

COURT FILE NUMBER 1103 18646
COURT QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON

Form 49



IN THE MATTER OF THE **COMPANIES'**
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, Chapter C-36, AS
AMENDED

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
ARMAC INVESTMENTS LTD. (AB),
LAKE EDEN PROJECTS INC. (AB),
1204583 ALBERTA INC. (AB), 1317517
ALBERTA INC. (AB), WESTRIDGE PARK
LODGE DEVELOPMENT CORP (AB),
and WESTRIDGE PARK LODGE AND
GOLF RESORT LTD. (AB), HALF MOON
LAKE RESORT LTD. (AB), NO. 50
CORPORATE VENTURES LTD. (BC),
FISHPATH RESORTS CORPORATION
(BC), ARMAC INVESTMENT LTD. (BC),
OSTROM ESTATES LTD. (BC),
HAWKEYE MARINE GROUP LTD. (BC),
JUBILEE MOUNTAIN HOLDINGS LTD.
(BC), GIANT MOUNTAIN PROPERTIES
LTD. (BC), and CHERRY BLOSSOM
PARK DEVELOPMENT CORP (BC)

DOCUMENT **AFFIDAVIT OF JOHN KENNETH PURDY**
sworn on December 3rd, 2013

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT Taylor Law Office
Suite 401, 10722 – 103 Avenue
Edmonton, Alberta
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I, JOHN KENNETH PURDY (also known as "Jack Purdy"), businessman, of the County

of Strathcona, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I have reviewed the Nineteenth Report of the Monitor filed in respect of the within Stay Extension Application. I confirm that all statements and reporting I have made to the Monitor and upon which the Monitor has based its conclusions and recommendations as set out in the Nineteenth Report have been made by me in good faith and are true, and are put forward, confirmed, and attested to by me as if set out and expressly stated in this my Affidavit.
2. As previously attested to, copies of a Draft Plan were provided to CRA and Axxess for review on September 6th, 2013 (the "Draft Plan"). At a subsequent meeting held in Calgary on October 17th, 2013, attended by CRA and Axxess and their respective legal counsel, and attended also by the Monitor and its legal counsel, CRA and Axxess indicated that they required additional time to provide their comments on the Draft Plan, and at that time indicated their support for a further extension of the Initial Stay Order to December 4th, 2013 – which date was subsequently granted by Order of the Honourable Mr. Justice D.R.G. Thomas dated October 25th, 2013. However, both Axxess and CRA have now indicated that they require additional time to consider the Draft Plan, and have requested and indicated their support for a further Stay Extension until February 7th, 2014.
3. The Draft Plan – and necessary to its implementation – contemplates a requirement for new financing. In this regard, I had previously reported that the Purdy Group of Companies were in discussions with Axxess and another party with respect to efforts to obtain such new financing.
4. With respect to Axxess's assistance to obtain such new financing, the Purdy Group of Companies, through LBVR, had worked with Axxess to complete a Financing Package for Axxess's marketing purposes, and I had strongly been led to believe that such marketing effort was in fact underway. As set out in the Nineteenth Report, however, by correspondence dated November 27th, 2013, Axxess requested a retainer fee of \$16,250.00 in order to engage its services for this marketing effort, which fee was immediately agreed to be paid from the

LBVR set-aside funds, and requested from the Monitor, who immediately wired the requested monies to my legal counsel for forwarding to Axxess. By further correspondence dated December 2nd, 2013, Axxess rescinded its offer to provide the contemplated Financing Package marketing services. In the result, the \$16,250.00 retainer fee will forthwith be returned by my counsel back into the Monitor's trust.

5. Notwithstanding the foregoing, I remain optimistic of the Purdy Group of Companies ability to obtain new financing as contemplated in furtherance of the Draft Plan, and I expect to have a finalized form of Letter of Commitment from an alternative lender in hand prior to the within requested next Stay Extension date. In fact, the only outstanding issue of continued negotiation in this regard is a singular issue related to timing of lender approvals from its syndicate members, which I am confident we are near to resolving satisfactorily in order to meet both lender and borrower requirements in this regard. The Purdy Group of Companies had previously put negotiations with this alternative lender in abeyance, believing that moving forward with Axxess was a preferred option.
6. I am advised by my counsel that we are now in the process of finalizing the form of Order in respect of the decision of the Honourable Mr. Justice B.R. Burrows in the County of Strathcona matter, and expect that this Order will be entered very shortly.
7. Given the historical hostility between the County and HMLR, and the County's reluctance to deal directly with me during the course of the litigation, I believed it to be very important, following Justice Burrows' decision in favour of HMLR with respect to the 35 year term Campsite Rental Agreement, to renew personal contact with the County prior to entry of the Order.
8. I am pleased to state that after the decision of Justice Burrows, and after what I believe to have been an extremely successful operating season with attendance by thousands of community members, I have now met on three occasions with the County's Planning and Development people, which provided me with renewed opportunity to meet people and present development and community

contribution information, all to a very positive reception. Indeed, these meetings have resulted in an openly declared intention to facilitate cooperation between the County and HMLR on a go-forward basis, which I believe has significantly mitigated past perception issues and with that the corresponding increased risk of potential appeal by the County in respect of Justice Burrow's decision.

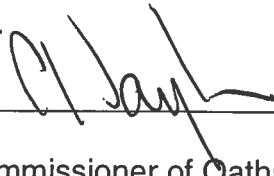
9. If, however, despite my relationship building efforts, the County were nevertheless to appeal, I am advised by my counsel and believe it to be true that, while the appeal would certainly result in some delay (which delay would not in and of itself delay Plan implementation in any way), the limited substantive grounds of an appeal by the County are such as to suggest a very low likelihood of any success. I would be very disappointed and surprised, however, were the County to take this approach after the clear commitments toward cooperation that have now been expressed to me by the County during the recent course of my meetings with them.
10. As set out and supported by the Monitor in paragraphs 54-57 of the Nineteen Report, the Purdy Group of Companies are seeking release of \$150,000.00 from the set-aside funds held in trust by the Monitor from the sale of the Ocean Front Property, and require these monies for the purposes set out and described in the Nineteenth Report. The requested funds are required to support necessary forecast expenditures, as reflected in the Updated Forecast attached as Appendix "C" to the Nineteenth Report (and as Exhibit "A" to this my Affidavit).
11. By Notice of Application served on the Purdy Group of Companies on December 2, 2013, Axxess makes application in respect of the Stony Plain Road property, and specifically seeks an amended Order for Sale such as to reflect a transfer sale value in the amount of the current taxes owing only, that being an amount of approximately \$95,000.00.
12. I have good reason to believe that the fair market value of this property is by far in excess of the outstanding amount of taxes owing, indeed in an amount which I believe could well be in excess of \$450,000.00, and potentially as high as

\$600,000.00, although a current fair market value appraisal would have to be undertaken to determine this with certainty.

13. While it is true that the building on the Stony Plain Road property is itself in dilapidated state, this property nevertheless remains valuable even on a land value only sales basis, for reasons including: I am advised that the City has already spent or committed \$20,000,000.00 on streetscape improvement in the immediate vicinity of the property; I believe that the LRT West expansion plans as now contemplated will place LRT access within one block from this property; the property is zoned such that a prospective buyer would almost certainly look to remove the existing limited use building in any event and re-build to maximize density consistent with current zoning.
14. I am advised, and believe it to be true, that the process by which a City tax sale is conducted is for the City to obtain a third party appraisal of the property, which appraisal value then forms the reserve bid in the subsequent tax sale. For this reason, I believe that a preferred option for creditors would be to instead allow the property to be listed for sale by way of tax sale (the tax sale would not take place until April 2014), in the interim allowing both the Purdy Group of Companies and Axxess to consider alternative methods of disposing of or otherwise dealing with this property.
15. Attached to this my Affidavit as Exhibit "A" is a copy of the Applicants' Actual to Forecast Cash Flow Results for the period of September 8th, 2013 to October 31st, 2013, and a copy of the Updated Forecast Cash Flow for the period of November 23rd, 2013 to February 7th, 2014 (the "Forecast Period").
16. I believe that the Updated Forecast Cash Flow is based on reasonable and achievable assumptions. I further believe that the Applicants have or will have sufficient available cash to meet their current obligations through the Forecast Period.

CONAN J. TAYLOR
Barrister and Solicitor

This is exhibit "A" referred to in the affidavit of JOHN KENNETH PURDY sworn before me on December 3, 2013.



A Commissioner of Oaths for
the Province of Alberta

CONAN J. TAYLOR

~~Barrister and Solicitor~~
PRINT NAME AND EXPIRY

LBVR (Hawkeye Group Properties)

Actual Cash Flow

the period of September 8, 2012 to October 31, 2013
(in CDN dollars)

	Sept 8 - Oct 31/12	Nov 1 - Nov 30/12	Dec 1 - Dec 31/12	Jan 1 - Jan 31/13	Feb 1 - Feb 28/13
<u>Operating receipts</u>					
Funds received from the Purdy Group					
Fishpath sales and rental receipts	\$ 150,000	\$ 100,000	\$ -	\$ 100,000	\$ 140,000
Fuel sales	4,069	4,948	(2,660)	(1,886)	(801)
Other miscellaneous receipts	-	-	-	-	-
<i>Total operating receipts</i>	<u>546</u>	<u>442</u>	<u>2,763</u>	<u>4,256</u>	<u>2,343</u>
	\$ 154,615	\$ 105,389	\$ 103	\$ 102,370	\$ 141,542
<u>Operating Disbursements</u>					
Management fees	\$ 33,300	\$ 16,650	\$ 16,650	\$ 16,650	\$ 16,650
Restaurant food and beverage inventory	4,906	1,604	4,260	2,937	5,480
Operations labour	4,319	4,051	7,889	8,630	6,857
Utility costs	4,738	1,976	7,215	12,021	7,400
Fuel inventory	-	-	-	6,904	-
Travel expenses	2,835	4,644	1,858	1,510	(433)
Insurance expense	-	-	-	-	-
Office, pub and cleaning supplies	2,350	252	2,544	8,144	3,170
Other misc	298	458	(106)	86	654
Bank service charges and other permit costs	184	319	231	191	298
<i>Total operating disbursements</i>	<u>52,931</u>	<u>29,954</u>	<u>40,541</u>	<u>57,073</u>	<u>40,075</u>
	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Capital costs</u>					
Furniture and equipment purchases	\$ 3,974	\$ -	\$ 25,446	\$ 13,521	\$ 63,737
Repairs and maintenance	11,472	3,030	13,233	27,788	42,625
<i>Total capital costs</i>	<u>15,446</u>	<u>3,030</u>	<u>38,680</u>	<u>41,309</u>	<u>106,362</u>
	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total operating and capital costs</i>	<u>68,377</u>	<u>32,983</u>	<u>79,220</u>	<u>98,381</u>	<u>146,437</u>
	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net change in cash</u>					
Opening cash	\$ 86,239	\$ 72,406	\$ (79,117)	\$ 3,989	\$ (4,895)
Ending Cash	<u>-</u>	<u>86,239</u>	<u>158,645</u>	<u>79,528</u>	<u>83,517</u>
	\$ 86,239	\$ 158,645	\$ 79,528	\$ 83,517	\$ 78,622

LBVR (Hawkeye Group Properties)

Actual Cash Flow

the period of September 8, 2012 to October 31, 2013
(In CDN dollars)

	Mar 1 - Mar 31/13	Apr 1 - Apr 30/13	May 1 - May 31/13	June 1 - June 30/13
<u>Operating receipts</u>				
Funds received from the Purdy Group	\$ 60,000	\$ 100,000	\$ -	\$ 78,000
Fishpath sales and rental receipts	4,319	4,718	13,154	21,734
Fuel sales	-	-	14,072	23,434
Other miscellaneous receipts	1,295	2,809	2,450	4,430
Total operating receipts	\$ 65,614	\$ 107,527	\$ 29,676	\$ 127,598
<u>Operating Disbursements</u>				
Management fees	\$ 16,650	\$ 16,650	\$ 16,650	\$ 16,650
Restaurant food and beverage inventory	29,904	3,044	8,722	1,006
Operations labour	9,078	12,502	8,750	14,353
Utility costs	11,531	5,252	3,993	7,386
Fuel inventory	-	29,739	-	16,579
Travel expenses	5,553	3,713	1,472	2,893
Insurance expense	-	-	-	-
Office, pub and cleaning supplies	1,651	6,478	854	3,076
Other misc	440	139	184	3,645
Bank service charges and other permit costs	1,360	463	541	511
Total operating disbursements	\$ 76,166	\$ 77,981	\$ 41,166	\$ 66,101
<u>Capital costs</u>				
Furniture and equipment purchases	\$ 2,330	\$ 4,712	\$ -	\$ 34,289
Repairs and maintenance	8,891	36,816	7,325	9,940
Total capital costs	\$ 11,221	\$ 41,528	\$ 7,325	\$ 44,230
Total operating and capital costs	\$ 87,387	\$ 119,509	\$ 48,491	\$ 110,330
<u>Net change in cash</u>				
Opening cash	\$ (21,773)	\$ (11,981)	\$ (18,815)	\$ 17,268
Ending Cash	\$ 78,622	\$ 56,849	\$ 44,867	\$ 26,052
	\$ 56,849	\$ 44,867	\$ 26,052	\$ 43,320

LBVR (Hawkeye Group Properties)

Actual Cash Flow

the period of September 8, 2012 to October 31, 2013

(in CDN dollars)

	July 1 - July 31/13	Aug 1 - Aug 31/13	Sept 1 - Sept 31/13	Oct. 1 - Oct. 31/13	14 month Total
<u>Operating receipts</u>					
Funds received from the Purdy Group		\$ 100,000	\$ -	\$ 27,000	\$ 855,000
Fishpath sales and rental receipts	38,394	44,065	23,348	3,394	156,797
Fuel sales	47,775	55,322	22,045	5,745	168,393
Other miscellaneous receipts	5,342	4,431	2,417	1,649	35,173
Total operating receipts	\$ 91,511	\$ 203,818	\$ 47,810	\$ 37,787	\$ 1,215,363
<u>Operating Disbursements</u>					
Management fees	16,650	16,650	16,650	16,650	233,100
Restaurant food and beverage inventory	5,368	8,609	911	880	77,631
Operations labour	16,724	22,259	17,956	6,436	139,805
Utility costs	3,785	2,225	9,261	65	76,849
Fuel inventory	20,877	67,058	38,645	991	180,793
Travel expenses	1,720	2,447	525	2,068	30,806
Insurance expense	-	7,610	5,750	5,750	19,111
Office, pub and cleaning supplies	2,967	2,800	2,808	1,853	38,948
Other misc	1,037	-	-	3	6,838
Bank service charges and other permit costs	1,572	2,426	5,636	915	14,646
Total operating disbursements	\$ 70,701	\$ 132,084	\$ 98,142	\$ 35,611	\$ 818,525
<u>Capital costs</u>					
Furniture and equipment purchases	-	-	-	-	148,008
Repairs and maintenance	1,518	2,694	3,054	328	168,715
Total capital costs	\$ 1,518	\$ 2,694	\$ 3,054	\$ 328	\$ 316,723
Total operating and capital costs	\$ 72,219	\$ 134,778	\$ 101,196	\$ 35,939	\$ 1,135,248
Net change in cash					
Opening cash	19,292	69,041	(53,386)	1,849	80,115
Ending Cash	43,320	62,612	131,653	78,267	-
	62,612	131,653	78,267	80,115	80,115


Purdy Group of Companies
Updated Forecast Cash Flow
For the period of November 23, 2013 to February 7, 2014 (the "Forecast Period")
(In CDN dollars)

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	TOTAL Forecast Week 106 to 116
	Week 106 29-Nov-13	Week 107 6-Dec-13	Week 108 13-Dec-13	Week 109 20-Dec-13	Week 110 27-Dec-13	Week 111 3-Jan-14	Week 112 10-Jan-14	Week 113 17-Jan-14	Week 114 24-Jan-14	Week 115 31-Jan-14	Week 116 7-Feb-14					
<u>Receipts</u>																
Half Moon Lake Resort receipts	-	1,500	1,000	-	-	3,500	-	-	-	-	3,500					9,500
Other receipts	-	-	-	-	-	-	-	-	-	-	-					-
<u>Total operating receipts</u>	-	1,500	1,000	-	-	3,500	-	-	-	-	3,500					9,500
<u>Funds from Monitor's Trust Account</u>																
	401,250	10,000	75,000	10,000	-	85,000	35,000	-	5,000	-	35,000					656,250
<u>Total receipts</u>	401,250	11,500	76,000	10,000	-	88,500	35,000	-	5,000	-	38,500					665,750
<u>Disbursements</u>																
Half Moon Lake expenses	-	12,000	-	5,000	-	4,000	-	-	-	-	4,000					25,000
Consulting fees	-	-	-	-	-	5,000	-	-	-	-	-					5,000
Management Fees	-	-	-	5,000	-	-	-	-	5,000	-	-					10,000
Financing Fees	16,250	-	-	-	-	-	-	-	-	-	-					16,250
Interest reserve payment	115,000	-	-	-	-	-	-	-	-	-	-					115,000
<u>Total disbursements</u>	131,250	12,000	-	10,000	-	9,000	-	-	5,000	-	4,000					171,250
<u>LBVR management agreement disbursements</u>																
Release of funds to LBVR	-	-	30,000	-	-	-	35,000	-	-	-	35,000					100,000
<u>Total operating & LBVR disbursements</u>	131,250	12,000	30,000	10,000	-	9,000	35,000	-	5,000	-	39,000					271,250
<u>Restructuring professional fees</u>																
- Monitor	270,000	-	-	-	-	40,000	-	-	-	-	-					310,000
- Company Counsel	-	-	-	-	-	17,500	-	-	-	-	-					17,500
- Monitor Counsel	-	-	45,000	-	-	22,500	-	-	-	-	-					67,500
<u>Total restructuring professional fees</u>	270,000	-	45,000	-	-	80,000	-	-	-	-	-					395,000
<u>Total disbursements</u>	401,250	12,000	75,000	10,000	-	89,000	35,000	-	5,000	-	39,000					666,250
<u>Net change in Applicant cash</u>	-	(500)	1,000	-	-	(500)	-	-	-	-	(500)					(500)

<u>APPLICANT CASH BALANCE</u>																
Opening cash	845	845	345	1,345	1,345	1,345	845	845	845	845	845					845
Net change in operating cash	-	(500)	1,000	-	-	(500)	-	-	-	-	(500)					(500)
Ending Cash	845	345	1,345	1,345	1,345	845	845	845	845	845	345					345

Purdy Group of Companies
Updated Forecast Cash Flow
For the period of November 23, 2013 to February 7, 2014 (the "Forecast Period")
(in CDN dollars)

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	TOTAL Forecast Week 106 to 116
	Week 106 29-Nov-13	Week 107 6-Dec-13	Week 108 13-Dec-13	Week 109 20-Dec-13	Week 110 27-Dec-13	Week 111 3-Jan-14	Week 112 10-Jan-14	Week 113 17-Jan-14	Week 114 24-Jan-14	Week 115 31-Jan-14	Week 116 7-Feb-14				
FUNDS HELD BY MONITOR															
Opening Cash	727,309	326,059	316,059	241,059	231,059	231,059	146,059	111,059	111,059	106,059	106,059				727,309
Collection of funds - other	(16,250)	-	(30,000)	-	-	-	-	-	-	-	-				-
Release of funds to Applicants (for LBVR)	(385,000)	(10,000)	(45,000)	(10,000)	-	(85,000)	(35,000)	-	-	-	(35,000)				(116,250)
Release of funds to Applicants (for operations)	(401,250)	(10,000)	(75,000)	(10,000)	-	(85,000)	(35,000)	-	(5,000)	-	-				(540,000)
Ending cash	326,059	316,059	241,059	231,059	231,059	146,059	111,059	111,059	106,059	106,059	71,059				(656,250)
															71,059
TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING															
Applicant ending cash balance	845	345	1,345	1,345	1,345	845	845	845	845	845	345				345
Total Funds held by Monitor	326,059	316,059	241,059	231,059	231,059	146,059	111,059	111,059	106,059	106,059	71,059				71,059
Less: Funds held for LBVR Agreement	(147,000)	(147,000)	(117,000)	(117,000)	(117,000)	(117,000)	(82,000)	(82,000)	(82,000)	(82,000)	(47,000)				(47,000)
Cash held in trust per Court Order	(170,000)	(160,000)	(115,000)	(105,000)	(105,000)	(25,000)	(25,000)	(25,000)	(20,000)	(20,000)	(20,000)				(20,000)
	9,059	9,059	9,059	9,059	9,059	4,059	4,059	4,059	4,059	4,059	4,059				4,059
Cash available for general restructuring	9,904	9,404	10,404	10,404	10,404	4,904	4,904	4,904	4,904	4,904	4,404				4,404


Jack Purdy, President
Purdy Group