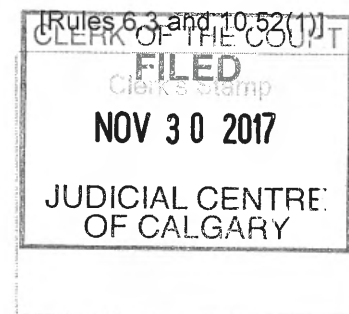


COURT FILE NUMBER 1501-00955

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary



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

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

DOCUMENT **APPLICATION BY THE MONITOR, DELOITTE RESTRUCTURING INC. FOR TAXATION OF ACCOUNTS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**Cassels Brock & Blackwell LLP**  
Suite 1250, Millennium Tower  
440-2nd Avenue SW  
Calgary, AB T2P 5E9

Telephone (403) 351-2921  
Facsimile (403) 648-1151

File No. 49073-1

**Attention: Jeffrey Oliver/Danielle Maréchal**

#### NOTICE OF APPLICATION

Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as monitor (in such capacity, the "**Monitor**") of 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**"), will make an application to the Honourable Madam Justice Romaine as set out below:

To do so, you must be in Court when the Application is heard as shown below:

**Date:** December 7, 2017  
**Time:** 11:30 AM

**Where:** Calgary Courts Centre, 601 - 5 Street S.W.  
Calgary, AB T2P 5P7  
**Before Whom:** The Honourable Madam Justice B.E.C. Romaine

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. An Order substantially in the form of Schedule "A", attached hereto:
  - (a) abridging the time for service of the notice of this Application and, if necessary, deeming service of this Application together with all supporting materials to be good and sufficient;
  - (b) approving the professional fees and disbursements of the Monitor and the Monitor's legal counsel for the period ending October 31, 2017 for the District, without the necessity of a formal passing of accounts; and
  - (c) approving the professional fees and disbursements of the Monitor and the Monitor's legal counsel for the period ending October 31, 2017 for DIL, ECHS and EMSS, including estimates to complete the administration of each of DIL's, ECHS's and EMSS's respective CCAA proceedings, without the necessity of a formal passing of accounts;
2. Such further and other relief as counsel may advise and this Honourable Court may permit.

**Grounds for making this Application:**

**Background**

3. All terms not otherwise defined herein shall have the meanings prescribed within the Fifth Amended Plan of Compromise and Arrangement of the District, filed on June 10, 2016 (the "**District Plan**") in the within proceedings.
4. On January 23, 2015, the Applicants filed for and obtained protection from their creditors under the *Companies' Creditors and Arrangement Act* (Canada) pursuant to an Order granted by the Honourable Justice K.D. Yamauchi (the "**Initial Order**").
5. Pursuant to the Initial Order, Deloitte Restructuring Inc. ("**Deloitte**") was appointed as Monitor of the Applicants (in that capacity, the "**Monitor**").

**Fees and Disbursements**

Summary

6. The professional fees and disbursements of the Monitor for the District for the period ending October 31, 2017 total approximately \$990,400, which includes GST of approximately \$47,900.

7. The professional fees and disbursements of the Monitor's legal counsel for the District for the period ending October 31, 2017 total approximately \$530,800, which includes GST of approximately \$23,200.

8. The professional fees and disbursements of the Monitor for DIL, ECHS and EMSS for the period ending October 31, 2017, including estimates to complete the CCAA proceeding total approximately \$1.3 million, which includes GST of approximately \$59,500. The DIL, ECHS and EMSS legal fees have been allocated to the Applicants as follows:

	<b>Amount</b>	<b>GST</b>	<b>Total</b>
DIL	\$674,771	\$32,592	\$707,363
ECHS	\$265,432	\$13,452	\$278,885
EMSS	\$265,432	\$13,452	\$278,885
	<b>\$1,205,635</b>	<b>\$59,497</b>	<b>\$1,265,132</b>

9. The professional fees and disbursements of the Monitor's legal counsel for DIL, ECHS and EMSS for the period ending October 31, 2017, including estimates to complete the CCAA proceedings total approximately \$438,600, which includes GST of approximately \$39,800. The DIL, ECHS and EMSS legal fees have been allocated to the Applicants as follows:

	<b>Amount</b>	<b>GST</b>	<b>Total</b>
DIL	\$279,036	\$23,914	\$302,949
ECHS	\$61,799	\$8,045	\$69,845
EMSS	\$57,984	\$7,863	\$69,845
	<b>\$398,819</b>	<b>\$39,822</b>	<b>\$438,640</b>

Monitor's Fees

10. The fees and disbursements of the Monitor (collectively, the "**Monitor's Fees**") have been allocated between the Applicants based on an estimate of the percentage of time dedicated to each of the Applicants during the corresponding billing period.

11. The Monitor's Fees are based on the amount of professional time required and the Monitor's standard hourly billing rates, which vary depending upon the experience level of the professionals involved. The Monitor has expended a approximately 7,000 hours in administering the CCAA proceedings for the

period ending October 31, 2017. The average standard hourly billing rate of the professionals in the Monitor's office is approximately \$297.

12. The Monitor's Fees include reasonable out of pocket –expenses.

#### Fees of the Monitor's Legal Counsel

13. The rates of the Monitor's legal counsel have been discounted from its customary hourly rates from the outset of this matter, in varying amounts of between 12% to 18% depending on the timekeeper.

14. Legal counsel to the Monitor played a more significant role in the Applicants' CCAA proceedings, as compared to other CCAA proceedings as a result of, *inter alia*, the following:

- (a) The requirement to defend the Monitor, as an Office of the Court, from serious allegations raised by certain opposing creditors, which allegations were ultimately dismissed;
- (b) The work required for the establishment of the District and DIL creditors' committees;
- (c) The inclusions of the provisions related to the Representative Action in the District and DIL Plans, which required independent oversight from a party other than the Applicants;
- (d) The additional stakeholder consultation that occurred; and
- (e) The lack of documentation related to various matters.

#### Special Considerations

15. The CCAA proceeding were extremely complex as a result of, *inter alia*:

- (a) The fact that the Applicants were faith-based organizations and the relationship between the Depositors and the Applicants was unique as it encompassed both spiritual and financial considerations;
- (b) The District had approximately 2,592 Depositors and the DIL had approximately 896 Depositors. The Depositors are a more vulnerable group in that a significant number of the Depositors are senior citizens, many of whom are retired and do not have a business or legal background;
- (c) The Applicants' records were often incomplete with certain agreements and arrangements remaining largely undocumented;

- (d) The Applicants' held significant assets that needed to be realized and/or otherwise dealt with including the Core Assets, which were ultimately transferred to NewCo pursuant to a tax-structured transaction set out in the District Plan.
- (e) In addition to the Core Assets, the District realized on unsecured loans, mortgages, accounts receivable and nine real properties over the course of the CCAA proceedings;
- (f) DIL realized on unsecured loans and 14 mortgages to member congregations over the course of the CCAA proceedings and, in some cases, these realizations were the result of extensive negotiations; and
- (g) Significant opposition was encountered throughout the CCAA proceedings from opposing creditors, which significantly increased the professional time required to administer the CCAA proceedings.

16. The fees of the Monitor and the Monitor's legal counsel are reasonable in the circumstances.

**Material or evidence to be relied on:**

17. The Thirty-Third Report of the Monitor, dated November 30, 2017;

18. The Fifth Amended Plan of Compromise and Arrangement of Lutheran Church-Canada, The Alberta-British Columbia District; and

19. Initial Order granted on January 23, 2015 by the Honourable Justice K.D. Yamauchi, paragraphs 34 and 34;

**Applicable rules:**

20. Rules 1.3, 6.3 and 13.5 of the *Alberta Rules of Court*.

**Applicable Acts and regulations:**

21. *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36.

**Any irregularity complained of or objection relied on:**

22. None.

**How the Application is proposed to be heard or considered:**

23. In person.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

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

Clerk's Stamp

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

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

DOCUMENT **ORDER (Taxation of Accounts)**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY FILING  
THIS DOCUMENT

**Cassels Brock & Blackwell LLP**  
Suite 1250, Millennium Tower  
440-2nd Avenue SW  
Calgary, AB T2P 5E9  
Telephone (403) 351-2921  
Facsimile (403) 648-1151

File No. 49073-1

**Attention: Jeffrey Oliver/Danielle Maréchal**

**DATE ON WHICH ORDER WAS PRONOUNCED:** December 7, 2017  
**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta  
**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Madam Justice B.E.C. Romaine

**UPON THE APPLICATION** of Deloitte Restructuring Inc., in its capacity as the monitor (the "**Monitor**") of 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**") for the taxation of the accounts of the Monitor and the Monitor's legal counsel; **AND UPON HAVING READ** the Application of the Monitor returnable December 7, 2017, filed; the Thirty-Third Report of the Monitor dated November 30, 2017 (the "**Report**"), filed; and the Affidavit of Service of Richard Comstock, filed; **AND UPON HEARING** counsel for the Monitor and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.
2. The Monitor's fees and disbursements relating to the District for the period ending October 31, 2017, as more particularly set out in paragraph 33.1 and Schedule 1 of the Report, are approved without the necessity of a formal assessment of its accounts.
3. The fees and disbursements of the Monitor's legal counsel, Gowling WLG (Canada) LLP and Cassels Brock & Blackwell LLP (collectively, the "**Monitor's Counsel**"), relating to the District for the period ending October 31, 2017, as more particularly set out in paragraph 33.2 and Schedule 2 of the Report, are approved without the necessity of a formal assessment of their accounts.
4. The Monitor's fees and disbursements relating to DIL, ECHS and EMSS for the period ending October 31, 2017, including estimates to complete the within proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA Proceedings**"), as more particularly set out in paragraph 33.3 and Schedule 3 of the Report, are approved without the necessity of a formal assessment of its accounts.
5. The fees and disbursements of the Monitor's Counsel relating to DIL, ECHS and EMSS for the period ending October 31, 2017, including estimates to complete the CCAA Proceedings, as more particularly set out in paragraph 33.4 and Schedule 4 of the Report, are approved without the necessity of a formal assessment of their accounts.
6. This Order must be served only upon those interested parties attending or presented at the within application and service may be effected by facsimile, electronic mail, personal deliver or courier. Service is deemed to be effected the next business day following the transmission or deliver of such documents.
7. Service of this Order on any party not attending this application is hereby dispensed with.

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J.C.C.Q.B.A.