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DOCUMENT	**TWENTY-FIRST 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, ENCHARIS COMMUNITY HOUSING AND SERVICES, ENCHARIS MANAGEMENT AND SUPPORT SERVICES AND LUTHERAN CHURCH – CANADA, THE ALBERTA – BRITISH COLUMBIA DISTRICT INVESTMENTS LTD.** **DATED JULY 7, 2016**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Counsel** **Cassels Brock & Blackwell LLP** **Suite 1250, Millennium Tower** **440 – 2nd Avenue SW** **Calgary, Alberta T2P 5E9** **Attention: Jeffrey Oliver** **Telephone/ Facsimile: 403-351-2921/ 403-648-1151** **Email: joliver@casselsbrock.com** **Monitor** **Deloitte Restructuring Inc.** **700 Bankers Court, 850 – 2nd Street SW** **Calgary, AB T2P 0R8** **Attention: Jeff Keeble & Vanessa Allen** **Telephone/Facsimile: 403-298-5955/ 403-718-3681** **Email: jkeeble@deloitte.ca & vanallen@deloitte.ca**

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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 eight extensions of the Stay. The most recent Order was granted at an application on June 21, 2016 and extended the Stay until September 30, 2016 (the "Extension").

4. Prior to the Initial Order being granted, Deloitte prepared a Pre-Filing Report of the Proposed Monitor dated January 22, 2015 (the "Pre-Filing Report"). The Monitor subsequently filed the following reports:

   4.1. the First Report of the Monitor dated February 17, 2015;

   4.2. the Second Report of the Monitor dated March 23, 2015 (the "Second Report");

   4.3. the Third Report of the Monitor dated June 16, 2015;

   4.4. the Fourth Report of the Monitor dated June 24, 2015 (the "Fourth Report");

   4.5. the Fifth Report of the Monitor dated August 24, 2015 (the "Fifth Report");

   4.6. the Sixth Report of the Monitor dated September 9, 2015;

   4.7. the Seventh Report of the Monitor dated October 20, 2015;

   4.8. the Eighth Report of the Monitor dated October 30, 2015;

   4.9. the Ninth Report of the Monitor dated November 26, 2015;

4.10. the Tenth Report of the Monitor dated December 22, 2015;

4.11. the Eleventh Report of the Monitor dated January 11, 2016;

4.12. the Twelfth Report of the Monitor dated January 27, 2016;

4.13. the Thirteenth Report of the Monitor dated February 4, 2016;

4.14. the Fourteenth Report of the Monitor dated February 18, 2016;

4.15. the Fifteenth Report of the Monitor dated February 25, 2016 (the "Fifteenth Report");

4.16. the Sixteenth Report of the Monitor dated March 14, 2016 (the "Sixteenth Report");

4.17. the Seventeenth Report of the Monitor dated March 18, 2016 (the "Seventeenth Report");

4.18. the Eighteenth Report of the Monitor dated April 25, 2016;

4.19. the Nineteenth Report of the Monitor dated May 27, 2016 (the "Nineteenth Report"); and

4.20. the Twentieth Report of the Monitor dated June 14, 2016 (the "Twentieth Report", together with the Pre-Filing Report, the reports listed in 4.1 to 4.20 will collectively be referred to as the "Reports").

5. 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, a confidential supplement to the Fifth Report dated August 26, 2015, a confidential supplement to the Fifteenth Report dated February 26, 2016 and a Confidential Supplement to the Seventeenth Report dated March 18, 2016 (collectively the "Supplements"). The Supplements have been sealed by the Court.

6. In addition to the Reports and the Supplements, the Monitor prepared a First Report to the Creditors of ECHS and EMSS dated November 10, 2015 (the "Encharis Report"), a First Report to the Creditors of DIL dated December 8, 2015 (the "DIL Report") and a First Report to the Creditors of the District dated March 28, 2016 (the "District Report"). All of the Encharis Report, the DIL Report and the District Report were prepared for the purpose of providing creditors of the corresponding entities with specific information related to the respective plans of compromise and arrangement for ECHS, EMSS, DIL and the District (respectively the "ECHS Plan", the "EMSS Plan", the "DIL Plan" and the "District Plan", collectively the "Applicant Plans"), all as subsequently amended.

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

8. 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.".

9. Gowling WLG (Canada) LLP ("Gowling") originally acted as legal counsel for the Monitor. Jeffrey Oliver, the partner of record for the engagement, subsequently moved to Cassels Brock and Blackwell LLP ("Cassels"), who now acts as legal counsel for the Monitor. Gowling continues to provide specific

advice to the Monitor related to the procedures to be followed at the District Meeting and the Reconvened District Meeting as well as corporate and tax matters.

Notice to Reader

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

11. 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.

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

Court Applications

13. At a hearing on June 21, 2016, the Court granted an Order approving the Extension.

14. At a hearing scheduled for July 15, 2016 (the "July 15 Hearing"), the District Group will be making an application (the "District Sanction Application") for an Order sanctioning the District Plan, declaring that the District Plan is fair and reasonable and declaring that the District Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected by the District Plan are approved, binding and effective upon those creditors affected by the District Plan (the "District Sanction Order"). In conjunction with the District Sanction Application, the District will also be making the following additional applications:

    14.1. Confirming the settlement of all claims of Eligible Affected Creditors, who are minors (the "Minor Affected Creditors") and directing how distributions will be paid to Minor Affected Creditors pursuant to the District Plan; and

    14.2. Granting an Approval and Vesting Order (Prince of Peace Development) transferring the Core Assets (as such term is defined in the ECHS Plan) to a new company to be formed pursuant to the District Plan ("NewCo"). The applications described in 14.1 and 14.2 will collectively be referred to as the "Sanction Related Applications".

    The Monitor notes that the application for an Order sanctioning the DIL Plan has already been heard and that the Court will be making a determination with respect to the sanction of the DIL Plan at the same time as it makes a determination with respect to the District Sanction Order.

15. As set out in the Twentieth Report, the Monitor supports the District Sanction Application based on the following:

    15.1. The Monitor is of the view that the District Plan is fair and reasonable and appears to be in the best interest of all parties; and

    15.2. At the Reconvened District Meeting (as subsequently defined), the those creditors with proven claims or disputed claims that have not yet been settled or adjudicated (the "Eligible Affected Creditors") voted in favour of the District Plan and requested that the Court sanction the District Plan.

16. This report represents the Twenty-First Report of the Monitor (the "Twenty-First Report"). The Twenty-First Report is being prepared to provide the Court with information related to an application being advanced by Errin Poyner of Sugden, McFee and Roos LLP ("Sugden") on behalf of her clients Randall Kellen and Elvira Kroeger (the "Sugden Plaintiffs") and supported by Allan Garber of Allan Garber

Professional Corporation ("Garber") on behalf of his clients Sharon Sherman and Marilyn Huber (the "Garber Plaintiffs") seeking the following relief (the Sugden – Garber Application"):

16.1. Removing Deloitte as Monitor and replacing it with Ernst & Young LLP ("E&Y"); or

16.2. Appointing E&Y as a limited purpose monitor for the purpose of reviewing the provisions of the District Plan related to future legal action(s), which may be undertaken on behalf of District Depositors by way of class proceedings or otherwise (the "Representative Action") and rendering its opinion to the Court on the District Sanction Application and with respect to whether the District Plan is fair and reasonable to the Eligible Affected Creditors;

16.3. Authorizing E&Y to retain legal counsel to assist it in rendering its opinion to the Court if it considers it reasonable and necessary to do so; and

16.4. Authorizing the professional fees of E&Y and its legal counsel, to a maximum amount of $150,000 plus applicable taxes to be paid by the Applicants and secured under the Administration Charge (as such term is defined in the Initial Order) that was granted as part of the Initial Order or under a second administration charge to rank *pari passu* with the current Administration Charge.

17. The Sugden – Garber Application is scheduled to be heard at the July 15 Hearing in advance of the District Sanction Application.

The Sugden-Garber Application

18. The Monitor has reviewed the following material filed by Sugden and Garber in support of the Sugden-Garber Application (the "Sugden – Garber Material"):

    18.1. The Sugden – Garber Application;

    18.2. The affidavit of Courtney Clark sworn on June 27, 2016 (the "Clark Affidavit");

    18.3. The affidavit of Randall Scott Kellen sworn on June 28, 2016 (the "Kellen Affidavit");

    18.4. The brief of District creditors' Elvira Kroeger and Randall Kellen regarding the Sugden – Garber Application filed on June 30, 2016 (the "Kellen Brief"). The Monitor notes that the Sugden – Garber Material referenced in paragraph 18.1 to 18.4 was received by the Monitor on June 30, 2016;

    18.5. The affidavit of Lorraine Giese sworn on June 17, 2016 (the "Giese Affidavit"), which was received by the Monitor on June 29, 2016;

    18.6. The affidavit of Marilyn Huber sworn on June 26, 2016 (the "Huber Affidavit"), which was received by the Monitor on June 29, 2016;

    18.7. The affidavit of Donald Specht sworn on June 23, 2016;

    18.8. The affidavit of Fredrick Voight sworn on June 23, 2016 (the "Voight Affidavit");

    18.9. The affidavit of Elvira Theodora Kroeger sworn on June 23, 2016 (the "Kroeger Affidavit"); and

    18.10. The expert report of Doug McConnell sworn on June 30, 2016. The Monitor notes that the Sugden – Garber Material referenced in paragraphs 18.7 to 18.10 was received by the Monitor on July 6, 2016.

19. Following their review of the Sugden – Garber Material, the Monitor wishes to comment on the following matters that were raised therein:

    19.1. The issuance of shares (the "NewCo Shares") in NewCo;

    19.2. The potential future development of the Harbour and Manor seniors' care facilities, the surrounding development and expansion lands, and the Prince of Peace Church and School (the "Prince of Peace Properties") that are being transferred to NewCo pursuant to the District Plan, including specific allegations raised in the Sugden – Garber Material;

19.3. The Representative Action, including specific allegations raised in the Sugden – Garber Material; and

19.4. The information provided to and the time available for Eligible Affected Creditors to consider the District Plan, including specific allegations raised in the Sugden – Garber Material.

The NewCo Shares

20. Sugden and Garber suggest that the risks to Eligible Affected Creditors in becoming NewCo Shareholders are unreasonable. The Monitor notes as follows with respect to this suggestion:

20.1. The risks associated with becoming a NewCo Shareholder were detailed in paragraphs 42 and 43 of the District Report, a draft of which was provided to Sugden and Garber and presented to this Honourable Court for its review prior to the Order authorizing the District to file the District Plan and to present the District Plan to Eligible Affected Creditors at a meeting convened for that purpose (the "District Meeting Order") having been granted. As such, the risks associated with becoming a NewCo Shareholder have been communicated to the Eligible Affected Creditors;

20.2. The mandate to be established for NewCo is not set by the District Plan but will be determined at a meeting of the shareholders of NewCo (the "NewCo Shareholders") to be held within six months of the District Plan taking effect (the "NewCo Shareholders' Meeting"). As such, the NewCo Shareholders will have input into the level of risk assumed by NewCo by determining NewCo's mandate; and

20.3. Some information surrounding future events and contingencies, such as the mandate to be established for NewCo are not known at this time and, in the circumstances, the Monitor can't report on them. Where this is the case, the Monitor has reported the same. Notwithstanding these unknowns, the Monitor is of the view that that the District Plan is reasonable and includes the potential for a greater recovery than would be available to Eligible Affected Creditors through a forced sale liquidation of the Prince of Peace Properties.

The Voight and Kroeger Affidavits

21. Paragraph 5, of the Voight Affidavit indicates that Mr. Voight has consulted with his investment advisor and has been advised that the NewCo Shares are not a suitable investment option for him. Paragraph 3 of the Kroeger Affidavit references the reasons that Ms. Kroeger is opposed to the District Plan, including that she does not wish to own NewCo Shares. The Monitor notes that Eligible Affected Creditors had to vote on the District Plan, taking into account their own particular circumstances and views. It is unrealistic to think that any CCAA plan of compromise and arrangement would be supported by all of a debtor company's creditors or that the compromise effected would be ideally suited to every creditors' personal situation. By voting on the District Plan, however, Eligible Affected Creditors have had the opportunity to voice their individual views on the District Plan. The fact that the District Plan

has been approved by the required double majority of creditors (being two-thirds in value and a majority in number of voting Eligible Affected Creditors) indicates that the majority of Eligible Affected Creditors are of the view that the approval and implementation of the District Plan, which includes the issuance of the NewCo Shares, is the preferred outcome.

The Potential Future Development of the Prince of Peace Properties

22. Sugden and Garber have suggested that the appointment of a replacement Monitor is required on the basis that the Monitor has not provided adequate disclosure to the Eligible Affected Creditors related to the following:

    22.1. A master-site development plan (the "MSDP") that was prepared for the District by Alvin Fritz Architect Inc. in December 2012 and was subsequently approved by the Municipal District of Rocky View County (the "MD of Rocky View"). For clarity, a master-site development plan is a site-specific study and plan that includes site information, layout and analysis of activities, facilities, maintenance and operations that is generally created for the purpose of establishing planning and design principals for a contemplated development. The MSDP focuses on approximately 55 acres of development land, which make up part of the Prince of Peace Properties. The MSDP provided a context for land-use and the associated population density; and

    22.2. An approved area structure plan for Conrich (the "Conrich ASP"), which was put forward by the MD of Rocky View and includes the Prince of Peace Properties. An appeal is outstanding between the City of Chestermere and the MD of Rocky View related to the Conrich ASP.

23. The Monitor notes as follows with respect to the disclosure that was provided to Eligible Affected Creditors related to the MSDP and the Conrich ASP:

    23.1. It has never been contemplated that the further development of the Prince of Peace Properties would occur pursuant to the CCAA proceedings, although, it is one of the recognized options available to NewCo or to a third party purchaser of the Prince of Peace Properties. If the District wished to further develop the Prince of Peace Properties during the CCAA proceedings, additional reporting to and approvals by both the District Committee and the Court would have been required. The District Plan, as presented to the Eligible Affected Creditors, does not include the further development of the Prince of Peace Properties. It simply establishes a structure whereby Eligible Affected Creditors can maintain a larger number of available options to maximize the value of the Prince of Peace Properties. Further development is only one of these options;

    23.2. As previously reported, NewCo's mandate is not established by the District Plan and a vote on the District Plan is not a vote in favour of any particular mandate for NewCo. The District Plan contemplates that the NewCo Shareholders' Meeting will be held within six months of the District Plan taking effect at which time the NewCo Shareholders will vote on a proposed

mandate for NewCo, which may include the expansion of the Harbour and Manor seniors' care facilities, the subdivision and orderly liquidation of all or a portion of the assets held by NewCo, a joint venture to further develop the Prince of Peace Properties or other options. These options will need to be investigated and reported on by NewCo's management team ("NewCo Management") ahead of the NewCo Shareholders' Meeting;

23.3. The Monitor has not and does not intend to complete a fulsome investigation with respect to the merits of the various mandates available to NewCo, which will ultimately be reviewed and reported on by NewCo Management and voted on by the NewCo Shareholders at the NewCo Shareholders' Meeting. In the Monitor's view, it is appropriate that the merits of NewCo's potential mandates be investigated and reported on by NewCo Management, who will ultimately be tasked with implementing the mandate chosen by NewCo Shareholders;

23.4. The fact that that the MSDP was approved by the MD of Rocky View suggests that some reliance may be placed on it with respect to the ability to further develop the Prince of Peace Properties. Having said that, the MSDP was prepared specifically for ECHS based on the development being contemplated by ECHS at the time. The MSDP contemplates medium density residential as well as additional assisted living capacity, ground level retail and a parkade structure. The MSDP is outdated and a new developer would likely consider diverse development options, which may or may not align with the MSDP. The most recent appraisal prepared by Colliers International Realty Advisors Inc. ("Colliers") as at October 15, 2015 on the lands included in the Prince of Peace Properties (the "Colliers Appraisal") was based on low density development since Colliers considered that more likely than other development alternatives. In the circumstances, the Monitor considers the MSDP to be of limited utility since it reflects views at a different time in relation to what will likely be a different development scenario than what will ultimately be pursued;

23.5. As noted above, the Conrich ASP is currently being appealed by the City of Chestermere. The City of Calgary had also previously filed an appeal related to the Conrich ASP but this has now been resolved, as set out in a Memorandum of Agreement between the City of Calgary and the MD of Rocky View dated June 17, 2016. The Monitor notes that the Colliers Appraisal takes into account all of the work that would need to be undertaken by any third party who wished to further develop the lands included in the Prince of Peace Properties; and

23.6. The formation of NewCo allows for a professional management team to investigate the mandates available to NewCo outside of the CCAA proceedings, which will allow for reduced professional fees compared to if such a review were completed as part of the CCAA proceedings. In addition, as noted above, the establishment of NewCo helps to maintain a larger number of options to maximize the value of the Prince of Peace Properties. Even in a liquidation scenario, the establishment of NewCo may provide some benefit in that any sale of the Prince of Peace Properties will be completed outside of formal insolvency proceedings and with a more flexible timeline, which considers market conditions.

The Sugden – Garber Material

24. Paragraph 16 of the Sugden – Garber Application indicates that Deloitte has endorsed the District Plan on the basis of "potential upside opportunities that may be available such as…through a joint venture to further develop the Prince of Peace Properties". Sugden and Garber appear to have taken this reference from paragraph 40.4 of the District Report, the entire text of which more clearly states what has been communicated by the Monitor and reads as follows:

> "The issuance of NewCo Shares pursuant to the District Plan allows District Depositors to benefit from the ability to liquidate the Prince of Peace Properties at a time when market conditions are more favourable or the ability to benefit from potential upside opportunities that may be available such as through the further expansion of the Harbour and Manor seniors' care facilities, through a joint venture to further develop the Prince of Peace Properties or through other options."

As indicated by the Monitor's reference to "other options" in paragraph 40.4 of the District Report (referenced above), the list of potential mandates provided is not comprehensive and other mandates may be considered by NewCo Management and the NewCo Shareholders.

25. As previously stated, NewCo's mandate is outside of the scope of what is being considered by Eligible Affected Creditors pursuant to the District Plan. The Monitor is not aware of any information that would preclude the further development of the Prince of Peace Properties. Having said that, NewCo Management will need to complete a detailed review of all possible mandates available to NewCo and, based on that review, may or may not recommend the further development of the Prince of Peace Properties. Even in the event that NewCo Management does recommend the further development of the Prince of Peace Properties, this may or may not be the mandate that is ultimately chosen by NewCo Shareholders.

26. Paragraph 50 of the Kellen Brief suggests that the Monitor concealed information regarding the existence of the MSDP and the Conrich ASP. The Monitor disagrees with this suggestion and specifically notes the following:

    26.1. The Monitor prepared a document regarding the future subdivision and development of properties within the Prince of Peace Development (the "Subdivision Q&A"). The Subdivision Q&A was dated April 29, 2016 and was posted on the Monitor's website and mailed to all Eligible Affected Creditors with claims over $5,000 on May 3, 2016, more than a month before the Reconvened District Meeting. The Subdivision Q&A was prepared in response to inquiries received by the Monitor at the Red Deer Meeting (as subsequently defined) and includes information related to the MSDP and the Conrich ASP;

    26.2. Deloitte's Real Estate Advisory Group ("Deloitte Real Estate") has been involved throughout the CCAA proceedings, has assisted the Monitor in developing the Subdivision Q&A, has assisted in responding to real estate related inquiries from Eligible Affected Creditors and was present at and responded to real estate related inquiries at the District Meeting;

26.3. As previously noted, a draft version of the District Report was provided to both the Court and to Sugden and Garber ahead of the District Meeting Order being granted. Neither Sugden nor Garber voiced specific concerns with the disclosure provided therein in relation to the MSDP, the Conrich ASP or generally related to the possible mandates available to NewCo. The Monitor notes that paragraph 43 of the District Report outlines the general business risks faced by NewCo;

26.4. At the Court application on March 21, 2016, the Honourable Justice B.E.C. Romaine indicated that the disclosure provided by the Monitor in the District Report was appropriate;

26.5. The Monitor has responded to all known inquiries from Eligible Affected Creditors including related to the MSDP and the Conrich ASP; and

26.6. Both the MSDP and the Conrich ASP are publicly available on the MD of Rocky View's website.

27. The Clark Affidavit attaches as "Exhibit E" correspondence from Sugden to Cassels and Bishop & McKenzie LLP, legal counsel to the District (the "Sugden Letter"). The Monitor notes that they had not seen the Sugden Letter prior to receiving the Clark Affidavit on June 30, 2016. Upon investigating further, the Monitor's legal counsel determined that the Sugden Letter was sent to Mr. Oliver's incorrect email address, therefore, it was not received by either Cassels or the Monitor and was not subsequently disclosed to Cassels or the Monitor by any other party. The Sugden Letter alleges that the Subdivision Q&A prepared by the Monitor is inaccurate, incomplete and misleading in material ways. The Monitor strongly disagrees with the allegations made in the Sugden Letter and notes the following:

27.1. The Sugden Letter suggests that a municipal water tie-in to the Conrich water line (the "Conrich Tie-In") is a prerequisite to any subdivision of the Prince of Peace Properties. The Monitor notes that the Prince of Peace Properties could ultimately be subdivided in a number of different ways depending on the mandate that is chosen for NewCo. The Monitor understands that the Conrich Tie-In is not a precursor to the subdivision of the Prince of Peace Properties as long as such subdivision is not done in the context of a larger development plan and no additional water demand is required such as was contemplated in the MSDP. An example of such a subdivision could be the consolidation of the Harbour and Manor seniors' care facilities on one lot, the Prince of Peace Church and School on another, and vacant unimproved development land on the third. This effectively changes the lands described within the Prince of Peace development from two lots to three. Even in the event that the District Plan were to fail and the Prince of Peace Properties were to be liquidated in the short-term, some subdivision would likely still be undertaken. If the District Plan is approved, the mandate established for NewCo by the NewCo Shareholders will determine the manner in which the Prince of Peace Properties are subdivided.

27.2. The Sugden Letter references several obstacles to the further development of the Prince of Peace Properties, including the possible requirement to upgrade the sanitary sewer lift station, the possible requirement to further expand the sanitary sewer treatment plant in Langdon,

Alberta, the disposal of storm water and the appeal of the Conrich ASP. These may be considerations for NewCo Management in making recommendations to the NewCo Shareholders with respect to the possible mandates available to NewCo. Having said that, Deloitte Real Estate has advised that, in general, these issues are typical of what would be encountered by a developer in considering any new development, whether within the MD of Rocky View or elsewhere; and

27.3. The Monitor has made it clear that some information surrounding future events and contingencies, such as the mandate to be established for NewCo are not known at this time and, in the circumstances, the Monitor can't report on them. Eligible Affected Creditors have had the opportunity to factor this uncertainty into their decision about whether to vote for or against the District Plan.

28. In paragraphs 2 and 5 of the Kellen Affidavit, Mr. Kellen indicates that he became aware of the MSDP and the Conrich ASP on or about April 29, 2016. Attached as "Schedule 1" is the print-out of a discussion from a website known as the CEF Forum (the "CEF Forum") from February 2015 (the "February 2015 Excerpt"). To be clear, the CEF Forum has not been established by, is not monitored by and is not contributed to by the Monitor. The Monitor understands that the CEF Forum may have been established by a Depositor or other interested party as a discussion forum during the CCAA proceedings. The February 2015 Excerpt reflects a discussion between an individual, who calls themselves reepicheep ("reeepicheep") and an individual who calls themselves Randy ("Randy"). In the February 2015 Except, Randy and reepicheep have a general discussion regarding the Prince of Peace Properties and Randy posts a link to the Conrich ASP. In the February 2015 Excerpt, Randy identifies himself as both "RK" and "Randy Kellen". Attached as "Schedule 2" is a further discussion between two other parties on the CEF Forum from January 30, 2016 in which the link to the MSDP is posted. This information suggests that the MSDP and the Conrich ASP were discussed on the CEF Forum early in the CCAA proceedings and that the information regarding the MSDP and the Conrich ASP was accessible for those Eligible Affected Creditors who wished to consider it.

The Representative Action

29. The Sugden – Garber Application suggests that the Monitor is conflicted from providing an opinion on the fairness and reasonableness of the provisions of the District Plan related to the Representative Action. Sugden and Garber suggest that this conflict arises from the fact that Deloitte LLP, a sister company to Deloitte, acted as the auditor of the District between 1990 and 1999 and may be named as a defendant in the Representative Action. The Monitor notes as follows with respect to this suggestion:

29.1. The Monitor's involvement as the prior auditor of the District was disclosed by Deloitte in the Fourth Report, which was prepared over a year ago in June 2015. As indicated in the Fourth Report, Deloitte had completed a conflict check prior to consenting to act as Monitor. Deloitte LLP's prior engagement as auditor of the District had not been flagged as part of that conflict

check but was disclosed upon the Monitor becoming aware of it. Deloitte LLP's prior engagement was subsequently reported on several occasions, including in the Fifteenth Report, the Sixteenth Report and the District Report. To be clear, the prior involvement of Deloitte LLP as the auditor of the District would not have precluded Deloitte from being appointed as Monitor of the District;

29.2. The District Report included disclosure regarding the class proceedings that Sugden and Garber had previously attempted to undertake (the "AB – BC Proceedings"). The Court granted an Order approving a stay of proceedings in respect of the AB – BC Proceedings on March 9, 2016. The disclosure contained in the District Report included the names of the defendants named in the AB – BC Proceedings. The District Report further disclosed that, on March 4, 2016, Sugden and Garber had issued correspondence to the District demanding on behalf of the Sugden and Garber Plaintiffs, that the District commence legal proceedings in negligence against the auditors who provided audit opinions to the District between 1993 and 2012, which would include Deloitte LLP;

29.3. There are no releases provided pursuant to the District Plan for any of the work done by Deloitte LLP in their capacity as auditor of the District;

29.4. The Monitor notes as follows with respect to their review of the provisions of the District Plan related to the Representative Action:

29.4.1. As the provisions of the District Plan related to the Representative Action create a process for Eligible Affected Creditors to pursue future litigation, the Monitor would have been unable to provide such an opinion without extensive legal advice. The advice of counsel was critical to formulating an opinion on the Representative Action and not just the business judgment of the Monitor; and

29.4.2. In addition to being reviewed by the Monitor and the Monitor's legal counsel, the provisions of the District Plan related to the Representative Action, were also reviewed by the creditors' committees for the District and DIL (the "Committees"), who act in a fiduciary capacity with respect to the creditors of those respective entities and by each Committee's independent legal counsel.

In summary, the Monitor is of the view that there has been extensive legal advice and review in relation to the Representative Action. As such, the assistance of a further limited purpose Monitor would likely be of little to no further assistance to this Honourable Court and result in increased professional costs to the detriment of Eligible Affected Creditors.

The Kellen Brief

30. The Monitor wishes to comment on a statement made in paragraph 43 of the Kellen Brief related to the Monitor's role in the Representative Action, which indicates that the Monitor will have ongoing communication with the District Depositors regarding the cost of participating in the Representative

Action and the method for opting-out of the Representative Action and that this may involve the Monitor communicating with District Depositors with respect to the amount of a retainer that could ultimately be used to commence a derivative action against Deloitte LLP. Paragraph 44 of the Kellen Brief further alleges that the Monitor has suggested that if it was named as a defendant in the Representative Action that it would step down as Monitor and a new monitor would be appointed. The Monitor notes as follows with respect to the allegations made in the Kellen Brief:

30.1. The Monitor's role with respect to the Representative Action is limited to assisting in the formation of the subcommittee (the "Subcommittee"), facilitating the review of qualifications of legal counsel (the "Representative Counsel") who wish to act in the Representative Action (for clarity, the Monitor will not participate in the selection of the Representative Counsel) and communicating with District Depositors, based on instructions given by the Subcommittee, with respect to the names of the members of the Subcommittee, the name of the Representative Counsel, the estimated amount of any holdback related to the Representative Action (the "Representative Action Holdback"), the commencement date of the Representative Action, the deadline for opting-out of the Representative Action, and instructions on how to opt-out of the Representative Action should District Depositors choose to do so. To be clear, the Monitor's involvement will be dictated by the Subcommittee and is anticipated to be limited to the tasks mentioned above. Should the Monitor or the Subcommittee determine that the Monitor has a conflict of interest in respect of completing any of the tasks outlined above, the Monitor would recuse itself from completing these tasks. The Monitor notes that they would need to be satisfied that the Subcommittee would undertake to fulfill these tasks in a manner that complied with the requirements of the District Plan and did not prejudice the rights of District Depositors under the District Plan.

30.2. The communication to be provided by the Monitor to District Depositors related to the Representative Action is to be provided as above prior to the commencement of the Representative Action; and

30.3. The Monitor has not indicated that they would step down as Monitor if Deloitte LLP were to be named in the Representative Action. The Monitor has, however, indicated that it would recuse itself from any activities that would result in it having knowledge with respect to the parties to be named or the activities to be undertaken in the Representative Action. The Monitor will not have any ongoing role in the Representative Action beyond overseeing the distributions under the District Plan (such as with respect to the release of any unused portion of the Representative Action Holdback). To be clear, the Monitor anticipates that the Representative Action Holdback will be determined on a global basis and communicated by the Subcommittee to the Monitor on a global basis i.e. the Monitor will have no knowledge of the considerations or calculations that went into establishing the Representative Action Holdback. Further, the Monitor does not need to be and will not be under any circumstances privy to any information regarding the strategy that the Representative Counsel chooses to communicate to District

Depositors, including the parties to be named in the Representative Action, whether or not Deloitte LLP is ultimately named in the Representative Action.

Ability of Eligible Affected Creditors to consider the District Plan

31. Sugden and Garber have suggested that Eligible Affected Creditors did not have sufficient time or information to consider the District Plan. The information that was provided to Eligible Affected Creditors related to the District Plan is attached as "Schedules 1 to 6" and "Schedules 9 to 14" of the Nineteenth Report. This information included the following:

    31.1. The District Report;

    31.2. Hand-outs entitled "Further information for creditors of the District – The basics and what you need to do", which were tailored to provide high level information to specific groups of Eligible Affected Creditors (the "Hand-Outs");

    31.3. Five documents entitled "Answers to Frequently Asked Questions" (the "FAQs") that were created to publish information to address common questions or requests for clarification received by the Monitor from Eligible Affected Creditors. The FAQs related to multiple topics including NewCo, the potential outcomes of the CCAA proceedings, estates, trust accounts, the assignment of NewCo Shares by Eligible Affected Creditors and the potential future subdivision of the Prince of Peace Properties (previously defined as the "Subdivision Q&A"); and

    31.4. A commentary regarding information provided by the CRO related to NewCo.

32. The bulk of the information provided to Eligible Affected Creditors was both posted on the Monitor's Website and mailed to Eligible Affected Creditors. Those Eligible Affected Creditors who were congregations were also provided with this information via email. Ordinarily in CCAA proceedings, creditors would only be provided with the information that was prescribed in the Meeting Order, which in this case would include the District Plan, the District Meeting Order, Notice of the District Meeting, a form of proxy, a form of election letter, a form of notice of opting out, a Guardian's Acknowledgment of Responsibility and the District Report. As such, the Monitor notes that the volume of information provided to Eligible Affected Creditors (and in particular the documents outlined in paragraphs 31.2 to 31.4 above) was far in excess of what would ordinarily be provided to creditors in CCAA proceedings.

33. The Monitor attended five information meetings in Alberta and British Columbia to review the contents of the District Plan and respond to any inquiries by Eligible Affected Creditors related to the District Plan (the "Information Meetings"). The Information Meetings were each between approximately two and a half and four hours long.

34. As previously reported, a meeting of the District's Eligible Affected Creditors to consider the District Plan was held for approximately six hours on May 14, 2016 (the "District Meeting") but was adjourned and reconvened on June 10, 2016 (the "Reconvened District Meeting"). The reason given for the

motion from the floor to adjourn the District Meeting was so that congregations could have more time to consult prior to voting on the District Plan. As previously reported, following the District Meeting, the Monitor reached out via email to the approximately ninety-three Eligible Affected Creditors who are congregations and asked them to comment on whether they required additional time to consider the information that had been provided to them or whether they had any requests for additional information. The Monitor received responses from twenty-four congregations. Twenty indicated that they did not require any additional time to consider the information that had been provided to them and did not have any requests for additional information. Four congregations provided additional requests for information which were responded to by the Monitor. Of the twenty congregations who indicated that they did not require any additional time or information, eight congregations indicated that they were disappointed with the delay resulting from the adjournment. Based on the responses received by those Eligible Affected Creditors who are congregations and comments made by other Eligible Affected Creditors, the Monitor is of the view that the period of time provided for Eligible Affected Creditors to consider the District Plan was sufficient.

35. The adjournment of the District Meeting provided additional time for Eligible Affected Creditors to consider and vote on the District Plan. It also allowed an opportunity for those Eligible Affected Creditors who had previously submitted a vote on the District Plan to change their vote, should they choose to do so. Normally, in CCAA proceedings, creditors could anticipate receiving approximately 30 days' notice of a meeting of creditors with much of the information on the CCAA debtor's plan of compromise and arrangement being posted only on the Monitor's website. The Monitor notes that the time provided to Eligible Affected Creditors to consider the District Plan and the manner in which information was provided to Eligible Affected Creditors was in excess of what would ordinarily be available to creditors in other CCAA proceedings.

The Huber Affidavit

36. The Monitor wishes to comment on certain allegations raised in the Huber Affidavit. The first such allegation is that the Monitor impeded the Garber Plaintiffs from distributing material at the Information Meetings. To the Monitor's knowledge, the first Information Meeting attended by the Garber Plaintiffs was in Sherwood Park, Alberta (the "Sherwood Park Meeting"). The Garber Plaintiffs were present, handed-out material and requested contact information from other Sherwood Park Meeting attendees. The Monitor cannot comment on what was communicated by the Garber Plaintiffs to the Sherwood Park Meeting attendees. Some of the Sherwood Park Meeting attendees did express confusion, however, as to who authored the material being handed out by the Garber Plaintiffs and as to who was requesting their contact information. In order to avoid confusion, the Monitor requested that the Garber Plaintiffs hand-out material at a reasonable distance from the room entrance to the Sherwood Park Meeting and communicate clearly to attendees that the material they were handing out was not authored, endorsed or being circulated by the Monitor and that they were not requesting contact information on behalf of the Monitor. To be clear, the Monitor did not make any requests of the congregations who held the Information Meetings, related to the attendance of the Sugden and Garber

Plaintiffs or their representatives (collectively the "Sugden – Garber Representatives") at the Information Meetings. The Monitor's communication with the Sugden and Garber Plaintiffs was reiterated in correspondence from the Monitor's legal counsel to Sugden and Garber dated May 6, 2016, a copy of which is attached as "Schedule 3", that outlined the procedures to be followed at the District Meeting (the "District Meeting Procedures"). The Monitor's purpose in sharing the District Meeting Procedures with Sugden and Garber are succinctly described by the Monitor's legal counsel therein as follows:

> "The Monitor recognizes that your clients have expressed views thus far which are in opposition to the District's plan. Of course it is up to each depositor, including your clients, to decide how to vote. We also recognize that any party, including your clients, are entitled to voice their support or opposition to the District's plan. However, in the interest of ensuring an efficient meeting that respects the CCAA process and the interests of other depositors in attendance, the Monitor is implementing the below referenced rules and procedures. These rules and procedures are intended to provide your clients with the ability to convey their opinions in a fashion, which does not impede the meeting and respects the rights of other parties in attendance."

37. The District Meeting Procedures included the following, which specifically related to the Sugden – Garber Representatives:

    37.1. The Monitor had a table established for the use of the Sugden – Garber Representatives within reasonable proximity to the entrance to the room in which the District Meeting was held. The Sugden – Garber Representatives were entitled to circulate written information to attendees within the reasonable vicinity of that table. The Sugden – Garber Representatives were not permitted to disseminate any written material within the room or in the doorway entering the room in which the District Meeting was held;

    37.2. Any written communication circulated by the Sugden – Garber Representatives must have included a prominently displayed disclaimer that such materials was not authored, endorsed or being circulated by the Monitor. In addition, the Sugden – Garber Representatives were not, at any time, to advise any person in attendance at the District Meeting that they were a representative of the Monitor or were associated with the Monitor; and

    37.3. A sign identifying the Sugden and Garber Representatives was to be prepared by them and displayed at the table established for their use.

38. The Huber Affidavit also includes an allegation that the Monitor did not respond to an inquiry related to the exchange of debt for NewCo Shares (the "Tax Question"), which was raised at the Sherwood Park Meeting. The Tax Question and the subsequent response included references to a memorandum, which was prepared by Gowling with respect to the tax implications of the District Plan for Eligible Affected Creditors (the "Tax Memo"), a copy of which is attached as "Schedule 5" to the District Report. The Monitor notes that the Tax Question was asked as part of a series of questions put forward by the same attendee. In response to the Tax Question, the Monitor indicated that they would generally not

expect any immediate negative tax consequences to the Eligible Affected Creditors based on the exchange of debt for NewCo Shares (this assumes the aggregate fair market value of the distributions pursuant to the District Plan would be less than the exchanged debt). The Monitor has always advised Eligible Affected Creditors to consult their own tax advisors with respect to their particular situations. The Monitor notes the following with respect to the allegations raised in the Huber Affidavit with respect to the Tax Question:

38.1. Ms. Huber was in attendance at the Information Meeting in Red Deer, Alberta on April 26, 2016 (the "Red Deer Meeting"). Despite having heard the Monitor respond to the Tax Question at the Sherwood Park Meeting on the previous evening, Ms. Huber suggested that there were certain tax consequences for Eligible Affected Creditors as a result of the exchange of debt for NewCo Shares where the Monitor had already indicated that this was not the case. The Monitor reminded Ms. Huber that the Tax Question had been responded to at the Sherwood Park Meeting and reiterated the response to the Tax Question. Ms. Huber did not seem to be inclined to accept the Monitor's response. On April 27, 2016, the Monitor's legal counsel sent an email to Mr. Garber, a copy of which is attached as "Schedule 4" (the "April 27 Email"). The April 27 Email advised Mr. Garber of the Monitor's concern that Ms. Huber was communicating incorrect information regarding the Tax Question. The Monitor's legal counsel invited Mr. Garber to advise if he believed that there were any inaccuracies in the Tax Memo or, in the alternative, to caution Ms. Huber to ensure that further communication on this issue would remain factually accurate;

38.2. On April 28, 2016, the Monitor was forwarded an email from Ms. Sharon Sherman (one of the Garber Plaintiffs), which had originally been sent by Ms. Sherman to Mr. Brian Kearl, the Monitor's tax counsel at Gowling, requesting clarification regarding the portion of the Tax Memo, which addressed the exchange of debt for NewCo Shares. The Monitor responded to this email on May 2, 2016. A copy of this email exchange is attached as "Schedule 5"; and

38.3. Based on the above, the Monitor is of the view that the Tax Question has been asked and responded to by the Monitor. Mr. Garber has never provided any information to suggest that he views there to be any inaccuracies in the Tax Memo.

39. The Huber Affidavit also makes allegations that the Monitor presented a biased view at the Sherwood Park and Red Deer Meetings. The Monitor is of the view that the information presented at the Information Meetings was presented fairly with a view to providing Eligible Affected Creditors with sufficient information to consider their decision on the District Plan. The Monitor further notes the following:

39.1. Although each of the Information Meetings was not identical, the Monitor prepared and relied on a general script for use at the Information Meetings, which included wording to the effect that the Monitor's advice with respect to the District Plan was based on business considerations and need not be accepted by Eligible Affected Creditors, who needed to make their own

decision in accordance with their own particular circumstances and views. The Monitor clearly stated that it was not telling Eligible Affected Creditors how to vote, but that it was supportive of the District Plan. The Monitor further advised that it was the Eligible Affected Creditors who would ultimately determine if the District Plan was approved and should be considered by the Court. This wording is also reflected in the Minutes of the District Meeting; and

39.2. The Sugden – Garber Representatives had the ability to attend all of the Information Meetings. The Sugden – Garber Representatives were in attendance and actively participated in the Information Meeting in Langley, BC. The Sugden – Garber Representatives were also in attendance, actively participated in, and handed out material at the Sherwood Park Meeting, the Red Deer Meeting and at the District Meeting. Both Mr. Garber and Ms. Poyner were also in attendance and participated in the District Meeting. The Monitor is also aware of at least two emails that were widely circulated by Mr. Don Specht, who the Monitor understands to be related to Elvira Kroeger (one of the Sugden Plaintiffs) outlining what the Monitor understands to be the views of the Sugden – Garber Representatives on the District Plan. As such, the Monitor is of the view that Sugden and Garber and the Sugden and Garber Representatives have actively participated in the process leading up to the District Meeting and the Reconvened District Meeting and have had the opportunity to communicate their views to the Eligible Affected Creditors at large.

The Kellen Brief

40. The Monitor wishes to comment on a statement made in paragraph 21 of the Kellen Brief that, at the Information Meetings, the Monitor invited attendees to cast their votes on the District Plan immediately and without waiting for the District Meeting to be convened. To be clear, at the Information Meetings, the Monitor clearly communicated to attendees the options available to Eligible Affected Creditors for voting on the District Plan and the deadlines associated with each option. They also communicated that Eligible Affected Creditors who wished to do so could provide the Monitor with any paperwork they had brought with them. The Monitor did not encourage Eligible Affected Creditors one way or another with respect to submitting their votes at the Information Meetings.
41. In addition, paragraph 31 of the Kellen Brief references the Notice of the Reconvened District Meeting, which was dated May 20, 2016. Although the Kellen Brief acknowledges that the Monitor advised Eligible Affected Creditors of the fact that they had additional time to change their vote on the District Plan, should they choose to do so, it raises a concern with the fact that the Monitor did not provide Eligible Affected Creditors with a new form of election letter to be used for that purpose. The Monitor notes as follows with respect to the statements made in the Kellen Brief.

41.1. The information that was posted on the Monitor's website on March 28, 2016 and mailed to Eligible Affected Creditors by April 8, 2016 contained multiple copies of each of the forms that may be required by Eligible Affected Creditors related to the District Plan including a pre-populated election letter that was attached to each Hand-Out. Additional blank election letters

were attached as “Schedule 8” to the District Report and included in “Schedule 1” of the District Report as an attachment to the District Plan; and

41.2. Any Eligible Affected Creditor, who contacted the Monitor requesting a further copy of the election letter would have been provided with one.

42. Eligible Affected Creditors had already been provided with more than one copy of the election letter. As such, in the Monitor’s view, it was not necessary to attach a further copy of the election letter to the Reconvened District Meeting Notice. The Monitor notes that the Kellen Brief indicates that Ms. Poyner had urged the Monitor to provide Eligible Affected Creditors with a further copy of the election letter. Ms. Poyner appears to be referencing the Sugden Letter. As noted above, the Monitor had not seen the Sugden Letter until June 30, 2016.

The Prior Engagement of Deloitte Restructuring Inc.

43. Paragraph 6 of the Pre-Filing Report includes disclosure of the pre-filing consulting services provided by both Deloitte LLP and Deloitte between February 2014 and the Filing Date. Both the Kellen Brief and the Giese Affidavit appear to suggest that the Monitor may have been exerting influence over Management in relation to the CCAA proceedings or their commencement or have been responsible for communications prepared by Management. In response to these allegations, the Monitor notes as follows:

43.1. The pre-filing consulting services provided by the Monitor were disclosed to the Court prior to the Initial order being granted and did not preclude Deloitte from acting as Monitor or place Deloitte in a conflict of interest with respect to their engagement as Monitor in the CCAA Proceedings; and

43.2. At no time, has Deloitte acted in a management capacity with respect to the District nor did they prepare or issue specific correspondence on behalf of the District either prior to or during the CCAA proceedings.

Conclusion

44. The Monitor supports the District Sanction Application and the Sanction Related Applications for the reasons set out herein.

45. The Monitor is opposed to the Sugden-Garber Application, for the reasons set out herein and, in particular, the following:

    45.1. The prior involvement of Deloitte LLP as auditor of the District was previously disclosed by the Monitor and the Court previously determined that the disclosure provided by the Monitor was appropriate;

    45.2. The information provided to Eligible Affected Creditors and the time available to Eligible Affected Creditors to consider the District Plan were, in the Monitor's view, sufficient and in excess of what would ordinarily be available in other CCAA proceedings; and

    45.3. The disclosure provided in the District Report was reviewed by the Court and by Sugden and Garber prior to being issued to Eligible Affected Creditors and the Court determined that the disclosure provided by the Monitor was appropriate.

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

POP Complex: survey plan / titles

POP Complex: survey plan / titles Feb 24, 2015 at 2:31pm
Post by reepicheep on Feb 24, 2015 at 2:31pm

I spent a couple of hours today using the Alberta Govt. Spatial Information website to try to figure out the current status (in terms of parcels of land) of the POP complex. I'm only using the free portion of the system, so the information is incomplete.

As near as I can figure, on **Oct 6, 2006** one large piece of POP property was subdivided into three pieces as follows

(1) **4.7 acres** - contains the **Manor**, valued at **$14,000,000** (survey plan = 0311251, title number = 061231886)

(2) "4.7 acres" - contains **school, church, and Harbour**, as well as large piece of **undeveloped land**, valued at **$7,000,000** (survey plan = 9712096, title number = 061231887); the title erroneously states the land is 4.7 acres in size, a guestimate is that it is around 55, maybe **60 acres** in size.

reepicheep
God

(3) **31.83 acres - undeveloped land** owned by District, valued at **$4,056,000** (survey plan = 9712096, title number = 061231888)

Note that these dollar values are out of date by 9 years and predate the building of the Manor expansion and the building of the Harbour.

Posts: 672
Member is Online

More analysis to follow. I've attached an annotated copy of one of the survey plans, with approximate boundaries marked.

Attachments:

randy
New Member

POP Complex: survey plan / titles Feb 24, 2015 at 5:58pm
Post by randy on Feb 24, 2015 at 5:58pm
www.rockyview.ca/BuildingPlanning/PlansUnderReview/ConrichAreaStructurePlan.aspx

If any ones interested, the above link will get you to the main page of Conrich Area Structural Plan. There you will find PDF information on Rocky View County Plans under review.

POP property is a small portion on the South end of the Conrich area sub plan and looks like more suited for annexation by Calgary

Seems POP property could be annexed into Calgary within the next 10 or so years

Water infrastructure for POP is Phase 1 and with-in 0-10 years (I'm thinking the latter unless POP pays up front $7-8 million)

Posts: 34

Seems I'm learning more about this POP development, LCC-ABC, the law and human nature than I ever wanted to.

RK

POP Complex: survey plan / titles Feb 24, 2015 at 6:34pm
Post by reepicheep on Feb 24, 2015 at 6:34pm
Randy:

Thanks for the link. It would probably take days to wade through all that information and try to make sense of it all.

reepicheep
God

"Water" does seem to be the big problem in that particular part of the province (both too much surface water and not enough drinking water). The City of Calgary and the County of Rocky View seem to be at odds at the moment, be nice if they could come to some agreement which would allow POP to hook up to the Calgary water supply.

I picked one document at random on the Conrich Area Plan website and came across a map which indicates most of the POP wetlands are classified as "temporary", although the one small pond near Highway #1 is classified as a "Class 3 and above Wetland". I assume this means we could legally drain all the temporary wetlands and develop the land if we wished, but I'm not really sure.

Posts: 672
Member is Online

I'm becoming convinced that there is much more value in the POP complex and related properties than the $40m estimated by Deloitte. But I don't yet have a real handle on how much more. Maybe $60 million? We don't have enough information to make a determination yet.

I'm very curious to know what the "101 acre Chestermere Property" sale price is. Getting $8 million or more for that property would be a very good omen.

(the 101 acre Chestermere Property is discussed here)

randy
New Member

POP Complex: survey plan / titles Feb 24, 2015 at 7:18pm
Post by randy on Feb 24, 2015 at 7:18pm

Feb 24, 2015 at 6:34pm reepicheep said:
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Posts: 34

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(the 101 acre Chestermere Property is discussed here)
reepicheep,

There is a building restriction as you get closer to #1 hwy and around existing wet lands. Doesn't help to have the Cornich Sewage pump station on the West side of the property either, which means there is limited property available to build on and nothing will happen until water infrastructure arrives, in my opinion.

They started with what looks like from google as 1 acre gross dendity lots for the duplexs so that would not leave a lot of room for expansion to match existing sub division, rather it would have to be muiltifamily 2 and 3 story if that would even be allowed.

2011 video presentation of property use attached.

Youtube video posted by the architect firm Alvin Reinhard Fritz

www.youtube.com/watch?v=EtABfdhm8-U

Thanks to Dave for finding this

Waste water Map between page 6 - 7

www.rockyview.ca/Portals/0/Files/BuildingPlanning/Planning/UnderReview/Conrich/Conrich-Wastewater-Servicing-Plan.pdf

Potable water slated for Phase 1

Page 24 for population
Map #14 for Phases (3rd map past page 25) POP in phase 1 which is 0-10 years before service.

www.rockyview.ca/Portals/0/Files/BuildingPlanning/Planning/UnderReview/Conrich/Conrich-Potable-Water-Network-Plan.pdf

Possible annexation into Calgary - this may sound encouraging but could take 10yrs and also what's left of POP acreage is near the hwy, wet lands, public buildings and sewage waste pump station.
See page 10 for map
www.rockyview.ca/Portals/0/Files/BuildingPlanning/Planning/ASP/ASP-Calgary-Chestermere-Corridor.pdf

Blessings,

Randy Kellen

reepicheep
God

POP Complex: survey plan / titles Feb 25, 2015 at 8:00am
Post by reepicheep on Feb 25, 2015 at 8:00am
Randy:

Lots of valuable information there, many thanks.

I've been counting on the City of Calgary and the County of Rocky View to come to some sort of agreement involving potable water, but a couple of newspaper articles I found from late 2014 indicate that this is unlikely to happen. In fact, quite the opposite. It appears that both sides are entrenching in their positions, so any sort of agreement is unlikely.

I've only glanced through the documents you link to, but I view the development of these plans as being very positive for us. I don't think we want to retain ownership of the POP complex until this plan is put into place since it could very well take up to ten years before the plan is fully implemented (probably not that long, but it might). Still, the good news is close enough on the horizon that I think, after subdividing "property 2" in my list, we should be able to sell some assets over the next year.

When the subdivision of land is completed, I'm hopeful that we can "immediately" (within the next 18 months or so) sell the following:

- the existing 32 acres of undeveloped land owned by district
- the newly subdivided 40 or so acres owned by EnCharis
- the church/school

This would leave us owning two properties (the Manor on one property and the Harbour on the other). I think we should try to sell these as soon as possible, but here we are probably talking a two year (three year? longer? not really sure) or so timeframe before we can maximize the value of the properties.

Posts: 672
Member is Online

I'm not sure about the church/school. I read somewhere recently (probably in one of the recent court documents) that the Rocky View School District is negotiating to buy the church/school. The following document:

Rocky View 3 year school plan, 2015-2018

(pages 34 and 35 in particular, but POP School is mentioned throughout the document) indicates that replacing/expanding the POP school is a high priority for this year. The document considers but rejects the possibility of adding on to the school, and recommends a new school be built elsewhere. On the other hand, even if POP school can't be enlarged, it still makes sense to me for the School Board to buy the school and continue to operate it as is, even if it isn't enlarged.

Below is a cut and paste of the recommendation RE: POP School from the above report:

Construct a new K-12 school within the Prince of Peace Community, open 2018.
- provide access to an alternate Christian based program for K-12 students within Rocky View Schools including students advancing from the Christian programs in Airdrie
- turn the existing facility back to the Lutheran Church of Canada and end the lease arrangement
- some of the portables currently on Prince of Peace Schools could be relocated to the new facility or to other schools in the Division.

but this recommendation is not yet carved in stone, so hopefully we will end up selling the church/school to the school district.
Last Edit: Feb 25, 2015 at 10:19am by reepicheep

randy
New Member

POP Complex: survey plan / titles Mar 15, 2015 at 5:38pm
Post by randy on Mar 15, 2015 at 5:38pm

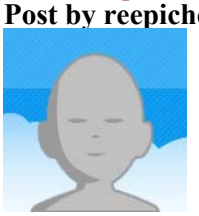
Don't know how old this picture is but there doesn't seem to be an a lot of usable land left in this picture, also if you review the attached video presentation posted by Dave there seems to be building restrictions near #1 hwy. If you look on the Encharis web site (www.encharis.ca) (www.popmanor.ca) and go to the gallery of pictures it's actually a very pleasant looking development. !!!!!

www.popmanor.ca/wp-content/uploads/gallery-002-800x600.jpg

Posts: 34

Posted by Dave previously,
I found the following Youtube video posted by the architect firm Alvin Reinhard Fritz. This is dated 2011, but provides some idea of the site plan at that time.
www.youtube.com/watch?v=EtABfdhm8-U

POP Complex: survey plan / titles Mar 16, 2015 at 6:03am
Post by reepicheep on Mar 16, 2015 at 6:03am



reepicheep
God

Mar 15, 2015 at 5:38pm randy said:
Don't know how old this picture is but there doesn't seem to be an a lot of usable land left in this picture...

Posts: 672
Member is Online

I think the photograph makes the situation look a bit worse than it is because of the angle at which it was taken, but I believe you are basically correct. The majority of the available land has already been developed.

The video provides a good illustration of one way to develop the land that is left. There is still quite a bit of potential value left in the complex, but perhaps (probably) not enough value for the CEF and DIL depositors to get back all their money. I think the plan as shown in the video is making the best use possible of the remaining undeveloped land (for example, by putting the school playing fields on the north end of the property, on the land bordering the #1 highway which can't be used for any sort of housing).

POP Complex: survey plan / titles May 12, 2016 at 7:48am ANO Glimfeather likes this
Post by reepicheep on May 12, 2016 at 7:48am
I'm bringing back this old thread just to clarify the topic of subdividing the land.

As shown by the rough map I included in the first post of this thread, POP consists of three parcels of land:

reepicheep
God

(1) a large piece of undeveloped land which is owned by District

(2) a small piece of land containing the Manor, owned by ECHS

(3) a large piece of undeveloped land, owned by ECHS, which also contains the school and Harbour

Posts: 672
Member is Online

The critical subdividing that needs to be done:

(1) the Manor and Harbour need to be on the same property (title)

(2) the school, and enough raw land to build a high school and possibly sport fields, need to be on the same property (title)

The cost of doing this subdividing will be minimal (a few tens of thousands at the very most). I assume NewCo will sell whatever land is left over to one or more developers, who will develop the remaining raw land as they desire.

Quick Reply
Guest Name:

Post Quick Reply

Schedule 2

District structure issues

michaelschutz
Full Member

Pastor at Concordia Lutheran Church
Posts: 171

District structure issues Jan 30, 2015 at 6:04pm
Post by michaelschutz on Jan 30, 2015 at 6:04pm
Since the conversation is starting to include larger-picture issues of our District/Synodical structure, and not just CEF, I thought it might be helpful to have a thread more devoted to that.

Just as a first post, since leadership is such a concern right now, here are some key points of our general leadership mechanism/structure:

- Conventions (every 3 years) elect President, 3 VPs, and Board. They also elect other commissions and leaders, but those are the key ones right now.
- Pres/VPs have 3-year terms - they are up for re-election every convention. All must be ordained clergy (though not necessarily from within the District).
- President is clearly identified as CEO of the District in the bylaws. Last convention, he became an advisory member of the Board only.
- The rest of the Board is a mix of clergy, lay, and diaconate.
- (Edit: I believe Board terms are staggered 6-year, as specified in Synod's Handbook. There's no detail in the District one re: Board terms, so I think Synod's are used.)
- The Board is the decision-making entity between conventions.
- Executive Assistants (3, according to departments - Parish/School Services, Outreach, Stewardship/Financial Services) are called/appointed by the Board upon recommendation of the President and Exec. Committee of the Board (I need to look that up again - I believe it's President, Chair of Board, and 3 others).
- Board elects its own chair.
- Staff has annual reviews. I'm not sure of the internal staff structure below the Exec. Ass't level. Presumably staff deals with those reviews, and the Board signs off on Exec. Ass'ts and President.

Conventions are the best place for us to take action as a District.

- Overtures are submitted primarily by congregations, but can come from a few other entities within the District, such as the Board.
- Floor Committees review and shape the overtures into resolutions.
- Resolutions are discussed and voted on by the convention delegates.
- For a District convention, each parish has 1 pastoral and 1 lay delegate who vote.

Also, each District's const/bylaws are tied to Synod's, since each District is "Synod in that place". There are some additional items in each District for things like the Department make-up, staff structure, etc. CEF structure is local to each District.

Much more to say, including questions of "what do we do about all this, given the state we're in", but that hopefully will get us started. Hopefully this can be a place where there's lots of discussion about these structural issues.
Last Edit: Jan 30, 2015 at 6:17pm by michaelschutz

michaelschutz
Full Member

District structure issues Jan 30, 2015 at 6:15pm
Post by michaelschutz on Jan 30, 2015 at 6:15pm

Pastor at Concordia Lutheran Church
andreas
Junior Member
Posts: 171

For reference, here are links to Synod's 2014 Handbook
www.solagratia.ca/wp-content/uploads/2015/01/2014-Synod-Handbook-Final.pdf

and District's 2012 Handbook
www.lccabc.ca/_documents/handbooks/ABC_District_Handbook.pdf

There is a time and a place for everything. When and where that is...I have no idea.
Posts: 74

District structure issues Jan 30, 2015 at 6:16pm
Post by andreas on Jan 30, 2015 at 6:16pm
I think the sense of urgency about this, for investors (aside from demographic urgency), is that convention is at the end of May. The issue at hand is being dealt with now and membership isn't going to get any input until plans etc have been undertaken...in other words, "too late" in the opinion of many.

If it were up to me, convention would be cancelled in favor of an emergency congress somewhere...somehow...

michaelschutz
Full Member

Pastor at Concordia Lutheran Church
Posts: 171

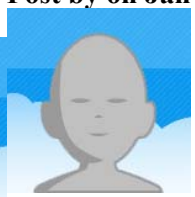
District structure issues Jan 30, 2015 at 6:23pm
Post by michaelschutz on Jan 30, 2015 at 6:23pm
Yeah, I get that. And from a CEF standpoint, that makes sense. But there are also larger issues that a convention has to address.

For many, though, isn't this the catch-22 and the irony: anything like an emergency congress would be at the discretion of the Board.

If someone wants to petition the Board, I'd say that's the appropriate action to take for something before convention.

KB
Guest

District structure issues Jan 30, 2015 at 6:57pm
Post by on Jan 30, 2015 at 6:57pm



Jan 30, 2015 at 6:23pm michaelschutz said:

For many, though, isn't this the catch-22 and the irony: anything like an emergency congress would be at the discretion of the Board.
If I'm reading the bylaws correctly, it would actually be at the President's discretion, not the Board's. But he would need to hear from a "majority of the voting members."

I would assume that "a majority of the voting members" would be a majority of congregations? It's unfortunate that the bylaws don't specifically outline how this consent should be obtained (a signed petition? phone calls? emails?)...

3.3 Special Meetings

The President of the corporation, having informed the President of Lutheran Church - Canada,

may call a special meeting after having obtained the consent of the majority of the voting members. When calling a special meeting, the President of the corporation shall state the object and purpose of such a special meeting, both to the President of Lutheran Church - Canada and to all who are entitled to vote at such a meeting.

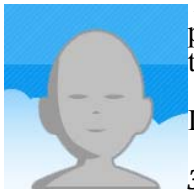
michaelschutz
Full Member

Pastor at Concordia Lutheran Church
Posts: 171

District structure issues Jan 30, 2015 at 7:16pm
Post by michaelschutz on Jan 30, 2015 at 7:16pm
Good catch. I stand corrected. That reads like the President is the one who would need to instigate, though I suppose he could be petitioned to do so. But being that's in the "conventions" section, unless it were to be an electronic meeting, I'm not sure that it would be practically feasible to organize it before, or in place of, convention. If convention were 2 years off, I'd be singing a different tune. But how long would it take to organize such a special meeting? The way we tend to move, it wouldn't happen until after our convention date anyway. (Said with tongue firmly planted in cheek... ☺)

Last Edit: Jan 30, 2015 at 7:16pm by michaelschutz

KB
Guest



Hey, Straw's Cheaper

District structure issues Jan 30, 2015 at 7:57pm
Post by on Jan 30, 2015 at 7:57pm

Jan 30, 2015 at 7:16pm michaelschutz said:

I'm not sure we're any different than other volunteer, non-profits in terms of our speed.

You're right, though; the convention is such a short time away, there is probably little point in putting the effort into organizing a special meeting that would end up happening around the same time as the convention anyway.

In terms of the convention, I think we would do well to take note of this:

3.9 Reports and Overtures

a) Reports, overtures, and other matters intended for presentation to, and consideration by, a convention of the District may be submitted to the convention by members of the Synod as stipulated in the By-laws of the Synod.

b) Such reports, overtures, and materials must be submitted in duplicate to the President of the District ***ninety (90) days prior to the opening of the Convention if they are to be published in the Convention Workbook.*** *All such matters received thereafter up to within seven days of a convention may be published in a Convention Workbook Supplement. All matters submitted within seven days of the opening of the convention shall be received only after review and recommendation by a special committee of three delegates appointed by the President and by special resolution of the Convention.*

Guest

District structure issues Jan 30, 2015 at 8:31pm
Post by on Jan 30, 2015 at 8:31pm

Jan 30, 2015 at 6:16pm andreas said:
I think the sense of urgency about this, for investors (aside from demographic urgency), is that convention is at the end of May. The issue at hand is being dealt with now and membership isn't going to get any input until plans etc have been undertaken...in other words, "too late" in the opinion of many.

If it were up to me, convention would be cancelled in favor of an emergency congress somewhere...somehow...
I'm inclined to agree. After all that has transpired, why should we allow District to be in control of the agenda?

District structure issues Jan 30, 2015 at 9:26pm
Post by andreas on Jan 30, 2015 at 9:26pm
Someone just pointed out Paragraph 108 of Kurt Robinson's affidavit (page 24). It reads,

"It is the Applicant's intention to review wit the Monitor, Concentra, AHS, and the Depositors the viability of th Manor and Harbour, CEF and the DIL portfolio so that these stakeholders have transparency respecting their investments and interest in the Applicants. (emphasis added as follows) THE APPLICANTS EXPECT TO BE ABLE TO RESTRUCTURE AND CONVERT A PORTION OF THE CURRENT INVESTOR DEBT INTO EQUITY IN A MORE PROFITABLE POP DEVELOPEMENT. OVER TIME THE INVESTORS WILL THEN BE ABLE TO REALIZE A GREATER RETURN ON THEIR INVESTMENT THAN IF THE ASSESTS OF THE APPLICANTS WERE SIMPLY LIQUIDATED TODAY."

So, the PLAN as stated is to use some of the assets to create more capital to EXPAND the Prince of Peace Development.

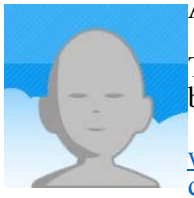
I stand to be corrected, but this is a bit worrying, considering the state of things generally. The deal is this: they want to double down, AGAIN, using the money the investors' money don't have.

andreas
Junior Member

There is a time and a place for everything. When and where that is...I have no idea.
Posts: 74

District structure issues Jan 30, 2015 at 9:53pm
Post by dave on Jan 30, 2015 at 9:53pm
They are going to, "..CONVERT A PORTION OF THE CURRENT INVESTOR DEBT INTO EQUITY IN A MORE PROFITABLE POP DEVELOPMENT..."

dave
Junior Member



Alchemy, that is! Isn't that transubstantiation? It defies basic theology.

The master plan approved by Rocky View County in Dec 2014 calls for 5 wetland/water bodies to be filled in and LOTS more residential/commercial.

www.rockyviewweekly.com/article/20141215/RVW0801/312159994/prince-of-peace-manor-development-plan-approved

Posts: 70

This will require the $7m water pipe, so they will need an additional $8-$30m up front before they start losing the big money. When will the equity POP out? (Sorry for the pun)
Last Edit: Jan 30, 2015 at 10:15pm by dave

andreas
Junior Member

District structure issues Jan 31, 2015 at 10:28am
Post by andreas on Jan 31, 2015 at 10:28am
Dave...wetland water bodies with a rising water table. I mean, building on swampland...what could go wrong?

There is a time and a place for everything. When and where that is...I have no idea.
Posts: 74

Junior Member

District structure issues Jan 31, 2015 at 10:40am
Post by dave on Jan 31, 2015 at 10:40am
Lots of questions about the site. Initially they were planning to use a well for domestic water and use a lagoon for sewage treatment. Surface water was going to be captured and reused in an innovative closed system. Look at this website I found.

bcw-arch.com/projects/sustainable/prince-of-peace/

The lagoon ended up making the site smell like the Brooks packing plant. The well failed. But lots of surface water!

Posts: 70

They're losing money on each unit, but it's OK, they will make it up on volume.

andreas
Junior Member

District structure issues Jan 31, 2015 at 12:03pm
Post by andreas on Jan 31, 2015 at 12:03pm
Now I understand why the original parcel was so cheap. It might not even be suitable as pasture.

There is a time and a place for everything. When and where that is...I have no idea.
Posts: 74

Last Edit: Jan 31, 2015 at 12:03pm by andreas

Quick Reply
Guest Name:

Post Quick Reply

Schedule 3

CASSELS BROCK
LAWYERS

May 6, 2016

By E-mail

joliver@casselsbrock.com
tel: 403.351.2921.
fax: 403.444.6758
file # 049073-00001

Sugden, McFee & Roos LLP
Barristers and Solicitors
Suite 700 - 375 Water Street
Vancouver, BC V6B 5C6
EPOYNER@SMRLAW.CA

Attention: Errin Poyner

Allan A Garber Professional Corporation
108, 17707-105 Avenue
Edmonton, AB T5S 1T1
ALLAN@GARBERLAW.CA

Attention: Alan Garber

Dear Madam/Sir:

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

We write to advise you of the following rules and procedures that the Monitor will be adopting in relation to the May 14, 2016 meeting of creditors to consider the District's plan (the "District Meeting"). We remind you that pursuant to paragraph 14 of the Order of the Honourable Madam Justice Romaine pronounced in this proceeding on March 21, 2016 (the "Meeting Order"), the Monitor shall preside as chair, and shall decide all matters relating to the rules and procedures at, and the conduct of, the District Meeting. The below-referenced rules and procedures are non-exhaustive, and are subject to change in the discretion of the Monitor.

The Monitor wishes to ensure that all stakeholders, including your clients, have the opportunity to have all legitimate questions answered during the course of the District Meeting. The Monitor must balance that desire with the following practical realities:

- there may be several hundred creditors in attendance. The District Meeting therefore must be controlled in order to ensure efficiency;
- not all depositors will be able to stay for the entire duration of the District Meeting. The Monitor wishes to ensure that the attendees of the District Meeting have the opportunity to obtain from the Monitor sufficient information to consider their voting decision while they are in attendance; and

- some, but not all, depositors have already had the benefit of obtaining information in relation to the plan, and to ask questions of the Monitor. The Monitor wishes to ensure that access to the Monitor is available to all stakeholders, but in particular for those depositors who have not yet had the opportunity to have their questions answered by the Monitor.

The Monitor recognizes that your clients have expressed views thus far which are in opposition to the District's plan. Of course, it is up to each depositor, including your clients, to decide how to vote. We also recognize that any party, including your clients, are entitled to voice their support or opposition to the District's plan. However, in the interest of ensuring an efficient meeting that respects the CCAA process and the interests of other depositors in attendance, the Monitor is implementing the below referenced rules and procedures. These rules and procedures are intended to provide your clients with the ability to convey their opinions in a fashion which does not impede the meeting and which respects the rights of other parties in attendance.

We are sharing these procedures with you in advance so that you will be able to properly prepare your clients for the District Meeting.

The following procedures will be followed at the District Meeting:

1. Pursuant to paragraph 16 of the Meeting Order, the only persons entitled to attend or speak at the District Meeting are Eligible Affected Creditors or their respective proxy holders, District Directors, the Monitor, the District's legal counsel, the Monitor's legal counsel, members of the creditors' committees, legal counsel for the creditors' committees, the Chair, the scrutineers and the secretary. Any other person can be admitted by invitation of the Chair.

2. The media are not permitted to attend the District Meeting.

3. Those who are not either an Eligible Affected Creditor or the proxy holder for an Eligible Affected Creditor are able to observe the District Meeting, but they will not be allowed participate in the District Meeting.

4. Eligible Affected Creditors and proxy holders will have the opportunity to ask questions at designated times during the District Meeting. Deloitte representatives will be circulating with microphones to take questions during such designated question periods. No questions will be allowed outside of these designated question periods. The Monitor will request that Eligible Affected Creditors be brief in submitting their comments or questions.

5. The Chair reserves the right to refuse to accept comments from individuals who refuse to abide by the these procedures or the directions from the Chair at the District Meeting.

6. The District Meeting is expected to last between three and four hours, with approximately three breaks. Due to the number of people who are expected to be in attendance at the District Meeting, the voting results will not be reported at the District Meeting. Pursuant to the Meeting Order, the Monitor will file a report to the Court

reporting upon the results of the District Meeting (the "Meeting Report") within seven days of the District Meeting. The Meeting Report will also be posted on the Monitor's Website.

7. Due to the large number of attendees at the District Meeting, each Eligible Affected Creditor will be limited to two questions during each designated question period at the District Meeting. The Monitor will be available during the breaks to address individual questions from Eligible Affected Creditors.

8. Question periods are intended to provide Eligible Affected Creditors with the opportunity to ask questions. Question periods are not intended to provide a forum for Eligible Affected Creditors to present their individual points of view to the Eligible Affected Creditors at large.

9. The District Meeting shall not be recorded, and the Meeting Order specifically prohibits the use of a recording device at such meeting. Minutes will be prepared summarizing the discussions, which will be attached to the Meeting Report.

10. Subject to the approval of the Telus Convention Centre, the Monitor will facilitate the establishment of a table for use by your clients within reasonable proximity of an entrance to the room in which the District Meeting will be held. Your clients will be entitled to circulate written information to attendees of the District Meeting within the reasonable vicinity of that table. Your clients shall not be permitted to disseminate any written materials within the meeting room, or in any doorway entering the meeting room.

11. Any written communications circulated by your clients at the District Meeting must state that such materials are not authored, endorsed or being circulated by the Monitor. Such disclaimer must be prominently displayed in such materials. Further, your clients shall not at any time advise any person in attendance at the meeting that they are a representative of the Monitor, or are associated with the Monitor.

12. A sign at your client's table shall clearly identify your clients. Your clients are responsible for the preparation of such sign.

CASSELS BROCK
LAWYERS

If you have any questions in relation to any of the above-referenced information, please contact us at your convenience.

Yours truly,

Cassels Brock & Blackwell LLP

For: Jeffrey Oliver
Partner

JO/rc

Schedule 4

From:	Oliver, Jeffrey
To:	allan@garberlaw.ca
Cc:	Allen, Vanessa (CA - Alberta)
Subject:	Lutheran Church - Taxation Matters
Date:	Wednesday, April 27, 2016 8:45:36 AM

Mr. Garber,

At an information meeting held by the Monitor in Sherwood Park on Tuesday, April 26th, a question was asked from the audience, in which it was alleged that there would be negative personal income tax consequences to the depositors arising out of the Newco share transactions contemplated in the plan. The underlying premise of the question arose from advice that the questioning depositor had obtained from an unnamed tax professional, or so we were told.

At the meeting ,the Monitor made clear to this party that the conclusion was incorrect and that the depositor was misstating or misunderstanding the tax advice that was provided by Gowlings, which was affixed to the First Report of the Monitor to District Creditors.

Yesterday afternoon, at a further information meeting held by the Monitor in Red Deer, Ms. Huber repeated the incorrect information to the entire audience at such meeting and urged them to obtain independent tax advice, seemingly suggesting either that the advice of Gowlings was incorrect, or alternatively incomplete. Again, the Monitor stated at the meeting that your client was repeating information which was incorrect.

The information sessions that have been held by the Monitor have been intended to permit depositors to obtain information to assist them to make their independent decisions in relation to how to vote. Your clients have attempted to utilize these sessions to their advantage by circulating their own materials at them. Many depositors have been confused by your clients actions, as they believed that the materials presented were materials that originated from the Monitor, on the basis that these were sessions which were organized by the Monitor. The Monitor requested that your client advise each party receiving that information of its origin, but it is apparent to the Monitor that this message has not entirely resonated with its recipients. Regardless of these issues, the Monitor permitted your clients to circulate this information and to participate at the meetings.

However, the Monitor is concerned with Ms. Huber's misstatements of the tax consequences of the plan to the depositors. Her statements were completely wrong and legally unsupportable. She continued to make these misstatements at the meeting after being advised by the Monitor that they were wrong.

We invite you, as Ms. Huber's counsel, to advise us of any inaccuracies in the tax advice that has been disclosed in this matter thus far. If something has been missed in the Monitor's analysis, or an error has been made, it will be considered and rectified promptly. However, in the absence of that communication from you, it is inappropriate for your client to misstate the tax consequences of the plan, particularly to large groups of depositors.

Please advise us if we can expect to receive further tax analysis from you, and when such analysis

will be received. If no such analysis is forthcoming, we trust that you will caution your client to ensure that their further communications on this issue must remain factually accurate, and that no suggestions should be made by her similar to those expressed at yesterday's meeting. The Monitor is supportive of a diversity of viewpoints in relation to the District Plan, but it is unfair for any such party to rely upon a factual inaccuracy for the purpose of attempting to inappropriately sway the views of depositors.

Regards
Jeffrey Oliver

Schedule 5

From: Allen, Vanessa (CA - Alberta)
To: Sharon Sherman
Subject: LCC - ABC - CCAA/ Exchange of Debt for Cash and Shares
Date: Monday, May 2, 2016 5:52:00 PM

Hi Sharon,

Further to your email to our legal counsel, the section you are referencing refers to the interest that is accrued at the time that the debt (i.e. the claim of each District Depositor) is exchanged for cash and shares pursuant to the District Plan. This reflects that interest that has been accrued up to the date that the debt is exchanged would be included in that District Depositor's income. For the purposes of the CCAA proceedings, interest was only accrued up to January 23, 2015 (the date that the CCAA proceedings commenced). District Depositors have already received T5s for interest that accrued up to that date, which they may have included in their income for 2015. Following the debt being exchanged, District Depositors may be able to claim a deduction for the amount that was previously claimed as income (the accrued interest) but is not collectible.

For clarity, the wording surrounding reporting income relates only to interest and T5s have already been issued for that interest. As stated at the meeting in Sherwood Park, upon the settlement of the debt, creditors would have the ability to claim a capital loss with respect to any shortfall in the repayment of their principal balance.

Once again, if you have concerns, please feel free to seek your own tax advice.

We hope this helps.

Thanks very much,

Vanessa A. Allen, B. Comm, CIRP
Senior Manager
Financial Advisory
Deloitte Restructuring Inc.
Direct: 403-298-5955
Cell: 403-477-9661
Fax: 403-718-3681
Email: vanallen@deloitte.ca
www.deloitte.ca
700 Bankers Court
850 - 2 Street SW
Calgary, AB T2P 0R8
Canada

From: Sharon Sherman [mailto:sharon.sherman@ualberta.ca]
Sent: April-28-16 1:47 PM
To: Kearl, Brian
Subject: Exchange of Debt for Cash and Shares

Dear Brian,

I'm a joint Church Extension Fund account holder writing to you regarding your February 9, 2016 memorandum to Vanessa Allen of Deloitte Restructuring, file number A135752.

I don't have expertise in your area and hope you can help me understand 1. Exchange of Debt for Cash and Shares on page 2.

I'm not asking for guidance related to my personal tax situation. I realize as you mentioned in your memorandum that I would need to consult with my tax advisor for that.

The part I need help with to make sure I understand 100% is the sentence beginning "Upon a disposition of debt..." at the bottom of the page 2.

If you could kindly explain this sentence to me in lay terms with an example I can easily understand, I would be most grateful.

Many thanks,

Sharon Sherman