

COURT FILE NUMBER 1501 – 00955
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTER 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 MARILYN HUBER

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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Barrister and Solicitor
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Edmonton, AB T5S 1T1
Attn: Allan A. Garber
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File No.: 156-2015AG

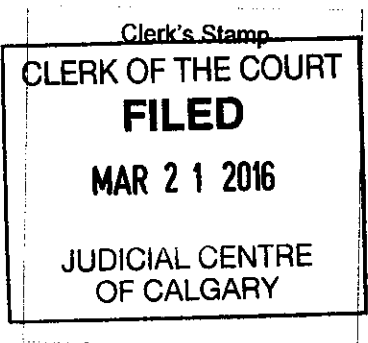
AFFIDAVIT OF MARILYN HUBER

Sworn on March 19, 2016.

I, Marilyn Huber, of Edmonton, Alberta

SWEAR AND SAY THAT:

1. I am one of the Plaintiffs in a class proceeding commenced in Court of Queen's Bench of Alberta, Judicial District of Edmonton, Action Number 1603 – 03142. A copy of the Statement of Claim is attached as Exhibit "A" to my Affidavit sworn February 24, 2016.
2. My mother is a CEF depositor, as am I. She is 85 years old. Her mail comes to my



house. During the week of March beginning March 7, 2016, I received on behalf of my mother a letter dated February 26, 2016 from the Lutheran Church Canada Alberta/British Columbia District. Attached to the letter is a "Summary of Tax Implications for District Depositors related to the District Plan. A copy of the letter and Summary is attached as **Exhibit "A"** to my Affidavit. I took the letter and Summary to my mother on March 11, 2016. I received a copy of the same letter and Summary on March 14, 2016.

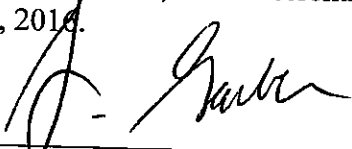
3. My mother still does her own income taxes. She found the Summary attached to Mr. Schaeffer's letter dated February 26, 2016 incomprehensible.
4. I explained to her that the District wants her to exchange some of her retirement savings for shares in NewCo. She is adamantly opposed to this, as am I. I know of other depositors who have the same view.
5. The detailed tax information in the Summary relating to "Reporting gains or losses on the exchange of proven claims for cash and NewCo Shares," "Reporting future dividends from NewCo," "Reporting gains or losses on the disposition of NewCo Shares," and "Recoveries in the Representative Action" have nothing to do with the T-5 slips sent to my mother and myself by Mr. Schaeffer. The Schaeffer letter and the attached Summary lead people into thinking that shares in NewCo is the way things are going to be, and there are no other options. Communications from the Monitor have not presented any options. People do not see that there is an alternative.
6. It is profoundly prejudicial to the CEF Depositors best interests' that the Schaeffer letter and Summary were sent to the Depositors before full and proper disclosure of the District Plan was made. Many people do not read what is on line, or have computers (such as my mother), and will be seeing the concept of exchanging debt for equity in NewCo for the very first time.
7. I am concerned that full disclosure of the issues has not been provided to the depositors. The CEF depositors were not told that ABC District encouraged and solicited deposits in the CEF without disclosing that the District was insolvent.
8. We were told in the District's letter dated January 5, 2015 (Exhibit "C" to my Affidavit sworn February 24, 2016) that the District was facing a "cash flow shortage" because "a number of congregations and other ministries have been unable to pay their mortgages." That statement was misleading. The District's insolvency was not a result of church congregations failing to pay their mortgages.
9. I have since learned much more about what caused the District's insolvency. However, the source of my information was not the Applicants or the Monitor.
10. I am confident that if everyone who should be sued is sued, there will be no need for a debt to equity conversion. However, I do not believe that everyone who should be sued will be in the Representative Action proposed by the District Plan.

11. I oppose the Application for a meeting order to vote on the District Plan unless there is full disclosure to the District Depositors of the following:

- a. ABC District encouraged deposits in the CEF even though the District knew it was insolvent;
- b. Deloitte is in a conflict of interest;
- c. Mr. Taman, who is counsel for the CCAA Applicants, did not disclose his involvement in the Prince of Peace or Shepherd's Village transactions;
- d. The ABC District forgave a \$6 million dollar Prince of Peace loan in exchange for the right to receive proceeds from the future sale of property owned by the Prince of Peace congregation, of which Mr. Taman was a member;
- e. The ABC District forgave a \$12.5 million dollar loan to Shepherd's Village;
- f. There is an option to the District Plan. CEF depositors can participate in the class proceeding commenced by Sharon Sherman and I and seek full cash recovery instead of accepting shares in NewCo as partial compensation for their claim;
- g. If a depositor opts out of the Representative Action proposed by the District, they have no other legal recourse. If a depositor chooses to opt out of our class proceeding, they are free to pursue any other legal recourse they choose.

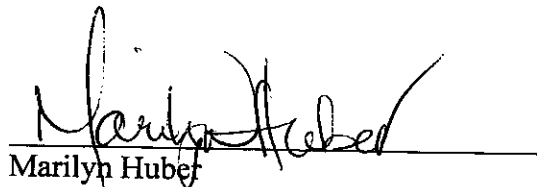
SWORN BEFORE ME at)

Edmonton, Alberta, this nineteenth day of)
March, 2016.)



(Commissioner for Oaths in and for)
the Province of Alberta))

Allan A. Garber)
Barrister and Solicitor)



Marilyn Huber)



LUTHERAN
CHURCH CANADA
ALBERTA | BRITISH COLUMBIA DISTRICT

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February 26, 2016

Please find enclosed your T5, Statement of Investment Income, for 2015.

Please note, in some cases, your T5 may be higher than what was reported on your January 23, 2015 statement of claim that was provided to you by Deloitte. The reason for this difference is that your account(s) either paid interest directly to you on January 1, 2015 or compounded the interest between January 1 and 23, 2015.

If your T5 is lower than what was reported on your January 23, 2015 statement of claim that was provided to you by Deloitte, you have an account(s) that did not produce a T5 (under \$50 interest earned) but this earned interest is still reportable on your 2015 income tax return. The amount shown on your statement of claim should be used for reporting purposes.

Please find enclosed Schedule 4, "Summary of Tax Implications for District Depositors related to the District Plan", from the Deloitte Monitor's Fourteenth Report (pages 44 and 45, www.insolvencies.deloitte.ca)

If you have any questions, please contact Cam Sherban, Chief Restructuring Officer, at 1-403-681-3608.

This is Exhibit "A" referred to in the
Affidavit of
Marilyn Huber
Sworn before me this 19 day
of March A.D., 2016
[Signature]
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

President
Rev. Dr. Glenn Schaeffer
gschaeffer@lccabc.ca



Summary of Tax Implications for District Depositors related to the District Plan

The following summary is based in part on a memorandum prepared by the Monitor's legal counsel with respect to the tax implications of the District Plan for District Depositors (the "Tax Opinion"). The Tax Opinion is attached as "Schedule 2" to the Monitor's Fourteenth Report, dated February 18, 2016 (the "Fourteenth Report"). Unless otherwise specified, capitalized terms shall have the meaning set out in the Tax Opinion or in the Fourteenth Report.

The Tax Opinion is only applicable to District Depositors who are or are deemed to be Canadian residents, who deal at arm's length and are not affiliated with the District and NewCo, who hold NewCo Shares as capital property, and who have not entered into a "derivative forward agreement", all for purposes of the *Income Tax Act (Canada)* and regulations thereto (the "Tax Act"). Where District Depositors are congregations, the Tax Opinion only applies to those congregations that are either registered charities or non-profit organizations that are exempt from tax under the Tax Act.

The Tax Opinion, and by extension this tax summary, are of a general nature only and are not, and are not intended to be, legal or tax advice to any particular District Depositor. They are not exhaustive of all Canadian federal income tax considerations. Accordingly, District Depositors should consult their own tax advisors having regard to their own particular circumstances and the Monitor's legal counsel takes no responsibility for parties that rely on the Tax Opinion.

Reporting interest on investments for which T5 slips were issued

Interest payable as at January 23, 2015, the date that the Initial Order was granted in the CCAA proceedings (the "Filing Date"), was added to each District Depositor's account as at that date. The interest paid as at the Filing Date was for the period from the last date that interest was paid (including by being re-invested in an existing deposit) and the Filing Date. District Depositors who did not elect to waive the interest paid in 2015 pursuant to the Court-approved claims process will receive a T5 slip for 2015. As previously advised, no further interest has been accrued or paid following the Filing Date.

Where interest has been paid (including by being re-invested in an existing deposit) and a T5 slip has been issued, should a portion of the interest not be collectible upon the completion of the CCAA proceedings, District Depositors may be able to claim a bad debt deduction with respect to the amount of interest that was not collectible. They may also be able to claim a deduction for the entirety of the uncollectible interest as a bad debt now and then report as an income inclusion any interest that they receive in the future. As claims in the CCAA will be paid on a pro-rata basis based on the entirety of each District Depositor's Claim, a portion will be payable related to the principal balance and a portion will be payable related to interest. It

is recommended that each District Depositor seek independent tax advice in connection with any tax consequences or reporting requirements related to their investment.

Reporting gains or losses on the exchange of proven claims for cash and NewCo Shares

Pursuant to the District Plan, District Depositors will realize a capital loss upon the exchange of their proven claim for cash and NewCo Shares to be distributed pursuant to the District Plan. The amount of that capital loss will be the amount of the District Depositors' proven claim which remains outstanding after all distributions (whether in the form of cash or NewCo Shares) have been made pursuant to the District Plan.

Reporting future dividends from NewCo

Those District Depositors who become shareholders of NewCo may, in the future, receive income in the form of dividends (i.e. money paid to NewCo's Shareholders from its profits). The amount of any dividends will need to be included in the calculation of a Depositor's income for the corresponding tax year.

Reporting gains or losses on the disposition of NewCo Shares

Should a District Depositor, who becomes a NewCo shareholder, sell their NewCo Shares in the future, they may realize a capital gain or a capital loss on those NewCo Shares, depending on whether the amount that they sell the NewCo Shares for is below or above the adjusted cost base of the NewCo Shares immediately before they are sold.

Recoveries in the Representative Action

Those District Depositors who elect to participate in the Representative Action should seek independent tax advice with respect to reporting capital gains or reducing capital losses for amounts received pursuant to the Representative Action, as the reporting requirements will vary depending on the timing of when prior capital losses have been reported.