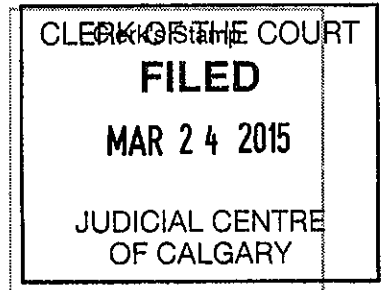


COURT FILE NUMBER 1501-00955  
COURT COURT OF QUEEN'S BENCH  
OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY



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

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

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP  
Barristers & Solicitors  
1700, 530 - 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 KURTIS ROBINSON**

Sworn on March 23, 2015

I, KURTIS ROBINSON, of Airdrie, Alberta, SWEAR AND SAY THAT:

1. I am an Officer of the Applicants and I am authorized by all of the Applicants to depose this Affidavit and do so on their behalf. 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 sworn by myself and filed in these proceedings unless otherwise indicated in this Affidavit.
  
3. Further to paragraph 20 of my affidavit of March 19, 2015, we confirm that we have concluded our negotiations with Kluane with respect to their appointment as CRO. Attached hereto and marked as **Exhibit "A"** is a copy of the agreement between the District, DIL and Kluane. In order to provide certainty for the Court, the agreement has been signed, however it is conditional upon Court approval. I am advised by my counsel that since Court approval is a true condition precedent, should Court approval not be received, the agreement will be of no force and effect. As such, there is no risk to the various stake holders for it being signed in advance of the application.
  
4. We have had ongoing discussions with the Monitor and LCC since the time that we prepared our application which was filed on March 20, 2015. Based on those discussions, we have decided to delay the portion of our application dealing with the release of the payment of the LCC Portion to a later date.
  
5. I make this Affidavit in support of the appointment of Kluane as CRO of the District and DIL.

SWORN BEFORE ME at Calgary, Alberta,  
this 23<sup>rd</sup> day of March, 2015.



\_\_\_\_\_  
Commissioner for Oaths in and for the  
Province of Alberta

**FRANCIS N.J. TAMAN**  
BARRISTER & SOLICITOR

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Kurtis Robinson

March 15, 2015

PRIVATE AND CONFIDENTIAL

Lutheran Church-Canada-Alberta-British Columbia  
7100 Ada Boulevard  
Edmonton, Alberta  
T5B 4E4

Attention: Kurt Robinson

Dear Kurt:

Re: Lutheran Church-Canada, The Alberta-British Columbia (the "District") and  
Lutheran Church - Canada, The Alberta - British Columbia District Investments Ltd.  
("DIL")

The purpose of this letter agreement is to set out the terms and conditions under which the District and DIL (jointly, the "District Entities") are engaging Kluane Financial Services Inc. ("Kluane") and its designated representatives as the Chief Restructuring Officer, to assist the management team and Directors to stabilize the affairs of the District Entities and the companies controlled by the District, EnCharis Community Housing and Services ("ECHS") and EnCharis Management and Support Services ("EMSS") (collectively, the District Entities, ECHS and EMSS are referred to as the "District Group"), and deal with various stakeholders of the District Group. Kluane will also assist the District Group in the development of a business plan by engaging in the activities contemplated in this engagement agreement (the "Agreement"). It is the intention of the District Group to obtain an Order of the Court of Queen's Bench of Alberta in the CCAA Action (as hereinafter defined) confirming that appointment of Kluane as Chief Restructuring Officer of the District Entities (the "Confirmation Order").

#### ARTICLE 1 ENGAGEMENT

- 1.1 **Mandate.** Kluane shall be retained as an advisor and has agreed to work closely with the District Group, any other consultants or advisors of the District Group, and the creditors and other stakeholders of the District Group to pursue the following initiatives:
- (a) act as liaison between the District Group and its creditors, stakeholders and potential investors;
  - (b) the development of such cash management, forecasting, accounting and reporting systems for the District Group as may be appropriate;

THIS IS EXHIBIT "A"  
referred to in the Affidavit of  
Kurtis Robinson  
Sworn before me this 23  
Day of March A.D., 2015  
A COMMISSIONER FOR OATHS  
IN AND FOR THE PROVINCE OF ALBERTA

FRANCIS N.J. TAMAN  
BARRISTER & SOLICITOR

- (c) the development of business, ministry and restructuring plans for the District Group as may be appropriate; including developing financing plans and arranging financing in accordance with such plans;
  - (d) identify business or ministry combinations and other transactions that the District Group may participate in and identify third parties who may participate in those transactions;
  - (e) work with the District Group to increase operating efficiencies, and maximize cash flows;
  - (f) work with the District Group to maximize assets values and recoveries, to the extent consistent with the plans being developed pursuant to Section 1.1 (c) and any other limitations imposed by the District Group's current circumstances including the *Companies' Creditors Arrangement Act* action that the District Group is subject to in the Court of Queen's Bench of Alberta (the "CCAA Action");
  - (g) assess and enhance the District Group's management team, as needed;
  - (h) attend Board of Directors meetings as an advisor and observer;
  - (i) such other matters as may be necessary, desirable, or ancillary to activities contemplated in this Agreement; and
  - (j) recommend the engagement of third parties to assist in any of the foregoing.
- 1.2 **Work** Kluane shall at all times shall exercise his powers and discharge his duties under this Agreement in accordance with the terms of the Order of Justice Jones in the CCAA Action granted February 20, 2015, the Confirmation Order and any other Orders granted by the Court in the CCAA Action and, without limiting the foregoing, shall act honestly, in good faith and in connection therewith shall exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- 1.3 **Engagement Conditional.** It is a condition precedent to this Agreement that the appointment of Kluane as Chief Restructuring Officer of the District Entities (the "Appointment") be approved by the Court of Queen's Bench of Alberta (the "Court") in the CCAA Action on or before April 1, 2015. The District Group shall make application to the Court to have the Appointment approved in good faith. The parties acknowledge that this is a true condition precedent to this Agreement.

## ARTICLE 2 RECORDS AND CO-OPERATION

- 2.1 **Production of Books and Records.** The District Group covenants and agrees with Kluane as follows:

- (a) that senior management and the Directors of the District Group will work closely with the creditors of the District Group and Kluane in all matters contemplated by this Agreement;
- (b) that the District Group will reasonably consider implementing all reasonable recommendations made to it by Kluane in its advisory role under this Agreement;
- (c) that the District Group will provide Kluane reasonable access, during normal business hours, to all assets, lands and buildings, whether owned by the District Group or leased from or on which the District Group carries on its business or businesses;
- (d) that the District Group will provide to Kluane all books, records, and accounting documents, including financial statements, supporting notes, analysis, working papers and related documents, subject to any restrictions which may be imposed upon the disclosure of third party information by health care or privacy law or any agreement that the District Group may be subject to;
- (e) that the District Group will provide Kluane with unfettered access to and timely updates of information relating to the collection of all monies;
- (f) that the District Group will supply to Kluane any information it requests and to instruct the District Group's employees, agents, accountants, auditors and consultants to supply any such information;
- (g) that the District Group will use reasonable commercial efforts to cause all other parties who may have information or property related to the District Group and to provide Kluane with access to such information and property;
- (h) that the District Group will for itself, and will use reasonable commercial efforts regarding its senior management, employees and agents, cooperate with Kluane in every way to facilitate Kluane's completion of its engagement under this Agreement, and will reasonably consider accepting and implementing the recommendations of Kluane on issues contemplated in this engagement letter; and
- (i) that the District Group will not withhold any information that may be relevant to Kluane's engagement except in accordance with any applicable health care or privacy law or any agreement which would restrict such disclosure.

2.2 **Disclosure of Information.** The District Group agrees that Kluane will be entitled without consultation or authorization from the District Group, so long as Kluane is acting prudently in the best interests of the District Group, to disclose and communicate to the creditors and investors of the District Group, and their agents or employees or advisors, any information or knowledge (whether consisting of primary data, analysis (of anyone), or a combination thereof, or otherwise, and whether confidential, proprietary or otherwise) that Kluane may acquire in carrying out its mandate and to provide to the creditors of the District Group copies of any documents which may come into Kluane's possession, and, unless otherwise requested, Kluane will not be required to return or

otherwise account to the District Group for any copies made. For greater certainty, but without otherwise limiting the generality of the forgoing, in so disclosing such information and knowledge, Kluane shall comply with all applicable laws and any orders or directions of any court or tribunal of competent jurisdiction.

**ARTICLE 3**  
**FEES AND EXPENSES**

- 3.1 **Work Fee.** The District Group agrees to pay Kluane a work fee of twenty-eight thousand (\$28,000) per month (payable at the start of the period) for each calendar period commencing from the date of this Agreement plus reasonable out of pocket expenses for the services provided by Kluane as described in Article 1.

**ARTICLE 4**  
**MISCELLANEOUS**

- 4.1 **Dedication of Resources.** Kluane agrees that it may utilize Cam Sherban, Charles Bougie, Karen Stewart, Jarvis Bender to perform its obligations under this Agreement. Other members of the Kluane team may be brought in as required by the engagement.
- 4.2 **Independent Legal Advice.** All parties to this Agreement acknowledge that they have received legal advice in connection with their rights and obligations hereunder or have specifically waived their right to do so.
- 4.3 **Indemnity.** The District Group agrees to indemnify and hold Kluane harmless from and against any and all costs, charges, liabilities, damages, demands, judgments and expenses (including legal fees and disbursements) ("Costs") arising out of or based upon: (i) any intentional misstatement or intentional omission in any material, information or representation supplied or approved by the District Group; or (ii) any civil or administrative claim, proceeding or action of any kind, whether pending or threatened, brought by a third party (including an affiliate of the District Group) and arising out of or relating to this Agreement. The District Group shall reimburse Kluane for the Costs as they are incurred. The indemnities described in this section shall not apply to any Costs resulting from the gross negligence or wilful misconduct of Kluane or its personnel or agents.
- 4.4 **Relationship of Parties.** The District Group acknowledges and agrees that:
- (a) the nature of this engagement may require Kluane to engage certain third parties in connection with potential transactions that involve the District Group. Any such third party engagement will be done in consultation with the District Entities. The parties acknowledge this engagement does not require Kluane to be registered as a broker dealer pursuant to any security laws or regulations and that Kluane is not an "accredited investor" as defined by all applicable securities laws and regulations. As such, any fee paid to Kluane pursuant to this Agreement shall be categorized as an introductory or business advisory fee; and

(b) The implementation and performance of this Agreement is to facilitate the implementation of various controls and initiatives by the District Group and does not constitute any form of management or control by Kluane over the District Group, or the District Group's assets or operations. Moreover, the parties acknowledge and agree that the relationship created hereunder is one of consultant and no joint venture, partnership, or agency is created hereunder.

4.5 **Confidentiality.** Except as required for Kluane to perform the services required by this engagement, Kluane agrees to (a) keep confidential all information, data, plans, specifications, reports, summaries, models, samples, know-how, technical information, systems, methodologies, computer programs, information technology and any other information that concerns the business, corporate, exploration or strategic plans of the District Group or its creditors. (b) cause its directors, officers, employees, agents, contractors and other associated persons to provide a similar covenant regarding confidentiality.

4.6 **Notices.** Any notices under this Agreement may be delivered by courier or facsimile transmission to the parties at the addresses set forth below and, where so given, shall be deemed received by the recipient on the same business day as delivered or transmitted if delivered or transmitted prior to 3:00 p.m. (Calgary time), otherwise on the next business day:

Kluane Financial Services Inc.  
Suite 725, 435-4<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 3A8  
Attention: Cam Sherban

and Lutheran Church-Canada-Alberta-British Columbia  
7100 Ada Boulevard  
Edmonton, Alberta  
T5B 4E4  
Attention: Kurt Robinson

With copy to  
Bishop & McKenzie LLP  
1700, 530 - 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3S8  
Attention: Francis N. J. Taman and Ksena J. Court

4.7 **Term.** The District Entities or Kluane may terminate this Agreement by providing 30 days written notice.

4.8 **Choice of Law/Attornment.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby submit and attorn to the jurisdiction of the courts of the Province of Alberta, Judicial District of

Calgary, in connection with any dispute, claim or other matter arising out of or relating to this Agreement.

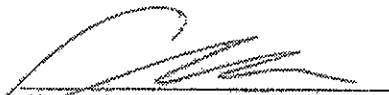
- 4.9 **Currency.** Unless otherwise noted all monetary amounts in this Agreement shall be in Canadian Dollars.
- 4.10 **Severability.** If any of the provisions of these terms and conditions are determined to be invalid, illegal or unenforceable, the remaining provisions shall remain in effect and be binding on the parties to the fullest extent permitted by law.
- 4.11 **Time of the Essence.** Time shall be of the essence in this Agreement.
- 4.12 **Interpretation and Headings.** In this Agreement:
- (a) headings in this Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
  - (b) word importing the singular number include the plural and vice versa, and words importing gender include masculine, feminine and neuter;
  - (c) any reference to "this Agreement" shall be a reference to this Agreement as it may be from time to time be amended, supplemented, modified, varied, restated, or replaced; and
  - (d) references to "herein", "hereunder" and similar expressions shall be a reference to this Agreement and not to any particular section.
  - (e) The District Group's covenants and obligations are joint and several obligations of The District Group.
- 4.13 **Assignment.** This Agreement, and the rights and obligations hereunder, may not be assigned by either party without the prior written consent of the other party.
- 4.14 **Further Assurances.** The parties hereby covenant and agree to do such further and other things that the other party may reasonably request to give full and better effect to the provisions of this Agreement.
- 4.15 **Execution.** This Agreement may be executed in counter parts and delivered via facsimile (with an original to follow by ordinary post), and all counter parts, when taken together, shall constitute one agreement.



Please indicate your acceptance and agreement to this arrangement by signing below, where indicated, and returning a copy to us.

Yours truly,

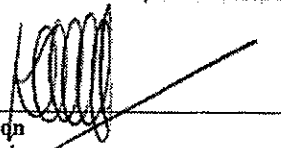
**Kluane Financial Services Inc.**

  
Charles Bougie  
Managing Director

  
Cam Sherban  
Managing Director

We hereby agree to the terms of the foregoing engagement.

**Lutheran Church-Canada, the Alberta-British Columbia District**

per:   
Kurt Robinson  
Executive Assistant

**Lutheran Church-Canada, the Alberta-British Columbia District Investments Ltd.**

per:   
Kurt Robinson  
Director