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JUDICIAL CENTRE	**CALGARY**
DOCUMENT	**NINTH REPORT OF THE MONITOR**

IN THE MATTER OF THE COMPANIES CREDITORS' ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT, LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD., ENCHARIS COMMUNITY HOUSING AND SERVICES AND ENCHARIS MANAGEMENT AND SUPPORT SERVICES

DATED NOVEMBER 26, 2015

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Introduction and Notice to Reader

Introduction

1. On January 23, 2015 (the "Filing Date"), Lutheran Church – Canada, the Alberta – British Columbia District (the "District"), Encharis Community Housing and Services ("ECHS"), Encharis Management and Support Services ("EMSS") and Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd. ("DIL", collectively the "Applicants" or the "District Group") obtained an Initial Order (the "Initial Order") from the Court of Queen's Bench of Alberta (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Deloitte Restructuring Inc. ("Deloitte") was appointed as Monitor (the "Monitor") in the CCAA proceedings.

2. For clarity, the District includes the Church Extension Fund ("CEF"), which was originally created to allow District members to loan their money and earn interest in faith-based developments. CEF was operated under the purview of the District's Department of Stewardship and Financial Ministries and was not created as a separate legal entity. As such, depositors to CEF are creditors of the District (the "District Depositors"). Depositors to DIL will be referred to as the "DIL Depositors". The District Depositors and the DIL Depositors will collectively be referred to as the "Depositors".

3. The Initial Order provided for an initial stay of proceedings (the "Stay") until February 20, 2015. The Court has now granted five extensions of the Stay. The most recent Order was granted at an application on October 23, 2015 (the "October 23 Hearing") and extended the Stay until January 29, 2016.

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015. The Monitor subsequently filed the First Report of the Monitor dated February 17, 2015, the second report of the Monitor dated March 23, 2015 (the "Second Report"), the Third Report of the Monitor dated June 16, 2015, the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report"), the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report), the Sixth Report of the Monitor dated September 9, 2015, the Seventh Report of the Monitor dated October 20, 2015 and the Eighth Report of the Monitor dated October 30, 2015 (collectively the "Reports"). The Monitor also filed a confidential supplement to the Second Report dated March 25, 2015, a confidential supplement to the Fourth Report dated June 25, 2015 and a confidential supplement to the Fifth Report dated August 26, 2015 (collectively the "Supplements"). The Supplements provided the Court with additional detail with respect to the District Group's applications for the approval of the sales of six parcels of land (the "Sale Lands"). The Supplements were sealed by the Court in order to avoid

tainting any future sale processes that would be required if any of the transactions involving the Sale Lands failed to be completed.

5. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Reports and in the Supplements.

6. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link entitled "Lutheran Church – Canada, the Alberta – British Columbia District et. al." (the "Monitor's Website").

Notice to Reader

7. In preparing this report, the Monitor has relied on unaudited financial information, the books and records of the Applicants and discussions with the Applicant's employees, the Applicant's Chief Restructuring Officer (the "CRO"), interested parties and stakeholders. The Monitor has not performed an independent review or audit of the information provided.

8. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.

9. All amounts included herein are in Canadian dollars unless otherwise stated.

Court Applications

10. The activities of both the Monitor and the Applicants leading up to the most recent Court application on November 5, 2015 (the "November 5 Hearing") are detailed in the Reports.

11. At the November 5 Hearing, this Honourable Court granted Orders approving the following relief:

    11.1. Authorizing and directing both ECHS and EMSS to present their plans of compromise and arrangement to their respective creditors for approval. ECHS' plan of compromise and arrangement will be referred to as the "ECHS Plan";

    11.2. Approving the sale of the District's former head office (the "District Office Sale");

    11.3. Approving the transfer of a building occupied by Concordia Lutheran Church ("Concordia") and the leasehold interest on the lands and assigning the corresponding lease to Concordia upon repayment of their outstanding indebtedness to the District (the "Concordia Settlement");.

    11.4. Sealing the Confidential Affidavit of Cameron Sherban sworn on October 23, 2015, which contains specific information related to the District Office Sale and the Concordia Settlement in order to avoid tainting any future sale processes that may be required should the District Office Sale or the Concordia Settlement fail to be completed;

    11.5. Approving the return of approximately $159,070 to District Depositors who had funds withdrawn by electronic funds transfer between March 2014 and the date of the Initial Order (the "Pre-CCAA EFT(s)"); and

    11.6. Amending the Order granted on August 28, 2015 (the "Distribution Order") approving an interim distribution to DIL Depositors (the "DIL Distribution") such that DIL Depositors who hold registered retirement income fund accounts (the "RRIFs") and locked-in income fund accounts (the "LIFs") can transfer their pro-rata share of the DIL Distribution to an alternative investment fund of their choosing and further amending the Distribution Order to correct the definition of "Pro-rata Share" included therein.

12. This report constitutes the Ninth Report of the Monitor (the "Ninth Report"). The Ninth Report provides additional information with respect to the following:

    12.1. The relief sought by the District Group at a hearing scheduled for November 30, 2015 (the "November 30 Hearing");

    12.2. The status of the plan of arrangement for the District (the "District Plan"); and

12.3. The Monitor's dealings with the Life Lease Equity Protection Group (the "LLEPG"), who represents residents of the Prince of Peace Village (the "Residents") and concerns raised by Mr. Neil Neufeld related to the Monitor's dealings with the LLEPG. The Residents hold life leases in respect of condominiums (the "Village Condo(s)") owned by ECHS.

13. At the November 30 Hearing, the Applicants will be seeking the following relief:

13.1. Authorizing and directing DIL to present its plans of compromise and arrangement (the "DIL Plan") to the DIL Depositors for approval;

13.2. Approving for the sale of lands in St. Albert, Alberta (the "St. Albert Lands"), which are legally described as follows:

PLAN 9423702
LOT C
CONTAINING 22.54 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 9.12 HECTARES (22.54 ACRES) MORE OR LESS;

13.3. Approving the transfer of a condominium located within the Prince of Peace Village (the "Robinson Condo") to George, Inez, Gerald and Connie Robinson (the "Robinsons") the holders of the leasehold interest on the Robinson Condo (the "Robinson Transfer"):

CONDOMINIUM PLAN 0011410
UNIT 51
AND 43 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS; and

13.4. Sealing the Second Confidential Affidavit of Cameron Sherban sworn on November 23, 2015 (the "Confidential Affidavit"), which contains specific information related to the sale of the St. Albert Lands in order to avoid tainting any future sale process that may be required should the sale of the St. Albert Lands (the "St. Albert Sale") fail to be completed.

The District's Plan

The Settlement Matters

14. As previously reported, one of the key items that needs to be resolved prior to the District Plan being finalized is the settlement of the following two matters (the "Settlement Matters") being considered by the creditors' committees for the District and DIL (respectively, the "District Committee" and the "DIL Committee", collectively the "Committees"):

    14.1. The District's potential challenge of a mortgage (the "Strathmore Mortgage") held by DIL on a District-owned property located in Strathmore, Alberta (the "Strathmore Property"); and

    14.2. DIL's potential claim that two mortgages granted to DIL by ECHS (the "DIL – ECHS Mortgages") and registered against properties in the Prince of Peace Development have priority to a mortgage registered on many of the same properties in favour of the District.

15. Meetings have occurred between both representatives from each of the Committees and legal counsel for each of the Committees related to the Settlement Matters. As at the date of this report, the Committees have been unable to finalize an agreement with respect to the Settlement Matters (a "Settlement"). Although the Monitor continues to be hopeful that the Committees will complete a Settlement in a timely manner, the Monitor does not wish to see the Settlement Matters delay the District Plan or be litigated. As such, the Monitor has advised the Committees that, if they are unable to demonstrate that they are close to finalizing or have finalized a Settlement in the very near term, the Monitor will recommend to the Court that the Settlement Matters be referred to a judicial settlement conference.

16. The Monitor is of the view that it would be a disservice to the Depositors if the Settlement Matters were litigated due to the following:

    16.1. The significant cost involved for both the District and DIL in litigating the Settlement Matters, which litigation would likely require witness testimony;

    16.2. The time involved in litigating the Settlement Matters, which could further delay the District Plan. This delay would serve to further increase professional fees and expenses;

    16.3. The desire expressed by the Committees not to litigate the Settlement Matters; and

    16.4. The division within the larger body of Depositors that may occur as a result of litigation between groups that include members of the same family or from the same or related congregations.

The District Plan

17. The Monitor is continuing to support the District Group in their efforts to formulate the District Plan. As previously reported, the Monitor, the Monitor's legal counsel, the Applicants, the CRO, the Applicant's legal counsel, the Committees and legal counsel for the Committees have had the opportunity to review and comment on drafts of the District Plan. In addition, several meetings have been held between variations of these parties related to the content of the District Plan.

18. Although selected revisions to the District Plan are ongoing, the key elements of the District Plan have been formulated. It appears that the District will be in a position to finalize the District Plan prior to the expiry of the Stay. The Monitor is of the view, however, that an agreement with respect to the Settlement Matters should be finalized ahead of the District's Plan proceeding due to the following:

    18.1. As previously reported, distributions pursuant to the District Plan will include both cash and shares. Until a Settlement is finalized, the District will be required to hold-back sufficient funds to repay the DIL – ECHS Mortgages in full. This will have a significant impact, at least in the short-term, on the cash available for distribution to District Depositors;

    18.2. Based on the District's recent marketing efforts for the Strathmore Property, it is anticipated that the proceeds from the sale of the Strathmore Property will be insufficient to repay the Strathmore Mortgage and that DIL will have an unsecured claim against the District with respect to any resulting shortfall (the "Strathmore Claim"). It is further anticipated that the Strathmore Claim will be addressed in a Settlement. Should a Settlement not be finalized, the District will need to withhold sufficient distributions to satisfy the Strathmore Claim. This will further limit, at least in the short-term, distributions to the District Depositors; and

    18.3. A lack of certainty surrounding the quantum and nature of the distributions to District Depositors pursuant to the District Plan could prevent District Depositors from adequately assessing their recovery pursuant to the District Plan for voting purposes.

Other Restructuring Considerations

19. The District previously established a Review Task Force (the "RTF"). The Monitor understands that the RTF was formed by Management to investigate the non-financial causes of the District's insolvency, including a review of the District's culture. On November 23, 2015, the RTF issued a report (the "RTF Report") on their findings. The Monitor has not yet completed a detailed review of the RTF Report. The Monitor understands that the RTF Report was released publicly without prior review by the District. Based on its preliminary review of the RTF Report, the Monitor may comment further with respect to selected matters raised in the RTF Report in a future report.

The DIL Plan

20. The DIL Plan only has one class of creditors, who consist of DIL Depositors (the "Affected Creditors"). As previously reported, the DIL Depositors have proven claims totalling approximately $38.0 million.

DIL Distribution

21. As previously reported, pursuant to the Distribution Order, DIL was authorized to distribute $15.0 million to DIL Depositors (defined above as the "DIL Distribution"). In addition to the DIL Distribution, and as set out in the Initial Order, statutory annual minimum payments to RRIF holders have been made for 2015 (the "Minimum Payments"). Selected DIL Depositors have also received payments pursuant to an emergency fund that was implemented prior to the Filing Date and approved by the Court as part of the Initial Order (the "Emergency Payments"). Taking into account the DIL Distribution, the Minimum Payments and the Emergency Payments, distributions to DIL Depositors to date represent 41% of their investments, as at the Filing Date, without taking into account any estimated write-downs.

Treatment of Affected Creditors

Distributions

22. The DIL Plan contemplates the liquidation of DIL's assets, which include cash held in financial institutions, investments in lines of credits and mortgages, any proceeds received from the Settlement Matters and amounts payable by the Residents pursuant to the ECHS Plan (collectively the "DIL Assets").

23. Pursuant to the DIL Plan, all proceeds from the realization of the DIL Assets (the "Plan Distributions") will be distributed to DIL Depositors through accounts established with Great-West Life Assurance Company ("GWL"), who acts as the replacement fund manager for DIL and has established or is in the process of establishing new registered retirement savings plans of the same type as those previously established by DIL (the "New Registered Plans"). GWL previously experienced technical difficulties in their software system related to RRIFs and LIFs, which precluded them from accepting payments to DIL Depositors holding RRIFs and LIFs pursuant to the DIL Distribution. The Monitor understands that these issues will be resolved by January 2016. As such, it is anticipated that all Plan Distributions will be payable through GWL.

24. Distributions will be made to DIL Depositors each time that the funds held in trust by DIL reach $3.0 million, subject to the following two holdbacks:

24.1. To satisfy reasonable fees and expenses of the Monitor, the Monitor's legal counsel, the Applicant's legal counsel and legal counsel for the DIL Committee; and

24.2. For DIL Depositors, who elect or are deemed to elect to participate in a future legal action or actions, which may be undertaken as a class proceeding (the "Representative Action"), an amount sufficient to fund the out-of-pocket costs associated with the Representative Action and to indemnify any DIL Depositor, who may be appointed as a representative plaintiff in the Representative Action (the "Representative Plaintiff") for any cost award.

The Representative Action

25. In addition to setting out how the Plan Distributions will be paid, the DIL Plan establishes a process (the "Representative Action Process") whereby the Representative Action can be undertaken for the benefit of those DIL Depositors who elect or are deemed to elect to participate (the "Representative Class"). The Representative Action will include claims by DIL Depositors that are not paid under the DIL Plan or released by the DIL Plan and specifically includes the following:

25.1. Claims related to a contractual right of one or more of the DIL Depositors;

25.2. Claims based on allegations of misrepresentation or wrongful or oppressive conduct;

25.3. Claims for breach of any legal, equitable, contractual or other duty;

25.4. Claims pursuant to which DIL has coverage under the Applicant's directors' and officers' liability insurance; and

25.5. Claims to be pursued in DIL's name, including any derivative action (whether statutory or otherwise) or any claims that could be assigned to a creditor pursuant to Section 38 of the *Bankruptcy and Insolvency Act*, if such legislation were applicable (claims listed in 25.1 to 25.5 will be collectively referred to as the "Representative Action Claims").

26. The Monitor notes as follows with respect to the Representative Action Process:

26.1. DIL Depositors will have the ability to opt in or opt-out of the Representative Action using a representative action letter attached as "Schedule 2" to the DIL Plan (the "Representative Action Letter"). Those DIL Depositors who do not submit a Representative Action Letter will be deemed to have opted-in to the Representative Action. Those DIL Depositors who opt-in (whether they explicitly opt-in or have been deemed to opt-in) will constitute the Representative Class. Those Depositors, who explicitly opt-out of the Representative Action will be forever barred from participating in the Representative Action, including receiving any proceeds that may become payable pursuant to the Representative Action.

26.2. A subcommittee will be established to choose legal counsel to represent the Representative Class in the Representative Action (the "Subcommittee"). The Subcommittee will include between three and five individuals, including initially at least one member of the DIL Committee. All members of the Subcommittee will be appointed by the DIL Committee.

26.3. The duties and responsibilities of the Subcommittee will include the following:

26.3.1. Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as legal counsel for the Representative Class (the "Representative Counsel");

26.3.2. With the assistance of Representative Counsel, identifying a party willing to act as the Representative Plaintiff;

26.3.3. Remaining in place throughout the Representative Action with their mandate to include the following:

26.3.3.1. Assisting in maximizing the amount available for distribution to the Representative Class;

26.3.3.2. Replacing Representative Counsel;

26.3.3.3. Serving in a fiduciary capacity on behalf of the Representative Class;

26.3.3.4. Establishing the amount of the Representative Action Holdback and directing that payments be made to the Representative Counsel from the Representative Action Holdback; and

26.3.3.5. Bringing any matter before the Court by way of an application for advice and direction.

27. Those DIL Depositors who elect to participate in the Representative Action will have a portion of their Plan Distributions withheld to fund the Representative Action Holdback. It will only be possible to estimate the value of the Representative Action Holdback once the Representative Counsel has been retained. As such, upon the Representative Counsel being retained, the Monitor will send further correspondence to the Representative Class, providing them with an estimate of the Representative Action Holdback as well as instructions on how to opt-out of the Representative Action should they choose to do so. Attached as "Schedule 5" to the DIL Plan is a Notice of Opting Out that DIL Depositors may use to opt-out of the Representative Action following the sanction of the DIL Plan.

28. The Representative Action will represent the sole recourse available to DIL Depositors with respect to the Representative Action Claims. The Monitor is aware that at least one other group intended to commence a class action proceeding in respect of the Representative Action Claims. Should they desire, interested parties may submit name(s) of individuals, who may wish to act on the Subcommittee or, where they have consulted with legal counsel, have their legal counsel put forward as one of the legal counsel to be considered by the Subcommittee to act as Representative Counsel.

29. The Monitor is of the view that the inclusion of the Representative Action Process in the DIL Plan is beneficial to DIL Depositors for the following reasons:

29.1. It provides a streamlined process for the establishment of the Representative Class and the funding of the Representative Action;

29.2. It allows for ongoing involvement of members of the DIL Committee who have information and insight into the CCAA Proceedings that may prove useful to the Subcommittee; and

29.3. Selected Depositors have indicated that they view any involvement in litigation as inconsistent with their personal religious beliefs. The Representative Action Process allows DIL Depositors to opt-out of the Representative Action before litigation is ever commenced, should that be their preference.

Treatment of Unaffected Creditors

30. Those creditors with claims that would be unaffected by the DIL Plan include Crown claims, post-filing claims, claims with respect to reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the Applicants' legal counsel and legal counsel for the DIL Committee, limited claims of current employees, directors and officers, critical suppliers (as set out in the Initial Order), claims against directors that are not released by the CCAA, claims regarding agreements that have not been disclaimed or resiliated, the Representative Action Claims, and a proven claim by the District in the amount of $863,022 for outstanding management fees (the "District Claim").

31. It is anticipated that the treatment of the District Claim will be addressed in a Settlement. The Monitor's legal counsel has advised that they are of the view that the DIL Assets are effectively held in trust by DIL for the benefit of DIL Depositors. As such, no funds would be available to satisfy the District Claim.

Key Elements of the DIL Plan

32. The key elements of the DIL Plan are as follows:

32.1. The DIL Plan would only become effective at such time as a Sanction Order has been granted in respect of the DIL Plan;

32.2. The DIL Depositors will be paid as set out above;

32.3. DIL will continue its efforts to realize on the DIL Assets by encouraging borrowers to refinance or through the sale, demand, enforcement or non-renewal of loans and registered mortgages;

32.4. Upon the DIL Assets having been fully realized and upon distributions having been made to GWL, DIL will cease to operate; and

32.5. DIL does not have any employees and pays a monthly management fee to the District for assistance in administering DIL's investment fund (the "Management Fee"). The Management fee will continue under the DIL Plan, however, as it is based on the value of the DIL Assets, it will be reduced as the Plan Distributions are made.

Other Considerations

33. The DIL Plan meets the criteria outlined in Section 6 of the CCAA in respect of restrictions on the payment of Crown claims. As stated above, DIL does not have any employees and does not participate in any prescribed pension plans.

34. The DIL Plan specifies that Section 36.1 of the CCAA and Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* (the "Preference Sections") do not apply. The Monitor has reviewed redemptions by DIL Depositors during the year preceding the Filing Date, which total approximately $1.5 million (the "DIL Redemptions"). Approximately $19,700 of the DIL Redemptions appear to have been redeemed by related parties. For the three months leading up to the Filing Date, the DIL Redemptions total approximately $301,700 of which $5,000 appears to have been redeemed by a related party. Based on the quantum of the individual DIL Redemptions, the Monitor is of the view that there would be very few cases where it would be cost effective to seek the repayment of DIL Redemptions from DIL Depositors. The Applicants also provided, where available, information regarding the member congregations for those DIL Depositors who received DIL Redemptions. Based on the information provided, it does not appear that selected congregations had advance knowledge of the CCAA proceedings. The information regarding the DIL Redemptions was shared with the DIL Committee, who confirmed that they did not have any concerns with the Preference Sections not being applicable should the DIL Plan be sanctioned.

35. The DIL Plan provides for releases to the Monitor, the Monitor's legal counsel, the Applicant's legal counsel, the CRO, DIL, legal counsel for the DIL Committee and the other Applicants, the directors, officers and employees of DIL, and any independent contractors of DIL, who were employed three days or more a week on a regular basis (the "Releases").

36. The Monitor notes that, pursuant to Section 5.1(2) of the CCAA, claims against directors may not be compromised that relate to contractual rights of one or more creditors or are based on allegations or misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors (the "Section 5.1(2) Claims"). The Releases carve out Representative Action Claims, which include the Section 5.1(2) Claims. As such, the releases for directors are largely limited to statutory filing obligations incurred during the pre-CCAA period.

Proposed Meeting Order

37. DIL is seeking the Meeting Order, which sets out the following time and place for the DIL creditors' meeting (the "DIL Meeting"):

    37.1. Time: Saturday, January 23, 2016 at 10:00 a.m.

    37.2. Location: Prince of Peace church and school, 243209 Garden Road NE, Calgary, AB

38. A representative of the Monitor shall preside as the chair of the DIL Meeting with those individuals entitled to attend the DIL Meeting including affected creditors with proven claims or disputed claims that have not been settled or adjudicated (the "Eligible Affected Creditors") for DIL or their respective

proxy-holders, directors of DIL, the Monitor, the CRO, the Applicant's legal counsel, the Monitor's legal counsel, members of the Committees, legal counsel for the Committees, the meeting chair, scrutineers and the meeting secretary.

Notice

39. The Meeting Order further sets out the notice requirements for the DIL Depositors as follows:

    39.1. The DIL Notice of Creditors' Meeting (the "Notice") will include the website address where Eligible Affected Creditors can access and retrieve copies of relevant documents including the DIL Plan, the Meeting Order, a report to DIL Depositors issued by the Monitor, the time and place of the DIL Meeting and the form of proxy, which will collectively form the "Information Package";

    39.2. The Monitor will post the Information Package on the Monitor's Website by no later than December 10, 2015 and send the Information Package as soon as practicable and, in any event, not later than December 14, 2015 to each Eligible Affected Creditor by regular mail, facsimile, courier or email to the last known address;

    39.3. The Monitor will further send the Information Package to all Eligible Affected Creditors of DIL who request a copy by no later than two days prior to the DIL Meeting or any adjournments thereof; and

    39.4. A newspaper notice of the DIL Meeting will be published once by the Monitor in the Globe and Mail National Edition as soon as practicable and no later than December 12, 2015.

Voting

40. Eligible Affected Creditors may vote in person at the DIL Meeting, which votes shall be done by a show of hands or by a confidential written ballot, at the discretion of the meeting chair. DIL Depositors can also vote on the approval of the DIL Plan via Election Letter (the "Election Letter") and can vote on the approval of the DIL Plan as well as on any other items that may be considered at the DIL Meeting via proxy (the "Proxy(ies").

41. Both Election Letters and Proxies must be submitted in the form prescribed in the Information Package to the Monitor by 5:00 p.m. on the last business day preceding the date set for DIL Meeting or any adjournments thereof. Proxies can also be hand delivered to the chair prior to the commencement of the DIL Meeting but will not be accepted thereafter.

42. The person named in the Proxy shall vote the relevant claim in accordance with the direction of the Eligible Affected Creditor who appointed them. The Proxy confers a discretionary authority upon the person named therein with respect to amendments or variations of the matters being tabled for consideration.

Approval of Plan

43. In order for the DIL Plan to be considered approved, two-thirds in value and a majority in number of the Eligible Affected Creditors must vote in favour of the DIL Plan.

Monitor's Recommendation regarding the Meeting Order

44. The Monitor believes that the Meeting Order provides sufficient notice for the DIL Meeting and the Monitor is prepared and able to fulfill the duties set out for the Monitor in the Meeting Order. As such, the Monitor recommends that the Meeting Order be approved.

Monitor's Recommendations on the DIL Plan

45. The Monitor is supportive of the DIL Plan and is of the opinion that the DIL Plan is fair and reasonable and appears to be in the general best interest of all parties as follows:

    45.1. DIL will continue to realize on the DIL Assets with all funds being made available to DIL Depositors as set out in the DIL Plan. Should the DIL Plan fail, selected DIL Assets may need to be liquidated under forced sale conditions, which may result in lower proceeds, delays in the realization of selected DIL Assets and increased professional fees and expenses;

    45.2. The DIL Plan provides a mechanism for distributions to DIL Depositors to be made through GWL, which will allow for the transfer of funds from one registered savings plan to another registered savings plan of the same type; thereby avoiding any negative tax consequences for DIL Depositors;

    45.3. The DIL Plan provides for a streamlined process for DIL Depositors to pursue the Representative Action Claims; and

    45.4. The DIL Committee has approved the DIL Plan.

46. The Settlement Matters will have a significant impact on the estimated realizations for DIL Depositors. Any Settlement will be subject to Court approval. At the time that the Monitor reports on the application to approve a Settlement, the Monitor will provide a range of the estimated realizations to DIL Depositors. The Monitor notes that, regardless of the outcome of the Settlement Matters, the amount available to DIL Depositors pursuant to the DIL Plan will be in excess of that available should the DIL Assets need to be liquidated under forced sale conditions. The Monitor further notes that as the DIL Plan is effectively a liquidation of the DIL Assets and, as all distributions to DIL Depositors pursuant to the DIL Plan are being made in cash (to be transferred into accounts in registered retirement savings plans), the Monitor does not believe that the fact that the a Settlement is not yet completed will impact the ability of DIL Depositors to assess the benefits of the DIL Plan.

St. Albert Sale

47. As reported above, the District is seeking Court approval at the November 30 Hearing for the St. Albert Sale.

48. The District is the registered owner of the St. Albert Lands. There are no mortgages registered on title for the St. Albert Lands; however, there is a registered right of first refusal (the "ROFR") in favour of Landrex Hunter Ridge Inc. ("Landrex").

49. The District originally entered into an Exclusive Listing Agreement for sale with Colliers MacCauley Nicholls Inc. ("Colliers") with respect to the St. Albert Lands, which was dated February 12, 2013 and amended January 16, 2014 (the "Listing Agreement"). Pursuant to the Listing Agreement, a commission of 3% of the gross sale proceeds is to be paid to Colliers upon the completion of the St. Albert Sale.

50. The original marketing process undertaken by Colliers (the "Marketing Process") included issuing an electronic marketing package to 35 commercial/ industrial developers from Alberta and British Columbia, installing onsite signage, listing the St. Albert Lands on Colliers' property listing website, advertising in Western Investor magazine, targeting information to entrepreneurs, investors, commercial and multi-family developers and commercial real estate brokerages and brokers and discussing the St. Albert Lands with potential purchasers at real estate conferences in Edmonton, Toronto, Atlanta and Houston.

51. The Marketing Process generated two offers on the St. Albert Lands. On May 5, 2014, the District presented the most favourable offer to Landrex pursuant to the terms of the ROFR. Landrex exercised the ROFR, confirming acceptance of the offer upon the terms and conditions set out therein on June 12, 2014 (the "First Landrex Offer"). The Court granted an Order approving the First Landrex Offer on March 27, 2015 at which time the First Landrex Offer remained subject to conditions including subdivision and rezoning.

52. Landrex failed to waive the conditions included in the First Landrex Offer and the corresponding transaction could not be completed.

53. Despite the Stay, Landrex filed a Statement of Claim and Certificate of Lis Pendens against the District on July 2, 2015, which are attached as "Exhibit G" and "Exhibit H" to the Affidavit of Cameron Sherban, sworn on November 23, 2015 (the "Sherban Affidavit"). Landrex has taken the position that, despite the fact that they did not waive the conditions included in the First Landrex Offer, the St. Albert Lands remain subject to the ROFR.

54. Colliers subsequently re-approached all parties identified in the Marketing Process to negotiate a further transaction. There were originally four parties involved in the negotiations, however, one party dropped out. Colliers then completed a sealed bid process with the remaining three parties to encourage them to put their best offer forward (the “Bid Process Offers”). The Monitor has been advised that those submitting Bid Process Offers were informed that Landrex may still exercise the ROFR. The Monitor further understands that all of the Bid Process Offers had substantially the same terms with the only difference being the purchase price and a break fee that was attached to one of the Bid Process Offers. A copy of the most favourable Bid Process Offer (the “Preferred Offer”) is attached as “Exhibit B” to the Confidential Affidavit. The Monitor notes as follows with respect to the Preferred Offer:

    54.1. The Preferred Offer had a lower purchase price than the First Landrex Offer;

    54.2. A deposit had been paid in respect of the Preferred Offer; and

    54.3. The Preferred Offer was unconditional with a closing date of December 15, 2015.

55. The District is seeking Court approval for an offer with the same terms as the Preferred Offer (the “Accepted Offer”). Attached as “Exhibit C” to the Confidential Affidavit is additional correspondence related to the Accepted Offer.

56. The Monitor has reviewed the Accepted Offer in conjunction with Deloitte’s real estate advisory group and is supportive of the Accepted Offer based on the following:

    56.1. The reduced purchase price appears to be reasonable given current challenges in the Alberta real estate market and the St. Albert Sale may be more beneficial to the Applicant’s creditors than a sale or disposition in a forced liquidation scenario;

    56.2. The Marketing Process and Colliers subsequent marketing efforts are satisfactory;

    56.3. The District Committee has approved the Accepted Offer; and

    56.4. The sale proceeds will be held in trust, pending further Order of this Court, for the purposes of being included in the District Plan.

The Robinson Transfer

57. As reported above, at the November 30 Hearing, the District is seeking approval of the Robinson Transfer.

58. As outlined in the Sherban Affidavit, the life lease on the Robinson Condo was surrendered prior to the Filing Date on December 17, 2014. The Monitor is advised that the District has been marketing the Robinson Condo since January 9, 2015 but had been unable to complete the sale of the Robinson Condo.

59. The Monitor further understands that senior members of the Robinson family have been moved into a seniors' care facility and that the Robinson Condo is currently vacant. The Robinson's wish to dispose of the Robinson Condo as soon as possible and believe that converting their leasehold interest to a fee simple interest (the "Robinson Conversion") will facilitate that process. As such, they have requested that the Robinson Conversion take place ahead of the ECHS Plan being approved by ECHS' creditors or sanctioned by the Court.

60. The Robinson Conversion will be done on the same terms as are set out for Residents in the ECHS Plan. The Robinsons will initiate and pay for the Robinson Conversion and pay a $3,000 fee to ECHS, which will be held in trust for the benefit of DIL Depositors. The Applicants will facilitate the conversion and ensure that the mortgages and caveats registered against the Robinson Condo by Concentra Trust ("Concentra"), as the bare trustee for DIL, are discharged.

61. The Monitor is supportive of the Robinson Transfer based on the following:

    61.1. The treatment of the Robinsons pursuant to the Robinson Transfer is consistent with that available to other Residents pursuant to the ECHS Plan;

    61.2. The ongoing maintenance of the Robinson Condo appears to represent a hardship to the Robinsons; and

    61.3. The LLEPG has indicated that they are supportive of the Robinson Transfer.

Dealings with the LLEPG and concerns raised by Mr. Neil Neufeld

62. The Monitor wishes to report to the Court with respect to allegations asserted by Mr. Neil Neufeld regarding the Monitor's conduct in the CCAA proceedings. The Monitor is advised that Mr. Neufeld is the son of one of the Residents, Mrs. Gladys Neufeld, who is a member of the LLEPG. He is not, himself a creditor of ECHS.

The Monitor's Dealings with LLEPG

63. The LLEPG was formed early in the CCAA Proceedings to represent the interests of the Residents. The Monitor understands that the LLEPG represents all but one of the Residents. The Monitor has had ongoing correspondence with the LLEPG throughout the CCAA Proceedings. The following is a brief summary of the Monitor's dealings with the LLEPG:

    63.1. The Monitor became aware of the LLEPG in early February 2015. Following initial discussions with the LLEPG, the Monitor issued correspondence to the Residents on February 10, 2015 (the "February 10 Letter"). The purpose of the February 10 Letter, as set out in the First Report, was to reassure Residents that the intention of the ECHS Plan would be to cause the least disruption possible for Residents and to set out, on a preliminary basis, the general intention of the Applicants in compromising the claims of the Residents. A copy of the February 10 Letter was attached as "Schedule 3" to the First Report. The Monitor consulted with the LLEPG prior to the February 10 Letter being issued.

    63.2. On February 20, 2015, the Court granted an Order approving a claims process (the "Claims Process") for all of the Applicants (the "Claims Process Order"). The Residents were contingent creditors of ECHS as, upon surrender of their leasehold interest in the Village Condos, ECHS was required to purchase the Village Condo if a purchaser was not found within six months. Pursuant to the Claims Process Order, a reverse claims process was established for the Residents, with their contingent claims being valued based on the 2015 property tax assessed value of their Village Condo, subject to the 5% surrender fee payable pursuant to the life leases. Correspondence was sent to Residents regarding the Claims Process on February 25, 2015 (the "February 25 Letter"). The Monitor consulted with the LLEPG prior to the February 25 Letter being issued.

63.3. On March 5, 2015, the Monitor was advised that the LLEPG had retained McLeod Law LLP ("McLeod") as legal counsel. On April 20, 2015, McLeod filed a dispute notice on behalf of the Residents (the "Dispute Notice"), which listed the following reasons for the dispute, among others:

63.3.1. The Residents objected to the Claims Process and indicated that the Dispute Notice was being filed without prejudice to such objection; and

63.3.2. The Residents indicated that they were not creditors, contingent or otherwise of the Applicants.

63.4. Following receipt of the Dispute Notice, the LLEPG and the Applicants had ongoing discussions related to the inclusion of the Residents in the ECHS Plan. The Monitor maintained periodic communication with the LLEPG during this time.

63.5. In August 2015, discussions between the LLEPG and the Applicants had not yet yielded agreement as to the inclusion of the Residents in the ECHS Plan. On August 26, 2015, the LLEPG filed notice of an application seeking a Vesting Order transferring fee simple title to members of the LLEPG at each Residents' expense free and clear of any mortgage or charge, including that held by Concentra save and except for those between each Resident and their personal lender (the "LLEPG Application"). The LLEPG Application was adjourned *sine die*.

63.6. On September 16, 2015, the Monitor coordinated a meeting with the LLEPG, McLeod, the Monitor's legal counsel and the CRO. At that meeting, LLEPG indicated that they would advance a further proposal (the "LLEPG Proposal"), which was subsequently provided on October 8, 2015. The Applicants accepted the LLEPG Proposal, which was supported by the Monitor and approved by the DIL Committee. The LLEPG Proposal formed the basis for the treatment of the Residents in the ECHS Plan and the ECHS Plan was filed with the support of the LLEPG.

63.7. On November 13, 2015, information packages related to the ECHS Plan, including a Notice for the ECHS creditors' meeting and additional instructions for Residents (the "Resident Packages") were hand delivered to Residents. The Monitor consulted with the LLEPG prior to the Resident Packages being delivered.

63.8. On November 24, 2015, the Monitor attended a meeting hosted by the LLEPG, in conjunction with their legal counsel and the CRO in order to provide further information to Residents regarding the ECHS Plan and the go-forward process following sanction of the ECHS Plan. Based on their attendance at that meeting and discussions with members of the LLEPG, the Monitor believes that there is widespread support among the Residents for the ECHS Plan.

Correspondence with Mr. Neil Neufeld

64. On October 21, 2015, the Monitor was forwarded a letter circulated by Mr. Neufeld (the "October 21 Neufeld Email"). The October 21 Neufeld Email is attached hereto as "Schedule1". The Monitor is not aware of the distribution list for the October 21 Neufeld Email but is aware that it was circulated to members of the District as well as selected members of the DIL Committee.

65. The October 21 Neufeld Email includes certain errors of fact and allegations against the Monitor. The Monitor's concerns with respect to the October 21 Neufeld Email are summarized below:

    65.1. It includes unfounded allegations that the Monitor is "extorting" the Residents;

    65.2. There appears to be a lack of understanding surrounding the purpose of the claims process; and

    65.3. There appears to be a lack of understanding of the role of the Monitor in the CCAA Proceedings.

66. Following discussions with the Monitor's legal counsel and, upon confirming that Mr. Neufeld was not a creditor of ECHS and that Mr. Neufeld's mother was a member of the LLEPG, the Monitor initially declined to respond to the October 21 Neufeld Email. The Monitor subsequently became aware, however, that Mr. Neufeld was continuing to allege that the Monitor was "extorting" the Residents. Mr. Neufeld also made indications, as set out in the October 21 Neufeld Email, that he would communicate these allegations to the media. If not responded to, the Monitor was concerned that these allegations could tarnish the reputation of the Monitor and cause confusion among stakeholders.

67. Based on these concerns, the Monitor requested that their legal counsel Gowling Lafleur Henderson LLP ("Gowlings") prepare a response to the October 21 Neufeld Email. Gowlings issued a letter to Mr. Neufeld on November 13, 2015 (the "November 13 Gowlings Letter"), a copy of which is attached hereto as "Schedule 2". The purpose of the November 13 Gowlings Letter was to provide Mr. Neufeld with relevant facts in relation to the CCAA Proceedings and to address Mr. Neufeld's allegations of wrongdoing by the Monitor. The Monitor also had a telephone conversation with Mr. Neufeld on November 13, 2015, in which the Monitor attempted to provide Mr. Neufeld with relevant facts in the CCAA proceedings and responded to inquiries by Mr. Neufeld regarding what may occur if the ECHS Plan was approved by the Residents but individual Residents declined to meet the conditions set out in the ECHS Plan.

68. Further email correspondence was exchanged between Mr. Neufeld and the Monitor's legal counsel between November 14, 2015 and November 16, 2015 and is attached hereto as "Schedule 3".

69. Based on the serious nature of the allegations raised by Mr. Neufeld, the Monitor wished to provide stakeholders with information on their dealings with the LLEPG and advised Mr. Neufeld that this matter would be reported to the Court in advance of the November 30 Hearing.

Conclusion

70. The Monitor believes that the Meeting Order provides sufficient notice for the DIL Meeting and the Monitor is prepared and able to fulfill the duties set out for the Monitor in the Meeting Order. As such, the Monitor recommends that the Meeting Order be approved.

71. The Monitor supports the DIL Plan and is of the opinion that the DIL Plan is fair and reasonable and appears to be in the general best interest of all parties, as further described herein.

72. The Monitor supports the District Group's application for approval of the St. Albert Sale as described herein based on the following:

    72.1. The purchase price appears to be reasonable given current challenges in the Alberta real estate market and the St. Albert Sale may be more beneficial to the Applicant's creditors than a sale or disposition in a forced liquidation scenario;

    72.2. The Marketing Process and Colliers subsequent marketing efforts are satisfactory;

    72.3. The District Committee has approved the St. Albert Sale; and

    72.4. The sale proceeds will be held in trust, pending further Order of this Court, for the purposes of being included in the District Plan.

73. The Monitor supports the following additional relief sought by the Applicants, as further set out herein:

    73.1. The Robinson Transfer; and

    73.2. The sealing of the Confidential Affidavit.

DELOITTE RESTRUCTURING INC.,
In its capacity as Court-appointed Monitor of The Lutheran Church – Canada, The Alberta – British Columbia District, Encharis Community Housing and Services, Encharis Management and Support Services and The Lutheran Church – Canada, The Alberta – British Columbia District Investments Ltd. and not in its personal or corporate capacity

Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

From: Neil Neufeld
Sent: October 21, 2015 3:46 PM
To: rlcvic@rlcvic.ca
Subject: ABBC District funds through extortion? - for action please

Dear Pastor,

In hopes that this letter finds you in the center of the will of the Father, I thank you in advance for your time, and request that this be read with the intention of understanding and hope the following words are as valuable as they are intended to be. It has been after some time of praying that I awoke today with a strong impression that perhaps my heart is wrong, and perhaps not everything is as much in the light as I think it is, and if it were, there would be a difference, and this is the context under which I am urgently writing you today.

If you would allow me a short story for illustration, and further permit me to include you in the story of a time when you built a home and you paid market value for it from a builder; a brother in Christ; and as well you enter into an agreement with the builder that in the future the builder will also build a garage for you for, let's say $15,000. And to ensure that the home builder is paid; you agree that a builder's lien will be placed on the your property and further agree that the timing of the garage being built is solely in the hands of you. In good conscience, diligence and trust you create an agreement in writing to this effect.

Now over time, the home builder runs into financial difficulty and in the process the courts step in and see that the builder is not alone in his endeavors and there are shareholders wanting a piece of the remnants of the company, who after all, paid to have your house built. Now an officer of the court sees on the builder's balance sheet an asset worth $15,000 and a lien, so quickly sends you a letter that requests that you forfeit this amount of money because the builder is no longer able to pay their bills. Of course, the letter is written in such a way that if you do nothing, this would mean that you agree that you owe the money.

Naturally, you know the builder did not build the garage. The builder has not completed what they agreed to do and you have an agreement that states that this amount is due only if the builder completes their work which needs to be initiated by you. You can't after all take only part of the agreement and enforce it; it's all or none!

But in the cleverness of the world consumed with the desire of greed, the officer of the court sees an opportunity for a business proposition with you. Perhaps your contract is clear and indicates that you do not owe the money, but if you take this before a judge, what will they say? Maybe they will agree, maybe not. But maybe you can be persuaded to agree to a smaller amount, say $5,000 after your legal fees and pay this builder's company for the benefit of the shareholders. But as is required in all good extortions like this, there too needs to be an "or else'; otherwise it would be instantly rejected. Or else what, you would query; to which you would be warned "or else we will just make this company disappear in bankruptcy and you will need to hire lawyers and get judges to remove the lien, so you won't be able to sell your house". And so you wonder whether the builder knows of this, if the builder condones this, and why the builder wouldn't just remove the lien.

Surely you are wondering why I would relay such a disheartening story to you and I thank you for enduring this anecdote that hopefully has your inner sense of right and wrong feeling a bit grated. So I will land this lofty tale on the runway of reality that, fortunate or not, leads directly to the doors of your church and maybe your home; requiring your action to redirect this story's outcome, not for the sake alone of the injustice that it reflects, but also for the stain that this is about to create like wine on a wedding dress; and your role as an elder and teacher of God's word as it pertains to this abhorrent behavior.

Truly I do not mean to preach to the choir and have every confidence of your familiarity of where Paul makes no illusion of extortion in his first epistle to the Corinthians and as depicted in 1 Corinthians 6:10 where Paul writes "Nor thieves, nor covetous, nor drunkards, nor revilers, nor extortioners, shall inherit the kingdom of God."

Not much wiggle room I'm afraid. And I'm sure you are rightfully asking, but what does this have to do with me?

There is a vote coming that you may be participating in, and if not yourself directly then possibly your parishioners. The vote will be that of the builder condoning the actions of the officer of the court from which worldly counsel was requested. It will certainly be embedded in a plan; 'the plan', which will also include a lot of terrific and hard work that will have the potential to restructure the district. But sin wrapped in other good deeds does not mean that it is not there in all its repulsive nature.

You see, the reality is that the funds that your parishioners and possibly yourself had provided to the CEF has made you become the shareholders depicted, the homes that were built are the Prince of Peace Village homes just outside of Calgary, the homeowners are not you but are quite real and are the scared senior citizen owners of the nearly 60 condos that are being extorted under threat of being buried in continuous nebulous litigation. There is no lien and garage; but instead a life lease which obligates the owner (builder) of the life lease to do mainly two things; <u>only</u> with the seniors' initiating it; namely

1. To appraise, market, sell, and pay legal costs when a senior wants to vacate their home
2. To guarantee the sale occurs in 6 months or pay the senior the appraised value as per an appraisal from someone recognized by the appraisal institute of Canada

AND for this, the seniors will forfeit 5% of the appraised value of their home to pay for these activities. There is no dispute on these terms. Details of which can be read here if you are inclined http://www.insolvencies.deloitte.ca/Documents/Affidavit%20of%20Donald%20A.%20Fraser%20sworn_filed%20on%20August%2026,%202015,%20together%20with%20Exhibits.pdf

The letter, as described was sent by the officer of the court, also known as 'The Monitor' without the clarity and with the confusion of do nothing and you owe the money; which appears to also have been done without direction of the court, but perhaps with the church's blessing as you can see here if you are so inclined http://www.insolvencies.deloitte.ca/Documents/TEMPLATE%20Life%20Lease%20Residents%20-%20Claims%20Process%20Mail-Out.pdf

This has required the seniors to spend money on lawyers to try to protect themselves and their equity even though they honestly did pay all the money back that was invested to build these condos plus a profit; the CEF funds were whole and plus when these residents entrusted this agreement with the Lutheran Church. As any homeowner too, never thought again about the developer's financial affairs – it was irrelevant until this storm was concocted.

The "or else" is also present in this reality and is largely as described in the story above. Literally, or else we make the Encharis and possibly the ABBC District corporations disappear and these seniors will need to hire more lawyers and get more judges to figure out how to remove a life lease and an unauthorized Concentra mortgage that was placed there by a corporation that doesn't exist. Pay up or else! No different that the bullies on the playground or the Pharisees in the days of Christ; extortion is what it is.

There is no force other than greed and opportunity driving this. The life lease could stay in place and be exercised by the ABBC District as was originally signed at some date in the future – the church remains whole and as agreed is honored by all. These life lease titles could be released to be fee simple back to these seniors, as was done at no fee years ago, and in light that the ABBC district and their Encharis corporations

being unable to fulfill their obligations of the agreement – even have the seniors pay for the costs for this; just provide them with release letters – the church again would remain whole. The benefit to the 3,600 investors for this atrocity is about $50 each, before costs!

Ideally, all the good work and effort that is being put into restructuring of the ABBC District insolvency should not be put at risk over this extortion. Ideally if this part of the plan is stopped NOW, before it even becomes part of the plan; but if that doesn't occur and it is included in the plan, then I pray that justice prevails; the plan in its entirety fails and this extortion being done between believers with the approval of the church has the backlash it so deserves. Failing either of these scenarios; seniors that can pay the extortion will protect their homes, and sacrifice elsewhere from burdening family, food, or medicines unless there are any savings at all. There will be no option for them and they will buckle like a bullied child at school from the duress. The ones who can't; my heart breaks and my blood boils!

There is no access by us seniors to proceedings, to the officer of the court or 'monitor' as she is titled; (phone calls aren't even returned), to the investors who will be voting, to any of this – we are merely the victims of a storm that is coming out of the body that you are part of and are a leader for. We have had a committee of seniors from and through lawyers that have had discussions and negotiations under the duress of the looming 'or else'. To which it is now expected that the officer of the court will send out a letter that $3,000 cash must be paid (plus $1,000 to pay for the transfer + $1,500 already paid to lawyers) If I'm correct, the Monitor is acting unilaterally as seen as she describes the funds coming in – missing the gory details of holding seniors home ransom and forcing them to approve! Please see today's report at Section 37.1 at http://www.insolvencies.deloitte.ca/Documents/Final%2010_19%20Monitor%27s%20Seventh%20Report.pdf

Please, do not gaze heartlessly as if you can only be a bystander to something you are empowered to influence. Talk to your parishioners; especially investors who will be voting, challenge the committees that are supporting this and make sure they are aware of what is being done and your opinion; request that this be rethought; what they see on the proposal may not show the approach used – only the result. John 3:20 reveals "Everyone who does evil hates the light, and will not come into the light for fear that their deeds will be exposed." This needs to be exposed, and I humbly ask you to help; and if this is their intent then it's informed intent at least.

Committees: http://www.insolvencies.deloitte.ca/Documents/DIL%20Creditors%20Committee%20Write-up%204_20_15.pdf

http://www.insolvencies.deloitte.ca/Documents/District%20Creditors%20Committee%20Write-up%204_22_15.pdf

District investment Committee: Gary Clements; Reid Glenn; Esther Borger; Holly Drinkle; Gerry Kruger	Lutheran Church Committee Sandra Jory; Phil Lemke; Dieter Steinruck; Clinton Ziegler; Tom Lademann; Terry Goerz

Matthew 18:15 instructs us that "If your brother sins against you, go and tell him his fault, between you and him alone. If he listens to you, you have gained your brother….. if he refuses to listen, bring it to the church"

As an 84 year old, blind and disabled senior living alone in one of these condo's, this is what I hope to have done with this letter, the media is what I want to avoid as this stains all of the body of Christ. You are aware now, and I apologize for removing the ample excuse of "if I had only known". You now know, and I trust that you will govern yourself accordingly. Please talk to other pastors, feel free to share this as I don't have complete email lists - let all understand that this extorting money from seniors for a mere $50 per investor is shameful and not what you and this church stands behind! Bring this into the light!

By early December the plan will be presented; time is short and action required is now!

Sincerely,

Neil Neufeld on behalf of Gladys Neufeld
621 Advent Bay NE
Calgary, Alberta T1X 1N8

This email has been checked for viruses by Avast antivirus software.
www.avast.com

Schedule 2

November 13, 2015

Jeffrey Oliver
Direct 403-298-1818
Direct Fax 403-695-3558
jeffrey.oliver@gowlings.com
File No. A135752

VIA EMAIL

Neil Neufeld
621 Advent Bay N.E.
Calgary, Alberta T1X 1N8

Dear Sir:

Re: Lutheran Church – Canada, the Alberta – British Columbia District et al
Court of Queen's Bench Action No. 1501-00955

We are counsel to Deloitte Restructuring Inc. ("**Deloitte**") and are writing to you in response to an email from you dated October 21, 2015 which has been circulated to various other parties. We understand from various correspondences that you have concerns regarding alleged wrongdoings on the part of Deloitte in its capacity as monitor of, *inter alia*, Encharis Community Housing and Services ("**ECHS**") (in this capacity, the "**Monitor**").

As we believe you are aware, all publicly available documents have been and remain available on the Monitor's website at www.insolvencies.deloitte.ca

As you are likely aware, the Monitor is an independent officer of the Court, with no financial stake in the outcome of this matter, and therefore takes any allegation of wrongdoing very seriously. The Monitor is particularly concerned because the serious allegations you are making appear to be founded upon an inaccurate understanding of the relevant facts, which inaccuracies are then being communicated to stakeholders.

The Monitor strongly disagrees with your assertions of wrongdoings or inappropriate conduct. Referenced below are the relevant facts in relation to this matter, which we hope will provide you with a greater understanding of this matter.

ECHS and the Life Leases

The Prince of Peace Development (the "**POP Development**") was a development originally owned by the Lutheran Church – Canada, the Alberta – British Columbia District (the "**District**") and included a series of senior's housing complexes (the "**Condos**"). The District had granted life leases to the individual residents of the Condos. In 2006, the District transferred title of the entire POP Development to ECHS. In 2008, ECHS gave the residents of the Condos the option to convert their life leases in the Condos to a fee simple interest in the same. As of November 30, 2014, approximately sixty three (63) Condos were still owned by ECHS and remained the subject of life lease interests.

CCAA Protection & Claims Process

As you are aware, on January 23, 2015 (the "**Filing Date**") ECHS and the District, among others, obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (Canada) (the "***CCAA***") pursuant to the Initial Order granted by the Honourable Justice K.D. Yamauchi. In accordance with the Initial Order, Deloitte was appointed as Monitor in the *CCAA* proceedings. As at the Filing Date, approximately 60 Condos were still owned by ECHS and remained the subject of life lease interests.

On February 20, 2015, counsel to the debtors (including ECHS), Bishop & McKenzie LLP (the "**Debtors' Counsel**"), obtained a Court Order which, among other things, approved a process to identify potential creditor claims against the debtors (the "**Claims Order**")[1]. The Claims Order required the Monitor to mail claims packages to the life lease residents on February 25, 2015[2] on the basis that the life lease residents were creditors having contingent claims against ECHS. Therefore, contrary to the assertions in your email, the claims procedure: (i) was approved by the Court via the Claims Order; and (ii) did not state that if the creditors took no action, they would owe money. Rather, the claims package stated that if the life lease resident agreed that that value of their claim amount was the 2015 property tax assessment less a 5% conversion fee, no further action was required.

The LLR Committee and its Counsel

Following the granting of the Initial Order, the vast majority of the remaining life lease residents formed a group (the "**LLR Group**"), consisting of approximately 58 residents of the Condos, all of whom remained holders of life leases. It is our understanding that your mother, Gladys Neufeld, is a life lease resident and a member of the LLR Group.[3] The Monitor has had ongoing contact with the LLR Group since early February 2015. The LLR Group hired Jeff Moroz of McLeod Law LLP as their representative counsel. Mr. Moroz has been actively involved in the negotiation of the Proposed Plan (as defined below) on behalf of the LLR Group and has been advocating on behalf of the LLR Group, including your mother, and have worked with the Monitor and other stakeholders to ensure that their concerns and interests are reflected in the contents of the Proposed Plan.

To the best of our knowledge, you are not a creditor of ECHS, nor are you a life lease resident.

The ECHS Plan of Compromise and Arrangement

On October 8, 2015, the Debtors' Counsel filed a Plan of Compromise and Arrangement for ECHS, as amended on October 30, 2015 (collectively, the "**Proposed Plan**")[4]. In accordance with section 4.2(d) of the Proposed Plan, should the Proposed Plan be approved by the life lease residents and

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[1] http://www.insolvencies.deloitte.ca/Documents/Order%20(Extend%20Stay,%20Claims%20Process,%20Authorize%20CRO,%20Authorize%20Payments)%20filed%20March%206,%202015.pdf
[2] http://www.insolvencies.deloitte.ca/Documents/TEMPLATE%20Life%20Lease%20Residents%20-%20Claims%20Process%20Mail-Out.pdf
[3] See Affidavit of Donald Fraser, sworn August 26, 2015, Exhibit "A"
[4] http://www.insolvencies.deloitte.ca/Documents/ECHS%20Plan%20-%20revised%2010.30.2015.pdf

subsequently by the Court, the life leases will be converted into fee simple interests. These conversions will be initiated and paid for by life lease residents upon the payment of a $3,000.00 surrender fee by the life lease resident. It is our understanding that it is this provision that is giving rise to your allegation that the Monitor is responsible for the "extortion" of such amounts from life lease residents.

Such an allegation is based on a misunderstanding of the facts and the role of the Monitor, and is rejected. We note as follows:

- section 4.2(d) of the Proposed Plan was proposed by Mr. Moroz, counsel to the life lease residents (including your mother), and not the Monitor. The Proposed Plan was accepted by ECHS. Following acceptance of the Proposed Plan, the Monitor confirmed their approval.

- the Proposed Plan is being put forward by ECHS. While the Monitor supports the Proposed Plan on the basis that, among other things, it is a fair and reasonable compromise of the interests of affected parties, the Proposed Plan remains a document that is being advanced and advocated for by ECHS.

- the Proposed Plan remains a proposed compromise of the claims of various stakeholders, including the life lease residents. In the absence of this plan being advanced, ECHS would have no financial ability to comply with its contractual obligations to the life lease residents in relation to their units, and the conveyance of such units would likely be impossible without court intervention. Further, there is a mortgage registered as against selected Condos, which while we appreciate is the subject of dispute by life lease residents, the mortgage remains registered. There are creditors of the entity that placed that mortgage, whose interests also must be considered. Rather than litigate these issues, which as you are likely aware can be risky and expensive, the LLR Group instead chose to negotiate portions of the Proposed Plan to provide for the conversion of the life leases into fee simple, in order to provide for a more certain, orderly and likely less expensive resolution to these difficult circumstances.

- the concept of life lease residents paying a transfer fee stems from the life leases themselves. While the circumstances in which the fee is payable under the life leases is different, the payment of money in exchange for fee simple ownership is consistent.

- the Monitor has no financial stake in this proceeding. With no financial stake in the outcome of this matter, it is unclear how the Monitor could extort monies, and why they would do so. The conversion fees payable under the plan are payable to creditors. The Monitor's role in this matter has been and remains to assist the interested parties to attempt to facilitate a resolution of this difficult matter in a fashion that provides for an outcome that would be improved as compared to liquidation.

Furthermore, we also note that although section 4.2(d) has been included in the Proposed Plan, as set out in section 5.8 an affirmative vote of two-thirds in value and a majority in number of all proven claims of eligible affected creditors is required to approve the Proposed Plan. Further, the life lease residents are a separate class of creditors, meaning that the same threshold of life lease residents

must vote in favour of the Proposed Plan for it to be binding upon life lease residents. Additionally, as set out in section 5.9 of the Proposed Plan, even if the Proposed Plan is accepted and approved by the Required Majority, the Court must sanction the Proposed Plan before it will be binding on the life lease residents.

Therefore, in the event that your mother wishes to change her position and vote against the Proposed Plan, or challenge the Proposed Plan's sanction by the Court of Queen's Bench, it remains open to her to do so.

Conclusion

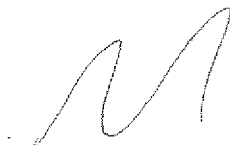
As an independent officer of the court, the Monitor strongly disagrees that any wrongdoings as alleged by you, or otherwise, have been committed.

Finally, the Court is intended to be the forum in which all stakeholders are able to express their views in relation to matters that concern them. Please know that we will be advising the Court of your concerns during our next court appearance, which is scheduled for 3:00 p.m. on November 30, 2015 at the Calgary Courts Centre. Should you wish to bring anything further to the attention of the Court, you are free to do so during this time.

However, it is equally important that any public comments made by you in relation to the Monitor or otherwise are based upon accurate facts and information. Due to the large number of elderly depositors, such inaccurate information can rapidly cause considerable confusion amongst stakeholders and hinder the parties good faith efforts to restructure their affairs. Further, as counsel to the Monitor, I am tasked with protecting, among other things, the independent interests of the Monitor. With the greatest of respect, your comments have not been factually accurate, and have either been intended to or had the affect of causing or potentially causing disrepute to the office of the Monitor. In the circumstances, we demand that you cease and desist from making further factually inaccurate comments.

Sincerely,

GOWLING LAFLEUR HENDERSON LLP



Jeffrey Oliver

JLO

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Schedule 3

From: Oliver, Jeffrey <Jeffrey.Oliver@gowlings.com>
Sent: Monday, November 16, 2015 2:00 PM
To: Neil Neufeld
Cc: Allen, Vanessa (CA - Alberta); Keeble, Jeff (CA - Alberta)
Subject: RE: Lutheran Church - Canada, the Alberta - British Columbia District et al

Mr. Neufeld,

I acknowledge receipt of your email of November 14, 2015. We also confirm that you spoke with the Monitor on November 13, 2015 in relation to this matter.

The February 10, 2015 letter does not support your assertion that the Monitor "extorted" the Life Lease residents (as you have alleged in your communications). Your communications and position on this matter appear to be premised upon the belief that the concept that the Life Lease Residents pay a surrender fee in exchange for the conversion of their legal interest originated with Deloitte. As we have previously advised you, this general concept was contained in the Life Leases themselves. More importantly, the February 10, 2015 letter conveys to Life Lease holders, on a preliminary basis, what the Monitor understood that the District/ECHS may advance in its Plan of Arrangement. The Monitor was simply advising the Life Lease Residents of that information for their consideration and to permit them to take whatever steps they determined were necessary for the purpose of organizing themselves and potentially raising any issues of concern with the District/ECHS or the Monitor. Again, the Monitor has no personal stake in the outcome of this matter. Of equal importance is the communication is clear on its face that the manner in which the District/ECHS was proposing to deal with the life lease residents was preliminary, and that any plan of arrangement was subject to a vote. As you are aware, since the date of this communication, this matter has been negotiated by duly authorized counsel on behalf of the majority of the life leaseholders, and is now included in a draft plan of arrangement which shall be voted upon on December 11.

Your statement that the life lease residents should never have been included in this process is, with respect, not in the interests of the life lease residents and unrealistic. As we previously mentioned, it does not benefit the life lease holders to hold a life lease with an insolvent entity. Once ECHS obtained an Initial Order for creditor protection under the CCAA, the Monitor's role is to act independently in the interests of all stakeholders in all of the CCAA entities. In that regard, it was not the Monitor's decision which entities filed for CCAA. However, once in CCAA protection, the Monitor must take steps to ensure that all parties are treated fairly and equitably in light of the existing legal rights and obligations of the parties. We appreciate that you may disagree with the decisions made by the District/ECHS and the Monitor in this matter, but the Monitor stands by its actions in such circumstances.

Therefore, in summary, the February 10, 2015 letter was a communication of the District/ECHS initial proposal for a plan of arrangement. The Monitor simply wished to advise the life lease holders of what was being contemplated. It was not and cannot be "extortion" on the part of the Monitor in such circumstances.

In relation to your comments on the claims process, we remind you that it was court approved, and there is nothing unusual or alarming about the process occurring prior to the establishment of creditor committees or the appointment of a CRO. Further, similar to our comment above, the claims process (while supported by the Monitor) is a process that was advanced by the District/ECHS, not the Monitor. Once it was court approved, which it was, the Monitor was required to implement it. The claims process you are referring to, which you call "negative approval", was specifically court sanctioned and the structure of the process was brought to the court's attention. Its purpose is to avoid burdening claimants with filing a claim in circumstances where, in the view of the parties and the court, the quantum of their claim is sufficiently clear and supportable based upon the records of the company. These processes are far from unheard in insolvency matters. Further, we understand from your email that you believe that the Claims Process was intended to

establish the amount of claims by ECHS against the life lease residents as opposed to claims of the life lease residents against ECHS. Although we realize that the two are related, this seems to be a material misunderstanding. The amount payable by depositors is to secure the conversion of their leasehold interest to fee simple and to secure the release of the mortgages held by Concentra Trust. ECHS is not the beneficiary of those monies.

We appreciate that you are not pleased with the outcome of this matter to date, and that you wish that matters have transpired differently. We also note that no party, whether a depositor, life lease resident, or general creditor, likely wants to be in the position they currently occupy. The Monitor understands this reality. In relation to the life lease residents, and to their considerable credit, they have organized themselves, retained counsel, and have positively contributed to this restructuring. They have negotiated an arrangement with the District that reflected the interests of all affected parties. As we noted, your mother was a participant in that group. In these circumstances, the Monitor will not be revisiting its support of the proposed ECHS Plan. The Monitor remains of the view that plan is fair, reasonable, and in the best interests of the stakeholders of ECHS.

In summary, the disconnect between your communications and the Monitor appears to be in relation your allegations that the Monitor's conduct amounts to "extortion". These are extremely serious and frankly completely unsupportable allegations you have made to third parties. It is entirely within your right to take objection to, and voice publically, your concerns in relation to whether the Monitor took adequate steps to consider, in its advice and recommendations, the interests of life lease holders. Those matters were advanced by the District/ECHS and were court approved, under the oversight of the Monitor.

We again encourage you to attend Court on November 30, 2015, as we will be raising your allegations with the presiding Justice.

Regards

Jeffrey Oliver
Partner - Gowlings
T 403 298 1818 | F 403 695 3558 | jeffrey.oliver@gowlings.com

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From: Neil Neufeld [mailto:neilaneufeld@gmail.com]
Sent: November-14-15 1:24 PM
To: Oliver, Jeffrey
Cc: 'Allen, Vanessa (CA - Alberta)'; 'Keeble, Jeff (CA - Alberta)'
Subject: RE: Lutheran Church - Canada, the Alberta - British Columbia District et al

Mr. Oliver,

Thank you for your reply. I appreciate your concern for the facts and as such feel compelled to point out that your letter missed the fact that there is another communication sent out from the Monitor (or her office) on February 10th, 2015; which when taken in combination with the communication that you do include from February 25th, does result in the reason that these residents were required to hire counsel to defend themselves at all and never should have been included as debtors to this process; rather creditors only and as per my most recent conversation with the Monitor's office; I understand are the only creditors to which there is a requirement for a creditor to pay into the restructuring, rather than only suffer the consequences from as a creditor. All of which, I have no doubt you are familiar with as per Don Fraser's affidavit of August 26th, 2015

Regardless; with the inclusion of the communication you have missed, these are the facts that I am relying on:

February 10th , a notice from the Monitor and before there are committees formed or a CRO appointed and from personal conversation from Kurt Robinson that this was also not directed from management which states the following

The Residents will be included in the claims process with respect to their contingent claim against ECHS, which will be valued based on the amount of each Resident's 2015 property tax assessment less a 5% conversion fee (the "Conversion Fee");

Which is interpreted to mean that the residents are due an amount from Encharis contingent on their surrender of the lease and as the life lease explicitly states that the 5% 'Transfer fee', as described to mean a transfer to a new lessee and only when surrendered by the current resident and in exchange for services as described in the lease.

Further in the same communication dated February 10th 2015 from the Monitor it states

- Life leases existing as of the filing of the Plan, will be converted to fee simple pursuant to Plan, subject to the Conversion Fee, which will be payable to District Investments;

Which is interpreted to mean that if a life lease is not surrendered then 5% of the equity as determined by a property tax assessment which reflects the highest values assessed for property taxes before oil prices crashed and the housing market went into a material correction, and not as per the lease which required an appraisal by "an appraiser accredited by the appraisal institute of Canada" {Article 10.1 of the Life Lease}, would be owed as if the life lease holder were a debtor and not a creditor and would in addition still surrender their rights under the life lease of 6 months guaranteed payment as determined by the appraisal, all legal fees paid for within the transfer, all realtor fees paid for within the transfer. In other words, on a $300,000 condo to forfeit $15,000 to the restructuring and incur an additional $15,000 to sell the condo. The restructuring would benefit from $15G; the resident would suffer $30G in loss of equity.

On February 25th , as you have correctly identified, there was a communication that detailed timing, and stated

If you agree with the amount included in the Resident Claim, which is based on the 2015 As: less a 5% conversion fee, no further action is required.

With respect to Depositors and Residents, if the Depositor or Resident does not deliver a Disput or Non-Participation Notice to the Monitor on or before 4:00 p.m. Mountain Daylight Time on , 2015, the Depositor's or Resident's Proof of Claim will be deemed accepted by the Monitor.

Which is interpreted to mean that if residents agree to ALL the above, as in both communications, then no action is required. Or more clearly reworded, if you do nothing then you agree to owe us the above money. It is my belief that this is a negative approval. Do nothing and you agree.

The above was the starting point to where the $3,000 amount will now be enforced. Clearly this was not the only option through this maze, but the chosen one. Releasing mortgages that had no access to residual equity and releasing life leases where the residents would already suffer consequences from its absence would, in my opinion, have been the ethical thing to do. These actions are not those. And under the risk that these seniors would be abandoned by the institution they trusted through the life lease, and need to subject themselves to the mercies of the court through an unknown process with undefined legal costs is the inducement for them to agree to the payment at all; even though there is a vote – the option to opt out really isn't a viable option at all for any risk averse senior.

Mr. Oliver, is this the clarity that you are concerned with that could cause much confusion because there are a large number of elderly involved in this process; 'Pursuant to', 'conversion fees', negative approval communications? If so, then I whole heartedly agree.

My intention, Mr. Oliver, was never to affect the "independent interests of the Monitor" as your letter states and to which I interpret to mean Deloitte; rather to provide factual information to parties that maintain influence over this issue exclusively, and in the reader's context. Indeed, I have utmost respect for Deloitte's name and have had nothing but a professional experience in all my dealings with them. We agree that the firm's integrity is worthy of being preserved. Additionally we agree that there has been good faith efforts done in a positive manner for the benefit and fairness of all parties involved; unfortunately, it remains to me that this issue is, if you will, an unfortunate fly in the ointment.

Additionally you are correct, that I am not a Life Lease resident, but hold the liability for, and am the mortgage payer on my mother's life lease property for about the last 12 years and communicate on behalf of her as a resident with her full

approval and awareness of all communications pertaining to this complicated matter. Being 84 and legally blind, she is one of many that are truly overwhelmed by what has transpired.

If the above facts are not the facts as you know them, then I am open to clarity. Obviously I cannot withdraw comments that I have made to date, but do understand your concerns and will refrain from further iterations of this issue going forward with the investors. In return I ask that you revisit the fairness of this with the Monitor in light of the very tiny benefit to the investors of less than $50 each, but significant consequences to the residents who were to be creditors and not debtors within the mandate of the Monitor to advise on reasonableness and fairness of this arrangement.

Best regards,
Neil Neufeld, CPA CMA

From: Oliver, Jeffrey [mailto:Jeffrey.Oliver@gowlings.com]
Sent: November-13-15 5:11 PM
To: neilaneufeld@gmail.com
Cc: Allen, Vanessa (CA - Alberta) <vanallen@deloitte.ca>; Keeble, Jeff (CA - Alberta) <jkeeble@deloitte.ca>
Subject: Lutheran Church - Canada, the Alberta - British Columbia District et al

Please see the attached

Jeffrey Oliver
Partner
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