

June 23, 2017

Notice to District Depositors re: Subcommittee Reformation Process

Lutheran Church – Canada, the Alberta – British Columbia District (the “District”), Lutheran Church – Canada, the Alberta – British Columbia District Investments Ltd., Encharis Community Housing and Services and Encharis Management and Support Services (collectively, the “Applicants”) – Proceedings under the Companies’ Creditors’ Arrangement Act (the “CCAA”)

1. Background

As you are aware, the District obtained an Initial Order under the CCAA on January 23, 2015. Deloitte Restructuring Inc. (“Deloitte”) acts as the Monitor in the CCAA proceedings.

On August 2, 2016, the Court granted an Order sanctioning the District’s plan of compromise and arrangement (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”). A copy of the District Sanction Order is available on the Monitor’s website at www.insolvencies.deloitte.ca under the link entitled “Lutheran Church – Canada, the Alberta – British Columbia District et.al.” (the “Monitor’s Website”).

The District Plan established a process (the “Representative Action Process”) whereby a future legal action or actions, which may be undertaken as a class proceeding or otherwise (collectively, the “Representative Action”) can be undertaken for the benefit of those District Depositors who are deemed to elect or elect to participate (the “Representative Class”). Pursuant to the Representative Action Process, a subcommittee (the “Subcommittee”) is to be established to choose legal counsel for the Representative Class (the “Representative Counsel”) and provide direction and instructions to the Representative Counsel in the Representative Action.

In conjunction with the District Sanction Order, an Order (the “District Subcommittee Order”) was granted on August 2, 2016 approving the appointment of the Subcommittee by the creditors’ committee for the District (the “District Committee”). As set out therein, the Subcommittee is to include between three and five individuals and all members of the Subcommittee will be appointed by majority vote of the members of the District Committee. The eligibility criteria to act on the Subcommittee are further detailed below. A copy of the Subcommittee Order is also available on the Monitor’s Website.

2. Update on the Subcommittee

Pursuant to various matters that have arisen since the District Subcommittee was originally formed, and as outlined in the Twenty Ninth Report of the Monitor dated June 16, 2017 (the “Twenty-Ninth Report”) included on the Monitor’s website, the Monitor is writing on behalf of the District Committee to request that interested individuals put their names forward to be part of a reconstituted District Subcommittee.

As noted in the Twenty-Ninth Report:

- a) On or around May 30, 2017, the Monitor's Counsel was advised by counsel to the District Committee (the "District Committee's Counsel") that all members of the District Subcommittee had resigned with the exception of Mr. Laurie Schutz;
- b) Mr. Garber has resigned as counsel to the District Subcommittee; and
- c) The District Subcommittee Order provides for the procedure for the replacement of members of the District Subcommittee who have resigned, stating that the District Subcommittee has the authority to reconstitute itself by replacing members by a majority vote. In addition, the District Subcommittee Order provides that, where it is "impractical or impossible" for the District Subcommittee to replace its members by a majority vote, the District Committee may make replacements by a majority vote.

Accordingly, pursuant to the District Subcommittee Order, Mr. Schutz, as the sole remaining member of the District Subcommittee, has the authority to replace the members of the District Subcommittee that have resigned. However, the Monitor's Counsel has been advised by the District Committee's Counsel that although Mr. Schutz intends to continue to serve on the District Subcommittee, he does not wish to be chairman of the District Subcommittee or assume the responsibility of appointing the replacement members of the District Subcommittee. As such, the District Committee has agreed to issue a communication to the members of the Representative Action Class inviting them to participate as a member of the District Subcommittee. The Monitor and counsel to the District Committee share this view.

3. Subcommittee Reformation Process

Accordingly, the Monitor is writing, with the support of the District Committee, to reconstitute the District Committee through the following process (the "District Subcommittee Reformation Process"):

- a) The Monitor has mailed this notice (the "Notice") to all members of the Representative Action Class, and hereby invite them to participate as a member of the District Subcommittee and, if they wish to do so, submit an expression of interest to the District Committee by no later than July 21, 2017 (the "Deadline");
- b) Following the receipt and review of expressions of interest by the District Committee, the District Committee will, no later than July 28, 2017, select the individuals that will replace the four members of the District Subcommittee that have resigned; and
- c) Once the District Subcommittee has been reconstituted, it will, as soon as practicable, retain counsel to replace Mr. Garber in respect of the Representative Action.

The following information was previously communicated as part of the original formation of the Subcommittee but is being repeated for completeness.

4. Subcommittee Mandate

The mandate for the Subcommittee includes the following:

- a) Taking reasonable steps to maximize the amount of funds that are ultimately available for distribution to the Representative Class under the Representative Action;
- b) Conducting themselves substantially in accordance with the principles laid out in the Subcommittee Charter, which is attached to the Subcommittee Order; and
- c) Serving in a fiduciary capacity to all the Representative Class with respect to the Representative Action.

5. Subcommittee Duties

The duties and responsibilities of the Subcommittee include the following:

- a) Choosing a Chairman;
- b) Reviewing the qualifications of at least three lawyers and selecting one lawyer to act as Representative Counsel;
- c) Providing instructions to Representative Counsel;
- d) Ensuring that the legal documents and records regarding the Representative Action have been properly prepared, maintained and stored;
- e) Acting honestly in good faith, with a view to the best interests of the Representative Class;
- f) Ensuring that each member of the Subcommittee disclose all actual or potential conflicts of interest and recuse themselves from discussions and voting, as required;
- g) Committing the time and energy necessary to properly carry out their duties on the Subcommittee;
- h) Adequately preparing for and attending all regularly scheduled Subcommittee meetings;
- i) Reviewing the Subcommittee's strategies and their implementation;
- j) Making independent determinations and conclusions regarding the Representative Action;
- k) With the assistance of Representative Counsel, identifying a party(ies) willing to act as the Representative Plaintiff;
- l) Working with the Representative Counsel and the Monitor to establish the amount of the Representative Action Holdback;
- m) Reporting at reasonable intervals to the Representative Class on the status of the Representative Action and the Representative Action Holdback;
- n) Prior to the commencement of the Representative Action, working with Representative Counsel, in consultation with the Monitor, to provide such information to the Representative Class, as they deem necessary or desirable to permit the members of the Representative Class to determine if they wish to participate in the Representative Action;
- o) Providing information and updates with respect to the Representative Action to the Representative Class on a regular basis; and
- p) Doing such other acts and things as they consider necessary and advisable to carry out their duties and responsibilities.

The following additional responsibilities of the Subcommittee related to monitoring, reporting and communication are further set out in the Subcommittee Order:

- a) Monitoring the Subcommittee's progress towards its goals and objectives and revising and altering its direction in response to changing circumstances;
- b) Ensuring and making regular assessments that the Subcommittee has implemented adequate internal control and information systems;
- c) Developing appropriate measures for feedback from the Representative Class;
- d) Taking action when performance falls short of its goals and objectives or when other special circumstances warrant;
- e) Ensuring the timely reporting of any developments that have a significant and material impact on the Representative Class in conjunction with the Representative Counsel; and
- f) Reporting the Subcommittee's finding and conclusions to the Representative Class in a manner and at such times as the Representative Counsel shall determine is consistent with the duties of the Subcommittee.

6. Eligibility to act on Subcommittee

In order to be eligible to act on the Subcommittee an individual must meet the following criteria:

- a) Be a District Depositor or a committee, trustee or personal representative of a District Depositor;
- b) Not be in a conflict of interest with respect to the Representative Action (for clarity, acting on the Subcommittee for DIL would be a conflict of interest);
- c) Not have opted out of the Representative Action; and
- d) Not be a "Partially Released Party", which is defined in the District Plan as including the following:
 - The District;
 - Parties who are insured under the District's directors and officers liability insurance;
 - Past or present directors, officers, volunteers and employees of the District Group; and
 - Any past independent contractors of the District who are individuals who were employed three days or more a week on a regular basis.

7. To apply to act on the Subcommittee

In order to be considered to act on the Subcommittee, interested parties must provide an application in the form attached as "Schedule 1" hereto to legal counsel for the District Committee at Bennett Jones LLP, 4500 Bankers Hall East, 855 2nd Street SW, Calgary, Alberta T2P 4K7, via facsimile to 1-403-265-7219 or via email to simardc@bennettjones.com to the attention of Chris Simard on or before 5:00 p.m. on July 21, 2017. Successful applicants will be contacted on or before July 31, 2017. Please note that only the names of successful applicants will be made publicly available.

Upon the Subcommittee having been reformed and new Representative Counsel having been selected, further correspondence will follow.

Should you have any questions regarding the formation of the Subcommittee, please contact Chris Simard at 1-403-298-4485. Should you have general questions regarding the CCAA proceedings, please contact the undersigned or Joseph Sithole at 1-587-293-3203.

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as the Court-appointed Monitor 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. and not in its personal or corporate capacity



Jeff Keeble, CA, CIRP
Senior Vice President

Schedule 1

APPLICATION TO ACT ON THE SUBCOMMITTEE FOR THE DISTRICT

Personal and Contact Information

Name:

Current Address:

City:

Province:

Postal Code:

Phone numbers:

Day
Cell

Evening

E-mail address:

Relevant background/ experience:

Please describe your background and any relevant experience (such as previous litigation experience):

Other

Please describe any additional information you would like the District Committee to consider while voting on the composition of the Subcommittee as described in the Subcommittee Order dated August 2, 2016:

I hereby confirm that I:

- am an individual who is a District Depositor; or
- am the committee, trustee or personal representative of a District Depositor; and

- do not and the congregation, corporation or other District Depositor, who I am applying as a representative of, do not have in any known conflict of interest with respect to the Representative Action (As noted above, acting on the Subcommittee for DIL would be a conflict of interest);
- have not served a notice of Opting Out to the Monitor; and
- am not a Partially Released Party

Printed Name of Applicant

Signature of Applicant