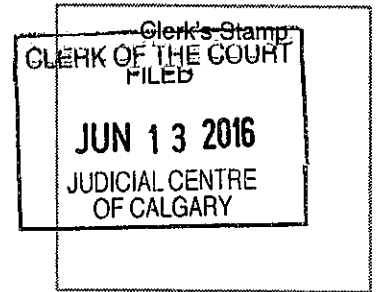


COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

APPLICANTS LUTHERAN CHURCH – CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT, ENCHARIS
COMMUNITY HOUSING AND SERVICES, ENCHARIS
MANAGEMENT AND SUPPORT SERVICES, AND
LUTHERAN CHURCH – CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP
Barristers & Solicitors
1700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8

Attention: Francis N. J. Taman /Ksena J. Court

Telephone: 403-237-5550
Fax : 403-243-3623

File No.: 103,007-003

AFFIDAVIT OF CAMERON SHERBAN
Sworn on June 10, 2016

I, CAMERON SHERBAN, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Chief Restructuring Officer of the Applicants. I have personal knowledge of the matters hereinafter deposed, except where stated to be based on information and belief, and where so stated, I verily believe them to be true.
2. All capitalized terms used in this Affidavit shall have the meaning ascribed to them in the prior Affidavits filed in these proceedings unless otherwise indicated in this Affidavit.

RELIEF REQUESTED

3. I make this Affidavit in support of the Application for the following relief:
 - (a) granting an extension to the Stay Period in these proceedings under the provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("*CCAA*") from the current expiry date of June 30, 2016 to September 30, 2016;
 - (b) such further and other relief as this Honourable Court may allow.
4. I am advised by the Monitor that it anticipates that the Twentieth Report of the Monitor will be filed subsequent to this Affidavit. I will review the Twentieth Report of the Monitor and, if necessary, a supplemental Affidavit will be prepared to provide any additional information necessary in support of the within Application.
5. Since the date of the Initial Order, the Applicants have worked closely with the Monitor and have moved as quickly as circumstances have permitted to stabilize their operations, communicate with stakeholders, and develop plans of compromise and arrangement to enable the Applicants to emerge from these proceedings.

COMMUNICATIONS WITH DEPOSITORS

6. The District and representatives from my office continue to correspond with Depositors and others who have questions about their accounts and the *CCAA* proceedings by phone and email.
7. The Monitor continues to maintain its website which provides a current update of the Applicants' restructuring, as well as making available most of the filings and other related documents that the Applicants are using in these proceedings. The address of the Monitor's website is www.insolvencies.deloitte.ca.

STATUS OF RESTRUCTURING PLANS

8. The Restructuring Committee, representatives from my office, and the Monitor continue to meet on a weekly basis.
9. My office, as CRO, continues to consult with the few remaining congregations that have mortgage financing or loans with the District and/or DIL. These congregations have

been encouraged to find alternate financing. With respect to one congregation/school, DIL and the District have issued demands on their loans.

10. On January 20, 2016, the ECHS Plan and the EMSS Plan were sanctioned by the Court.
11. Pursuant to the ECHS Plan, ECHS is in the process of converting the life lease titles for the condominium units at the Prince of Peace Village to fee simple and to having the fee simple interest transferred to the Life Lease Residents. Most of the titles have already been transferred. Some of the titles are in the process of being transferred by the Land Titles Office. With respect to a few of the condominium units, the lawyers are working on dealing with transfers of mortgages before they can be submitted for registration. ECHS has received partial payment in the amount of \$156,000 under the ECHS Plan from the Life Lease Residents, and is holding these funds in trust. The balance to be paid by the Life Lease Residents for the few condominium units left, will be paid once the transfer of mortgage issues are resolved.
12. The DIL Plan was finalized, and on December 1, 2015, an Order was granted authorizing the DIL Creditors' Meeting to be held. The DIL Creditors' Meeting was held on January 23, 2016 and the Required Majority was achieved for the DIL Plan.
13. On March 3, 2016, the Applicants applied to have the DIL Plan sanctioned by the Court. On March 9, 2016, the Honourable Justice B.E.C. Romaine ordered that her decision respecting the sanction of the DIL Plan would be decided at the hearing for the sanction of the District Plan.
14. The District Creditors' Meeting was held on May 14, 2016. In the latter part of the afternoon, a proxyholder for a congregation made a motion from the floor for an adjournment of the meeting. After a vote was held, the District Creditors' Meeting was adjourned.
15. Information respecting the reconvening of the District Creditors' Meeting for voting purposes was sent out by the Monitor. The Fourth Amended Plan of Compromise and Arrangement for the District, which made minor amendments to the wording of the District Plan, was filed with the Court on May 12, 2016 (the "District Plan"). The District Plan was also posted to the Monitor's website.
16. The continuation of the District Creditors' Meeting will be held on June 10, 2016. It is anticipated that the Monitor will have its report on the tabulation of the votes completed by June 17, 2016.

17. Assuming the District Plan is approved by the requisite majority of creditors, the Applicants then intend to bring the plan sanction application(s) before the Court as soon as possible and before the end of the next stay period.

RECONCILIATION PLAN

18. I am advised by representatives of the District that Rev. Nolan Astley met with Circuit Counselors, Vice-Presidents, and Board members on April 15, 2016 to discuss the reconciliation plan, the purpose of which is to facilitate healing within the Church and to work toward restoring relationships between individuals affected by the insolvency of the Applicants. Further, details of this reconciliation plan will be forthcoming, and it is expected that the reconciliation plan would be implemented after the CCAA proceedings have concluded.

CLAIMS PROCESS

19. The claims process was approved in the Order granted on February 20, 2015. The Claims Bar Date was on April 20, 2015. The Monitor is responsible for administering the claims process. The Applicants assisted the Monitor in this process by providing the necessary statements and other information.
20. The Applicants understand that there is one remaining disputed claim. The Applicants are in the process of dealing with this disputed claim.

UPDATE ON INSURANCE

21. The Applicants have continued to correspond with the insurers respecting the continuation of the insurance coverage for the Applicants.
22. The insurer for the District advised on May 11, 2016 that it extended the coverage to June 30, 2016. Attached hereto and marked as **Exhibit "A"** is a copy of the Endorsement. The Applicants are corresponding with the insurer to have this coverage extended to September 30, 2016, provided that the stay of proceedings is extended to this date.
23. The insurer for ECHS and EMSS has extended the coverage to April 1, 2017.

SALE AGREEMENTS

24. The Applicants continue to sell properties that they view as being not essential for the Applicants to retain under the plans of compromise and arrangement. All sales of such properties are subject to Court approval, and have also been approved by the Creditors' Committees subsequent to their formation. Unless otherwise directed by Court order, all net sale proceeds are being held in trust and included in the plans of compromise and arrangement.

FINANCIAL

25. The Applicants' cash flow reports (the "Cash Flows") for the period ending August 20, 2016 were filed June 8, 2016. The Cash Flows have been prepared in consultation with the Monitor.

SUMMARY

26. I believe that the Applicants are working in good faith and with due diligence in these proceedings and believe it is within the best interests of the Applicants and their stakeholders to continue in these proceedings as outlined above.
27. The steps that the Applicants have taken since the Affidavit filed April 20, 2016 to further the development of the Plans of Compromise or Arrangement are as follows:
- (a) communicated with the Depositors, and the Applicants' other stakeholders regarding the CCAA process, plans that have been developed to date, and responded to other questions asked;
 - (b) the Restructuring Committee met to discuss developing the restructuring plans, from both a financial and ministry perspective;
 - (c) proceeded to implement the transfer of the Life Leases pursuant to the ECHS Plan;
 - (d) the District Creditors' Meeting was held, adjourned and reconvened;
 - (e) made minor amendments to the wording of the District Plan;
 - (f) cooperated with the Monitor and provided necessary information;



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Endorsement

Endorsement No.: 0018
Standard Form: DONP41A
Attached to and forming part
of Policy Number: NP-428530

Policy Period Amendment

In consideration of an additional premium of \$2,252, it is agreed that Item 3 of the Declarations is amended to read as follows:

3. POLICY PERIOD: 01 January 2014 to 30 June 2016
at 00:01 local time at the address
shown above without tacit renewal

Except as otherwise provided by this endorsement, all terms, provisions and conditions of this policy shall have full force and effect.

Issued to: THE LUTHERAN CHURCH-CANADA,
THE ALBERTA-BRITISH COLUMBIA DISTRICT
and all other INSUREDS under this policy.

Effective Date: 29 April 2016, 00:01 local time

Executed and signed on behalf of the INSURERS by ENCON Group Inc., as duly authorized.

Dated: 02 May 2016

Jean F. Laurin, President
Authorized Representative

This is Exhibit " A " referred to in the
Affidavit of
Cameron Sherban
Sworn before me this 10 day
of June A.D. 2016

A Commissioner for Oaths in and for
the Province of Alberta

Ksena J. Court
Barrister & Solicitor