the Purchaser or its solicitors. In the event that the Purchaser has not, on or before the expiry of the Condition Period waived the Purchaser's Conditions or provided the Vendor with written confirmation that the Purchaser's Conditions have been satisfied, this Agreement shall be null and void and the Vendor and the Purchaser shall have no further obligations to each other with respect hereto.

5. **Acceptance of Offer**

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been accepted by the Vendor and approved by the Court in accordance with the provisions of Section 7 hereof. The Purchaser agrees that this Offer shall be irrevocable by the Purchaser and open for acceptance by the Vendor until 5:00 o'clock p.m. (Toronto time) on Wednesday, April 13, 2016 after which time, if not accepted by the Vendor, this Offer shall be null and void. The Vendor will not be required to return the Deposit in the event no agreement for the purchase and sale of the Property results from this Offer. The Vendor shall indicate the date on which it has accepted this Offer in the space provided on the execution of this Offer.

6. **Court Approval**

The Purchaser hereby acknowledges and agrees that the sale of the Property is by Order of, and is subject to, the Approval of the Court. The Vendor shall, forthwith bring a motion to the Court for Approval of the Agreement and an order vesting title to the Property in the Purchaser (the "**Vesting Order**"). The Vendor shall diligently pursue such motion on notice to the Purchaser and shall promptly notify the Purchaser of the disposition thereof. The Purchaser, at its own expense, shall

promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably require to obtain Approval of the Agreement. If the Court shall not have granted Approval of the Agreement within twenty (21) days of the Purchaser's waiver of the Purchaser's Conditions, the Agreement shall automatically be terminated. If the Agreement is terminated under any provision of this Section neither party shall have any further rights or liabilities hereunder and the Vendor will not be required to return the Deposit.

7. **Capacity of Receiver**

The Vendor, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the court-appointed Receiver and Manager of the assets, undertakings and properties of the Debtor and not in its personal, corporate or any other capacity. Any claim against the Receiver shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity as Receiver and shall not apply to its personal property and/or any assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term "Vendor" as used in this Agreement shall have no inference or reference to the present registered owner of the Property.

8. **Adjustments**

There shall be no adjustment to the Purchase Price for the Property of any nature or kind whatsoever, including no adjustment in respect of (a) prepaid rents, or, (b) rent or other moneys payable to the Vendor under the Lease(s), if any, (c) realty taxes, flat/fixed water and sewer rates and charges, if any, and all other items usually adjusted with respect to properties similar to the Property that apply save and except for rent or any matters related to the Lease(s), if any, in respect of periods prior to the Closing which remain unpaid as at Closing.

The Vendor shall provide the Purchaser with the estimated amount of the Prior Ranking Claims payable as at the Closing Date (the "**Estimated Prior Ranking Claims**") by no later than five (5) Business Days prior to Closing. As soon as practicable following Closing, the Vendor shall provide the Purchaser with a statement setting out the final amount of the Prior Ranking Claims payable as at the Closing Date (the "**Final Prior Ranking Claims**"). The Purchaser agrees to assume and pay all Final Prior Ranking Claims and to indemnify the Vendor from any liability.

9. **Termination of Agreement**

Notwithstanding anything to the contrary contained in this Agreement, if at any time or times prior to the Closing Date, the Vendor is unable to complete this Agreement as a result of any action taken by an encumbrancer, any action taken by the present registered owner, the refusal by the present registered owner, to

take any action, the exercise of any right by the present registered owner or other party which is not terminated upon acceptance of this Agreement, a certificate of pending litigation is registered against the Property, a court judgment or order is made, or, if the Purchaser submits valid title requisition which the Vendor is unable or unwilling to satisfy prior to Closing; or if the sale of the Property is restrained at any time by a court of competent jurisdiction, or if the Property is occupied by the owner of the Property and the Vendor is unable to provide vacant possession on Closing Day, save and except for the business operations residing therein and the staff necessary to operate such business, the Vendor may, in its sole and unfettered discretion, elect by written notice to the Purchaser, to terminate this Agreement. Upon the Vendor's election by written notice to the Purchaser as described herein, neither party shall have any further rights or liabilities hereunder nor will the Vendor be required to return the Deposit.

The obligation of the Vendor to complete the Agreement is subject to the satisfaction of the following terms and conditions on or prior to the Closing Date, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- a) the representations and warranties of the Purchaser being true and accurate as of the Closing Date;
- b) no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, government authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Property;
- c) the Property shall not have been removed from the control of the Vendor by any means or process;
- d) no party shall take any action to redeem the Property;
- e) the Vendor shall have obtained legal opinions that the Pace Security and the Purchaser Security are valid and enforceable in accordance with their terms; and,
- f) the Court shall have granted the Approval and shall have granted the Vesting Order.

10. **Purchaser's Acknowledgements**

The Purchaser hereby acknowledges and agrees with and to be subject to the following:

- a) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;

- b) the Vendor makes no representation or warranty of any kind that the present use of future intended use by the Purchaser of the Property is or will be lawful or permitted;
- c) it is satisfied with the Property and all matters and things connected therewith or in any way related thereto;
- d) it is relying entirely upon its own investigations and inspections in entering into this Agreement;
- e) it is purchasing the Property on an "as is, where is" and "without recourse" basis including, without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
- f) it relies entirely on its own judgment, inspection and investigation of the Property and acknowledges that any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;
- g) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, or the Leases, if any, whether or not the matter is within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representations and contractors;
- h) the Vendor has made no representations or warranties with respect to or in any way related to the Property, including without limitation, the following: (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied; and (ii) the environmental state of the Property, the existence, nature, kind, state or identity of any Hazardous Substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection Act* (Ontario), or any other statute, regulation, rule or provision of law now in existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any Hazardous Substances whether on, under or about the Property or elsewhere;

- i) the Material Documents are being provided to the Purchaser merely as a courtesy and without any representations or warranties whatsoever; and,
- j) it will ensure that any environmental and/or structural reports on behalf of the Purchaser shall also be addressed to the Vendor and a copy of each such report shall be delivered to the Vendor promptly after the completion thereof, regardless of whether the transaction contemplated by this Offer closes. If for any reason such transaction is not consummated, the Purchaser agrees to deliver promptly to the Vendor any and all reports and other data pertaining to the Property and any inspections or examinations conducted hereunder.

11. Title to the Property

Provided that the title to the Property is good and free from all restrictions, charges, liens, claims and encumbrances, except as otherwise specifically provided in this Agreement, and save and except for:

- a) any reservations, restrictions, rights of way, easements or covenants that run with the land;
- b) any registered agreements with a municipality, region or supplier of utility service including, without limitations, electricity, water, sewage, gas, telephone or cable television or other telecommunication services;
- c) all laws, by-laws and regulations and all outstanding work orders, deficiency notices and notices of violation affecting the Property;
- d) any minor easements for the supply of utility services or other services to the Property or adjacent properties;
- e) encroachments disclosed by any error or omission in existing surveys of the Lands or neighbouring properties and any title defects, encroachment or breach of a zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey of the Lands and survey of the Lands and survey matters generally;
- f) the exceptions and qualifications set forth in the *Registry Act* (Ontario) or the *Land Titles Act* (Ontario), or amendments thereto;
- g) any reservation(s) contained in the original grant from Crown;
- h) the Lease(s), if any, and the right of any tenant, occupant, lessee or license to remove fixed equipment or other fixtures;
- i) subsection 44(1) of the *Land Titles Act* (Ontario) except paragraphs 11 and

- 14;
- j) provincial succession duties and escheats or forfeiture to the Crown;
 - k) the rights of any person who would, but for the *Land Titles Act* (Ontario) be entitled to the Lands or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
 - l) any lease to which subsection 70(2) of the *Registry Act* (Ontario) applies; and
 - m) those registrations set out in Schedule "C" attached hereto.

Notwithstanding the foregoing, the Vesting Order shall provide for the deletion of the instruments or registrations listed in Schedule "B" attached hereto, and for the deletion of any filings under the *Personal Property Security Act* (Ontario), as they affect the Property.

12. **Authorizations**

The Purchaser shall assume, at its cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining any consents, permits, licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Vendor's right, title and interest, if any, in the Property.

13. **Leases**

The Purchaser acknowledges and agrees that:

- a) the Property may be subject to Lease(s);
- b) the Vendor makes no representation or warranty respecting the accuracy and completeness of any Lease(s), if any;
- c) the Purchaser will purchase the Property subject to the terms and conditions of the Lease(s), if any, without representation or warranty (whether expressed or implied) of any kind or type from the Vendor relating to the Leases, including without limitation, (i) the enforceability of same (ii) whether the Leases accurately reflect the correct arrangement with the tenant(s) (iii) whether the tenants are in possession thereunder and/or paying rents in accordance thereof (iv) whether there are any ongoing unresolved disputes relating to the provisions of the Lease(s) or

any parties' obligations thereunder and (v) whether any party or parties to the Lease(s) is or are in default of any obligations contained therein;

- d) the Vendor shall not be required to make any adjustments to the Purchase Price for current rentals or prepaid rents or security deposits which may have been received by the Vendor or any other party; and,
- e) the Vendor shall not be required to produce acknowledgements from the tenant(s) respecting the status of the Lease(s), if any.

The Vendor will execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date an assignment of any interest which the Vendor may have in the Lease(s).

14. **Risk of Loss**

All buildings on the Property and all other things being purchased shall be and remain until completion at the risk of the Vendor. The Property shall thereafter be at the risk of the Purchaser. Pending completion, the Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interest may appear and in the event of substantial damage to the Property before the completion of the Agreement which damage gives rise to any insurance proceeds, the Purchaser may either terminate this Agreement or else take the proceeds of insurance and complete the transaction. Where any damage is not substantial, the Purchaser shall be obliged to complete the Agreement and be entitled to the proceeds of insurance referenced to such damage. The Purchaser agrees that all the insurance maintained by the Vendor shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.

15. **Planning Act**

This Agreement is subject to the express condition that if the provisions of Section 50 of the *Planning Act* (Ontario) apply to the sale and purchase of the Property, then this Agreement shall be effective to create an interest in the Property only if such provision is complied with.

16. **Transfer Taxes**

The Parties agree that the Purchase Price is exclusive of all goods and services, harmonized sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, however denominated ("Transfer Taxes") payable on the transaction. The Purchaser shall promptly pay to the Receiver or directly to the appropriate tax authority, as required by

law, or promptly reimburse the Receiver upon demand and delivery of proof of payment by the Receiver to the appropriate tax authority, all applicable Transfer Taxes that are properly payable by the Purchaser in respect of the transactions contemplated herein and the transactions contemplated therein. Alternatively, where applicable, the Purchaser shall have the option to furnish the Receiver with appropriate exemption certificates which must be in a form and content satisfactory to the Receiver, acting reasonably.

The Purchaser will indemnify and hold the Receiver harmless in respect of any Transfer Taxes and related penalties, interest and other amounts which may be assessed against the Receiver or any comparable law as a result of the sale of the Property or as a result of the failure by the Purchaser to pay all the aforementioned sums.

17. **Harmonized Sales Tax**

The Purchaser hereby represents and warrants to the Vendor that it is or will become registered for the purposes of Part IX of the *Excise Tax Act* (Canada) in accordance with the requirements of Subdivision (d) of Division V thereof and it will continue to be so registered as of the Closing Date. The Purchaser covenants to deliver to the Vendor drafts not less than five (5) days before the Closing Date and originals upon Closing of: (i) a notarial copy of the certificate evidencing its registration for purposes of the goods and services tax/harmonized sales tax ("HST"), including the registration number assigned to it; and (ii) a declaration and indemnity of the Purchaser confirming the accuracy, as at Closing, of the representations and warranties set out herein and agreeing to indemnify the Vendor for any amounts for which the Vendor may become liable of any failure by the Purchaser to pay the HST payable in respect of the sale of the Property under Part IX of the *Excise Tax Act* (Canada) and that the Purchaser is buying for its own account and not as trustee or agent for any other party. Provided that the Purchaser delivers a notarial copy of the certificate and the declaration and indemnity as set out above, the Purchaser shall not be required to pay to the Vendor, nor shall the Vendor be required to collect from the Purchaser, the HST in respect of the Property. In the event that the Purchaser shall fail to deliver the notarial copy of the certificate and the declaration and indemnity as set out above, then the Purchaser shall pay to the Vendor, in addition to the Purchase Price, in pursuance of the Purchaser's obligation to pay and the Vendor's obligation to collect HST under the provisions of the *Excise Tax Act* (Canada), an amount equal to thirteen (13%) percent of the Purchase Price, or such rate due and owing at the time of Closing.

18. **Closing**

Closing shall take place on the later of the date which is ten (10) days following Approval of the Agreement by the Court and issuance of the Vesting Order; the waiver of the Purchaser's Conditions; and the expiry of the Purchaser's Conditions, or such earlier or later date as the parties or their respective solicitors may actually agree upon in writing (the "Closing Date" or "Closing"). The

Vendor and the Purchaser acknowledge that the Teraview Electronic Registration System ("TERS") is operative and mandatory in the Land Title Division for the Land Registry Office of Simcoe County (No. 51). The Purchaser and Vendor shall each retain legal counsel who are authorized TERS users and who are in good standing with The Law Society of Upper Canada. The Vendor and Purchaser shall each authorize their respective legal counsel to enter into a document registration agreement in the form as adopted by the joint LSUC-CBAO Committee of documents and closing funds and the release thereof to the Vendor and Purchaser, as the case may be:

- a) shall not occur contemporaneously with the registration of the Transfer/Deed of Land or Application to Register the Vesting Order, and Receiver's certificate required by the Vesting Order (and other registerable documentation, if any) to be registered by the Purchaser's solicitor; and,
- b) shall be governed by the document registration agreement pursuant to which legal counsel receiving any documents or funds will be required to hold same in escrow and will not be entitled to release except in strict accordance with provisions of the document registration agreement and the Purchaser shall be required to deliver the balance due on closing on the Closing Date to the Vendor's solicitors, to be held in escrow by them, whereupon the Vendor's solicitors shall after payment forthwith attend to have the signed Receiver's Certificate filed with the Court, which signed and entered Receiver's Certificate and Vesting Order shall form part of the Application - Vesting Order, and which shall be delivered by the Vendor's solicitors to the Purchaser's solicitors for immediate registration by the Purchaser's solicitors. Upon registration of the Application - Vesting Order, the Vendor shall release possession of the Property to the Purchaser and the balance due on closing shall be released from escrow.

19. **Vendor's Closing Deliveries**

The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Closing Date, against payment of the Purchase Price, the following:

- a) a statement of adjustments;
- b) a direction for the payment of the balance of the Purchase Price due on Closing, if any;
- c) an undertaking by the Vendor to readjust all items on the statement of adjustments within sixty (60) days from the date of Closing on written demand;
- d) a certificate of the Vendor to the effect that it is not at the Closing Date a

non-resident of Canada within the meaning of Section 116 of the *Income Tax Act*;

- e) a copy of the Vesting Order;
- f) an assignment of any interest which the Vendor may have in the Lease(s);
- g) a notice to the tenant(s) under the Lease(s), if any, to pay future rents to the Purchaser, or as the Purchaser may direct;
- h) keys that may be in the possession of the Vendor;
- i) all Material Documents, if not already in the possession of the Purchaser; and,
- j) any other documents relative to the completion of this Agreement as may reasonably be required by the Purchaser or its solicitors.

20. **Purchaser's Closing Deliveries**

The Purchaser shall execute and deliver to the Vendor on the Closing Date the following:

- a) certified cheques or bank drafts of a Canadian chartered bank or trust company for the balance of the Purchase Price and any other monies required to be paid by the Purchaser pursuant to the Agreement, or the adjustments, including all applicable federal and provincial taxes, duties and registration fees unless the applicable exemption certificates in a form acceptable to the Vendor are presented to the Vendor on or before the Closing Date to exempt the Purchaser therefrom;
- b) all certificates, indemnities, declarations and other evidences contemplated hereby in form and content satisfactory to the Vendor's solicitors, acting reasonably;
- c) an undertaking by the Purchaser to readjust all items on the statement of adjustments;
- d) a notarial copy of its HST registration and HST certificate and indemnity as required pursuant to this Agreement;
- e) an agreement to assume all existing Leases, if any, service and supply contracts in place as of Closing;
- f) an Undertaking to pay for Final Prior Ranking Claims and to indemnify the Vendor, *inter alia*, from any claims against it arising therefrom; and,

- g) any other documents relative to the completion of this Agreement as may reasonably be required by the Vendor or its solicitors.

21. **Inspection**

Without limitation, all of the Property shall be as it exists on the Closing Date with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the Closing Date. The Purchaser acknowledges and agrees that the Vendor is not required to inspect the Property or any part thereof and the Purchaser shall be deemed, at its own expense to have relied entirely on its own inspection and investigation. The Purchase acknowledges that no warranties or conditions, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser

22. **Encroachments**

The Purchaser agrees that the Vendor shall not be responsible for any matters relating to encroachments on or to the Property, or encroachments of the Property onto adjoining lands, or to remove same, or for any matters relating to any applicable zoning regulations or by-laws in existence now or in the future affecting the Property.

23. **Purchaser's Warranties**

The Purchaser represents and warrants that:

- a) if applicable, it is a corporation duly incorporated, organized and subsisting under the laws of Canada, Ontario or another province of Canada;
- b) if applicable, it has the corporate power and authority to enter into and perform its obligations under the Agreement and all necessary actions and approvals have been taken or obtained by the Purchaser to authorize the creation, execution, delivery and performance of the Offer and resulting Agreement and the Offer has been duly executed and delivered by the Purchaser, and the resulting Agreement is enforceable against the Purchaser in accordance with its terms; and,
- c) it is not a non-Canadian for the purpose of the *Investment Canada Act* (Canada) and it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

24. **Confidentiality**

The Purchaser agrees that all information and documents supplied by the Vendor or anyone on its behalf to the Purchaser or anyone on the Purchaser's behalf (including but not limited to information in the schedules hereto) shall, unless and until Closing occurs, be received and kept by the Purchaser and anyone acting on the Purchaser's behalf on a confidential basis and shall not without the Vendor's prior written consent be disclosed to any third party. If for any reason Closing does not occur, all such documents (including without limitation, the Material Documents) shall forthwith be returned intact to the Vendor and no copies or details thereof shall be retained by the Purchaser or anyone acting on its behalf. The Purchaser further agrees that unless and until the terms of this Offer and the Agreement become public knowledge in connection with an application to the Court for Approval of the Agreement, the Purchaser shall keep such terms confidential and shall not disclose the same to anyone except the Purchaser's solicitors, agents or lenders acting in connection herewith and then only on the basis that such persons also keep such terms confidential as aforesaid.

25. **Indemnification**

The Purchaser shall indemnify and save harmless the Vendor and its directors, officers, employees and agents (collectively, the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the operations of the Purchaser on the Property or any order, notice, directive, or requirement under, or breaches, violations or non-compliance with any Environmental Laws after the Closing Date or as a result of the disposal, storage, release or threat of release or spill on or about the Property of any Hazardous Substance after the Closing Date. For the purposes of the foregoing, "Environmental Laws" shall mean all requirements under or prescribed by common law and all federal, provincial, regional, municipal and local laws, rules, statutes, ordinances, regulations, guidelines, directives, notices and orders from time to time with respect to the discharge, generation, removal, storage or handling of any Hazardous Substance. The obligation of the Purchaser hereunder shall survive the Closing Date.

The Purchaser shall indemnify the Vendor and save harmless the Indemnitees from and against any and all liabilities, obligations, losses, damages, penalties, notices, judgments, suits, claims, demands, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees or any of them arising out of or in connection with the failure of the Purchaser to pay any taxes, duties, fees and like charges exigible in connection with the Offer or Agreement. It shall be the Purchaser's sole responsibility to obtain, and pay the cost of obtaining, any consents, permits,

licenses or other authorizations necessary or desirable for the transfer to the Purchaser of the Property.

26. **Release**

The Purchaser agrees to release and discharge the Vendor together with its officers, employees, agents and representatives from every claim of any kind that the Purchaser may make, suffer sustain or incur in regard to any Hazardous Substance relating to the Property. The Purchaser further agrees that the Purchaser will not, directly or indirectly, attempt to compel the Vendor to clean up or remove or pay for the cleanup or removal of any Hazardous Substance, remediate any condition or matter in, on, under or in the vicinity of the Property or seek an abatement in the Purchase Price or damages in connection with any Hazardous Substance. This provision shall not expire with, or be terminated or extinguished by or merged in the Closing of the transaction of purchase and sale, contemplated by this Offer and the Agreement, and shall survive the termination of this Offer and the Agreement for any reason or cause whatsoever and the closing of this transaction.

27. **Non-Registration**

The Purchaser hereby covenants and agrees not to register this Offer or the Agreement or notice of this Offer or the Agreement or a caution, certificate of pending litigation, or any other document providing evidence of this Offer or the Agreement against title to the Property. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Offer or the Agreement, caution, certificate of pending litigation or other document providing evidence of this Offer or the Agreement or any assignment of this Offer or the Agreement from the title to the Property. The Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Offer or the Agreement, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property.

28. **Assignment**

Save and except for the completion of this transaction by a company to be incorporated by the Purchaser, the Purchaser shall not have the right to assign its rights under this Agreement without the Vendor's prior written consent, which consent may be unreasonably withheld. Notice of the Purchaser's intention to assign, with the assignee's name and address for service and the assignee's HST number shall be provided to the Vendor not less than seven (7) days prior to the Closing Date.

Notwithstanding any such assignment solely for the completion of this

transaction, the Purchaser shall remain liable for all matters and things hereunder.

29. **Notices**

Any notice to be given or document to be delivered to the parties pursuant to this Agreement shall be sufficient if delivered personally or sent by email or sent by facsimile or mailed by prepaid registered mail at the following addresses:

To the Vendor:

IRA SMITH TRUSTEE & RECEIVER INC.
167 Applewood Crescent #6,
Vaughan, ON L4K 4E5

Attention: Brandon Smith
Tel: (905) 738-4167 ext.111
Fax: (905) 738-9848
Email: brandon@irasmithinc.com

With a copy to the Vendor's solicitors:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto, Ontario M5X 1E2

Attention: Bruce Darlington
Tel: (416) 365-3529
Fax: (416) 369-5210
Email: bruce.darlington@dlapiper.com

To the Purchaser:

PACE SAVING AND CREDIT UNION LIMITED
8111 Jane St. Unit 1
Vaughan, ON, L4K 4L7

Attention: Suzanne Hyde
Tel: (905) 738-8900 x3009
Fax: (905) 738-0459
Email: shyde@pacecu.com

with a copy to the Purchaser's solicitors:

MACDONALD SAGER MANIS LLP
Suite 800, 150 York Street
Toronto, Ontario M5H 3S5

Attention: Howard F. Manis
Tel: (416) 364-5289
Fax: (416) 364-1453
Email: hmanis@msmlaw.ca

Any written notice or delivery of documents given in this manner shall be deemed to have been given and received on the day of delivery if delivered personally or sent by email or sent by facsimile, or, if mailed, three (3) days after the deposit with the post office.

30. **Entire Agreement**

The Agreement shall constitute the entire agreement between the parties to it pertaining to the subject matter thereof and shall supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there shall be no agreements or understandings between the parties in connection with the subject matter thereof except as specifically set forth herein. No party hereto has relied on any express or implied representation, written or oral, of any individual or entity as an inducement to enter into the Agreement.

31. **Amendment**

No supplement, modification, waiver or termination of the Agreement shall be binding, unless executed in writing by the parties to be bound thereby, provided that the time provided for doing any matter or thing contemplated herein may be abridged or extended by written agreement, in letter form or otherwise, executed by the duly authorized solicitors for the parties.

32. **Time of Essence**

Time shall be of the essence in this Agreement in all respects and any waiver of any time provision shall not be effective unless in writing and signed by both parties.

33. **Binding Agreement**

This Offer, when accepted, shall constitute a binding agreement of purchase and sale subject to its terms. It is agreed that there is no representation, warranty, collateral agreement or condition affecting the Agreement or the Property

supported hereby other than as expressed herein in writing.

34. **Governing Law**

This Offer and the Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

35. **Gender, Interpretive Matters**

This Offer and the Agreement shall be read with all changes of gender or number required by the context. The titles to provisions do not form part of this Offer or the Agreement and are inserted for reference purposes only. Preparation and submission of the form of this Offer or any other material by the Vendor shall not constitute an offer to sell.

36. **Severability**

Any provision of this Agreement which is determined to be void, prohibited or unenforceable shall be severable to the extent of such avoidance, prohibition or unenforceability without invalidating or otherwise limiting or impairing the other provisions of this Agreement.

37. **Non-Merger**

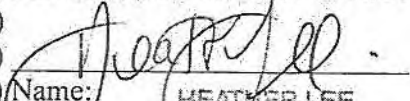
The provisions of this Agreement (including, without limitation, the representations and warranties of the Purchaser), shall survive Closing and shall not merge in the Vesting Order or in any other documents delivered hereunder.

38. **Counterparts**

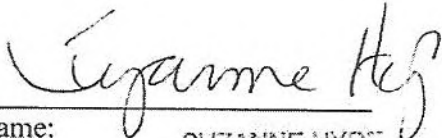
The parties hereto agree that this Agreement may be executed in counterparts and by facsimile transmission and each such counterparts executed by facsimile transmission shall be deemed to be an original and when taken together shall constitute as one and the same Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Offer this 13 day of April, 2016

) PACE SAVINGS AND CREDIT UNION LIMITED

)
) 
) Name: HEATHER LEE
) Title: VICE PRESIDENT CREDIT

) I have authority to bind the corporation.

) 
) Name: SUZANNE HYDE
) Title: MANAGER, COMMERCIAL SPECIAL LOANS
) I have authority to bind the corporation.

Subject to the Approval of the Court, the undersigned hereby accepts the foregoing Offer this ____ day of April, 2016.

IRA SMITH TRUSTEE & RECEIVER INC. in its capacity as court-appointed Receiver and Manager of the assets, undertakings and properties of Settlers' Ghost Golf Club Limited Partnership and not in its personal or corporate capacity

Telephone:
 Fax:
 E-mail:

Per:

Name:
 Title:
 I have authority to bind the corporation.

Schedule "A"

PIN 58527-0314 (LT)

Part Lot 41-42 Concession 2 Medonte Part 1 Plan 51R30187; Oro-Medonte

Being whole of PIN 58527-0314 (LT)

Land Titles Division for the Land Registry Office of Simcoe County (No. 51)

Schedule "B"

REGISTRATIONS TO BE DELETED FROM PIN 58527-0314 (LT)
EXECUTIONS TO BE DELETED AFFECTING PIN 58527-0314 (LT)

1. Registration Number: RO1467834
2. Registration Number: SC660196
3. Registration Number: SC762211
4. Registration Number: SC804471
5. Execution Number: 15-0000256 – County of Simcoe

Schedule "C"

REGISTRATIONS TO BE PERMITTED ON PIN 58527-0314 (LT)

TAB F



Ira Smith Trustee & Receiver Inc., solely in its capacity as Court-appointed Receiver and Manager (the “Receiver”) of Settlers’ Ghost Golf Club Limited Partnership and FSP Holdings Inc. (collectively “Settlers’ Ghost”), is offering for sale, as approved by Order of the Ontario Superior Court of Justice (Commercial List) dated April 29, 2016, its right, title and interest, if any, in of all of the assets, properties and undertaking of Settlers’ Ghost on an “as is, where is” basis.

Settlers’ Ghost’s principal asset is a 114.025 acre site (the “Property”) featuring a par 72, 18-hole golf course (the “Golf Course”). The Golf Course is located at 3421 McNutt Road, RR#1, Barrie, Ontario, in the township of Oro-Medonte. The Property also includes undeveloped forest land, an irrigation holding pond, deep well pump and structure, parking lot, maintenance facility, century old barn, 650 sq. ft. pro-shop, 2520sq. ft. restaurant and other ancillary structures, features and chattels related to the golf course and restaurant operation.

Assets include, without limitation, all land; buildings; machinery; irrigation system; existing inventory; accounts receivable; assumed contracts; intellectual property; prepaids; office, restaurant and pro shop inventory, equipment and furniture; turf equipment; and any goodwill.

Interested parties should contact the Receiver for further information and terms and conditions of sale:

Mr. Brandon Smith
Senior Vice-President

Email: brandon@irasmithinc.com

Phone: 905-738-4167 ext 113

Fax: 905-738-9848

www.irasmithinc.com



Suite 6-167 Applewood Crescent
Vaughan ON, L4K 4K7

TAB G



STARTING OVER, STARTING NOW

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SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP & FSP HOLDINGS INC.

3421 McNutt Road, Barrie, ON

Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated December 15, 2015 (as amended December 18, 2015) Ira Smith Trustee & Receiver Inc. was appointed Receiver and Manager ("Receiver") over the assets, properties and undertakings of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc.. The Receiver, since its appointment has been managing the operations and has opened the course for the season.

Settlers' Ghost Golf Club is a par 72, 18 hole golf course located just north of Barrie in the township of Oro-Medonte. By Order of the Honourable Mr. Justice Wilton-Siegel dated April 29, 2016, the Receiver obtained Court approval for a Court supervised sales process.

Receivership

- [Application Record](#) - 7 December 2015
- [BIA Report - Notice and Statement](#) - 21 December 2016
- [Receiver's Motion Record containing First Report to Court](#) - 14 April 2016
- [Receiver's Motion Record Containing First Supplementary Report to Court](#) – 22 April 2016

Court Matters

- [Receivership Appointment Order and Endorsement](#) - 15 December, 2015
- [Orders and Endorsements Amending Appointment](#) - 18 December, 2015
- [Stalking-Horse Sales Process Approval Order](#) – 29 April 2016
- [Order Approving Receiver's Actions, Activities and Fees](#) – 29 April 2016

"Stalking-Horse" Sales Process

- [Advertisement in The Globe & Mail Report on Business](#) – 4 May 2016
- [Purchase Opportunity Summary](#) – 4 May 2016
- [Terms and Conditions of Sale](#) – 4 May 2016

All documents are in **Acrobat/PDF** format - free reader available [HERE](#).

RESOURCES

Case Studies

- [Settler's Ghost Club Limited Partnership & FSP Holdings Inc.](#)
- [Cloud Dynamics Inc.](#)
- [Windsor Bridal](#)
- [Norma Walton and Ronald Walton](#)
- [Brushstrokes Fine Art Inc.](#)
- [Conquest Vacations](#)
- [Dauphin Media Group Limited](#)
- [The Deloraine Residences](#)
- [Hide House](#)
- [1 King West](#)
- [King's Landing Student Residence](#)
- [Linda Lundstrom](#)
- [MPH Graphics Inc.](#)
- [Sunny Meadow](#)
- [Trinity Landing](#)
- [Korex](#)

905.738.4167

**Need help?
Contact Us!**

1.866.483.NO DEBT (6633)

TAB H

FOR SALE *under receivership*

Settlers' Ghost Golf Club

3421 McNutt Road, Barrie, Ontario



Opportunity to acquire a par 72, 18 hole golf course in Oro-Medonte Township.

The property is located along **Horseshoe Valley Road, north of Highway 400, Barrie.**

Ira Smith Trustee & Receiver Inc., in its capacity as Court-appointed Receiver and Manager of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. is undertaking a "stalking-horse" sales process to dispose of all the assets, properties and undertakings of the Company on an "*as is, where is*" basis, in accordance with the Order of the Ontario Superior Court of Justice (Commercial List) dated April 29, 2016 (the "Order").

The Receiver's objective is to maximize sales proceeds, limited terms and quick closing. Being sold on an "*as is-where is*" basis. We are not able to provide any representations or warranties.



→ Project Description

SITE: 114,025 acres in Oro-Medonte Township
Along Horseshoe Valley road, North East
of Highway 400

LEGAL DESCRIPTION: Pt Lt 41-42
Con 2 Medonte Pt 1 51R30187; Oro-Medonte

ZONING: Private Recreational &
Environmental Protection

Course: The course is a par 72 (36-36)
measuring 6,311 yards from the gold tees and
±5,362 yards from the white tees. The course
offers a strong mix of par 3s, 4s and 5s with
numerous water hazards, sand bunkers and
changes in topography. The course is scenic,
playable for average and strong players and is in
very good overall condition. The course has
strong recommendations (4 stars, 98 ratings,
±91.8% recommended) on Golf Advisor.



→ Terms and Conditions:

Please see the Terms & Conditions, as approved by
the Ontario Superior Court of Justice (Commercial
List) attached as **Appendix A**.



→ Sales Process

To ensure an orderly process, target dates have
been established as follows:

ACTIVITY	DATE
Confidentiality Agreement (CA) distributed to interested parties	Commencing May 4, 2016
Confidential Information Memorandum (CM) distributed after receipt of signed CA	Commencing May 6, 2016
Web based data room access and Site Tour provided to approved Potential Purchasers	Commencing May 11, 2016
Deadline for Final offers	June 8, 2016, 12:00 PM EDT
Auction Date (if required)	June 15, 2016

→ Contact

Brandon Smith

T: (905) 738-4167 x113

E: brandon@irasmithinc.com

TAB I



CONFIDENTIAL
INFORMATION
MEMORANDUM

MAY 2016



3421 McNutt Road, Barrie, Ontario



→ CONFIDENTIAL INFORMATION MEMORANDUM

Ira Smith Trustee & Receiver Inc. has been appointed Receiver and Manager (the "Receiver") of the assets, properties and undertakings of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (collectively the "Company") by Order of the Ontario Superior Court of Justice (Commercial List) dated December 15, 2015 (as amended December 18, 2015). The Receiver is undertaking a "stalking horse" sales process to dispose of the assets, properties and undertakings of the Company on an "*as is, where is*" basis.

The Receiver is offering for sale its right, title and interest, if any, in the Company's assets being primarily a 114.025 acre parcel of land featuring a par 72, 18 hole golf course, including all buildings, structures, owned equipment, chattels, fixtures and inventory (collectively the "Assets"), to prospective purchasers.

This Confidential Information Memorandum (the "Memorandum" or the "CIM") contains proprietary, non-public information regarding the Company and the Assets and is furnished to qualified purchasers on a confidential basis. The information contained herein has been obtained from various sources and has been prepared for the purpose of providing interested parties with general information to assist them in their evaluation of the Company and the Assets, for the purpose of determining whether or not to proceed with the acquisition of the Assets.

No representation or warranty, expressed or implied, is made by the Receiver as to the accuracy or

completeness of the information or any other written or oral communication transmitted or made available to prospective purchasers of the Assets. Nothing contained in the Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or future performance of the Assets. Any estimates or projections contained herein have been prepared by the Receiver, and are based on information currently available, and may involve significant subjective judgments and analyses. Accordingly, no representation is made as to the completeness or attainability of the projections. Only those representations and warranties made in a definitive agreement of purchase and sale shall have any legal or binding effect.

Recipients of this Memorandum are bound by a previously executed confidentiality agreement and agree that all of the information contained herein is of a confidential nature and will treat it in a confidential manner consistent with the terms and conditions of the agreement, will not be directly or indirectly disclosed or permit their agents, representatives, employees, officers, directors or any other affiliates to disclose any of such information and that they will use the Memorandum and any related information only to evaluate an acquisition of the Assets and for no other purpose. If either the recipient elects not to pursue this matter or is not successful in acquiring the Assets, the recipient will return this Memorandum and any other material relating to the Assets, the Company or the receivership to the Receiver, which the recipient may have received from

the Receiver without retaining any copies or extracts thereof. Any information generated by the recipient that consists of analysis, compilations, designs, studies or other documents that contain or refer to such confidential information shall be destroyed by the recipient; the recipient will confirm such destruction in writing to the Receiver.

The Receiver reserves the right to negotiate with one or more parties at any time and to enter into a definitive agreement concerning the Company and/or the Assets without prior notice to any other parties.

The Receiver has not been retained to verify the information contained herein. Each recipient hereof is responsible for conducting its own independent analysis of any proposed transaction and for independently verifying the information contained herein. Each recipient agrees not to contact any owners, officers, directors, employees, representatives, agents, customers, suppliers or any other affiliates of the Company without the express prior consent of the Receiver.

This Memorandum is not, and under no circumstances is it to be construed as, a prospectus, a public offering, or an offering memorandum as defined under applicable securities legislation. All financial figures included in the Memorandum are in Canadian dollars unless noted otherwise.

All communications, inquiries and requests for information relating to the Memorandum or to the purchase of the Assets should be addressed to:

Ira Smith Trustee & Receiver Inc.

167 Applewood Crescent, Suite 6

Vaughan, Ontario L4K 4K7

T: (905) 738-4167

F: (905) 738-9848

Attention: Brandon Smith
brandon@irasmithinc.com

Recipients of the Memorandum who do not wish to pursue this matter are required to return all copies received, forthwith, to the attention of the aforementioned person.

CONFIDENTIAL INFORMATION MEMORANDUM

NUMBER: _____

➔ TABLE OF CONTENTS

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1.0



OVERVIEW, PROPERTY CHARACTERISTICS & PROCESS

1.1 Introduction

Ira Smith Trustee & Receiver Inc., in its capacity as Court-appointed Receiver and Manager of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Receiver") is undertaking a Stalking Horse sales process to dispose of the assets, properties and undertakings of the Company on an "as is, where is" basis. The authority for such a sales process is by Order of the Ontario Superior Court of Justice Commercial List dated April 29, 2016 (the "Stalking Horse and Bid Procedures Order")

1.2 Overview

The property is located along Horseshoe Valley Road, northeast of Highway 400, north of Barrie in the township of Oro-Medonte. The most recent census data for the Township indicates a growing population trend with a median age of 45 and household income of \$73,962. The nearby city of Barrie is also experiencing population growth. Please refer to Exhibit 1, Road Map and Exhibit 2, Location Map.

The property is former farmland that was once home to Huron Indians. The course was designed by architect John Robinson and opened for 9 hole play in 2004, and full 18 hole play commenced in 2005. The course currently operates as a semi-private golf club with active membership and league play, while offering tee times to the public. In 2014 the course had its strongest tournament business with 5,035 tournament rounds played. The course features a licensed clubhouse restaurant with indoor seating for 48 and patio space for an additional 92 guests. The restaurant remains open for dinner and special events four days a week during the off season.

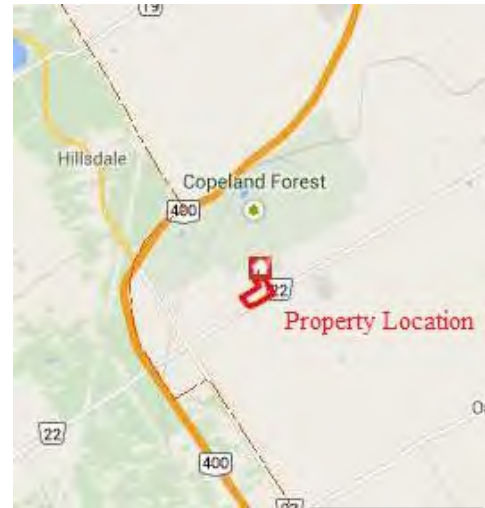


Exhibit 1



Exhibit 2

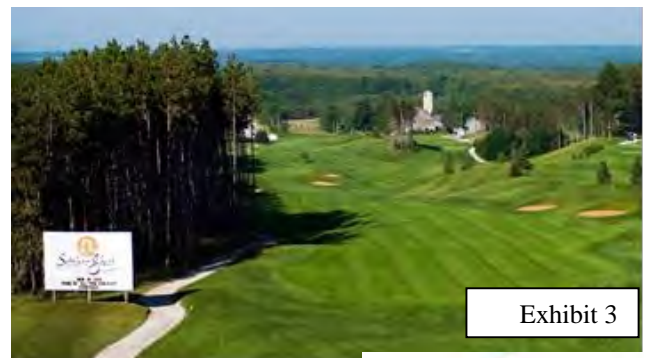


Exhibit 3



1.0

➔ OVERVIEW, PROPERTY CHARACTERISTICS & PROCESS *(continued)*

1.3 Property Characteristics

1.3.1 Legal description

Pt. Lt. 41-42 Con. 2 Medonte Pt. 1 51R30187: Oro-Medonte, PIN 585270-0314

Property Tax Assessment Roll No. 434602000118411 2015 Property Taxes: \$30,001.64

1.3.2 Other Property Details

- > The site has a land area of ±114.025 Acres.
- > The property is zoned by the township of Oro-Medonte as Private Recreational and Environmental Protection.
- > The property consists of a par 72 (36-36) 18 hole golf course measuring 6,311 yards from the gold tees and ±5,362 yards from the white tees. The yardage of the course may be considered by some to be short for modern championship courses however this is conducive to low maintenance costs and is considered to be a good use of a smaller golf course property.
- > The course offers a strong mix of par 3s, 4s, and 5s with numerous water hazards and sand bunkers. The course is scenic, playable for average and strong players and is in very good condition overall. The general topography of the area and the course offers numerous large hills and valleys which add to the aesthetic views of the course.
- > The course lacks its own driving range but rents adjacent land from a farmer for that purpose.
- > The course has received an average rating of 4 stars via 98 ratings on Golf Advisor. ±92.2 % of raters recommend the course, up from ±91.8 in 2014.
- > 24,159 rounds played in 2015, a 5% increase over the prior year.
- > The Receiver retained an independent consultant to provide the Receiver with a report to advise on the strengths, weaknesses and business management of the course. The report will be available for Qualified Bidders (as defined in the Receiver's Terms and Conditions of Sale) in the web-based data room.
- > One of the structures on the property is a century old barn. It has sustained structural damage that was initially believed to have been caused by forceful wind. The Receiver filed a claim with the insurer, whose engineer opined the damage was caused by deterioration of the foundation. As a result the barn has been deemed unusable and unsafe for entry.

SELECT PHOTOGRAPHS OF THE SUBJECT PROPERTY



MAIN CLUBHOUSE BUILDING



PROSHOP AND CART STAGING



TYPICAL TEE SIGN



DECORATIVE GARDEN AREA



TYPICAL FAIRWAY BUNKER



MAINTENANCE FACILITY

SELECT PHOTOGRAPHS OF THE SUBJECT PROPERTY



SIGNAGE ON LINE 1 NORTH



BARN AND PARKING LOT



STARTER BUILDING



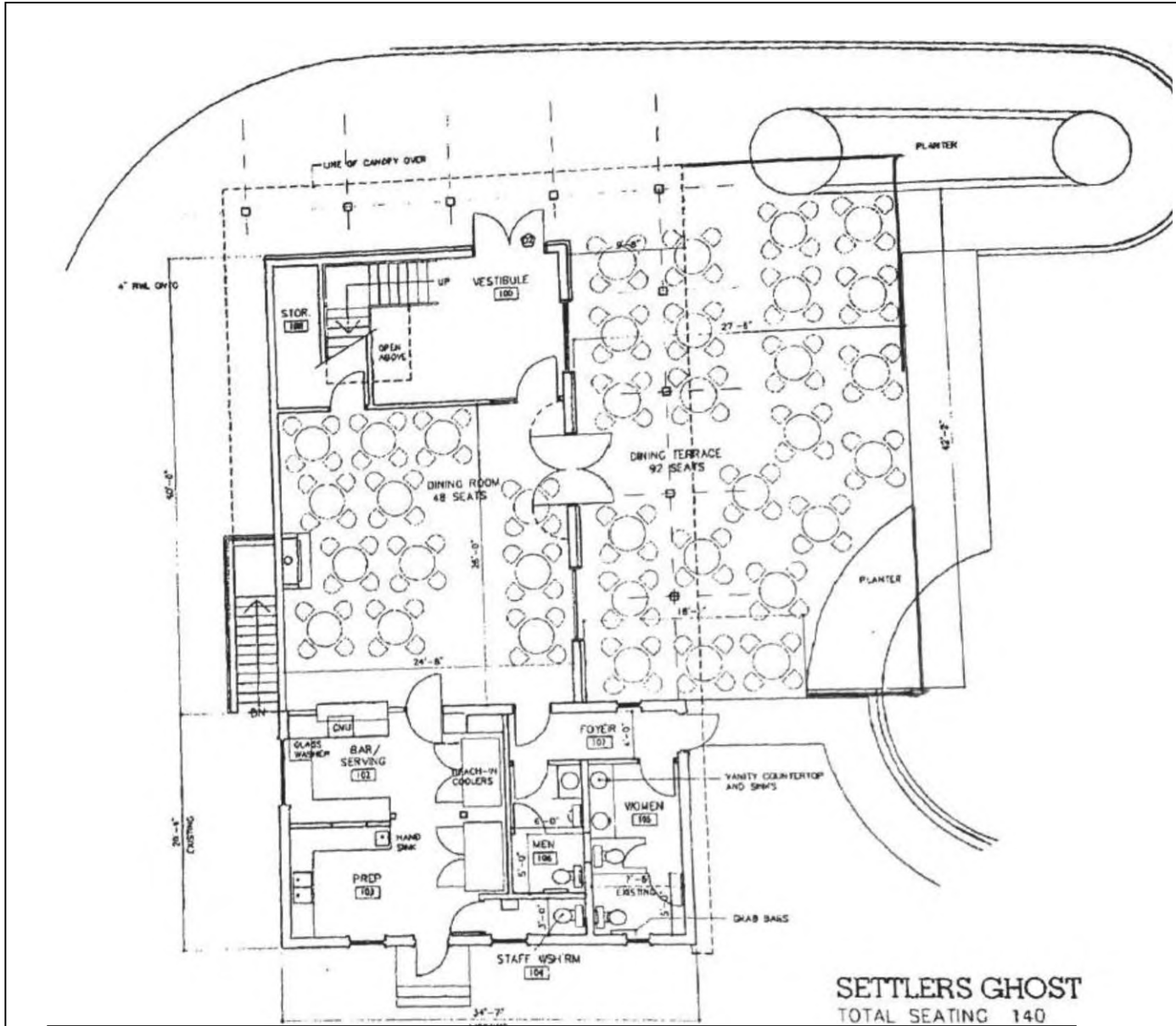
PUMP HOUSE (HOLE #7)



IRRIGATION HOLDING POND



HOLE #18 FAIRWAY



SETTLERS GHOST
TOTAL SEATING 140

CLUBHOUSE/RESTAURANT 1ST FLOOR AND PATIO FLOOR PLAN

SCORECARD

Golf Services

- 7-Day Unlimited Memberships
- Corporate Memberships
- Men's, Ladies, Couples and Family Leagues
- CPGA Taught Lessons and Clinics
- Junior Golf Camps
- Club, Power and Pull Cart Rentals
- Corporate Events and Tournaments



COURSE RULES & REGULATIONS

Dress code: No denim. Proper golf attire.
All yardages measured to centre of green.
Red - 100, White - 150, Blue - 200
RCGA and local rules govern play.

Players are advised to evacuate course at first sign of lightning.
No outside alcohol allowed.

Pace of Play: Please respect the enjoyment of others. Settlers' Ghost should be played comfortably in 4 hours and 30 minutes.
Etiquette: Enjoy your game and allow other players to do the same. Please exercise proper golf etiquette at all times.

COURSE SLOPE/RATING

MEN	WOMEN
Slope/Rating	Slope/Rating
132/70.0	135/73.7
123/69.0	128/70.0
111/65.4	113/67.4
109/63.4	



— Our Restaurant —
• Restaurant open year round
• Breakfast served during golf season
• Lunch and Dinner Specials
• Takeout Available



— Corporate Golf —
• Full Field Events
• Group Discounts from 16 players
• Tournament Menus
• Stay and Play Packages

HOLE	1	2	3	4	5	6	7	8	9	OUT	10	11	12	13	14	15	16	17	18	IN	TOT	HCP	NET
GOLD	364	165	343	369	526	332	135	539	314	3087	558	158	516	333	180	501	152	361	405	322	6311		
BLUE	341	157	313	335	495	314	125	515	282	2877	534	145	509	311	163	528	142	333	379	304	5921		
WHITE	321	126	294	290	424	270	105	485	263	2578	501	133	458	283	133	494	123	306	353	278	4582		
PAR	4	3	4	4	5	4	3	5	4	36	5	3	5	4	3	6	3	4	4	36	72		
RED	291	108	273	269	396	249	94	431	240	2371	444	105	413	258	106	467	108	279	326	250	4877		
HANDICAP	1	17	13	11	7	5	15	3	9		2	16	8	10	18	4	14	12	6				
DATE:	SCORER:									ATTEST:													



— CPGA Lessons and Clinics —
• Private and Semi Private Lessons
• Playing Lessons
• Group Lessons/Corporate Clinics
• 5-Week Clinics



— Pay As You Play Leagues —
• Organized Men's League
• Friendly Ladies League
• Fun Couples League
• Great Family League



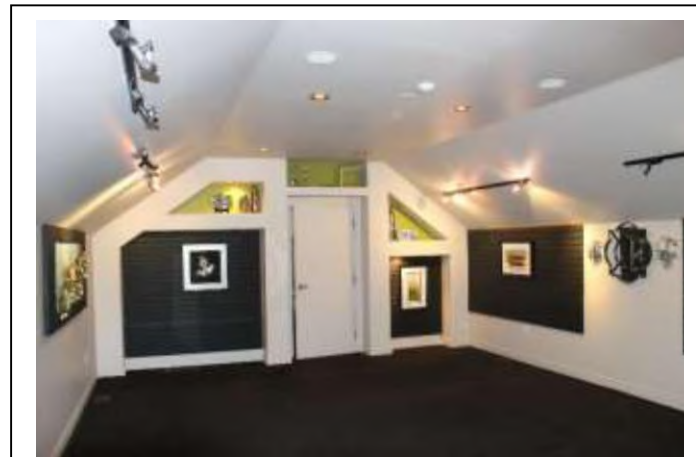
11TH HOLE AS SEEN FROM TEE DECK

1.0

→ OVERVIEW, PROPERTY CHARACTERISTICS & PROCESS (continued)

1.3.3 Golf course features

- Deep water well pump, pump house and irrigation holding pond with a water drawing permit allowing for 3,927,744 litres per day for 180 days per year. 65,462 litres per day for 365 days permitted for clubhouse well.
- ±2,520 sq. ft. wood framed clubhouse featuring full commercial kitchen, seating for 48 with an additional 92 guests on the ±1,165 sq. ft. patio. Men's and women's restrooms, upper level with meeting space or overflow from dining room. Office and storage space on second floor and food storage in basement.
- ±650 sq. ft. pro shop, wood framed on concrete foundation. 16 ft. clear height ceiling for use as target range during winter. Office space and inventory storage.
- ± 3,750 sq. ft. Maintenance building located adjacent to the 13th hole which features staff breakroom, staff restrooms, office space, radiant tube heating and a hydraulic lift.
- Barn, as previously described, is not functional but adds to the landscape of gravel cart paths and rustic agrarian decorative pieces dotting the landscape.
- Additional equipment, fixtures and chattels to be described in the online data room and later in this CIM.

**COURSE OVERVIEW****CLUBHOUSE SECOND FLOOR SPACE**

1.0

→ OVERVIEW, PROPERTY CHARACTERISTICS & PROCESS *(continued)*

1.4 Process

The Stalking Horse and Bid Procedures Order, a copy of which has been made available to all Prospective Purchasers, approves an Agreement of Purchase and Sale between Pace Savings and Credit Union Limited and the Receiver (the "Stalking Horse APA"). Based upon the Receiver's First Report to Court dated April 14, 2016, the Receiver estimates that as at April 14, 2016, the purchase price calculated in the Stalking Horse APA is no less than the amount of at least \$3.22 million. A copy of the Stalking Horse APA and further information on how the Receiver calculates the purchase price contained therein will be in the web based data room.

As indicated in the Court approved Bidding Procedures, any offer to purchase must contain an all cash purchase price greater than the aggregate consideration offered in the Stalking Horse APA.

To ensure an orderly sale process, target dates have been established as follows:

1. Confidentiality Agreement (CA) distributed to interested parties		Commencing May 4, 2016
2. Confidential Information Memorandum (CM) distributed to after receipt of signed CA.		Commencing May 6, 2016
3. Web based data room access and site tours granted to parties who have executed a CA.		Commencing May 11, 2016
4. Deadline for offer submission		12:00 Noon EDT June 8, 2016
5. Auction (if required)		10:00 AM EDT June 15, 2016

All offers submitted through this sales process are considered final and binding on the Potential Bidder as further defined in the terms and conditions of sale.

Prospective purchasers are required to submit a final bid by no later than 12:00PM Toronto time (EDT) on June 8, 2016. If necessary, in accordance with the terms and conditions an auction will be held on June 15, 2016 to determine the Successful Purchaser. Potential Bidders will be notified by the Receiver on or before June 10, 2016 regarding the success of their bid and the auction. Parties submitting final binding offers will be provided with a detailed purchase and sale agreement template during the web based data room access phase.



2.0

→ **OPPORTUNITIES**

.....

In addition to the land, buildings and operating golf course business previously described, the sale of the assets outlined in this Memorandum include the following:

- All owned turf equipment, hand tools, shop tools, spare parts and shop furniture and equipment.
- All leased golf carts and equipment.
- All unsold pro shop inventory (at closing), including merchandise for the 2016 season recently acquired by the Receiver.
- Commercial kitchen equipment excluding coffee maker and gas cylinders for beer and soda which are subject to lease agreements.
- Dining room furniture and décor.
- All food and beverage inventory at the time closing (subject to AGCO regulations).
- 2004 automated Toro in-ground irrigation system including computer controlled timer and on-site remote radio frequency actuator and spare parts inventory.
- Two “intermodal” storage containers used for storage of turf care supplies.
- Inventory at closing of turf care supplies including sand, seed, gravel and remainder of \$20,000 of chemicals, fertilizer and pesticide acquired by the Receiver for the 2016 season (subject to MOE regulation).
- Office furniture and computers.
- Miscellaneous golf course chattels including ball washers, tee blocks, flags and tee signage.

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3.0

→ MARKET ANALYSIS

This section of the CIM was designed to provide potential purchasers with:

- > A socio-demographic overview of the Canadian, Barrie and local overview; and
- > current golf market conditions in the region.

3.1 Local Climate Data

- > Spring in the Barrie area is relatively cool with average temperatures ranging from 10.6 to 18.1 degrees Celsius. Snowfall in the shoulder months of April and October is not uncommon in the area. Summers are relatively mild with temperatures averaging 23.4 to 26.0 degrees. Temperatures begin to drop in October to an average temperature of 13.2 degrees. The course is closed during the winter months due to frost and snow. The average number of playable days is estimated at ±200 days.

Economic and demographic profile – City of Barrie

<i>Population (2014)</i>	▶ 143,634
<i>Population Growth (2006-11)</i>	▶ 5.7%
<i>Average Household Income (2014)</i>	▶ \$86,833
<i>Median Age (2011)</i>	▶ 37.2

Economic and demographic profile – Oro-Medonte Township

<i>Population (2011)</i>	▶ 20,078
<i>Population Growth (2001-11)</i>	▶ 9.6%
<i>Average Household Income (2006)</i>	▶ \$73,962
<i>Median Age (2011)</i>	▶ 45

Source of Information - City of Barrie, Township of Oro-Medonte, Statistics Canada,

2015 Ontario Golf Facilities Report

GOLF FACILITIES REPORT 2015

Ontario



LAND AREA: 917,471* KM²

POPULATION (2013): 13,538,000*

TOTAL NUMBER OF FACILITIES: 822



Ontario's 822 golf facilities account for nearly 35% of Canada's total supply—a percentage that closely mirrors its share of the country's total population (39% in 2013).

With more than double the amount of facilities than any other territory, it's not surprising that the province has the most diverse collection of golf facilities. That supply includes the largest number of 36-hole facilities and six of the country's nine 12-hole layouts.

Ontario's St. George Golf and Country Club is one of only two Canadian courses on Golf Magazine's latest "Top 100 Golf Courses in the World," (87th).

More than two thirds of Ontario's facilities feature 18 holes or more, and no other province has seen real estate development and resorts tied so closely to golf. Of the province's total supply, roughly 9% are part of a resort, real estate development or both.

Did you know? Niagara-on-the-Lake is the oldest golf course in the province. It opened in 1875.

38%
OF ALL GOLF HOLES
IN CANADA ARE
FOUND IN ONTARIO

50
OF ONTARIO'S COURSES
ARE LISTED ON
SCOREGOLF'S TOP 100
IN CANADA LIST

GOLF SUPPLY SUMMARY

Total Number of Facilities	822
9-Hole Facilities	238
12-Hole Facilities	6
18+ Hole Facilities	541
36+ Hole Facilities	37
Number of Golf Holes	14,196
Number of 18-Hole Equivalents	788.5
Number of Daily Fee Facilities	702
Number of Private Facilities	120
Number of Resort Facilities	34
Number of Real Estate Development Facilities	32
Number of Real Estate/Resort Facilities	6
Total Population Per 18-HEQs	17,169

*Statistics Canada

CONTACT GOLF ONTARIO

GOLF ASSOCIATION OF ONTARIO (PSO) CONTACT: Mike Kelly, Executive Director
ADDRESS: 96 Elgin Park Drive, Uxbridge, ON, Canada L9P 0C2
PHONE: 905.852.1101 **EMAIL:** administration@gao.ca **WEBSITE:** www.gao.ca

CONTACT THE PGA OF ONTARIO

ONTARIO ZONE CONTACT: Kevin Purcell **PHONE:** 905.420.1233
EMAIL: kevin@pgaofontario.com **WEB:** www.pgaofontario.com
NORTHERN ONTARIO ZONE CONTACT: Dan Garagan **PHONE:** 705.472.0810
EMAIL: dgaragan10@fibreop.ca **WEB:** www.nopga.ca
OTTAWA VALLEY ZONE CONTACT: Harry Hereford **PHONE:** 613.623.1078
EMAIL: info@ottawapga.com **WEB:** www.pgaofottawa.com

3.0

→ MARKET ANALYSIS (continued)

3.2 Settlers' Ghost Specific Round Data

3.2.1 2015 Rack-Rate Greens Fees (excluding HST)

	Monday – Thursday	Friday – Sunday & Holidays
Green Fee with cart	\$73	\$83
Green Fee walking	\$55	\$65
Twilight with cart	\$50	\$65
Nine and dine with cart (after 4PM)	\$52	\$52

3.2.2 2016 Membership Rates

Membership Type	Annual Rate (excl. HST)
Adult Single	\$1,450
Adult Single with Power Cart	\$1,900
Family	\$2,400
Student	\$600
Teen (<17)	\$250
Junior (<15)	\$150

Membership notes:

- All members are required to purchase a Golf Association of Ontario (GAO) membership.
- Membership includes 10-day advanced booking privileges.
- Membership includes access to reciprocal program with 40 courses.
- League play is included.
- Members receive discounts in the Pro Shop and Restaurant.

TAB J

Memo

Brandon Smith

Phone: 905.738.4167 ext. 113

Email: brandon@irasmithinc.com

To: Potential Purchasers of the Assets of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc.
From: Brandon Smith
CC:
Date: May 31, 2016
Re: Value of Pace Savings & Credit Union Limited ("Pace")'s Stalking Horse Offer

Attached is a letter from Pace expressing the estimated amount of outstanding indebtedness to them, as at July 31, 2016, including all estimated costs, fees and prior ranking charges.

We are providing this to potential purchasers without audit, and as Receiver we do not expressing any opinion or warranty as to the correctness or accuracy of Pace's estimate and the conditions it may be subject to.



May 26, 2016

Ira Smith Trustee & Receiver Inc.
167 Applewood Cres
Suite 6
Concord, Ontario
L4K 4K7

Attn: Brandon Smith, Senior Vice President

**RE: SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
COURT FILE #CV-15-11212-00CL**

We confirm that this letter is being provided at your request for the purpose of adding same to the schedule of secure data room documents for viewing by qualified potential purchasers of Settlers' Ghost Golf Club Limited Partnership so that they would have knowledge of the amount owing to PACE for presenting a potential superior bid.

Pursuant to the Bid Procedure Order issued on April 29, 2016 by Mr. Justice Wilton-Siegel with respect to the above noted matter, the Stalking Horse Offer and bid process did not include a minimum bid but rather the purchase price of the Stalking Horse Offer is detailed as being the amount of the outstanding PACE indebtedness as at the time of closing, subject to any and all adjustments.

As such, we confirm the following as requested:

- As of May 17, 2016, the amount outstanding to PACE was \$3,291,359.81.
- The amount outstanding to PACE as at July 31, 2016 is estimated to be in the range of \$3,500,000.00 including estimated future operational costs/expenditures, professional fees prior ranking encumbrances.
- The above amounts are subject to change without notice as well as errors and omissions excepted.

PACE Savings & Credit Union Limited has made every reasonable effort to ensure the accuracy of the above information based on information available as of May 17, 2016; however, PACE Savings & Credit Union Limited makes no warranties or representations, expressed or implied as to the accuracy or completeness of the above information.

...../2

May 24, 2016
Ira Smith Trustee & Receiver Inc.
Page 2

PACE Savings & Credit Union Limited (and any of their respective directors, officers and employees) will not be liable for any damages, losses, or causes of action of any nature arising from any use of the above information by a potential purchaser for the purpose of submitting an Offer to Purchase with respect to the above matter.

We trust that the foregoing is satisfactory.

Yours truly,

A handwritten signature in cursive script that reads "Suzanne Hyde". The signature is written in black ink and is positioned above the printed name and title.

Suzanne Hyde
Manager, Commercial Special Loans

TAB K

Court No: CV-15-11212-00CL
Estate No: 31-458063

Receiver's Interim Statement of Receipts and Disbursements
IN THE MATTER OF THE RECEIVERSHIP OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP & FSP HOLDINGS INC.
FOR THE PERIOD FROM DECEMBER 15, 2015 TO MAY 31, 2016

RECEIPTS

Cash on hand	10,273.50
Borrowings under Receiver's Certificates 1 through 5	107,000.00
Receivable and rebate collection	5,481.70
Food & Beverage sales	122,755.33
Proshop, carts, range & lesson sales	26,748.65
Green Fees	60,097.63
Membership sales	42,990.41
Golf League revenue	16,764.15
HST collected on sales	26,547.52

TOTAL RECEIPTS:	\$ 418,658.89
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DISBURSEMENTS

OSB Filing Fee	70.00
Food & Beverage COGS	50,668.69
Pro Shop COGS	18,364.58
Wages, Gratuities, WSIB, Employer EI/ CPP and Management Fees	162,386.13
Bank & Merchant POS Charges	6,274.04
Property Tax	15,001.32
HST Paid	17,612.10
Utilities	11,722.61
Advertising and Promotion	7,933.40
Equipment, Supplies, Repair, Maintenance, Janitorial & Upkeep	94,593.98
Gift Certificate and Promo Spirit Dollars	3,894.16
Licenses, Permits and Misc. overhead expenses	7,519.40
Professional Fees (Bailif, Appraisal & Accountant)	12,750.00

TOTAL DISBURSEMENTS	\$ 408,790.41
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BALANCE ON HAND AS AT MAY 31, 2016	\$ 9,868.48
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TAB L

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PACE SAVINGS AND CREDIT UNION LIMITED

Applicant

and

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP HOLDINGS INC.
and LANA STODDART**

Respondents

**AFFIDAVIT OF BRANDON SMITH
(Sworn June 15, 2016)**

I, Brandon Smith, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Senior Vice-President of Ira Smith Trustee & Receiver Inc. ("**ISI**"), the court-appointed receiver and manager (the "**Receiver**") of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "**Debtor**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. ISI was appointed Receiver of all of the assets, properties and undertakings of the Debtor pursuant to an Order of the Ontario Superior Court of Justice dated December 15, 2015, as later amended by subsequent Order dated December 18, 2015 (the "**Receivership Order**").

3. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its legal counsel are required to pass their accounts from time to time.

4. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a summary of the fees charged and accounts rendered by the Receiver in respect of the proceedings (the "**Accounts Summary**") for the period from April 12, 2016 to June 13, 2016 (the "**Time Period**"). A copy of the invoice rendered by the Receiver and referenced in the Accounts Summary is attached to this my Affidavit as **Exhibit "B"**.

5. The Receiver has filed its First Report with this Honourable Court, which outlines, among other things, the Receiver's overall actions and activities since its appointment.

6. A total of 98.2 hours were expended by the Receiver in connection with this matter during the Time Period, giving rise to fees totaling \$38,535.00 (excluding HST) for an average hourly rate of \$392.41 and allocated approximately as outlined in the Accounts Summary.

7. I estimate that using the same average hourly rate as described in paragraph 6 above, the Receiver will incur additional costs of \$20,000 (excluding HST) to complete the sale of the assets and the receivership administration.

8. To the best of my knowledge, the rates charged by the Receiver throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Greater Toronto Area for the provision of similar services.

9. The hourly billing rates outlined on the Accounts Summary are the normal hourly rates charged by the Receiver for services rendered in relation to similar proceedings.

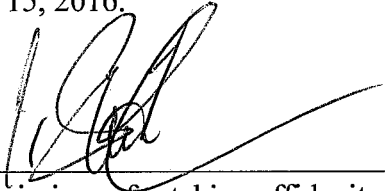
10. I verily believe that the Receiver's accounts are fair and reasonable in the circumstances.

11. Attached as Exhibit "A" to the Affidavit of Bruce Darlington sworn June 15, 2016 and filed in support of the within motion are copies of the accounts rendered by DLA Piper (Canada) LLP ("**DLAP**"), counsel to the Receiver, for the period from March 30, 2016 to June 13, 2016.

12. DLAP has rendered services throughout these proceedings consistent with instructions from the Receiver, the Receiver has approved all such accounts and I verily believe that the fees and disbursements of DLAP are fair and reasonable in the circumstances.

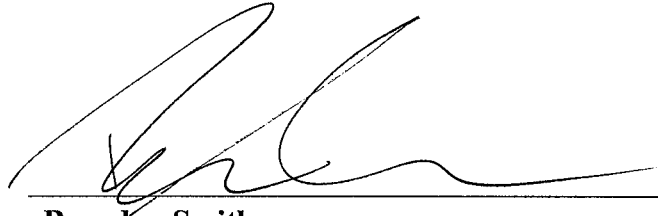
13. The said Affidavit is sworn in connection with the Receiver's motion to have, among other things, its fees and disbursements approved by this Honourable Court and for no improper purpose.

SWORN BEFORE ME at the City of
Vaughan, in the Province of Ontario,
on June 15, 2016.



A Commissioner for taking affidavits

**Ira Clare Smith, a Commissioner, etc.,
Province of Ontario, for Ira Smith-
Trustee & Receiver Inc., Trustee in
Bankruptcy, Expires May 13, 2017.**



Brandon Smith

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER & MANAGER OF
SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP &
FSP HOLDINGS INC.**

April 12, 2016 to June 13, 2016

Staff Member	Title	Total Hours	Hourly Rate (\$CDN)	Amount Billed (\$CDN)
Ira Smith MBA CPA CA•CIRP, Trustee	President	22.8	450.00	10,260.00
Brandon Smith, BA CIRP, Trustee	Senior	74.0	375.00	27,750.00
	Vice-President			
Martin Wolfe, CPA, CA	Senior	1.4	375.00	525.00
	Consultant			
Total		<u>98.2</u>	Average hourly rate of \$392.41	38,535.00
Disbursements				<u>3,616.53</u>
				<u>42,151.53</u>

Estimate to complete receivership administration (excluding HST)

\$20,000.00

This Exhibit ^A..... referred to in the
Affidavit of Brandon Smith
Sworn before me this 15 day of June, 2016

A Commissioner, etc.
Ira Clare Smith, a Commissioner, etc.,
Province of Ontario, for Ira Smith
Trustee & Receiver Inc., Trustee in
Bankruptcy. Expires May 13, 2017.



This Exhibit B referred to in the
 Affidavit of Brendan Smith
 Sworn before me this 15 day of June, 2016

167 Applewood Cres. Suite 6, Concord, ON L4K 4K7
 Phone: 905.738.4167
 Fax: 905.738.9848
 irasmithinc.com

A Commissioner, etc.
 Ira Clare Smith, a Commissioner, etc.,
 Province of Ontario, for Ira Smith
 Trustee & Receiver Inc., Trustee in
 Bankruptcy: Expires May 13, 2017.

R-Settlers

June 15, 2016

GST/HST # 86236 5699

**IN THE MATTER OF THE RECEIVERSHIP OF
 SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP &
 FSP HOLDINGS INC.**

For professional services rendered for the period from April 12, 2016 to June 13, 2016 inclusive, in acting as Receiver of Settlers' Ghost Golf Club Limited Partnership & FSP Holdings Inc. under in accordance with the Order of the Ontario Superior Court of Justice (Commercial List) dated December 15, 2015, (as amended December 18, 2015) as follows (detail attached):

<u>Staff</u>	<u>Hourly rate</u>	<u>Hours</u>
I. Smith, President and Trustee	\$450	22.8
B. Smith, Senior Vice-President and Trustee	\$375	74.0
M. Wolfe, Senior Consultant	\$375	<u>1.4</u>
		<u>98.2</u>
		\$ 38,535.00

Disbursements:

Fax	\$ 4.25	
Postage	117.60	
Courier	461.00	
Travel/Mileage	103.68	
Data-Room IT and Hosting	2,825.00	
Liquor License Fee	<u>105.00</u>	
		<u>3,616.53</u>
		\$ 42,151.53
	HST	<u>5,479.70</u>
		<u>\$ 47,631.23</u>

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 04/12/2016 to 06/13/2016

Keyname	Full Estate Name	Date	Employee	Hours	Remark	Amount
R-Settlers	In the Matter of the Receivership of Settlers' Ghost Golf Club Limited Partnership & FSP Holdings Inc.	12/04/2016	Brandon Smith	0.5	rvw, post and approve payables	187.50
		12/04/2016	Brandon Smith	0.4	call w/ cra re d graham employment	150.00
		13/04/2016	Brandon Smith	2.1	update to 1st report; rvw d graham srd w/ m Wolfe; prep fee affidavit and related exhibits for 1st report	787.50
		13/04/2016	Ira Smith	0.4	Emails from B. Darlington re pot purch emails, telcon w. Bruce, Jennifer and Brandon	180.00
		13/04/2016	Ira Smith	1.7	Update to draft First Report to Court based on APA and email to Bruce and Jennifer	765.00
		13/04/2016	Martin Wolfe	0.5	communicate with D Graham re R&D	187.50
		14/04/2016	Brandon Smith	1.8	prepare srd from d grahams accounting; prepare exhibits for 1st report; commission I smith affidavit, sign report	675.00
		14/04/2016	Brandon Smith	0.6	pmt of payables/sign chqs, post to qb; corresp w/ Dave/MP	225.00
		14/04/2016	Ira Smith	3.7	Final rvw and amendments to First Report, emails w. DLA and Lauren Sigal re APS, Schedules B&C, finalization of Final Report and Exhibits and email to DLA Piper	1,665.00
		19/04/2016	Brandon Smith	1.5	corresp w/ David/MP re ops; reporting to pace	562.50
		20/04/2016	Brandon Smith	2.5	corresp w/ LP's and other stakeholders; rcv funding for cert S; issuance of payables cheques; call w/ Suzanne and email to MPQ re wanting to purchase from pace	937.50
		20/04/2016	Ira Smith	2.1	writing Supp 1st report to court and email to legal counsel to review	945.00
		20/04/2016	Ira Smith	0.3	telcon w. B. Smith and B. Darlington re issues arising this week and suggestion of conf call w. H. Manis to advise him of issues prior to Court	135.00
		25/04/2016	Brandon Smith	3.0	travel to from and attend at court; call w/ Suzanne	1,125.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 04/12/2016 to 06/13/2016

Keyname	Date	Employee	Full Estate Name	Hours	Remark	Amount
R-Settlers			In the Matter of the Receivership of Settlers' Ghost Golf Club Limited Partnership & FSP Holdings Inc.			
	26/04/2016	Brandon Smith		5.0	calls w/ Suzanne; conf call w/ pace/bruce/Howard; ops emails; rvw payables, update quicken; reporting to pace; prep sale terms, ad and teaser	1,875.00
	27/04/2016	Brandon Smith		7.0	calls/emails w/ pace/j. Whincup re draft docs and sales process; drafting CIM	2,625.00
	28/04/2016	Brandon Smith		7.0	continue drafting CIM; emails re sales process docs and approval; setting up web page; draft ad to globe; calls w. Suzanne and J Whincup	2,625.00
	02/05/2016	Brandon Smith		1.2	corresp re issuance of stalking horse order and globe ad	450.00
	03/05/2016	Brandon Smith		2.5	corresp re golf north mtg; reporting to pace; updating electronic records; corresp w/ bears shark re website, gather docs for data room	937.50
	04/05/2016	Brandon Smith		3.0	transmittal of purchase opportunity; calls and emails w/ pot purch; approval of chqs from batch; corresp w/ bears shark and ptys re data room docs	1,125.00
	04/05/2016	Brandon Smith		3.0	corresp w/ pot purch, prep and circulate CA's to 2 parties; rvw and approval of cheque run; corresp w/ GN to resched	1,125.00
	05/05/2016	Brandon Smith		1.2	corresp w/ pot purch; issuance of pmts and payroll	450.00
	09/05/2016	Brandon Smith		2.0	corresp w/ pot purch; prepare data room docs	750.00
	10/05/2016	Brandon Smith		1.5	mtg w/ golf north; corresp w/ pot purch	562.50
	10/05/2016	Ira Smith		1.0	Mtg. with Golf North and B. Smith	450.00
	11/05/2016	Brandon Smith		3.0	corresp re cra dispute; corresp w/ pot purch; corresp re ops; approval and posting of ops cheques	1,125.00
	11/05/2016	Ira Smith		0.2	billing package to Pace	90.00
	12/05/2016	Brandon Smith		1.2	ops corresp; corresp w/ pot purch	450.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 04/12/2016 to 06/13/2016

Keyname	Date	Employee	Hours	Remark	Amount
R-Settlers	12/05/2016	Ira Smith	2.1	Completing and filing of liquor licence transfer application and travel to and from AGCO	945.00
	12/05/2016	Martin Wolfe	0.5	calls and emails re liquor license and inspector	187.50
	13/05/2016	Brandon Smith	0.7	fwd d Graham report to agco; approve and post payables; rvw pace workout of loan bal/obligations at July 31	262.50
	13/05/2016	Ira Smith	0.1	Email to AGCO re delivery of original personal history report	45.00
	13/05/2016	Ira Smith	0.2	Prep of transmittal letter to AGCO re original personal history report	90.00
	16/05/2016	Brandon Smith	0.5	ops and pot purch corresp	187.50
	17/05/2016	Brandon Smith	1.2	call w/ Suzanne and heather re o/s matters; rvw reporting from David; rvw chq batch; reporting to pace; pot purch corresp	450.00
	18/05/2016	Brandon Smith	2.9	detailed review of payroll records after spot checks raised anomalies; corresp w/ David to settle same; approval of payables; corresp re sales process	1,087.50
	18/05/2016	Ira Smith	1.8	Rvw and amendments to draft APA and then email to DL Piper for review	810.00
	20/05/2016	Brandon Smith	0.2	rcv & rvw wsib stmt; email to d graham re wsib 2015 min premium	75.00
	20/05/2016	Brandon Smith	0.2	corresp re insurance, no D&O policy required; corresp w/ R. Campbell re CRA appeal	75.00
	26/05/2016	Ira Smith	1.4	Rvw of Jennifer's blackline amendments to APA v2, prep of APA v3 and email back to legal counsel for final review	630.00
	29/05/2016	Brandon Smith	2.0	finalizing CIM and sales process docs, set up online public site travel to from and attend at site for site tour w/ pot purch, rvw reporting from David; reporting to pace; load docs to data room, corresp w/ pot purch	750.00
	31/05/2016	Brandon Smith	8.0		3,000.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 04/12/2016 to 06/13/2016

Keyname	Date	Employee	Hours	Remark	Amount	
R-Settlers	01/06/2016	Brandon Smith	2.1	approval and issuance of cheque run incl payroll; corresp w/ pace and pot purch re vtb	787.50	
	03/06/2016	Brandon Smith	0.5	vm from and call w/ k yoo and s Hyde	187.50	
	06/06/2016	Brandon Smith	0.4	vm from and email to ken yoo	150.00	
	07/06/2016	Brandon Smith	2.3	email to bruce re status and getting things lined up; review reporting from David; reporting to Pace; call w/ pace and call w/ bruce re transition	862.50	
	08/06/2016	Brandon Smith	1.0	conf call w/ pace/bruce/Howard; email exchange re sale process	375.00	
	08/06/2016	Martin Wolfe	0.4	deadline; emails w/ d Graham and leasing co	150.00	
	10/06/2016	Ira Smith	5.9	emails w/ d graham re srd and rvw Drafting Second Report to Court	2,655.00	
	13/06/2016	Brandon Smith	2.0	corresp w/ pace, golf North and mgmt re transitional plans; rvw cra	750.00	
	13/06/2016	Ira Smith	1.9	appeal and make changes comments and request docs from d graham	855.00	
			98.2	Update and complete draft Second Report to Court	38,535.00	
			Total Hours		Hourly Rate	\$
			Ira Smith	22.8	450.00	10,260.00
			Brandon Smith	74.0	375.00	27,750.00
		Martin Wolfe	1.4	375.00	525.00	
		Total:	98.2		38,535.00	
		Average Hourly Rate:	392.41			

PACE SAVINGS AND CREDIT UNION LIMITED

And

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART**

Applicants

Respondents

Court File No.: CV-15-11212-00CI

**ONTARIO
SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST -**

Proceeding commenced at Toronto

**AFFIDAVIT OF BRANDON SMITH
(Sworn June 15, 2016)**

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord, ON L4K 4K7

Brandon Smith BA, CIRP, LIT
Tel: 905-738-4167
Fax: 905-738-9848

Court-appointed receiver and manager of
Settlers' Ghost Golf Club Limited Partnership
and FSP Holdings Inc.

TAB M

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

**SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART**

Respondents

APPLICATION UNDER Section 243 of the Bankruptcy and Insolvency Act RSC 1985, c B-3 and Section 101 of the Courts of Justice Act RSO 1990, c C-43

**AFFIDAVIT OF BRUCE E. DARLINGTON
(Sworn June 15, 2016)**

I, BRUCE E. DARLINGTON, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a partner of the law firm of DLA Piper (Canada) LLP, lawyers for the Court-appointed receiver, Ira Smith Trustee & Receiver Inc., as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, including undertakings and properties of Settlers' Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Debtors"). Accordingly, I have personal knowledge of the matters to which I hereinafter depose, save and except where I have been provided with information by others. In the latter case, I have indicated the source of the information and I believe it to be true, unless I state otherwise herein.

2. Ira Smith was appointed as Receiver by Order of this Court originally dated December 15, 2015, and amended on December 18, 2015 (the "**Receivership Order**"). Unless otherwise indicated, the capitalized terms in this affidavit have the same meaning as those found in the Receivership Order.

3. Pursuant to paragraph 17 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable professional fees and disbursements and are granted a Receiver's Charge on the Respondents' Property for such professional fees and disbursements.

4. I was called to the bar of the Province of Ontario in 1985, and specialize in the practice of insolvency law and banking law. My standard hourly rate is \$650.00. I am identified on the invoices as BYD.

5. Susan E. Friedman (SEF), litigation counsel for the Receiver in these proceedings, was also called to the bar of the Province of Ontario in 1985, and specializes in the practice of commercial litigation. Her standard hourly rate is \$625.00.

6. David Spratley (RQS) was called to the bar of the Province of British Columbia in 2002, and practices in the area of privacy law. His standard hourly rate is \$475.00.

7. Jennifer A. Whincup (JQW) was called to the bar of the Province of Ontario in 2011 and practices in the area of commercial litigation. Her standard hourly rate is \$400.00.

8. Ryan D. Campbell (RXC) was called to the bar of the Province of Ontario in 2011, and practices in the area of labour and employment law. His standard hourly rate is \$350.00.

9. Rose Meffe (RXM) is a paralegal employed by DLA Piper (Canada) LLP who practices in the area of insolvency and restructuring. Her standard hourly rate is \$250.00.

10. Hayley Gaucher (HEG) is a student-at-law at DLA Piper (Canada) LLP. Her standard hourly rate is \$250.00

11. Attached as Exhibit "A" to my affidavit is a copy of invoice number 1623587. The invoice was issued on April 29, 2016 and covers fees and disbursements from March 30, 2016 to April 29, 2016. The fees itemized on the invoice total \$28,690.00 (exclusive of taxes and disbursements). The total amount of the invoice, including disbursements and HST, is \$32,998.20.

12. Attached as Exhibit "B" to my affidavit is a copy of invoice number 1629935. The invoice was issued on May 31, 2016 and covers fees and disbursements from April 29, 2016 to May 30, 2016. The fees itemized on the invoice total \$6,905 (exclusive of taxes and disbursements). The total amount of the invoice, including disbursements and HST, is \$7,961.05.

13. Attached as Exhibit "C" to my affidavit is a copy of invoice number 1634141. The invoice was issued on June 20, 2016 and covers fees and disbursements from May 30, 2016 to June 13, 2016. The fees itemized on the invoice total \$4,985.00 (exclusive of taxes and disbursements). The total amount of the invoice, including disbursements and HST, is \$5,633.05.

14. The total of the fees of the attached invoices is \$40,580.00 exclusive of taxes and disbursements, and \$46,592.30 inclusive of taxes and disbursements.

15. The average hourly rate of DLA Piper (Canada) LLP timekeepers on these invoices is \$451.89.

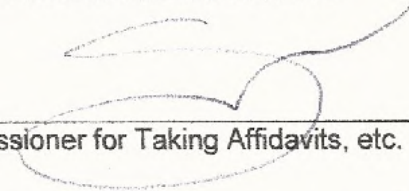
16. All of the time recorded on the Invoice and all of the disbursements were in fact incurred. I believe that the Invoices are fair and reasonable in all of the circumstances.

17. I estimate that DLA Piper (Canada) LLP's costs to complete its engagement for the Court-appointed Receiver will be \$20,000.


18. To the best of my knowledge, the rates charged by DLA Piper (Canada) LLP throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services, and the rates charged by DLA Piper (Canada) LLP for services rendered in similar proceedings.

19. I swear this affidavit in support of a motion for an order, *inter alia*, approving the fees and disbursements of the Receiver and its counsel and for no other or improper purpose.

SWORN BEFORE ME at the Town of Maple Hill in the County of South Frontenac, in the Province of Ontario on June 15, 2016

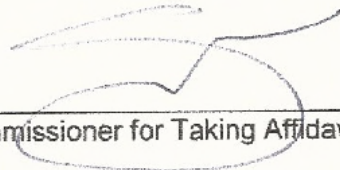


Commissioner for Taking Affidavits, etc.

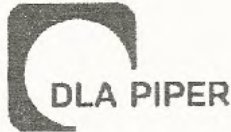


BRUCE E. DARLINGTON

This is Exhibit "A" referred to in the Affidavit of Bruce Darlington,
sworn June 15, 2016

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com
T 416.365.3500
F 416.365.7886

April 29, 2016

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

INVOICE NUMBER: 1623587
FILE NUMBER: 17161-00001
BUSINESS NUMBER: REG # 110 152 824
FROM THE OFFICE OF: Bruce E. Darlington
DIRECT LINE: 416.365.3529

For Professional Services rendered and disbursements advanced through April 29, 2016.

Our Fees:	\$	28,690.00
Total Disbursements:	\$	526.54
Total HST:	\$	3,781.66
Total Current Invoice Due:	CAD \$	32,998.20

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

Remittance Advice:

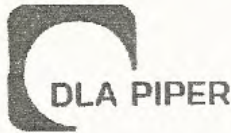
Cheque Payments To:
DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King Street West
Toronto ON M5X 1E2 Canada

Canadian dollar Wire Payments To:
DLA Piper (Canada) LLP
Bank: Royal Bank of Canada
Main Branch - 200 Bay Street, Main Floor
Toronto ON M5J 2J5 Canada
Account: 1423135
Transit #: 00002
Institution #: 003
Swift #: ROYCCAT2
ABA #: 021000021

Invoice No: 1623587
File No: 17161-00001
Amount: **CAD \$ 32,998.20**

Please return remittance advice

Please indicate Invoice Number



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.diapiper.com
T 416.365.3500
F 416.365.7886

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

Our File No: 17161-00001

Ira Smith Trustee & Receiver Inc.
Re: Settler's Ghost Golf Club Limited Partnership

Date: April 29, 2016
Invoice Number: 1623587

For Professional Services rendered and disbursements advanced through April 29, 2016.

PROFESSIONAL SERVICES

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
03/30/16	BYD	Reviewing email messages from B. Smith and S. Hyde;	0.20	130.00
03/31/16	BYD	Reviewing email messages between B. Smith and S. Hyde; engaging in telephone call with B. Smith re status of Pace offer;	0.30	195.00
04/01/16	BYD	Reviewing Pachwalowski appearance; drafting email message to H. Manis re status;	0.20	130.00
04/05/16	BYD	Exchanging email messages with I. Smith; engaging in discussions with I. Smith re call with Pace; reviewing email message from I. Smith re status of sale;	0.40	260.00
04/05/16	BYD	Reviewing email message from I. Smith re report to Pace;	0.10	65.00
04/07/16	BYD	Reviewing email messages from L. Stoddart and I. Smith; exchanging email messages with J. Whincup; drafting response to L. Stoddart;	0.30	195.00
04/08/16	BYD	Exchanging email messages with I. Smith; exchanging email messages with J. Manis; reviewing email messages from I. Smith;	0.40	260.00
04/08/16	BYD	Reviewing email message from H. Manis and L. Sigal re amended offer;	0.30	195.00
04/10/16	BYD	Reviewing amended Offer to Purchase; providing comments to I. Smith;	0.70	455.00
04/11/16	BYD	Reviewing email messages from I. Smith re Offer to Purchase; reviewing amended Offer; amending offer; drafting email message to H. Manis; reviewing replies; reviewing email message from I. Smith and letter from G. Azeff and I. Smith's reply;	0.80	520.00



<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
04/12/16	BYD	Drafting email message to I. Smith re status of signed agreement; drafting email message to H. Manis re status of signed agreement; reviewing email message from Campbell's;	0.40	260.00
04/12/16	JQW	Drafting and revising notice of motion; reviewing most recent receiver's report; reviewing and responding to several emails re parties appearing on behalf of creditors and other interested parties; updating service list;	3.60	1,440.00
04/12/16	BYD	Reviewing email message from Campbell's re interest in making offer; exchanging email messages with I. Smith;	0.30	195.00
04/13/16	BYD	Reviewing email message from I. Smith re report to PACE; reviewing email message from B. Smith re communication from M. Goldberg re interest in property; drafting reply to Campbell's and M. Goldberg for review by client; discussing status with J. Whincup;	0.70	455.00
04/13/16	BYD	Reviewing email message from L. Sigal and signed PACE offer; drafting email message to L. Sigal re schedules;	0.30	195.00
04/13/16	BYD	Engaging in telephone conference with I. Smith, B. Smith and J. Whincup re draft response to Campbell's and M. Goldberg and motion material;	0.40	260.00
04/13/16	RXM	Receiving email from J. Whincup requesting draft affidavit; attending to prepare draft fee affidavit for B. Darlington; attending to prepare and send email to J. Whincup and B. Darlington;	1.00	250.00
04/13/16	JQW	Reviewing and responding to several emails re expressions of interest in purchase price; reviewing final offer to purchase executed by Pace; providing comments of the same; finalizing materials to be served and filed with the court for motion to approve sale; instructing R. Meffe re fee affidavit;	3.40	1,360.00
04/13/16	BYD	Reviewing email message from I. Smith and amended receiver's report; reviewing draft court material; reviewing email message from M. Goldberg and reply from B. Smith; drafting email message to L. Sigal; drafting email message to Campbell's; drafting email message to M. Goldberg;	1.40	910.00
04/14/16	BYD	Reviewing email message from G. Azeff; exchanging email messages with J. Whincup;	1.30	845.00



Matter: 17161-00001

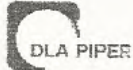
Invoice: 1623587

Page: 3

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
		reviewing email message from S. Hyde; exchanging email messages with J. Whincup and I. Smith re authority to file assignment in bankruptcy; exchanging email messages with I. Smith and L. Sigal; re schedules;		
04/14/16	BYD	Drafting email message to H. Perlis;	0.20	130.00
04/14/16	JQW	Commissioning affidavit of B. Darlington; finalizing language of approval and vesting order; amending motion record; reviewing receiver's report; amending service list; reviewing and responding to several emails re finalizing materials for service and filing; reviewing final agreement of purchase and sale;	3.90	1,560.00
04/14/16	JQW	Drafting and revising motion record; compiling motion record with report of the receiver; reviewing report of the receiver; arranging for service and filing of motion record; revising notice of motion; revising draft order;	6.40	2,560.00
04/15/16	JQW	Reviewing and responding to several emails re finalizing materials for service and filing; finalizing motion record for service and filing; arranging for service and filing of motion record; engaging in extensive correspondence regarding schedules to agreement of purchase and sale;	4.30	1,720.00
04/15/16	RXM	Receiving letter and docs from Ira Smith; Trustee and attending to scan and save same and providing originals to J. Whincup; attending to prepare and send email to J. Whincup with letter and docs;	0.20	50.00
04/18/16	JQW	Reviewing and responding to several emails re entertaining offers for sale of debtors assets;	0.40	160.00
04/18/16	BYD	Exchanging email messages with G. Azeff;	0.20	130.00
04/18/16	BYD	Engaging in telephone call with H. Perlis re appraisals;	0.20	130.00
04/18/16	BYD	Reviewing email message from M. Goldberg and letter of intent; exchanging email messages with I. Smith; drafting email message to J. Whincup;	0.50	325.00
04/18/16	BYD	Exchanging email messages with I. Smith; drafting email message to M. Goldberg;	0.30	195.00
04/18/16	BYD	Exchanging email messages with M. Goldberg;	0.20	130.00



<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
04/19/16	BYD	Reviewing email message from B. Smith re weekly update;	0.20	130.00
04/19/16	JQW	Reviewing and responding to several emails re entertaining offers for sale of debtors assets;	0.30	120.00
04/20/16	JQW	Reviewing supplementary first report; arranging for service and filing of supplementary report;	1.40	560.00
04/20/16	BYD	Reviewing email message from B. Smith to M. Goode; drafting reply to B. Smith;	0.10	65.00
04/20/16	BYD	Exchanging email messages with I. Smith; leaving voicemail message for G. Azeff;	0.30	195.00
04/20/16	BYD	Reviewing email message from B. Smith to M. Quilty	0.10	65.00
04/20/16	BYD	Engaging in telephone conversation with G. Azeff; drafting email message to I. Smith and B. Smith; engaging in telephone conference with I. Smith and B. Smith; drafting email message to H. Manis re call to discuss motion attendance;	1.30	845.00
04/20/16	BYD	Reviewing draft Supplemental Receiver's report;	0.30	195.00
04/21/16	JQW	Conducting research re statement of law; engaging in teleconference with H. Manis, L. Sigal, I. Smith, B. Smith and B. Darlington; drafting and revising supplementary motion record including amended notice of motion and supplementary report along with statement of law; drafting and revising statement of law; reviewing and responding to several emails re status of mortgage and opposition by H. Mills;	2.60	1,040.00
04/21/16	BYD	Engaging in telephone conference with I. Smith, B. Smith, H. Manis, L. Sigal and J. Whincup re possible attendee's at motion and their respective positions; reviewing email message from H. Manis;	0.60	390.00
04/22/16	BYD	Reviewing responding motion record;	0.20	130.00
04/22/16	JQW	Drafting and revising statement of law for service and filing with the Court; arranging for service and filing of supplementary motion record; reviewing and responding to several emails re outstanding mortgage; reviewing responding motion record of H. Mills;	4.60	1,840.00
04/22/16	RXM	Receiving letter from I. Smith enclosing original signature page of supplementary first report	0.10	25.00

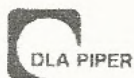


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Invoice: 1623587

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<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
		and providing to J. Whincup;		
04/24/16	JQW	Reviewing factum of H. Mills in opposition to sale transaction; preparing for court hearing to approve sale transaction;	3.10	1,240.00
04/24/16	BYD	Reviewing email message from G. Azeff and Mills motion material;	0.40	260.00
04/25/16	BYD	Discussing results of court appearance with J. Whincup; reviewing email message from H. Manis and B. Smith;	0.40	260.00
04/25/16	JQW	Continuing to review factum of H. Mills and consider legal position; preparing for and attending court to approve sale transaction; engaging in discussions with counsel after court appearance to discuss next steps in preparing sale process; reviewing circulated precedents;	4.60	1,840.00
04/26/16	JQW	Preparing for and participating in conference call with H. Manis, L. Sigel, B. Darlington, B. Smith, I. Smith, H. Lee and B. Hogan and S. Hyde re sale process and next steps; making notes re the same;	1.30	520.00
04/26/16	BYD	Reviewing email message from B. Smith re stalking horse and management agreement;	0.20	130.00
04/27/16	BYD	Reviewing email messages from B. Smith and H. Manis; discussing status with J. Whincup;	0.30	195.00
04/27/16	JQW	Reviewing and responding to several emails re draft documents for court approval and reviewing stalking horse and bid procedures order; making comments re the same;	1.70	680.00
04/28/16	JQW	Reviewing and responding to extensive email discussions re draft documents for court approval; engaging in calls with B. Smith re outstanding issues to resolve including break fee and engaging further consultants for sale process; discussing timeline for sales process and period over which assets must be exposed; drafting and revising ancillary order for approval with the Court; circulating ancillary order for review;	3.80	1,520.00
04/28/16	BYD	Reviewing email messages from H. Manis, B. Smith, S. Hyde and J. Whincup;	0.40	260.00
04/29/16	JQW	Attending court to submit orders for signature by J. Wilton-Siegel;	1.30	520.00
Total Taxable Hours and Fees:			62.90 \$	28,690.00



DISBURSEMENTS

Non-Taxable Disbursements

Description

Miscellaneous - Vendor: Omega Process Servers Ministry Fee	127.00
Total Non-Taxable Disbursements:	\$ 127.00

Taxable Disbursements

Description

Printing/Reproduction	85.00
Binding	20.50
Courier	60.22
Filing Fees	90.00
Long Distance Telephone	4.32
Photocopying	139.50
Total Taxable Disbursements:	\$ 399.54

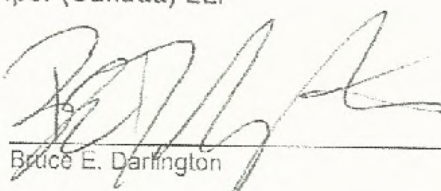
BILL SUMMARY

	Our Fees:	\$ 28,690.00
	Total Disbursements:	\$ 526.54
REG # 110 152 824	Total HST:	\$ 3,781.66
	Total Current Invoice Due:	CAD \$ 32,998.20

This is our account.

DLA Piper (Canada) LLP

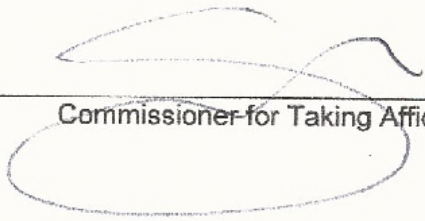
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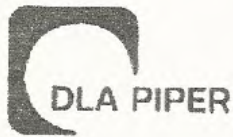
 Bruce E. Darlington

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

This is Exhibit "B" referred to in the Affidavit of Bruce Darlington,
sworn June 15, 2016



Commissioner for Taking Affidavits



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com
T 416.365.3500
F 416.365.7886

May 31, 2016

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

INVOICE NUMBER: 1629935
FILE NUMBER: 17161-00001
BUSINESS NUMBER: REG # 110 152 824
FROM THE OFFICE OF: Bruce E. Darlington
DIRECT LINE: 416.365.3529

For Professional Services rendered and disbursements advanced through May 30, 2016.

Our Fees:	\$	6,905.00
Total Disbursements:	\$	140.18
Total HST:	\$	915.87
Total Current Invoice Due:	CAD \$	<u>7,961.05</u>

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

Remittance Advice:

Cheque Payments To:
DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King Street West
Toronto ON M5X 1E2 Canada

Canadian dollar Wire Payments To:
DLA Piper (Canada) LLP
Bank: Royal Bank of Canada
Main Branch - 200 Bay Street, Main Floor
Toronto ON M5J 2J5 Canada
Account: 1423136
Transit #: 00002
Institution #: 003
Swift #: ROYCCAT2
ABA #: 021000021

Invoice No: 1629935
File No: 17161-00001
Amount: CAD \$ 7,961.05

Please return remittance advice
with cheque



Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com
T 416.365.3500
F 416.365.7886

Our File No: 17161-00001

Ira Smith Trustee & Receiver Inc.
Re: Settler's Ghost Golf Club Limited Partnership

Date: May 31, 2016
Invoice Number: 1629935

For Professional Services rendered and disbursements advanced through May 30, 2016.

PROFESSIONAL SERVICES

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
04/29/16	RQS	Review and consider CASL issues; prepare and provide comments regarding potential CASL exceptions that would allow emailing contacts about purchase opportunity	0.60	285.00
05/02/16	JQW	Receiving a call from the Court re orders to pick up; arranging for retrieval of orders; engaging in calls and email exchanges with B. Smith re deadline to publish advertisement;	0.70	280.00
05/02/16	HEG	Attending at 361 University to pick up two orders and endorsement;	0.50	125.00
05/02/16	BYD	Reviewing email messages from B. Smith, H. Manis and J. Whincup;	0.20	130.00
05/03/16	JQW	Reviewing orders and circulating to service list.	1.00	400.00
05/04/16	BYD	Reviewing email messages from B. Smith and draft response to requests for information; replying to B. Smith;	0.30	195.00
05/04/16	BYD	Reviewing email message from B. Hogan and B. Smith; reviewing and replying to email message from H. Manis; reviewing email message from I. Smith;	0.30	195.00
05/05/16	BYD	Reviewing email message from B. Smith and discussions with R. Campbell re CRA determination;	0.30	195.00
05/05/16	BYD	Exchanging email messages with B. Smith re access to data room;	0.10	65.00
05/05/16	JQW	Engaging in email exchange with court clerk re order before J. Wilton-Siegel;	0.20	80.00
05/05/16	RXC	Reviewing CRA ruling re: CPP/EI for D. Graham; e-mailing B. Smith to provide	0.40	140.00



<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
		summary of reasons to consider challenge to CRA ruling;		
05/06/16	BYD	Reviewing email message from S. Hyde;	0.20	130.00
05/07/16	JQW	Receiving call from J. Davies re documents for offer on course; sending email to J. Davies re trustee website;	0.40	160.00
05/10/16	BYD	Reviewing email messages from H. Lee and I. Smith; engaging in telephone conversation with I. Smith re Golf North meeting and recommendation; reviewing weekly report from B. Smith;	0.50	325.00
05/10/16	BYD	Reviewing instructions from B. Smith re appeal of CRA's designation;	0.20	130.00
05/11/16	BYD	Reviewing email messages from H. Lee, B. Smith and H. Manis re CRA assessment;	0.30	195.00
05/12/16	BYD	Reviewing email messages between I. Smith and H. Lee re liquor licence;	0.30	195.00
05/12/16	BYD	Reviewing email messages from I. Smith and B. Smith re liquor licence application;	0.30	195.00
05/12/16	JQW	Reviewing several emails re liquor license transfer application and issuance;	0.60	240.00
05/18/16	RXC	Preliminary drafting of objection to CRA CPP/EI ruling;	1.40	490.00
05/19/16	BYD	Reviewing email message from B. Smith re indemnity insurance;	0.20	130.00
05/19/16	JQW	Reviewing and revising agreement of purchase and sale; reviewing several emails re agreement of purchase and sale; reviewing several emails re status of contracted parties;	4.30	1,720.00
05/19/16	RXC	Preliminary preparation of objection to CRA CPP/EI ruling;	1.10	385.00
05/30/16	JQW	Reviewing agreement of purchase and sale; reviewing and responding to email from B. Smith re documents for data room;	1.30	520.00
Total Taxable Hours and Fees:			15.70 \$	6,905.00

DISBURSEMENTS

Taxable Disbursements

Description



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Invoice: 1629935
Page: 3

Postage	0.60
Binding	14.00
Courier	61.04
Filing Fees	60.00
Long Distance Telephone	4.34
Total Taxable Disbursements:	\$ 140.18


BILL SUMMARY

	Our Fees:	\$	6,905.00
	Total Disbursements:	\$	140.18
REG # 110 152 824	Total HST:	\$	915.87
	Total Current Invoice Due:	CAD \$	<u>7,961.05</u>

This is our account.

DLA Piper (Canada) LLP

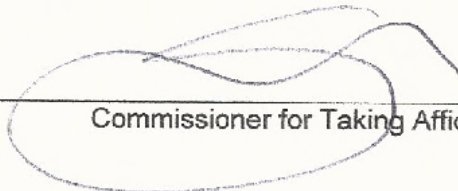
Per:



Bruce E. Darlington

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

This is Exhibit "C" referred to in the Affidavit of Bruce Darlington,
sworn June 15, 2016



Commissioner for Taking Affidavits



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com
T 416.365.3500
F 416.365.7888

June 14, 2016

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

INVOICE NUMBER: 1634141
FILE NUMBER: 17161-00001
BUSINESS NUMBER: REG # 110 152 824
FROM THE OFFICE OF: Bruce E. Darlington
DIRECT LINE: 416.365.3529

For Professional Services rendered and disbursements advanced through June 13, 2016.

Our Fees:	\$	4,985.00
Total HST:	\$	648.05
Total Current Invoice Due:	CAD \$	5,633.05

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

Remittance Advice:

Cheque Payments To:
DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King Street West
Toronto ON M5X 1E2 Canada

Canadian dollar Wire Payments To:
DLA Piper (Canada) LLP
Bank: Royal Bank of Canada
Main Branch - 200 Bay Street, Main Floor
Toronto ON M5J 2J6 Canada
Account: 1423136
Transit #: 00002
Institution #: 003
Swift #: ROYCCAT2
ABA #: 021000021
Please indicate Invoice Number

Invoice No: 1634141
File No: 17161-00001
Amount: **CAD \$ 5,633.05**

Please return remittance advice
with cheque.



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com
T 416.355.3500
F 416.355.7886

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Vaughan, ON L4K 4K7 Canada

Our File No: 17161-00001

Ira Smith Trustee & Receiver Inc.
Re: Settler's Ghost Golf Club Limited Partnership

Date: June 14, 2016
Invoice Number: 1634141

For Professional Services rendered and disbursements advanced through June 13, 2016.

PROFESSIONAL SERVICES

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
06/07/16	BYD	Reviewing and replying to email message from B. Smith; drafting email messages to J. Whincup and R. Campbell;	0.40	260.00
06/07/16	BYD	Exchanging email messages with H. Manis re closing arrangement; engaging in telephone call with B. Smith re transition arrangements;	0.80	520.00
06/08/16	BYD	Reviewing email messages from H. Manis, S. Hyde and B. Smith; engaging in telephone conference with B. Smith, I. Smith, H. Manis, S. Hyde and J. Whincup;	0.70	455.00
06/08/16	JQW	Reviewing email exchanges re scheduled conference call; engaging in conference call with H. Manis, B. Darlington, L. Segal, S. Hyde, I. Smith and B. Smith re issues for scheduling.	0.60	240.00
06/09/16	BYD	Reviewing email messages from B. Smith;	0.20	130.00
06/11/16	RXC	Drafting of submissions to Canada Revenue Agency in dispute of rulings with respect to D. Graham;	1.90	665.00
06/12/16	RXC	Drafting of submissions to CRA in support of appeal of Rulings regarding D. Graham;	2.60	910.00
06/12/16	BYD	Reviewing R. Campbell's draft CRA submissions and providing comments;	0.30	195.00
06/13/16	BYD	Exchanging email messages with H. Manis;	0.10	65.00
06/13/16	BYD	Reviewing email messages from S. Evans, S. Hyde and B. Smith; reviewing draft notice to course managers; reviewing draft receiver's report;	0.60	390.00
06/13/16	RXC	Discussing with J. Whincup re: appeal of CRA.	0.90	315.00



Matter: 17161-00001
Invoice: 1634141
Page: 2

<u>Date</u>	<u>Professional</u>	<u>Description</u>	<u>Hours</u>	<u>Amount</u>
06/13/16	JQW	ruling regarding D. Graham; finalizing appeal submissions and e-mailing same to B. Smith; Discussing CRA appeal with R. Campbell and revising schedule "A" to accord with insolvency proceeding; reviewing and responding to emails from H. Mannis and B. Darlington re closing agenda; reviewing and responding to emails from B. Smith re notices to M. Quilty and D. Graham; reviewing draft report of the receiver;	2.10	840.00
Total Taxable Hours and Fees:			11.20 \$	4,985.00

BILL SUMMARY

REG # 110 152 824	Our Fees:	\$	4,985.00
	Total HST:	\$	648.05
	Total Current Invoice Due:	CAD \$	5,633.05

This is our account.

DLA Piper (Canada) LLP

Per:


Bruce E. Darlington

Please note that this account is payable on receipt. If not paid within 30 days from the invoice date, interest at the rate of prime plus 2% per annum will be charged from the invoice date.

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and-

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP,
FSP HOLDINGS INC. and LANA STODDART
Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF BRUCE DARLINGTON
(Sworn June 15, 2016)**

DLA PIPER (CANADA) LLP

1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____
JUSTICE _____

)
)
)
)
)

~~WEEKDAY, MONDAY~~ THE #
~~DAY OF MONTH, 20YRTH~~

JUSTICE

DAY OF JUNE, 2016

B E T W E E N:

~~PLAINTIFF~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER Section 243 of the Bankruptcy and Insolvency Act RSC 1985, c
B-3 and Section 101 of the Courts of Justice Act RSO 1990, c C-43

APPROVAL AND VESTING ORDER

THIS MOTION, made by [~~RECEIVER'S NAME~~] in its capacity as the
Court appointed Ira Smith Trustee & Receiver Inc., as receiver ~~(and manager (in such~~

capacities, the "Receiver") without security, of all the undertaking, property and assets of [DEBTOR] (the "Debtor") for an order assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Debtors") for an order:

1. abridging the time for service;
2. approving the activities of the Receiver as set out in the second report of the Receiver dated June 15, 2016 (the "Second Report");
3. approving the and completion of the sale transaction (the "Transaction") contemplated by an agreement of offer to purchase and sale (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") dated [DATE] and Pace Savings & Credit Union Limited (the "Stalking Horse Bid"), as appended to the Second Report of the Receiver dated [DATE] (the "Report") as Exhibit E, and vesting in the Pace Savings & Credit Union Limited (the "Purchaser") the Debtor's Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "Stalking Horse Bid, subject to the priorities identified in the Stalking Horse Bid (the "Purchased Assets"),

was heard this day at 330 University Avenue, 8th Floor, Toronto, Ontario.

ON READING the Motion Record of the Receiver, including the Second Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING] counsel for the Purchaser, no one

appearing for any other person on the service list, although properly served as appears from the affidavit Affidavit of [NAME] Kim Hamill, sworn [DATE] June 15, 2016, filed¹:

1. THIS COURT ORDERS that the time and method of service of the motion record be and hereby is abridged and validated and that the motion is properly returnable today.

2. THIS COURT ORDERS that the activities of the Receiver, as set out in the Second Report are hereby approved.

3. ~~1.~~ THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the ~~Sale Agreement~~ Stalking Horse Bid by the Receiver³ is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. ~~2.~~ THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in

¹ ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

and to the Purchased Assets described in the ~~Sale Agreement~~ [Stalking Horse Bid, and listed on Schedule "B" hereto]⁴, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "'Claims"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [~~NAME~~]Conway dated [~~DATE~~]December 15, 2015 and amended December 18, 2015; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule "C" hereto (all of which are collectively referred to as the "'Encumbrances"', which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "D") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. ~~3.~~ **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the [~~Registry Division of~~ {~~LOCATION~~}]Barrie of a Transfer/Deed of Land in the form

⁴ ~~To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

prescribed by the *Land Registration Reform Act* duly executed by the Receiver][~~Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*]~~⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule "B" hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule "C" hereto.

6. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted~~

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

⁸ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

~~to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

8. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any ~~trustee~~Trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. ~~8.~~ **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

10. ~~9.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule "A" - Form of Receiver's Certificate

Court File No. _____ CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

~~PLAINTIFF~~

Plaintiff

~~—and—~~

~~DEFENDANT~~

Defendant

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Justice Conway of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ was appointed "Court" dated December 15, 2015 and amended on December 18, 2015, Ira Smith Trustee & Receiver Inc., as the receiver (and manager (in such capacities, the "Receiver")) without security, of all of the ~~undertaking, property~~

and assets of [DEBTOR] (the "Debtor"). assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Debtors")

B. Pursuant to an Order of the Court dated [DATE], June 20, 2016, the Court approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement")~~ sale transaction (the "Transaction") contemplated by an offer to purchase between the Receiver [Debtor] and [NAME OF PURCHASER] (the "Purchaser") and Pace Savings & Credit Union Limited (the "Stalking Horse Bid") pursuant to a sale process conducted by the Receiver, and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section~~ sections 19 and 20 of the Sale Agreement Stalking Horse Bid have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the ~~Sale Agreement~~ Stalking Horse Bid.

THE RECEIVER CERTIFIES the following:

- ~~1.~~ The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the ~~Sale Agreement~~ Stalking Horse Bid;
- ~~2.~~ The conditions to Closing as set out in ~~section~~ sections 19 and 20 of the ~~Sale Agreement~~ Stalking Horse Bid have been satisfied or waived by the Receiver and the Purchaser; and
- ~~3.~~ The Transaction has been completed to the satisfaction of the Receiver.
- ~~4.~~ This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE], on June _____, 2016.



~~[NAME OF RECEIVER], in its capacity as~~ Ira Smith Trustee & Receiver Inc., as receiver and manager without security, of all of the undertaking, property and assets of [DEBTOR], and not in its personal capacity, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc.

Per:

Name:
Title:

Schedule “B” - Purchased Assets

1. Part Lot 41-42 Concession 2 Medonte Part 1 Plan 51R30187; Oro-Medonte
2. Being whole of PIN 58527-0314 (LT)
3. Land Titles Division for the Land Registry Office of Simcoe County (No. 51)

Schedule “C” - Claims to be deleted and expunged from title to Real Property

1. Registration Number: RO1467834
2. Registration Number: SC660196
3. Registration Number: SC762211
4. Registration Number: SC804471
5. Execution Number: 15-0000256 – County of Simcoe

**Schedule “D” – Permitted Encumbrances, Easements and Restrictive
Covenants related to the Real Property**

(unaffected by the Vesting Order)

1. None

PACE SAVINGS & CREDIT UNION LIMITED

-and-

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP

et al.

Applicant

Respondents

Court File No. CV-15-11212-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

DLA PIPER (CANADA) LLP

Barristers & Solicitors

1 First Canadian Place

100 King Street West, Suite 6000

P.O. Box 367

Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

TAB 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE ———)
)
JUSTICE ———)
)
WEEKDAY, THE #
DAY OF MONTH, 20YR

THE HONOURABLE)
)
JUSTICE)
)
MONDAY THE 20TH
DAY OF JUNE, 2016

B E T W E E N:

PLAINTIFF

Plaintiff

~~—and—~~

DEFENDANT

Defendant

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act* RSC 1985, c
B-3 and Section 101 of the *Courts of Justice Act* RSO 1990, c C-43

DISCHARGE ORDER

THIS MOTION, made by ~~[RECEIVER'S NAME]~~ Ira Smith Trustee & Receiver Inc., as ~~the Court appointed receiver (and manager (in such capacities, the~~ "Receiver")) ~~without security, of all of the undertaking, property and assets of [DEBTOR]~~ (the "Debtor", including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Debtors")), for an order:

1. ~~approving the activities of the Receiver as set out in the report of the Receiver dated [DATE] (the "Report");~~ abridging the time for service;

2. ~~approving the fees and disbursements of the Receiver and its counsel;~~ 3. approving, including a reserve for the distribution completion of the remaining proceeds available receivership, as set out in the estate second report of the Debtor; [and] Receiver dated June 15, 2016 (the "Second Report");

~~3. 4.~~ discharging [RECEIVER'S NAME] Ira Smith Trustee & Receiver Inc. as Receiver of the undertaking, property and assets of the Debtor [Debtors]; and

~~4. 5.~~ releasing [RECEIVER'S NAME] Ira Smith Trustee & Receiver Inc. from any and all liability, as set out in paragraph 54 of this Order;¹,

was heard this day at 330 University Avenue, 8th Floor, Toronto, ~~Ontario~~ ON.

ON READING ~~the Report, the affidavits~~ Motion Record of the Receiver, including the Second Report and ~~its counsel as to fees (the "Fee Affidavits")~~ the appendices thereto, and on hearing the submissions of counsel for the Receiver, counsel for the debtors, no

¹ ~~If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.~~

one ~~else~~ appearing for any other person on the service list, although properly served as evidenced by appears from the Affidavit of ~~[NAME]~~ Kim Hamill, sworn ~~[DATE]~~, March 18, 2016, filed²;

1. **THIS COURT ORDERS** that the ~~activities of the Receiver, as set out in the Report, are hereby approved.~~ time and method of service of the motion record be and hereby is abridged and validated and that the motion is properly returnable today.

2. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel including the Reserve, as set out in the Second Report ~~and the Fee Affidavits~~, are hereby approved.

3. **THIS COURT ORDERS** that, ~~after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to~~ ~~[NAME OF PARTY]~~³.

~~THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 hereof [and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Second Report], the Receiver shall be discharged as Receiver of the undertaking, property and assets of the DebtorDebtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of [RECEIVER'S NAME]Ira Smith Trustee & Receiver Inc. in its capacity as Receiver.~~

²~~This model order assumes that the time for service does not need to be abridged.~~

³~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

4. ~~5.~~ **THIS COURT ORDERS AND DECLARES** that ~~{RECEIVER'S NAME}~~Ira Smith Trustee & Receiver Inc. is hereby released and discharged from any and all liability that ~~{RECEIVER'S NAME}~~Ira Smith Trustee & Receiver Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of ~~{RECEIVER'S NAME}~~Ira Smith Trustee & Receiver Inc. while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, ~~{RECEIVER'S NAME}~~Ira Smith Trustee & Receiver Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.⁴

⁴~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.~~

Schedule "A" - Form of Receiver's Certificate

Court File No. CV-15-11212-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

and

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP, FSP
HOLDINGS INC. and LANA STODDART

Respondents

APPLICATION UNDER

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Conway of the Ontario Superior Court of Justice (the "Court") dated December 15, 2015 and amended on December 18, 2015, Ira Smith Trustee & Receiver Inc. ("ISI"), as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc. (the "Debtors")

B. Pursuant to an Order of the Court dated June 20, 2016, (the "Discharge Order"), ISI was discharged as Receiver of the undertaking, property and assets of the Debtors to be effective upon the filing by the Receiver with the Court of a certificate confirming that the Receiver has completed the activities described in the Report and all

matters to be attended to in connection with the receivership have been provided for to the satisfaction of the Receiver, provided, however, notwithstanding its discharge: (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of its duties, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of ISI in its capacity as Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Discharge Order

THE RECEIVER CERTIFIES that the Receiver has completed all activities described in the Second Report and all matters to be attended to in connection with the receivership have been provided for to the satisfaction of the Receiver.

Ira Smith Trustee & Receiver Inc., as receiver and manager without security, of all of the assets, including undertakings and properties of Settler's Ghost Golf Club Limited Partnership and FSP Holdings Inc.

Per: _____

Name:

Title:

PACE SAVINGS & CREDIT UNION LIMITED

-and-

SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP

et al.

Applicant

Respondents

Court File No. CV-15-11212-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

DISCHARGE ORDER

DLA PIPER (CANADA) LLP

Barristers & Solicitors

1 First Canadian Place

100 King Street West, Suite 6000

P.O. Box 367

Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver

PACE SAVINGS & CREDIT UNION LIMITED

Applicant

-and- SETTLERS' GHOST GOLF CLUB LIMITED PARTNERSHIP
et al.
Respondents

Court File No. CV-15-11212-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**MOTION RECORD
(RETURNABLE JUNE 20, 2016)**

DLA PIPER (CANADA) LLP

Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 6000
P.O. Box 367
Toronto ON M5X 1E2

Jennifer A. Whincup (LSUC# 60326W)

jennifer.whincup@dlapiper.com

Tel: 416-365-3425

Fax: 416-369-5240

Lawyers for the Receiver