



COURT FILE NUMBER **1501-00955**

COURT **COURT OF QUEEN'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

DOCUMENT **THIRTY-NINTH 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 AUGUST 17, 2020

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT**

Counsel

Cassels Brock & Blackwell LLP
3810, Bankers Hall East Tower
888 3rd Street SW
Calgary, Alberta T2P 5C5

Attention: Jeffrey Oliver

Telephone/ Facsimile: 403-351-2921/ 403-648-1151
Email: joliver@casselsbrock.com

Monitor

Deloitte Restructuring Inc.
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8

Attention: Ryan Adlington
Telephone/Facsimile: 587-293-3203/ 403-513-4357
Email: radlington@deloitte.ca

Table of Contents

Introduction and Notice to Reader	1
Introduction	1
Notice to Reader	2
Court Applications	3
Final Application	4
Tuscany Proceeds	6
Status of the Applicants' Plans	8
The District Plan	8
Final District Distribution Delays from COVID-19 Pandemic	9
Unclaimed Distributions	9
Lakeview Bonds	10
The Other Plans	11
Final Taxation Application	12
Conclusion	15

Appendices

Appendix "A"	ASC Settlement Agreement dated September 11, 2019
Appendix "B"	Assumption Agreement dated October 16, 2017
Appendix "C"	Notice to the District depositors dated April 1, 2020
Appendix "D"	Statement of accounts for the Lakeview Bonds as of June 30, 2020

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. Depositors to DIL will be referred to as the "DIL Depositors".
3. The Initial Order provided for an initial stay of proceedings (the "**Stay**") until February 20, 2015. The Court subsequently granted nine (9) 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 Certificates of Plan Termination (the "**Certificate(s)**") were filed signaling the completion of the plans of compromise and arrangement for all of the District (the "**District Plan**"), DIL (the "**DIL Plan**"), ECHS (the "**ECHS Plan**") and EMSS (the "**EMSS Plan**"), all as subsequently amended (collectively the "**Applicants' Plans**").
4. On November 15, 2016, the Applicants' legal counsel wrote a letter to the Court (the "**Stay Letter**") noting that the Monitor would not be in a position to file the Certificates by December 31, 2016. The Stay Letter also noted that the Sanction Orders granted in respect of the Applicants' Plans extended the Stay until the Certificates were filed and that, as a result, another Court application was not necessary to extend the Stay. On October 25, 2017, the Court granted two Orders partially lifting the Stay (the "**Stay Orders**") to allow the legal actions undertaken on behalf of participating District and DIL Depositors (the "**Representative Actions**") to proceed.
5. 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 prepared thirty-eight reports dated between February 17, 2015 and November 26, 2019 (collectively, the "**Reports**").
6. The Monitor also filed confidential supplements to the Second Report of the Monitor, dated March 23, 2015, the Fourth Report of the Monitor dated June 24, 2015, the Fifth Report of the Monitor dated August 24, 2015, the Fifteenth Report of the Monitor dated February 25, 2016, the Seventeenth Report of the Monitor dated March 18, 2016 and the Twenty-Eighth Report of the Monitor dated May 24, 2017 (collectively the "**Supplements**"). The Supplements have been sealed by the Court.
7. 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**"). The Encharis, DIL and District Reports were prepared to provide creditors of the corresponding entities with specific information related to the Applicants' Plans.
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.
11. The financial information of the Applicants has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this report may not disclose all significant matters about the Applicants. Additionally, none of the Monitor's procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Monitor's attention. Accordingly, the Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
12. 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. Any use, which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.
13. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

14. This report represents the thirty-ninth report of the Monitor (the "**Thirty-Ninth Report**"). The Thirty-Ninth Report is being prepared to provide the Court with additional information regarding applications by the District and the Monitor, which are scheduled to be heard by the Court on August 24, 2020 (the "**August 2020 Hearing**").
15. The Monitor understands that during the August 2020 Hearing, the District will be seeking an Order directing:
 - a) the District to add the Unclaimed Distributions (as described herein) to the pool of funds to be distributed as part of the final District distribution (the "**Final District Distribution**") in accordance with the District Plan;
 - b) the District to make a Final District Distribution in accordance with the District Plan, which Final District Distribution shall include funds from the sale of the Tuscany Lands, the ASC Settlement Funds, and cash deposits from the Lakeview Bonds investment (as described in detail herein);
 - c) that any amounts that are unclaimed by District Depositors within 90 calendar days of the Final District Distribution shall be deemed to be unclaimed final distributions (the "**Unclaimed Final Distributions**") and shall be paid to Sage Properties Corp. ("**Sage**");
 - d) the District to distribute any portion of the Undistributed Holdback (as defined below) ultimately paid to the District as follows: 25.61% to FLC and 74.39% to Sage. The Undistributed Holdback is currently being held by Rockford Tuscany Inc. ("**Rockford**") from the proceeds of sale of the FLC Sale Lands as a holdback pending the District assuming and fulfilling the Road Agreement as described in more detail in paragraph 25 below; and
 - e) the District to take all necessary steps to transfer the Lakeview Bonds to Sage.
16. During the August 2020 Hearing, the Monitor will be seeking an Order approving:
 - a) the distribution of the ASC Settlement Funds to the District to be distributed to District depositors (the "**District Depositors**") as part of the Final District Distribution in accordance with the District Plan;
 - b) the professional fees and disbursements of the Monitor, including an estimate to complete, for the period of November 1, 2017 to discharge; and
 - c) the professional fees and disbursements of the Monitor's legal counsel, including an estimate to complete, for the period of November 1, 2017 to discharge.

Final Application

ASC Settlement

17. As discussed in more detail in the thirty-sixth report of the Monitor (the "**Thirty-Sixth Report**"):

- a) On June 27, 2018, the ASC issued a Notice of Hearing (the "**ASC Notice**") to the District and DIL as well as to the following five individuals:
 - (i) Donald Robert Schiemann;
 - (ii) Kurtis Francis Robinson;
 - (iii) James Theodore Kentel;
 - (iv) Mark David Ruf; and
 - (v) Harold Carl Schmidt;

(collectively, the "**Individual ASC Respondents**" and collectively with the District and DIL the "**ASC Respondents**").
- b) The ASC Notice related to allegations that the ASC Respondents breached or authorized, permitted or acquiesced in the breach of section 92(4.1) of the *Securities Act*, RSA 2000, c. S-4 (the "**Allegations**").
- c) In particular, the Allegations indicated that the ASC Respondents made statements or authorized, permitted or acquiesced in the making of a statement, in circumstances where they knew or reasonably ought to have known that:
 - (i) The statements, as further described in the ASC Notice, were misleading or untrue in the absence of disclosure of certain undisclosed facts; and
 - (ii) These misleading or untrue statements would reasonably be expected to have a significant effect on the market price or value of the investments in the District and DIL.
- d) The ASC Notice further indicated that the ASC would not be seeking any monetary administrative penalties against either the District or DIL in order not to deplete the funds available in the CCAA proceedings for the creditors of the District and the DIL Depositors.

18. On September 11, 2019, the Alberta Securities Commission (the "**ASC**") and the ASC Respondents entered into a settlement agreement (the "**ASC Settlement Agreement**"), pursuant to which the Individual ASC Respondents agreed to pay an aggregate sum of \$500,000 (the "**ASC Settlement Funds**") to the Monitor for distribution to the Church Extension Fund ("**CEF**") investors and the District Investment Ltd. Fund (the "**DIL Fund**") investors in accordance with the directions of the Court of Queen's Bench of Alberta in the within proceedings. A copy of the ASC Settlement Agreement is attached as **Appendix "A"** to this Thirty-Ninth Report.

19. The ASC Settlement Funds were delivered to the Monitor's legal counsel in trust on or around September 11, 2019 and continue to be held in trust in an interest bearing account.

20. Prior to the delivery of the ASC Settlement Funds to the Monitor's legal counsel, the Monitor's legal counsel and a representative of the ASC had discussions regarding the practical difficulties of distributing a portion of the ASC Settlement Funds to DIL Depositors. Following these discussions, the ASC consented to the Monitor distributing the ASC Settlement Funds to the District, for distribution only to the District Depositors.
21. The Monitor is proposing to distribute the ASC Settlement Funds to the District for distribution only to the District Depositors (and not to DIL Depositors) for the following reasons (among others):
- a) As described in more detail in the Fifth Amended Plan of Compromise and Arrangement of Lutheran Church-Canada, the Alberta-British Columbia District dated June 10, 2016 (the "**District Plan**"), District Depositors are depositors who have made loans to the District through the CEF. As such, a distribution to the 'CEF investors' as prescribed by the ASC Settlement is a distribution to the District Depositors.
 - b) As discussed in more detail in prior reports of the Monitor, investments made by DIL Depositors in the DIL Fund were done using various tax exempt vehicles, such as RRSPs, RRIFs and TFSAs. As such, the Amended Plan of Compromise and Arrangement of Lutheran Church-Canada, the Alberta-British Columbia District Investment Ltd. Plan (the "**DIL Plan**") contemplated that all distributions made to DIL Depositors would be done using registered plans, which would be held in the same type of registered plan as the original investment made by DIL Depositors in order to preserve the tax status of those investments.
 - c) As discussed in more detail in the thirty-seventh report of the Monitor dated April 18, 2019 (the "**Thirty-Seventh Report**"), the DIL Plan has been completed and all final distributions have already been made to DIL Depositors. Outside of dealing with the ASC Settlement Funds, no further distribution to DIL Depositors is contemplated. Because distributions made to DIL Depositors must be done using registered plans and may trigger unforeseen tax consequences for DIL Depositors, it is the view of the Monitor that distributing the ASC Settlement Funds to DIL Depositors is not economical as substantial professional and administrative costs will be expended to make such a distribution, which will result in modest recoveries to the DIL Depositors.
 - d) Rather than making a further distribution to DIL Depositors, the Monitor is proposing that all ASC Settlement Funds be distributed only to District Depositors for the following reasons:
 - (i) There is a high degree of commonality between the DIL Depositors and the District Depositors. Approximately 78% of the District Depositors are also DIL Depositors;
 - (ii) A further distribution to District Depositors is required even in the absence of the ASC Settlement Funds;
 - (iii) The ASC has consented to the distribution of the ASC Settlement Funds only to District Depositors; and
 - (iv) A distribution to District Depositors will require significantly less professional and administrative fees, which will ultimately increase the recovery of the District Depositors.
22. In light of the foregoing, it is the view of the Monitor that in the circumstances, it is appropriate for the ASC Settlement Funds to be distributed to the District to be included in the final distribution to District Depositors.

Tuscany Proceeds

23. As described in the Thirty-Seventh Report, the District entered into a purchase and sale agreement for the Tuscany Lands. The sale of the Tuscany Lands was approved by the Court on April 25, 2019 and has since closed.
24. Net proceeds (after commission of \$81,400) of \$1.5 million were received and are being held in trust (the "**Tuscany Proceeds**") by the counsel to the District. Pursuant to an assumption agreement dated October 16, 2017 (the "**Assumption Agreement**"), which Assumption Agreement was approved by the Court on October 25, 2017, the Tuscany Proceeds are to be split 25.61% to Foothills Lutheran Church of Calgary (the "**FLC**") and 74.39% to the District. A copy of the Assumption Agreement is attached as **Appendix "B"** to the Thirty-Ninth Report.
25. As described in more detail in the thirty-second report of the Monitor dated October 19, 2017 (the "**Thirty-Second Report**"), the Assumption Agreement sets out the settlement (the "**FLC Settlement**") with respect to the District's interest in approximately 7.81 acres of land in the community of Tuscany in Northwest Calgary (the "**FLC Lands**"). The specifics of the FLC Settlement are described in the Thirty-Second Report and are repeated below for ease of reference:
 - a) The FLC Lands were transferred from the District to FLC at no cost pursuant to a Land Partnership Agreement (the "**Land Agreement**") dated February 29, 2008, which included a time requirement for FLC to commence construction of an approved mission development and an option for the District to repurchase the FLC Lands for one dollar if this condition was not met (the "**Repurchase Condition**"). Pursuant to the Repurchase Condition, it was agreed that, if the option to repurchase was exercised, the District would pay FLC 25.61% of the net sale proceeds from any future sale of the FLC Lands.
 - b) FLC undertook a subdivision process (the "**FLC Subdivision**") pursuant to which the FLC Lands were divided into two parcels, one being 3.73 acres (the "**FLC Sale Lands**") and one being 4.08 acres (i.e. the Tuscany Lands).
 - c) On August 11, 2016, FLC finalized a purchase and sale agreement with Rockford with respect to the FLC Sale Lands (the "**FLC PSA**"). In order to complete the transaction contemplated in the FLC PSA, FLC requested that the District consent to (among other things) the assumption by the District of an agreement between FLC and the City of Calgary relating to the construction of an emergency access road (the "**Access Road**") that was required pursuant to the FLC Subdivision (the "**Road Agreement**"). As at the date of the Thirty-Second Report, Rockford was holding \$300,000 (the "**Road Holdback**") from the proceeds of sale of the FLC Sale Lands as a holdback pending the District assuming and fulfilling the Road Agreement. As described below, \$270,000 of the Road Holdback has already been paid to District. All amounts constituting the Road Holdback are to be paid to the District upon District fulfilling the terms of the Road Agreement. Any of the Road Holdback funds not used by the District for the construction of the Access Road will be split with 25.64% being paid to FLC and 74.36% being paid to the District.
 - d) As detailed in the Assumption Agreement, the District and FLC also entered into the FLC Settlement, which included the following term, among others: the Tuscany Lands will be transferred to the District and the future net sale proceeds (after deduction of the District's selling expenses) from the Tuscany Lands will be split with 25.64% being paid to FLC and 74.36% being paid to the District.
26. As described in more detail in the Affidavit of Cameron Sherban sworn April 17, 2019 (the "**Sherban Affidavit**") and the Thirty-Seventh Report, as at April 2019 the construction of the Access Road had been largely completed to the specifications set out by the City of Calgary. However, a concrete apron still remained to be constructed (the "**Apron**").

27. The Monitor understands that:

- a) the District has completed construction of the Apron;
- b) Rockford has released all but \$30,000 (the “**Undistributed Holdback**”) of the Road Holdback to the District;
- c) the Undistributed Holdback is being held by Rockford pending confirmation from the City of Calgary that the Apron was constructed in accordance with the applicable specifications; and
- d) the timing of when Rockford will receive confirmation from the City of Calgary that the Apron has been constructed in accordance with the applicable standards is currently unknown.

28. Due to:

- a) the lack of clarity with regards to the timing of when confirmation from the City of Calgary will be received; and
- b) the possibility that further construction will be required in relation to the Apron, which would ultimately reduce the amount of the Undistributed Holdback,

it is the view of the Monitor that it is not economical for the Monitor to remain in place pending the distribution of the Undistributed Holdback.

29. The Monitor understands that the District is seeking an order directing that upon the release of any or all of the Undistributed Holdback to the District, the District shall distribute such amounts as follows:

- a) 25.64% to FLC; and
- b) 74.36% to Sage.

30. It is the view of the Monitor that any portion of the Undistributed Holdback that the District would be entitled to under the Assumption Agreement/FLC Settlement should be paid to Sage for the following reasons:

- a) The Undistributed Holdback would typically form part of the distributions made to District Depositors under the District Plan. However, as it is anticipated that the Monitor will be discharged at the time the Undistributed Holdback is paid to the District, it will not be possible to distribute the Undistributed Holdback as part of the final distribution under the District Plan.
- b) As described in more detail in previous reports of the Monitor, all Eligible Affected Creditors under the District Plan, other than Non-Resident Affected Creditors (i.e. District creditors resident in Quebec or outside of Canada), who were not paid in full by the Convenience Payments received shares in Sage on a pro-rata basis. As such, the majority of District Depositors are also Sage shareholders. As such, it is the view of the Monitor that distributing these amounts to Sage shareholders is the most equitable and economical method of distribution.

Status of the Applicants' Plans

31. The following is a summary of the status of the Applicants' Plans.

The District Plan

32. The sale of the Tuscany Lands has closed. The District has completed the construction of the Access Road and is awaiting confirmation from the City of Calgary that the Apron has been constructed in accordance with the applicable standards.

33. All final CCAA expenses have now been paid with the exception of certain professional fees and estimated fees to discharge. The District is currently holding \$108,000 of CEF funds. The District's legal counsel is currently holding \$1.4 million in trust, from the sale of the Tuscany Lands. The Monitor's legal counsel is currently holding ASC Settlement Funds in the amount of \$500,000 plus interest. As well, the broker holding the Lakeview Bonds (as defined herein) holds approximately \$11,250 in cash and cash equivalents. Together, these funds are to be distributed to creditors of the District.

34. Summarized below is the proposed Final District Distribution:

	Amount (CAD \$)	Notes
Funds on hand		
Faskens trust account	1,608,752	1
Cassels trust account	502,556	2
CEF BMO bank account	107,995	3
Brokerage account	11,250	
Total funds on hand	2,230,552	
Future disbursements		
Monitor's legal fees (Cassels)	(44,625)	4
District's legal fees (Fasken)	(45,150)	5
Monitor's fees (Deloitte)	(27,300)	6
Staffing costs	(15,000)	7
Total disbursements	(132,075)	
Estimated funds for distribution	2,098,477	
Notes		
1. Funds held by Faskens, which includes proceeds from the sale of the Tuscany Lands (net of the 25.61% of proceeds payable to the Foothills congregation and roadwork expense of \$140,000).		
2. Funds held by Cassels includes the \$500,000 proceeds from the ASC settlement.		
3. Balance includes \$25,840 of Unclaimed Distributions.		
4. Monitor's counsel is currently owed approximately \$7,600 in unpaid fees and estimates a further \$35,000 (excluding sales tax) to discharge.		
5. Incurred fees of \$17,225 and estimate a further \$25,000 (excluding sales tax) to complete the CCAA proceeding.		
6. The Monitor is currently owed \$6,000 in unpaid fees and estimates a further \$20,000 (excluding sales tax) to discharge.		
7. Estimated costs to retain staff to complete the final distribution process, including updating depositor lists, issuing cheques and monitoring presentations.		

35. Subsequent to the August 24, 2020 hearing, the District and the Monitor will proceed with the final requirements towards completion of the CCAA proceedings, as set out in section 7.1 of the District plan. Key steps include the following:
- a) Distribution of the remaining funds of approximately \$2.1 million on hand and held in trust to the District Depositors (the "**Final District Distribution**");
 - b) Delivering instructions to the District Representative Counsel for the *pro rata* distribution of any potential future funds remaining in the Representative Action Pool, as set out in the District Plan;
 - c) Closure of the District CEF bank accounts; and
 - d) Issuance of the Certificate for the District.

Final District Distribution Delays from COVID-19 Pandemic

36. On March 4, 2020, the Monitor and its legal counsel held a meeting with the District committee to approve the Final District Distribution and to provide a general update on the CCAA proceedings (the "**March 2020 District Meeting**").
37. The District committee approved the Final District Distribution and the Final District Distribution was to be performed in May 2020. As such, a court date to approve the Final District Distribution was set for April 2020.
38. Shortly after the March 2020 District Meeting, and pursuant to an Amended Master Order #2 Relating to Court's Response to the COVID-19 Virus pronounced on March 20, 2020, all civil matters scheduled for hearing between March 16, 2020 and May 1, 2020 were adjourned *sine die*, unless otherwise directed by the Court. As such, the April 2020 court date was adjourned *sine die*.
39. During the COVID-19 pandemic, the Monitor mailed out notices to all District depositors notifying of the adjournment and to provide the Monitor with his or her latest mailing address. A copy of the notice is attached as **Appendix "C"**. Approximately 50 creditors responded to the notice and requested mailing information to be updated.

Unclaimed Distributions

40. Approximately 123 District Depositors have yet to claim their prior interim distributions, which unclaimed interim distributions amount to a total of approximately \$26,000 (the "**Unclaimed Distributions**").
41. The District Plan does not contain a provision that provides for a mechanism to deal with the Unclaimed Distributions.
42. In light of the pending completion of the District Plan, the Monitor understands that the District is seeking an order directing that the Unclaimed Distribution be added to the pool of funds to be distributed to District Depositors as part of the Final District Distribution.
43. The Monitor has made substantial efforts to locate the District Depositors entitled to the Unclaimed Distributions (the "**Unclaimed Depositors**"). These efforts include:
- a) Calling the Unclaimed Depositors based on their latest known contact information;
 - b) Re-issuing letters and emails to the Unclaimed Depositors;
 - c) Re-issuing cheques to the Unclaimed Depositors;

- d) Contacting the executors of the estates of those Unclaimed Depositors who are now deceased;
 - e) Contacting the Unclaimed Depositors' current churches in an attempt to notify or obtain updated contact information for the Unclaimed Depositors;
 - f) Ensuring that the creditors' website included information regarding the Unclaimed Distributions, was publicly available and clearly stated the Monitor's contact information; and
 - g) Keeping the creditors' website up to date throughout the CCAA proceedings.
44. In addition to the foregoing, the Monitor has also consulted with the District Creditors Committee on the most appropriate method to distribute the Unclaimed Distributions during the March 2020 District Committee Meeting.
45. As the Monitor has made substantial efforts to contact the Unclaimed Depositors without success, and on the recommendation of the District Creditors Committee, it is the Monitor's view that it is appropriate in the circumstances to add the Unclaimed Distributions into the pool of funds available for the Final District Distribution.
46. In light of the fact that there were Unclaimed Distributions from previous interim distributions to District Depositors, the Monitor anticipates that a portion of the Final District Distributions made to District Depositors will also be unclaimed (the "**Unclaimed Final Distributions**"). The Monitor is proposing the following method for dealing with any Unclaimed Final Distributions:
- a) The Final District Distribution will be made to District Depositors in accordance with the District Plan;
 - b) Concurrently with the above, the Monitor will post, in a prominent location on its website, a notice advising District Depositors of the Final District Distribution (the "**Final Distribution Notice**"). The Final Distribution Notice will, among other things, advise District Depositors:
 - (i) That the Final District Distribution will be made on or before September 15, 2020;
 - (ii) That District Depositors have no more than 90 calendar days (estimated to be no later than December 15, 2020) from the date that the Final Distribution Notice is posted to claim their respective Final District Distribution (the "**Distribution Claim Date**");
 - (iii) Any Final District Distributions that remain unclaimed as at the Distribution Claim Date (i.e. the Unclaimed Final Distributions) shall be paid by the District to Sage; and
 - (iv) As at the Distribution Claim Date, District Depositors who would have otherwise had a claim to all or a portion of the Unclaimed Final Distribution shall no longer have a claim to such Unclaimed Final Distribution amounts.
47. As noted previously, the majority of District Depositors are also Sage shareholders. As such, it is the Monitors view that distributing any Unclaimed Final Distributions to Sage is the most equitable and economical method of distribution in the circumstances.

Lakeview Bonds

48. The District holds 250,000 fixed income bonds (the "**Lakeview Bonds**") respecting Lakeview Hotel Investment Corp. ("**Lakeview Corp.**") The Lakeview Bonds are fixed income bonds, with an original maturity dated of February 2018 and a maturity par value of \$250,000. The maturity date of the Lakeview Bonds was extended and the current maturity date for the Lakeview Bonds is August 31, 2022.

49. Attempts were made by a broker since prior to May 2016 (who was engaged by the District) to sell the Lakeview Bonds. However, the highest offer received by the broker for the Lakeview Bonds was approximately \$11,000. The Monitor understands that part of the difficulty in selling the Lakeview Bonds is related to the fact that the District holds a large position in Lakeview Corp. In other words, the Monitor has been advised that the Lakeview Bonds are for all intents and purposes illiquid.
50. Furthermore, the market value of the Lakeview Bonds is well below the par value with a market value of \$1,140. Attached as **Appendix "D"** is a copy of the statement of accounts for the Lakeview Bonds as of June 30, 2020.
51. At the March 2020 District Committee Meeting, the Monitor and the District committee also discussed the treatment of the Lakeview Bonds going forward. The Monitor understands that it is the preference of the District Committee not to sell the Lakeview Bonds for substantially below their maturity to value and to instead have the Lakeview Bonds transferred to Sage for further handling.
52. Rather than have the District Depositors take a loss on the Lakeview Bonds at this time, it is the view of the Monitor that the most efficient way to capitalize on the Lakeview Bonds is for the Lakeview Bonds to be transferred into the name of Sage. Once transferred to Sage, the Lakeview Bonds can be held for the benefit of the Sage shareholder until their maturity date or sold prior to their maturity date should a more profitable offer arise.
53. Again, as the majority of District Depositors are also Sage shareholders, it is the view of the Monitor that transferring the Lakeview Bonds to Sage will preserve the most value for District Depositors and is appropriate in the circumstances.

The Other Plans

54. As described in the Thirty-Seventh Report, the CCAA proceedings for DIL, ECHS, and EMSS are complete. Certificates for DIL, ECHS, and EMSS will be issued upon completion of the Sequence of Events set out in Section 7.1 of the District Plan.

Final Taxation Application

55. At the August 2020 Hearing, the Monitor will be seeking Court approval of the following fees and disbursements (together, the “**Professional Fees**”):

- a) The professional fees and disbursements of the Monitor from November 1, 2017 to discharge (the “**Final Monitor Fees**”). As set out therein, the Final Monitor Fees total approximately \$413,000 which includes GST of approximately \$20,000 and estimate to discharge of \$26,000.
- b) The professional fees and disbursements of the Monitor’s legal counsel from November 1, 2017 to discharge (the “**Final Legal Fees**”). As set out therein, the Final Legal Fees total approximately \$116,000, which includes GST of approximately \$5,500 and estimate to discharge of \$42,500.

56. Below is a summary of the Professional Fees:

Invoice	Period	Amount	GST	Total
Deloitte Restructuring Inc.				
8000131995	Period Ended Apr 6, 2018	157,907	7,895	165,802
8000241346	Period Ended Aug 31, 2018	61,299	3,065	64,363
8000246602	Period Ended Aug 31, 2018	58,306	2,915	61,221
8000349211	Period Ended Nov 30, 2018	4,523	226	4,749
8000540936	Period Ended Apr 11, 2019	16,568	828	17,396
8000689153	Period Ended Jun 27, 2019	68,460	3,423	71,883
Estimate to discharge		26,000	1,300	27,300
Total Monitor		393,061	19,653	412,714
Casels Brock & Blackwell LLP				
2030840	Period ended Dec 13, 2017	19,994	1,000	20,994
2032359	Period ended Dec 31, 2017	2,483	124	2,607
2037582	Period ended Feb 21, 2018	1,793	90	1,883
2038043	Period ended Mar 5, 2018	2,098	105	2,203
2040566	Period ended Apr 4, 2018	3,395	170	3,565
2044701	Period ended May 17, 2018	5,829	291	6,120
2045570	Period ended Jun 6, 2018	715	36	751
2047966	Period ended July 5, 2018	1,484	74	1,558
2051727	Period ended Aug 14, 2018	880	44	924
2053673	Period ended Sept 10, 2018	165	8	173
2056367	Period ended Oct 9, 2018	110	6	116
2058315	Period ended Nov 6, 2018	660	33	693
2061418	Period ended Dec 7, 2018	330	17	347
2064327	Period ended Dec 31, 2018	550	28	578
2068858	Period ended Feb 7, 2019	565	28	593
2070966	Period ended Mar 6, 2019	2,543	127	2,670
2074700	Period ended Apr 14 2019	2,430	121	2,551
2077288	Period ended May 10, 2019	3,390	170	3,560
2078907	Period ended Jun 6, 2019	801	40	841
2081672	Period ended Jul 4, 2019	2,383	119	2,502
2087030	Period ended Sept 6, 2019	2,193	110	2,303
2091795	Period ended Sept 30, 2019	5,073	254	5,327
2096934	Period ended Nov 30, 2019	-	-	-
2102505	Period ended Jan 31, 2020	4,136	207	4,343
2104423	Period ended Feb 29, 2020	1,360	68	1,428
2107078	Period ended Mar 31, 2020	1,680	84	1,764
2113587	Period ended June 30, 2020	420	21	441
Estimate to discharge		42,500	2,125	44,625
Total Legal		109,958	5,498	115,456
Total professional fees		503,019	25,151	528,170

57. Copies of the invoices included in the Professional Fees will be made available at the August 2020 Hearing.

58. The Monitor notes the following with respect to the Final Monitor Fees:

- a) The Monitor's Fees have been allocated between the Applicants on an invoice by invoice basis based on an estimate of percentage of time dedicated to each of the Applicants during the corresponding period;
- b) The Monitor's Fees are based on the amount of professional time required and the Monitor's standard hourly billing rates, which vary depending upon the experience level of the professionals involved. The Monitor has expended approximately 1,130 hours in administering the CCAA proceedings from November 1, 2017 to discharge. The average standard hourly billing rate of the professionals in the Monitor's office is approximately \$338;
- c) The Monitor's Fees include reasonable out-of-pocket expenses, the majority of which are for postage associated with the significant number of mail-outs required for District;
- d) The Monitor's more significant activities, which were completed in consultation with its legal counsel, are as follows:
 - (i) Review the Applicants' cash flow forecasts and monitor the Applicant's operating results and variance analysis;
 - (ii) Prepare and review the Reports and the Supplements;
 - (iii) Hold extensive consultations with the District committee and other stakeholder groups and individual depositors;
 - (iv) Review and monitor the sale of the Tuscan Land;
 - (v) Review various unique issues in conjunction with legal counsel for the following, which included identifying potential claims by the depositors and addressing needs of the depositors;
 - (vi) Facilitate and monitor the final distribution to the DIL depositors;
 - (vii) Review materials and attendance of various Court applications;
 - (viii) Extensive verbal communication with District depositors, including responding to significant number of telephone and email inquiries, leading meetings to communicate to the District depositors; and
 - (ix) Prepare written communication with the depositors on updates on the CCAA proceeding and delays from the COVID-19 pandemic.

59. The Monitor notes the following with respect to the Final Legal Fees:

- a) The rates of the Monitor's legal counsel has been discounted from its customary hourly rates, as of the outset of this matter, in a varying amount of between approximately 12% to 18% depending on the timekeeper;
- b) Legal counsel to the Monitor played a more significant role in the Applicant's CCAA proceedings, as compared to other CCAA proceedings as a result of the following:
 - (i) The requirement to defend the Monitor, as an officer of the Court, from serious allegations raised by the opposing creditors, which allegations were ultimately dismissed;

- (ii) The work required for the establishment of the District creditors' committees;
- (iii) The inclusion of the provisions related to representative actions in the District Plan, which required independent oversight from a party other than the Applicants; and
- (iv) The additional stakeholder consultation.

Conclusion

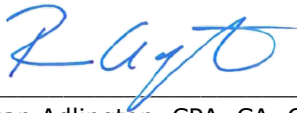
60. The Thirty-Ninth Report has been prepared to provide the Court with a general update on the CCAA proceedings, additional information on the ASC Settlement Funds, and additional information of the Final Taxation Application.

* * *

All of which is respectfully submitted at Calgary, Alberta this 17th day of August 2020.

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



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix "A"

ASC Settlement Agreement dated September 11, 2019

September 11, 2019

VIA EMAIL

File No.: ENF-010583

Singleton Urquhart Reynolds Vogel LLP
Suite 1200, 925 West Georgia Street
Vancouver, BC V6C 3L2

**Attention: John R. Singleton, Q.C.
Veronica S.C. Rossos**

Dear Mr. Singleton and Ms. Rossos:

Re: Lutheran Church - Canada, AB-BC District Investments Ltd. et al.

Further to your correspondence of yesterday, we enclose a copy of the settlement agreement which has been executed by the executive director. Please confirm receipt of same to our offices and those of the monitor.

We thank you for your attention to this matter.

Yours truly,



Tom McCartney
Senior Litigation Counsel

TM:ch

ALBERTA SECURITIES COMMISSION

Docket: ENF-010583

Date: 20190911

Citation: **Re Lutheran Church-Canada,
the Alberta-British Columbia District, 2019 ABASC 141**

NOTICE OF WITHDRAWAL

Lutheran Church–Canada, the Alberta British-Columbia District, Lutheran Church–Canada, the Alberta British-Columbia District Investments Ltd., Donald Robert Schiemann, Kurtis Francis Robinson, James Theodore Kentel, Mark David Ruf, and Harold Carl Schmidt

WHEREAS Staff of the Alberta Securities Commission (ASC) filed the Notice of Hearing in this matter on June 27, 2018, cited as *Re Lutheran Church-Canada, the Alberta-British Columbia District, 2018 ABASC 102 (Notice of Hearing)*; and

WHEREAS Staff of the ASC and the Respondents Lutheran Church–Canada, the Alberta British-Columbia District, Lutheran Church–Canada, the Alberta British-Columbia District Investments Ltd., Donald Robert Schiemann, Kurtis Francis Robinson, James Theodore Kentel, Mark David Ruf, and Harold Carl Schmidt have entered into a Settlement Agreement and Undertaking dated September 11, 2019, cited as *Re Lutheran Church-Canada, the Alberta-British Columbia District, 2019 ABASC 140*;

TAKE NOTICE THAT Staff withdraw the allegations against Lutheran Church–Canada, the Alberta British-Columbia District, Lutheran Church–Canada, the Alberta British-Columbia District Investments Ltd., Donald Robert Schiemann, Kurtis Francis Robinson, James Theodore Kentel, Mark David Ruf, and Harold Carl Schmidt contained in the Notice of Hearing.

) ALBERTA SECURITIES COMMISSION

)

Calgary, Alberta, 11 September, 2019

)

)

) 
David C. Linder, Q.C.

) Executive Director

ALBERTA SECURITIES COMMISSION

Docket: ENF-010583

Citation: Re Lutheran Church-Canada,
the Alberta-British Columbia District, 2019 ABASC 140

Date: 20190911

SETTLEMENT AGREEMENT AND UNDERTAKING

Lutheran Church–Canada, the Alberta British-Columbia District, Lutheran Church–Canada, the Alberta British-Columbia District Investments Ltd., Donald Robert Schiemann, Kurtis Francis Robinson, James Theodore Kentel, Mark David Ruf, and Harold Carl Schmidt

Introduction

1. Staff of the Alberta Securities Commission (**Staff** and **Commission**, respectively) conducted an investigation into Lutheran Church–Canada, the Alberta-British Columbia District (the **District**), Lutheran Church–Canada, the Alberta-British Columbia District Investments Ltd. (**DIL**), Donald Robert Schiemann, Kurtis Francis Robinson, James Theodore Kentel, Mark David Ruf, and Harold Carl Schmidt (collectively, the **Respondents**) to determine if securities laws had been breached.
2. The investigation confirmed, and the Respondents admit that they breached those sections of the *Securities Act*, R.S.A. 2000, c. S-4, as amended, (*Act*), referred to in this Settlement Agreement and Undertaking (**Agreement**).
3. Solely for securities regulatory purposes in Alberta and elsewhere, and as the basis for the settlement and undertakings referred to at paragraphs 57 to 61 herein, each of the Respondents agree to the facts and consequences set out in this Agreement.
4. Terms used in this Agreement have the same meaning as provided in Alberta securities laws, a defined term in the *Act* or as specifically defined herein.

Parties

5. The District is a corporation originally formed on or about March 24, 1944, pursuant to the laws of Alberta. The District is a registered charity and at all material times operated out of Edmonton, Alberta. Its purpose was to support congregations in Alberta and British Columbia in advancing the Lutheran Church's religious mission. The District was controlled by the members of the board of directors (**Board**) of the District.
6. DIL is a not-for-profit company formed by the District on or about December 2, 1996, pursuant to the laws of Alberta. At all material times, it operated out of Edmonton, Alberta.

7. Donald Robert Schiemann (**Schiemann**) is an ordained Lutheran minister who was at all material times a resident of Stony Plain, Alberta. Between 2000 and 2015, Schiemann was an officer and director of the District and DIL, sat on the Board, and held the title of District President.
8. Kurtis Francis Robinson (**Robinson**) is an individual who was at all material times a resident of one or the other of Calgary and Edmonton, Alberta. Between 2007 and 2015, Robinson was an Executive Director of District Finances, the President of DIL, and an advisory (non-voting) member of the District's Department of Stewardship and Financial Ministries (**DSFM**) Committee. Robinson obtained his designation as a certified financial planner and was licensed to sell mutual funds from 2003 to 2007.
9. James Theodore Kentel (**Kentel**) is an engineer who was at all material times a resident of Kelowna, British Columbia. Between 1997 and 2000, and again from 2003 to 2015, Kentel was a member of the Board, sitting as a Director. From 2009 to 2015, he served as Chairman of the Board, was an officer of the District, and a member of the DSFM Committee.
10. Mark David Ruf (**Ruf**) is an ordained Lutheran minister who was at all material times a resident of Calgary, Alberta. Between 2006 and 2015, he was a member of the Board, was an officer and director of the District and DIL, and held at certain times the office of Vice President of the District. He was also a member of the DSFM Committee.
11. Harold Carl Schmidt (**Schmidt**) is a licensed realtor who was at all material times a resident of St. Albert, Alberta. From 2006 to 2015, Schmidt was a member of the Board and DIL. He was also a member of the DSFM Committee.

Agreed Statement of Facts

History and Background

12. This Agreement is focused primarily on events and practices subsequent to January 1, 2008, by which time the Respondents ought to have known that the financial situation of EnCharis Community Housing and Services (**ECHS**) required disclosure to investors, and in particular, the practices of the District and DIL accepting investments and/or deposits (collectively, **investments**) into one or the other of two funds:
 - (a) the Church Extension Fund (**CEF Fund**); and
 - (b) the District Investment Fund (**DIL Fund**).

(collectively, the **Funds**)

13. The District established and operated the CEF Fund. The CEF Fund was an unregistered trade name designed to facilitate the investment of funds by individual investors into faith-based developments such as churches and schools in Alberta and British Columbia. At all times, investments in the CEF Fund were promoted as an investment opportunity distinct from donations made by church members to the church and/or their own specific congregations.
14. The District operated the CEF Fund by soliciting and obtaining funds for investments from individuals, primarily congregants. These investments took the form of savings/investment accounts, term deposits, and/or bonds. The invested funds were pooled and loaned by the District through the DSFM Committee to individual church congregations and affiliated entities. Some of the money invested in the CEF Fund was held in cash and marketable securities. Investors were promised set rates of interest on the invested funds.
15. The DSFM Committee was responsible for making recommendations to the Board regarding congregation loan applications. The Board was responsible for granting final approval of loan applications.
16. In exchange for their investments, investors were granted flexible terms which permitted investors to withdraw their funds upon request.
17. The tradition underlying the establishment of the Funds was longstanding within the District and the Church, generally. The creation of the Funds arose from an intention to enhance the Church's ministry by providing loans to fund capital projects for congregations.
18. The CEF Fund was created in or about 1920 and was operated continuously from its inception until January 2015. As of November 30, 2014, over \$95 million had been invested by over 2,600 investors in the CEF Fund.
19. The DIL Fund was created and operated by the District from about 1996 to offer investors registered investments, which provided tax efficiencies through RRSP, RRIF, and TFSA accounts. Under trust agreements with investors, DIL pooled the investment funds and loaned the DIL Fund investments in a similar manner to the funds in the CEF Fund to individual church congregations and affiliated entities. Security in the form of mortgages was generally taken by DIL over assets of the borrowing church congregations. As with the CEF Fund, investors were promised set rates of interest on the invested funds.
20. DIL operated continuously from its inception until approximately January 2015. As of November 30, 2014, over \$37 million was invested by over 900 investors in the DIL Fund.
21. Between 2008 and 2013, inclusive, the Funds raised \$33,078,754, which represents new investments and interest from extant investments that were rolled over and reinvested into the Funds.

The Prince of Peace Development

22. In or about the early to mid-1990s, the District and DIL began loaning money from the Funds to support the Prince of Peace community development, located just east of Calgary, which was developing a large seniors' housing complex (the **PoP Development**) in addition to its existing church and school.
23. Over the next several years, substantial amounts from the Funds were used to fund and/or finance the PoP Development.
24. By 2003, approximately \$35 million of the approximately \$50 million raised in the CEF Fund was loaned to the PoP Development.
25. In 2005, the District incorporated ECHS and EnCharis Management and Support Service (EMSS) to hold and manage the PoP Development. The District appointed representatives to ECHS and EMSS.
26. By 2009, approximately \$49 million of the approximately \$78.8 million raised in the CEF Fund was loaned in ECHS.

Investments Were Securities

27. The investments in the Funds constituted securities within the meaning of section 1(ggg) of the *Act*.
28. Although most investors were affiliated with congregations within the District, investing in the Funds was not specifically closed to members of the public.

Representations and Promotional Practices

29. The District and DIL engaged representatives from congregations to market the investments in their respective congregations. The representatives were provided with Church Extension Manuals (the **Manual**) by the District. The Manual provided these representatives with information and resources to provide to investors and potential investors.
30. The Manual identified that "the primary goal of Church Extension is to provide loans with reasonable interest rates to congregations that need property/buildings in order to carry out the ministry of reaching souls for Christ." It also included descriptions of the loan eligibility requirements, criteria, and conditions under which investors' funds were to be loaned. These requirements included, among other things, obtaining "security documentation appropriate to the size and conditions of the loan." Representatives referred to these statements, requirements, criteria and conditions in promoting the investments.

31. The Respondents authorized statements in promotional literature from 2008 to 2014 about the Funds that they knew or ought to have known were misleading in that the statements did not state all of the facts that were required to be stated or that were necessary to be stated to make the statements not misleading (**Omitted Facts**, as particularized in paragraph 35 below). These statements (**Statements**) would reasonably be expected to have a significant effect on the market price or value of the investments.
32. The Statements were as follows:
- (a) “ABC District Investments is a risk friendly way to invest in RRSPs” (January 2008);
 - (b) [There is] “\$80 million plus invested throughout the District with congregations in the form of loans for land and buildings” (February 2009);
 - (c) “...with our loan portfolio – made up of loans to congregations and other ministries – we are experiencing normal repayment histories” (February 2009);
 - (d) “Our portfolio of investments is well diversified. We work with outside professional advisors in the construction of an investment portfolio that is conservative and prudent” (February 2009);
 - (e) “Investments in Church Extension are guaranteed by the ABC District of Lutheran Church–Canada which has in excess of \$30 million dollars of assets. Church Extension has a proven record of security” (Church Extension Manual—until at least July 2009);
 - (f) “...no investor has ever lost any portion of account principal or interest in the history of ABC District Church Extension—over 88 years” (January 2010);
 - (g) “Church Extension Fund is presently assisting 69 different projects in Alberta and British Columbia by providing funding through either a loan or a mortgage” (January 2011); and
 - (h) “With more than \$130 million in assets today, CEF is assisting more than 50 congregations throughout Alberta and British Columbia with loans to help” (January 2013).
33. Additional promotional language included the following statements:
- (a) “The Mission of Church Extension Fund is to provide opportunity for making funds and services available in support of the Great Commission through Lutheran Church–Canada, the Alberta British Columbia District” (all Fund related publications);

- (b) “Church Extension is a partnership between investors and congregations to share the Good News of Jesus Christ. Church Extension is managed prudently and built on solid financial principles. Church Extension actions are based on the question, ‘Will this further the Great Commission?’” (2009);
 - (c) “Church Extension provides investment opportunities for Lutheran Christians. Through God's grace, these investors make the work of CEF possible” (2009);
 - (d) “Church Extension is a ministry. Its ministry is not dollars, not size, not growth, but reaching more people with the gospel” (2009);
 - (e) “When you invest a portion of your blessings in CEF in an investment account (no investor has ever lost a portion of account principal or interest in the history of ABC District Church Extension—over 88 years), you know that your dollars will make a difference today and enable Church Extension Fund to meet the needs of the Church tomorrow” (June 2008);
 - (f) “CEF not only allow [*sic*] members to earn a competitive return on their money, but more importantly, gives them an opportunity to live out their faith by participating in a common goal, vision and mission” (January 2014);
 - (g) “We want to always put the ministry first and interest rate second so that in all things God will have the glory and that we might spread His news to our communities and beyond” (January 2014);
 - (h) “The Church Extension Committee membership includes a lawyer, an accountant, a bank manager, and others with experience in the financial marketplace” (undated);
 - (i) “You have our permission and encouragement to share this stewardship ‘secret.’ Tell others about this simple way to increase their support to the mission of the LCC—telling the Good News about Jesus Christ—by expanding their stewardship practices though CEF investment” (2011); and
 - (j) “The Board of Directors, the Department of Stewardship and Financial Ministries, the Church Extension Committee and the staff regularly seek God's will in the decisions that are made and in the management of the Fund. However the most convincing aspect of the security of the fund is that God is in control and the fund exists totally for the purpose of providing resources for the sake of proclaiming the saving gospel of Jesus Christ” (undated).
34. The Statements were published in newsletters and circulated to existing and potential investors in Lutheran church congregations throughout Alberta and British Columbia. The statement about the investments being guaranteed was contained in the Manual.

35. The Omitted Facts were that:
- (a) ECHS' mortgages represented 82.2% of the District's loan portfolio in 2008, and by 2012, comprised 96.8% of the District's loans;
 - (b) ECHS defaulted on its principal payments, pursuant to its loan agreement with the District of \$2 million per year in 2007, 2008, and 2009. ECHS never made any payments towards the principal outstanding. ECHS paid off its accrued interest in 2011 by selling a parcel of land;
 - (c) ECHS never produced any financial statements to the District in contravention of its loan agreement with the District;
 - (d) ECHS had inadequate financial controls in place to ensure accurate financial reporting;
 - (e) ECHS had insufficient assets to secure its loan with the District;
 - (f) there was no guarantee by the District of the Funds. It was a simple promise to pay; and
 - (g) there was a conflict of interest between the District and ECHS as four members of the Board were also members of the board of ECHS. As a result of the Board's close relationship with ECHS, including oversight and certain shared management, the Board was acting as both a borrower and lender vis-à-vis funds loaned to ECHS.

Other Relevant Facts

36. Robinson was seconded by the District to ECHS for the purpose of managing the PoP Development from mid-2010 through 2015. He took on the role of Executive Director of ECHS, and as such, was responsible for the day-to-day operations of ECHS, all while continuing in roles with the District, DIL, and DSFM Committee.
37. In 2011, the Board retained a new auditing firm (**New Auditor**). In or about October 2012, the New Auditor provided an opinion that the assets of the PoP Development were overvalued, and that an impairment write-down was necessary in respect of the District's financial statements. The District did not agree with this opinion.
38. This unfavourable opinion was not released to investors until 2014. Throughout the course of 2013, the District continued to evaluate options in regards to the PoP Development including the sale of all assets held by ECHS.
39. In or about January 2014, the District retained Deloitte LLP (**Deloitte**) to evaluate options for the District's assets and provide an evaluation of available options in respect of the PoP Development.

40. In or about March 2014, the District and DIL stopped soliciting new investments, but continued to accept contributions, which had been set up through automated deposits and/or fund transfers.
41. On or about July 18, 2014, Deloitte suggested to the District and DIL that they may be “insolvent.”
42. On January 23, 2015, the Alberta Court of Queen’s Bench made an order under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (CCAA), granting a stay of proceedings against the District, DIL, and others, and appointing Deloitte as the Monitor (the **CCAA Proceedings**).

Executive Responsibility

43. From approximately 2000 through 2015, Schiemann was an officer and director of the District and DIL, sat on the Board, and held the title of District President. From 2012 onward, he held a non-voting, ecclesiastical role. As a consequence of his position on the Board, with the District, and with DIL, he knew:
 - (a) about the District’s and DIL’s operations as described herein; and
 - (b) how the investments were being promoted and sold.
44. From approximately 2007 through 2015, Robinson was the Executive Director of ECHS and maintained positions with the Board and the District. As a consequence of his position on the Board, with the District, and with DIL, he knew:
 - (a) about the District’s and DIL’s operations as described herein; and
 - (b) how the investments were being promoted and sold.
45. From approximately 1997 through 2000, and 2003 through 2015, Kentel was a member of the Board, an officer of the District, and a member of the DSFM Committee. As a consequence of his positions, he knew:
 - (a) about the District’s and DIL’s operations as described herein; and
 - (b) how the investments were being promoted and sold.
46. From approximately 2006 through 2015, Ruf was a member of the Board, and officer and director of the District and DIL, and a member of the DSFM Committee. As a consequence of his positions, he knew:
 - (a) about the District’s and DIL’s operations as described herein; and
 - (b) how the investments were being promoted and sold.

47. From approximately 2006 through 2015, Schmidt was a member of the Board and the DSFM Committee. As a consequence of his positions, he knew:
- (a) about the District's and DIL's operations as described herein; and
 - (b) how the investments were being promoted and sold.

Admissions

48. Subsequent to January 1, 2008, the District and DIL each violated section 92(4.1) of the *Act* by making statements which they knew or ought to have known did not state all of the facts required to be stated to make the statements not misleading, and which would reasonably be expected to have a significant effect on the market price or value of the securities distributed by the District and DIL.
49. Schiemann, Robinson, Kentel, Ruf, and Schmidt each, as a consequence of his position on the Board, with the District, and with DIL, authorized, permitted, or acquiesced in the above-noted breaches of Alberta securities laws by the District and DIL.

Circumstances Relevant to Settlement

50. At all material times, each of Schiemann, Robinson, Kentel, Ruf, and Schmidt assert they believed that ultimately they would be able to save the PoP Development.
51. At the outset of the CCAA Proceedings, the total claims of investors into the Funds were:
- (a) CEF Fund: \$89.4 million; and
 - (b) DIL Fund: \$38 million.
- (collectively, the **Claims**)
52. A significant portion of the Claims have now been distributed to the Funds' investors. While the CCAA Proceedings are ongoing, at the date of this Agreement, and based on the reports of the Monitor in the CCAA Proceedings, it is anticipated that the CEF Fund and the DIL Fund may have a shortfall of approximately:
- (a) CEF Fund: \$20 million; and
 - (b) DIL Fund: \$7.2 million.
53. Regarding the CEF Fund, the assets of ECHS were transferred to a new entity called Sage Properties Corp. (**Sage**). The Sage shares are now owned by the Funds' investors. Sage was ascribed a value of \$51,364,729 by the Monitor in the CCAA Proceedings. This value of the Sage shares has been set off against the amount owing to investors for the purpose of calculating the shortfall referred to in paragraph 52.

54. None of the Respondents have previously been sanctioned by the Commission.
55. The Respondents cooperated with Staff during the investigation.
56. This Agreement has saved the Commission the time and expense associated with a contested hearing under the *Act*.

Settlement and Undertakings

57. Based on the agreed facts and admissions, the individual Respondents agree to pay a total of \$500,000 (the **Settlement Funds**), attributed as follows:
 - (a) Schiemann: \$175,000
 - (b) Robinson: \$100,000
 - (c) Kentel: \$ 75,000
 - (d) Ruf: \$ 75,000
 - (e) Schmidt: \$ 75,000
58. In lieu of a payment to the Commission, the individual Respondents undertake to pay the Settlement Funds to the Monitor for distribution to the Funds' investors in accordance with the directions of the Court of Queen's Bench in the CCAA Proceedings.
59. The individual Respondents agree to pay to the Commission the amount of \$100,000 for costs.
60. Each of the District and DIL undertakes, permanently:
 - (a) not to trade in or purchase securities or derivatives, and acknowledges that all of the exemptions contained in Alberta securities laws do not apply to it;
 - (b) not to act as a registrant, investment fund manager or promoter;
 - (c) not to advise in securities or exchange contracts; and
 - (d) not to act in a management or consultative capacity in connection with activities in the securities market.
61. Each of Schiemann, Robinson, Kentel, Ruf, and Schmidt undertakes, personally and permanently:
 - (a) not to trade in or purchase securities or derivatives, and acknowledges that all of the exemptions contained in Alberta securities laws do not apply to them, except

that this order does not preclude them from trading in or purchasing securities through a registrant (who has first been given a copy of this decision);

- (b) to resign all positions he holds as a director or officer of any issuer, registrant or investment fund manager, and agrees not to act as a director or officer, or as both a director and an officer, of any issuer, registrant, or investment fund manager;
- (c) not to advise in securities or exchange contracts;
- (d) not to act as a registrant, investment fund manager or promoter; and
- (e) not to act in a management or consultative capacity in connection with activities in the securities market.

Administration

- 62. The Respondents acknowledge that they received independent legal advice and voluntarily made the admissions and undertakings in this Agreement.
- 63. The Respondents waive any right existing under the *Act*, or otherwise, to a hearing, review, judicial review or appeal of this matter.
- 64. The Respondents acknowledge and agree that the Commission may enforce this Agreement in the Court of Queen's Bench or in any other court of competent jurisdiction.
- 65. The Respondents understand and acknowledge that this Agreement may be referred to in any other proceedings under the *Act*, and in securities regulatory proceedings involving other securities regulators in other jurisdictions, but for no other purpose. The securities laws of some other Canadian jurisdictions may allow for provisions of a settlement agreement made in this matter to be given parallel effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents understand and acknowledge that they should contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities related activities.
- 66. Execution and fulfillment of the terms of this Agreement by the Respondents resolves all issues involving the Respondents relating to the conduct described herein, and Staff will seek no further sanction against them arising from these facts.

67. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory of)
 Lutheran Church-Canada, the Alberta)
 British Columbia District at) Lutheran Church-Canada, the Alberta British
Stony Plain, Alberta this) Columbia District
3 day of September, 2019 in the)
 presence of:)

Gloria Velichka)
 WITNESS NAME)

Gloria Velichka)
 SIGNATURE)

Per: Roland Kuhlke)
 Name of Authorized Signatory)

Signed by the duly authorized signatory of)
 Lutheran Church-Canada, the Alberta)
 British Columbia District Investments Ltd.) Lutheran Church-Canada, the Alberta British
 at Stony Plain, Alberta this) Columbia District Investments Ltd.
3 day of September, 2019 in the)
 presence of:)

Gloria Velichka)
 WITNESS NAME)

Gloria Velichka)
 SIGNATURE)

Per: Roland Kuhlke)
 Name of Authorized Signatory)

Signed by Harold Carl Schmidt at)
 _____ this)
 _____ day of _____, 2019 in)
 the presence of:)

 WITNESS NAME)

 SIGNATURE)

 Harold Carl Schmidt)

67. This Agreement may be executed in counterpart.

Signed by the duly authorized signatory of)
Lutheran Church-Canada, the Alberta)
British Columbia District at) Lutheran Church-Canada, the Alberta British
_____ this) Columbia District
____ day of _____, 2019 in the)
presence of:)
)
)

WITNESS NAME) Per: _____
) Name of Authorized Signatory

SIGNATURE

Signed by the duly authorized signatory of)
Lutheran Church-Canada, the Alberta)
British Columbia District Investments Ltd.) Lutheran Church-Canada, the Alberta British
at _____ this) Columbia District Investments Ltd.
____ day of _____, 2019 in the)
presence of:)
)
)


WITNESS NAME) Per: _____
) Name of Authorized Signatory

SIGNATURE

Signed by Harold Carl Schmidt at)
ST. ALBERT, ALBERTA, CA this)
26th day of AUGUST, 2019 in)
the presence of:)
)
)

J.G. SCHMIDT
WITNESS NAME)

H.C. Schmidt
SIGNATURE)



Harold Carl Schmidt

Signed by Donald Robert Schiemann at)
STONY PLAIN, ALBERTA this)
23 day of AUGUST 2019, in)
the presence of:)

Elizabeth Schiemann)
WITNESS NAME)

Elizabeth Schiemann)
SIGNATURE)

Donald Robert Schiemann
Donald Robert Schiemann

Signed by Kurtis Francis Robinson at)
_____ this)
_____ day of _____ 2019, in)
the presence of:)

WITNESS NAME)

SIGNATURE)

Kurtis Francis Robinson

Signed by James Theodore Kentel at)
_____ this)
_____ day of _____ 2019, in)
the presence of:)

WITNESS NAME)

SIGNATURE)

James Theodore Kentel

Signed by Donald Robert Schiemann at)
_____, _____ this)
____ day of _____ 2019, in)
the presence of:)

WITNESS NAME)

SIGNATURE)

Donald Robert Schiemann

Signed by Kurtis Francis Robinson at)
KELOWNA, BC this)
26 day of AUGUST 2019, in)
the presence of:)

Nikki Robinson
WITNESS NAME)

[Signature]
SIGNATURE)

[Signature]
Kurtis Francis Robinson

Signed by James Theodore Kentel at)
_____, _____ this)
____ day of _____ 2019, in)
the presence of:)

WITNESS NAME)

SIGNATURE)

James Theodore Kentel

Signed by Donald Robert Schiemann at)
_____, _____ this)
____ day of _____ 2019, in)
the presence of:)

_____)
WITNESS NAME)

_____)
SIGNATURE)

_____)
Donald Robert Schiemann

Signed by Kurtis Francis Robinson at)
_____, _____ this)
____ day of _____ 2019, in)
the presence of:)

_____)
WITNESS NAME)

_____)
SIGNATURE)

_____)
Kurtis Francis Robinson

Signed by James Theodore Kentel at)
Kelowna British Columbia this)
23 day of August 2019, in)
the presence of:)

Nicole GURR)
WITNESS NAME)

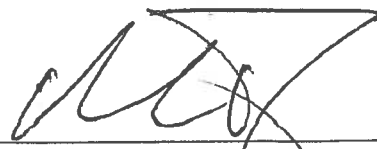
[Signature])
SIGNATURE)

[Signature])
James Theodore Kentel

Signed by Mark David Ruf at)
Calgary, Alberta this)
23 day of August 2019, in)
the presence of:)

Michelle Ruf)
WITNESS NAME)

Michelle Ruf)
SIGNATURE)



Mark David Ruf

) ALBERTA SECURITIES COMMISSION

Calgary, Alberta, ___ August 2019)

) _____
) David C. Linder, Q.C.
) Executive Director

Signed by Mark David Ruf at)
_____, _____ this)
____ day of _____ 2019, in)
the presence of:)

_____)
WITNESS NAME)

_____)
SIGNATURE)

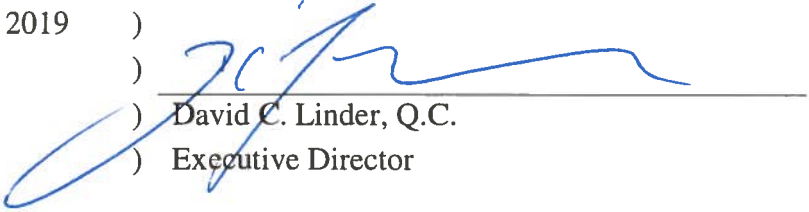
_____)
Mark David Ruf

) ALBERTA SECURITIES COMMISSION
)

Calgary, Alberta, 11th September 2019)

)
)
)
)
_____)
David C. Linder, Q.C.

) Executive Director



Appendix "B"

Assumption Agreement dated October 16, 2017

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT is made as of the 16th day of OCTOBER, 2017.

BETWEEN:

FOOTHILLS LUTHERAN CHURCH OF CALGARY
(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

**LUTHERAN CHURCH-CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT**
(hereinafter called the "Purchaser")

OF THE SECOND PART

- and -

ROCKFORD TUSCANY INC.
(hereinafter called "Rockford")

OF THE THIRD PART

WHEREAS pursuant to an Option to Repurchase Agreement (the "Repurchase Agreement") between the Vendor and the Purchaser dated February 29, 2008 and registered by way of Caveat at the Land Titles Office on April 28, 2009 as Instrument No. 091 111 298, and pursuant to a Land Partnership Agreement (the "Land Agreement") between the Vendor and the Purchaser dated February 29, 2008, the Vendor agreed to transfer to the Purchaser the following lands in the event that the Vendor did not meet the Time Condition, as defined in the Land Agreement, or determines not to construct the Mission Development, as defined in the Repurchase Agreement:

PLAN 0614543
BLOCK 90
LOT 127
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 3.161 HECTARES (7.81 ACRES) MORE OR LESS
(the "Original Lands")

This is Exhibit " I " referred to in the
Affidavit of

.....CAMERON SHERBAN.....
Sworn before me this.....17th.....day
of.....OCTOBER.....A.D. 20.....17.....

.....H Roskey.....
A Notary Public, A Commissioner for Oaths
and a Peace Officer of Alberta

AND WHEREAS the Original Lands were subdivided into the following

PLAN 1610744
BLOCK 90
LOT 128
EXCEPTING THEREOUT ALL MINES AND MINERALS
("Lot 128")

Hannah Roskey
Barrister & Solicitor

and

PLAN 1610744
BLOCK 90
LOT 129
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.65 HECTARES (4.08 ACRES) MORE OR LESS
(the "Subject Lands")

(and collectively, the "Subdivided Lands")

AND WHEREAS as a condition of the approval of The City of Calgary (the "City") for the subdivision of the Original Lands, the Vendor entered into an Emergency Access Agreement dated the 26th day of November, 2015 (the "Access Agreement") with the City with respect to the Subdivided Lands registered at the Land Titles Office by way of Caveat on March 10, 2016 as Instrument No. 161 063 933. The Access Agreement requires that an emergency access road (the "Emergency Road") be built for use by the City pursuant to City Specifications as defined in the Access Agreement and provides that the rights and privileges granted under the Access Agreement continue for as long as is required by the Development or Subdivision Authority of the City in connection with the approval of SB2014-0378;

AND WHEREAS pursuant to paragraph 7 of the Access Agreement, in the event of the sale of the Original Lands, the Vendor was required to cause any transferee thereof to enter into an Assumption Agreement with said transferee assuming the obligations of the transferor pursuant to the Access Agreement;

AND WHEREAS Lot 128 was transferred to Rockford on or about February 21, 2017, subject to the terms of an Offer to Purchase and Agreement for Sale dated March 28, 2013, as amended (the "PSA") with a closing date of January 31, 2017 (the "Closing Date");

AND WHEREAS pursuant to an Amending Agreement (the "Purchase Amending Agreement") dated August 11, 2016 entered into between the Vendor and Rockford amending the PSA, Rockford's solicitors maintain a holdback in the amount of \$300,000.00 (the "Holdback") as security for the construction of the Emergency Road on the Subject Lands. The Purchase Amending Agreement requires an assumption agreement be entered into by any transferee with respect to the Subject Lands if the Vendor sells, transfers or otherwise disposes of the Subject Lands prior to commencing or completing the construction of the Emergency Road, otherwise Rockford's solicitors shall be at liberty to release the Holdback to Rockford and the obligations of the Vendor to construct the Emergency Road shall be null and void;

AND WHEREAS the Purchase Amending Agreement entered into between the Vendor and Rockford further requires the Vendor to maintain, repair, and replace the Emergency Road;

AND WHEREAS the Vendor has notified the Purchaser that it will not proceed with the Mission Development on the Subject Lands, and the Purchaser has declared its intention to exercise its option to repurchase the Subject Lands pursuant to the Repurchase Agreement;

AND WHEREAS pursuant to the Land Agreement, the Purchaser agreed to pay to the Vendor 25.61% of the net sale proceeds of the Original Lands (the "Compensation") in accordance with the Land Agreement upon the sale of the Original Lands or any portion thereof to any third party;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of TEN (\$10.00) DOLLARS paid by each of the parties to the other and of the mutual covenants of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties):

1. The Purchaser acknowledges that the Access Agreement runs with the Subject Lands and the obligations of the registered owner of the Subject Lands have been assumed by the Purchaser by virtue of being a successor in title to the Subject Lands.
2. The Purchaser hereby agrees to assume and be bound by and perform or cause to be performed all of the covenants, terms and conditions contained in the Access Agreement, including the construction of the Emergency Road in accordance with the terms thereof, from and after the date of its acquisition of the Subject Lands. The Purchaser further agrees to assume and be bound by and perform or cause to be performed the covenants, terms and conditions contained in the Purchase Amending Agreement that pertain to the maintenance, repair, and replacement of the Emergency Road in accordance with the terms thereof, from and after the date of its acquisition of the Subject Lands.
3. The Purchaser agrees to indemnify and hold harmless the Vendor from any claim, demand, account, suit, action, liability and costs of a financial nature made or brought against the Vendor as a result of the non-performance or breach by the Purchaser of any of the obligations of the Purchaser under the Access Agreement from and after the date hereof.
4. If the Purchaser subsequently sells the Subject Lands to a third party, the Purchaser agrees to pay to the Vendor Compensation in the amount of 25.61% of the net sale proceeds of the Subject Lands, and the Vendor agrees that the Purchaser will be entitled to deduct its expenses from the gross sale proceeds of the Subject Lands.
5. The Purchaser and the Vendor acknowledge that the sale proceeds of Lot 128 to Rockford are in the amount of \$3,456,748.94, plus accrued interest (the "Lot 128 Proceeds"). The Purchaser and the Vendor agree that the Vendor will be reimbursed for its reasonable expenses in the amount of \$653,613.59 (the "Expenses") from the Lot 128 Proceeds. The Vendor may also be reimbursed for additional expenses in the amount of \$63,510.03 from the Lot 128 Proceeds, subject to agreement between the

Purchaser and the Vendor (the "Additional Expenses"). Should the Vendor and the Purchaser not agree in respect of the reimbursement of the Additional Expenses before October 25, 2017, the sum of \$63,510.03 from the sale proceeds of Lot 128 shall be held in trust by the Vendor's legal counsel pending Court Order or agreement between the Vendor, the Purchaser, and the Purchaser's Creditors' Committee in respect of the disbursement of such funds. The Purchaser and the Vendor agree that the Vendor will be paid 25.61% and that the Purchaser will be paid 74.39% of the Lot 128 Proceeds after deduction of the Expenses and, if applicable, the Additional Expenses. Such proportionate distribution shall be subject to subsequent agreement or Court Order in respect of the Additional Expenses.

6. In the event that there is an increase in the purchase price of Lot 128, as contemplated in sections 6 and 7 of the Purchase Amending Agreement, the Vendor agrees to pay to the Purchaser 74.39% of the amount of the increase to the purchase price. The Vendor and the Purchaser agree that there will be no deduction for expenses from any increase to the purchase price, except that the Vendor will be entitled to deduct its reasonable legal fees incurred in corresponding with Rockford in resolving the adjustment to the purchase price and reporting out to the Purchaser.
7. In the event that the Purchaser complies with the obligations of the Vendor with respect to the Holdback as outlined in section 9 of the Purchase Amending Agreement, the Vendor agrees that the Purchaser will be reimbursed for its reasonable expenses for construction of the Access Road from the Holdback. After the Purchaser's reasonable expenses have been paid from the Holdback, 25.61% of the remaining amount of the Holdback will be paid to the Vendor, and 74.39% will be paid to the Purchaser.
8. The parties acknowledge that the Purchaser intends to market the Subject Lands for sale shortly after the closing of the sale of the Subject Lands to the Purchaser. The parties further acknowledge that the Access Road may not be constructed prior to the resale of the Subject Lands by the Purchaser. In the event that the Purchaser sells the Subject Lands to a third party prior to the completion of the terms of this Assumption Agreement, the parties agree to enter into an agreement substantially in the form attached as Schedule "A".
9. This Assumption Agreement shall be construed in accordance with the laws of the Province of Alberta and the parties hereto hereby attorn to the jurisdiction of the courts in the Province of Alberta.
10. This Assumption Agreement is subject to the approval of the City of Calgary, as required by the Access Agreement. This Assumption Agreement is also subject to the approval of the Alberta Court of Queen's Bench.
11. Each party agrees that it will at all times hereafter at the request of the other party, execute and deliver all such further documents, deeds and instruments, and shall do

and perform all such further acts, as may be reasonably necessary to give full effect to the intent and meaning of this Assumption Agreement.

12. Any notice or communication to be given or made under this Assumption Agreement to any of the parties shall be in writing and may be sufficiently given if couriered or faxed or e-mailed to such party at the following addresses or facsimile numbers:

<p>To the Vendor:</p> <p>Foothills Lutheran Church of Calgary Attention: President 3104 – 34 Avenue NW Calgary, AB T2L 2A3</p> <p>Fax: E-mail: office@foothillslutheran.com</p>	<p>With a copy to:</p> <p>Warren Benson Amantea LLP Barristers & Solicitors Attention: Jonathan D. Warren 1413 – 2 Street SW Calgary, AB T2R 0W7</p> <p>Fax: 403-244-1948 E-mail: jwarren@wbalaw.ca</p>
<p>To the Purchaser:</p> <p>Lutheran Church-Canada, the Alberta-British Columbia District 7100 Ada Boulevard Edmonton, AB T5B 4E4</p> <p>Fax: E-mail:</p>	<p>With a copy to:</p> <p>Fasken Martineau DuMoulin LLP Barristers & Solicitors Attention: Hannah Roskey 3400, 350 - 7 Avenue SW Calgary, AB T2P 3N9</p> <p>Fax: 403-261-5351 E-mail: hroskey@fasken.com</p>
<p>To Rockford:</p> <p>Rockford Tuscany Inc. 250, 7460 Springbank Blvd SW Calgary, AB T3H 0W4</p> <p>Fax: E-mail:</p>	<p>With a copy to:</p> <p>Cameron Horne Law Office Barristers & Solicitors Attention: Geoff Horne 820, 10201 Southport Road SW Calgary, AB T2W 4X9</p> <p>Fax: 403-531-2707 E-mail: geoff@cameronhorne.ca</p>

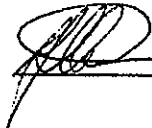
13. All capitalized terms not defined herein shall have the meanings ascribed to them in the Repurchase Agreement, the Land Agreement, the Access Agreement, the PSA or the Purchase Amending Agreement, as applicable.

14. This Assumption Agreement may be executed in counterparts and each such counterpart shall constitute one and the same instrument. An executed copy of this Assumption Agreement transmitted by facsimile or electronically shall have the same force and effect as an originally executed copy.
15. This Assumption Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
16. If any provision of this Assumption Agreement shall be found to be or be deemed illegal or invalid, the remainder of this Assumption Agreement shall not be affected thereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.

FOOTHILLS LUTHERAN CHURCH OF CALGARY

Per:  _____ *Resident*

Per: _____

LUTHERAN CHURCH-CANADA, THE ALBERTA - BRITISH COLUMBIA DISTRICT

Per: _____

Per: _____

ROCKFORD TUSCANY INC.

Per: _____

Per: _____

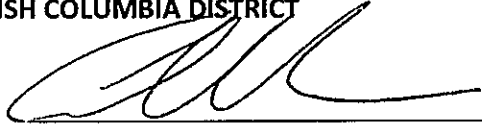
IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.

FOOTHILLS LUTHERAN CHURCH OF CALGARY

Per: _____

Per: _____

**LUTHERAN CHURCH-CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT**

Per:  _____

Per: _____

ROCKFORD TUSCANY INC.

Per: _____

Per: _____

IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.

FOOTHILLS LUTHERAN CHURCH OF CALGARY

Per: _____

Per: _____

**LUTHERAN CHURCH-CANADA, THE ALBERTA -
BRITISH COLUMBIA DISTRICT**

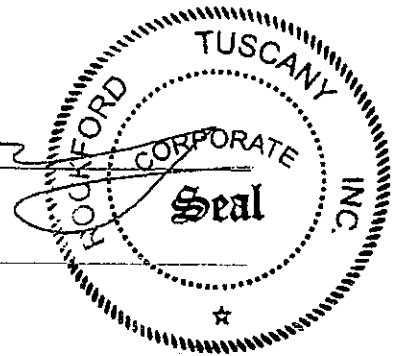
Per: _____

Per: _____

ROCKFORD TUSCANY INC.

Per: _____

Per: _____



Schedule "A"

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT is made as of the ____ day of _____, ____.

BETWEEN:

FOOTHILLS LUTHERAN CHURCH OF CALGARY
(hereinafter called "Foothills")

OF THE FIRST PART

- and -

**LUTHERAN CHURCH-CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT**
(hereinafter called the "District")

OF THE SECOND PART

- and -

ROCKFORD TUSCANY INC.
(hereinafter called "Rockford")

OF THE THIRD PART

- and -

(hereinafter called the "Purchaser")

OF THE FOURTH PART

WHEREAS the lands described as Plan 0614543, Block 90, Lot 127 (the "Original Lands") were subdivided by Foothills into the following land parcels:

PLAN 1610744
BLOCK 90
LOT 128
EXCEPTING THEREOUT ALL MINES AND MINERALS
("Lot 128")

and

PLAN 1610744
BLOCK 90
LOT 129
EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.65 HECTARES (4.08 ACRES) MORE OR LESS
("Lot 129")

AND WHEREAS Rockford purchased Lot 128 from Foothills;

AND WHEREAS the District purchased Lot 129 from Foothills;

AND WHEREAS the Purchaser has agreed to purchase Lot 129 from the District;

AND WHEREAS as a condition of the approval of The City of Calgary (the "City") for the subdivision of the Original Lands into Lot 128 and Lot 129, Foothills entered into an Emergency Access Agreement dated the 26th day of November, 2015 (the "Access Agreement") with the City registered at the Land Titles Office by way of a Caveat on March 10, 2016 as Instrument No. 161 063 933. The Access Agreement requires that an emergency access road (the "Emergency Road") be built for use by the City pursuant to City Specifications as defined in the Access Agreement and provides that the rights and privileges granted under the Access Agreement continue for as long as is required by the Development or Subdivision Authority of the City in connection with the approval of SB2014-0378;

AND WHEREAS pursuant to paragraph 7 of the Access Agreement, in the event of the sale of the Original Lands, Foothills was required to cause any transferee thereof to enter into an Assumption Agreement with said transferee assuming the obligations of the transferor pursuant to the Access Agreement;

AND WHEREAS the District, Foothills, and Rockford entered into an Assumption Agreement dated _____, 2017, whereby the District assumed the obligations of Foothills under the Access Agreement;

AND WHEREAS pursuant to an Amending Agreement (the "Purchase Amending Agreement") dated August 11, 2016 entered into between Foothills and Rockford, Foothills is required to maintain, repair, and replace the Emergency Road;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of TEN (\$10.00) DOLLARS paid by each of the parties to the other and of the mutual covenants of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties):

1. The Purchaser acknowledges that the Access Agreement runs with Lot 129 and the obligations of the registered owner of Lot 129 have been assumed by the Purchaser by virtue of being a successor in title to Lot 129.
2. The Purchaser hereby agrees to assume and be bound by and perform or cause to be performed all of the covenants, terms and conditions contained in the Access Agreement, including the construction of the Emergency Road in accordance with the terms thereof, from and after the date of its acquisition of Lot 129. The Purchaser further agrees to assume and be bound by and perform or cause to be performed the

covenants, terms and conditions contained in the Purchase Amending Agreement that pertain to the maintenance, repair, and replacement of the Emergency Road in accordance with the terms thereof, from and after the date of its acquisition of Lot 129.

3. The Purchaser agrees to indemnify and hold harmless Foothills and the District from any claim, demand, account, suit, action, liability and costs of a financial nature made or brought against Foothills or the District as a result of the non-performance or breach by the Purchaser of any of the obligations of the Purchaser under the Access Agreement from and after the date hereof.
4. This Assumption Agreement shall be construed in accordance with the laws of the Province of Alberta and the parties hereto hereby attorn to the jurisdiction of the courts in the Province of Alberta.
5. Each party agrees that it will at all times hereafter at the request of the other party, execute and deliver all such further documents, deeds and instruments, and shall do and perform all such further acts, as may be reasonably necessary to give full effect to the intent and meaning of this Assumption Agreement.
6. Any notice or communication to be given or made under this Assumption Agreement to any of the parties shall be in writing and may be sufficiently given if couriered or faxed or e-mailed to such party at the following addresses or facsimile numbers:

<p>To Foothills:</p> <p>Foothills Lutheran Church of Calgary Attention: President 3104 – 34 Avenue NW Calgary, AB T2L 2A3</p> <p>Fax: E-mail: office@foothillsLutheran.com</p>	<p>With a copy to:</p> <p>Warren Benson Amantea LLP Barristers & Solicitors Attention: Jonathan D. Warren 1413 – 2 Street SW Calgary, AB T2R 0W7</p> <p>Fax: 403-244-1948 E-mail: jwarren@wbalaw.ca</p>
<p>To the District:</p> <p>Lutheran Church-Canada, the Alberta-British Columbia District 7100 Ada Boulevard Edmonton, AB T5B 4E4</p> <p>Fax: E-mail:</p>	<p>With a copy to:</p> <p>Fasken Martineau DuMoulin LLP Barristers & Solicitors Attention: Hannah Roskey 3400, 350 - 7 Avenue SW Calgary, AB T2P 3N9</p> <p>Fax: 403-261-5351 E-mail: hroskey@fasken.com</p>

<p>To Rockford:</p> <p>Rockford Tuscany Inc. 250, 7460 Springbank Blvd SW Calgary, AB T3H 0W4</p> <p>Fax: E-mail:</p>	<p>With a copy to:</p> <p>Cameron Horne Law Office Barristers & Solicitors Attention: Geoff Horne 820, 10201 Southport Road SW Calgary, AB T2W 4X9</p> <p>Fax: 403-531-2707 E-mail: geoff@cameronhorne.ca</p>
<p>To the Purchaser:</p>	<p>With a copy to:</p>

7. This Assumption Agreement may be executed in counterparts and each such counterpart shall constitute one and the same instrument. An executed copy of this Assumption Agreement transmitted by facsimile or electronically shall have the same force and effect as an originally executed copy.
8. This Assumption Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
9. If any provision of this Assumption Agreement shall be found to be or be deemed illegal or invalid, the remainder of this Assumption Agreement shall not be affected thereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed these presents as of the date first above written.

FOOTHILLS LUTHERAN CHURCH OF CALGARY

Per: _____

Per: _____

**LUTHERAN CHURCH-CANADA, THE ALBERTA –
BRITISH COLUMBIA DISTRICT**

Per: _____

Per: _____

ROCKFORD TUSCANY INC.

Per: _____

Per: _____

Per: _____

Per: _____

Appendix "C"

Notice to the District depositors dated April 1, 2020

April 1, 2020

Tel: (403) 267-1700
Fax: (403) 264-2871
www.deloitte.ca

**Notice to the creditors of Lutheran Church – Canada,
the Alberta – British Columbia District (the “District”)**

As you are aware, the District obtained an Initial Order under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “CCAA”) on January 23, 2015 (the “Filing Date”). Deloitte Restructuring Inc. acts as the Monitor in the CCAA proceedings. Information on the CCAA proceedings can be accessed 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 Monitor wishes to advise creditors that the CCAA process is nearing completion and expects the District to be in a position to make a final distribution to creditors shortly. The Monitor was due to appear before the Court of the Queen’s Bench of Alberta (the “Court”) on April 22, 2020 to seek the Court’s approval to make the final distribution. However, due to concerns regarding the current COVID-19 pandemic the Chief Justice of the Court issued an order adjourning all non-urgent hearings *sine die*. The Monitor’s legal counsel has advised that the Monitor’s application to approve the final distribution would not be considered as urgent at this time and therefore has been adjourned indefinitely. However, as matters continue to evolve and the Court operates on a more ordinary basis, the Monitor and its counsel will revisit that issue and will bring this matter forward for hearing on proper notice and at the earliest appropriate opportunity.

Assuming the final distribution is approved by the Court and no appeal is filed in respect of this approval, the Monitor anticipates that payments will be issued to creditors by cheque to the previous address of record within one month of the Court’s approval. The Monitor would request from you to please notify the Monitor’s office if you have moved and changed your address since the last distribution to ensure the Monitor’s mailing details are up-to-date and accurate.

If the payment is to be distributed to an estate and if you have not already done so, please provide the Monitor with a copy of the death certificate and the last will and testament for the deceased party so that they can ensure that any payment is being made according to the instructions contained therein.

Please note that final distribution cheques will need to be cashed by creditors within 90 days of the date of the cheque distribution to avoid any further delays in finalizing the CCAA process.

In the meantime, should you have any questions or concerns, please contact Georgia Young at (403) 956-0365 or geyoung@deloitte.ca.

Yours truly,

DELOITTE RESTRUCTURING INC.,

In its capacity as the Court-appointed Monitor of Lutheran Church –
Canada, the Alberta – British Columbia District
and not in its personal or corporate capacity



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix "D"

**Statement of accounts for the Lakeview Bonds as of June 30,
2020**

Statement of account

For the period ending **June 30, 2020**
Date of last statement: March 31, 2020
Primary account: 401-38808

F I CAPITAL LTD
A/C FI.ICCABCCHURCHE
C/O RAE & LIPSKIE INVESTMENT
COUNSEL INC.
20 ERB STREET STE 201
WATERLOO ON N2L 1T2

Your Investment Advisor:
ADAM WHITLAM

Phone: 416-586-3600
P.O. Box 150
1 First Canadian Place
Toronto, ON M5X 1H3
Phone: (416) 359-4000

Account overview

Canadian dollar account

	Market value
401-38808-12 Cash 38808	12,387.50
This month	12,387.50
Last statement	20,200.00

You can access your up-to-date account information online through BMO Nesbitt Burns Gateway at:

<https://gateway.bmonesbittburns.com>

If you have not yet registered for Gateway access, please contact your Investment Advisor.

Bulletin board

The average cost for this security is not available. Please contact your Investment Advisor for further information.

The US/CDN conversion rate is: 1.3587, as of June 30th.

Canadian dollar account

Summary of your investments

	Cash 38808 account Market Value (CDN currency)	% Invested by Asset Class
Cash & short-term investments		91%
Cash	11,250.00	
Fixed income & related securities		9%
Long Positions	1,137.50	
Total value of your investments	12,387.50	100%

Details of your investments

Cash & short-term investments

Account type	Description	Quantity	Average cost	Total cost (CDN currency)	Market price	Total market value (CDN currency)
Cash	Cash balance as of June 30			11,250.00		11,250.00
Total - cash & short-term investments				11,250.00		11,250.00

Fixed income & related securities

Fixed income

Account type	Description	Quantity	Average cost	Total cost (CDN currency)	Market price	Total market value (CDN currency)
Cash	LAKEVIEW HOTEL INVT CORP DEB SER D DUE 08/31/2022 7.000% (See Bulletin board)	250,000	N/D	N/D	0.455	1,137.50
Total - fixed income				N/D		1,137.50
Total - fixed income & related securities				N/D		1,137.50

Total of your investments				11,250.00		12,387.50
----------------------------------	--	--	--	------------------	--	------------------

Statement of account

For the period ending **June 30, 2020**
Primary account: 401-38808

For your information

- We strive to provide accurate and current prices for securities. However, because we use numerous information sources for pricing, we cannot guarantee their accuracy. Please call your Registered Representative for current prices.
- The average cost included in this statement is provided to you solely for information purposes. It may be based on information provided by you or from third party sources. It should not be relied upon for tax purposes or official performance measures. The average cost is adjusted for certain taxable events, such as returns of capital (where available), dividend reinvestments and corporate actions like spin-offs and exchanges. BMO Nesbitt Burns Inc. makes no representation or warranty express or implied, regarding this information, is not liable for any errors or omissions which may be contained in it and accepts no liability whatsoever for any loss arising from any use of or reliance on this information.
- While every reasonable effort is made to provide the information set out in this statement, BMO Nesbitt Burns makes no guarantee for the accuracy of this information, including the average cost on individual securities, and BMO Nesbitt Burns is not liable for any errors or omissions in this information. Further, the average cost value provided to you in this statement may have been adjusted to reflect information provided to us by third parties or you. BMO Nesbitt Burns is required to disclose to Canada Revenue Agency (CRA) the disposition transactions that you make. However, the Income Tax Act requires you to calculate and report the actual capital gain or loss amounts which may require further adjustments to the cost base of the securities based on the transaction information from prior years. You may wish to retain this statement and seek professional tax advice in this regard.
- The Canadian Investor Protection Fund ("CIPF") protects your securities account with BMO Nesbitt Burns Inc. within specified limits. Deposits in your Canadian dollar bank account with Bank of Montreal are insurable under the Canada Deposit Insurance Corporation Act. Deposits in U.S. dollar bank accounts are not insurable under that Act and are also not insured by CIPF. Brochures describing the types and limits of coverage are available at your request.
- A free credit balance in your account represents funds payable on demand, and is properly recorded on our books. However, these funds are not segregated from our other funds, and may be used for our business purposes.
- For a definition of the terminology used in this statement, please refer to the "A Guide to Your Statement of Accounts" brochure, available from your Investment Advisor.
- In addition to your Registered Representative, you may contact the BMO Nesbitt Burns Client Information Centre at (416) 594-5920 or Toll-Free at 1-888-769-4444, within 45 days if any item on this statement is incorrect.
- We may change the amounts on this statement if we have omitted an item or if the numbers are incorrect.
- The trustee for registered accounts is BMO Trust Company.
- The GST/HST registration number for BMO Nesbitt Burns Inc. is 103854261RT.
- Due to space limitations on the page, we may have used some abbreviations on your statement. These abbreviations stand for the following: NCI: Non-Certificate Issue (GIC/Mutual Funds); NVS: Non-Voting Shares; RS: Restricted Shares; RVS: Restricted Voting Shares; SUB: Subscription; SVS: Subordinate Voting Shares; WTS: Warrants; RTS: Rights; DSC: Deferred Sales Charge.
- A copy of our most recent statement of our financial condition and a list of directors and senior officers are available at your request. Clients in British Columbia are entitled to certain information about BMO Nesbitt Burns, including information about commission and fees we charge, and about any administrative proceedings that may relate to the firm and its staff.
- For Related and Connected Issuer and Conflicts of Interest Statement, please visit our website at <http://www.bmocm.com/aboutus/disclosures/policies/>.
- BMO Nesbitt Burns Inc. acted as principal in all transactions noted with the symbol "‡". In all other transactions BMO Nesbitt Burns Inc. acted as agent.
- © "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under licence. "Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Inc. A member of BMO Financial Group. © BMO Nesbitt Burns Inc. 2000

Statement of account

For the period ending **June 30, 2020**
Date of last statement: March 31, 2020
Primary account: 401-38808

LUTHERAN CHURCH-CANADA
THE ALBERTA-BRITISH COLUMBIA
DISTRICT
7040 ADA BLVD.
EDMONTON, AB T5B 4E4

Duplicate statement of
F I CAPITAL LTD
A/C FI.ICCABCCHURCHE
C/O RAE & LIPSKIE INVESTMENT
COUNSEL INC.
20 ERB STREET STE 201
WATERLOO ON N2L 1T2

Your Investment Advisor:
ADAM WHITLAM

Phone: 416-586-3600
P.O. Box 150
1 First Canadian Place
Toronto, ON M5X 1H3
Phone: (416) 359-4000

Account overview

Canadian dollar account

	Market value
401-38808-12 Cash 38808	12,387.50
This month	12,387.50
Last statement	20,200.00

You can access your up-to-date account information online through BMO Nesbitt Burns Gateway at:

<https://gateway.bmonesbittburns.com>
If you have not yet registered for Gateway access, please contact your Investment Advisor.

Bulletin board

The average cost for this security is not available. Please contact your Investment Advisor for further information.

The US/CDN conversion rate is: 1.3587, as of June 30th.



Canadian dollar account

Summary of your investments

	Cash 38808 account Market Value (CDN currency)	% Invested by Asset Class
Cash & short-term investments		91%
Cash	11,250.00	
Fixed income & related securities		9%
Long Positions	1,137.50	
Total value of your investments	12,387.50	100%

Details of your investments

Cash & short-term investments

Account type	Description	Quantity	Average cost	Total cost (CDN currency)	Market price	Total market value (CDN currency)
Cash	Cash balance as of June 30			11,250.00		11,250.00
Total - cash & short-term investments				11,250.00		11,250.00

Fixed income & related securities

Fixed income

Account type	Description	Quantity	Average cost	Total cost (CDN currency)	Market price	Total market value (CDN currency)
Cash	LAKEVIEW HOTEL INVT CORP DEB SER D DUE 08/31/2022 7.000% (See Bulletin board)	250,000	N/D	N/D	0.455	1,137.50
Total - fixed income				N/D		1,137.50
Total - fixed income & related securities				N/D		1,137.50

Total of your investments				11,250.00		12,387.50
----------------------------------	--	--	--	------------------	--	------------------

Statement of account

For the period ending **June 30, 2020**
Primary account: 401-38808

For your information

- We strive to provide accurate and current prices for securities. However, because we use numerous information sources for pricing, we cannot guarantee their accuracy. Please call your Registered Representative for current prices.
- The average cost included in this statement is provided to you solely for information purposes. It may be based on information provided by you or from third party sources. It should not be relied upon for tax purposes or official performance measures. The average cost is adjusted for certain taxable events, such as returns of capital (where available), dividend reinvestments and corporate actions like spin-offs and exchanges. BMO Nesbitt Burns Inc. makes no representation or warranty express or implied, regarding this information, is not liable for any errors or omissions which may be contained in it and accepts no liability whatsoever for any loss arising from any use of or reliance on this information.
- While every reasonable effort is made to provide the information set out in this statement, BMO Nesbitt Burns makes no guarantee for the accuracy of this information, including the average cost on individual securities, and BMO Nesbitt Burns is not liable for any errors or omissions in this information. Further, the average cost value provided to you in this statement may have been adjusted to reflect information provided to us by third parties or you. BMO Nesbitt Burns is required to disclose to Canada Revenue Agency (CRA) the disposition transactions that you make. However, the Income Tax Act requires you to calculate and report the actual capital gain or loss amounts which may require further adjustments to the cost base of the securities based on the transaction information from prior years. You may wish to retain this statement and seek professional tax advice in this regard.
- The Canadian Investor Protection Fund ("CIPF") protects your securities account with BMO Nesbitt Burns Inc. within specified limits. Deposits in your Canadian dollar bank account with Bank of Montreal are insurable under the Canada Deposit Insurance Corporation Act. Deposits in U.S. dollar bank accounts are not insurable under that Act and are also not insured by CIPF. Brochures describing the types and limits of coverage are available at your request.
- A free credit balance in your account represents funds payable on demand, and is properly recorded on our books. However, these funds are not segregated from our other funds, and may be used for our business purposes.
- For a definition of the terminology used in this statement, please refer to the "A Guide to Your Statement of Accounts" brochure, available from your Investment Advisor.
- In addition to your Registered Representative, you may contact the BMO Nesbitt Burns Client Information Centre at (416) 594-5920 or Toll-Free at 1-888-769-4444, within 45 days if any item on this statement is incorrect.
- We may change the amounts on this statement if we have omitted an item or if the numbers are incorrect.
- The trustee for registered accounts is BMO Trust Company.
- The GST/HST registration number for BMO Nesbitt Burns Inc. is 103854261RT.
- Due to space limitations on the page, we may have used some abbreviations on your statement. These abbreviations stand for the following: NCI: Non-Certificate Issue (GIC/Mutual Funds); NVS: Non-Voting Shares; RS: Restricted Shares; RVS: Restricted Voting Shares; SUB: Subscription; SVS: Subordinate Voting Shares; WTS: Warrants; RTS: Rights; DSC: Deferred Sales Charge.
- A copy of our most recent statement of our financial condition and a list of directors and senior officers are available at your request. Clients in British Columbia are entitled to certain information about BMO Nesbitt Burns, including information about commission and fees we charge, and about any administrative proceedings that may relate to the firm and its staff.
- For Related and Connected Issuer and Conflicts of Interest Statement, please visit our website at <http://www.bmocm.com/aboutus/disclosures/policies/>.
- BMO Nesbitt Burns Inc. acted as principal in all transactions noted with the symbol "‡". In all other transactions BMO Nesbitt Burns Inc. acted as agent.
- ® "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under licence. "Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Inc. A member of BMO Financial Group. © BMO Nesbitt Burns Inc. 2000



www.deloitte.ca

About Deloitte

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals—9,400 of whom are based in Canada—make an impact that matters, please connect with us on LinkedIn, Twitter or Facebook.

Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.