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EDMONTON

PLAINTIFF

ROYAL BANK OF CANADA

DEFENDANT

SPRAGUE-ROSSER CONTRACTING CO. LTD.,  
SPRAGUE-ROSSER DEVELOPMENTS INC., PACIFIC  
FEDERATION EQUITY GROUP INC., JEFFERY JESSAMINE,  
DANIEL EDWARDS AND MATTHEW MACKAY

DOCUMENT

**THIRD REPORT OF ALVAREZ & MARSAL CANADA  
INC., IN ITS CAPACITY AS COURT APPOINTED  
RECEIVER OF SPRAGUE-ROSSER CONTRACTING CO.  
LTD., SPRAGUE-ROSSER DEVELOPMENTS INC.,  
PACIFIC FEDERATION EQUITY GROUP INC.**

**OCTOBER 21, 2014**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

ALVAREZ & MARSAL CANADA INC.

Todd Martin

Tom Powell

Tim Reid

Bow Valley Square I

Suite 570, 202 – 6<sup>th</sup> Avenue SW

Calgary, Alberta T2P 2R9

Phone: (403) 538-4756

Email: treid@alvarezandmarsal.com

**COUNSEL**

MCCARTHY TETRAULT LLP

Sean Collins

Suite 4000, 421 – 7<sup>th</sup> Avenue SW

Calgary, Alberta T2P 4K9

Phone: (403) 260-3531

Email: scollins@mccarthy.com

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## INTRODUCTION AND BACKGROUND

1. Alvarez & Marsal Canada Inc. was appointed Receiver (the “**Receiver**” or “**A&M**”) of all of the assets, undertakings and properties of Sprague-Rosser Contracting Co. Ltd. (“**Contracting**”), Sprague-Rosser Developments Inc. and Pacific Federation Equity Group Inc. (collectively, “**SR**” or the “**Companies**”) pursuant to an order of Honourable Madam Justice J. B. Veit (the “**Receivership Order**”) granted on July 31, 2014 (the “**Receivership Date**”).
2. On August 7, 2014 this Honourable Court amended and restated the Receivership Order (the “**Amended Receivership Order**”) to provide for certain rights to Western Surety Company (“**Western**”) in respect of bonded construction projects undertaken by SR that the Receiver does not intend to complete.
3. SR’s head office is located in Edmonton, Alberta and prior to the Receivership Date its principal business was acting as a heavy construction contractor on projects located in Alberta and Saskatchewan.
4. On August 28, 2014, upon application of the Receiver, a Court order was granted authorizing and empowering A&M to:
  - a) cause Contracting to make a voluntary assignment in bankruptcy; and
  - b) act as trustee of Contracting pursuant to the provisions of the *Bankruptcy and Insolvency Act*.
5. On September 3, 2014 A&M assigned SR into Bankruptcy and A&M is now acting in a capacity as Trustee in Bankruptcy as well as Receiver .
6. On October 7, 2014, upon application of the Receiver, a Court order (the “**October 7 Order**”) was granted increasing the Receiver’s borrowing powers to a maximum of \$1,000,000 (or such greater amount as the Court may by further Order authorize) for the purpose of funding the powers and duties conferred upon the Receiver.
7. The Receiver is filing an application seeking:
  - a) orders approving the sale and vesting of certain capital assets (the “**Sale and Vesting Orders**”); and
  - b) a temporary sealing order with respect to the summary analysis of offers received and the two offers accepted as a result of the Sales Process (the “**Sealing Order**”).
8. Further background including a copy of the Amended Receivership Order, the previous two Reports of the Receiver and the Trustee’s Report to the Creditors on the Preliminary

Administration are posted on the Receiver's website at [www.alvarezandmarsal.com/sprague](http://www.alvarezandmarsal.com/sprague) (the "**Receiver's Website**").

9. Capitalized terms not defined in this third report of the Receiver (the "**Third Report**") are as defined in the Amended Receivership Order.
10. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

11. In preparing the Third Report, the Receiver has relied upon unaudited financial information, company records and discussions with management of Sprague-Rosser. The Receiver has not performed an audit, review or other verification of such information.

#### **PURPOSE OF REPORT**

12. The Third Report is intended to provide this Honourable Court with information with respect to the following matters:
  - a) the activities of the Receiver since the second report of the Receiver dated October 1, 2014, (the "**Second Report**");
  - b) the sales process (the "**Sales Process**") undertaken by the Receiver to solicit offers for the purchase of the capital assets of SR (the "**Capital Assets**");
  - c) the Receiver's application for the Sale and Vesting Orders; and
  - d) the Receiver's application for the Sealing Order.

#### **RECEIVER'S ACTIVITIES**

13. The Receiver's activities since the date of the Second Report include the following:
  - a) managing the Sales Process for the Capital Assets which consist primarily of a shop facility in Acheson, Alberta, bare land in Edmonton, Alberta, and machinery, equipment and materials inventory held at various locations in Alberta and Saskatchewan;
  - b) reviewing and analyzing offers received during the Sales Process;
  - c) confirming or clarifying certain offer terms and seeking revised final offers in two cases;
  - d) reviewing lease and ownership claims of property in the possession of the Receiver and, when appropriate, arranging for release of same;
  - e) performing a review of supporting documentation and historic correspondence with respect to project accounts receivable and holdback receivables and corresponding with representatives of the customers and their legal counsel regarding same;

- f) attending various meetings and discussions with the Receiver's legal counsel to review, among other things, disputed project accounts receivable and obtain legal advice regarding alternatives for pursuing recoveries, various matters involving Western, competing secured claims to leased equipment and other matters;
- g) corresponding with customers regarding July 2014 progress billings and holdback accounts receivable;
- h) attending to various employee matters;
- i) attending to payment of contractors and suppliers and updating the Receiver's interim statement of cash receipts and disbursements;
- j) retaining former SR employees on a contract basis to assist with the administration of the Receivership;
- k) attending meetings and discussions with former management and shareholders of the Companies;
- l) preparing for the Court hearing of the application for the October 7 Order;
- m) communicating with the primary secured lenders (and/or their legal counsel) in this matter including various equipment lease financiers, BDC Capital Inc., Business Development Bank of Canada ("**BDC**"), Western and Royal Bank of Canada ("**RBC**") and providing updates on the Receiver's realization efforts and the receivership generally;
- n) communicating with major stakeholders with respect to the offers received for the Capital Assets during the Sales Process;
- o) communicating with RBC with respect to the Receiver's borrowing powers and issuance of and funding Receiver Certificate #2;
- p) responding to various creditor enquiries; and
- q) attending to various duties of the Receiver pursuant to the Receivership Order, the BIA, the *Wage Earners' Protection Program Act*, SC 2005, c 47 and other applicable statutes.

#### **INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

14. Summarized in the table below is the Receiver's interim statement of cash receipts and disbursements to October 17, 2014 (the "**R&D**"):
 

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**Receiver's Interim Statement of Cash Receipts and Disbursements  
for the period July 31, 2014 to October 17, 2014  
\$000's**

<b>Receipts</b>	
Receiver borrowings	\$ 1,000
Collections of accounts receivable	124
Sale of other assets	4
Other receipts	15
<b>Total Receipts</b>	<b><u>1,143</u></b>
<b>Disbursements</b>	
Wages and contractor payments	361
Equipment demobilization and transportation	103
Insurance	73
Utilities and services	59
Rent	46
Other	26
<b>Total Disbursements</b>	<b><u>\$ 668</u></b>
<b>Net cash flow</b>	<b><u>\$ 475</u></b>
<b>Closing cash balance</b>	<b><u><u>\$ 475</u></u></b>

15. The Receiver has incurred obligations in respect of Receiver fees, legal fees and other commitments that have not yet been paid and are not reflected in the R&D.

**SALES PROCESS**

**Receiver's Powers to Market the Property**

16. Pursuant to section 3 of the Amended Receivership Order, the Receiver is empowered to among other things:

*"3. . . . (k) to market any and 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;*

*(l) 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 \$500,000 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and*

*(ii) with the approval of the 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 60(8) of the PPSA shall not be required;*

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

17. Details of the Sales Process undertaken by the Receiver are described in the following section.

**Sales Process**

18. The Receiver launched the Sales Process by developing an information package (the “**Sale Information Package**”) which was made available to all interested parties on a secure web based data site (the “**Data Site**”). A copy of the Sale Information Package is attached as Appendix “**A**”.

19. The substantive information contained in the Sale Information Package includes the following:

- a) a description of the Sales Process, tentative dates for inspection of assets at each location and a deadline for submission of offers of October 3, 2014 (the “**Offer Deadline**”);
- b) descriptions and detailed lists of the following asset parcels:

Parcel A – Acheson Real Estate

Parcel B – Edmonton (Maple Ridge) Real Estate

Parcel C – Acheson Light Duty Trucks

Parcel D – Acheson Heavy Duty Trucks

Parcel E – Acheson Trailers

Parcel F – Acheson Construction Equipment

Parcel G – Acheson Financed Equipment

Parcel H – Acheson Financed Equipment

Parcel I – Acheson Ancillary and Attachments

Parcel J – Saskatoon Construction Equipment

Parcel K – Saskatoon Financed Equipment

Parcel L – Saskatoon Ancillary and Attachments

- c) terms and conditions of sale which include, among other things, the requirement to post a 10% deposit, Court approval of any sales transactions and that all sales are on an “*as is, where is*” basis with no representations or warranties expressed or implied as to title, condition or fitness for use; and
- d) a form of offer which incorporates the terms and conditions and denotes the identity of the prospective purchaser.

20. Through discussions with former management of SR, industry association databases and independent research, the Receiver contacted 105 parties including competitors of SR, construction, trucking and equipment companies, auctioneers and real estate brokers.
21. In addition to direct solicitation of the parties indicated above, the Receiver advertised the Sales Process in the following regional and national Canadian newspapers:
  - a) Globe & Mail (National Edition), September 13, 2014;
  - b) Edmonton Journal, September 11, 2014;
  - c) Calgary Herald, September 12, 2014; and
  - d) Saskatoon Star Phoenix, September 11, 2014.
22. Prospective purchasers were provided access to the Data Site which included the Sale Information Package, equipment listings and other due diligence materials.
23. As at the Offer Deadline, 66 individual organizations had accessed the Data Site.

#### **Offers Received**

24. The Receiver received 18 separate offers prior to the Offer Deadline, 17 of which were for individual or multiple parcels and one was an enbloc offer.
25. Prior and subsequent to the deadline of October 3, 2014 the Receiver has confirmed or clarified certain offer terms and sought a revised final offer in two cases.
26. A summary of the various offers received is attached as Confidential Appendix "B".

#### **Review of the Offers**

27. The Receiver considered the following when reviewing the Offers:
  - a) whether they were the highest and best offers received for each parcel;
  - b) the extent to which the purchase price in the Offers were consistent with independent appraisals received by A&M during the Receivership;
  - c) the overall execution risk associated with closing a transaction with the particular prospective purchaser;
  - d) the extent to which the purchaser complied with the Sales Process and adopted the Receiver's standard form of offer;
  - e) the size of non-refundable deposits posted;
  - f) whether sales or auction commissions were to be paid by the Receiver which would reduce the net proceeds; and
  - g) the support of key stakeholders including RBC and BDC.



### **Offers Accepted Subject to Court Approval**

28. After review, analysis and clarification of certain offer terms, the Receiver has accepted, subject to the Court's approval, one offer for the Acheson real estate and one offer that includes all of the equipment with the exception of certain equipment included in Parcel G which is fully encumbered by equipment financing and/or the security of RBC. Copies of the two offers that have been accepted subject to Court approval (the "**Accepted Offers**") are attached as Confidential Appendix "**C**".
29. As summarized in Confidential Appendix "**B**", offers were received for the Edmonton (Maple Ridge) Real Estate (Parcel B) and the Receiver is in discussions with one party with respect to their offer. However, the Receiver is deferring seeking court approval of this sale pending resolution of two caveats registered on title. One is registered by the City of Edmonton and relates to the initial servicing agreement. The Receiver has requested the City of Edmonton discharge the caveat. The other caveat relates to the original vendors assertion that it has a right to repurchase the property. The matter was heard by the Alberta Court of Appeal prior to the Receivership and it was ordered the caveat be discharged. In early September 2014, the caveator made an application for leave to appeal the matter to the Supreme Court of Canada. The Receiver, through its legal counsel, responded to the appellant's leave application. The Receiver is considering its position on whether Parcel B may be sold notwithstanding the caveat or whether it is necessary or advisable to wait for the application for leave to appeal to be determined which will not likely be until early 2015.

### **Confidential Appendices and Temporary Sealing Order**

30. Confidential Appendices "**B**" and "**C**" (the "**Confidential Appendices**") contain information of a commercial nature which, if disclosed to third parties prior to the closing of the sales for the Accepted Offers, could materially jeopardize the sales. If any of the sales in respect of the Accepted Offers do not close, disclosure to third parties could materially jeopardize the value that could be obtained from a subsequent sale. Accordingly, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant a Temporary Sealing Order in relation to the Confidential Appendices.

### **SALE AND VESTING ORDERS AND TEMPORARY SEALING ORDER**

31. The form of the Sale and Vesting Orders provide for, among other things:
  - a) the Court's approval of the sale activities and recommendation of the Receiver with respect to the Sales Process;

- b) the Court's approval and ratification of the Accepted Offers as accepted by the Receiver;
- c) an order vesting title of the Property to the purchaser free and clear of all liens, encumbrances and other such limitation or restrictions in respect of title, other than permitted encumbrances; and
- d) an order declaring that the proceeds of sale will stand in place of the Capital Assets sold and will not distributed be the Receiver without further order of the court.

32. The form of the Temporary Sealing Order provides for, among other things, a declaration that Division 4 Part 6 of the *Rules of Court* does not apply to the subject application and that Confidential Appendices be sealed for a period of 180 days.

### RECOMMENDATIONS

33. The Receiver respectfully recommends that this Honourable Court grant the following orders:
- a) the Sale and Vesting Orders; and
  - b) the Temporary Sealing Order.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 21<sup>st</sup> day of October, 2014.

**Alvarez & Marsal Canada Inc.,  
in its capacity as Receiver and Manager of  
Sprague-Rosser Contracting Co. Ltd,  
Sprague-Rosser Developments Inc. and  
Pacific Federation Equity Group Inc.**



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Per: Tim Reid  
Senior Vice President



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Per: Tom Powell  
Director

# **Appendix A**

**Sprague-Rosser Contracting Co. Ltd., Sprague-Rosser Developments Inc. &  
Pacific Federation Equity Group Inc.  
(In Receivership)**

**Invitation for Offers**



**Sale Information Package**

Alvarez & Marsal Canada Inc.  
The Court-appointed Receiver

September 12, 2014



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## Appendices

- 1. Terms and Conditions of Sale**
- 2. Format for Offers**
- 3. Details of Real Estate Parcels**
- 4. Details of Acheson Equipment Parcels**
- 5. Details of Acheson Attachments and Ancillary Parcels**
- 6. Details of Saskatoon Equipment Parcels**
- 7. Details of Saskatoon Attachments and Ancillary Parcels**



# 1

Notice to Reader

# Notice to Reader

Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Court-appointed receiver (the “**Receiver**”), pursuant to an order of the Court of the Queen’s Bench of Alberta effective July 31, 2014 of all of the current and future assets of Sprague-Rosser Contracting Co. Ltd., Sprague-Rosser Developments Inc. and Pacific Federation Equity Group Inc. (hereinafter collectively referred to as the “**Company**”).

The Receiver has been authorized to solicit Offers for the purchase of all real estate, equipment and accessories (the “**Assets**”) of the Company located in Acheson & Edmonton, Alberta and Saskatoon, Saskatchewan.

This document has been prepared solely for the convenience of prospective Purchasers to assist them in deciding whether they wish to submit an Offer to purchase some or all of the Assets.

A&M expressly advises and the prospective Purchaser acknowledges that the prospective Purchaser will not and could not reasonably rely on this information in arriving at a decision to purchase part or all of the Assets listed herein. A&M has not independently verified any of the information contained herein and makes no express or implied representation or warranty with respect to the accuracy or completeness of such information. Nothing contained in this document is, or should be relied upon as, a representation as to the future potential for the Assets. Each prospective Purchaser must rely upon its own inspection and investigation in order to satisfy itself as to title, encumbrances description, fitness for purpose, quantity, condition, existence, quality or value of any other matter whatsoever relating to the Assets to be purchased.

The information contained herein has been prepared for the sole purpose of presentation to prospective Purchasers of the Assets and is not to be reproduced or used for any other purpose or disclosed to third parties without the express written consent of A&M.



# 2

Introduction



- The Company's headquarters and facilities are located in Acheson, Alberta with a field office in Saskatoon, Saskatchewan. Through these locations the Company provided civil construction services.
- The Company has a significant amount of construction equipment including heavy civil construction, excavators, loaders, rock trucks and numerous other pieces of equipment and attachments.
- The Receiver is seeking Offers to purchase any or all of the Assets, the details of which are set out in this Sale Information Package. The Assets are split into parcels to facilitate the offer process.
- Further details on the parcels are set out in section 4 (real estate asset parcels) and section 5 (equipment and attachments parcels) with a complete listing of all equipment and attachments set out in the appendices.



# Overview of Locations

**KEY:**

- ★ Main locations
  - Acheson, AB
  - Saskatoon, SK



# 3

## Sale Procedures

### **Basis of Sale**

A&M, in its capacity as Receiver, will consider Offers to purchase, on an “as is, where is” basis, the Receiver’s right, title and interest in any or all of the Assets set out in the parcel descriptions summarized in sections 4 and 5, and detailed in the appendices. The sale of the Assets will be subject to the Terms and Conditions of Sale attached as Appendix 1.

### **Sale Process**

Advertisements will be placed in leading regional and national publications during the week beginning September 12, 2014. Potentially interested parties identified by the Receiver and parties who have directly expressed interest will be contacted and advised the Sale Information Package is available. Interested parties wishing to receive detailed information on the Assets available for sale will be provided the link to the Sale Information Package and will be provided with access to view the Assets for sale.

### **Assets Parcels**

The Receiver has divided the Assets into multiple parcels depending on the nature and location of the Assets. The Receiver is seeking Offers for each parcel described in this information package. Prospective purchasers are welcome to Offer on an en bloc or individual parcel basis. If offer is by en bloc an allocation must still be made to individual parcels.

### **Inspection of Assets**

The Assets are available for inspection by appointment from 9 am to 6 pm during the following preliminary dates:

- Acheson– Thursday September 18, 2014 to Friday September 26, 2014
- Saskatoon- Tuesday September 23, 2014 to Thursday September 25, 2014
- Maple Ridge- Upon request

To make an appointment to inspect the Assets please contact one of the A&M personnel listed in section 6 on or before the dates set out above.



### **Deadline and Format for Offers**

All Offers will be given consideration, however, Offers must be submitted in accordance with:

- (i) the Terms and Conditions of Sale attached in Appendix 1; and
- (ii) in the form of offer attached in Appendix 2 (“Offer”)

and be received on or before **5:00 p.m. mountain time Friday October 03, 2014 at the office of Alvarez & Marsal Canada Inc., Bow Valley Square 1, Suite 570, 202-6<sup>th</sup> Avenue SW, Calgary, AB, T2P 2R9**

Please note that all Offers must be accompanied by a 10% deposit as set out in the Terms and Conditions of Sale.

### **Access**

Under no circumstances shall prospective Purchasers and/or interested parties view the Assets and/or enter onto the lands, premises or operating sites without the consent of A&M.

### **Notice to Prospective Purchasers**

Prospective Purchasers are cautioned that A&M reserves the right to sell any of the Assets or group of Assets at any time as determined in A&M’s sole discretion, including prior to October 3, 2014, and is under no obligation to notify prospective Purchasers if such occurs. In addition, the highest Offer may not necessarily be accepted, nor will any of the Offers submitted necessarily be accepted. Any Offer which is accepted is subject to A&M and any prospective Purchaser entering into a formal agreement of purchase and sale on the Terms and Conditions in Appendix 1 and may be subject to the approval of and/or an Order of the Court of the Queen’s Bench of Alberta.

### **Contacts at A&M**

All contact by prospective Purchasers is to be made directly with the designated representatives of A&M noted in section 6.



# 4

## Real Estate Asset Parcels

- Parcel A
- Lot 211, Block 2, Plan 0721720
- #211, 26229 Township Road 531A Acheson, AB
- Located on the north side of Walker Crescent, east of Devonian Way (Highway 60)
- 4.0 Acres
- MI- Medium Industrial Building Single-Tenant Industrial Building
- 21,600 square feet (5,600 square feet of office and 16,000 square feet of shop)
- Date of construction 2006

### Permitted Encumbrances

012 025 687 24/01/2001 RE: Restrictive Covenant

022 042 266 04/02/2002 RE: Restrictive Covenant

022 042 267 04/02/2002 RE: Restrictive Covenant

022 121 125 11/04/2002 RE: Utility Right of Way

022 121 226 11/04/2002 RE: Utility Right of Way



042 102 666 11/03/2004 RE: Restrictive Covenant

042 527 046 01/12/2004 RE: Utility Right of Way

072 118 601 01/03/2007 RE: Utility Right of Way

072 118 602 01/03/2007 RE: Utility Right of Way

- Parcel B
- Maple Ridge Industrial Site Lot 15, Block 2, Plan 0821861
- Municipal address 104-69 Ave
- 4.03 Acres (1.63 Hectares) more or less
- Fully serviced to municipal standards
- IL-Light Industrial
- Single tenant or multi-tenant development

#### Permitted Encumbrances

- 822 128 070 09/06/1982 Utility Right of Way
- 082 095670 03/03/2008 Caveat RE: Development Agreement Pursuant to Municipal





# 5

## Equipment Parcels

### Acheson

- The equipment and accessories for sale at the Acheson location include:
- Parcel C- Light Duty Trucks
- Parcel D- Heavy Duty Trucks
- Parcel E- Trailers
- Parcel F- Construction Equipment
- Parcel G – Financed Equipment
- Parcel H – Financed Equipment
- Parcel I – Attachments & Ancillary

### Saskatoon

- The equipment for sale at the Saskatoon location include:
- Parcel J - Construction Equipment
- Parcel K- Financed Equipment
- Parcel L – Attachments & Ancillary



# 6

## Contact Information

# Contact Information

## A&M Personnel

- For further information on the assets or the sales process or to schedule a viewing please contact one of the following A&M personnel.

Alvarez & Marsal Canada Inc.  
Bow Valley Square 1  
Suite 570, 202 – 6<sup>th</sup> Avenue SW  
Calgary, AB T2P 2R9  
Facsimile: +1 (403) 538 7551



### **Alberta and Saskatchewan Locations**

**Jill Streuby CA**  
**Associate**  
**(403) 538-7522**  
**[Jstreuby@alvarezandmarsal.com](mailto:Jstreuby@alvarezandmarsal.com)**



# Appendices

# Appendix 1

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Terms and  
Conditions of  
Sale

1. Alvarez and Marsal Canada Inc. (“**A&M**” or “**Receiver**”), in its capacity as Receiver of Sprague-Rosser Contracting Co. Ltd., Sprague-Rosser Developments Inc. & Pacific Federation Equity Group Inc. (collectively the “Company”) will consider written Offers to purchase all of the Receiver’s right, title and interest in the Assets as set out in this Sale Information Package dated September 12, 2014.
2. Acceptance of any Offer received by A&M shall be expressly conditional on obtaining the approval of the Court of the Queen’s Bench of Alberta (or the superior court of any other Province or Territory, if required), to convey title to the Assets in accordance with these terms and conditions in a form and content satisfactory to A&M. Notwithstanding anything contained herein to the contrary, no Offer shall be binding on A&M unless and until such court approval has been obtained.
3. If any Offer is accepted by the Receiver and approved by the Court in accordance with these terms and conditions, then notification of such acceptance shall be transmitted to the Purchaser by notice in writing send to the Purchaser at the address set forth in the Purchaser’s offer, such notice to be given by electronic transmission or any such other form.
4. Completion of the purchase and sale of the Assets will take place five (5) Business Days after obtaining the Court Order approving the sale (the “Closing Date”). The term “Business Day” shall mean a day which is not a Saturday, Sunday or statutory holiday or such other date as agreed between the parties.
5. The completion of the purchase and sale shall take place on the Closing Date at such place and time as A&M may advise the Purchaser in writing.

6. At the Closing Date, provided that the purchase price together with all applicable taxes have been paid, A&M shall execute and deliver to the Purchaser all such transfers, deeds, and other documents as may be reasonably necessary to convey the Company's interests in the Assets to the Purchaser in exchange for payment of the purchase price. Any such transfers, deeds, and other documents shall be in a form and content satisfactory to A&M (acting reasonably) and shall not contain any covenant or representation other than as specifically provided in these terms and conditions.

**7. All Offers must be received by the A&M designated representative at the aforementioned address by 5:00pm Mountain time, Friday, October 3, 2014**

8. By submitting an Offer, Purchaser acknowledges that it has inspected the Parcel of Assets and that the Parcel of Assets is sold on an "as is, where is" basis at the time of Closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, condition, cost, or quality thereof or compliance of the Lands, Buildings or any parcel of assets with environmental laws and requirements, or in respect of any other matter or thing whatsoever. Without limitation, all parcels are specifically offered as they exist on Closing and with no adjustments to be allowed to the Purchaser for changes in conditions, qualities or quantities of such parcels from the date hereof to the Closing Date. Each purchaser acknowledges that A&M is not required to inspect or count, or provide any inspection or counting of the parcel of Assets or any part thereof and each Purchaser shall be deemed to have relied entirely on its own inspection and investigation including an independent investigation by the Purchaser of current and past uses of the Lands, Buildings or any parcel of Assets to satisfy the Purchaser as to the effects of any environmental laws, regulations or requirements upon the Real Estate or any parcel of assets or the transfer to the Purchaser of the Real Estate or any Parcel of Assets. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consent to such transfer and any further documents or assurances which are necessary or desirable in the circumstances, with the exception of obtaining any court orders.

9. A&M shall not be required to produce any tax certificate, clearance certificate, abstract of title or documents or copies thereof or any evidence as to title, other than those in its actual possession.





10. A&M shall remain in possession of the Parcel of Assets until the Purchase Price thereof has been paid in full.
11. All Offers must include a fully completed Offer (Appendix 2). Supplemental information must be in written form, signed by a duly authorized officer(s) of the entity making the Offer. Offers received that are not in the attached form or which amend the attached form may, at the sole discretion of A&M, be rejected.
12. All Offers must be accompanied by a bank draft or certified cheque payable to “Alvarez and Marsal Canada Inc. – In Trust” in an amount equal to not less than 10% of the gross purchase price offered for the Assets. If the proposal is accepted, this draft or cheque shall be deemed a non-refundable cash deposit and shall be forfeited to A&M on account of liquidated damages if the contemplated sale is not completed by the successful party (“Purchaser”) by reason of the Purchaser’s default. Acceptance of any Offer is subject to A&M and the Purchaser entering into an Agreement of Purchase and Sale on terms and in form acceptable to A&M.
13. In consideration of A&M making available to purchasers these Terms and Conditions of Sale, any other information, and the opportunity of inspection, and/or in consideration of receiving and considering any proposal to be submitted hereunder, each purchaser agrees that its Offer is irrevocable and cannot be retracted, withdrawn, varied or countermanded prior to acceptance or rejection thereof.
14. In the event that some of the Offers are substantially in the same terms and/or amounts as determined by A&M, A&M may, in its sole discretion, call upon those purchasers to re-submit to A&M for its final consideration. Each purchaser is in agreement that the re-submission contemplated under this section is a fair and reasonable manner of proceeding in the case of Offers in substantially the same terms and/or amounts.
15. Offers must be made for all or any Parcel of Assets. Offers submitted for more than one Parcel must specifically allocate a separate price for each Parcel and will be considered as a separate Offer for each Parcel unless otherwise indicated as an En Bloc Offer.

16. Offers to liquidate the Assets must contain a net minimum guaranteed return to A&M and will be subject to the liquidator and the Receiver entering into an auction services agreement on terms satisfactory to the Receiver.
17. Cheques or drafts accompanying Offers that are not accepted by A&M shall be returned to the party by prepaid registered mail, addressed to the party at the address set forth in its proposal on or before November 14, 2014 without interest thereon.
18. The balance of the purchase price, subject to normal adjustments, shall be paid on or before the Closing Date.
19. The Purchaser shall pay to A&M on Closing, in addition to the balance of the purchase price, all applicable federal, provincial and states taxes, unless the applicable exemption certificates are presented to A&M on or before the Closing Date.
20. 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 purchased property and the use thereof by the Purchaser.
21. The highest or any Offer shall not necessarily be accepted. Each Purchaser agrees that A&M shall be entitled to accept whichever offer, if any, A&M, in its sole unrestricted discretion, considers to be the most advantageous. Each Purchaser further agrees that A&M shall have the unfettered right to discuss and clarify any Offer with the submitting Purchaser.
22. A&M reserves the right to amend or terminate the Offer process at any time, including the right to accept an offer for all or part of the assets prior to the October 3, 2014 deadline herein without notice of same to other interested parties.



23. The obligation of A&M to complete any Agreement of Purchase and Sale shall be relieved if, on or before the Closing Date: Any parcel which is the subject of an Agreement of Purchase and Sale is removed from the control of A&M by any means or process. In that case, the sole obligation of A&M to the Purchaser shall be to return the deposit without interest or deduction.
24. The submission of an Offer to A&M shall constitute an acknowledgment and an acceptance by the prospective Purchaser of the “Terms and Conditions of Sale”.
25. The validity and interpretation of these Terms and Conditions of Sale, and each provision and part thereof and of the Agreement of Purchase and Sale defined herein, shall be governed by the laws of the Province of Alberta and the Courts of the Province of Alberta shall have exclusive jurisdiction with respect to any dispute arising out of these Terms and Conditions of Sale or any Agreement of Purchase and Sale entered into pursuant hereto.
26. The Purchaser shall assume, at the Purchaser’s cost, complete responsibility for compliance with all laws, municipal, provincial or federal insofar as the same apply to the Parcel of Assets, the Real Estate and the use thereof by the Purchaser. The Purchaser(s) agree(s) to accept title to any real property subject to work orders, municipal requirements, including building or zoning by-laws and regulations, easements for hydro, gas, telephone or any other utility affecting the real property, like services to the real property, and restrictions and/or covenants which run with the land.



**27.** A&M reserves the right to withdraw any parcel or any part thereof on or before the Closing Date if there is any actual, threatened or anticipated litigation with respect to any parcel or any part thereof, or if the parcel or any part thereof has been sold directly to another third party outside of the offer process. If A&M exercises the right, the Agreement of Purchase and Sale affecting such parcel(s) shall be automatically terminated and deemed null and void and the deposit money shall be refunded to the Purchaser without interest, costs, compensation or deduction and neither party shall be liable to the other for any costs or damages whatsoever.

**28.** A & M is acting in its capacity as Receiver of Sprague-Rosser Contracting Co. Ltd., Sprague-Rosser Developments Inc. & Pacific Federation Equity Group Inc. and not in its personal capacity.



# Appendix 2

Format for Offers

Please refer to Appendices folder in Firmex..



# Appendix 3

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Details of Alberta Real  
Estate

Please refer to Appendices folder in Firmex.



# Appendix 4

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## Details of Acheson Equipment

Please refer to Appendices folder in Firmex.

# Appendix 5

Details of Acheson Attachments  
and Ancillary

Please refer to Appendices folder in Firmex.

# Appendix 6

## Details of Saskatoon Equipment

Please refer to Appendices folder in Firmex.

# Appendix 7

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Details of Saskatoon Attachments  
and Ancillary

Please refer to Appendices folder in Firmex.