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JUDICIAL CENTRE	**CALGARY**
DOCUMENT	**TWENTY-SEVENTH REPORT OF THE MONITOR**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY HOUSING AND SERVICES AND ENCHARIS MANAGEMENT AND SUPPORT SERVICES

DATED April 17, 2017

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the "Filing Date"), Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), Encharis Community Housing and Services ("ECHS"), Encharis Management and Support Services ("EMSS") and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL", collectively the "Applicants" or the "District Group") obtained an Initial Order (the "Initial Order") from the Court of Queen's Bench of Alberta (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Deloitte Restructuring Inc. ("Deloitte") was appointed as Monitor (the "Monitor") in the CCAA proceedings.

2. For clarity, the District includes the Church Extension Fund ("CEF"), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District's Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the "District Depositors"). Depositors to DIL will be referred to as the "DIL Depositors". The District Depositors and the DIL Depositors will collectively be referred to as the "Depositors".

3. The Initial Order provided for an initial stay of proceedings (the "Stay") until February 20, 2015. The Court has now granted nine extensions of the Stay. The most recent Order was granted at an application on September 2, 2016 and extended the Stay until the earlier of December 31, 2016, or the date on which a Certificate of Plan Termination is filed signaling the completion of the plan of compromise and arrangement for the District as subsequently amended (the "District Plan"). On November 15, 2016, counsel for the Applicants wrote a letter to the Court noting that the Monitor would not be in a position to file the Certificate of Plan Termination by December 31, 2016 as several properties still needed to be dealt with and there was still one disputed claim that was unresolved. Counsel also noted in the letter that upon further review of the sanction orders granted by the Court for all of the plans, it was noted that each of the sanction orders granted an extension of the Stay period until the Certificates of Plan Termination were filed and that, as a result, another Court application was not necessary to extend the Stay. The Monitor understands that the Court has not disputed this position and the Stay remains in place until the Certificates of Plan Termination are filed.

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the "Pre-Filing Report"). The Monitor subsequently filed the following reports:

   4.1. the First Report of the Monitor dated February 17, 2015;

   4.2. the Second Report of the Monitor dated March 23, 2015 (the "Second Report");

   4.3. the Third Report of the Monitor dated June 16, 2015;

   4.4. the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report");

   4.5. the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report');

   4.6. the Sixth Report of the Monitor dated September 9, 2015;

   4.7. the Seventh Report of the Monitor dated October 20, 2015;

   4.8. the Eighth Report of the Monitor dated October 30, 2015;

   4.9. the Ninth Report of the Monitor dated November 26, 2015;

   4.10. the Tenth Report of the Monitor dated December 22, 2015;

   4.11. the Eleventh Report of the Monitor dated January 11, 2016;

   4.12. the Twelfth Report of the Monitor dated January 27, 2016;

   4.13. the Thirteenth Report of the Monitor dated February 4, 2016;

   4.14. the Fourteenth Report of the Monitor dated February 18, 2016;

   4.15. the Fifteenth Report of the Monitor dated February 25, 2016 (the "Fifteenth Report");

   4.16. the Sixteenth Report of the Monitor dated March 14, 2016;

   4.17. the Seventeenth Report of the Monitor dated March 18, 2016 (the "Seventeenth Report");

   4.18. the Eighteenth Report of the Monitor dated April 25, 2016;

   4.19. the Nineteenth Report of the Monitor dated May 27, 2016;

   4.20. the Twentieth Report of the Monitor dated June 14, 2016;

   4.21. the Twenty-First Report of the Monitor dated July 7, 2016;

   4.22. the Twenty-Second Report of the Monitor dated July 12, 2016;

   4.23. the Twenty-Third Report of the Monitor dated August 22, 2016;

   4.24. the Twenty-Fourth Report of the Monitor dated October 17, 2016;

   4.25. the Twenty-Fifth Report of the Monitor dated December 12, 2016; and

4.26. the Twenty-Sixth Report of the Monitor dated March 2, 2017 (the "Twenty-Sixth Report," together with the Pre-Filing Report, the reports listed in 4.1 to 4.26 will collectively be referred to as the "Reports").

5. The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016, and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the "Supplements"). The Supplements have been sealed by the Court.

6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the "Encharis Report"), a First Report to the Creditors of DIL dated December 8, 2015 (the "DIL Report"), and a First Report to the Creditors of the District dated March 28, 2016 (the "District Report"). All of the Encharis Report, the DIL Report, and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL, and the District (respectively the "ECHS Plan", the "EMSS Plan", the "DIL Plan" and the "District Plan", collectively the "Applicant Plans"), all as subsequently amended.

7. This report represents the Twenty-Seventh Report of the Monitor (the "Twenty-Seventh Report"). The Twenty-Seventh Report has been prepared to provide the Court with an update on the CCAA proceedings and the Applicant Plans and other matters since the Twenty-Sixth Report. The Twenty-Seventh Report also provides this Honourable Court with the Monitor's position with respect to the application by the District Subcommittee scheduled to be heard on April 19, 2017, seeking a declaration that certain amendments to a statement of claim in relation to the District Representative Action are compliant with the District's Plan (or in the alternative to seek an amendment to the District's Plan) and to seek a lift of the Stay in order to allow the District Representative Action to proceed (the "District Subcommittee Application").

8. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.

9. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al.".

Notice to Reader

10. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants, and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties, and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

11. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
12. All amounts included herein are in Canadian dollars unless otherwise stated.

Status of Applicant Plans

The District Plan

13. The District Plan was approved by the required majority of Eligible Affected Creditors, an Order sanctioning the District Plan was granted by the Court on August 2, 2016, and the District Plan became effective on August 23, 2016, immediately following the expiration of the appeal period.

14. As previously reported, approximately 1,654 Eligible Affected Creditors were paid in full by the Convenience Payments. Following the Convenience Payments having been issued, 988 Eligible Affected Creditors remain (the "Remaining Affected Creditors"). Pursuant to the Initial Cash Distributions and taking into account payments made pursuant to the Emergency Fund, Remaining Affected Creditors have received distributions totalling approximately 12% of their proven claims after deducting the Convenience Payments.

15. As set out in the Distribution Letters, the following distributions will be made to Remaining Affected Creditors in the future:

    15.1. Cash distribution(s) from the proceeds of the remaining Non-Core Assets, which include cash and marketable securities, selected unsecured loans, guarantees, and mortgages. Pursuant to the District Plan and DIL Plan, distributions are to be made each time the quantum of funds held in trust reaches $3.0 million, net of applicable holdbacks; and

    15.2. Remaining Affected Creditors who reside outside of Canada will receive a further cash distribution based on a discounted value for the NewCo Shares (as defined later herein) in lieu of the NewCo Shares, as further set out in the District Plan. The Monitor will be working with the District to review and co-ordinate these payments which are expected to be less than $200,000.

16. The status of the remaining unrealized Non-Core Assets of the District are as follows:

Asset Description	Status
Shepherd of the Valley Lutheran Church ("SVLC") Church Building and Property in Canmore, AB (the "Canmore Property") with 2016 tax assessed value of $1.0 million	A Court application was held on October 27, 2016 to determine if the District and/or SVLC are entitled to the Canmore Property or the proceeds therefrom. A decision from the Court is still pending
Foothills Lutheran Church ("FLC"), 8 acres of land in Calgary, AB (the "Foothills Property") with 2016 tax assessed value of $4.9 million	The Foothills Property was subdivided by FLC and four acres have been sold and the split of the proceeds between the District and FLC, along with the proceeds from the eventual sale of the four remaining acres, is still being negotiated by the parties
ECHS outstanding loan of approximately $2.0 million owing to the District with respect to the Shepherd's Village Ministries Ltd. ("SVM") that was guaranteed by the SVM (the "SVM Loan")	The District is working with SVM on realization strategies to settle the loan at a discount based on the limited value of the assets securing the loan

17. The District and its counsel are currently holding approximately $4.5 million in funds as follows:

Description	Amount
Funds held by the District	$ 2,145,523
Funds held in trust by the District's legal counsel	2,338,579
Total funds on hand before restructuring holdback and unpaid claims	4,484,102
Less: Restructuring holdback	(1,000,000)
Less: Unpaid minor, estate and non-resident claims	(348,455)
Total funds on hand, net of restructuring holdback and unpaid claims	$ 3,135,647

18. As stated in the District Plan, the Monitor has estimated a Restructuring Holdback of approximately $1.0 million. The Restructuring Holdback addresses the estimated fees to the conclusion of the CCAA Proceedings for the Monitor, the Monitor's legal counsel, the District's legal counsel, the legal counsel for the District Creditors' Committee, and the CRO.

19. As the total funds on hand, net of unpaid claims and the Restructuring Holdback, is in excess of $3 million, the District is in a position to make a further distribution to the District Creditors. Such a distribution is expected to take place in approximately three months from the date of this report. The Twenty-Sixth Report provides further details on the cash flow of the District.

20. The Monitor believes that the District has made reasonable progress towards the realization on the Non-Core Assets. The timing of the final realization of the remaining Non-Core Assets is highly dependent on a combination of a pending Court decision, as well as commercial negotiations which are not entirely in the control of the District. However, based upon discussions between the Monitor and the District, the Monitor is advised that the realization of the Non-Core assets will be completed within six to twelve months of the date of this report.

21. Other than the sale of the Non-Core assets, the Monitor is not aware of any other issue that would further delay the Monitor from filing the Certificate of Plan Termination, which would have the effect of, *inter alia*, lifting the Stay and permitting the District Representative Action to proceed.

22. The District has implemented the tax structured transaction contemplated in the District Plan pursuant to which shares (the "NewCo Shares") in a new company called Sage Developments Inc. ("NewCo" or "Sage") were issued to Remaining Affected Creditors effective October 31, 2016 (the "NewCo Transaction"). Certain assets and contracts of ECHS and EMSS, as outlined in the Twenty-Fourth Report, were transferred to NewCo along with the operations of the Harbour and Manor seniors' care facilities and the Prince of Peace Church and School effective the same date.

23. The bylaws of Sage affixed to the District Plan required that Sage call a shareholder meeting (the "Shareholder Meeting") within six months of the "Effective Date" of the District Plan. The Monitor understands that the Shareholder Meeting has recently been called for May 26, 2017, which is not within that six month period. The Monitor has received several inquiries about this issue, in particular from a member of the District Subcommittee. The Monitor is advising the Court of this issue, but in the absence of further Court direction, does not intend to take any further steps in relation to this delay. As Sage is not a party to the District Plan (as it did not exist when the District Plan was created), the Monitor is of the view that it does not have standing to pursue the issue with Sage. Rather, Sage was bound to hold such a Shareholder Meeting under that timeline pursuant to its corporate bylaws. As those are corporate obligations, shareholders of Sage have various legal rights available to them to require that Sage comply with its legal obligations under its bylaws. Further, as the District does not control Sage, in the view of the Monitor the late holding of such a meeting does not constitute a default under the District Plan. In the circumstances, the Monitor has encouraged Sage shareholders to continue to take up issues directly with Sage, and to undertake whatever steps they deem necessary in order to assert their rights as shareholders.

24. The Monitor has also been advised that no financial information has been provided to the shareholders of Sage to date. The Monitor has received a request from Mr. Garber and/or the District Subcommittee to pursue Sage for this information, on the basis that the Monitor allegedly provided various assurances to District depositors (now Sage shareholders) about the delivery of such information. The Monitor has communicated to Mr. Garber that it did not provide any such assurances to the NewCo shareholders and that the Monitor simply reported on what the Sage bylaws required it to do. The Monitor's counsel also asked Mr. Garber to clarify if members of the District Subcommittee are raising these issues in their

personal capacity or in their capacity as members of the District Subcommittee, as it is the view of the Monitor that such issues are more appropriately raised by shareholders in their individual capacity or by the District Creditor Committee. Counsel to the Monitor also requested that Mr. Garber provide a list of all of his concerns with respect to Sage. The Monitor's counsel has not received a response to these queries as of the date of this report.

25. The only remaining unresolved creditor claim in the District CCAA proceedings is with the Lutheran Church Canada ("LCC", the "LCC Claim"). Negotiations between the District and LCC have been ongoing for an extended period of time and the Monitor understands that the parties are trying to reach a resolution without the necessity of a further Court application. The timing of a resolution of the LCC Claim is unknown at this time.

The DIL Plan

26. The DIL Plan was approved by the required majority of DIL Depositors, an Order sanctioning the DIL Plan was granted by the Court on August 2, 2016, and the DIL Plan became effective on August 23, 2016, immediately following the expiration of the appeal period.

27. As previously reported, pursuant to an Order granted on August 28, 2015 and amended on November 5, 2015, and an Order granted on April 27, 2016, interim distributions totalling $22.0 million have been released to DIL Depositors (the "DIL Distributions"). These distributions include payments made to DIL Depositors pursuant to the Emergency Fund and required annual minimum payments to holders of registered retirement income funds and locked in income funds. DIL Depositors have received distributions totalling approximately 61% of their original investments as recorded in DIL's books and records on the Filing Date.

28. The status of the remaining unrealized Non-Core Assets of the DIL are as follows:

Asset Description	Status
First Lutheran Church, Kelowna – secured loan balance of approximately $5.6 million against the church building and property (the "Kelowna Property") with a 2016 tax assessed value of approximately $7.5 million	DIL has commenced foreclosure proceedings and obtained an Oder Nisi in which FLC has a six month period ending August 31, 2017 to pay off the mortgage or the Kelowna Property may be listed for sale
Prince of Peace parsonage lot with a current list price of $0.1 million (the "Parsonage Lot")	The Parsonage Lot has been listed for sale for over twelve months and the price has been reduced on multiple occasions, but no acceptable offers have been received to date

29. DIL and its counsel are currently holding approximately $2.2 million in funds as follows:

Description	Amount
Funds held by DIL	$ 348,488
Funds held in trust by DIL's legal counsel	1,811,440
Total funds on hand before restructuring holdback and unpaid claims	2,159,928
Less: Restructuring holdback	(500,000)
Less: Unpaid RRIF claims	(165,506)
Total funds on hand, net of restructuring holdback and unpaid claims	$ 1,494,422

30. As stated in the DIL Plan, the Monitor has estimated a Restructuring Holdback of approximately $0.5 million. The Restructuring Holdback addresses the estimated fees to the conclusion of the CCAA proceedings of the Monitor, the Monitor's legal counsel, DIL's legal counsel, the legal counsel for the DIL Creditors' Committee, and the CRO.

31. A further cash distribution will not be made to the DIL Depositors until proceeds are realized from the Kelowna Property, the timing of which is currently unknown. The Twenty-Sixth Report provides further details on the cash flow of DIL.

The Representative Actions

32. As outlined in the Twenty-Fourth Report, the District Plan and the DIL Plan included provisions that would allow District Depositors and the DIL Depositors to participate in legal action(s) (respectively the "District Representative Action" and the "DIL Representative Action" and, collectively, the "Representative Actions") that may be undertaken against various parties by way of class proceedings or otherwise. The District and DIL subcommittees (the "District Subcommittee" and the "DIL Subcommittee") have been formed, representative action holdbacks have been funded, and the following representative action counsel for the respective subcommittees have been selected:

    32.1. Allan Garber, counsel for the District Subcommittee; and

    32.2. Errin Poyner, counsel for the DIL Subcommittee.

33. The Representative Action claims have been provided to various parties but not formally served as the Representative Actions are stayed prior to the issuance of the Certificates of Plan Termination by the Monitor. The District Subcommittee Application seeks to have the Stay lifted in order to allow the District Representative Action to commence. The Monitor's position with respect to the District Subcommittee Application to lift the Stay is outlined later in this report.

34. The Monitor understands that the Applicants have provided their director and officer insurers (the "Insurers") with copies of the claims in respect of the Representative Actions, and the Applicants have been cooperating with requests for information received from the Insurers. The Insurers are in the process of assessing whether the claims will be covered, and, at this point, have not confirmed the appointment of any counsel, if the Insurers' will pay for the cost of the Applicants' counsel, or the existence of coverage. The Monitor understands that the Applicants have approached independent legal counsel (the "Coverage Counsel") who are in the process of clearing conflicts in order to try and help secure insurance coverage. The Monitor understands that the potential cost of Coverage Counsel will not be paid from Depositor's funds. The Monitor has not been provided with a timeline for the determination of the issue of insurance coverage, and based on the information currently available to it, does not believe that the timing of the resolution of this issue can be predicated with any degree of certainty.

The Derivative Actions

35. The Derivative Action claims against Rolfe, Benson LLP and Deloitte LLP have been provided to the parties but not formally served as the claims cannot be commenced prior to the issuance of the Certificates of Plan Termination by the Monitor. The Monitor's position with respect to the District Subcommittee Application to lift the Stay is outlined later in this report.

36. Mr. Garber, with the authorization of the District Subcommittee, has recently requested $30,000 from the District to fund disbursements in relation to the Derivative Actions. The Monitor takes no position with respect to this request and will leave it to the District to consider this payment in the context of the District Plan and the CCAA proceedings.

The ECHS and EMSS Plans

37. As noted above, all of the ECHS Assets, EMSS Assets, and ECHS' and EMSS' operations were transferred to NewCo effective October 31, 2016. The Monitor has settled and paid all creditor claims of ECHS and EMSS and all agreements, deposits, leases, etc. have been transferred to NewCo with the exception of certain ECHS water licences which the Monitor understands are in process of being transferred, the timing of which is with the government and is unknown at this time. The only remaining assets impacting ECHS relate to the SVM Loan, the Parsonage Lot, and the Kelowna Property (the "Remaining ECHS Assets") where certain amounts will be settled with DIL and the District when these assets are realized upon. The Monitor notes that ECHS and EMSS continue to hold funds in trust to satisfy outstanding trade creditor claims incurred after the Filing Date and to satisfy the professional fees and disbursements of the Monitor, the Monitor's legal counsel, and ECHS' and EMSS' legal counsel required to complete the administration of the CCAA proceedings (the "Restructuring Claims"). ECHS and EMSS will have additional funds beyond what is required to satisfy the Restructuring Claims and ECHS and EMSS will remit these funds to NewCo when the Certificates of Plan Termination are filed.

38. The Monitor will file Certificates of Plan Termination stating that it has completed all of its duties under the ECHS and EMSS Plans when the conditions in sections 6.1 and 6.2 of the respective plans have been satisfied, and expects to be in a position to do this for EMSS in the next few months. The Certificate of Plan Completion for ECHS is contingent on the realization of the Remaining ECHS Assets.

The District Subcommittee Application

39. The District Subcommittee Application is seeking a declaration that certain amendments to a statement of claim in relation to the District Representative Action are compliant with the District's Plan (or in the alternative to seek an amendment to the District's Plan) and to seek a lift of the Stay in order to allow the District Representative Action to proceed.

Statement of Claim Amendments

40. The Monitor does not oppose and does not take any position in relation to the amendments made by Mr. Garber to the existing statement of claim filed by him in February of 2016. In the view of the Monitor, this issue is largely procedural rather than substantive and does not in and of itself undermine the District's Plan or the various transactions contemplated thereby. However, as previously communicated by the Monitor's counsel to Mr. Garber and the Court, the Monitor will take a position in relation to any procedural or substantive matter involving the Representative Action only if such matter undermines the integrity of the CCAA process or the District's Plan. In the circumstances, and in any event, parties should not place undue reliance upon the views of the Monitor on such matters, and should seek the advice and direction of the Court to ensure that such actions and amendments are compliant with the Sanction Order and the District Plan.

Lifting of the Stay

41. The Monitor understands the District Subcommittee's desire to advance matters as expeditiously as possible, the uncertain timing of when the Certificates of Plan Completion will be issued under the current plans, and the need to commence the Representative Actions and Derivative Action for the benefit of the participating Depositors. However, the Monitor shares the following concerns with the Applicants:

    41.1. The Monitor understands that the Insurers have made it clear to the Applicants that they are not to do anything adverse or that may prejudice the Insurers' ability to defend the Representative Actions. If the Stay is lifted, and the Representative Actions are allowed to proceed at a time when the Applicants are uncertain as to whether there is insurance coverage, the Monitor is concerned that the Applicants will be forced to hire and cover the related costs of Coverage Counsel. The Monitor is further concerned that such Coverage Counsel may take different strategic steps than the Insurers would like and that this could form the basis for a subsequent denial of coverage. This would not benefit any of the participating Depositors, as it is likely that

insurance proceeds would form the most significant source of potential recovery for participants in the District Representative Action.

41.2. The Monitor is concerned that certain former directors and officers who have been named in the Representative Actions would, in the event that the Stay is lifted before insurance coverage is confirmed, need to obtain, at this stage, their own counsel to represent them at significant personal expense, and with no certainty of such funds being reimbursed to them at a later date. As noted by the District in its application materials, many of these individuals may not have the financial means to engage counsel.

41.3. The Monitor is concerned that the Representative Actions will place additional stress on the District staff and that those staff members may resign before the remaining items under the Plans can be dealt with. The remaining staff members continue to be a valuable asset in completing the restructuring as they have significant historical knowledge and are key to assist in future distributions to Depositors. However, the Monitor does note that there are few remaining Non-Core Assets and the CRO is playing a key role in completing these transactions.

41.4. The District Representative Action cannot proceed without the District Plan and the related Court Orders being amended to accommodate this circumstance, as the District Plan does not provide for this occurrence. However, the District Plan has been approved by the requisite majorities of creditors, and sanctioned by the Court. Stakeholders voted in favour of or against the District Plan, or opted into or out of the District Representative Action, based on how the District Plan currently reads.

42. In relation to such potential amendments to the District Plan:

42.1. There are no suggested amendments to the District Plan before the Court in relation to the application to lift the Stay that enable to the Monitor to fully understand the implications of the District Subcommittee's application;

42.2. Notwithstanding the lack of suggested amendments, in a general sense, the amendments required to the District Plan to accommodate the request of the District Subcommittee raise substantive legal issues, such as when various provisions of the District Plan become effective, the mechanics associated with releases, and potentially other matters that have yet to be fully determined;

42.3. Any such amendments will require consultation with various parties, including the District, the Monitor, the CRO, the creditor committees, and the subcommittees. Assuming that agreement can be reached on the necessary amendments to the District Plan, such amendments will then have to be approved by the Court. Due to the insurance coverage dispute, requiring the District to draft such plan amendments may put them in a difficult position with the Insurer or, at worst, negatively impact or invalidate its insurance. Alternatively, in the interest of maintaining insurance coverage, the District may not be able to agree with any suggested amendments to the District Plan, and the amendments themselves may have to be litigated. The Monitor is concerned that

such amendments will be costly and, in some scenarios, may result in very modest or even no time savings compared to simply permitting the existing District Plans to stand; and

42.4. The Monitor is also cognizant of the professional fees in regards to the ongoing CCAA proceedings and the need to bring matters to a close. The monthly fees of the Monitor and those of its counsel have averaged approximately $41,000 over the past six months and have been further reduced to approximately $27,000 in the past three months ended February 2017. The Monitor is continuing to try to reduce fees where possible.

43. The District Subcommittee has suggested that the Monitor is opposing a lifting of the Stay because it is "tainted by self-interest and conflicts of interest". The Monitor submits that it has never had any actual or perceived conflict (as confirmed previously by this Court) and that it has always acted, and continues to act, with diligence, honesty and integrity with a view to the best interests of the stakeholders.

44. Based on the above, the Monitor's position is that the Stay should remain in place at this time with respect to the Representative Actions. However, due to the length of time that it is taking for the District Plan to be implemented, the Monitor recommends that it report again to the Court by no later than July 31, 2017, or another date satisfactory to the Court (the "Review Period"), assuming that the Certificates of Plan Termination have not been filed. At that time, the Monitor will advise the Court whether it continues to support the ongoing Stay in relation to the Representative Actions, based upon the following issues:

44.1. The status of the insurance coverage;

44.2. The status of the realization of the remaining Non-Core Assets;

44.3. The impact to the restructuring of any suggested amendments to the Plans by any party to deal with the expedited issuance of the Certificates of Plan Termination and any other relevant matters; and

44.4. Any other matters.

45. The Monitor recommends that it also report at that time on whether there will be an opportunity to further reduce the professional fees and the role of the Monitor or the CRO, after consulting with relevant stakeholders on this issue. The likelihood of that occurring by the Review Period will be reduced in the event that efforts are undertaken to amend the District Plan to allow for the Representative Actions to proceed prior to the filing of the Certificates of Plan Termination.

46. The Monitor takes no position with respect to the lifting of the Stay as it relates to the Derivative Actions.

Other Matters

47. The District is applying to the Court on April 19, 2017 to seek an order that any application brought to directly or indirectly vary or challenge the value of the shares of Sage, as previously determined by the Monitor, shall be heard in the CCAA action and not in the Representative Actions. As previously expressed to this Court, the Monitor had various concerns regarding the application brought by the District Subcommittee on February 24, 2017 to obtain an new appraisal of the properties owned by Sage, the purpose of which was to potentially challenge the value of the Sage shares. The Monitor's counsel indicated that it appeared to be an attempt by the District Subcommittee to use the powers granted to it under the District Subcommittee Order for purposes not intended by the Court and contrary to the objectives of the CCAA. In the spirit of judicial economy, and in order to ensure that the judge hearing any such future application has the benefit of an understanding of the history of this matter and the context in which the District Subcommittee Order was granted, the Monitor respectfully submits that any such future application ought to be heard in the CCAA action.

Conclusion

48. This report has been prepared to provide additional information with respect to the following:

    48.1. The status of the Applicant Plans and other matters; and

    48.2. The Monitor's position on the District Subcommittee Application.

DELOITTE RESTRUCTURING INC.,
In its capacity as Court-appointed Monitor of The Lutheran Church – Canada, The Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and The Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity

_____
Jeff Keeble CA, CIRP, LIT, CBV
Senior Vice-President