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THIRTIETH 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 July 4, 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;
 - 4.27. the Twenty-Seventh Report of the Monitor dated April 17, 2017 (the "Twenty-Seventh Report");

- 4.28. the Twenty-Eighth Report of the Monitor dated May 24, 2017 (the "Twenty-Eighth Report"); and
- 4.29. the Twenty-Ninth Report of the Monitor dated June 16, 2017 (the "Twenty-Ninth Report," together with the Pre-Filing Report, the reports listed in 4.1 to 4.29 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, a Confidential Supplement to the Seventeenth Report dated March 18, 2016 and a confidential supplement to the Twenty-Eighth Report (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 Thirtieth Report of the Monitor (the "Thirtieth Report"). The Thirtieth 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-Seventh Report and the application by the District Subcommittee on April 19, 2017 to, among other things, lift the Stay in order to allow the District Representative Action to proceed (the "District Subcommittee Application"). Pursuant to the decision of the Court denying the lifting of the Stay as part of the District Subcommittee Application, the Honourable Madam Justice J. Romaine ordered that the Monitor provide a detailed update on the progress made by the District in the CCAA proceedings by July 4, 2017. The Thirtieth Report also provides this Honourable Court with additional information since the Twenty-Eighth Report and Twenty-Ninth Report, along with the Monitor's position with respect to the application by the Applicants scheduled to be heard on July 6, 2017 (the "July 6 Application") seeking the approval of the settlement with the Lutheran Church Canada ("LCC").
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 (the "Monitor'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. As previously reported, 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. 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.
14. As set out in the Distribution Letters, the following distributions will be made to Remaining Affected Creditors in the future:
 - 14.1. 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
 - 14.2. 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. In order to minimize administration and professional costs, these payments will be issued at the same time as the upcoming distribution to all CEF depositors, as detailed later in this report.

15. The current status of the remaining unrealized Non-Core Assets of the District, as outlined in the Twenty-Seventh Report, 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 were entitled to the Canmore Property or the proceeds therefrom. The Court ruled that upon payment of the outstanding loan amount to the District, SVLC will be entitled to all proceeds from the property. The District has not appealed the decision. The total balance of the loan is approximately \$280,000. Approximately \$103,000 was paid to the District's legal counsel on June 30, 2017, to be held in trust for future distributions. The balance of the loan is expected to be funded by a mortgage, with funds anticipated to be paid to the District on or around July 17, 2017.
Foothills Lutheran Church ("FLC"), 8 acres of land in Calgary, AB (the "Foothills Property") with 2016 tax assessed value of \$4.9 million	Further details of the status of the proposed settlement with FLC (the "Proposed FLC Settlement") are included later in this report.
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")	A liquidation order for the SVM assets was issued on June 8, 2017, and a third party liquidator has now been appointed. The assets to be liquidated include real property comprised of condominium units, bare-land lots, and unserviced land. There is currently no timeline available for the estimated completion date of the liquidation.

16. The District and its counsel are currently holding approximately \$4.3 million in funds as follows (this has decreased by approximately \$0.2 million since the Twenty-Seventh Report):

Description	Amount
Funds held by the District	\$ 1,925,953
Funds held in trust by the District's legal counsel	2,343,537
Total funds on hand before restructuring holdback and unpaid claims	4,269,490
Less: Restructuring holdback	(800,000)
Less: Unpaid minor, estate and non-resident claims	(334,855)
Total funds on hand, net of restructuring holdback and unpaid claims	\$ 3,134,635

17. As stated in the District Plan, the Monitor has estimated a Restructuring Holdback of approximately \$0.8 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.
18. As outlined in the Twenty-Seventh Report, when the total funds on hand, net of unpaid claims and the Restructuring Holdback, are in excess of \$3.0 million, the District will be in a position to make a further distribution to the District Creditors. In order to minimize administration and professional costs, the distribution is anticipated to take place after the Proposed FLC Settlement is fully documented and approved by this Honourable Court. The Twenty-Ninth Report provides further details on the cash flow of the District.
19. 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.
20. As previously reported, 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.
21. Sage management held a meeting of shareholders (the "Shareholder Meeting") on May 26, 2017. As detailed in the Monitor's Twenty-Eighth report, the Monitor had several concerns over the conduct of the District Subcommittee and its legal counsel regarding their actions and involvement in the Shareholder Meeting. On May 25, 2017 the Monitor applied to the Court for advice and directions, and the Court issued several directions towards the subcommittee and its legal counsel, as detailed in the Monitors' Twenty-Ninth Report.
22. The only remaining unresolved creditor claim in the District CCAA proceedings is with the LCC (the "LCC Claim"). A settlement between the District and LCC has been reached, and detailed later in this report.

The DIL Plan

23. As previously reported, 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. 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.

24. The current status of the remaining unrealized Non-Core Assets of DIL, as outlined in the Twenty-Seventh Report, 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	Foreclosure proceedings are ongoing with the six month redemption period ending August 8, 2017. At that time it is not known if the Kelowna congregation will pay out the mortgage or if DIL will list the Kelowna Property for sale. To date, DIL has not been contacted by the Kelowna congregation regarding any arrangements to pay off the mortgage.
Prince of Peace parsonage lot with a current list price of \$0.1 million (the “Parsonage Lot”)	The Parsonage Lot continues to be listed for sale, but no acceptable offers have been received to date. Further price reductions are being discussed by DIL, with an expectation to have this lot sold within three months.

25. DIL and its counsel are currently holding approximately \$2.0 million in funds as follows (this has decreased by approximately \$0.2 million since the Twenty-Seventh Report):

Description	Amount
Funds held by DIL	\$ 224,056
Funds held in trust by DIL’s legal counsel	1,815,065
Total funds on hand before restructuring holdback and unpaid claims	2,039,121
Less: Restructuring holdback	(400,000)
Total funds on hand, net of restructuring holdback and unpaid claims	\$ 1,639,121

26. As stated in the DIL Plan, the Monitor has estimated a Restructuring Holdback of approximately \$0.4 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.

27. 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-Ninth Report provides further details on the cash flow of DIL.

28. The Monitor believes that the District has continued to make reasonable progress towards the realization on the Non-Core Assets of the District and DIL since the Twenty-Seventh Report and has advanced discussions with the insurance companies around the director and officer coverage (as detailed later in this report). Based upon updated discussions between the Monitor and the District, the Monitor is advised that the realization of the Non-Core assets should be completed within six to twelve months of the date of this report.

The Representative Actions

29. 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.
30. As outlined in the Twenty-Seventh Report, 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.
31. The Monitor understands that independent legal counsel retained by the Applicants for the purpose of dealing with insurers has been corresponding and providing information to the insurers as requested. In that regard, the District's insurer under its directors' and officers' insurance policy has advised that there will be coverage afforded with respect to the Representative Action under the policy's definition of same, subject to a reservation of rights. At this time, that insurer advises that it is still completing its coverage assessment and will communicate the details of its assessment to the insureds after it has been completed. One issue that the insurer is still investigating is which parties, if any, in addition to the District, that have been named or are proposed to be named in the Representative Actions, are insureds under the policy. Notwithstanding that its coverage assessment is not completed, the insurer has appointed John Singleton of Singleton Urquhart LLP in Vancouver as defence counsel for the ABC District. At this time, Mr. Singleton is not representing any of the Directors, Officers or other individuals who may constitute Insured Persons under the policy as the insurer, as noted above, has not completed its assessment.
32. There is a separate insurer in relation to ECHS. That insurer has an adjusting firm, Claims Pro, that has been reporting to that insurer. Claims Pro advises that it has provided recommendations to the insurer, but at this stage advises that the insurer has not made any decision on coverage or the appointment of defence counsel for the Representative Actions nor has any timeline been provided by the insurer in terms of when it will make its decision. Coverage counsel to the District is continuing in his efforts to press for at a minimum a timeline to be provided by the insurer in terms of when it expects to make its decision.
33. Prior to the hearing of the Monitor's application on May 25, 2017, the Monitor was informed that Mr. Garber, legal counsel for the District Subcommittee, had resigned. On May 30, 2017, the Monitor was informed that all District Subcommittee members had resigned, with the exception of Laurie Schutz. As

such, the District subcommittee is in the process of being reformed via the process outlined in the Twenty-Ninth Report. Once the District Subcommittee has been reconstituted, it will retain counsel to replace Mr. Garber in respect of the Representative Action.

34. In a letter to all District Depositors who opted in to the Representative Action dated June 23, 2017 (the "June 23 Letter") that was mailed on June 28, 2017, the Monitor provided an update of the recent developments regarding the resignation of the District Subcommittee members and its legal counsel. The notice also detailed the process to reconstitute the District Subcommittee, and included an application to act on the District Subcommittee. Parties wishing to be considered to sit on the District Subcommittee must provide an application form to the legal counsel for the District Creditors' Committee, Chris Simard of Bennett Jones LLP, on or before July 21, 2017. A copy of the June 23 Letter is affixed to this Thirtieth Report as "Appendix A".
35. Further, on June 28, 2017, counsel to the District Committee wrote to Mr. Garber, at the request of the Monitor, and requested that the remainder of the Representative Action Holdback held by Mr. Garber in trust, which totals approximately \$86,547.80, be forwarded to counsel to the District Committee. Counsel to the District Committee shall continue to hold those funds until new counsel is appointed to the District Subcommittee.

The Derivative Actions

36. As outlined in the Twenty-Seventh Report, the Derivative Action claims against Rolfe, Benson LLP and Deloitte LLP cannot be pursued prior to the issuance of the Certificates of Plan Termination by the Monitor. No developments in respect of the Derivative Actions will occur prior to the reconstitution of the District Subcommittee and replacement of Representative Action Counsel.

The ECHS and EMSS Plans

37. As noted in the Twenty-Seventh Report, all of the ECHS Assets, EMSS Assets, and ECHS' and EMSS' operations were transferred to NewCo effective October 31, 2016. The transfer of certain ECHS water licences remains in process at this time. The 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. Realization efforts for the Remaining ECHS Assets continue as detailed above. 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").
38. The Monitor plans to file a Certificate of Completion for EMSS the week of July 4, 2017, as all conditions in sections 6.1 and 6.2 are anticipated to be complete on this date. The remaining funds held in EMSS will be remitted to Sage at this time. A portion of the funds will be transferred to Sage in the form of an Operational Reserve, as included in the Plan. Sage, pursuant to an agreement with the District, has

agreed to hold the Operational Reserve funds in trust for six months to satisfy any post-filing claims against EMSS received after the date of transfer.

39. The Certificate of Plan Completion for ECHS is contingent on the realization of the Remaining ECHS Assets, which are not anticipated to be completed for several months.

Settlements with Lutheran Church Canada and Foothills Lutheran Church of Calgary

Settlement with Lutheran Church Canada

40. The proposed settlement with LCC (the "Proposed LCC Settlement") was outlined in the Twenty-Ninth Report and remains unchanged.
41. The Twenty-Ninth Report contained an error regarding the details of the Proposed LCC Settlement. Paragraph 35 of the Twenty-Ninth Report stated that LCC will provide a full release of any claim it may have against the District in respect of the LCC Pension Plan and the CCAA proceedings. That statement is incorrect. While the Proposed LCC Settlement does provide for the full and final settlement of the LCC claim, the execution of a release is not contemplated by the settlement. Further, the settlement does not affect and is without prejudice to the District's obligations pursuant to the defined contribution retirement plan administered by LCC and the District shall continue to make all payments thereunder. However, upon receipt of the payment contemplated by the settlement, LCC has agreed that it will not seek any contribution from the District for any shortfall with respect to the defined benefit portion of the pension plan. The Monitor's counsel provided a letter dated June 21, 2017 to the service list outlining the above and a copy of the letter is affixed to this Thirtieth Report as "Appendix B".
42. The Monitor as well as the District Committee support the Proposed LCC Settlement on the basis that it appears fair and reasonable given the potential merits of the LCC Claim and considering the costs that would be required to further dispute the LCC Claim.

Settlement with the Foothills Lutheran Church of Calgary

43. The proposed settlement with FLC (the "Proposed FLC Settlement") was outlined in the Twenty-Ninth Report, and remains unchanged, with the exception of the details of the construction of the emergency access road, as detailed below.
44. As detailed in the Twenty-Ninth Report, the purchaser of the FLC Sale Lands held back \$300,000 in funds to account for the required construction of an emergency access road as part of the subdivision process, with the expectation for FLC to complete and be reimbursed for the construction of this road. However, after the issuance of the Twenty-Ninth Report of the Monitor, FLC advised the District that it was of the view that the District should assume responsibility for building the road. The District and FLC, with the assistance of the Monitor, have been continuing to negotiate this issue, but were unable to completely

resolve it prior to the issuance of this report. The Monitor is optimistic that this matter will be resolved, and that this settlement can be presented to this Honourable Court for approval later this summer.

Conclusion

45. The Monitor is of the view that the District has continued to make reasonable progress towards the realization on the Non-Core Assets of the District and DIL since the Twenty-Seventh Report and has advanced discussions with the insurance companies around the director and officer coverage. In the circumstances, the Monitor supports the continuation of the Stay in relation to the Representative Actions, and recommends that the Monitor issue a further report on the progress of the Applicants efforts to complete their obligations under the various plans by September 29, 2017.
46. The Monitor is also supportive of the Proposed LCC Settlement.

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

Appendix A

June 23, 2017

Notice to District Depositors re: Subcommittee Reformation Process

Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd., Encharis Community Housing and Services and Encharis Management and Support Services (collectively, the “Applicants”) – Proceedings under the Companies’ Creditors’ Arrangement Act (the “CCAA”)

1. Background

As you are aware, the District obtained an Initial Order under the CCAA on January 23, 2015. Deloitte Restructuring Inc. (“Deloitte”) acts as the Monitor in the CCAA proceedings.

On August 2, 2016, the Court granted an Order sanctioning the District’s plan of compromise and arrangement (the “District Plan”), declaring that the District Plan is fair and reasonable and declaring that the District Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan are approved, binding and effective upon those creditors affected by the District Plan (the “District Sanction Order”). A copy of the District Sanction Order is available on the Monitor’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et.al.” (the “Monitor’s Website”).

The District Plan established a process (the “Representative Action Process”) whereby a future legal action or actions, which may be undertaken as a class proceeding or otherwise (collectively, the “Representative Action”) can be undertaken for the benefit of those District Depositors who are deemed to elect or elect to participate (the “Representative Class”). Pursuant to the Representative Action Process, a subcommittee (the “Subcommittee”) is to be established to choose legal counsel for the Representative Class (the “Representative Counsel”) and provide direction and instructions to the Representative Counsel in the Representative Action.

In conjunction with the District Sanction Order, an Order (the “District Subcommittee Order”) was granted on August 2, 2016 approving the appointment of the Subcommittee by the creditors’ committee for the District (the “District Committee”). As set out therein, the Subcommittee is to include between three and five individuals and all members of the Subcommittee will be appointed by majority vote of the members of the District Committee. The eligibility criteria to act on the Subcommittee are further detailed below. A copy of the Subcommittee Order is also available on the Monitor’s Website.

2. Update on the Subcommittee

Pursuant to various matters that have arisen since the District Subcommittee was originally formed, and as outlined in the Twenty Ninth Report of the Monitor dated June 16, 2017 (the “Twenty-Ninth Report”) included on the Monitor’s website, the Monitor is writing on behalf of the District Committee to request that interested individuals put their names forward to be part of a reconstituted District Subcommittee.

As noted in the Twenty-Ninth Report:

- a) On or around May 30, 2017, the Monitor's Counsel was advised by counsel to the District Committee (the "District Committee's Counsel") that all members of the District Subcommittee had resigned with the exception of Mr. Laurie Schutz;
- b) Mr. Garber has resigned as counsel to the District Subcommittee; and
- c) The District Subcommittee Order provides for the procedure for the replacement of members of the District Subcommittee who have resigned, stating that the District Subcommittee has the authority to reconstitute itself by replacing members by a majority vote. In addition, the District Subcommittee Order provides that, where it is "impractical or impossible" for the District Subcommittee to replace its members by a majority vote, the District Committee may make replacements by a majority vote.

Accordingly, pursuant to the District Subcommittee Order, Mr. Schutz, as the sole remaining member of the District Subcommittee, has the authority to replace the members of the District Subcommittee that have resigned. However, the Monitor's Counsel has been advised by the District Committee's Counsel that although Mr. Schutz intends to continue to serve on the District Subcommittee, he does not wish to be chairman of the District Subcommittee or assume the responsibility of appointing the replacement members of the District Subcommittee. As such, the District Committee has agreed to issue a communication to the members of the Representative Action Class inviting them to participate as a member of the District Subcommittee. The Monitor and counsel to the District Committee share this view.

3. Subcommittee Reformation Process

Accordingly, the Monitor is writing, with the support of the District Committee, to reconstitute the District Committee through the following process (the "District Subcommittee Reformation Process"):

- a) The Monitor has mailed this notice (the "Notice") to all members of the Representative Action Class, and hereby invite them to participate as a member of the District Subcommittee and, if they wish to do so, submit an expression of interest to the District Committee by no later than July 21, 2017 (the "Deadline");
- b) Following the receipt and review of expressions of interest by the District Committee, the District Committee will, no later than July 28, 2017, select the individuals that will replace the four members of the District Subcommittee that have resigned; and
- c) Once the District Subcommittee has been reconstituted, it will, as soon as practicable, retain counsel to replace Mr. Garber in respect of the Representative Action.

The following information was previously communicated as part of the original formation of the Subcommittee but is being repeated for completeness.

4. Subcommittee Mandate

The mandate for the Subcommittee includes the following:

- a) Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
- b) Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter, which is attached to the Subcommittee Order; and
- c) Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.

5. Subcommittee Duties

The duties and responsibilities of the Subcommittee include the following:

- a) Choosing a Chairman;
- b) Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
- c) Providing instructions to Representative Counsel;
- d) Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
- e) Acting honestly in good faith, with a view to the best interests of the Representative Class;
- f) Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuse themselves from discussions and voting, as required;
- g) Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
- h) Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
- i) Reviewing the Subcommittee's strategies and their implementation;
- j) Making independent determinations and conclusions regarding the Representative Action;
- k) With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
- l) Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;
- m) Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
- n) Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;
- o) Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
- p) Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.

The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication are further set out in the Subcommittee Order:

- a) Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
- b) Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
- c) Developing appropriate measures for feedback from the Representative Class;
- d) Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
- e) Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
- f) Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.

6. Eligibility to act on Subcommittee

In order to be eligible to act on the Subcommittee an individual must meet the following criteria:

- a) Be a District Depositor or a committee, trustee or personal representative of a District Depositor;
- b) Not be in a conflict of interest with respect to the Representative Action (for clarity, acting on the Subcommittee for DIL would be a conflict of interest);
- c) Not have opted out of the Representative Action; and
- d) Not be a "Partially Released Party", which is defined in the District Plan as including the following:
 - The District;
 - Parties who are insured under the District's directors and officers liability insurance;
 - Past or present directors, officers, volunteers and employees of the District Group; and
 - Any past independent contractors of the District who are individuals who were employed three days or more a week on a regular basis.

7. To apply to act on the Subcommittee

In order to be considered to act on the Subcommittee, interested parties must provide an application in the form attached as "Schedule 1" hereto to legal counsel for the District Committee at Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street SW, Calgary, Alberta T2P 4K7, via facsimile to 1-403-265-7219 or via email to simardc@bennettjones.com to the attention of Chris Simard on or before 5:00 p.m. on July 21, 2017. Successful applicants will be contacted on or before July 31, 2017. Please note that only the names of successful applicants will be made publicly available.

Upon the Subcommittee having been reformed and new Representative Counsel having been selected, further correspondence will follow.

Should you have any questions regarding the formation of the Subcommittee, please contact Chris Simard at 1-403-298-4485. Should you have general questions regarding the CCAA proceedings, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as the Court-appointed Monitor of 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. and not in its personal or corporate capacity



Jeff Keeble, CA, CIRP
Senior Vice President

Schedule 1

APPLICATION TO ACT ON THE SUBCOMMITTEE FOR THE DISTRICT

Personal and Contact Information

Name:

Current Address:

City:

Province:

Postal Code:

Phone numbers:

Day
Cell

Evening

E-mail address:

Relevant background/ experience:

Please describe your background and any relevant experience (such as previous litigation experience):

Other

Please describe any additional information you would like the District Committee to consider while voting on the composition of the Subcommittee as described in the Subcommittee Order dated August 2, 2016:

I hereby confirm that I:

- am an individual who is a District Depositor; or
- am the committee, trustee or personal representative of a District Depositor; and

- do not and the congregation, corporation or other District Depositor, who I am applying as a representative of, do not have in any known conflict of interest with respect to the Representative Action (As noted above, acting on the Subcommittee for DIL would be a conflict of interest);
- have not served a notice of Opting Out to the Monitor; and
- am not a Partially Released Party

Printed Name of Applicant

Signature of Applicant

Appendix B



June 21, 2017

See Attached Service List

Jeffrey Oliver
joliver@casselsbrock.com

tel: 403-351-2921
fax: 403-648-1151

file no. 49073-1

Dear Sirs/Mesdames:

Re: ***Lutheran Church – Canada, the Alberta – British Columbia District et al***
Court of Queen’s Bench Action No. 1501-00955

We write in order to advise you of an error contained in the Twenty-Ninth Report of the Monitor filed June 20, 2017.

Paragraph 35 of the Monitor’s Report stated that Lutheran Canada Church (“**LCC**”) will provide a full release of any claim it may have against the District in respect of the LCC Pension Plan and the CCAA proceedings. That statement is incorrect. While the contemplated Court Order approving the settlement of the LCC claim does provide for the full and final settlement of the LCC claim, the execution of a release is not contemplated by the settlement. Further, the settlement does not affect and is without prejudice to the District’s obligations pursuant to the defined contribution retirement plan administered by LCC and the District shall continue to make all payments thereunder. However, upon receipt of the payment contemplated by the settlement, LCC has agreed that it will not seek any contribution from the District for any shortfall with respect to the defined benefit portion of the pension plan.

This correction will also be noted in the Thirtieth Report of the Monitor, which will be filed by no later than July 4, 2017.

The Monitor apologizes for any inconvenience caused by this error.

Yours truly,
Cassels Brock & Blackwell LLP

Jeffrey Oliver
JLO/rc

cc: The Honourable Madam Justice Romaine