

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**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
LAURENTIAN UNIVERSITY OF SUDBURY**

**SECOND REPORT OF THE MONITOR
March 11, 2021**

INTRODUCTION

1. On February 1, 2021, Laurentian University of Sudbury (“**LU**” or the “**Applicant**”) brought an application (the “**CCAA Application**”) before this Court seeking an initial order pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings to allow the Applicant an opportunity to financially and operationally restructure itself.
2. On February 1, 2021, the Court granted an initial order (the “**Initial Order**”) that, among other things, appointed Ernst & Young Inc. as monitor of the Applicant in these CCAA proceedings (in such capacity, the “**Monitor**”), and approved a stay of proceedings for the initial 10-day period (the “**Stay Period**”) and certain Court ordered super-priority charges.
3. On February 10, 2021, the Court held a comeback hearing which resulted in the issuance of an amended and restated initial order (the “**Amended and Restated Initial Order**”) which among other things, approved a debtor-in-possession interim financing arrangement in the amount of \$25 million (the “**DIP Facility**”) and extended the stay of proceedings to April 30, 2021.

PURPOSE

4. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide information to the Court on:

- a. the Applicant’s operations since the date of the Monitor’s First Report;
- b. the status of the Applicant’s restructuring efforts;
- c. an update on the Applicant’s actual receipts and disbursements for the period January 30, 2021 to March 5, 2021 (the “**Reporting Period**”) compared to the cash flow forecast appended to the First Report;
- d. an update with respect to the Applicant’s cash flow forecast (the “**Revised Cash Flow Forecast**”) for the period March 6, 2021 to April 30, 2021 (the “**Forecast Period**”);
- e. the Applicant’s request for approval of an order (the “**Pension Order**”) in respect of certain pension matters that, among other things:
 - i. approves the processing of certain pending commuted value transfer requests from the Applicant’s registered pension plan at the transfer value ratio as set out in the last filed actuarial valuation; and
 - ii. confirms that certain premiums due to the Pension Benefits Guarantee Fund (the “**PBGF**”) are a pre-filing unsecured obligation of the Applicant and are stayed pursuant to the stay of proceedings in the Amended and Restated Initial Order,in each case, substantially in the form included in the Applicant’s Motion Record; and
- f. the Monitor’s recommendations with respect to the above.

TERMS OF REFERENCE AND DISCLAIMER

5. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant and discussions with senior management of the Applicant (“**Management**”) (collectively, the “**Information**”). Except as described in this Second Report in respect of the Applicant’s Revised Cash Flow Forecast:
 - a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion

or other form of assurance contemplated under GAAS in respect of the Information;
and

- b. some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
6. Future oriented financial information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Second Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
8. This Second Report does not take into account all future impacts of COVID-19 (SARSCoV-2) ("**COVID-19**" or the "**Pandemic**") on the forecasts or projections or other actions taken by the Applicant as a result of the Pandemic. Any references made to the impact of the Pandemic on the Applicant in this Second Report are based on preliminary enquiries and are not to be interpreted as a complete commentary or as an accurate assessment of the full impact of the Pandemic. The full impact of the Pandemic is not capable of being qualitatively or quantitatively assessed at this time.
9. Capitalized terms not defined in this Second Report are as defined in the Pre-Filing Report of the Proposed Monitor, the First Report of the Monitor or in the Amended and Restated Initial Order, as applicable.
10. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

11. On March 28, 1960, LU was incorporated under An Act to Incorporate Laurentian University of Sudbury, S.O. 1960, c. 151 C. 154 (the "**Laurentian Act**"). A copy of the Laurentian Act is attached as Exhibit "A" to the Haché Affidavit.
12. LU is a non-share capital corporation and a registered charity pursuant to the *Income Tax Act*, R.S.C. 1985, c.1 (the "**Income Tax Act**"). Pursuant to Section 149 of the Income Tax Act, LU is exempt from the payment of income tax because of its status as a registered

- charity. As a registered charity, LU also receives donations and issues tax receipts to donors.
13. LU is a publicly funded, bilingual and tricultural post-secondary institution. Its operations are located in the City of Greater Sudbury, Ontario. LU has consistently been one of the largest employers in Sudbury.
 14. As described in the Haché Affidavit, the governance structure of LU is bi-cameral. It has a Board of Governors (the “**Board**”) and a Senate (the “**Senate**”), both of which derive their powers from the Laurentian Act. The Board, and the President and Vice-Chancellor generally have powers over the operational and financial management of LU, whereas the Senate is responsible for decisions in respect of educational policy at LU.
 15. LU has relationships with certain independent federated universities including the University of Sudbury (“**SU**”), the University of Thorneloe (“**Thorneloe**”) and Huntington University (“**Huntington**”) (collectively, the “**Federated Universities**”).
 16. Further background information with respect to the Applicant is described in the Pre-Filing Report.

UPDATE ON THE APPLICANT’S OPERATIONS

17. As set out in the First Report, since the date of the Initial Order, the Applicant has focused on maintaining normal course day-to-day operations. Student classes are continuing (virtually due to the Pandemic) with no disruption.
18. Recently, the Applicant opened registration for spring term courses, which would commence in May 2021. In light of the uncertainty with respect to LU’s ability to continue operations subsequent to April 30, 2021, the Applicant is currently allowing students to register for spring courses without requiring any deposits. Assuming LU is successful in negotiating changes to its cost structure that allow it to be financially sustainable, fees for spring term courses will be billed in April and payment will be due by May 7, 2021.
19. Also as set out in the First Report, the Applicant commenced communications with its various stakeholders, including its students, faculty and other employees, suppliers, research-granting agencies and donors immediately after the issuance of the Initial Order. Letters were emailed to certain of these stakeholder groups informing them of the commencement of the CCAA proceedings. The Applicant also launched a website at www.laurentianu.info and www.ulaurentienne.info to provide further information to stakeholders, including a detailed list of frequently asked questions and answers, contact information for support services for students, faculty and staff and a method to contact LU by email for other information. The information on the website has been continually

updated as a result of questions received from various parties. The Applicant has also issued several follow-up communications to keep stakeholders informed to the extent possible.

20. The Monitor notes that both the Applicant and the Monitor have received a significant volume of calls and emails from stakeholders. Many of these inquiries have sought information as to what will happen post April 30, 2021 as well as detail on how specific restricted funds (research grants and restricted donations) were handled and how the obligations associated with these will be treated in the CCAA process. Both the Applicant and the Monitor have spent considerable time responding to these inquiries, recognizing that neither the Applicant nor the Monitor is in a position today to provide specific details or comment on what might happen post April 30, 2021, or how obligations will be treated in a Plan of Arrangement or otherwise.
21. Finally, as set out in the First Report, the Applicant has implemented new fiscal restraint policies to monitor and authorize only critical and necessary expenses during the pendency of this CCAA proceeding. While these policies represent a change to LU's historical practice as they require senior leadership approval for most expenditures before being incurred (vs. permitting decentralized authority for spending within annual budget limits), these policies are necessary in the Monitor's view to ensure that the Applicant is able to manage operations within the constraints of the \$25 million DIP Facility.

UPDATE ON RESTRUCTURING EFFORTS

22. In its Application Record, the Applicant sought an Order for the appointment of a mediator by the Court (the "**Court-Appointed Mediator**") to oversee negotiations with respect to the various restructuring initiatives necessary for the Applicant to achieve financial sustainability, including but not limited to, a restructuring of academic programs, reduction of employee headcount and a restructuring of its Federated Universities model.
23. On February 5, 2021, the Monitor, LU and LUFA attended before the Court at a case conference. During the case conference, this Court indicated that after considering the urgency with which negotiations need to take place, the importance of such negotiations being successful within this compressed time period and the proposed characteristics of a potential Mediator, the Court proposed to appoint the Honourable Justice Sean Dunphy of the Ontario Superior Court of Justice as the Court-Appointed Mediator. During his career, Justice Dunphy was a leading insolvency lawyer with extensive experience in CCAA restructurings, including complex labour negotiations, and is bilingual. All parties at the case conference confirmed that there were no objections to Justice Dunphy's appointment as mediator. Accordingly, the Court issued an order (the "**Mediator Appointment Order**") and endorsement confirming Justice Dunphy's appointment.

24. Since February 5, 2021, the Court-Appointed Mediator has dedicated himself to overseeing discussions between the parties in the mediation process. Justice Dunphy has requested that the Monitor act as the primary facilitator for the mediation and accordingly, the Monitor has played a significant role including: a) liaising with all mediation parties; b) scheduling and hosting mediation sessions; c) facilitating the exchange of information and documents between the parties; and d) providing any other assistance that the parties reasonably require.
25. At the current time, these discussions have focussed on those parties with whom LU needs to negotiate operational changes in order to drive forward cost savings. As a result, these discussions have included negotiations between Laurentian and:
 - a. A committee of representatives elected by the Senate, to address the academic restructuring;
 - b. The Federated Universities;
 - c. The Laurentian University Faculty Association (“**LUFA**”), the bargaining unit representing the faculty; and
 - d. The Laurentian University Staff Union (“**LUSU**”), the bargaining unit representing non-faculty staff.
26. The Monitor notes that while the details of the mediation discussions are currently confidential pursuant to the terms of the Mediator Appointment Order, the Monitor can confirm that the parties listed above are all actively participating in the mediation discussions.
27. Several other parties have expressed an interest in participating in the mediation. These requests have been referred to Justice Dunphy who, in some cases has had a discussion with the particular party or invited the party to submit a written brief or letter setting out their areas of concern for the Mediator and Laurentian to be aware of. To date, Justice Dunphy has determined that the current mediation discussions should continue to be focussed on the parties listed above.
28. It is expected that discussions with a broader group of significant creditors regarding the potential terms of a Plan of Arrangement will begin as the mediation further progresses.

LEAVE TO APPEAL MOTION

29. Both the Initial Order and the Amended & Restated Initial Order contained a sealing order in respect of two confidential exhibits (the “**Exhibits**”) to the Haché Affidavit. The Exhibits contained a letter from the Ministry of Colleges and Universities (the “**MCU**”) to

the Applicant dated January 21, 2021 and a letter from the Applicant to MCU dated January 25, 2021.

30. The Court issued a Supplementary Endorsement on February 26, 2021 containing the detailed reasons for granting the sealing order.
31. On March 4, 2021, the Ontario Confederation of University Associations, LUFA and the Canadian Union of Public Employees (collectively, the “**Appellants**”) served notices of motion seeking leave to appeal the sealing order from the Court of Appeal for Ontario.
32. The three Appellants, the Applicant and the Monitor have exchanged email correspondence with respect to scheduling of the matter and are to attend a case conference before Associate Chief Justice Alexandra Hoy of the Court of Appeal for Ontario on March 12, 2021 to discuss scheduling and a timeline in respect of the leave to appeal motion.

ACTUAL RECEIPTS AND DISBURSEMENTS

33. The Amended & Restated Initial Order approved the DIP Facility on terms set out in a term sheet executed by the Applicant and Firm Capital Mortgage Fund Inc. (the “**DIP Lender**”) and to be set out in a definitive agreement (the “**DIP Agreement**”). The DIP Agreement was executed by the parties on February 10, 2021 and the first draw pursuant to the DIP Agreement was made on February 16, 2021.
34. The Applicant’s weekly cash flow forecast for the period from January 30, 2021 to April 30, 2021 (the “**Cash Flow Forecast**”) was appended to the Pre-Filing Report and First Report.
35. Attached at Appendix “**A**” to this Second Report is a summary of the Applicant’s actual receipts and disbursements for the Reporting Period. Appendix “**B**” to this Second Report contains a variance analysis with respect to some of the larger variances from the Cash Flow Forecast.
36. The Applicants had net disbursements of approximately \$3.1 million during the Reporting Period net of \$0.9 million in receipts from restricted funds to be directed to the Segregated Accounts. The Applicant made a draw of \$10 million against the \$25 million DIP Facility available pursuant to the DIP Agreement.
37. Overall, the Applicant’s actual receipts and disbursements do not reflect any material unanticipated negative permanent variances. Receipts including collections of student accounts have come in as forecast with some positive permanent and timing differences. Disbursements have been significantly lower than anticipated during the Reporting Period, however this is primarily a result of timing differences due to the Applicant continuing to

be advanced credit from suppliers as well as some delays in processing invoices due to the significant demands placed on the Applicant's Finance staff. These timing differences are expected to reverse in the coming weeks.

REVISED CASH FLOW FORECAST

38. The Revised Cash Flow Forecast, attached as Appendix "C" to this Second Report, has been prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast (the "**Assumptions**") and represents the estimates of Management of the projected cash flow during the Forecast Period on a weekly basis.
39. The Revised Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.
40. The Monitor has reviewed the Revised Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings.
41. Pursuant to this standard, the Monitor's review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of Management and employees of the Applicant. Since the Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Monitor also reviewed the support provided by Management for the Assumptions and the preparation and presentation of the Revised Cash Flow Forecast.
42. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
 - a. The Assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;
 - b. As at the date of this Second Report, the Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the Assumptions; or
 - c. The Revised Cash Flow Forecast does not reflect the Assumptions.
43. The Revised Cash Flow Forecast projects that during the Forecast Period, the Applicant will have estimated total combined receipts of approximately \$18.3 million, net of \$4.0

million in receipts from restricted funds to be directed to the Segregated Accounts. Estimated total combined disbursements are forecast to be approximately \$43.6 million, net of reimbursements from the Segregated Accounts of \$1.4 million. This results in projected net cash outflow (net of Segregated Account activity) of approximately \$25.2 million. The Applicants projects that it will draw the remaining \$15.0 million of available financing pursuant to the DIP Agreement. The Revised Cash Flow Forecast projects that LU will have access to sufficient liquidity during the Forecast Period.

44. The main assumptions of the Revised Cash Flow Forecast are as follows:
- a. academic teaching operations, the provision of ancillary services and certain in-process research activity continues in the ordinary course, uninterrupted;
 - b. the Order sought by the Applicant on this motion is granted, such that payment by the Applicant of its portion of the PBGF assessment (discussed below) is stayed as are special payments to the Applicant's defined benefit pension plan;
 - c. all payments in respect of goods and services supplied pre-filing and principal and interest payments on pre-filing debt are stayed with the following limited exceptions (and as further discussed later in this Second Report);
 - i. customary exceptions with respect to wages and benefits (but not termination and severance) owing to active employees;
 - ii. students will remain unaffected including in respect of ordinary course student refunds, scholarships, bursaries and other amounts; and
 - iii. funds collected on behalf of the Students' Associations will be remitted in the ordinary course.

PENSION MATTERS

45. LU administers three employee pension and benefit plans: (a) a registered defined benefit pension plan (the "**DB Pension Plan**"); (b) a supplementary unfunded retirement plan (the "**SuRP**") and (c) a retirement health benefits plan (the "**RHBP**").
46. The SuRP and RHBP are currently unfunded. Payments pursuant to the SuRP and RHBP have been stayed in accordance with the terms of the Amended & Restated Initial Order.
47. The DB Pension Plan is a plan registered with the Financial Services Regulatory Authority of Ontario ("**FSRA**") under the Ontario *Pension Benefits Act* R.S.O. 1990, c. P.8 (the "**PBA**") and related regulations (the "**Regulations**") and the Income Tax Act. LU is the sponsor and administrator of the DB Pension Plan. The DB Pension Plan is open to all

eligible employees of LU along with eligible employees of the Federated Universities, SNOLab, MIRARCO and CEMI. A copy of the DB Pension Plan dated July 1, 2018 is attached to the Haché Affidavit as Exhibit X.

48. There are currently 406 individuals collecting a lifetime pension from the DB Pension Plan. There are 981 active members currently contributing to the DB Pension Plan but not yet collecting a benefit. In addition, 544 members have deferred (or former member) status, meaning they have left employment with their employer and have not yet started collecting pension benefits. All full-time employees of LU or the other applicable employers who are employed on a continuous full-time basis (as determined by the employer) must participate in the DB Pension Plan. Other employees who are not full-time employees may elect to join the DB Pension Plan once such employee has been continuously employed for at least two years and the employee meets certain minimum salary or employment hour requirements.
49. The most recent actuarial valuation of the DB Pension Plan was made as of January 1, 2020 and filed in December 2020. Pursuant to this actuarial valuation, the DB Pension Plan was 104.7% funded on a going concern basis excluding the provision for adverse deviation and 99.0% funded on a going concern basis including the provision for adverse deviation, representing a going concern deficiency of approximately \$4.5 million. The DB pension Plan was 85.4% funded on a solvency basis resulting in a \$75.3 million solvency deficit and 65.8% (the “**Transfer Ratio**”) funded on a hypothetical wind-up basis resulting in a \$237.3 million hypothetical wind-up deficit.
50. Pursuant to the PBA and Regulations, the going concern deficiency is required to be addressed over a period not exceeding ten years, beginning one year after the date of valuation (i.e. January 1, 2021). As a result, the actuary concluded that an annual special payment of \$505,000 was required to be made, payable in monthly instalments of approximately \$42,083. Pursuant to the Amended & Restated Initial Order, LU’s portion of these payments has been stayed. There are currently no special payments required in respect of the solvency deficit.
51. The actuarial valuation also provided that the DB Pension Plan current service contributions for the next three years would be set at \$16,188,000, annually, payable in monthly instalment of approximately \$1,349,000. Currently, LU makes monthly payments in respect of LU and SNOLab, MIRARCO and CEMI employees (which are reimbursed to LU). The Federated Universities make payments in respect of their employees.

Commuted Value Transfers

52. Unlike the majority of defined benefit pension plans which limit the ability to commute pension entitlements (based upon age and/or length of time since leaving employment), the

DB Pension Plan permits members of the Plan who have ceased active service to commute their pension entitlement at any age and at any time prior to starting to receive a pension.

53. The process can be initiated in a number of ways. For example:
 - a. When an active employee retires, the individual is provided with a retirement package containing a retirement statement and election form. The package describes the options available to the individual including the monthly benefit if a pension is commenced immediately and the applicable commuted value if a commuted value transfer is elected;
 - b. When an active employee terminates employment prior to the age of 55, a similar package is provided with the estimated value of the individual's monthly pension benefit and the applicable commuted value. Options include leaving the pension entitlement in the DB Pension Plan (i.e. a deferred pension) or requesting a commuted value transfer; and
 - c. At any time, a former employee who has not commenced receiving a monthly pension can request a current pension statement with the applicable commuted value if a commuted value transfer is requested.
54. Pursuant to the PBA and Regulations, if a pension plan has a transfer ratio less than 100%, the administrator (in this case, the Applicant) may:
 - a. transfer the commuted value at the Transfer Ratio from the last valuation report and transfer the balance over no more than five years;
 - b. transfer the full commuted value after the employer makes additional contributions to "top-up" the deficiency between the pension plan's transfer ratio and 100%; or
 - c. transfer the full amount of the commuted value subject to certain low volume thresholds.
55. The Monitor understands that LU's past practice has been to process commuted value transfers at 100% on the basis that volumes were low.
56. Recently, the number of inquiries regarding commuted value transfers has significantly increased and as a result, LU has determined that it should commence processing commuted value transfers at the Transfer Ratio with the balance to be payable over five years. This will help to mitigate any potential deterioration of the DB Pension Plan's financial position and to treat all Plan members equitably, as it avoids having certain individuals remove assets from the DB Pension Plan at a rate greater than the current Transfer Ratio.

57. In assessing the options and coming to this decision, LU made a decision to temporarily pause processing any commuted value transfers, particularly in light of the increased volume of requests made subsequent to the commencement of the CCAA proceedings. LU plans to resume providing pension statement and options packages to individuals who have requested the same, all of which will set out commuted value transfer options at the Transfer Ratio.
58. As a result, the Monitor understands that there have been numerous requests subsequent to the commencement of the CCAA proceedings for packages setting out the commuted value transfer entitlement in respect of which LU has paused providing any responses.
59. In the March 8, 2021 letter from Eckler Ltd., the third-party administrator of the DB Pension Plan (“**Eckler**”), that the Applicant filed in support of this motion, Eckler has identified a group of 27 individuals who are impacted by the proposed Pension Order. These 27 individuals have received termination packages and / or pension statements reflecting a commuted value transfer option at 100% commuted value. The group includes 8 individuals who had already completed and returned their election forms by February 1, 2021, as well as a further 19 individuals who had either: (a) been issued termination or retirement statements within 120 days but no response has been received, or (b) have indicated an intent to take a transfer or start a pension but had not returned completed election forms by February 1, 2021. We are advised by the Applicant that if an individual does not return their completed election form within 120 days of its issuance, in accordance with the statement that is sent to that individual, the commuted value amount may be recalculated using interest rates and actuarial assumptions in effect at that time and a new termination or retirement statement re-issued.
60. The Monitor understands that the aggregate commuted value amount in respect of the 27 individuals above is approximately \$4.8 million if processed at a 100% transfer ratio. If processed at the current Transfer Ratio, this amount would be approximately \$1.6 million less.
61. Given LU’s decision to commence processing go forward commuted value transfers at the Transfer Ratio (with the balance to be payable in five years), LU is of the view that it would be inequitable for the 27 pending requests above to be transferred at a 100% ratio given that the hypothetical wind-up deficit is significant and the eventual outcome of LU’s restructuring efforts is uncertain. Accordingly, the Applicant seeks relief authorizing it to apply the Transfer Ratio to these 27 individuals. Assuming the Court grants this relief, from a process perspective, the Applicant proposes to contact each of the 27 individuals and provide them with an updated pension statement and options package reflecting the application of the Transfer Ratio to the commuted value transfer and permitting the individual to make a revised election with respect to his/her current options.

62. The Monitor understands that each of the 27 individuals have been served with a copy of the Applicant's Motion Record and Factum in respect of relief sought in the Pension Order.
63. The Monitor also understands that the Applicant has consulted with LU's labour unions, the Federated Universities and FSRA in respect of the proposed Pension Order. The Monitor understands that none of these parties intend to object to the relief sought.
64. Given the current status of LU's restructuring efforts, the Monitor is of the view that the Applicant's request is reasonable in the circumstances.

PBGF Assessment Payment

65. As the DB Pension Plan is a single employer defined benefit plan pursuant to the PBA, PBGF coverage is applicable. The PBGF is a fund established under the PBA that protects the first \$1,500 of monthly pension benefits earned by Ontario members under applicable plans.
66. Pursuant to the Regulations, the PBGF is funded by annual assessments payable by the employers whose employees, former employees and retired employees participate in the applicable plans. Assessments are payable annually within nine months of the plan's year end.
67. The PBGF assessment in respect of the DB Pension Plan for the period July 1, 2019 to June 30, 2020 (the "**PBGF 2020 Assessment**") is payable by March 30, 2021. The Monitor understands that the total amount due is estimated to be \$919,234 (\$851,143 plus retail sales tax of \$68,091). LU's proportionate share of the PBGF 2020 Assessment is estimated to be approximately \$842,000 (with the balance relating to the other employers under the DB Pension Plan).
68. The Monitor is advised by FSRA that FSRA agrees with the calculation of the PBGF 2020 Assessment as set out above. However, FSRA has noted that the PBGF assessment for the prior year ended June 30, 2019 (which was due on March 31, 2020 and was paid) was calculated based on a valuation as at July 1, 2018. FSRA is of the view that the assessment amount should have been re-calculated in light of the updated valuation as at January 1, 2020 which would result in an additional amount owing of approximately \$288,000 (the "**Incremental PBGF Assessment**"). The Monitor understands that Laurentian has not yet had an opportunity to review this matter and determine its position on whether the amount of the Incremental PBGF Assessment, if any, is accurate.
69. As both the PBGF 2020 Assessment and Incremental PBGF Assessment (collectively, the "**PBGF Assessments**") relate entirely to a period of time prior to the commencement of the CCAA proceedings, the Applicant is of the view that the PBGF Assessments are pre-filing obligations stayed pursuant to the provisions of the Amended & Restated Initial

Order. It is not expected that non-payment of the PBGF Assessments would have any impact on benefits provided to the DB Pension Plan members in the event of a wind-up of the Plan. The Monitor understands that the level of benefits guaranteed through the PBGF is determined under section 84 of the PBA and section 34 of the Regulations and is independent of an employer's payment of PBGF assessments.

70. The Applicant seeks relief confirming that the PBGF Assessments are subject to the stay of proceedings and that the Applicant as employer and its directors and officers shall have no liability in connection with the non-payment of these amounts.
71. The Monitor has reviewed the matter and concurs that the PBGF Assessments appear to be pre-filing obligations that are stayed. The Monitor is also advised by FSRA that it does not object to the position that the PBGF Assessments are stayed or the relief sought in the Pension Order, subject to reserving its right to assert claims against LU in respect of these amounts in connection with a CCAA claims process or otherwise.
72. Payment of the PBGF Assessments are not included in the Revised Cash Flow Forecast.

CONCLUSIONS AND RECOMMENDATIONS

73. For the reasons stated herein, the Monitor supports the relief sought by the Applicant including the processing of pending commuted value transfer requests at the Transfer Ratio and confirmation that the PBGF Assessments are stayed. Accordingly, the Monitor recommends that the Court grant the proposed Pension Order.

All of which is respectfully submitted this 11th day of March, 2021.

**ERNST & YOUNG INC., in its capacity as
Monitor of the Applicant, and not in
its corporate or personal capacity**

Per:



**Sharon S. Hamilton, CPA, CA, CIRP, LIT
Senior Vice President**

APPENDIX "A"

SUMMARY OF ACTUAL RECEIPTS AND DISBURSEMENTS

Laurentian University

Cash Flow - Actuals

For the 5 weeks ended March 5, 2021



(in 000s CAD\$)

	Actual 30-Jan-2021 05-Feb-2021	Actual 06-Feb-2021 12-Feb-2021	Actual 13-Feb-2021 19-Feb-2021	Actual 20-Feb-2021 26-Feb-2021	Actual 27-Feb-2021 05-Mar-2021	Actual 30-Jan-2021 05-Mar-2021
Receipts						
Operating Grants	\$ -	\$ 4,526	\$ -	\$ 3,174	\$ -	\$ 7,700
Research Grants	395	7	17	34	349	802
Student Fees	923	486	431	401	393	2,634
Reimbursements	12	531	898	307	246	1,994
Donations	45	0	1	0	2	49
Other Receipts	25	19	313	487	174	1,018
Less Restricted Receipts	(444)	(7)	(18)	(34)	(353)	(857)
Total Receipts	956	5,562	1,641	4,369	811	13,340
Operating Disbursements						
Payroll & Benefits	(2,853)	(1,211)	(1,213)	(5,143)	(2,876)	(13,295)
Pension	-	-	-	(1,184)	-	(1,184)
Occupancy Costs	(11)	-	-	-	-	(11)
Other Operating Costs	(342)	(9)	(11)	(10)	(21)	(392)
Information Technology	(33)	-	-	-	-	(33)
Professional Fees	(2)	-	-	-	-	(2)
Student Refunds	-	-	(288)	-	(330)	(618)
Transferred Research Grants	-	-	-	-	-	-
Transfers to Federated Universities	-	-	(94)	-	(514)	(608)
Transfers to NOSM	-	-	-	-	-	-
Transfers to the Students' Associations	-	-	-	-	-	-
Transfers from / (to) Segregated Accounts	-	(17)	-	(17)	-	(34)
Total Operating Disbursements	(3,241)	(1,237)	(1,606)	(6,354)	(3,741)	(16,178)
Net Operating Cash Flow	(2,285)	4,326	36	(1,984)	(2,930)	(2,838)
Non operating Receipts/ (Disbursements)						
Capital Project Grants	-	-	-	-	-	-
Capital Projects	(2)	-	-	-	-	(2)
Debt Service	(40)	-	-	40	-	-
Restructuring Costs	-	-	(305)	-	-	(305)
Total Non-Operating Disbursements	(42)	-	(305)	40	-	(307)
Total Disbursements	(3,284)	(1,237)	(1,910)	(6,314)	(3,741)	(16,485)
Net Cash Receipts/(Disbursements)	\$ (2,327)	\$ 4,326	\$ (269)	\$ (1,944)	\$ (2,930)	\$ (3,145)
Cash Balance						
Beginning cash balance	\$ 13,778	\$ 11,439	\$ 15,762	\$ 24,993	\$ 23,049	\$ 13,778
Adjustment to Actual, fx adjustment	(12)	(3)	(0)	0	2	(13)
Cash Receipts/(Disbursements)	(2,327)	4,326	(269)	(1,944)	(2,930)	(3,145)
DIP Financing Draw/(Payback)	-	-	9,500	-	(30)	9,470
Ending cash balance	\$ 11,439	\$ 15,762	\$ 24,993	\$ 23,049	\$ 20,090	\$ 20,090
DIP Financing						
Opening Balance	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
Draw/(Payback)	-	-	9,500	-	(30)	9,470
Interest and Other Fees	-	-	500	-	30	530
Ending Balance	-	-	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Available Liquidity	\$ 36,439	\$ 40,762	\$ 39,993	\$ 38,049	\$ 35,090	\$ 35,090
Endowment Fund						
Beginning balance	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736
Transfers in/(out)	-	-	-	-	-	-
Change in Market Value	-	-	-	-	-	-
Ending Balance	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736
Segregated Accounts						
Beginning balance	\$ 3,391	\$ 3,835	\$ 3,859	\$ 3,877	\$ 3,929	\$ 3,391
Restricted Receipts	444	7	18	34	353	857
Transfers from / (to) Operating Account	-	17	-	17	-	34
Ending Balance	\$ 3,835	\$ 3,859	\$ 3,877	\$ 3,929	\$ 4,281	\$ 4,281

APPENDIX "B"
VARIANCE ANALYSIS

Laurentian University
Cash Flow - Variance Report

For the 5 weeks ended March 5, 2021



Laurentian University
Université Laurentienne

(in 000s CAD\$)

	Actual	Forecast	Variance
	30-Jan-2021 05-Mar-2021	30-Jan-2021 05-Mar-2021	30-Jan-2021 05-Mar-2021
Receipts			
Operating Grants	\$ 7,700	\$ 7,465	\$ 235
Research Grants	802	-	802
Student Fees	2,634	526	2,108
Reimbursements	1,994	1,900	94
Donations	49	63	(14)
Other Receipts	1,018	192	826
Less Restricted Receipts	(857)	(63)	(794)
Total Receipts	13,340	10,083	3,257
Operating Disbursements			
Payroll & Benefits	(13,295)	(13,126)	(170)
Pension	(1,184)	(1,215)	31
Occupancy Costs	(11)	(1,963)	1,951
Other Operating Costs	(392)	(1,572)	1,180
Information Technology	(33)	(782)	749
Professional Fees	(2)	(1,066)	1,064
Student Refunds	(618)	(1,598)	980
Transferred Research Grants	-	-	-
Transfers to Federated Universities	(608)	(1,158)	550
Transfers to NOSM	-	-	-
Transfers to the Students' Associations	-	(1,145)	1,145
Transfers from / (to) Segregated Accounts	(34)	27	(61)
Total Operating Disbursements	(16,178)	(23,598)	7,420
Net Operating Cash Flow	(2,838)	(13,515)	10,677
Non operating Receipts/ (Disbursements)			
Capital Project Grants	-	-	-
Capital Projects	(2)	(298)	296
Debt Service	-	-	-
Restructuring Costs	(305)	(1,500)	1,195
Total Non-Operating Disbursements	(307)	(1,798)	1,491
Total Disbursements	(16,485)	(25,396)	8,911
Net Cash Receipts/(Disbursements)	\$ (3,145)	\$ (15,313)	\$ 12,168
Cash Balance			
Beginning cash balance	\$ 13,778	\$ 13,291	\$ 487
Adjustment to Actual, fx adjustment	(13)	-	(13)
Cash Receipts/(Disbursements)	(3,145)	(15,313)	12,168
DIP Financing Draw/(Payback)	9,470	9,429	41
Ending cash balance	\$ 20,090	\$ 7,408	\$ 12,682
DIP Financing			
Opening Balance	\$ -	\$ -	\$ -
Draw/(Payback)	9,470	9,429	41
Interest and Other Fees	530	571	(41)
Ending Balance	\$ 10,000	\$ 10,000	\$ -
Available Liquidity	\$ 35,090	\$ 22,408	\$ 12,682
Endowment Fund			
Beginning balance	\$ 55,736	\$ 55,736	\$ -
Transfers in/(out)	-	-	-
Change in Market Value	-	-	-
Ending Balance	\$ 55,736	\$ 55,736	\$ -
Segregated Accounts			
Beginning balance	\$ 3,391	\$ 3,287	\$ 103
Restricted Receipts	857	63	794
Transfers from / (to) Operating Account	34	(27)	61
Ending Balance	\$ 4,281	\$ 3,323	\$ 958

Variance Analysis

The following paragraphs set out LU's explanations for the more significant variances between LU's actual cash flows and those included in the cash flow forecast in the Pre-Filing Report for the period January 30, 2021 to March 5, 2021:

1. Collections related to Operating Grants were higher than forecast by approximately \$0.2 million primarily due to the receipt of an operating grant that had not been anticipated in the forecast;
2. Collections related to Research Grants were higher than forecast by approximately \$0.8 million primarily due to timing differences in the receipt of restricted research grants;
3. Collections related to Student Fees were higher than forecast by approximately \$2.1 million due to the following:
 - a. Approximately \$2.0 million positive permanent difference due to collection of receivables previously provided for; and
 - b. Approximately \$0.1 million positive timing difference due to receipts from student receivables being collected earlier than forecast.
4. Collections related to Other Receipts were higher than forecast by approximately \$0.8 million due to the following:
 - a. Approximately \$0.5 million positive permanent difference due to the return of funds held by third parties which had not been anticipated in the forecast; and
 - b. Approximately \$0.3 million positive timing difference due to other receipts being received earlier than forecast.
5. Collections related to Restricted Receipts were higher than forecast by approximately \$0.8 million primarily due to timing differences in the receipt of restricted research grants and donations;
6. Disbursements related to Payroll & Benefits were higher than forecast by approximately \$0.2 million primarily due a permanent difference in student benefit disbursements that were higher than forecast.;
7. Disbursements related to Occupancy Costs were lower than forecast by approximately \$2.0 million primarily due to the timing of payments to suppliers;
8. Disbursements related to Other Operating Costs were lower than forecast by approximately \$1.2 million primarily due to the timing of payments to suppliers;
9. Disbursements related to Information Technology were lower than forecast by approximately \$0.7 million primarily due to the timing of payments to suppliers;
10. Disbursements related to Professional Fees were lower than forecast by approximately \$1.1 million primarily due to the timing of payments to suppliers;

11. Disbursements related to Student Refunds were lower than forecast by approximately \$1.0 million primarily due to the timing of student refund applications;
12. Disbursements related to Transfers to Federated Universities were lower than forecast by approximately \$0.6 million primarily due to the timing of payments to the Federated Universities;
13. Disbursements related to Transfers to Students' Associations were lower than forecast by approximately \$1.1 million primarily due to the timing of payments to the Students' Associations;
14. Disbursements related to Capital Projects were lower than forecast by approximately \$0.3 million primarily due to the timing of scheduled work and payments to suppliers; and
15. Disbursements related to Restructuring Costs were lower than forecast by approximately \$1.2 million primarily due to the timing of payments to Assistants.

APPENDIX "C"
REVISED CASH FLOW FORECAST

Laurentian University
8 Week Cash Flow Forecast



(in 000s CAD\$)	Week:	1	2	3	4	5	6	7	8	Forecast
Notes		06-Mar-2021 12-Mar-2021	13-Mar-2021 19-Mar-2021	20-Mar-2021 26-Mar-2021	27-Mar-2021 02-Apr-2021	03-Apr-2021 09-Apr-2021	10-Apr-2021 16-Apr-2021	17-Apr-2021 23-Apr-2021	24-Apr-2021 30-Apr-2021	06-Mar-2021 30-Apr-2021
Receipts										
Operating Grants	1	\$ -	\$ 3,241	\$ -	\$ 2,871	\$ -	\$ 2,868	\$ -	\$ 4,269	\$ 13,250
Research Grants	2	-	-	-	198	2,084	546	546	546	3,920
Student Fees	3	110	120	120	114	109	125	138	896	1,733
Reimbursements	4	300	159	-	758	-	-	101	1,119	2,438
Donations	5	-	-	15	12	12	12	12	10	73
Other Receipts	6	-	-	-	171	-	-	-	737	908
Less Restricted Receipts	21	-	-	(15)	(210)	(2,096)	(558)	(558)	(556)	(3,993)
Total Receipts		410	3,521	120	3,914	109	2,993	239	7,022	18,328
Operating Disbursements										
Payroll & Benefits	7	(1,021)	(1,233)	(5,072)	(2,498)	(1,603)	(778)	(1,546)	(4,763)	(18,514)
Pension	8	-	(1,262)	-	-	-	(1,189)	-	-	(2,451)
Occupancy Costs	9	(507)	(507)	(407)	(707)	(407)	(507)	(507)	(507)	(4,053)
Other Operating Costs	10	(591)	(591)	(591)	(591)	(591)	(591)	(591)	(591)	(4,728)
Information Technology	11	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(1,384)
Professional Fees	12	(183)	(183)	(183)	(183)	(183)	(183)	(183)	(183)	(1,463)
Student Refunds	13	(619)	(414)	(406)	(406)	(406)	(340)	(340)	(88)	(3,018)
Transferred Research Grants	14	-	-	-	-	-	(1,188)	(39)	-	(1,226)
Transfers to Federated Universities	15	(415)	(94)	-	(94)	-	(94)	-	(632)	(1,329)
Transfers to NOSM	16	-	-	(200)	-	-	-	-	-	(200)
Transfers to the Students' Associations	17	(1,180)	-	-	(491)	-	-	-	-	(1,671)
Transfers from / (to) Segregated Accounts	23	-	(22)	107	-	-	1,188	11	83	1,366
Total Operating Disbursements		(4,689)	(4,478)	(6,925)	(5,142)	(3,363)	(3,853)	(3,367)	(6,855)	(38,673)
Net Operating Cash Flow		(4,279)	(957)	(6,805)	(1,228)	(3,254)	(860)	(3,128)	167	(20,344)
Non operating Receipts/ (Disbursements)										
Capital Project Grants	18	-	-	-	-	-	-	-	-	-
Capital Projects	18	-	-	-	(200)	(50)	(50)	(50)	(50)	(400)
Debt Service	19	-	-	-	-	-	-	-	-	-
Restructuring Costs	22	(1,284)	(461)	(417)	(417)	(479)	(479)	(479)	(479)	(4,495)
Total Non-Operating Disbursements		(1,284)	(461)	(417)	(617)	(529)	(529)	(529)	(529)	(4,895)
Total Disbursements		(5,973)	(4,939)	(7,342)	(5,759)	(3,892)	(4,382)	(3,896)	(7,384)	(43,568)
Net Cash Receipts/(Disbursements)		\$ (5,563)	\$ (1,418)	\$ (7,222)	\$ (1,845)	\$ (3,783)	\$ (1,389)	\$ (3,657)	\$ (362)	\$ (25,239)
Cash Balance										
Beginning cash balance		\$ 20,090	\$ 14,528	\$ 13,109	\$ 20,888	\$ 18,948	\$ 15,165	\$ 13,776	\$ 10,118	\$ 20,090
Adjustment to Actual, fx adjustment		-	-	-	-	-	-	-	-	-
Cash Receipts/(Disbursements)		(5,563)	(1,418)	(7,222)	(1,845)	(3,783)	(1,389)	(3,657)	(362)	(25,239)
DIP Financing Draw/(Payback)		-	-	15,000	(95)	-	-	-	(177)	14,728
Ending cash balance		\$ 14,528	\$ 13,109	\$ 20,888	\$ 18,948	\$ 15,165	\$ 13,776	\$ 10,118	\$ 9,579	\$ 9,579
DIP Financing										
Opening Balance		\$ 10,000	\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 10,000
Draw/(Payback)	23	-	-	15,000	(95)	-	-	-	(177)	14,728
Interest and Other Fees		-	-	-	95	-	-	-	177	272
Ending Balance		\$ 10,000	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Available Liquidity		\$ 29,528	\$ 28,109	\$ 20,888	\$ 18,948	\$ 15,165	\$ 13,776	\$ 10,118	\$ 9,579	\$ 9,579
Endowment Fund										
Beginning balance		\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736
Transfers in/(out)	21	-	-	-	-	-	-	-	(860)	(860)
Change in Market Value		-	-	-	-	-	-	-	-	-
Ending Balance		\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 55,736	\$ 54,876	\$ 54,876
Segregated Accounts										
Beginning balance		\$ 4,281	\$ 4,281	\$ 4,303	\$ 4,211	\$ 4,421	\$ 6,517	\$ 5,887	\$ 6,435	\$ 4,281
Restricted Receipts	21	-	-	15	210	2,096	558	558	556	3,993
Transfers from / (to) Operating Account		-	22	(107)	-	-	(1,188)	(11)	(83)	(1,366)
Ending Balance		\$ 4,281	\$ 4,303	\$ 4,211	\$ 4,421	\$ 6,517	\$ 5,887	\$ 6,435	\$ 6,909	\$ 6,909

In the Matter of the CCAA of Laurentian University of Sudbury

Notes to the Unaudited Cash Flow Forecast of the Applicant

This Cash Flow Forecast has been prepared by the Applicant, with the assistance of the Proposed Monitor, for the purpose of the CCAA proceedings, using the following probable and hypothetical assumptions. The defined terms used in this Cash Flow Forecast are defined in the Monitor's Pre-filing Report.

The following provides a description of revenue and expense items and assumptions used in preparing the forecast:

General assumptions

- Receipts and disbursements denominated in US currency have been converted into Canadian dollars using an exchange rate of CDN\$1.30 = US\$1.00.
- Cash Flow Forecast includes estimates and assumptions concerning the impact of COVID-19 on the Applicant's operations
- Cash Flow Forecast assumes the necessary availability of financing under the DIP Agreement dated February 10, 2021.
- Unless otherwise indicated pre-filing amounts owing to third party suppliers and service providers are stayed. Post-filing goods and services from suppliers and service providers will be settled in the normal course.

Receipts

1. Operating Grants:

- Operating grants are primarily forecast based on the grant funding framework determined by the Province of Ontario and are expected to continue to be funded on a semi-monthly basis.

2. Research Grants:

- Research grants are based on revenue forecast by the Applicant's Research group and past funding experience.

3. Student Fees:

- Tuition, ancillary fees, and other student fees are billed to students upon registration for each academic semester and are collected on a seasonal basis. Student Fees are projected based on forecast student billings and collection experience.

4. Reimbursements:

- Receipts for the reimbursement of costs funded by the Applicant on behalf of certain associated organizations, including, but not limited to SNOLab, CEMI, and MIRARCO, have been forecast based upon the anticipated timing of incurring the costs and the subsequent billing and collection experience of the re-imburement.

5. Donations:

- Donation receipts for operations, restricted use, research projects and capital projects are forecast based on historical experience. Endowment fund contributions are accounted for separately in the Cash Flow Forecast.

6. Other Receipts:

- Miscellaneous receipts are forecast based on expected revenues and collection experience, including amounts related to ancillary services, including, parking, copier & printer, campus services, Ontario Universities' Application Centre fees, HST refunds and other miscellaneous receipts.

Disbursements

7. Payroll & Benefits:

- All outstanding and future wages, salaries, employee and retiree benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or arrangements), ordinary course pension benefits or contributions, vacation pay, expenses and any director fees and expenses, payable on or after the date of this Order, in each case for costs incurred in the ordinary course of business and consistent with existing practices, compensation policies and arrangements for current and future employees (but not including any payments to former employees or retirees in respect of the SuRP, the RHBP or termination or severance payments, which are hereby stayed), and all other payroll processing and servicing expenses will be paid in the ordinary course.
- All statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province or other taxing authority that are required to be deducted from employee wages including, in respect of employee insurance, Canada Pension Plan, Quebec Pension Plan and income taxes will be remitted

8. Pension:

- DB Pension Plan in respect of required employee contributions, including pre-filing amounts, and the employer current service payments made in ordinary course.
- Payments to former employees or retirees in respect of the SuRP are stayed.
- LU's portion of Special Payments (as defined in the Amended and Restated Initial Order dated February 11, 2021) with respect to the DB Pension Plan are suspended.
- Payments related to amounts owing to Pension Benefit Guarantee Fund are stayed.

9. Occupancy Costs:

- Costs of operating and maintaining the Applicant's facilities and rental properties are forecast based on historical run rates.

10. Other Operating Costs:

- Other Operating Costs including equipment purchases, library subscription fees, travel costs, food service costs, and other operating costs are forecast based on historical run rates.

11. Information Technology:

- Information Technology costs including licensing fees and purchasing of new hardware are forecast based on historical run rates.

12. Professional Fees:

- Professional Fees include fees related to auditors, actuaries and other professionals assisting with research or other university operating projects, as well as the cost of Assistants up to the CCAA Filing Date, are forecast based on historical run rates.

13. Student Refunds:

- Amounts owing to students for the current 2020-21 academic year and future amounts owing in respect of rebates, refunds or other similar amounts will be paid in the ordinary course.
- Amounts owing in respect of the current 2020-21 academic year and future amounts payable to students in respect of student scholarship, bursary or grants will be paid in the ordinary course.

14. Transferred Research Grants:

- Research grants transferred to other researchers or research partners are forecast based on the forecast availability of segregated research grants.

15. Transfers to Federated Universities:

- Transfers to Federated Universities are forecast based on LU's post-filing obligations with respect to its Federated Funding Formula to the Federated Universities.

16. Transfers to NOSM:

- Transfers to NOSM for Student Fees collected on behalf of NOSM are forecast based on post-filing collection of NOSM Student Fees.
- Student fees collected pre-filing are stayed.

17. Transfers to Students' Associations:

- Transfers of Student Fees collected on behalf of its Students' Associations are forecast based on the forecast billing and collection of Student Fees.

18. Capital projects:

- Due to cash conservation measures taken by LU, most capital projects have been deferred but expenditures may be necessary on a critical basis for maintenance and repairs.

19. Debt Service:

- Debt service costs including, interest and principal repayments, are stayed as of the CCAA Filing Date.

20. Endowment Fund:

- Endowment Funds include funds for LU scholarships or other purposes as well as for NOSM scholarships.
- The funds are invested in an investment account however, no change in market value has been forecasted.

21. Restricted Receipts:

- Restricted receipts include restricted donations and research grants, which are held in segregated accounts and are only available for their restricted use.

22. Restructuring costs:

- Restructuring Costs have been forecast based on anticipated run rates. All outstanding fees and disbursements of Assistants retained or employed by the Applicant will be paid.

23. DIP Financing:

- The proposed facility is assumed to be advanced in two tranches in accordance with the terms of the DIP Agreement.