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Court File No. CV-11-9306-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF SECTION 243(1) OF THE BANKRUPTCY  
AND INSOLVENCY ACT, R.S.C. 1995, c.B-3, AS AMENDED; and

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT,  
R.S.O. 1990 c. C-43, AS AMENDED

IN THE MATTER OF THE RECEIVERSHIP OF OWEN SOUND GOLF AND COUNTRY CLUB LIMITED  
AND  
KENNETH W. ROWE LIMITED

**FIRST REPORT OF THE RECEIVER BDO CANADA LIMITED  
TO THE COURT**

September 28, 2011

1. This is the first report of the Receiver of Owen Sound Golf and Country Club Limited (the "Golf Club") and Kenneth W. Rowe Limited ("KWRL") (collectively "OSGCC" or the "Company").
2. The purpose of this report is as follows:
  - To seek authorization to complete a sale of the assets to Kinsale Investments Limited, who submitted the highest bid in the sale process conducted by the Receiver;
  - To obtain authorization to distribute funds received from the sale of the assets to satisfy the claims of the secured creditor and certain government priorities;



- To obtain authorization to conduct a claims process whereby the Receiver would seek to identify and establish the claims of other creditors;
- To report to the Court on the Receiver's activities to date and to obtain approval of same;
- To obtain approval of the accounts of the Receiver and its legal counsel.

### Background

3. July 15th, 2011 pursuant to an Order of Justice Lederer (the "Order"), BDO Canada Limited was appointed Receiver of OSGCC under section 243(1) of *The Bankruptcy and Insolvency Act* (the "BIA") and section 101 of the *Courts of Justice Act*. The Order is attached hereto as Exhibit "1".
4. The Golf Club was formed as a semi-private, not-for-profit golf course in 1920. It operates an 18-hole golf course on approximately 160 acres in the Township of Georgian Bluffs, near the city of Owen Sound. KWRL is a wholly-owned subsidiary which owns 192 acres of land, consisting of a 20-acre parcel on which the practice facility of the Golf Club is located and a 172-acre parcel that is leased to a local farmer.
5. The original 9 holes of the golf course were designed by Stanley Thompson, a noted golf course architect of the period, and opened for play in 1921. An expansion to 18 holes in 1975 preserved much of the original character of the course. The course is rich in history and offers unique layouts and views of Georgian Bay. The clubhouse building was originally a farmhouse. Considerable concern has been expressed by the club members and the local community that the assets be maintained as a golf course, as opposed to being developed.
6. Bank of Montreal (the "Bank") provided OSGCC with an overdraft facility, demand loan and mortgage loan secured by the assets of OSGCC. According to the affidavit of David Patterson, sworn July 14, 2011, the bank was owed \$1,088,886.61 as of that date.
7. In 2002 OSGCC installed a new irrigation system and paid for the system, in part, using borrowed funds. Over the last five years OSGCC experienced declining revenues and increased costs for course maintenance and upkeep and incurred operating losses over this period. The operating losses were financed by increases in OSGCC's borrowing position with the Bank. In July 2011 the Board of Directors reviewed the operating results for the



first part of the season and determined that revenues and cash flow were lower than anticipated. In reviewing the projections for the balance of the operating year the Board determined that continued operations would result in either exceeding authorized borrowing limits with the Bank or being unable to pay its obligations for the balance of the operating season.

8. The Board decided to close the course on July 5, 2011. The Board resigned on July 12, 2011. After the resignation of the Board of Directors Bank of Montreal applied for the appointment of a Receiver to ensure that the assets were protected.

#### **Activities of the Receiver**

9. The Receiver was appointed pursuant to the standard form Commercial List Order, which sets out the Receiver's duties and powers. Among other powers the Receiver was empowered to carry on the business of the Debtor and to market any or all of the property of the Debtor.
10. Since its appointment on July 15 the Receiver has taken possession of the property and secured the premises. An inventory of equipment and inventory has been completed.
11. The Receiver retained the existing employees of OSGGC and opened the course on July 20, five days after its appointment, after completing necessary maintenance procedures. The Receiver allowed existing members to continue to play without the payment of additional green fees and actively promoted green fee activity at the course to generate cash flow. Food and beverage operations were continued on a limited basis, consisting of a snack bar type facility at the halfway point of the course and, when appropriate, cart service on the golf course. The Receiver obtained a temporary transfer of the Company's liquor licence from the Alcohol and Gaming Commission of Ontario.
12. The Receiver provided the Notice of Receiver and Statement of Receiver to all creditors of record as required by the provisions of the BIA.
13. The Order authorized the Receiver to borrow funds by way of the Receiver's Certificate that is Schedule "A" to the Order. The Receiver received an advance of \$50,000 from



Bank of Montreal to ensure that it was able to meet its obligations in operating the course.

14. The Receiver's Statement of Receipts and Disbursements for the period from July 15 to September 23, 2011 is attached as Exhibit "2".
15. The Receiver has collected funds from green fees, food and beverage operations, pro shop and membership fees. Amounts that owed by members, as of the date of our appointment for accounts receivable, whether for yearly membership fees that were paid on an installment basis or other charges are shown as 'Accounts Receivable'. The Receiver's activities are shown separately.
16. The payment of wages has been the largest expense incurred by the Receiver. Purchases for food and beverage and maintenance supplies have been incurred at the minimum levels necessary to maintain the course and services to members.
17. Insurance has been continued through the Company's broker with the Receiver added as a named insured on the policy.

#### Assets

18. The golf course itself is owned by the Golf Club and the additional parcels consisting of the practice facility and leased farm land are owned by KWRL. In this way title has not merged pursuant to the provisions of the *Planning Act*.
19. Other assets of the Debtor consist of turf and maintenance equipment, food and beverage equipment and appliances, lounge and office furniture and various tools. In addition, there is a quantity of food and beverage inventory and turf maintenance supplies.
20. Much of the turf maintenance equipment, a beverage cart and 30 golf carts are leased to OSGGC by Maxium Leasing. At the date of our appointment the amount outstanding to Maxium was approximately \$420,000. The Receiver has continued to make payments as required under the terms of the leases, subject to renegotiation of some of the leases to reflect the Receiver's operating requirements. The leased assets were excluded from the



sale process, although the purchaser was given the opportunity to assume the leases, negotiate a buyout of Maxium's position or have the receiver return the equipment. As of the date of this report the purchaser has not indicated a preference with respect to the leased equipment. The Receiver anticipates that this will be dealt with in the ordinary course prior to closing.

21. The Receiver has commissioned one real estate and one personal property appraisal of the assets to assist it in evaluating offers to purchase the assets. The appraisals are not included with this report but copies will be available at the return of the motion for the approval of the proposed sale.

#### Priority Payables

22. The Receiver determined that one employee had been terminated within six months prior to the appointment of the Receiver and was eligible to make a claim under the Wage Earner Protection Program for termination pay based on the Employment Standards Act. The Receiver registered the required information with the Wage Earner Protection Program and asked the employee to complete the appropriate steps to recover permitted amounts. The termination pay calculated was approximately \$850 and does not form a priority over assets in the Receiver's hands.
23. Canada Revenue Agency ("CRA") completed an examination of the Company's payroll records and determined amounts owing on account of source deductions for the period prior to closure. There were no arrears as of the date of closure; amounts owing were current obligations. CRA has advised that the property claim totals \$21,551. This amount constitutes a deemed trust over the assets of OSGCC. The claim of CRA for source deductions also includes an unsecured portion of \$10,757.
24. The Receiver is awaiting final calculation of the claim of CRA for HST owing. The Receiver filed the final returns for the Company up to the date of closure. The total arrears are estimated to be approximately \$21,000 and in the absence of a bankruptcy are a deemed trust claim over the assets of the Company.



### Receiver's marketing of the assets

25. The Order authorized the Receiver to market and sell the assets of OSSGC. The prime operating season of the golf course is from May to September and OSSGC does not own any complimentary winter season assets. The Receiver determined that, by acting quickly, it may be able to complete a sale of the assets prior to the end of the operating season, thereby allowing the purchaser to meet with members prior to the closure of the course for the winter and market itself for the upcoming season. The alternative was for a winter sale process, with the potential loss of members due to the Receiver's inability to plan for the upcoming season. It is also advantageous to the creditors that a sale be completed prior to the winter months, in order to avoid further costs with limited offsetting revenues. Accordingly, the Receiver commenced marketing of the assets shortly after its appointment.
  
26. The Receiver was contacted directly by a number of parties with interest in the assets immediately after its appointment. As a result of the public interest in the closure of the course the Receiver issued press releases and conducted press interviews, with the result that the closure of the golf course and proposed sale of the assets was covered in the London and Kitchener/Waterloo radio and print media and The Toronto Star. In addition, the Receiver advertised the sale of the assets in the print edition of the Globe and Mail on August 12, 2011, the Owen Sound Sun Times on August 12 and 19, 2011 and on the Receiver's own external web site.
  
27. The Receiver engaged the services of Links Marketing Group Inc. ("LMG"), a Canadian based publishing and marketing firm with expertise in the golf industry. This firm produces both electronic and traditional print publications. Through LMG, the Receiver placed an advertisement for the sale of the assets in Golf Industry Network, an online golf news publication. The advertisement contained an electronic link to the Receiver's web site. LMG also issued an electronic mail notice of the sale of assets to approximately 4,000 industry parties drawn from its own database.
  
28. The Receiver prepared a Confidential Information Memorandum ("CIM") that provided interested parties with key information including details of the assets, market analysis,



summarized financial information and details of the sale process. A copy of the CIM is attached as Exhibit "3".

29. The Receiver conducted an information and sale process whereby interested parties were first required to sign a Confidentiality Agreement which could be obtained in electronic format from the Receiver's external web site. Upon signing the Confidentiality Agreement the interested party was provided with electronic access to a 'Virtual Data Room' on the Receiver's external web site which contained, among other things: detailed financial history, listings of owned and leased assets and other information that may be relevant to a potential purchaser such as membership data, employee information, tax notices, liquor licenses, water and septic permits, land surveys and other information. The data room also included a suggested format of Asset Purchase Agreement. The Receiver established a deadline for the submission of bids of September 2, 2011.
30. The Receiver received enquiries from approximately 85 interested parties. Confidentiality Agreements were provided to 64 parties, of whom 48 parties executed and returned a Confidentiality Agreement and were provided with electronic access to the Receiver's virtual data room.
31. Five bids were received for the assets of OSGCC. All of the bids received were based around the preservation and continuation of the operations of the golf course. A schedule showing the bids received and names of bidders will be provided to the Court on an in-camera basis at the return of the motion.

#### **Sale to Kinsale**

32. The highest bid received was from Kinsale Investments ("Kinsale"). The original bid included a deposit in the amount of approximately 5 per cent of the purchase price. On September 7, 2011 the Receiver accepted this offer on the condition that Kinsale provide a further deposit on acceptance, bringing the total deposit to 10 per cent of the purchase price, being the amount of the suggested deposit in the Asset Purchase Agreement provided by the Receiver. The additional deposit was received by the Receiver on September 9, 2011 and these funds are being held by the Receiver pending closing.



33. The Kinsale bid was compared to the combined real estate and personal property appraisals received. While the purchase price does not equal the totals of the appraisals, the bid was received in a compressed time frame, and did not incur the costs associated with a listing process through a real estate agent nor the additional costs associated with the delay of a listing process. Further, the Receiver is not required to winterize the course and incur carrying costs for the inactive part of the year.
34. On September 7, 2011 the Receiver returned the deposits of the bids that were not accepted.
35. On September 23, 2011, Kinsale indicated that it had completed its due diligence as provided for in the Asset Purchase Agreement, and the Receiver is now making application to the Court for approval of the sale transaction. The Receiver anticipates, after discussions with Kinsale, that the sale transaction will close during the week of October 17, 2011, subject to approval of the Court. Copies of the Kinsale agreement will be available at the return of the motion for approval of the proposed sale.
36. The Receiver is recommending the acceptance of the Kinsale offer by this Court.

#### **Distribution of Sale Proceeds**

37. The Receiver obtained an independent legal opinion of the validity and enforceability of the security of Bank of Montreal from its solicitors, Torkin Manes LLP. The opinion states that the security of Bank of Montreal over the real and personal property assets of OSGCC is valid subject to the usual caveats and restrictions. Including \$50,000 borrowed from Bank of Montreal by the Receiver, for which a Receiver's Certificate was issued, the total indebtedness of Bank of Montreal is \$1,243,555.96, with interest accruing daily in the amount of \$156.45 from September 26, 2011.
38. The property claim of CRA for Source deductions, as noted in the 'Priority Payables' section of this report is \$21,551.
39. Based on the successful completion of the sale of the assets to Kinsale, the Receiver anticipates there will be sufficient funds to pay in full the secured indebtedness of Bank





of Montreal and the property claim of CRA. Based on the records of OSGCC it appears there is approximately \$130,000 in other claims. After the payment of the secured amounts, it appears there will be sufficient funds available to pay all creditors of OSGCC in full. The Receiver recommends that it be authorized to pay the claim of CRA for the deemed trust portion of Source Deductions in the amount of \$21,551 and the secured claim of Bank of Montreal in the amount of \$1,243,555.96 plus interest to date of payment.

### Claims Process

40. In order to fully establish all other claims against OSGCC as of July 15, 2011, it is necessary for the Receiver to undertake a claims process and identify the creditors. This process would be expected to include the following:

- Advising all known suppliers to OSGCC, according to the Company records, by regular mail and/or facsimile of the possible distribution of funds and providing such suppliers with a standard form proof of claim with which to submit their claim to the Receiver.
- Publication in the local newspaper seeking details of any claims against OSGCC;
- Establishing a claims bar date 60 days from the date of the Receiver's letter, after which no claims would be accepted by the Receiver.
- Authorizing the Receiver, or a party appointed by the Receiver to act as a Claims officer to determine the validity of claims.
- Authorizing a process for a creditor whose claim has been revised or disallowed to dispute the revision or disallowance.
- Re-attending before Court to obtain authorization for distributions to creditors.

41. The unsecured claim of CRA related to arrears of source deductions and the priority claim of CRA, to be finalized, for HST would be addressed through this claims process.



42. The Receiver is seeking the approval of its accounts, filed with the Court under separate cover.

**Recommendations**

43. The Receiver recommends to the Court as follows:

- a) That it be authorized to complete the sale of the assets of OSGCC to Kinsale;
- b) That it be authorized, upon successful completion of the sale to Kinsale, to distribute funds:
  - 1) to Canada Revenue Agency in the amount of \$21,551, in full satisfaction of its property claim in respect of source deduction arrears;
  - 2) to Bank of Montreal in the amount of \$1,243,555.96, plus interest accrued to date of payment in full satisfaction of its secured claim.
- c) That it be authorized to commence a claims process as described herein to establish the full amount of other creditor claims against OSGCC;
- d) That the Receiver's accounts and those of its counsel are approved; and
- e) That its activities to date as set out in this report be approved by the Court.

Respectfully submitted this 28<sup>th</sup> day of September, 2011.

BDO Canada Limited in its capacity as  
Court Appointed Receiver of Owen Sound Golf and Country Club Limited and  
Kenneth W. Rowe Limited

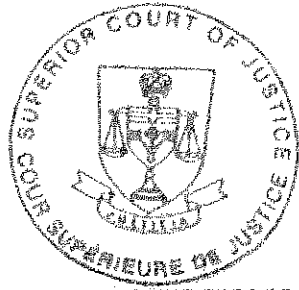
Per:

William A. Courage, CA-CIRP, FCIRP  
Fellow Chartered Insolvency and Restructuring Professional  
Senior Vice-President

Encl

# TAB 1

Court File No.  
CV-11-9306-00CL



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE

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FRIDAY, THE 15<sup>th</sup> DAY

)

JUSTICE

LEDEBER

)

OF JULY, 2011

BANK OF MONTREAL

Applicant

- and -

OWEN SOUND GOLF AND COUNTRY CLUB, LIMITED  
and KENNETH W. ROWE LIMITED

Respondents

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3,  
and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

**ORDER**

THIS MOTION made by the Applicant 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 BDO Canada Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Owen Sound Golf and Country Club, Limited and Kenneth W. Rowe Limited (collectively the "Debtors") acquired for, or used in relation to businesses carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Patterson sworn July 15, 2011 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one appearing for the Respondents and on reading the consent of BDO Canada Limited to act as the Receiver,

**SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to businesses carried on by the Debtors, including all proceeds thereof (the "Property").

**RECEIVER'S POWERS**

3. 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 of 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 Debtors, 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 Debtors;
- (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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (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 Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) 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 Debtors, 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;

- (k) 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;
- (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 \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; 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, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (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;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) 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 Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtors, (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.

5. 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 Debtors, 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.

6. 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.

#### **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 DEBTORS OR THE PROPERTY**

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors 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 Debtors 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 Debtors, 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 Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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 Debtors, 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 Debtors 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 Debtors 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 Debtors' 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 Debtors 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 Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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 Debtors, 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, 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.

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 Commercial List 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 normal 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 \$500,000 (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.

#### **GENERAL**

24. 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 hereunder.

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

26. 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.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, 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.

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

29. 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.



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

JUL 15 2011

PER/PAR:



**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTORS' NAME] acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (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.
2. 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.
3. 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.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. 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.

6. 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.

7. 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\_\_.

BDO Canada Limited, solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

BANK OF MONTREAL  
Applicant

and

OWEN SOUND GOLF AND COUNTRY CLUB, LIMITED *et al*

Respondents

Court File No. CV-11-9306-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at TORONTO

**ORDER**

**CHAITONS LLP**  
5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, Ontario  
M2N 7E9

**Christopher J. Staples (LSUC #31302R)**

Tel: (416) 218-1147

Fax: (416) 218-1847

Lawyers for the Applicant

# TAB 2

OWEN SOUND GOLF AND COUNTRY CLUB, LIMITED and  
KENNETH W ROWE. LIMITED  
Receiver's Statement of Receipts and Disbursements  
for the period from July 15, 2011 to September 23, 2011

<b>RECEIPTS</b>	\$
Cash on hand	1,026.55
Receiver's certificate	50,000.00
	<u>51,026.55</u>
Accounts receivable	145,082.05
	<u>145,082.05</u>
Sales	
Green fees	80,735.49
Carts	29,609.92
Merchandise	18,963.36
Tennis	44.25
Practice	781.27
Misc	(72.00)
Beverage cart	15,434.30
Food	5,972.51
Confectionary	7,055.61
Alcohol	5,251.84
	<u>163,776.55</u>
<b>Less: Outstanding receiveables</b>	<u>38,590.02</u>
	<u>125,186.53</u>
HST collected	21,311.31
Gratuity	362.89
Operating	13,163.50
Capital assessment	15,294.57
Misc Receipts	1,829.03
	<u>51,961.30</u>
	<u>373,256.43</u>
<b>DISBURSEMENTS</b>	
Telephone	1,375.52
Liquor licence	105.00
Change of locks	1,771.50
Payroll services	1,426.51
Utilities	1,006.68
R&M	1,267.18
Wages	94,167.23
Purchases	12,796.23
Expenses	27,868.37
Cash float	150.00
Equipment lease	39,753.96

HST paid	24,137.13
Advertising	3,595.97
Appraisal	10,475.00
Legal	20,342.00
Travel	189.20
Courier	33.54
Computer services	173.50
Water testing	128.00
Bank fees	57.86
Moneris fees	2,993.01
Receivers Fees	79,184.80
	<u>322,998.19</u>

**EXCESS OF RECEIPTS OVER DISBURSEMENTS**

50,258.24

**NOTE:** The Receiver is holding the deposit from the purchaser in a separate account and accordingly the deposit is not disclosed here.

# TAB 3

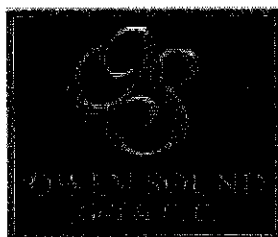
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*Confidential Information Memorandum*

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# Owen Sound Golf and Country Club, Limited

And Kenneth W. Rowe Limited



## TABLE OF CONTENTS

I. EXECUTIVE SUMMARY .....	3
II. KEY INVESTMENT CONSIDERATIONS.....	4
III. COMPANY BACKGROUND AND HISTORY .....	5
IV. MARKET AND COMPETITION.....	6
V. MANAGEMENT.....	6
VI. ASSETS.....	6
VII. FACILITIES AND EQUIPMENT .....	9
VIII. FINANCIAL SUMMARY .....	10
TERMS AND CONDITIONS .....	11
APPENDIX A - GREY BRUCE GOLF COURSES.....	15
APPENDIX B - PICTURES .....	16
APPENDIX C - SCORECARD .....	19





## *Confidential Information Memorandum*

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This Confidential Information Memorandum ("CIM") has been prepared by BDO Canada Limited ("BDO") in its capacity as Receiver (the "Receiver") of Owen Sound Golf and Country Club, Limited and Kenneth W. Rowe Limited (collectively "OSGCC", the "Club" or the "Companies"), from the books and records of the Companies, and from information obtained from the management of the Companies and other sources (the "Information"), which has not been independently verified by the Receiver. This CIM is provided to prospective purchasers ("Bidder" or "Bidders") for reference purposes only when conducting their evaluation of the business, property, assets and undertaking of the Companies' collectively referred to hereinafter as the ("Assets"), and is subject to the understanding that:

The Receiver and the Companies make no representations or warranties as to the accuracy or completeness of the CIM and/or the Information.

The Receiver and the Companies do not assume any liability for any Information, any omissions in the Information, or for any other written or oral communications transmitted to or received by the recipient and/or any Bidder in the course of their inspection and evaluation of the Assets, or for any misinformation or misdescription thereof or therein howsoever made or omitted, pursuing or proceeding in any way with respect to the same, or in connection with the preparation of any offer in connection therewith.

The Information contained herein, as well as any and all future information obtained in the course of any investigation and/or inspection of the Assets is confidential and the recipient or any prospective Bidder shall not disclose any Information to any other person external to its organization other than to its professional advisors. In accordance with the terms of the Acknowledgment and Undertaking of Confidentiality (the "Confidentiality Agreement") executed by prospective Bidders, the information being made available to you in this CIM or any other information to be made available to you by the Companies or the Receiver is to be kept confidential and upon the express understanding that it will be used only for the purposes set forth above and in the Confidentiality Agreement.

In all cases, recipients hereof and any Bidders shall conduct their own investigation at their own expense and risk. The Receiver reserves the right to take any action related to the sale of the Assets, whether in or out of the ordinary course, which it deems necessary or prudent in its absolute discretion, including the withdrawal of any or all Assets from this sales process.

The CIM does not constitute an offer, nor is it a solicitation to purchase securities. It is not, nor is it to be construed under any circumstances as, a prospectus, a public offering of securities, or an offering memorandum as defined under any applicable securities legislation.

Upon request, the recipient will promptly return all material received from the Companies (including the CIM) without retaining any copies thereof, unless otherwise agreed in writing. Prospective purchasers who abandon their interest in a purchase of OSGCC are required to return the CIM and any other confidential information (as defined in the Confidentiality Agreement) to the Receiver.



All currencies are Canadian dollars, unless otherwise stated.

The prospective purchaser is expressly prohibited from making direct contact with OSGCC or its employees, suppliers, or customers in connection with the opportunity described herein, other than in the normal course of business.

All communications, inquiries and requests for information relating to these materials or a possible transaction related to the Assets should be directed to the individuals at BDO listed below:

BDO Canada Limited  
Suite 200, BDO Building  
1717 Second Avenue East  
P.O. Box 725  
Owen Sound, ON N4K 5W9

**William A. (Bill) Courage, CA-CIRP, FCIRP**  
Senior Vice-president  
Phone (519) 372-0188  
Fax (519)372-0189  
Email: bcourage@bdo.ca

**Joe Bette**  
Administrator  
Phone (519) 372-0188  
Fax (519)372-0189  
Email: jbette@bdo.ca



## I. EXECUTIVE SUMMARY

### A. Receivership Proceedings

On July 15, 2011 the Ontario Superior Court of Justice (Commercial List) (the "Court") issued an order (the "Order") to appoint BDO as the Receiver of the Assets of the Companies. In addition, the Order authorized the Receiver to market and sell such Assets.

### B. Company overview

OSGCC is a fully operational, semi-private, 18-hole golf course located in the Township of Georgian Bluffs, close to the City of Owen Sound, in the Province of Ontario. OSGCC was originally incorporated in 1920 as a not-for-profit semi-private golf club. The original 9 hole course was designed by noted Canadian golf architect Stanley Thompson, and expanded to 18 holes in the 1970's. The expanded course maintains much of the feel of an original Thompson layout utilizing local topography to enhance the course. Kenneth W. Rowe Limited is a wholly owned subsidiary which owns 192 acres of adjacent lands included in this sale process. The club's practice facility is located on the separate parcel, and the remaining 172 acres is rented to local farmers.

The course is a par 71 layout stretching 6,145 yards and offers a challenge for all levels of golfers as well as breathtaking views of Owen Sound bay. Several improvements have been carried out in recent years including an upgraded irrigation system, improvements to the drainage system and new tee decks. The course is currently being operated, without a food and beverage operation, by the Receiver.

In addition to the golf operation there is a double tennis court for use by members.

#### Company Profile:

Location: Grey County, Ontario  
Land size (combined) : 332 acres

Membership: 367 Members  
Website: [www.osgcc.com](http://www.osgcc.com)



## II. KEY INVESTMENT CONSIDERATIONS

There a number of key attributes to OSGCC.

### ✓ Destination Golf

The golf course is located just outside of the City of Owen Sound immediately beside Owen Sound bay. The course is a destination for golfers who vacation in this busy tourist area and enjoys a reputation for challenge and quality that belies its modest length. It is easily accessible from summer vacation areas in Thornbury, Meaford, Sauble Beach, Southampton, Wiarton and the Bruce Peninsula.

### ✓ Opportunities for Continued Growth

The following are believed to be actions that could result in an increase in revenue and profitability:

- Expansion of membership in the Owen Sound area.
  - Notwithstanding the addition of new courses in the area OSGCC provides a high quality alternative to other local courses, while attractively priced when compared to newer developments.
  - Membership has declined in recent years and members can be attracted by the combination of a unique golf experience, superior customer service and competitive pricing.
  - Owen Sound and surrounding area is becoming a popular retirement area to augment its traditional recreational and regional centre aspects.
- Further development of facilities.
  - There is room for development of clubhouse facilities to take advantage of additional opportunities for the sale of food and beverage to members, special events and year round dining.

### ✓ Potential Future Development

OSGCC has approximately 172 acres of vacant land immediately adjacent to the practice area that may be developable. Zoning of the vacant land is in part farmland, and in part farmland/commercial (practice facility) and taxes on the two parcels total \$1,113.87 per year. Original plans for the land were the addition of a new clubhouse, re-routing of the current golf course and development of a new 18 hole course. This vision was not realized.

The land may also be of interest for it's development potential. The standard for development of raw land in the area now appears to include the provision of services to lots. Larger scale developments depending on wells and septic are generally opposed by the City of Owen Sound and other developers who have serviced lots available in the municipality. As such the development of these lands is a longer term process and may require significant capital expenditure before it can be realized.



### III. COMPANY BACKGROUND AND HISTORY

#### Club history

OSGCC was originally incorporated in 1920 for the purpose of providing golf for the good citizens of Owen Sound and surrounding area. Stanley Thompson was retained to design the course and in 1921 the course opened with temporary greens.

In 1968 and additional 55 acres was purchased and in 1973 a further nine holes were added to the course, opening for play in 1975. The new holes successfully maintained the unique character of the original layout in almost all cases. Tennis courts were added in 1979.

In 1990 OSGCC purchased 192 acres and initiated a master golf plan for expansion of the course. The Club built a 17 acre practice facility in 1997.

The course goes up and down the shoreline elevations of Owen Sound bay and utilizes the natural contours to the fullest extent providing a challenging game of golf with a spectacular backdrop. The course is a regular stop for golf aficionados coming to the area.

The membership continued to invest in significant upgrades which added to the quality of the course. These upgrades include:

- i) In 2002 a new automated irrigation system was installed at a cost of \$800,000;
- ii) Major drainage work was completed in 2003 and 2005;
- iii) New tee decks were built and hole 6 was reconfigured after failure of a bridge..

The course has enjoyed a long history in the community. After experiencing a period of operating losses the Board of Directors decided to close the Club in July 2011 and the receiver was appointed to continue the operation of the golf course and facilitate the sale of the assets.



#### IV. MARKET AND COMPETITION

Owen Sound is a regional centre for Grey and Bruce counties with a catchment area of approximately 140,000 people. We have attached a map of all golf facilities in the two counties as Appendix A. In the immediate area the following golf courses are available.

Course	Annual Fees	Public Play	Notes
Owen Sound Golf and Country Club	Semi-Private \$1,550	\$60	High quality golf at a reasonable price
Stone Tree	Semi-Private \$1,199	\$55	Excellent customer service and mid-level golf
Cobble Beach	Semi-Private \$3,500 Initiation \$25,000	\$120	Spectacular Doug Carrick course on the shores of Owen Sound Bay
Scenic City	Public \$970	\$48	Basic golf

#### V. MANAGEMENT

Until July of 2011 OSGCC was managed by a volunteer Board of Directors and managers in the clubhouse, greens department and proshop. In the 2010 season a general manager was in place but this appointment was terminated.

The Receiver is currently managing the greens department, pro shop and a restricted food and beverage operation directly. Details regarding salaries of current senior personnel and resumes are available in the electronic data room.

#### VI. ASSETS

The Assets include:

- i) Legal parcel of land comprising a total of approximately 322 acres, including:
  - o An 18 hole golf course;
  - o A 17 acre practice facility;
  - o A clubhouse with licensed (AGCO) dining and banquet facilities; and
  - o Storage facilities;
- ii) The Companies' right, title and interest, if any, in the Owen Sound Golf and Country Club name and logo; and
- iii) Certain assets, including kitchen equipment and the irrigation system.
- iv) All other equipment fixtures in the clubhouse, golf course and maintenance sheds, **EXCLUDING SPECIFIED TURF CARE EQUIPMENT AND GOLF CARTS** (leased from Maxium Leasing). Please refer to the documents in the Electronic Data Room for a list of these

assets. The Successful Bidder can assume or renegotiate the leases with Maxium upon acceptance of a successful bid.

Land

The legal description of the properties are as follows:

- i) PT LT 13-14 CON 2 SARAWAK PT 1 16R4839; S/T SK5457; GEORGIAN BLUFFS;
- ii) PT LT 15 CON 2 SARAWAK PT 2 16R4389; GEORGIAN BLUFFS;
- iii) PT LT 14 CON 2 SARAWAK PT 3 16R4389 S/T SK5458 GEORGIAN BLUFFS;
- iv) PT LT 13-15 CON 3 SARAWAK PT 4 16R4839; S/T R350368; GEORGIAN BLUFFS;
- v) PE RDAL BTN CON 2 AND CON 3 SARAWAK PT 5 16R4839; S/T THE INTEREST OF THE MUNICIPALITY; GEORGIAN BLUFFS



Municipal Description: 318494 West Shore Road, Grey Road 1, Georgian Bluffs, Ontario



Area: Approximately 322 acres of which:

- 150 acres is dedicated for use as the golf course
  - 2 acres of tee boxes
  - 3 acres of greens area
  - 22 acres is maintained as fairway
  - 20 acres is maintained as fairway rough
  - 10 acres is maintained as the practice facility (driving range)
  - 21 acres is general maintained lawn space (ie front lawn)
  - 12,000 sq ft is allocated to a flower nursery
  - 72 acres is considered unkempt "OB" territory
- 172 acres is farmland currently leased (may be available for future development)

Improvements:

- 30 bunkers are installed on the golf course
- Irrigation system was installed between the 2001 & 2002 golf seasons. Atkinson irrigation/Toro LTC network plus is powered by site pro fairway; with integrated computer operated controls and weather station.





## VII. FACILITIES AND EQUIPMENT

The clubhouse is a stand alone building, originally a farmhouse with additions to the dining area to accommodate tournaments and other functions. It is licensed under AGCO and has a bar, men's and women's locker rooms, full kitchen and storage. Offices are upstairs in the building.

The pro shop contains a 2,600 square foot shop and club storage area, halfway house and 2,200 square foot cart storage for thirty golf carts. There is a service building located adjacent to the practice facility for dispensing balls.

The Companies' inventories include goods in the pro shop, food and beverage supplies in the restaurant, and course maintenance products as they exist on date of closing. Details of the inventories as they existed on July 15, 2011 can be accessed in the electronic data room.

The OSGCC maintenance facility is approximately 4,000 sq. ft. and includes a 1,500 sq. ft. shop and storage area for the maintenance equipment.

The majority of the turf equipment and 30 golf carts are leased from Maxium Leasing. Details of owned and leased equipment are available in the electronic data room.

### **Irrigation System**

In 2002 OSGCC installed a Toro Site Pro Central Control irrigation system with 8 E-OSMAC series field controllers. Green and Tee sprinklers are Toro 720 series and Fairways and Rough Sprinklers are Toro 750 Series. The Flowtronex Silent Storm pump station has a capacity of 950 USGPM and the Flowtronex Floboy booster pump feeds water to elevated fairways and greens.

Water for the course is drawn from Owen Sound bay. A copy of the existing water permit is available for viewing in the electronic data room.

### **Water Supply - Buildings**

Water for buildings is drawn from Owen Sound bay and treated by a private water system. Tests are conducted on a scheduled basis and certificates of potability are available in the electronic data room.

### **Septic Systems**

Septic systems were installed as follows:

- Clubhouse - 6,000 gallon main system and tile bed installed in 1979. Certificate is available in the electronic data room. The tank is pumped and inspected annually.
- Proshop - 600 holding tank with pump out to the main system installed in 1984. Certificate is available in the electronic data room.
- Maintenance Building - connected to the main system.



## VIII. FINANCIAL SUMMARY

<i>Financial Summary - to June 30, 2011</i>									
				YTD	Annual				
				2011	2010	2009	2008	2007	2006
<b>Revenue</b>									
	Membership Fees			470,453	608,622	575,987	616,380	603,716	600,500
	Sundry			22,548	27,686	15,288	19,939	20,689	8,881
	Food and Beverage (Schedule 2)			131,773	411,152	394,352	468,420	537,466	509,500
	Pro Shop (Schedule 3)			141,360	435,140	452,709	530,061	490,934	530,242
				<b>766,134</b>	<b>1,482,600</b>	<b>1,438,336</b>	<b>1,634,800</b>	<b>1,652,805</b>	<b>1,649,123</b>
<b>Expenses</b>									
	Administrative (Schedule 1)			132,795	340,480	310,458	326,813	339,875	336,311
	Greens (Schedule 1)			260,656	486,468	454,731	465,459	449,394	418,677
	Food and Beverages (Schedule 2)			166,822	413,468	403,843	379,776	455,661	409,335
	House (Schedule 2)			0	0	0	49,332	51,983	47,046
	Pro Shop (Schedule 3)			91,825	209,000	277,948	352,883	314,315	321,028
				<b>652,098</b>	<b>1,449,416</b>	<b>1,446,980</b>	<b>1,574,263</b>	<b>1,611,228</b>	<b>1,532,397</b>
	Operating Income (Loss)			<b>114,036</b>	<b>33,184</b>	<b>(8,644)</b>	<b>60,537</b>	<b>41,577</b>	<b>116,726</b>
<b>Other Expense</b>									
	Depreciation			(42,000)	(148,820)	(152,881)	(162,610)	(184,928)	(199,622)
	Loss on Disposal of Property and Equipment			0	(1,543)				(5,800)
				<b>(42,000)</b>	<b>(150,363)</b>	<b>(152,881)</b>	<b>(162,610)</b>	<b>(184,928)</b>	<b>(205,422)</b>
<b>Other Assessments</b>									
	Debt Reduction			0	35,009	43,961	44,913	0	0
	Capital Project Plan			0	35,009	43,961	44,913	0	0
	Membership Incentive (Food Credit)			0	(29,220)	0	0	0	0
				<b>0</b>	<b>40,798</b>	<b>87,922</b>	<b>89,826</b>	<b>0</b>	<b>0</b>
	Income (Loss) for the year			<b>72,036</b>	<b>(76,381)</b>	<b>(73,603)</b>	<b>(12,247)</b>	<b>(143,351)</b>	<b>(88,696)</b>
<p>Note: These financials are merely a summary of past statements issued by the auditors. 2011 YTD numbers have not been audited; no assurance has been provided nor has an audit opinion been expressed.</p>									

Copies of financial statements and schedules supporting the financial summary are available in the electronic data room.



## TERMS AND CONDITIONS

1. The Receiver offers for sale the Assets of OSGCC, either en bloc or on a piecemeal/by parcel basis. This sale process should NOT be construed as a "Sale by Tender". A description of the Assets is included in the CIM.
2. Any information prepared or made available by the Receiver in connection with the invitation for offers to purchase the Assets does not form part of these Terms and Conditions of Sale and has been prepared and provided solely for the convenience of the prospective purchasers (the "Bidders"). The Receiver makes no representations or warranties that such information is complete or accurate and any and all representations and warranties, express or implied, are hereby disclaimed.
3. All Offers to Purchase ("Offer") shall be addressed to "BDO Canada Limited, Receiver of OSGCC, Suite 200, 1717 Second Avenue East, Owen Sound, Ontario N4K 5W9, Attention: "William Courage", and delivered or couriered so as to be received by the Receiver **no later than 2:00 p.m. Eastern Standard Time on Friday September 2, 2011** (the "Deadline"). All offers will be considered on an individual basis, as and when received. Accordingly, the Receiver may in its sole discretion choose to accept an offer either prior to or after the Deadline.
4. Each Offer must be accompanied by a certified cheque or bank draft in Canadian funds drawn on a chartered bank of Canada or a trust company incorporated under the laws of Canada or one of the provinces thereof, payable to "BDO Canada Limited, in Trust", in an amount equal to ten percent (10%) of the total purchase price, said amount to be held as a deposit by the Receiver in accordance with the terms hereof. Unsuccessful Bidders will have their deposits returned forthwith, without interest.
5. If an Offer is accepted by the Receiver, the certified cheque or bank draft accompanying such Offer shall be deposited into an interest bearing account, and, subject to the terms hereof, no interest shall accrue to the credit of the successful purchaser. The certified cheque or bank draft shall be deemed to be a cash deposit (the "Deposit") to be applied against the purchase price payable to the Receiver on the closing of the transaction of purchase and sale.
6. The purchaser shall be allowed fifteen (15) days, or such longer period as may be agreed between the Receiver and the Bidder, after notice of acceptance to examine the title to the land forming part of the Assets at its own expense. Any valid objections to title thereof shall be made in writing to the solicitors for the Receiver at the address set out below. If no valid objection is made in that time to the solicitor, then title shall be deemed to have been accepted. If any valid objection is made in writing within that time, BDO shall have a reasonable time to rectify and answer same. BDO shall assist the Bidder to the extent possible in the obtaining any necessary documents, licenses or transfers necessary for closing. If BDO is unable or unwilling to rectify or answer any valid objection which the Bidder shall not waive, BDO shall be at liberty to rescind the Agreement notwithstanding any intermediate negotiations with respect to such objection, or any attempt to remove or



comply with same, by notice in writing served upon the purchaser or its solicitor. In that case, the Bidder shall be entitled only to the return of the deposit money without interest, costs or compensation.

7. The acceptance of an Offer shall be subject to the approval of the Court and the granting by the Court of a Vesting Order.
8. Closing shall take place within 5 business days from the approval of the Court, (the "Closing Date"), at the offices of the Receiver or its counsel. The balance of the purchase price for the Assets shall be paid (after crediting the Deposit) by certified cheque, bank draft or wire transfer on the Closing Date.
9. The highest or any Offer will not necessarily be accepted and the Receiver reserves the right to reject any or all Offers without explanation. Upon delivering its Offer to the Receiver, no Bidder shall be allowed to retract, withdraw, vary or countermand its Offer. If any Bidder attempts to retract, withdraw, vary or countermand its offer prior to the acceptance by the Receiver of any Offer, the Receiver shall be entitled to immediately cash the certified cheque or bank draft which accompanied such an Offer and the proceeds of such certified cheque or bank draft shall be forfeited by the Bidder to the Receiver.
10. If any Offer is accepted by the Receiver, then such acceptance shall be communicated to the purchaser personally or by notice in writing, delivered by prepaid mail, courier or facsimile, by the Receiver to the purchaser at the address or facsimile number set forth in its Offer to Purchase.
11. Bidders may view the Assets by appointment with the Receiver.
12. Offers shall be made and accepted on the basis that the Bidder has inspected the Assets described herein and has relied entirely upon its own inspection and investigation of the Assets and title to same and has agreed to purchase the Assets and take possession thereof on an "as is, where is" basis without any representation, warranty or condition, whether statutory, express, implied, oral, written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, except as expressly contained in these Terms and Conditions of Sale. The Assets are being purchased as they exist on the Closing Date at the Companies' premises or elsewhere and no adjustments will be allowed for any change in condition, value, or quality of the Assets. The CIM is prepared solely for the convenience of the Bidders to assist them in the inspection and evaluation of the Assets, and is not warranted to be complete or accurate as to description, quantity, or otherwise; and is not part of these Terms and Condition of Sale.
13. The purchase price set out in any Offer shall be exclusive of all applicable taxes, charges, liens, duties and other levies imposed by any authority in connection with the sale or use thereof. All such taxes, charges, liens, duties and other levies shall be paid or otherwise satisfied by the purchaser on terms acceptable to the Receiver in the Receiver's sole discretion, on or before closing.



14. The purchaser shall not be entitled to possession of the Assets until the purchase price, applicable taxes and all other payments to be made by the purchaser have been paid in full.
15. The Receiver shall not be required to pay any commission, finder's fee or the like, with respect to a sale made pursuant to these Terms and Conditions of Sale.
16. If the purchaser fails to comply with the conditions contained herein or any of them, the Deposit and all other payments, if any, made by the purchaser, shall be forfeited to the Receiver on account of damages, and the Assets may be resold by the Receiver and the deficiency, if any, of such resale, together with all charges attending the same or occasioned by the defaulting purchaser shall be paid to the Receiver by the defaulting purchaser.
17. The validity and interpretation of these Terms and Conditions of Sale and of each provision and part thereof, shall be governed by the laws of Ontario and the laws of Canada applicable therein, and shall enure to the benefit of and be binding upon the parties thereto and their respective heirs, executors, administrators, successors and assigns.
18. All stipulations as to time are strictly of the essence.
19. The Receiver may, at its sole discretion, waive or alter any or all of the conditions in these Terms and Conditions of Sale, any such waiver to be in writing. All conditions contained herein are for the exclusive benefit of the Receiver.
20. It is understood and agreed that in inviting Offers for the Assets, the Receiver is acting solely in its capacity as Receiver of the Companies, and neither the Receiver, nor its agents, officers, nor employees, shall have any personal liability under or as a result of the sale herein, or under these Terms and Conditions of Sale. The Bidder further acknowledges that if the agreement of purchase and sale is rescinded, terminated, delayed or enjoined for any reason whatsoever, the Receiver shall not be liable for any losses, expenses or damages suffered by the Bidder.
21. These Terms and Conditions of Sale are for guidance only and do not form any part of the definitive Agreement of Purchase and Sale as executed by the parties and the schedules thereto which shall constitute the entire agreement between the Receiver and the Bidder and there are no representations, warranties or collateral agreements except as expressed therein.
22. The Receiver's obligation to complete the transaction of purchase and sale contemplated herein shall be relieved if, on or before the Closing Date, the Assets or any part thereof have been redeemed or removed from the Receiver's control by any means or process, or if this transaction is restrained by an injunction or other order issued by a court of competent jurisdiction, whereupon the only obligation of the Receiver shall be the return of the Deposit, without interest, set-off or abatement and the Bidder shall, and does hereby release the Receiver from any further obligation or liability in connection with the transaction of purchase and sale.

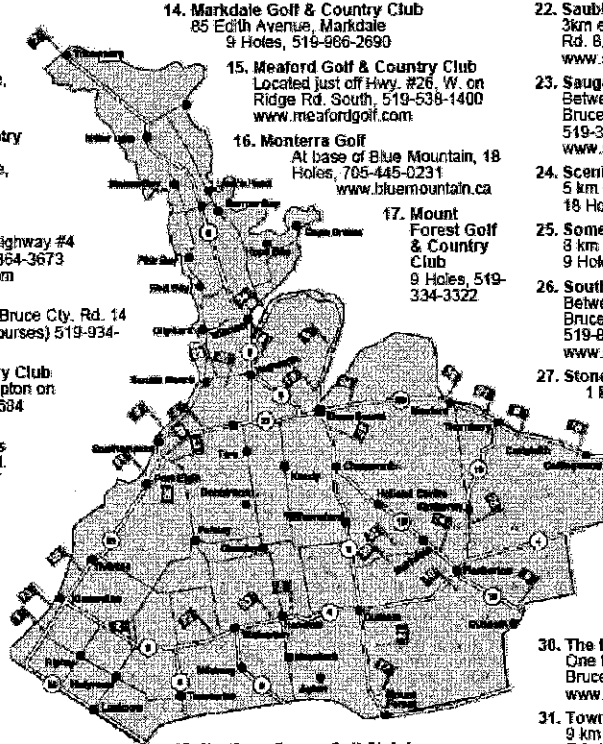


23. The Obligation of the Receiver to complete any transaction of purchase and sale is conditional upon the Receiver having received an Order from the Ontario Superior Court of Justice approving the sale transaction, and granting a Vesting Order, which Approval Order and Vesting Order shall be in full force and effect as of the date of closing and shall not have been stayed. In the event that these conditions are not met the Receiver may, in its sole discretion elect to:
- i) extend the Closing Date to such date and on such terms as are acceptable to the purchaser, acting reasonably;
  - ii) close the transaction of purchase and sale in escrow, subject to any conditions that may have to be negotiated; or
  - iii) cancel the transaction of purchase and sale contemplated herein.
24. If the transaction of purchase and sale is terminated by the Receiver, the only obligation of the Receiver shall be the return of the Deposit, without interest, set-off or abatement and the purchaser shall, and does hereby release the Receiver from any further obligation or liability in connection with the transaction of purchase and sale.
25. Bidders will be required to arrange any necessary financing. The Receiver will not accept any Offer that includes Vendor Take Back Financing.
26. Bidders are encouraged to use the Draft form Agreement of Purchase and Sale, which may be downloaded from the virtual data room, in submitting their offer.

## APPENDIX A - GREY BRUCE GOLF COURSES

### Grey-Bruce Courses

1. Ainsdale Golf Course  
2 kms. south of Kincardine,  
18 holes, 519-395-5555  
[www.ainsdale.on.ca](http://www.ainsdale.on.ca)
2. BlackHorse Golf & Country  
Resort  
23 kms. east of Kincardine,  
18 holes, 519-395-0009  
[www.blackhorsegolf.ca](http://www.blackhorsegolf.ca)
3. Buck's Crossing  
Just east of Hanover on Highway #4  
New 9 Hole Course, 519-354-3673  
[www.bucksrossinggolf.com](http://www.bucksrossinggolf.com)
4. Chesley Lake Camp  
Northwest of Allenford on Bruce Cty. Rd. 14  
(two separate nine hole courses) 519-934-2071
5. Chippewa Golf & Country Club  
One km north of Southampton on  
Hwy. 21 (18 Holes) 797-3684  
[www.chippewagolf.com](http://www.chippewagolf.com)
6. Cobble Beach Golf Links  
Northwest of Owen Sound.  
Opening in spring of 2007  
519-370-2173  
[www.cobblebeach.com](http://www.cobblebeach.com)
7. Cornerstone Golf Club  
One kilometre south of  
Tobermory  
9 Holes, 519-596-2332  
[www.cornerstonegolf.ca](http://www.cornerstonegolf.ca)
8. Dunadel Golf  
Hwy. 10, 2 miles north  
of Dundalk  
9 Holes  
519-923-9616
9. Georgian Bay Club  
East of Thornbury,  
private  
(18 Holes) 519-599-9949  
[www.georgianbayclub.com](http://www.georgianbayclub.com)
10. Highland Glen Golf Club  
R.R. #3, Priceville  
18 Holes, 519-824-GOLF  
[www.924golf.com](http://www.924golf.com)
11. Holiday Golf Club  
Hwy. 21, Port Elgin  
18 Holes, Par 3, 519-389-4118
12. Homestead Resort  
4km east of Durham off Hwy. #4  
18 Holes 519-389-3771  
[www.homesteadresort.ca](http://www.homesteadresort.ca)
13. Kincardine Golf & Country Club  
9 Holes, 519-396-2112



14. Markdale Golf & Country Club  
85 Edith Avenue, Markdale  
9 Holes, 519-866-2690

15. Meaford Golf & Country Club  
Located just off Hwy. #26 W. on  
Ridge Rd. South, 519-538-1400  
[www.meafordgolf.com](http://www.meafordgolf.com)

16. Monterra Golf  
At base of Blue Mountain, 18  
Holes, 705-445-0231  
[www.bluemountain.ca](http://www.bluemountain.ca)

17. Mount  
Forest Golf  
& Country  
Club  
9 Holes, 519-  
334-3322

18. Northern Dunes Golf Club Inc.  
Hwy. #6, 1 mile north of Hepworth,  
18 holes, 519-935-3000  
[www.northerndunes.com](http://www.northerndunes.com)

19. Owen Sound Golf & Country Club  
Minutes northwest of Owen Sound, 18  
holes, 519-376-1981  
[www.osgcc.com](http://www.osgcc.com)

20. Pinewoods Golf at Sauble Beach  
3.5 km east of Sauble Beach on Bruce  
County Rd. 8, 9 Holes  
519-422-1546

21. Raven Golf Club at Lora Bay  
West of Thornbury,  
18 Holes, 519-599-7500  
[www.ravengolf.com](http://www.ravengolf.com)

22. Sauble Golf & Country Club  
3km east of Sauble Beach on Bruce Cty.  
Rd. 8, 18 Holes, 519-422-1052  
[www.saublegolf.com](http://www.saublegolf.com)

23. Saugeen Golf Club  
Between Port Elgin & Southampton on  
Bruce County Rd. 3, 27 holes,  
519-389-4031  
[www.saugeengolf.com](http://www.saugeengolf.com)

24. Scenic City Golf Course  
5 km east of Owen Sound on Hwy. 26  
18 Holes, 519-376-4649

25. Somerhill Golf Club  
8 km north of Kincardine on Hwy. 21  
9 Holes, 519-396-8450

26. South-Port Golf Course  
Between Port Elgin & Southampton on  
Bruce Cty. Rd. 3, 9 Holes  
519-832-5650  
[www.southportgolf.ca](http://www.southportgolf.ca)

27. Stone Tree Golf and Fitness Club  
1 km south of Owen Sound on Hwy. 8  
& 10, 18 Holes, 519-376-7899  
[www.stonetree.on.ca](http://www.stonetree.on.ca)

28. Talisman Mountain Resort  
One km north of Kimberley on  
Grey Cty. Rd. 13, 9 Holes,  
519-599-2520  
[www.talisman.ca](http://www.talisman.ca)

29. The Ferns Golf & Country  
Club  
10 minutes southwest of  
Markdale, 18 holes,  
519-986-3500  
[www.fmsgolf.ca](http://www.fmsgolf.ca)

30. The Links at Pipers Glen  
One km east of downtown Port Elgin on  
Bruce Rd. 17, 18 Holes, 519-632-4553  
[www.pipersglengolf.com](http://www.pipersglengolf.com)

31. Townsend Lake Golf Club  
9 km west of Markdale, north of Grey Cty.  
Rd. 12, 9 Holes, expanding to 18 in 2006,  
519-986-4889

32. Walkerton Golf & Country Club  
2 km west of Walkerton on Hwy. 4  
9 Holes, 519-881-0709

33. Whispering Hills Golf Club  
3km west of Hanover on Bruce County  
Road #4, 18 holes, 519-364-2738  
[www.whisperinghillsgolfclub.com](http://www.whisperinghillsgolfclub.com)

34. Warton Golf Club  
East on Grey County Rd. 26  
9 Holes, 519-534-0005

APPENDIX B - PICTURES





