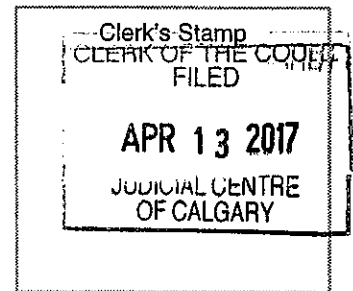


COURT FILE NUMBER 1501-00955
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



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

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

DOCUMENT **AFFIDAVIT**

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

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

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

File No.: 103,007-003

AFFIDAVIT OF CAMERON SHERBAN
Sworn on April 13, 2017

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

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

CEF DEPOSITOR'S FINANCIAL CIRCUMSTANCES

3. Paragraphs 13 to 17 describe the personal financial circumstances of a few of the CEF Depositors. In general terms, these CEF Depositors received little funds from the CEF on a monthly basis. In order to maintain confidentiality, the particulars of their financial information will be provided in a confidential Affidavit and provided only to the Court, to the Monitor and to counsel for the District Subcommittee.
4. Because this Affidavit contains confidential information respecting these CEF Depositors, it is requested that this Affidavit be sealed.

STATUS OF THE PLAN IMPLEMENTATION

5. NewCo. Has been formed and the Prince of Peace property has been transferred to it. The majority of the shares have been issued.
6. When the CCAA proceedings were commenced, the District staff was comprised of 11 people. The District staff is now comprised of 3 people.
7. There remains one contested claim that is still in the process of being resolved. The District is still in negotiations with this party and it is hoped that a resolution will be reached without the necessity of a further Court application.
8. The District staff continues to work on dealing with the remaining non-core assets for both the District and DIL.
9. With respect to the remaining non-core assets to be dealt with within CEF:
 - (a) Canmore – the District awaits the decision of the Court regarding ownership of this property;
 - (b) Elkford – this property has been sold. The sale closed on March 29, 2017. The sale price was \$250,000.00. Net sale proceeds in the amount of \$239,689.24 is currently being held in Bishop & McKenzie LLP's trust account;
 - (c) Foothills – the District is currently in settlement negotiations with respect to this property;

(d) Kelowna – this unsecured debt in the amount of \$30,000.00 has been paid and is being held in Bishop & McKenzie LLP's trust account. The action against the Kelowna congregation has been discontinued.

(e) Minors accounts – the District continues to make attempts to locate some minors who held accounts in CEF. There are 78 accounts that are affected.

10. With respect to the remaining assets to be dealt with within DIL:

(a) Parsonage lot – this lot continues to be listed for sale. Interest in the lot is expressed by potential purchasers from time to time, but no satisfactory offer has been received yet;

(b) Kelowna – foreclosure proceedings were commenced. An Order Nisi was granted with a 6 month redemption period. The redemption period expires in August 2017.

(c) RIFs – the annual minimum distributions for 2017 were recently completed.

11. Paragraph 22 of the Affidavit of Georg Beinert incorrectly states that there is a loan from Shepherd's Village Ministries Ltd. owed to the District. There is a loan from Shepherd's Village Ministries Ltd. owed to ECHS. Shepherd's Village Ministries Ltd. also guaranteed the debt owed by ECHS to the District.

IMPACT OF REPRESENTATIVE ACTION

12. Copies of the District Representative Actions and the DIL Representatives Actions have been provided to the insurers for the District, DIL, ECHS, and EMSS (the "District Group"). The District Group has been working diligently to cooperate with the insurer as it is required to do so by the policies. The District Group has been cooperating with requests for information received from the insurers. This has included locating and providing documentation and answering questions which are raised. As of the date of this Affidavit, the District Group is currently in the process of answering further queries for the insurer.

13. The insurers are in the process of assessing whether the claims will be covered. At this point, the insurers have not confirmed that they will pay for the cost of the District Group's and the directors' and officers' counsel, or pay under the policies any amounts

which the District Group or their officers and directors may have to pay as part of the Representative Actions.

14. The District Group does not have information on when the insurer will confirm that the claims are covered. Under the District Plan, the Representative Actions were not to proceed until the Monitor's Certificate was filed. As such, the District Group anticipated that it would have time to work with the insurer to confirm coverage was in place before the Representative Actions proceeded.
15. The insurers have made it very clear to the District Group that it is not to do anything adverse or that may prejudice the insurers' ability to defend the claims. The District Group is concerned that if the stay is lifted and the Representative Actions are allowed to proceed now, at a time when the District Group is uncertain whether there is insurance coverage, that the District Group will be forced to hire its own counsel. It is concerned that this counsel may take different strategic steps than the insurers would like and that this could form the basis for the subsequent denial of coverage.
16. If liability is found, the two directors and officers' insurance policies constitute a potential \$10 million asset of the District Group. Since the bulk of the assets of the District Group have either been directly or indirectly transferred to the District Depositors and the DIL Depositors, or will be once they are monetized, in the absence of coverage, the District Group will be unlikely to be able to pay any significant judgment that might be awarded. I am advised by the District that the former directors and officers as a group are not wealthy. A large percentage of them are professional church workers. Some are secretaries and stay at home mothers. The directors served in a volunteer capacity, as did many of the District's officers.
17. The District has also received several letters from former directors and officers who have been named in the Representative Actions and whom have been served with the Application that is before the Court. Attached and marked as **Exhibit "A"** are copies of some of the letters received. If the stay of proceedings is lifted before insurance coverage is confirmed, then presumably each of these individuals will have to obtain their own counsel to represent them in the proceedings.
18. The District Group is also concerned that the Representative Actions will place additional stress on the District staff and that those staff members may resign before the remaining items under the Plans of Compromise and Arrangement can be dealt with. The

remaining staff members continue to be a value asset in completing the restructuring as they have significant historical knowledge.

19. I make this Affidavit in response to the Affidavit of Georg Beinert.

SWORN BEFORE ME at Calgary, Alberta,
this 13 day of April, 2017.



Commissioner for Oaths in and for Alberta

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)

Cameron Sherban

Ksena J. Court
Barrister & Solicitor

March 30, 2017

Craig Tufts
11709 Lochhaven Drive
Coldstream, BC V1B 2H2

Honorable Justice B.E.C. Romaine
Court File Number 1501-00955

Your honor,

Yesterday I received in the mail the application by Georg Beinert naming myself as a respondent in the above case.

I have looked through it enough to see that I require legal representation, who understands the laws that may apply in this case, and the language of the court system, to understand the appropriate way to respond to this application.

I can also see that hiring my own legal counsel will be far beyond my means. It was my understanding that a lawyer was to be engaged to represent all the respondents. This morning I have been told by Janice Ruf that the insurance company has said that such a lawyer cannot be engaged, until they approve it, and they have continued to withhold such approval.

I am writing to ask that the court direct the insurance company to authorize the District to proceed with engaging a lawyer to represent us.

Sincerely,

Craig Tufts

This is Exhibit " A " referred to in the
Affidavit of
Cameron Sherban
Sworn before me this 13 day
of April A.D., 20 17
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Ksena J. Court
Barrister & Solicitor



LUTHERAN CHURCH OF THE GOOD SHEPHERD

13811 Deer Ridge Drive SE, Calgary, Alberta T2J 6S7

E-Mail: office.lcotgs@gmail.com

Phone: (403) 271-0437

Lutheran Church-Canada, the Alberta-British Columbia District
7040 Ada Blvd, Edmonton, AB T5B 4E3

March 28, 2017

Re: Lawyer representing Staff and Volunteers of ABC District

Dear Janice,

Yesterday I received Service from Lawyer Allan Garber for a court action representing Georg Beinert etc. The date the court application is to be heard is April 19, 2017 before The honourable Justice B.E.C. Romaine in Chambers.

I am concerned that I have not yet heard whether a Lawyer has been appointed/engaged to represent the Staff and Volunteers of the ABC District in the upcoming court actions. I want to make sure that I have proper representation in a timely fashion so that I can prepare for whatever is ahead. At the same time, I am concerned that the lawyer I can personally afford would likely not be able to serve me effectively and I have been counting on legal representation being engaged by our insurance company on behalf of all of the staff and many volunteers such as myself who have served our District over the years. Please advise as soon as possible whether the insurance company will engage someone jointly on our behalf or whether we will be required to engage our own lawyers.

Thank you!

In Christ,

Pastor David Dressler

Serving: Lutheran Church of The Good Shepherd, Calgary, AB



Pastor David M. Bode

11569 Tuscany Blvd. NW, Calgary, Alberta T3L 2J8
587-351-3768
e-mail flcpastor@foothillslutheran.com

March 30, 2017

Lutheran Church - Canada
Alberta British Columbia District
7040 Ada Boulevard
Edmonton, AB T5B 4E3

To Whom It May Concern:

I join with others, I am sure, am writing in response to my receipt of documents this date, March 30, 2017 indicating that I am named in respect to a class action lawsuit by the Alberta - British Columbia District Church Extension Fund investors against the District and its officers both past and present.

I am concerned that no legal council has been appointed to protect the rights of the Directors and Officers, and request that appropriate action be taken in that regard. I also would appreciate any encouragement or direction on how to proceed with this.

Thank you for your attention to this very important matter.

In His Service,

Rev. David M. Bode

March 29, 2017

Ms. Janice Ruf
Lutheran Church – Canada, the Alberta-British Columbia District
7040 Ada Blvd.
Edmonton, Alberta
T5B 4E3

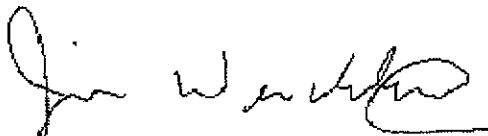
Dear Ms Ruf:

Earlier today I was served some papers regarding actions by individuals against The ABC District Church Extension Fund for which I have been named as a former director of EnCharis. This is the first correspondence I have had on this matter and I understand based on some of the documentation that this has been going on for a few years now. Since I do not live in Alberta or British Columbia I have not been provided with any information regarding all of this and the only knowledge I had that something was amiss was that the funds I have given to the Edmonton Seminary were reduced in value. So having said all of this I am most in the dark as to what is going on. I really have no idea what I am supposed to be defending myself from, how I am supposed to be proceeding and how others named may be proceeding.

My understanding is that we cannot have an update on this situation unless legal representation is provided by the insurance company. Given that there is a time deadline to respond to this statement of claim I am wondering what is holding this up. I think it is very critical that I – and others – be informed as to what is happening and what are expectations are with respect to these proceedings.

Will it be possible to get an update on this situation?

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Werschler". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jim Werschler