

**No. S-238711**  
**Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

**CANADIAN WESTERN BANK**

**PETITIONER**

**AND:**

**QUARRY ROCK DEVELOPMENTS (MCALLISTER) INC., QUARRY ROCK  
DEVELOPMENTS (MCALLISTER) LIMITED PARTNERSHIP, LAWSON  
ACQUISITIONS LTD., WILLIS DEVELOPMENTS INC., AND QUARRY ROCK  
DEVELOPMENTS INC.**

**RESPONDENTS**

**SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER**

**ALVAREZ & MARSAL CANADA INC.**

**NOVEMBER 19, 2024**

## TABLE OF CONTENTS

1.0	PURPOSE .....	- 3 -
2.0	BC FRONTIER HOUSING SOCIETY .....	- 3 -

### **Appendices**

Appendix A – BC Frontier Housing Society Letter of Interest Dated June 12, 2024

Appendix B – Email to the Receiver dated September 24, 2024

## **1.0 PURPOSE**

- 1.1 This Supplement to the First Report of the Receiver (the “**Supplement**”) has been prepared by the Receiver to provide this Honourable Court with additional information in respect of the Sales Process and the Letter of Interest (the “**BC Frontier LOI**”) from BC Frontier Housing Society discussed in the First Report of the Receiver dated November 7, 2024 (the “**First Report**”).
- 1.2 The Supplement to the First Report of the Receiver should be read in conjunction with the First Report, the Receiver’s Notice of Application filed November 8, 2024, and other materials filed in these Receivership Proceedings (collectively, the “**Filed Materials**”). Definitions of capitalized terms not defined herein, and other background information are contained in the Filed Materials.

## **2.0 BC FRONTIER HOUSING SOCIETY**

- 2.1 As indicated in the First Report, the Receiver’s counsel, DLA Piper (Canada) LLP (“**DLA**”), received the BC Frontier LOI from Frontier’s counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), on June 13, 2024. The BC Frontier LOI is attached as Appendix “A”
- 2.2 A summary of events with respect to the BC Frontier LOI are as follows:
  - a) On May 28, 2024, the Receiver had a call with the Debtor’s former management to discuss the Receivership, the Mosaic PSA and efforts being taken by the Company to work with BC Builds and BC Frontier Housing Society (“**BC Frontier**”) to advance a transaction. The Receiver noted that in order to advance a transaction, a deposit would need to be received and conditions would need to be removed from any transaction to be Court approved. The Receiver suggested that a logical next step would be to have BC Frontier’s counsel (unknown at the time) contact DLA;
  - b) On June 13, 2024, Cassels sent the BC Frontier LOI to DLA, noting that it is not “completely in line with what a Receiver would expect to see format- or content-wise”;
  - c) On June 14, 2024, DLA sent an email to Cassels to arrange a call to better understand the BC Frontier LOI;
  - d) On or about June 25, 2024, a call was held between Cassels and DLA in respect of the BC Frontier LOI (the “**June Call**”);
  - e) On August 2, 2024, DLA sent an email to Cassels to follow up on the June Call, and to provide Cassels with the Colliers’ contact information, should Cassels require any further assistance or information with respect to the Sales Process;

- f) On August 2, 2024, Mr. Leigh Angman, Chairman of the Board of BC Frontier and Colliers exchanged emails in respect of the Sales Process and BC Frontier's efforts to obtain financing from BC Builds. At this time Colliers confirmed they were the listing agent and noted that they would circulate a draft form of purchase and sale agreement ("PSA") to Mr. Angman.
- g) On August 7, 2024, BC Frontier acknowledged receipt of the draft form of PSA;
- h) On August 13, 2024, Colliers followed up with BC Frontier to see if they had any questions. On even date, BC Frontier responded indicating that they hoped to have a letter of support from BC Builds within the week and indicated that BC Builds may have difficulty advancing a transaction until after the Provincial election;
- i) On September 23, 2024, BC Frontier acknowledged its understanding that it should be prepared to advance a subject-free offer at Court upon learning that the project was under contract;
- j) On November 7, 2024, pursuant to Supreme Court of British Columbia PD-62, Sealed Bid Process for Foreclosures and Other Matters Involving Sales of Land ("PD-62"), Colliers emailed 32 potential interested parties, including BC Frontier, to notify the parties of the Court date of November 20, 2024, to invite them to make a competing offer and to provide a copy of PD-62; and
- k) On November 7, 2024, DLA served an unfiled Notice of Application on Cassels via email.

2.3 A copy of an email to the Receiver from the City of Port Coquitlam dated September 24, 2024, is attached to this Report as Appendix "B".

2.4 The Receiver notes that at the time of finalizing this Supplement to the First Report, neither the Receiver, nor Colliers, nor DLA have received a completed offer document or a deposit in respect of the BC Frontier LOI.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 19<sup>th</sup> day of November 2024.

**Alvarez & Marsal Canada Inc.,**  
in its capacity as Receiver of  
Quarry Rock Developments (McAllister) Inc.  
Quarry Rock Developments (McAllister) Limited Partnership



Per: Anthony Tillman  
Senior Vice President

## Appendix A

**LETTER OF INTEREST**

*[The Met]*

June 12, 2024

BETWEEN: **BC FRONTIER HOUSING SOCIETY**  
#604 - 1231 Pacific Blvd., Vancouver B.C. (“**Buyer**”)

AND: **QUARRY ROCK DEVELOPMENTS (MCALLISTER) INC.** (“**Seller**”)

AND SUPPORTED BY: **QUARRY ROCK DEVELOPMENTS INC.** (“**QRD**”)

**RE: Proposed Purchase and Sale of the development lands located at 2245 McAllister Avenue, Port Coquitlam, BC**

**WHEREAS:**

- A. The Seller is the registered owner of the development property located at 2245 McCallister Avenue, Port Coquitlam, BC and legally described as follows:

Parcel Identifier: 031-366-708

Legal Description:

Lot 1 District Lot 379 Group 1

New Westminster District Plan EPP107096

(the “**Property**”).

- B. The Buyer is a newly established non-profit society with a focus on addressing the needs of bringing sustainable rental housing to the market in British Columbia for the “missing middle” income earners, with an emphasis on providing rental homes for tenants who serve their communities – including but not limited to public servants, teachers, nurses, firefighters, police officers and other first responders/front-line workers.
- C. The Buyer’s mandate is to work with BC Housing’s BC Builds program to convert existing and upcoming multi-family residential development projects into much needed rental housing.
- D. The Buyer is interested in purchasing the Property from the Seller on the terms and conditions set out in this Letter of Interest.
- E. The Property and the Seller are currently in Receivership with Alvarez & Marsal Canada (the “**Receiver**”).
- F. Prior to the Receivership, QRD had entered into a Purchase and Sale agreement dated March 25, 2024 (the “**Original Purchase and Sale Agreement**”) with Mosaic Seniors Care Society as the Original Buyer (“**Mosaic**”). Mosaic was unable to proceed with the purchase of the Property due to existing loans with Fraser Health prohibiting additional lending to this Mosaic. Thus, Mosaic requested an extension and approval to transfer the sale to the Buyer hereunder which is an associated entity of in that Mosaic and the Buyer share a Director in common.
- G. QRD was unable to agree to or sign an extension of the Original Purchase Agreement as QRD is not permitted to sign any documents given the Receivership process. This Letter of Interest has been prepared to propose for consideration the terms and intent of an offer by the Buyer to purchase the Property, as supported by QRD, for presentation to the Receiver.

## **TERMS OF PROPOSED OFFER:**

### **A. CONTRACT WITH CITY OF PORT COQUITLAM:**

The Buyer agrees to honor the Agreement of Purchase and Sale between the Seller and the City of Port Coquitlam (the “City”) dated April 24, 2020.

### **B. PURCHASE PRICE:**

The Purchase Price shall be **TWENTY-EIGHT MILLION AND FOUR HUNDRED DOLLARS (\$28,400,000.00)** (the “Purchase Price”) and is equivalent to the cost base of the project at the date of sales. The Purchase Price will include the transfer of all permits, plans, drawings, reports, surveys, contracts, materials, licenses, warranties and development work in progress etc. that have been completed to date (the “Development Work-in-Progress”) all at no additional cost to the Buyer.

### **C. FORMAL AGREEMENT:**

Within **FIFTEEN (15) BUSINESS DAYS** following the execution of this Letter of Interest by all parties, the Seller will supply the Buyer with a Purchase and Sale Agreement (the “Purchase and Sale Agreement”) to be negotiated in good faith between the parties.

Such Purchase and Sale Agreement shall also include reference to the Seller’s possible requirement to obtain court approval.

The Buyer and QRD acknowledge and agree that this Letter of Interest (“LOI”) is non-binding as it must be resolved with the Receiver. QRD as a stakeholder confirms that it agrees with the terms outlined herein, but the parties acknowledge and understand that the Receiver will make the final decision and thus no binding agreement can be made without the Receiver’s approval.

### **D. BUYER’S CONDITIONS AND DUE DILIGENCE:**

The obligation of the Buyer to purchase the Property on the Completion Date (as defined herein) will be subject to and conditional upon the following conditions being satisfied or waived on or before 5:00 pm on July 19, 2024:

- (a) the Buyer being satisfied in its sole discretion with a feasibility study for the Property to be received by the Buyer on or before 5:00 pm (Vancouver time); and
- (b) the Buyer being satisfied in its sole discretion with its review of title to the Property, the results of all physical investigations it undertakes or causes to be undertaken with respect to the Lands, and the Buyer’s review of all reports, studies, information, files and accounts within the possession or control of the Seller

The Seller and/or Receiver will, within three business days after the execution by all parties of a definitive Purchase and Sale Agreement, deliver to the Buyer the following:

- (a) true copies of any studies, tests, audits, surveys, investigations, reports (including environmental reports), plans and other information concerning the Property which are in the possession or control of the Seller; and
- (b) true copies of all other plans, specifications, surveys and financial statements within the Seller’s possession or control and pertaining to the Property

(collectively, the “**Due Diligence Materials**”).

The Buyer agrees to maintain the confidentiality of all Due Diligence Materials, and to return all copies of the same to the Seller and/or Receiver forthwith if the conditions precedent set out in this Section D are not satisfied or waived within the time provided or if the Purchaser fails to complete its purchase of the Property.

The Purchaser will be entitled to enter onto the Property as reasonably required in order to carry out such due diligence investigations of the Property as it reasonably requires, provided that any inspections of the Property by the Purchaser or its agents, employees or consultants will be carried out during normal business hours, and will not injure the Property. The Buyer will be responsible for and will indemnify the Seller for all damages, costs, expenses and other adverse consequences of the Purchaser’s actions.

#### **E. PAYMENT OF PURCHASE PRICE:**

Deposit: Buyer will deliver a non-refundable deposit of **SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000.00)** (the “Deposit”) directly to the Seller within TWO (2) BUSINESS DAYS following the fulfillment or waiver of all Conditions Precedent; and

Balance: Buyer will pay the balance of the Purchase Price, subject to customary adjustments typical of a transaction similar to the purchase and sale of the Property, to Seller’s solicitors on the Completion Date.

#### **F. COMPLETION:**

The completion of the purchase and sale of the Property shall occur on **AUGUST 31, 2024** (the “**Completion Date**”).

Should the Completion Date fall on a Saturday, a Sunday, or a statutory holiday in British Columbia, the Completion date shall be the next day that the Lower Mainland Land Title Office is open for business.

#### **G. VTB:**

The Seller has agreed to grant a “VTB Mortgage” to the Buyer. In this Section, “VTB Mortgage” means a loan from the Seller to the Buyer in an amount up to \$9,800,000.00, with terms to be defined in the VTB Mortgage document and agreeable to all parties and which will include a zero percent interest rate until project cash flow allows for its repayment.

#### **H. DEVELOPMENT:**

In order to advance the existing development in an expedited manner and bring the housing units to market as quickly as possible, QRD agrees to work with the Buyer and assist in obtaining all remaining permits.

The Buyer agrees that it is their intent to make whole all applicable liens and they intend to work with the engaged construction manager and their trades and suppliers for completion of the project, assuming they are reasonable in their pricing and contract terms.

#### **I. COMMISSION:**

The Original Purchase and Sale Agreement with Mosaic and this LOI with the Buyer were negotiated and completed without any contact with the realtor and exclusively through QRD. Thus, no commission should be applicable which would only add to the cost base of this project.

#### **J. SHARE PURCHASE:**

The Buyer, in its sole discretion, may elect to acquire the Property, the Due Diligence Materials and the Development Work-in-Progress by way of a transfer of the beneficial owner’s interest therein and a transfer of



all the issued and outstanding shares in the capital of the Seller, in which case, the Seller will cause the shareholders/principals of the Seller to sign and implement such share transfer on terms and conditions common within the real estate industry for the transfer of shares of a bare trustee company whose primary asset is legal title to real estate.

**K. EXCLUSIVITY:**

Upon the acceptance of this LOI by the Receiver, the Buyer will be entitled to an exclusivity period. During such period, the Seller and/or its agent shall not enter into any discussions with any other party for the time allotted in Section 2 hereof for the negotiation and settlement of the Purchase and Sale Agreement.

Please note that the above-mentioned points are not exhaustive but are an attempt to capture the main deal points for the proposed purchase of the Property by the Buyer. The Purchase and Sale Agreement will include additional details that are required to complete this transaction.

We trust that the above terms will be satisfactory to the Seller and look forward to moving to the next stage in completing a definitive Purchase and Sale Agreement.

This LOI is open for acceptance until **5:00pm on June 21, 2024**.

Sincerely,

**BC FRONTIER HOUSING SOCIETY**



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(Authorized Signatory/Signature)

(Date) June 13<sup>th</sup>, 2024

*[Additional signatures follow on next page]*

Agreed and Accepted to be presented to the Receiver:

**QUARRY ROCK DEVELOPMENTS INC.**

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(Authorized Signatory/Signature)

(Date)

Agreed and Accepted:

**QUARRY ROCK DEVELOPMENTS (McAllister) INC.**

As Represented by the Court Appointed Receiver Alvarez & Marsal Canada.

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(Authorized Signatory/Signature)

(Date)

## **Appendix B**

**From:** [Karen Grommada](#)  
**To:** [Tillman, Anthony](#); [Poirier, Taylor](#)  
**Cc:** [Rob Bremner](#)  
**Subject:** FW: The Met + BC Builds + BC Frontier Housing Society - LOI received  
**Date:** Tuesday, September 24, 2024 7:50:11 AM  
**Attachments:** [image001.png](#)  
[Image.png](#)  
[Image.png](#)  
[Image.png](#)  
[Image.png](#)

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**[EXTERNAL EMAIL]: Use Caution**

Hi Anthony and Taylor,  
Hope you had a great summer!  
We are happy to hear there is an accepted offer from Northstar.  
Are you able share next steps?

Thank you.

Regards,

**Karen Grommada, CPA, CMA | City of Port Coquitlam**  
Deputy CAO  
T: 604.927.5305 | E: [grommadak@portcoquitlam.ca](mailto:grommadak@portcoquitlam.ca)  
2580 Shaughnessy Street | Port Coquitlam, BC | V3C 2A8  
[www.portcoquitlam.ca](http://www.portcoquitlam.ca) | [Twitter](#) | [Facebook](#)

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**From:** Buck, Hart <Hart.Buck@colliers.com>  
**Sent:** Monday, September 23, 2024 11:08 PM  
**To:** Karen Grommada <grommadak@portcoquitlam.ca>; Darling, Jennifer <Jennifer.Darling@colliers.com>  
**Subject:** Re: The Met + BC Builds + BC Frontier Housing Society - LOI received

Hello Karen, nice to hear from you.

I expect Gord Wylie will be connecting with you shortly RE the current accepted offer .... from Northstar. BC Builds has been trying to pick up various QRD sites ..... without success to date.

Cheers.

**Hart Buck**  
Senior Vice President | Personal Real Estate Corporation  
[Hart.Buck@colliers.com](mailto:Hart.Buck@colliers.com) | [View my profile](#)

Direct: +1 604 662 2646 | Mobile: +1 604 727 7001  
1067 West Cordova St., Suite 1100 | Vancouver, BC V6C 1C7 | Canada  
Main: +1 604 681 4111 | Fax: +1 604 661 0849

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**From:** Karen Grommada <[grommadak@portcoquitlam.ca](mailto:grommadak@portcoquitlam.ca)>  
**Sent:** Tuesday, September 24, 2024 1:42:34 AM  
**To:** Darling, Jennifer <[Jennifer.Darling@colliers.com](mailto:Jennifer.Darling@colliers.com)>; Buck, Hart <[Hart.Buck@colliers.com](mailto:Hart.Buck@colliers.com)>  
**Subject:** FW: The Met + BC Builds + BC Frontier Housing Society - LOI received

Hi Jennifer and Hart,  
Further to the email below, we are hearing that there is an accepted offer for 2245 McAllister.  
There is a Council meeting tomorrow afternoon, and I expect we will be asked about it.  
If there is any update you can share we would appreciate it.

Thanks!

**Karen Grommada, CPA, CMA | City of Port Coquitlam**  
Deputy CAO  
T: 604.927.5305 | E: [grommadak@portcoquitlam.ca](mailto:grommadak@portcoquitlam.ca)  
2580 Shaughnessy Street | Port Coquitlam, BC | V3C 2A8  
[www.portcoquitlam.ca](https://www.portcoquitlam.ca) | [Twitter](#) | [Facebook](#)

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**From:** [leigh@frontierhousing.ca](mailto:leigh@frontierhousing.ca) <[leigh@frontierhousing.ca](mailto:leigh@frontierhousing.ca)>  
**Sent:** Monday, September 23, 2024 2:36 PM  
**To:** Karen Grommada <[grommadak@portcoquitlam.ca](mailto:grommadak@portcoquitlam.ca)>  
**Cc:** [contact@frontierhousing.ca](mailto:contact@frontierhousing.ca)  
**Subject:** The Met + BC Builds + BC Frontier Housing Society - LOI received

Hi Karen,

BC Frontier Housing Society has received an LOI from BC Builds to fund the project at 2245 McAllister Ave, Port Coquitlam. The Met.

We reached out to the receiver's realtors, via ours, on Friday to put this project under contract and, at that time, they advised that there is an accepted offer that is currently in due diligence. It appears that the only way forward for us on this is to buy this project through a court offer assuming subjects are removed. Given the court process as we understand it, we need to assume that subjects are removed and prepare to go to court with a subject-free offer.

Prior to doing so, we first need to come to a suitable arrangement with the City of Port Coquitlam on how to honor your option to purchase for the commercial space. Will the City of Port Coquitlam arrange a meeting with me and some of our other Directors to discuss details of this proposal? We believe that our offer through the Province will be quite superior to anyone else's. Can you confirm a time and date that would work for you?

Best regards,

Leigh Angman  
BC Frontier Housing Society  
[www.frontierhousing.ca](http://www.frontierhousing.ca)  
[leigh@frontierhousing.ca](mailto:leigh@frontierhousing.ca)  
o: +1 604 260 0932  
m: +1 604 817 8151

