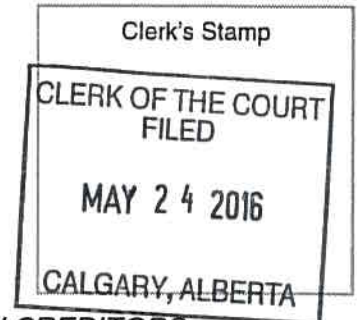


COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH  
OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY



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 OF CAMERON SHERBAN**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Bishop & McKenzie LLP  
Barristers & Solicitors  
1700, 530 - 8<sup>th</sup> 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 May 24, 2016**

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

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

**RELIEF REQUESTED**

3. I make this Affidavit in support of the Application for the following relief:
- (a) amending the settlement agreement that was approved by the Court on January 4, 2016, and confirming the release of funds from the District to DIL from Bishop & McKenzie LLP's trust account;
  - (b) approving further amendments to the plans of compromise and arrangement of DIL, ECHS, and EMSS;
  - (c) amending the Order granted by the Honourable Justice G.A. Campbell on November 5, 2015 (the "EFT Order"), such that the payment to be made to District Depositors respecting the funds which were withdrawn by way of electronic funds transfer ("EFT") will be from April 7, 2014 to the date of the Initial Order;
  - (d) approving the transfer of the following lands:
    - PLAN 8010862
    - BLOCK 10
    - EXCEPTING THEREOUT ALL MINES AND MINERALS
    - AREA: 1.96 HECTARES (4.85 ACRES) MORE OR LESS
    - (the "Strathmore Lands").
4. I am advised by the Monitor that it anticipates that the Nineteenth Report of the Monitor will be filed subsequent to this Affidavit. I will review the Nineteenth Report of the Monitor and, if necessary, a supplemental Affidavit will be prepared to provide any additional information necessary in support of the within Application.

**AMENDMENT OF SETTLEMENT**

5. On April 27, 2016, the Court authorized DIL to transfer up to \$7.5 million (the "DIL Transfer Funds") to the new registered accounts previously authorized to be established for the DIL Depositors.
6. On January 4, 2016, the Court approved a settlement between the creditors' committees for District and DIL respecting certain priority issues (the "Settlement"). Under the Settlement, the District is to pay to DIL \$4,114,006. This payment is to be made as soon as reasonably practicable after the earlier of:

- (a) The date that the ECHS, District and DIL Plans are implemented;
  - (b) The date that the District receives transfer of title to the PoP Property, as defined in the Settlement; or
  - (c) The date that the District receives the proceeds of sale of the PoP Property.
7. In order for DIL to transfer the full amount of the Transfer Funds to the DIL Depositors, it is proposed that the Settlement be amended to allow the District to make the above payment to DIL forthwith.
  8. On March 27, 2015, the Court approved of the sale of lands located in Chestermere, Alberta (the "Chestermere Lands"). Bishop & McKenzie LLP currently holds approximately \$7.9 million in its trust account from the sale of the Chestermere Lands. Prior to the sale of the Chestermere Lands, were owned by ECHS and were subject to two mortgages which were the subject of the Settlement. It is proposed that the District make the above payment under the Settlement from the funds held in trust by Bishop & McKenzie LLP respecting the sale of the Chestermere Lands.
  9. I understand that the Monitor, the District Creditors' Committee and the DIL Creditors' Committee are in agreement with the proposed amendment to the Settlement.

#### **AMENDMENTS TO THE PLANS**

10. Attached hereto and marked as **Exhibit "A"** is a copy of the Third Amended Plan of Compromise and Arrangement of Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (the "Third Amended DIL Plan")
11. Following is a summary of the proposed amendments to the Third Amended DIL Plan:
  - (a) The definition of "Monitor's Legal Counsel" is revised to add Cassels Brock & Blackwell LLP;
  - (b) The definition of "Replacement Fund Manager" is revised to add in the date of the latest Order granted respecting the interim distributions to the DIL Depositors.
  - (c) After consultation with legal counsel for the District and DIL insurer, adjustments are made to the wording of the release clauses in Article 8.

(d) Article 5.9 has been added respecting funds received through the Representative Action.

12. Attached hereto and marked as **Exhibit "B"** is a copy of the Third Amended ECHS Plan.
13. Attached hereto and marked as **Exhibit "C"** is a copy of the Third Amended EMSS Plan.
14. In the amended ECHS, and EMSS plans, the definition of "Monitor's Legal Counsel" is revised to include Cassels, Brock & Blackwell LLP.

#### **AMENDMENT TO EFT ORDER**

15. The EFT Order granted on November 5, 2015 permitted the District to make payment to those District Depositors who had a withdrawal from their accounts by way of EFT between March 1, 2014 to the date of the Initial Order.
16. I am advised by representatives of the District that in March 2014, the District decided not to receive new lump sum deposits to or establish new accounts in the CEF. I am advised by representatives of the District that although the decision was made in March 2014, it was not implemented by the District until April 7, 2014.
17. From April 7, 2014 to the date of the Initial Order, \$99,891.02 was deposited to CEF accounts through EFTs, which affects about 72 people.
18. It is requested that the EFT Order be amended to reflect that April 7, 2014 was the date of implementation.

#### **STRATHMORE LANDS**

19. The District is the owner of the Strathmore Lands. Attached hereto and marked as **Exhibit "D"** is a copy of the title to the Strathmore Lands.
20. I am advised by representatives of the District that the Strathmore Lands have been listed with various realtors beginning in August 2010. It was originally listed with Realty Executives for \$6,750,000. In September 2012 it was listed for \$6,450,000. In May of 2014, it was listed with Norcal Group for \$4,900,000. In January 2016, it was listed with Colliers International for \$3,900,000.
21. The District has entered into a purchase and sale agreement respecting the Strathmore Lands. A copy of the purchase and sale agreement respecting the Strathmore Lands will

be provided in my Fifth Confidential Affidavit and made available only to the Monitor and the Honourable Justice hearing the application. It is requested that my Fifth Confidential Affidavit be sealed and that the terms of the sale not be disclosed without further Order of this Court. The Applicants make this request so that the District is not prejudiced by the sale price being disclosed in a public document in the event that the sale does not close.

- 22. I am advised by representatives of the District that it requests that the Court approve the above purchase and sale agreement.
- 23. The Monitor and I are aware of the particulars of the above purchase and sale agreement and approve of the sale. I am advised by the Monitor that the DIL and District Creditors' Committees also approve of the sale.
- 24. It is proposed that the net sale proceeds from the sale of the Strathmore Lands would be held by the Applicants' legal counsel, Bishop & McKenzie LLP in its trust account, and would be divided in accordance with the Settlement.
- 25. I make this Affidavit in support of the relief described in the within Application.

SWORN BEFORE ME at Calgary, Alberta,  
this 24<sup>th</sup> day of May, 2016.

  
\_\_\_\_\_  
Commissioner for Oaths in and for Alberta

**NOLAN SHOULDICE**  
Barrister & Solicitor

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Cameron Sherban

COURT FILE NUMBER

1501-00955

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

DOCUMENT

THIRD AMENDED PLAN OF COMPROMISE AND ARRANGEMENT OF LUTHERAN CHURCH-CANADA, THE ALBERTA-BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.

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

DATED MAY \_\_\_\_, 2016

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP  
1700-530-8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3S8  
403-237-5550 (phone)  
403-263-3423 (fax)  
Attention: Francis N. J. Taman/Ksena J. Court  
File No.: 103007-003

THIS IS EXHIBIT " A "  
referred to in the Affidavit of  
CAMERON SHERBAN  
Sworn before me this 24  
Day of May, A.D. 20 16

-----  
A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA  
**NOLAN SHOULDICE**  
Barrister & Solicitor

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WHEREAS:

- I. Lutheran Church – Canada, the Alberta British Columbia District (defined herein as the “District”), Encharis Community Housing and Services (defined herein as “ECHS”), Encharis Management and Support Services (defined herein as “EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (defined herein as “District Investments” or “DIL”, collectively, the “Applicants” or the “District Group”) are debtor companies under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (defined herein as the “CCAA”) pursuant to the Initial Order (defined herein as the “Initial Order”) granted by the Honourable Justice K. D. Yamauchi of the Court of Queen’s Bench of Alberta (the “Court”) on January 23, 2015 (defined herein as the “Filing Date”).
- II. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as Monitor (defined herein as the “Monitor”) of the Applicants.
- III. Pursuant to an Order granted on February 20, 2015, the Court approved a process to select creditors’ committees for each of the District and District Investments (respectively the “District Committee” and the “DIL Committee”). The District Committee was fully formed on April 22, 2015. The DIL Committee was fully formed on April 20, 2015. Pursuant to an Order granted on March 27, 2015, Kluane Financial Services Inc. was appointed as the Chief Restructuring Officer (defined herein as the “CRO”) of the Applicants.
- IV. Under the supervision of the Monitor and the Court, and in consultation with the DIL Committee and the CRO, the Applicants have formulated a plan of arrangement (defined herein as the “Plan”) for Affected Creditors (as defined below) of District Investments.

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Plan, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms are defined as follows:

**A**

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**"Administration Charge"** means the charge granted pursuant to the Initial Order, and subsequently amended in the Order granted on June 26, 2015, in favour of the Monitor, counsel to the Monitor, the Applicants' Counsel and legal counsel for the District Committee and the DIL Committee as security for the professional fees and disbursements incurred both before and after the granting of the Initial Order, which charge shall not exceed an aggregate amount of \$300,000.

**"Affected Claims"** means the Claim(s) of Affected Creditors.

**"Affected Creditors"** means the DIL Depositors.

**"Agreements"** means agreements to which DIL is a Party.

**"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transacting event or other matter. Applicable Law also includes, where appropriate, any interpretation of the law (or any part) by any Person having jurisdiction over it or charged with its administration or interpretation.

**"Applicants"** means the District, ECHS, EMSS and District Investments.

**"Applicants' Counsel"** means Bishop & McKenzie LLP, and such other solicitors as Bishop & McKenzie LLP may directly engage to assist in the CCAA Proceedings.

**B**

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**"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

**"Borrowers"** mean those Persons who have borrowed funds from the Registered Plans.

**"Business Day"** means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law.

## C

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"**CCAA**" means *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CCAA Proceedings**" mean the proceedings commenced by the Applicants under the CCAA in the Court as Action No. 1501-00955.

"**CEF**" means the Church Extension Fund, a fund that was created and administered by the District for the purpose of allowing Persons to loan money to the District and earn interest in support of faith-based developments.

"**Chair**" means the chair of the Creditors' Meeting.

"**Charge**" means a valid and enforceable security interest (including a lease which creates a security interest as contemplated by the *Personal Property Security Act*, R.S.A. 2000 c. P-7, as amended), lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed or implied charge, condition, claim, trust or lien for or with respect to any taxes or levies), on any assets, property or proceeds of sale of DIL.

"**Claim(s)**" means any right or claim of any Person that may be asserted or made in whole or in part against DIL at the Claims Bar Date, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), including without limitation any claim based on adverse possession, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts or events which exist prior to or at the Filing Date, together with any other rights or claims of any kind that, is a debt provable within the meaning of Section 2 of the BIA.

"**Claims Bar Date**" means 4:00 p.m. Mountain Time on April 20, 2015, or such later date on which a Proof of Claim may be accepted for filing by the Applicants and the Monitor or the Court prior to the granting of the Sanction Order.

"**Claims Process**" means the process for determining the Claims of the Affected Creditors as at the Filing Date, as established in the Claims Process Order.

"**Claims Process Order**" means the Order of the Court, granted on February 20, 2015, as may be subsequently amended, establishing the Claims Process.

"**Completion Date**" means the date on which all of the actions required to satisfy the obligations under this Plan have been completed and the Monitor delivers to DIL a certificate confirming the same.

"**Concentra**" means Concentra Trust, who acts as the trustee for the DIL Depositors.

"**Court**" means the Court of Queen's Bench of Alberta.

"**Creditors' Meeting(s)**" means the meeting of the Eligible Affected Creditors with Proven Claims, which meetings shall be scheduled and pursuant to the terms of the Meeting Order and shall be conducted for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.

"**Creditors' Meeting Order**" or "**Meeting Order**" means the Order in the CCAA Proceedings which, among other things, approves the filing of the Plan and establishes the date, time and location of the Creditors' Meetings, prescribing the process by which Eligible Affected Creditors shall be notified of the Creditors' Meetings and the conduct of such Creditors' Meetings.

"**Critical Supplier Charge**" means a Charge of up to a maximum of \$100,000 to secure the goods, services and professional fees and disbursements incurred before and after the Filing Date for those Persons designated as critical suppliers under the Initial Order or any subsequent Orders.

"**CRO**" means the Chief Restructuring Officer, Kluane Financial Services Inc.

"**Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Effective Date and are of a kind that could be subject to a demand under:

- a. Subsection 224(1.2) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp), as amended.
- b. Any provision of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended or of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act* and of any related interest, penalties or other amounts.
- c. Any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum has been withheld or deducted by a Person from a payment to another Person and is:
  - i. In respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*.
  - ii. Of the same nature as a contribution under the *Canada Pension Plan*, if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the

*Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

## D

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"**DIL Assets**" means the registered mortgages, loans and personal property which FI Capital, DIL, Concentra, or the Applicants' Counsel is holding on behalf of the DIL Depositors and, for greater clarity, shall include all cash or other proceeds received or to be received by DIL

- a. from the sale or repayment of any of the registered mortgages or loans;
- b. -pursuant to the plans of compromise and arrangement filed by the other Applicants; and
- c. pursuant to the Settlements.

"**DIL Committee**" means the creditors' committee established for the DIL Depositors.

"**DIL Depositor(s)**" means those Persons having accounts in the Registered Plans.

"**DIL – ECHS Mortgages**" means two mortgages granted by ECHS to Concentra, on behalf of the DIL Depositors, which are secured against the Prince of Peace Development.

"**Director(s)**" mean the past and present directors of DIL.

"**Directors' Charge**" means the provision of the Initial Order providing for a Charge up to a maximum of \$5.0 million for the purpose of indemnifying the Directors of the Applicants against obligations and liabilities that they may incur as Directors of the Applicants after the commencement of the CCAA Proceedings except to the extent that, with respect to any Director, the obligation was incurred as a result of the Director's gross negligence or wilful misconduct. For greater certainty but without limiting the generality of the foregoing, the Directors' Charge shall not be used to indemnify any Directors with respect to any D&O Claim.

"**Disputed Claim**" means the Claim of an Affected Creditor that is subject to a Dispute Notice and is not yet a Proven Claim.

"**Disputed Claim Reserve**" means funds held by DIL in a designated trust account in an amount sufficient to pay those Affected Creditors whose Claims are still subject to a Dispute Notice which has not yet been settled or fully adjudicated.

"**Dispute Notice**" means a written notice delivered to the Monitor by a DIL Depositor who intends to dispute the amount of their Claim.

"**Distribution**" means a transfer or transfers of the Net Balance of the Transfer Fund to the New Registered Plan to be distributed to the DIL Depositors on a Pro Rata basis by way of deposits to the New Registered Accounts. For greater clarity, if a DIL Depositor has a New Registered Account in more than one New Registered Plan, the Distribution shall be allocated between the New Registered Accounts for such DIL Depositor on a Pro Rata basis.

**“District”** means Lutheran Church – Canada, the Alberta – British Columbia District.

**“District Claim”** means the Proven Claim held by the District against DIL pursuant to the Claims Process in the amount of \$863,022.24.

**“District Committee”** means the creditors’ committee established for those creditors of the District who have provided loans to the District through CEF.

**“District – ECHS Mortgage”** means the mortgage held by District, which is secured against properties within the Prince of Peace Development.

**“District Investments” or “DIL”** means Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

**“D&O Claim”** means (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the D&O Parties that relates to a Claim which such D&O Party(ies) is by law liable to pay, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty and including, for greater certainty, any right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise)), and whether or not any indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity from any such D&O Party(ies) or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date. For clarity, the Directors’ Charge shall not be used to pay any D&O Claims.

**“D&O Insurance”** means that policy of insurance issued by the D&O Insurers, namely policy number NP-428530, as extended from time to time, by Encon Group Inc., and policy number CBC 1928469 04, as extended from time to time, by Northridge Financial Corporation.

**“D&O Insured Claim”** means all or that portion of any D&O Claim against any D&O Party that is insured by the D&O Insurer(s) pursuant to the D&O Insurance.

**“D&O Insurer(s)”** means Encon Group Inc. and Northridge Financial Corporation.

"D&O Party(ies)" means current or former Directors, officers, trustees, employees, volunteers of DIL, or members of any duly constituted committee of DIL, being parties who are insured parties under the D&O Insurance.

## E

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"ECHS" means Encharis Community Housing Services.

"Effective Date" subject to the satisfaction of the conditions precedent outlined in Article 7.1 means the date the Plan takes effect and shall be the day following the expiry of the appeal period of all Sanction Orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing between the Monitor and DIL.

"Election Letter" means the letter attached hereto as Schedule "1" provided to the Eligible Affected Creditors pursuant to the Meeting Order, whereby they can vote on the Plan.

"Eligible Affected Creditors" means Affected Creditors with Proven Claims and Affected Creditors with Disputed Claims which have not been settled or adjudicated.

"Emergency Fund" means the fund approved in the Initial Order to allow eligible DIL Depositors to access sufficient funds to cover their basic necessities.

"EMSS" means Encharis Management and Support Services.

## F

---

"FI Capital" means FI Capital Ltd.

~~"FI Capital Investments" means that portion of the DIL Assets which are held in the form of cash or short-term investments with FI Capital.~~

"Filing Date" means January 23, 2015, the date on which the Initial Order was granted.

## I

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"Initial Order" means the Initial Order granted by the Court in the CCAA Proceedings on January 23, 2015.

"Initial Payment" means the payment made pursuant to an Order granted by the Court of Queen's Bench of Alberta on August 28, 2015, as amended by the Order granted November 5, 2015 whereby funds held by DIL are in the process of being transferred to the Replacement Fund Manager or an alternative fund manager for holders of accounts in selected Registered Plans to be distributed to the DIL Depositors.

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## M

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**"Monitor"** means Deloitte Restructuring Inc., in its capacity as proposed CCAA Monitor and as CCAA Monitor.

**"Monitor's Legal Counsel"** means Gowling Lafleur Henderson LLP and Cassels Brock & Blackwell LLP.

## N

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**"Net Balance"** means the balance of the Transfer Fund less such reasonable reserves as the Monitor, in its sole discretion, may deem appropriate for the purposes of ensuring that this Plan is successfully implemented and carried out to conclusion, including, without limitation, the Restructuring Holdback .

**"New Registered Accounts"** means account(s) set up for DIL Depositors in the New Registered Plans, which will be held in the same type of registered plan (i.e. Tax Free Savings Accounts, Registered Retirement Savings Plans, Registered Retirement Income Funds, or Locked-In Income Funds) as the Registered Accounts.

**"New Registered Plans"** means those Registered Retirement Savings Plans, Registered Retirement Income Funds, Tax Free Savings Accounts, and Locked-In Income Funds (as those terms are defined in the *Income Tax Act* (Canada)) which are held by the Replacement Fund Manager as trustee for the DIL Depositors and which will be the same type as the Registered Plans (i.e. Tax Free Savings Accounts, Registered Retirement Savings Plans, Registered Retirement Income Funds, or Locked-In Income Funds).

**"Notice of Revision or Disallowance"** means the notice referenced in paragraph 19 of the Claims Process Order advising an Affected Creditor that the Monitor disputes the amount of their Claim as set out in a Proof of Claim.

## O

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**"Order"** means any order of the Court in the CCAA Proceedings.

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**"Partially Released Parties"** means DIL, the D&O Party(ies), the directors and officers, volunteers and employees of the District, DIL, ECHS, and EMSS, any independent contractors of DIL who are individuals and who were employed three days or more a week on a regular basis.

**"Person(s)"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, and an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Plan(s)" means this plan of arrangement and any other plans of arrangement filed by DIL pursuant to the CCAA Proceedings.

"Plan Payments" means those payments to be made by DIL pursuant to this Plan.

"Post-Filing Claim(s)" means any Claim(s) that may be asserted or made in whole or in part against DIL in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date, other than the Restructuring Claims, and any interest thereon, including any obligations of DIL towards Persons, who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to DIL on or after the Filing Date.

"Prince of Peace Development" means the properties located in Rocky View County, Alberta as set out in Schedule "3" to this Plan.

"Pro Rata" means that fraction which has as its numerator the amount of a particular DIL Depositor's Proven Claim and as its denominator the sum of all of the Proven Claims of all of the DIL Depositors. For greater clarity, the calculation shall be as follows:

$$\left( \frac{\text{DIL Depositor's Proven Claim}}{\text{total Proven Claims}} \times (\text{DIL Transfer Fund} + \text{total amount received by all DIL Depositors from the Emergency Fund} + \text{total amount received by all DIL Depositors as RRIF or LIF Minimum Payments} + \text{the total amount of the Initial Payment}) \right) - \text{any amount the DIL Depositor has received from the Emergency Fund} - \text{any amount the DIL Depositor has received as a RRIF or LIF Minimum Payment} - \text{any amount the DIL Depositor has received from the Initial Payment.}$$

"Proportionate Share of Costs" means a DIL Depositor's proportionate share of the out-of-pocket costs associated with the Representative Action, including any costs that may be incurred by the Representative Counsel, the Monitor or the Monitor's Counsel in relation to the Representative Action together with such additional amount as the Monitor, acting reasonably, determines represents a reasonable reserve for the indemnity granted in Article 5.8. For greater clarity, but without otherwise limiting the generality of the foregoing, the proportionate share of the out-of-pocket costs shall be calculated based upon the number of members of the Representative Action Class.

"Proven Claim(s)" means a Claim of an Affected Creditor proven in accordance with the Claims Process Order, which is not the subject of a Dispute Notice or a Notice of Revision or Disallowance, or was the subject of a Dispute Notice or Notice of Revision or Disallowance, which has been resolved, either before or after the Sanction Order, in accordance with the terms of the Claims Process Order, the Meeting Order and this Plan.

"Proxy" means the form attached hereto as Schedule "4" authorizing a Person to vote on behalf of an Eligible Affected Creditor.

“Registered Accounts” means those accounts held by DIL Depositors in the Registered Plans.

“Registered Plans” means those Registered Retirement Savings Plans, Registered Retirement Income Funds, Locked-In Income Funds, and Tax Free Savings Accounts (as those terms are defined in the *Income Tax Act* (Canada)) which were administered by DIL on behalf of Concentra.

“Related Creditor(s)” means Persons who meet the definition of Related Person(s) set out in Section 4(2) of the BIA.

“Released Representatives” means the Monitor, the Monitor’s Counsel, the Applicants’ Counsel, the CRO, ~~DIL~~, legal counsel for the DIL Committee, and the DIL Committee members.

“Replacement Fund Manager” means Great-West Life Assurance Company or such other fund manager as may be designated by a DIL Depositor pursuant to the Orders granted on November 5, 2015, and on April 27, 2016.

“Representative Action” means that legal action or actions undertaken in respect of the Representative Action Claims, which action may be advanced as a class proceeding for the benefit of the Representative Action Class pursuant to the terms of the Plan. ~~and which shall not include any legal action against the Monitor, the Monitor’s Counsel, the Applicants’ Counsel, the CRO, legal counsel for the DIL Committee, and members of the DIL Committee in relation to any duties performed by such parties directly or indirectly related to the CCAA Proceedings.~~

“Representative Action Claim(s)” means any and all potential claims of DIL Depositors, whether such claims are pursued as part of the Representative Action or not, that seek or could seek, directly or indirectly, to recovery of the amounts of their Claims not paid under this Plan and are not released by this Plan under Articles 8.1 and 8.3. For greater certainty, such potential claims includes those claims or potential claims specifically mentioned in Articles 8.2 and 8.4, and also includes the following claims:

- a. claim(s) related to a contractual right of one or more of the DIL Depositors entered into personally by a Representative Action Defendant;
- b. claim(s) based on allegations of misrepresentations made by a Representative Action Defendant to DIL Depositors or of wrongful or oppressive conduct by a Representative Action Defendant;
- c. claim(s) of DIL against a Representative Action Defendant, including but not limited to claims for breach of any legal, equitable, contractual or other duty;
- d. claim(s) that are a D&O Claim, including a D&O Insured Claim; and
- e. any claim(s) which one or more of the DIL Depositors could have pursued in the name of DIL, including without limitation, any derivative action (whether statutory or otherwise) or any Claim(s) which could be assigned to a creditor pursuant to s. 38 of the BIA, if such legislation were applicable.

**“Representative Action Class”** shall mean those DIL Depositors who elect to participate in the Representative Action by completing and returning the Representative Action Letter or who are deemed to participate in the Representative Action in accordance with the terms of this Plan.

**“Representative Action Defendants”** means the Partially Released Parties and any other parties against whom Representative Action Claim(s) may be brought, but excludes the Released Representatives except to the extent permitted pursuant to Article 8.2.

**“Representative Action Holdback”** means an amount withheld from the amounts payable to members of the Representative Action Class pursuant to the Plan to fund the out-of-pocket costs associated with the Representative Action, including any costs that may be incurred by the Monitor or the Monitor’s Counsel in relation to the Representative Action, together with a reasonable reserve to cover the indemnity granted in Article 5.8, the amount of which is to be determined by the Subcommittee once appointed.

**“Representative Action Letter”** means the letter attached hereto as Schedule “2” provided to the DIL Depositors pursuant to the Meeting Order, whereby they can choose whether to participate in the Representative Action.

**“Representative Action Pool”** means any pool of funds that is generated by the Representative Action, which will be payable to members of the Representative Action Class and shall be deemed to include any unused portion of the Representative Action Holdback upon the conclusion of the Representative Action.

**“Representative Counsel”** means legal counsel selected by the Subcommittee to pursue the Representative Action, which shall not be the same lawyer(s) or law firm(s) as the counsel chosen to act for the District Depositors in the representative action under the District plan of compromise or arrangement.

**“Representative Plaintiff(s)”** means that DIL Depositor(s), chosen by the Subcommittee, who agrees to act as representative plaintiff(s) in the Representative Action, provided always that should all or a portion of the causes of action which make up the Representative Action require DIL to be a plaintiff in the Representative Action, then the Representative Plaintiff shall be deemed to include DIL.

**“Required Majority”** means an affirmative vote of two-thirds in value and a majority in number of all Proven Claim(s) of Eligible Affected Creditors, who voted in accordance with the voting procedures established under the Meeting Order (whether in person or by Proxy at the Creditors’ Meeting, or by Election Letter).

**"Restructuring Claim(s)"** means any claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's Counsel, the Applicants' Counsel and legal counsel for the DIL Committee.

**"Restructuring Holdback"** means the amount to be held by DIL in an amount sufficient to satisfy the Restructuring Claims.

**"RRIF Minimum Payment"** means a statutory annual minimum payment made after January 23, 2015 from a Registered Plan which was a Registered Retirement Income Fund (as that term is defined in the *Income Tax Act (Canada)*).

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**"Sanction Order"** means an order or orders of the Court which, among other things, shall approve and sanction this Plan and the plans of compromise and arrangement filed by the other Applicants under the CCAA and shall include provisions as may be necessary or appropriate to give effect to this Plan and the plans of compromise and arrangement filed by the other Applicants, including provisions in substance similar to those set out in Article 9.

**"Settlements"** means the settlement of all matters between the District Committee and the DIL Committee, including regarding the District – ECHS Mortgage and the DIL – ECHS Mortgages (as further set out in paragraph 27.3.2 of the First Report of the Monitor dated February 7, 2015), the Strathmore Mortgage (as further set out in paragraph 24.6.3 of the First Report of the Monitor dated February 17, 2015) and the District Claim.

**"Strathmore Mortgage"** means a mortgage held by Concentra on the Strathmore Property.

**"Strathmore Property"** means a property, of which the District is the registered owner, located in Strathmore, Alberta, which is legally described as Plan 8010862, Block 10, Excepting thereout all mines and minerals.

**"Subcommittee"** means a subcommittee established by the Sanction Order of between three and five individuals, including initially at least one member of the DIL Committee, all of whom are elected by the DIL Committee, which will be established to choose a Representative Counsel and provide direction and instructions to Representative Counsel in the Representative Action, and for greater certainty shall include a member of the DIL Committee appointed pursuant to Article 5.2 of this Plan.

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**"Transfer Fund"** means the pool of funds used to make Distributions to the DIL Depositors established pursuant to Article 4.3 of this Plan.

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"Unaffected Creditor(s)" includes Persons with the following Claims:

- a. Crown Claims;
- b. Post- Filing Claims;
- c. Restructuring Claims;
- d. All Claims of current employees, officers and directors for all amounts owing to them in their capacity as such, by statute or otherwise for, or in connection with accrued salary, accrued wages, accrued bonuses, accrued retention payments, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay, as applicable, which obligations are prescribed by the *Employment Standards Code*, R.S.A. 2000, c. E-9, and any similar provincial or federal legislation;
- e. Amounts due to Person(s) classified as critical suppliers in the Initial Order or any subsequent Orders;
- f. Claims against Directors excluded from being compromised pursuant to section 5.1(2) of the CCAA;
- g. Claims related to Agreements that have not been disclaimed or resiliated by DIL pursuant to this Plan;
- h. Claims against Representative Action Defendants in the Representative Action; and
- i. The District Claim.

### 1.2 Article and Section Reference

The terms "this Plan", "hereof" and "hereunder", "herein" and similar expressions refer to this Plan, amendments to this Plan and not to any particular article, section, subsection, paragraph or clause of this Plan and include any instrument supplemental hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

### 1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice-versa; and any word or words importing gender shall include all genders.

### 1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of the Plan.

### **1.5 Date of any Action**

In the event that any date on which any action is required to be taken hereunder by any Person is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

### **1.6 Currency**

Unless otherwise stated herein, all references to currency in this Plan are to Canadian currency. For the purposes of voting or distribution(s) pursuant to this Plan, a Claim shall be denominated in Canadian Dollars. Any Claim in a currency other than Canadian Dollars must be converted to Canadian Dollars, and such amount shall be regarded as having been converted at the exchange rate quoted by the Bank of Canada for exchanging such currency to Canadian dollars at noon on the Filing Date.

### **1.7 Statutory References**

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

### **1.8 Successors and Assigns**

This Plan shall be binding upon and shall ensure to the benefit of the heirs, administrators, executors, legal and personal representatives, successors and assigns, as the case may be, of any Person named or referred to in this Plan.

### **1.9 Governing Law**

This Plan shall be governed by, and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the Court.

## **ARTICLE 2 PURPOSE OF THE PLAN**

### **2.1 Purpose**

The purpose of this Plan is to affect a compromise and settlement of Affected Claims in order to enable the Applicants to liquidate the DIL Assets in an orderly manner to maximize the recovery to the Affected Creditors compared to that, which would result from the bankruptcy of one or more of the Applicants and to provide a streamlined process for the DIL Depositors to participate in the Representative Action. Affected Creditors should review this Plan and the Report of the Monitor before voting to accept or reject the Plan. The transactions contemplated by the Plan are to be implemented pursuant to the CCAA Proceedings.

## **2.2 Affected Creditors**

This Plan provides for the compromise and settlement of the Claims of the Affected Creditors. If this Plan is accepted by the Eligible Affected Creditors and approved by the Court, and the transactions set out in this Plan occur, this Plan shall be binding upon each Affected Creditor and its heirs, executors, administrators, legal representatives, successors and assigns.

## **2.3 Unaffected Creditors**

This Plan does not compromise the Claims of Unaffected Creditors.

# **ARTICLE 3**

## **CLASSIFICATION OF AFFECTED CREDITORS**

### **3.1 Classes of Affected Creditors**

For the purpose of considering and voting upon the Plan, Eligible Affected Creditors shall constitute a single class.

# **ARTICLE 4**

## **STRUCTURE OF THE PLAN**

### **4.1 Overview**

This Plan contemplates an orderly transition of the value of the Registered Plans to the Replacement Fund Manager the proceeds of which shall be paid into the New Registered Accounts on a Pro-Rata basis as well as the resolution of Claims of Related Parties. The successful implementation of this Plan should provide a more timely recovery to all Persons with an economic interest in District Investments than would result from the bankruptcy of DIL. ~~The Plan will further allow for the resolution of the matters described in Article 7.1 of the Plan.~~ The operations of DIL will cease immediately following the Completion Date.

### **4.2 Non-Renewal of Mortgages**

That portion of the DIL Assets consisting of cash and short-term investments held by DIL on the Effective Date shall be paid into the Transfer Fund, distributed to the Replacement Fund Manager and paid into the New Registered Accounts as set out herein. That portion of the DIL Assets consisting of loans and registered mortgages shall be converted to cash over time through the repayment or sale of these loans and registered mortgages. Borrowers are being encouraged to refinance their existing loans and as the loans mature, they will not be renewed. To the extent that some loans are demand loans, the CRO will work with the Borrowers to find alternative financing with a third party lender before demanding on the loan. The CRO may, in its sole and unfettered discretion and on behalf of DIL, demand repayment of any loan or proceed with enforcement steps against any Borrower.



#### 4.3 Transfer Fund

As the DIL Assets are converted to cash, ~~they will be paid to the Monitor and~~ held in trust in the Transfer Fund, which will be administered and distributed to DIL Depositors, through the Replacement Fund Manager, in accordance with the Plan. The Transfer Fund will maintained in a separate, interest bearing trust account to hold the Transfer Fund. For greater clarity, but without limiting the generality of the foregoing, the Transfer Fund or any portion thereof may be held by Applicants' Counsel and when so held shall be deemed to be held by DIL for all purposes including, without limitation, the *Income Tax Act*, RSC 1985, c.1 (5<sup>th</sup> Supp) and any reference to funds being held by DIL in the Plan shall be deemed to include held by Applicants Counsel. Any authorization or requirement in the Plan or the Sanction Order for DIL to hold funds shall include and may be fulfilled by the Applicants' Counsel holding such funds..

#### 4.4 Treatment of Affected Creditors

Affected Creditors shall receive distributions as set forth below only to the extent that such Claims are Proven Claims and have not been paid, released or otherwise satisfied prior to the Effective Date. Each Affected Creditor will have their Proven Claim compromised as follows:

- a. Prior to or as soon as possible following the Effective Date, the Replacement Fund Manager will establish one or more New Registered Plans and New Registered Accounts for each DIL Depositor.
- b. Upon the Effective Date or at such later date as may be determined by the Monitor, acting reasonably, DIL will make a Distribution of the Net Balance of the Transfer Fund.
- c. From time to time thereafter, upon the Monitor making a determination that it is appropriate to make a Distribution of the Net Balance of the Transfer Fund or upon the Net Balance of the Transfer Fund reaching \$3.0 million, DIL shall make a Distribution of the Net Balance of the Transfer Fund to the Replacement Plan Manager to be distributed to the DIL Depositors, subject to the New Registered Accounts having been established, by way of Pro-Rata payments to the New Registered Accounts.
- d. Payments to Affected Creditors will be net of the Representative Action Holdback, which will only be applied to distributions to the Representative Action Class.

#### 4.5 Timing of Payments to Affected Creditors

Provided that the Net Balance of the Transfer Fund is at least \$3.0 million, net of the Representative Action Holdback, all DIL Depositors will receive an initial Distribution of the Net Balance, subject to the Representative Action Holdback, which will only be applied to distributions to the Representative Action Class, from the Transfer Fund immediately following the Effective Date. Each time after the Initial Distribution that the Net Balance of the Transfer Fund reaches \$3.0 million, net of any Representative Action Holdback still to be paid, DIL, as directed by the Monitor, will make a further Distribution of the Net Balance, subject to any Representative Action Holdback still to be paid, which will only be applied to

distributions to the Representative Action Class, from the Transfer Fund to the Replacement Fund Manager.

#### **4.6 Interest**

No interest or penalties shall accrue or be paid on the Proven Claims of Affected Creditors from and after the Filing Date but shall be released in accordance with the Plan.

### **ARTICLE 5**

#### **REPRESENTATIVE ACTION**

#### **5.1 Representative Action**

Pursuant to the Plan and the Sanction Order, the Subcommittee shall be authorized and enabled to take any and all such steps as they deem necessary and desirable to commence and prosecute the Representative Action on behalf of the Representative Action Class. The Representative Action shall be governed by the terms of the Plan and any subsequent Order within the CCAA Proceedings. Except as subsequently ordered by this Court within the CCAA Proceedings and only to the extent so ordered, the Representative Action shall not be governed by the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States provided always that should the Representative Action, or in the case that more than one Representative Action is filed by the Representative Counsel, one of the Representative Actions be commenced by the Representative Counsel on behalf of the DIL Depositors participating in the Representative Action under the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c. C-16.5, as amended by the *Class Proceedings Amendment Act*, 2010, c. 15. (Alberta), such legislation shall be deemed to govern such Representative Action except to the extent such legislation is inconsistent with or modified by this Plan or the Sanction Order.

#### **5.2 Establishment of Subcommittee**

The Subcommittee shall have between three and five members, of which at least one member will initially be from the DIL Committee and the other members shall be appointed by the DIL Committee. One or more member(s) of the Subcommittee shall be the Representative Plaintiff(s). Persons who are not currently members of the DIL Committee may be added to the Subcommittee upon being voted on to the Subcommittee by representatives of the DIL Committee.

#### **5.3 Responsibilities of Subcommittee**

The duties and responsibilities of the Subcommittee shall include but are not limited to the following:

- a. The Subcommittee shall review the qualifications of at least three lawyers who will be considered to act as Representative Counsel, and shall select Representative Counsel on behalf of the Representative Action Class;
- b. The Subcommittee shall, in conjunction with Representative Counsel, identify a Representative Plaintiff willing to serve in such capacity;
- c. The Subcommittee shall remain in place throughout the Representative Action and shall have the mandate, powers and duties described in the Sanction Order, including but not limited to:
  - i. Assisting in maximizing the amount that is ultimately available for distribution to the Representative Class pursuant to the Representative Action;
  - ii. Consulting with and instructing the Representative Counsel on behalf of the Representative Class, including but not limited to the power to settle all or a portion of the Representative Action pursuant to the Sanction Order;
  - iii. Replacing Representative Counsel;
  - iv. Serving in a fiduciary capacity in representing the Representative Class;
  - v. Establishing the amount of the Representative Action Holdback and directing that the amount of the Representative Action Holdback be paid to the Representative Counsel; and
  - vi. Bringing any matter before the Court by way of application for advice and direction.

#### 5.4 Electing Not to Participate in Representative Action in Representative Action Letter

Those DIL Depositors who elect to not participate in the Representative Action or who opt out of the Representative Action pursuant to Article 5.7:

- a. are forever barred from participating in the Representative Action;
- b. are not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the Representative Action;
- c. shall have no liability for any costs in the Representative Action; and
- d. are not eligible to be members of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States with respect to any claim which was or could have been a Representative Action Claim in any other legal proceeding(s) other than the Representative Action except for any representative action commenced pursuant to the District plan of compromise and arrangement, if applicable.

### 5.5 **Electing to Participate or Deemed Election to Participate in Representative Action in Representative Action Letter**

DIL Depositors may elect to participate or elect not to participate in the Representative Action by marking the appropriate box on the Representative Action Letter attached hereto as Schedule "2" and delivering the Representative Action Letter to the Monitor on or before 5:00 p.m. (Calgary time) on the last Business Day preceding the date of the commencement of the Representative Action. Alternatively, DIL Depositors who fail to mark any box with respect to the Representative Action on the Representative Action Letter attached hereto as Schedule "2" and deliver it to the Monitor in accordance with this Article 5.5, shall be deemed to have elected to participate in the Representative Action. Following the selection of Representative Counsel by the Subcommittee, the Monitor will provide to all the DIL Depositors who have elected or are deemed to have elected to participate in the Representative Action with an estimate of the amount of the Representative Action Holdback together with information regarding opting out of the Representative Action.

### 5.6 **No Claims Other than Representative Action**

The Representative Action shall represent the sole recourse of any DIL Depositor with respect to a Representative Action Claim except if such DIL Depositor is also a District Depositor, in which case he or she may participate in any representative action commenced pursuant to the District plan of compromise and arrangement. No legal proceedings shall be commenced by any DIL Depositor or any other Person for a claim that is an actual or potential Representative Action Claim except for any representative action commenced pursuant to the District plan of compromise and arrangement, if applicable. Without limiting the generality of the foregoing, but for greater clarity, those DIL Depositors who elect or are deemed to have elected to participate in the Representative Action, or those DIL Depositors who have elected to opt out of the Representative Action, either in the Representative Action Letter or pursuant to Article 5.7, are not eligible to be members of any "class" for purposes of the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States in any other legal proceeding(s) other than the Representative Action except for any representative action commenced pursuant to the District plan of compromise and arrangement, if applicable.

### 5.7 **Opting Out of Representative Action**

A DIL Depositor who has elected or is deemed to have elected to participate in the Representative Action may, at any time prior to the commencement of any Representative Action, opt out of the Representative Action by providing notice to the Representative Counsel, or in the event that Representative Counsel has not been retained, to the Monitor. Notice of opting out of the Representative Action must be written, dated, and signed on the Notice of Opting Out form attached hereto as Schedule "5". Upon receipt of the Notice of Opting Out form by the Representative Counsel or the Monitor, the DIL Depositor shall have

their status changed from participating in the Representative Action to not participating in the Representative Action. Within a reasonable period of time of receiving the Notice of Opting Out, the Representative Counsel or the Monitor, as the case may be, shall calculate such DIL Depositor's Proportionate Share of Costs incurred until the Sunday of the week in which the Notice of Opting Out was received by the Representative Counsel or the Monitor, as the case may be. The Representative Counsel or the Monitor, as the case may be, shall deduct the Proportionate Share of Costs from the amount which was contributed by such DIL Depositor as his or her share of the Representative Action Holdback and shall remit the balance to the DIL Depositor.

#### **5.8 Indemnity for Representative Plaintiff**

The Representative Plaintiff is entitled to be indemnified for any liability for any costs award issued in any Representative Action from the Representative Action Holdback, up to the maximum amount of funds remaining in the Representative Action Holdback at the time of such costs award.

#### **5.9 Recovered Funds**

Any and all funds recovered pursuant to the prosecution of the Representative Action on behalf of the Representative Action Class, shall be held in trust for the Registered Plans of the Representative Action Class or administered and distributed to such Registered Plans in accordance with this Plan. Prior to distribution, such funds will be maintained in a separate, interest bearing trust account. For greater clarity, but without limiting the generality of the foregoing, any or all of such funds may be held by Representative Counsel and when so held shall be deemed to be held by the Registered Plans of the Representative Action Class for all purposes including, without limitation, the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.), and any reference to funds being held by such Registered Plans in the Plan shall be deemed to include those funds held by Representative Counsel. Any authorization or requirement in the Plan or the Sanction Order for DIL to hold funds shall include and may be fulfilled by the Representative Counsel holding such funds.

## **ARTICLE 6**

### **PROCEDURAL MATTERS**

#### **6.1 Creditors' Meeting**

The following procedure will be followed at the Creditors' Meeting:

- a. Following the filing of the Plan with the Court, DIL will seek the Creditors' Meeting Order authorizing DIL to hold the Creditors' Meeting on the date set by the Creditors' Meeting Order at which Eligible Affected Creditors shall consider and vote upon the Plan. The Creditors' Meeting

shall be held in accordance with this Plan, the Creditors' Meeting Order and any other applicable Order in respect of the process governing the Creditors' Meeting.

- b. The Monitor or its designee shall preside as the Chair of the Creditors' Meeting and shall decide all matters related to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are Eligible Affected Creditors (including the holders of Proxies), their legal counsel and financial advisors, the Directors, members of the DIL Committee, the Applicants' Counsel, the Monitor's Counsel and legal counsel for the District Committee and the DIL Committee. Any other Person may be admitted on invitation of the Chair.
- c. The quorum required at any Creditors' Meeting or any adjournment thereof shall be two Eligible Affected Creditors present in person or by Proxy. If the requisite quorum is not present at the Creditors' Meeting or if the Chair determines that the Creditors' Meeting has to be postponed for any reason, then the Creditors' Meeting shall be adjourned by the Chair to such date, time and place as determined by the Chair.
- d. The Monitor may designate Person(s) of their choosing to supervise and tabulate attendance and votes cast at the Creditors' Meeting or to act as the secretary of the Creditors' Meeting.
- e. The entitlement of an Affected Creditor with a Disputed Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.
- f. The Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

## **6.2 Voting Procedures**

Each Eligible Affected Creditor may vote their Claim in person by attending the Creditors' Meeting, by submitting an Election Letter in the form set out in the Creditors' Meeting Order, or by Proxy by submitting their duly completed Proxy in accordance with the provisions included herein and in the Creditors' Meeting Order. Each Eligible Affected Creditor is entitled to one vote, which vote shall have the value of such Eligible Affected Creditors' Proven Claim as determined in accordance with the Claims Process Order or this Plan. The results of any and all votes conducted at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not any such Affected Creditor is present or voting at the Creditors' Meeting.

## **6.3 Voting by Letter**

An Eligible Affected Creditor may vote by filling out the Election Letter attached hereto as Schedule "1", which must be delivered to the Monitor at the address set out in Article 11.8 below. An Election Letter shall be voted in accordance with the instructions stated in the Election Letter notwithstanding any modification of or amendment to the Plan that may be made in accordance with Article 11.7. An Election Letter must be delivered to the Monitor on or before 5:00 p.m. (Calgary time) before the last Business Day preceding the date of the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to deliver such Election Letter as set out herein shall result in the invalidation of such Election Letter.

The Election Letter must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Election Letter must be signed in its name by an authorized officer or director whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Election Letter must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Election Letter and provide evidence of qualification and authority to act in accordance with this Article shall invalidate such Election Letter.

#### **6.4 Appointment and Revocation of Proxies**

An Eligible Affected Creditor may vote in person by attending the Creditors' Meeting. Eligible Affected Creditors may also vote by indicating such Person's name in the blank space provided in the form of Proxy, attached hereto as Schedule "4", which must be delivered to the Monitor at the address set out in Article 11.8 below.

A Proxy must be delivered to the Monitor by email, mail, facsimile transmission or courier on or before 5:00 p.m. (Calgary time) on the last Business Day prior to the date of the Creditors' Meeting or any adjournment thereof, or by hand to the Chair of the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof.

Failure to sign and deliver the Proxy as set out herein shall result in the invalidation of such Proxy.

An Eligible Affected Creditor who has signed and delivered a Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Eligible Affected Creditor or by its legal counsel, duly authorized in writing, or if an Eligible Affected Creditor is not an individual, by a director, officer or legal counsel thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the meeting or any adjournment thereof, or with the Chair of the Creditors' Meeting prior to the time of commencement of the Creditors' Meeting, or any adjournment thereof. Failure to complete and deliver a revocation of Proxy and provide evidence of qualification and authority as set out herein shall result in the invalidation of such revocation of Proxy.

#### **6.5 Signature on Proxy**

The Proxy must be executed by an Eligible Affected Creditor or their duly authorized legal counsel. If the Eligible Affected Creditor is not an individual, the Proxy must be signed in its name by an authorized officer or director whose title should be indicated. If a Person is acting in a representative capacity for the Eligible Affected Creditor, the Proxy must be accompanied by the appropriate instrument evidencing qualification and authority to act unless such instrument had previously been filed with the Monitor. Failure to sign the Proxy in accordance with this Article shall invalidate such Proxy.

## **6.6 Voting of Proxy**

The Person named in the Proxy shall vote on the Claim(s) of the Eligible Affected Creditor(s) in accordance with the direction of the Eligible Affected Creditor appointing them on any ballot that may be called for and where the Eligible Affected Creditor giving the Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the direction of the Eligible Affected Creditor.

## **6.7 Exercise and Discretion of Proxy**

The Proxy confers a discretionary authority upon the Persons named therein with respect to amendments or variations of the matters that are identified at the Creditors' Meeting and in this Plan and with respect to any other matters that may properly come before the Creditors' Meeting.

## **6.8 Disputed Claims**

The Monitor shall keep separate records and tabulations of votes cast in respect of: (i) Proven Claims, and (ii) Disputed Claims. If approval or non-approval of this Plan by the Eligible Affected Creditors shall prove to be determined by the votes cast in respect of Disputed Claims, such result shall be reported to the Court as soon as reasonably possible with a request to the Court for directions regarding an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates. The fact that a Claim is allowed for voting purposes shall not preclude the Monitor from disputing the Claim for distribution purposes. The Disputed Claims Reserve will be held pending settlement or final determination of the Disputed Claim. To the extent that a final determination or settlement is made in respect of a Disputed Claim in an amount less than the Disputed Claims Reserve, such surplus funds shall be paid into the Transfer Fund.

## **6.9 Acceptance of Plan**

Votes cast by Eligible Affected Creditors with Proven Claims or with Disputed Claims which are eventually allowed as Proven Claims shall be binding upon the Affected Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, this Plan shall be approved and shall be, subject to Court approval, deemed to have been agreed to, accepted and approved by the Affected Creditors.

## **6.10 Confirmation of Plan**

In the event that this Plan is agreed to, accepted and approved by the Required Majority pursuant to the terms of the Plan, DIL shall, within a reasonable period of time, apply to the Court for the Sanction Order.

Subject to the Sanction Order being granted and the satisfaction or waiver of those conditions of this Plan set forth in Article 7.2, this Plan will be implemented in accordance with the terms hereof.

In the event that the Plan is not agreed to, accepted and approved as set out herein, the Sanction Order is not granted or the conditions set forth in Article 7.2 are not satisfied or waived in accordance with the



terms of this Plan, this Plan shall automatically terminate and in which case DIL shall not be under any further obligation to implement this Plan.

#### **6.11 Court Assistance**

DIL reserves the right to seek the assistance and/or direction of the Court regarding any matters relating to this Plan, including the resolution of any disputes arising between the Monitor and any other parties.

### **ARTICLE 7**

#### **CONDITIONS PRECEDENT AND PLAN IMPLEMENTATION**

##### **7.1 Sequence of Events**

Following the Effective Date, the following events will occur in substantially the following sequence:

- a. If they have not already been established, the New Registered Plans and the New Registered Accounts will be set up by the Replacement Fund Manager.
- b. All cash and short-term investments will be liquidated and transferred to the Transfer Fund.
- c. The Settlements will have been completed.
- d. The DIL Assets will be converted to cash by sale, demand, enforcement or non-renewal and such cash will be transferred to the Transfer Fund.
- e. From time to time, Distributions will be made by DIL from the Transfer Fund in accordance with Article 4 of the Plan.
- f. The Replacement Fund Manager will be responsible for all required reporting related to the Distributions, including all reporting required by Canada Revenue Agency.
- g. DIL will cease to operate.

##### **7.2 Conditions to Implementation of Plan**

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Completion Date, as the case may be:

- a. All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental and regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable for the completion of the transactions contemplated by the Plan or any aspect thereof shall have been obtained.
- b. The Restructuring Holdback shall have been funded in an amount sufficient to satisfy the Restructuring Costs.
- c. The Representative Action Holdback shall have been established in an amount sufficient to satisfy the anticipated out-of-pocket costs associated with the Representative Action.

- d. Arrangements for payment of the Unaffected Creditors, excluding any claims against Directors which are excluded from being compromised pursuant to section 5.1(2) of the CCAA, shall have been made in a manner satisfactory, to the Courts.
- e. DIL shall have taken all necessary corporate actions and proceedings to approve this Plan to enable DIL to execute, deliver and perform its obligations under this Plan and any agreements, indentures, documents and other instruments to be executed or delivered pursuant to, or required to give effect to, the terms of this Plan.
- f. This Plan shall have been approved by the Required Majority.
- g. The Sanction Order, in form and substance satisfactory to DIL and the Monitor, acting reasonably, shall have been granted by the Court and the Sanction Order as at the Completion Date shall be in full force and effect, not stayed or amended.
- h. The stay of proceedings under the Initial Order shall have been extended to at least the Completion Date and the Initial Order shall, as at the Completion Date, be in full force and effect, not stayed or amended after the date hereof (except with the consent of DIL and the Monitor acting reasonably).

### **7.3 Certificate**

Immediately following the satisfaction of the conditions set out in Article 7.1 and the occurrence of the events set out in Article 7.2, the Monitor shall deliver to DIL a certificate stating that the Completion Date has occurred. Following the Completion Date, the Monitor shall file such certificate with the Court.

## **ARTICLE 8 RELEASES**

### **8.1 General Releases to Released Representatives**

Subject to Article 8.2 below, on the Completion Date the Released Representatives (and only the Released Representatives) shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of DIL (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or

management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.1 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Representative or Partially Released Party and specifically shall not release any joint obligator or any Person who is jointly or jointly and severally liable with a Released Representative or Partially Released Party (a "Non-Released Person") and the Affected Creditor or other Person bound by this release (a "Releasing Person") shall retain the right to sue such Non-Released Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Released Representative or Partially Released Party but for this Article 8.1 PROVIDED ALWAYS that this Article 8.1 may be relied upon and raised or pled by a Released Representative in defence or estoppel of or to enjoin any claim, action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.1.

## **8.2 Exceptions to Release of Released Representatives**

Notwithstanding Article 8.1 of this Plan, the following matters are not released by this Plan as against Released Representatives:

- a. any liability arising out of any fraud, gross negligence or willful misconduct on the part of the Released Representatives; and
- b. any actions or omissions of the Released Representatives which are not ~~directly or indirectly~~ related to the CCAA Proceedings or their commencement.

For greater certainty, the release of Released Representatives pursuant to Article 8.1 of this Plan shall release the Released Representatives from any and all matters that may or could be alleged as against the Released Representatives in the Representative Action Claims advanced pursuant to any Representative Action, save and except for any matters referenced within Article 8.2.

## **8.3 Releases to Partially Released Parties**

Subject to Article 8.4 below, the Partially Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability,

obligation, demand or cause of action of whatever nature which any Affected Creditor or other Person may be entitled to assert (other than for any Unaffected Creditors), including any and all Claims in respect of any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place prior to the Completion Date in any way relating to, arising out of or in connection with the Claims, the arrangement and restructuring provided for herein or otherwise, the business and affairs of DIL (whenever and however conducted) and in connection with the arrangement and restructuring provided for herein, the administration and/or management of this Plan, the CCAA Proceedings, any Claim that has been barred or extinguished by the Claims Procedure Order and all Claims arising out of such actions or omissions shall be forever waived and released, all to the full extent permitted by law. For greater clarity, but without otherwise limiting the generality of the foregoing, the release set out in this Article 8.3 is not intended to release and shall not have the effect of releasing any co-obligator or any Person who is not a Released Representative or Partially Released Party and specifically shall not release a Non-Released Person and a Releasing Person shall retain the right to sue such Non-Released Person for any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which the Releasing Person may have had against a Partially Released Party or Released Representative but for this Article 8.3 PROVIDED ALWAYS that this Article 8.3 may be relied upon and raised or pled by a Partially Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought by a Non-Released Person respecting any action relating to the Claims released by this Article 8.3.

#### **8.4 Limitations on Releases to Partially Released Parties**

Notwithstanding Article 8.3 of this Plan, the following claims as against Partially Released Parties are not released by this Plan:

- a. claims against the Directors set out in Section 5.1(2) of the CCAA;
- b. claims prosecuted by the Alberta Securities Commission or the British Columbia Securities Commission arising from compliance requirements of the *Securities Act* of Alberta and the *Financial Institutions Act* of British Columbia;
- c. claims made by the Superintendent of Financial Institutions arising from compliance requirements of the *Loan and Trust Corporations Acts* of Alberta and British Columbia;
- d. any Representative Action Claims that are advanced solely as part of the Representative Action;
- e. any D&O Insured Claim that is advanced solely as part of the Representative Action, subject to the following:

- i. nothing in this Plan shall prejudice, compromise, release or otherwise affect any right or defence of any such insurer in respect of the D&O Insurance; and
- ii. DIL and the D&O Party(ies) shall ~~make all reasonable efforts to~~ meet all obligations under the D&O Insurance. The D&O Insurers shall be obliged to pay any loss payable pursuant to the terms and conditions of the D&O Insurance, ~~notwithstanding the releases~~ **The D&O Insurers shall not rely on the fact that releases were** granted to the Released Representatives and Partially Released Parties (including DIL and the D&O Party(ies)) under this Plan, ~~and the D&O Insurers shall not rely on any provisions of the D&O Insurance to argue, or otherwise assert, that such releases excuse them from, or relieve them of, the~~ **to deny its** obligation to pay any loss that otherwise would be payable under the terms of the D&O Insurance.

### 8.5 Sections That Do Not Apply

Pursuant to section 36.1 of the CCAA, sections 38 and 95 to 101 of the BIA shall not apply to DIL.

## ARTICLE 9 PLAN SANCTION ORDER

If the Required Majority approves the Plan, DIL shall apply for the Plan Sanction Order. The Application for the Plan Sanction Order may, among other things request that the Court:

- a. Declare that the Plan is fair and reasonable.
- b. Declare that as of the Effective Date, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as set out herein upon DIL, all Affected Creditors and all other Persons affected by the Plan.
- c. Declare that the steps to be taken and the compromises and releases to be effected prior to the Completion Date are deemed to occur and be effected in the sequential order contemplated by Article 7.1 of the Plan on the Effective Date.
- d. Declare that, as of the Completion Date, the releases referred to in Article 8.1 **and 8.3** and the other provisions of this Plan shall become effective in accordance with the Plan.
- e. Terminate and discharge the Administration Charge, the Critical Supplier Charge and the Directors' Charge ~~be terminated and discharged~~ on the Completion Date.
- f. Declare that as of the Completion Date DIL has been discharged and released from any and all Affected Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against DIL in respect of or relating to any Affected Claims shall be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims.

- g. Discharge and extinguish all liens, mortgages, charges, security interests and other encumbrances including all security registrations against DIL, in favour of any Affected Creditor in respect of an Affected Claim ~~are discharged and extinguished~~.
- h. Discharge and extinguish all liens, including all security registrations against DIL, in favour of any Affected Creditor in respect of a Disputed Claim ~~are discharged and extinguished~~.
- i. Declare that any Affected Claims, in respect of which a proof of claim has not been filed by the Claims Bar Date shall be forever barred and extinguished.
- j. Declare that the stay of proceedings under the Initial Order is extended in respect of DIL to and including the Completion Date.
- k. Authorize the Monitor ~~be authorized~~ to perform its functions and fulfil its obligations under the Plan to facilitate the implementation of the Plan.
- l. Declare that, subject to the performance by DIL of its obligations under the Plan, all obligations, or agreements to which DIL is a party shall be and remain in full force and effect, unamended, as at the Effective Date, unless repudiated or deemed to be repudiated by DIL pursuant to the Initial Order, and no party to any such obligation or agreement shall on or following the Completion Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or to otherwise repudiate its obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation or agreement, by reason:
  - i. Of any event which occurred prior to, and not continuing after, the Effective Date or which is or continues to be suspended or waived under the Plan, which would have entitled any other party thereto to enforce those rights or remedies.
  - ii. That DIL has sought or obtained relief or have taken steps as part of the Plan or under the CCAA.
  - iii. Of any default or event of default arising as a result of the financial condition or insolvency of DIL.
  - iv. Of the effect upon DIL of the completion of any of the transactions contemplated under the Plan.
  - v. Of any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan.
- m. Declare that upon completion by the Monitor of its duties in respect of DIL pursuant to the CCAA and the Orders, including, without limitation, the Monitor's duties in respect of the Claims Process and the distributions made by DIL in accordance with this Plan, the Monitor may file with the Court following the Completion Date a certificate of Plan termination stating that all of its duties in respect of DIL have been completed and thereupon the Monitor shall be deemed to be discharged from its duties as Monitor of DIL.
- n. Declare that DIL and the Monitor may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

**ARTICLE 10**  
**PROCEDURE FOR RESOLVING DISTRIBUTIONS TO**  
**AFFECTED CREDITORS WITH DISPUTED CLAIMS**

**10.1 No Distributions Pending Allowance**

Notwithstanding any other provision of the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and to the extent it has become a Proven Claim.

**10.2 Disputed Claims Reserve**

On the Effective Date, DIL will hold those funds required to establish the Disputed Claims Reserve in a separate trust account until the Disputed Claims have either been admitted or finally disallowed.

**10.3 Distributions After Disputed Claims Resolved**

Affected Creditors with Disputed Claims shall complete Election Letters and deliver such Election Letters to the Monitor (as required) prior to the Creditors' Meeting, or attend the Creditors' Meeting and vote in person or by Proxy, and upon resolution of the Disputed Claims, DIL shall make distributions from the Disputed Claim Reserve to each holder of a Disputed Claim which has become a Proven Claim in accordance with the provisions of the Plan. DIL or the Monitor shall not be required, however, to make or authorize, as the case may be, distributions more frequently than as required under the terms of this Plan.

**10.4 Balance of Reserves and Holdbacks**

Any balance of the Disputed Claim Reserve after the resolution of the Disputed Claims will be paid to and form part of the Transfer Fund. Any balance of the Restructuring Holdback after payment of the Restructuring Claims will be paid to and form part of the Transfer Fund.

**ARTICLE 11**  
**GENERAL PROVISIONS**

**11.1 Further Assurances**

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act of formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, execute or cause to be made, all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, discontinuances of any suit or proceeding, assurances, instruments, documents, elections, consents or filings as may be reasonably required by DIL to implement the Plan.

**11.2 Paramountcy**

Without limiting any other provision hereof, from and after the Effective Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or

obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Affected Creditor or other Persons affected by the Plan, and DIL as at the Effective Date, the terms, conditions and provisions of this Plan shall govern and take precedence and priority.

### **11.3 Waiver of Defaults**

From and after the Effective Date, all Persons shall be deemed to have waived any and all defaults by DIL arising on or prior to the Effective Date in respect of any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral (except any defaults comprising or related to those Claims that are not released described in Article 8.2 and 8.4 of this Plan). Any and all notices of default, acceleration of payments and demands for payment under any instrument, or notices given under the CCAA, including without limitation, any notices of intention to proceed to enforce security, shall be deemed to have been rescinded and withdrawn.

### **11.4 Binding Effect**

On the Effective Date, this Plan will become effective and be binding on and enure to the benefit of DIL, all Affected Creditors, the Directors and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns. Each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Plan, in its entirety.

### **11.5 Compromise Effective for all Purposes**

The payment, compromise or satisfaction of any Claim under this Plan, if sanctioned and approved by the Court, shall be binding upon the Affected Creditors and each of their heirs, executors, administrators, legal and personal representatives, successors and assigns, as the case may be, for all purposes.

### **11.6 Payment of Taxes**

Notwithstanding any provisions of this Plan, each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental authority, including, without limitation of the foregoing, income, withholding and other tax obligations, on account of such distribution.

### **11.7 Modification of the Plan**

Subject to the consent of the Monitor, DIL reserves the right to file any modification of or amendment to this Plan by way of a supplementary plan or plans of compromise or arrangement, or both, filed with the Court at any time or from time to time prior to the Creditors' Meeting, in which case any such



supplementary plan or plans of compromise or arrangement, or both, shall, for all purposes, be and be deemed to be a part of and incorporated into this Plan provided no such amendment or modification that materially and adversely affects the rights or treatment hereunder of the Affected Creditors shall be so filed without first obtaining the approval of the Court. DIL shall give notice by publication on the Monitor's website, or otherwise, to all Affected Creditors with details of any modifications or amendments prior to the vote being taken to approve this Plan, as modified or amended. Subject to the foregoing proviso, DIL may propose an alteration or modification to the Plan at the Creditors' Meeting. After the Creditors' Meeting, DIL may at any time and from time to time vary, amend, modify or supplement the Plan if the Court determines that such variation, amendment, modification or supplement is of a minor, immaterial or technical nature that would not be materially prejudicial to the interest of any of the Affected Creditors and is necessary in order to give effect to the substance of the Plan or the Sanction Order.

#### **11.8 Notices**

Any notice of other communication to be delivered hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, facsimile or email addressed to the respective parties as follows:

a. If to DIL:

Bishop & McKenzie LLP  
1700, 530 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 3S8  
Attention: Francis Taman/Ksena Court  
Fax: 403-263-3423  
Email: Francis Taman FTaman@bmlp.ca  
Ksena Court KCourt@bmlp.ca

b. If to an Affected Creditor, to the last known address (including fax number or email address) for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor, or in the absence of such Proof of Claim, to the last known address for such Affected Creditor set out in the books and records of DIL or such other address as the Affected Creditor may from time to time provide to the Monitor in accordance with this Article.

c. If to the Monitor:

Deloitte Restructuring Inc.  
700 Bankers Court  
850 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Attention: Vanessa Allen

Fax: 403-718-3681

Email: [vanallen@deloitte.ca](mailto:vanallen@deloitte.ca)

Copy to:

Cassels Brock & Blackwell LLP

10<sup>th</sup> Floor, 888 – 3<sup>rd</sup> Street SW

Calgary, AB T2P 5E9

Attention: Jeffrey Oliver

Fax: 403-263-9193

Email: [joliver@casselsbrock.com](mailto:joliver@casselsbrock.com)

or to such other address as any party may from time to time notify the others in accordance with this Article. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. Calgary time on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent. Any notice or other communication sent by mail will be deemed to have been received on the third Business Day after the date of mailing.

#### **11.9 Severability of Plan Provisions**

If, prior to the date of the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. In the event that any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, then at the election of DIL, notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **11.10 Non-Consummation**

If the Sanction Order is not issued in respect of this Plan ~~or the plans of arrangement filed by the other Applicants~~, this Plan shall be null and void in all respects, including (i) any settlement or compromise embodied in the Plan including the fixing or limiting of an amount and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (ii) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (a) constitute or be deemed to constitute a waiver or release of any Claims by or against DIL or any other Person; (b) prejudice in any manner the rights of DIL in any further proceedings involving DIL, including without limitation the right to assert any

facts or defences it might otherwise have; or (c) constitute an admission of any sort by DIL or any other Person.

#### **11.11 Different Capacities**

Persons who are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless their Claims overlap or are otherwise duplicative.

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**ARTICLE 12  
EXECUTION**

**12.1 Execution**

This Plan has been executed by DIL in the **City of Calgary** in the Province of Alberta effective **May \_\_\_\_\_**, 2016 and is binding and effective on DIL.

Kluane Financial Services Inc.



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Cameron Sherban, Chief Restructuring Officer for Lutheran Church –  
Canada, the Alberta – British Columbia District Investments Ltd.

Schedule "1" – Election Letter

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
DOCUMENT ELECTION LETTER  
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.

THIS ELECTION LETTER SHALL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS STATED BELOW EVEN THOUGH THE PLAN PRESENTED BY DISTRICT INVESTMENTS MAY BE MODIFIED OR AMENDED IN ACCORDANCE WITH THE TERMS OF THE DISTRICT INVESTMENTS PLAN BEFORE OR AT THE CREDITORS' MEETING, OR AFTER THE CREDITORS' MEETING WITH THE APPROVAL OF THE COURT.

Voting

I, \_\_\_\_\_ a creditor (or I \_\_\_\_\_, representative of \_\_\_\_\_, a creditor), in the above matter for the sum of \$ \_\_\_\_\_ hereby request the Monitor to record my vote respecting the District Investments Plan as made on the November 21, 2015 as follows:

(mark one only):

- Vote **FOR** approval of the resolution to accept the Plan; or
- Vote **AGAINST** approval of the resolution to accept the Plan.

**IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, YOUR VOTE SHALL BE DEEMED TO BE A VOTE FOR APPROVAL OF THE PLAN.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_.

\_\_\_\_\_

Witness

---

Witness

Individual Creditor

---

Name of Corporate Creditor

---

Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca

Schedule "2" – Representative Action Letter

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
DOCUMENT REPRESENTATIVE ACTION LETTER  
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.

Representative Action Election (For District Investment Depositors Only)

I, \_\_\_\_\_ a creditor (or I \_\_\_\_\_, representative of \_\_\_\_\_, a creditor), hereby request the Monitor to record my election respecting the Representative Action as follows:

(mark one only):

Record my election TO PARTICIPATE in the Representative Action; or

Record my election NOT TO PARTICIPATE in the Representative Action.

IF A BOX IS NOT MARKED FOR AN ELECTION, YOUR ELECTION SHALL BE RECORDED AS AN ELECTION TO PARTICIPATE IN THE REPRESENTATIVE ACTION.

~~IF YOU ELECT NOT TO PARTICIPATE IN THE REPRESENTATIVE ACTION, YOU ARE OR THE CREDITOR IS; YOU WILL BE FOREVER BARRED FROM PURSUING ANY CLAIM AGAINST THE DIL, ITS CURRENT OR FORMER DIRECTORS, OFFICERS, TRUSTEES, EMPLOYEES, VOLUNTEERS OF DIL, OR MEMBERS OF ANY DULY CONSTITUTED COMMITTEE OF DIL OR ANY OF THE OTHER RELEASED PARTIES UNDER THE PLAN.~~

- a. WAIVING ALL RIGHTS AS A PARTICIPANT WITHIN THE REPRESENTATIVE ACTION CLAIM(S);
- b. NOT ENTITLED TO ANY FURTHER NOTICE OF OR INFORMATION REGARDING THE REPRESENTATIVE ACTION. SAVE WHAT IS AVAILABLE ON THE PUBLIC RECORD;
- c. FOREVER BARRED FROM PARTICIPATING IN THE REPRESENTATIVE ACTION;
- d. NOT ENTITLED TO RECEIVE ANY RECOVERY OF ANY KIND, INCLUDING BUT NOT LIMITED TO A DIVIDEND OR DISTRIBUTION UNDER THE PLAN, THAT IS PAYABLE OUT OF PROCEEDS RECOVERED PURSUANT TO THE REPRESENTATIVE ACTION; AND
- e. NOT ELIGIBLE TO BE A MEMBER OF ANY "CLASS" PURSUANT TO THE CLASS PROCEEDINGS ACT, R.S.B.C. 1996, C. 50 (BRITISH COLUMBIA) AND CLASS

PROCEEDINGS ACT, S.A. 2003, C C-16.5, AS AMENDED BY THE CLASS PROCEEDINGS AMENDMENT ACT, 2010, C. 15. (ALBERTA), OR ANY LEGISLATION OF SIMILAR PURPOSE OR INTENT IN ANY CANADIAN PROVINCE OR TERRITORY, OR STATE OF THE UNITED STATES.

IF YOU ELECT TO PARTICIPATE IN THE REPRESENTATIVE ACTION, ANY PAYMENTS YOU ARE UNTITLED TO UNDER THE PLAN WILL BE SUBJECT TO THE REPRESENTATIVE ACTION HOLDBACK.

THIS ELECTION LETTER, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON \_\_\_\_\_, 201\_\_ OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE CREDITORS' MEETING HAS BEEN ADJOURNED TO. AFTER SUCH TIME, NO ELECTION LETTER CAN BE ACCEPTED BY THE MONITOR.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2nd Street SW  
Calgary, AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca



Schedule "3" – Legal Description of Prince of Peace Development

Development, Harbour and Expansion Lands

PLAN 9712096

BLOCK 1

CONTAINING 22.29 HECTARES (55.08 ACRES) MORE OR LESS

EXCEPTING THEREOUT: SUBDIVISION 0311251

AREA: 1.90 HECTARES (4.70 ACRES)

EXCEPTING THEREOUT ALL MINES AND MINERALS

Manor

PLAN 0311251

BLOCK 4

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.9 HECTARES (4.7 ACRES) MORE OR LESS

Lake and Green Space

PLAN 9712096

BLOCK 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 12.88 HECTARES (31.83 ACRES) MORE OR LESS

Schedule "4" – Form of Proxy

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
DOCUMENT PROXY  
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.

I, \_\_\_\_\_ of \_\_\_\_\_, a creditor in the above matter, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, (person you want to appoint) to be my proxyholder in the above matter, except as to the receipt of any distributions pursuant to this Plan (with or without) power to appoint another proxyholder in his or her place.

The above named proxyholder shall attend on behalf of and act for me at the Creditors' Meeting to be held in connection with the DIL Plan and at any and all adjournments, postponements or other rescheduling of the Creditors' Meeting, and vote the amount of my Claim(s) as follows:

1. (mark one only):

- Vote **FOR** approval of the resolution to accept the Plan; or  
 Vote **AGAINST** approval of the resolution to accept the Plan.

**IF A BOX IS NOT MARKED AS A VOTE FOR OR AGAINST APPROVAL OF THE PLAN, THEN THE PROXYHOLDER SHALL VOTE AT HIS/HER DISCRETION.**

and

2. Vote at his/her discretion and otherwise act for and on behalf of me with respect to any amendments or variations to the matters identified in the notice of the Creditors' Meeting and in this Plan, and with respect to other matters that may properly come before the Creditors' Meeting.

**THIS PROXY, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE MONITOR BY EMAIL, MAIL, FACSIMILE TRANSMISSION OR COURIER, AND RECEIVED BY THE MONITOR BY NO LATER THAN 5:00 P.M. (CALGARY TIME) ON \_\_\_\_\_, 201\_\_ OR SUCH LATER DATE AS MAY BE THE LAST BUSINESS DAY PRIOR TO THE DATE THE CREDITORS' MEETING HAS BEEN ADJOURNED TO, OR DELIVERED BY HAND TO THE CHAIR OF THE CREDITORS' MEETING PRIOR THE COMMENCEMENT OF THE CREDITORS' MEETING. AFTER**

COMMENCEMENT OF THE CREDITORS' MEETING (OR ANY ADJOURNMENT THEREOF), NO PROXIES CAN BE ACCEPTED BY THE MONITOR.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Name and Title of Signing Officer

Return to:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca

Schedule "5" – Notice of Opting Out

COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
DOCUMENT NOTICE OF OPTING OUT  
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.

I, \_\_\_\_\_ a creditor (or I \_\_\_\_\_, representative of \_\_\_\_\_, a creditor), in the above matter hereby request Representative Counsel (or in the event that Representative Counsel is not retained, the Monitor) take notice that I shall no longer participate in the Representative Action.

I acknowledge that by signing this document, I am or the creditor is:

- f. waiving all rights as a participant within the Representative Action Claim(s);
- g. to be removed from the members of the Representative Action Class;
- h. not entitled to any further notice of or information regarding the Representative Action, save what is available on the public record;
- i. forever barred from participating in the Representative Action;
- j. not entitled to receive any recovery of any kind, including but not limited to a dividend or distribution under the Plan, that is payable out of proceeds recovered pursuant to the Representative Action; and
- k. not eligible to be a member of any "class" pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50 (British Columbia) and *Class Proceedings Act*, S.A. 2003, c C-16.5, as amended by the *Class Proceedings Amendment Act, 2010*, c. 15. (Alberta), or any legislation of similar purpose or intent in any Canadian Province or Territory, or State of the United States.

**THIS NOTICE, ONCE DULY COMPLETED, DATED AND SIGNED, MUST BE SENT TO THE REPRESENTATIVE COUNSEL, OR IF THERE IS NO REPRESENTATIVE COUNSEL THEN TO THE MONITOR, BY MAIL, FACSIMILE TRANSMISSION OR COURIER, AND UPON THE DATE OF RECEIPT SHALL BE DEEMED ACCEPTED AND ENFORCEABLE.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

\_\_\_\_\_  
Name and Title of Signing Officer

Return to:  
Representative Counsel

Or:

Deloitte Restructuring Inc., Monitor  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 718-3681  
Email: CalgaryRestructuring@deloitte.ca

COURT FILE NUMBER 1501-00955

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT **THIRD AMENDED PLAN OF COMPROMISE AND ARRANGEMENT OF ENCHARIS COMMUNITY HOUSING AND SERVICES**

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

DATED **May \_\_, 2016**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Bishop & McKenzie LLP  
1700-530-8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3S8  
403-237-5550 (phone)  
403-263-3423 (fax)  
Attention: Francis N. J. Taman/Ksena J. Court  
File No.: 103007-003

THIS IS EXHIBIT " B "  
referred to in the Affidavit of  
CEMERON SHERBAN  
Sworn before me this 24  
Day of MAY A.D. 2016

-----  
A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

**NOLAN SHOULDICE**  
Barrister & Solicitor

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WHEREAS:

- I. Lutheran Church – Canada, the Alberta British Columbia District (defined herein as the “District”), Encharis Community Housing and Services (defined herein as “ECHS”), Encharis Management and Support Services (defined herein as “EMSS”) and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. (defined herein as “District Investments” or “DIL”, collectively, the “Applicants” or the “District Group”) are debtor companies under the *Companies’ Creditors’ Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) pursuant to the Initial Order (the “Initial Order”) granted by the Honourable Justice K. D. Yamauchi of the Court of Queen’s Bench of Alberta (the “Court”) on January 23, 2015 (defined herein as the “Filing Date”).
- II. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as Monitor (defined herein as the “Monitor”) of the Applicants.
- III. Pursuant to an Order granted on February 20, 2015, the Court approved a process to select creditors’ committees for each of the District and District Investments (respectively defined herein as the “District Committee” and the “DIL Committee”). The District Committee was fully formed on April 22, 2015. The DIL Committee was fully formed on April 20, 2015. Subsequently, pursuant to an Order granted on March 27, 2015, Kluane Financial Services Inc. was appointed as the Chief Restructuring Officer (defined herein as the “CRO”) of the Applicants.
- IV. Under the supervision of the Monitor and the Court, and in consultation with the CRO, the Applicants have formulated a plan of arrangement (defined herein as the “Plan”) for Affected Creditors (as defined below) of ECHS.

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Plan, unless otherwise stated or unless subject matter of context otherwise requires, the following terms are defined as follows:

**A**

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**"Administration Charge"** means the charge granted pursuant to the Initial Order, and subsequently amended in the Order granted on June 26, 2016, in favour of the Monitor, counsel to the Monitor, the Applicant's Counsel and legal counsel for the District Committee and the DIL Committee as security for the professional fees and disbursements incurred both before and after the granting of the Initial Order, which charge shall not exceed an aggregate amount of \$300,000.

**"Affected Claims"** means the Claim(s) of Affected Creditors.

**"Affected Creditors"** means the Trade Creditors and the Life Lease Residents.

**"Applicants" or "District Group"** means the District, ECHS, EMSS and District Investments.

**"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law relating or applicable to such Person, property, transacting event or other matter. Applicable Law also includes, where appropriate, any interpretation of the law (or any part) by any Person having jurisdiction over it or charged with its administration or interpretation.

**"Applicants' Counsel"** means Bishop & McKenzie LLP, and such other solicitors as Bishop & McKenzie LLP may directly engage to assist in the CCAA Proceedings.

**"Assumed Trade Creditor Contracts"** means all contracts with Trade Creditors that NewCo will assume as part of its acquisition of the Core Assets.

**B**

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**"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

**"Business Day"** means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday, Sunday or a bank holiday under Applicable Law.

## C

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"**CCAA**" means *Companies' Creditors' Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CCAA Proceedings**" mean the proceedings commenced by the Applicants under the CCAA in the Court as Action No. 1501-00955.

"**CEF**" means the Church Extension Fund, a fund that was created and administered by the District for the purpose of allowing Persons to loan money to the District and earn interest in support of faith-based developments.

"**Chair**" means the chair of the Creditors' Meeting.

"**Charge**" means a valid and enforceable security interest (including a lease which creates a security interest as contemplated by the *Personal Property Security Act*, R.S.A. 2000 c. P-7), as amended), lien, charge, pledge, encumbrance, mortgage, hypothec, adverse claim, title retention agreement or trust agreement of any nature or kind (but excluding any statutory deemed or implied charge, condition, claim, trust or lien for or with respect to any taxes or levies), on any assets, property or proceeds of sale of ECHS.

"**Claim(s)**" means any right or claim of any Person that may be asserted or made in whole or in part against ECHS at the Claims Bar Date, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), including without limitation any claim based on adverse possession, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future based in whole or in part on facts or events which exist prior to or at the Filing Date, together with any other rights or claims of any kind that, is a debt provable within the meaning of Section 2 of the BIA.

"**Claims Bar Date**" means 4:00 p.m. Mountain Time on April 20, 2015, or such later date on which a Proof of Claim may be accepted for filing by the Applicants and the Monitor or the Court prior to the granting of the Sanction Order.

"**Claims Process**" means the process for determining the Claims of the Affected Creditors as at the Filing Date, as established in the Claims Process Order.

"**Claims Process Order**" means the Order of the Court, granted on February 20, 2015, as may be subsequently amended, establishing the Claims Process.

"**Completion Date**" means the date on which all of the actions required to satisfy the obligations under this Plan have been completed and the Monitor delivers to ECHS a certificate confirming the same.

"**Concentra**" means Concentra Trust.

"**Core Assets**" means the real and personal property within the Prince of Peace Development that is described in Schedule "A" that is owned by ECHS, ~~and over which the District and Concentra have registered security.~~

"**Court**" means the Court of Queen's Bench of Alberta.

"**Creditor Classes**" means the following two classes into which Affected Creditors will be divided for voting and distribution purposes:

- a. The Trade Creditors; and
- b. The Life Lease Residents.

"**Creditors' Meeting**" means the meeting of the Eligible Affected Creditors with voting Claims to be held on Friday, December 11, 2015 at 11:00 A.M. Mountain Time 1600-421-7<sup>th</sup> Avenue S.W., Calgary, Alberta, as set out in the Meeting Order for the purpose of considering and voting upon this Plan, and includes any adjournment of such meeting.

"**Creditors' Meeting Order**" or "**Meeting Order**" means the Order in the CCAA Proceedings which, among other things, approves the filing of the Plan and establishes the date, time and location of the Creditors' Meeting, prescribing the process by which Eligible Affected Creditors shall be notified of the Creditors' Meeting and the conduct of such Creditors' Meeting.

"**Critical Supplier Charge**" means a Charge of up to a maximum of \$100,000 to secure the goods, services and professional fees and disbursements incurred before and after the Filing Date for those Parties designated as critical suppliers under the Initial Order or any subsequent Orders.

"**CRO**" means the Chief Restructuring Officer, Kluane Financial Services Inc.

"**Crown Claims**" means Claims of Her Majesty in right of Canada or a province, for all amounts that were outstanding at the Effective Date and are of a kind that could be subject to a demand under:

- a. Subsection 224(1.2) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5<sup>th</sup> Supp), as amended.
- b. Any provision of the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended or of the *Employment Insurance Act*, S.C. 1996, c. 23, as amended, that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada*

*Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts.

- c. Any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum has been withheld or deducted by a Person from a payment to another Person and is:
  - i. In respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*.
  - ii. Of the same nature as a contribution under the *Canada Pension Plan*, if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

## D

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"**DIL Committee**" means the creditors' committee established for DIL Depositors.

"**DIL Depositor(s)**" means those Persons having accounts in the Registered Plans.

"**Director(s)**" means the past and present directors of ECHS.

"**Directors' Charge**" means the provision of the Initial Order providing for a Charge up to a maximum of \$5.0 million for the purpose of indemnifying the Directors of the Applicants against obligations and liabilities that they may incur as Directors of the Applicants after the commencement of the CCAA Proceedings except to the extent that, with respect to any Director, the obligation was incurred as a result of the Director's gross negligence or wilful misconduct.

"**Disputed Claim**" means the Claim of an Affected Creditor that is subject to a Dispute Notice and is not yet a Proven Claim.

"**Disputed Claim Reserve**" means funds held by the Monitor in a designated trust account in an amount sufficient to pay those Affected Creditors whose Claims are still subject to a Dispute Notice which has not yet been settled or fully adjudicated.

"**Dispute Notice**" means a written notice delivered to the Monitor by a Trade Creditor or a Related Creditor who has received a Notice of Revision or Disallowance and who intends to dispute such Notice of Revision or Disallowance.

"**District**" means Lutheran Church – Canada, the Alberta – British Columbia District.

"**District Committee**" means the creditors' committee established for the District Depositors.

"**District Depositor(s)**" mean depositors who have made loans to District through CEF.

**“District Investments” or “DIL”** means Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd.

**“D&O Claim”** means (i) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the D&O Parties that relates to a Claim which such D&O Party(ies) is by law liable to pay in such capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty and including, for greater certainty, any right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise)), and whether or not any indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof, is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity from any such D&O Party(ies) or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation, and any interest accrued thereon or costs payable in respect thereof (A) is based in whole or in part on facts prior to the Filing Date, or (B) relates to a time period prior to the Filing Date. For clarity, the Directors' Charge shall not be used to pay any D&O Claims.

**“D&O Insurance”** means that policy of insurance issued by the D&O Insurers, namely policy number NP-428530, as extended from time to time, by Encon Group Inc., and policy number CBC 1928469 04, as extended from time to time, by Northridge Financial Corporation.

**“D&O Insured Claim”** means all or that portion of any D&O Claim against any D&O Party that is insured by the D&O Insurer(s) pursuant to the D&O Insurance.

**“D&O Insurer(s)”** means Encon Group Inc. and Northridge Financial Corporation.

**“D&O Party(ies)”** means current or former Directors, officers, trustees, employees, volunteers of ECHS, or members of any duly constituted committee of ECHS.

## E

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**“ECHS”** means Encharis Community Housing Services.

**“Effective Date”** subject to the satisfaction of the conditions precedent outlined in Article 6.2 means the date the Plan takes effect and shall be the day following the expiry of the appeal period of all Sanction

Orders granted in the CCAA Proceedings or such other date as may be agreed upon in writing between the Monitor and ECHS.

**"Eligible Affected Creditors"** means Affected Creditors with Proven Claims, and Affected Creditors with Disputed Claims which have not been settled or adjudicated.

**"EMSS"** means Encharis Management and Support Services.

**"EMSS Assets"** means all of EMSS' personal property, including, for greater clarity, all contracts which EMSS has the benefit of including, that are to be transferred to NewCo pursuant to the plan of compromise and arrangement of EMSS.

## **F**

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**"Filing Date"** means January 23, 2015, the date on which the Initial Order was granted.

## **G**

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**"Grant Agreements"** means the Rural Affordable Supportive Living Program Grant Funding Agreement and the Affordable Supportive Living Initiative Grant Funding Agreement between ECHS and the Government of Alberta with respect to the Core Assets.

**"Government of Alberta"** means Her Majesty the Queen in Right of Alberta as represented by her Minister of Seniors or such successor ministry as may be appointed by Her Majesty's government from time to time.

## **I**

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**"Initial Order"** means the Initial Order granted by the Court in the CCAA Proceedings on January 23, 2015.

## **L**

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**"Leases"** means obligations, agreements or leases to which ECHS is a Party.

**"Life Leases"** means those leases with respect to the Life Lease Condominiums.

**"Life Lease Condominiums"** means those condominium units within the Prince of Peace Village as further described in Schedule "B".

**"Life Lease Pool"** means the total funds paid by the Life Lease Residents pursuant to this Plan.

**"Life Lease Residents"** means Persons who are lessees under the Life Leases.

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## M

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"Monitor" means Deloitte Restructuring Inc., the Court-appointed Monitor.

"Monitor's Legal Counsel" means Gowling Lafleur Henderson LLP and Cassels Brock & Blackwell LLP.

## N

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"NewCo" means the new corporation established pursuant to the terms of the District's plan of compromise and arrangement, incorporated under the *Alberta Business Corporations Act*.

"Notice of Revision or Disallowance" means the notice referenced in paragraph 19 of the Claims Process Order advising an Affected Creditor that the Monitor disputes the amount of their Claim as set out in a Proof of Claim.

## O

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"Operational Reserve" means that sum of money set by the Monitor to provide ECHS with sufficient funds to satisfy its Post-Filing Claims until such time as it has completed its duties under this Plan, at which time ECHS' operations will cease.

"Order" means any order of the Court in the CCAA Proceedings.

## P

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"Partially Released Parties" means ECHS, the D&O Party(ies), the directors and officer, volunteers and employees of the District, DIL, ECHS, and EMSS and any independent contractors of ECHS who are individuals and who were employed three days or more a week on a regular basis.

"Person(s)" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, and an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

"Plan(s)" means this plan of arrangement and any other plans of arrangement filed by ECHS pursuant to the CCAA Proceedings.

"Plan Payments" means those payments to be made by the Monitor pursuant to this Plan.

"Post-Filing Claim(s)" means any Claim(s) that may be asserted or made in whole or in part against ECHS in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date, other than the Restructuring Claims, and any interest thereon, including any obligations of ECHS towards Persons, who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to ECHS on or after the Filing Date.