

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

TWELFTH REPORT OF THE MONITOR
April 29, 2022

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 as amended and restated (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 5, 2021, the Court issued an order (the “**Mediator Appointment Order**”) appointing the Honourable Mr. Justice Sean F. Dunphy as mediator (the “**Court-Appointed Mediator**”) to oversee and mediate certain negotiations within the restructuring.
4. 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 debtor-in-possession interim financing in the amount of \$25 million (the “**DIP Facility**”) and extended the stay of proceedings to April 30, 2021.

5. On March 17, 2021, the Court heard a motion brought by the Applicant seeking an order (the “**Pension Order**”) (a) that LU shall apply a transfer ratio of 65.8% for any commuted value transfer requests by any individual who has received a retirement or termination statement and election form and for whom such transfers have not yet been made; and (b) confirming that the PBGF Assessment Payment and the Incremental PBGF Assessment Payment (as those terms are defined in the Pension Order) are stayed pursuant to the Amended and Restated Initial Order.
6. In March 2021, the Applicant and the Monitor responded to a motion for leave to appeal the sealing order provisions of the Amended and Restated Initial Order. The Court of Appeal denied leave to appeal in reasons issued March 31, 2021.
7. On March 3, 2021, the Assemblée de la francophonie de l’Ontario (“**AFO**”), an organization describing itself as the “umbrella organization of Franco-Ontarians” with a mandate to consult with and speak on behalf of the Franco-Ontarian community, brought a motion seeking an order requiring LU to immediately initiate consultations with AFO and enter into joint negotiations with AFO and the University of Sudbury. After several discussions with the Monitor and the Court-appointed Mediator, service by AFO of a new motion and two case conferences before the Court, the matter was set for a bilingual hearing in late April. After further discussions between the Monitor, LU and AFO, an agreement was reached by the parties on a form of consent order (the “**AFO Consent Order**”). The parties appeared before Justice Gilmore on April 22, 2021 and the AFO Consent Order was granted
8. On April 29, 2021, the Court granted a stay extension order which, among other things, approved an increase in the DIP Facility to a maximum principal amount of \$35 million (the “**Amended DIP Facility**”) and extended the stay of proceedings to August 31, 2021. The Court also approved two term sheets entered into with two of LU’s labour unions and an agreement entered into between LU and Huntington University, all resulting from the mediation sessions with the Court-appointed Mediator.
9. On April 1, 2021, LU delivered Notices to Disclaim or Resiliate to each of the independent federated universities (the “**Former Federated Universities**”) that had a relationship with LU as at the date of the Initial Order, pursuant to section 32 of the CCAA (the “**Notices of Disclaimer**”). On April 29, 2021, Justice Gilmore and Chief Justice Morawetz heard motions by two of the Former Federated Universities disputing the disclaimer notices issued by Laurentian. Decisions upholding the disclaimer notices were rendered on May 2, 2021.
10. On May 31, 2021, the Court granted a claims process order (as amended and restated from time to time, the “**Claims Process Order**”) which, among other things, established a process whereby the Monitor, in conjunction with the Applicant, would (a) call for certain

claims of creditors and establish bar dates by which such claims must be filed, (b) determine Claims (as defined in the Claims Process Order) for voting and distribution purposes in relation to a plan of compromise or arrangement to be presented by the Applicant at a future date (the “**Plan**”), and (c) develop a process for dealing with compensation claims, including establishing a methodology for calculating the compensation claims (the “**Claims Process**”).

11. On May 31, 2021 the Court granted an order appointing Mr. Louis (Lou) P. Pagnutti as Chief Redevelopment Officer (“**CRO**”) of the Applicant.
12. The Applicant responded to a motion for leave to appeal the disclaimer order from one of the Former Federated Universities, Thorneloe University, in May 2021. The Court of Appeal denied leave to appeal in reasons issued June 23, 2021.
13. On July 5, 2021, the Court granted an order authorizing and directing LU to engage Cushman & Wakefield (“**C&W**”) as an advisor (the “**Real Estate Advisor**”) to perform a review of the Applicant’s real estate portfolio. The engagement commenced in August 2021.
14. On August 17, 2021, the Court granted an order (as amended and restated from time to time, the “**Compensation Claims Process Order**”) approving the methodology to calculate Compensation Claims, other than Third Party RHBP Claims, (as those terms are defined in the Compensation Claims Process Order) and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a Plan.
15. On August 27, 2021, the Court granted an order extending the Stay Period up to and including January 31, 2022 and extending and amending the Amended DIP Facility.
16. On October 7, 2021, the Court granted an order amending the Compensation Claims Process Order to deal with Third Party RHBP claims (as defined in the Compensation Claims Process Order).
17. On December 20, 2021, the Court granted an Order appointing three Claims Officers (as defined in the Claims Process Order) pursuant to the Claims Process Order and an Order setting out a process for the resolution of grievances filed subsequent to the date of the Initial Order (the “**Grievance Resolution Order**”) as well as the appointment of a Grievance Resolution Officer (as defined in the Grievance Resolution Order).
18. On January 27, 2022, the Court granted two orders (a) extending the stay of proceedings to May 31, 2022; (b) approving a new DIP facility (the “**Replacement DIP Facility**”) which, among other things, replaced the existing DIP Lender with the Province of Ontario (the “**Province**”) as represented by the Ministry of Colleges and Universities (“**MCU**”).

and provided for a maturity date of September 30, 2022; and (c) authorizing the Monitor and CRO to develop and implement a process to identify and retain a qualified, independent third-party to assist LU with the development of a new strategic plan.

19. On April 1, 2022, the Court granted an order on consent terminating the stay of proceedings with respect to information requests made under the *Freedom of Information and Protection of Privacy Act* effective May 1, 2022.

PURPOSE

20. The purpose of this Twelfth Report (the “**Twelfth Report**”), along with the related affidavits filed by Sharon Hamilton, the Senior Vice President of Ernst & Young Inc., and Elizabeth Pillon, Partner of Stikeman Elliott LLP (“**Stikeman**”), counsel to the Monitor, is to provide this Court with information in respect of the Monitor’s motion to pass the accounts of the Monitor and of its counsel for fees and disbursements incurred during the period from February 1, 2021, to and including December 31, 2021 (the “**Period**”) and approving the activities of the Monitor during the Period.

TERMS OF REFERENCE AND DISCLAIMER

21. In preparing this Twelfth 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**”).
22. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Twelfth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
23. This Twelfth 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 Twelfth 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.
24. Capitalized terms not defined in this Twelfth Report are as defined in the Pre-Filing Report of the Proposed Monitor, prior reports of the Monitor, the Amended and Restated Initial Order and other orders granted in the CCAA proceedings, as applicable.

25. The Monitor has made various materials relating to the CCAA proceedings available on its website at <https://ey.com/ca/Laurentian>.
26. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

27. 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**”).
28. 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 issues tax receipts in respect of donations that it receives.
29. LU is a publicly funded, bilingual and tricultural post-secondary institution. Its operations are located in the City of Greater Sudbury, Ontario. LU has historically been one of the largest employers in Sudbury.
30. As described in the Initial 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.
31. Prior to this CCAA proceeding, LU had federated relationships with the Former Federated Universities, including the University of Sudbury (“**SU**”), the University of Thorneloe (“**Thorneloe**”) and Huntington University (“**Huntington**”). On April 1, 2021, LU delivered Notices of Disclaimer to each of the Former Federated Universities. The Notices of Disclaimer became effective on May 2, 2021.
32. Further background information with respect to the Applicant is described in the Pre-Filing Report and prior Reports of the Monitor.

OVERVIEW OF THE MONITOR'S AND ITS COUNSEL'S ROLES AND KEY PERSONNEL

33. Ernst & Young Inc. was appointed as Monitor by this Court on February 1, 2021 pursuant to the Initial Order.
34. Pursuant to paragraph 37 of the Amended and Restated Initial Order, the Monitor and its counsel are required to apply to the Court to pass their accounts.
35. The Monitor's lead professional on this mandate is Sharon Hamilton, Senior Vice President of Ernst & Young Inc. Other professionals of the Monitor involved in the CCAA proceedings include: (a) Brent Beekenkamp (Senior Vice-President) (b) Michael Nathaniel (Vice-President); (c) Michael Gordaneer (Manager); and (d) Greg McDonald (Manager).
36. LU's auditor is KPMG LLP (the "**Auditor**"). At the request of LU's Board, EY provided financial accounting assistance directly to LU in connection with the preparation of its year end financial statements (the "**Accounting Assistance**"). The Accounting Assistance was provided by professionals within Ernst & Young LLP specializing in providing financial accounting assistance and advisory services ("**EY FAAS**"). The lead professional from EY FAAS was Shannon O'Mahony, Partner of Ernst & Young LLP.
37. During the Period, the Monitor fulfilled the role of Monitor as such role is described in the Amended and Restated Initial Order and prescribed by the CCAA. This role included, among other things: (a) assisting the Applicant in considering their restructuring options and consulting with key stakeholders; (b) assisting in the preparation of cash-flow forecasts and otherwise assisting LU in managing their financial affairs following the CCAA filing; (c) providing requisite notices in connection with the commencement of the CCAA proceedings; (d) actively participating and assisting the Applicant in the mediation process in connection with considering and implementing certain restructuring actions, including the repudiation and re-negotiation of various contracts and agreements; (e) assisting the Applicant in connection with responding to information requests and liaising with significant stakeholders; (f) commencing a claims process, including a Compensation Claims process; and (g) reporting to the Court on the status of the CCAA proceedings.

Counsel

38. The Monitor engaged Stikeman as counsel to the Monitor prior to the commencement of the CCAA proceedings. Stikeman's lead lawyer on this mandate is Ashley Taylor, Partner in Stikeman's restructuring and insolvency practice in Toronto. Other Stikeman's restructuring lawyers involved in the CCAA proceedings include: (a) Elizabeth Pillon, Partner; (b) Maria Konyukhova, Partner; (c) Sanja Sopic, Associate and (d) Ben Muller, Associate.

39. Stikeman has represented the Monitor in all aspects of the CCAA proceedings to date, including in connection with: (a) at least 22 motions, Court hearings and case conferences; (b) two leave to appeal applications, (c) participating in the mediation process; (d) assisting in the development of the claims and compensation claims processes approved in the CCAA proceedings; (e) the review, dispute and resolution of disputed claims filed pursuant to the various claims procedures approved in the CCAA proceedings; and (f) responding to information requests and liaising with significant stakeholders.

FEES AND DISBURSEMENTS OF THE MONITOR AND ITS COUNSEL

Fees and Disbursements - Overview

40. The fees and disbursements of the Monitor, EY FAAS and Stikeman during the Period are as follows:

	Fees	Disbursements	HST
EY Monitor Fee	4,917,795.07	54,754.33	646,431.42
EY Accounting Assistance Fee	947,900.00	119.89	123,242.59
Stikeman Fee	2,762,526.55	12,425.19	360,743.73

41. The professional fees and disbursements of the Monitor, Stikeman and other professionals primarily supporting the CCAA restructuring process and paid by the Applicant have been set out (and continue to be set out) in the cash flow forecasts and reporting of actual cash flow results included within certain of the Monitor's reports under the line item "Restructuring Costs".
42. The professional fees and disbursements in respect of the Accounting Assistance provided by EY FAAS are included in the cash flow reporting under the line item "Professional Fees" along with professional fees not directly related to the CCAA restructuring including fees of the Applicant's auditor, actuary, labour counsel, pension counsel, other counsel involved in non-CCAA related matters, government relations advisors and communications advisors.

Monitor's Fees

43. Attached as Appendix "A" hereto is an affidavit of Sharon Hamilton sworn April 29th, 2022 appending a detailed listing of the Monitor's accounts (as well as the accounts related to EY FAAS and Stikeman presented separately) for the Period, including the service period and amount.
44. Attached as Appendix "B" hereto is a summary table which identifies the individual professionals of the Monitor that have worked on the CCAA engagement for 20 hours or more during the Period together with their position, average hourly billing rate, total

number of hours worked, total associated professional fees and the significant work stream(s) in the CCAA proceedings in which the professional has been involved.

45. The Monitor seeks approval of its accounts for the Period in respect of the CCAA work in the amount of \$4,917,795.07 and disbursements of \$54,754.33 (plus applicable taxes). This amount includes billings for 8,045.2 professional hours at an average hourly rate of \$611.
46. The Monitor's professional rates, as well as its disbursements, are comparable to the rates charged by other professional firms in the Toronto market for the provision of similar services regarding significant, complex commercial restructuring matters.
47. As noted, the table at Appendix "B" includes the average hourly billing rate for each Monitor professional based on his or her total hours worked on the file.
48. Attached as Appendix "C" hereto is a summary table which identifies the individual professionals of the EY FAAS team that have provided the Accounting Assistance for 20 hours or more during the Period together with their position, average hourly billing rate, total number of hours worked and total associated professional fees.
49. The Monitor also seeks approval of accounts related to the Accounting Assistance provided by EY FAAS during the Period in the amount of \$947,900.00 and disbursements of \$119.89 (plus applicable taxes). This amount includes billings for 1,915.7 professional hours at an average hourly rate of \$495.
50. The EY FAAS professional rates, as well as the related disbursements, are comparable to the rates charged by other professional firms in the Toronto market for the provision of similar services regarding significant, complex commercial accounting matters.
51. The Monitor's accounts during the Period have been paid by the Applicant in the normal course, as authorized by the Initial Order.

Monitor's Counsel Fees

52. Attached as Appendix "D" hereto is an affidavit of Elizabeth Pillon sworn April 29th, 2022 appending Stikeman's accounts for the Period, including each account date and amount, redacted to remove privileged, confidential, and sensitive information.
53. Attached as Appendix "E" hereto is a summary table which identifies the individual professionals at Stikeman that have worked on the engagement for 20 hours or more along with their position, average hourly billing rate, total number of hours worked, total associated professional fees and the work stream(s) in the CCAA proceedings in which the professional has been involved.

54. The Monitor also seeks approval of the accounts of Stikeman for the Period in the amount of \$2,762,526.55 and disbursements of \$12,425.19 (plus applicable taxes). This amount includes billings for 3,070.0 professional hours at an average hourly rate of \$900.
55. The accounts submitted during the Period by Stikeman have been reviewed by the Monitor as and when received, authorized and paid by the Monitor and billed to the Applicant in the normal course as authorized by the Initial Order. Based upon the Monitor's review of Stikeman's accounts, the Monitor believes such accounts to be reasonable and that they reflect billings for services performed by the Monitor's counsel consistent with the instructions given by the Monitor to such counsel, all at such counsel's standard rates and charges for legal services at the relevant times.

Monitor's and its Counsel's Disbursements

56. The Monitor and its counsel have conducted a review of their disbursements for the Period, which total approximately \$67,300. Based on this review, the Monitor estimates over 81% of the Monitor's and its counsel's disbursements are attributable to CCAA notices (i.e. newspaper publications and mailings), Court filing fees and mailing and courier costs and approximately 19% to computer searches/technology and printing/photocopying. The Monitor believes such accounts to be reasonable in the circumstances and consistent with the Monitor fulfilling its role pursuant to the Initial Order and the CCAA.

SUMMARY OF THE WORK PERFORMED BY THE MONITOR AND ITS COUNSEL

57. The paragraphs that follow provide a summary description of the significant work streams undertaken by the Monitor and its counsel during the Period. Certain work streams in the CCAA proceedings had the majority of the work occur within a specific timeframe while other workstreams continued throughout the entire Period. For purposes of describing the significant work streams, the Monitor has separated the Period into two phases:
 - a. **"Phase 1" - Stabilization, Mediation and Cost Structure Improvement**, the period February 1, 2021 to April 30, 2021; and
 - b. **"Phase 2" - Claims Process, Third Party Reviews and Strategic Assessment**, the period from May 1, 2021 to December 31, 2021.
58. In addition, the Monitor has filed 10 reports with the Court during the Period (including one supplemental report) and the Twelfth Report that detail the activities of the Applicant and the Monitor throughout the Period and support the professional fees and disbursements of the Monitor and its counsel. Copies of these reports are available on the Monitor's website at <https://ey.com/ca/Laurentian>.

Phase 1 - Stabilization, Mediation and Cost Structure Improvement

(February 1, 2021 to April 30, 2021)

59. Immediately following filing for CCAA, LU, with the assistance of its counsel and the Monitor, commenced and continued certain actions to stabilize the business, provide visibility and tracking of its cash flow and liquidity, and reduce its cost structure to allow LU to continue operating, minimize disruptions to its students and employees and work to preserve and maximize value for its stakeholders.
60. The quantum of savings required for LU to maximize its opportunity to achieve financial sustainability is significant. As a result, the first phase of the Applicant's restructuring efforts (and the Mediation) principally focussed on improving LU's operating cost structure.
61. The significant workstreams in Phase 1 are summarized by hours incurred as follows:

Laurentian University of Sudbury Ernst & Young & Stikeman Phase 1 Allocation of Hours February 1, 2021 to April 30, 2021			
Work Stream	EY Monitor	Stikeman	Total Hours
CCAA Administration and Stabilization of Operations	533.0	299.5	832.5
Cash Flow Reporting and disbursement approval, DIP reporting/renewal	685.3	-	685.3
Multi Year Projections	418.6	-	418.6
Mediation	482.0	428.9	910.9
CCAA Reporting	233.1	324.5	557.6
Operational Matters	78.8		78.8
Liaison with MCU / Government	34.0		34.0
Liaison with Major Creditors incl lenders and unions	46.5	2.5	49.0
Board, Board-sub-committee and Senate meetings	55.1	1.9	57.0
Other	27.7	1.2	28.9
Total Hours	2,594.1	1,058.5	3,652.6

62. The following paragraphs provide a description and overview of the primary activities undertaken by the Monitor and its counsel in connection with each of the workstreams listed above.

CCAA Administration and Stabilization of Operations

63. The Monitor and its counsel spent approximately 833 hours working on matters related to this workstream during Phase 1.
64. The activities of the Monitor and its counsel undertaken in connection with the CCAA filing and the period of time immediately thereafter include the following:

- a. Preparing and publishing/mailing the statutory notice of the CCAA filing, mailing to creditors and publishing in various newspapers;
- b. Establishing and maintaining a case website and posting all court documents and other relevant documents for stakeholders to access;
- c. Establishing a toll-free hotline phone number and email address for the Applicant's students, suppliers, creditors and other stakeholders to contact the Monitor and responding to calls and e-mails received from these parties;
- d. Assisting the Applicant in preparing employee communications and addressing operational related human resources issues;
- e. Assisting the Applicant in its public communications and communications with stakeholders;
- f. Assisting the Applicant in communications with students, suppliers and stakeholders to maintain the supply of services on normal course terms and minimize disruption to students;
- g. Responding to inquiries from and participating in discussions with AFO;
- h. Assisting the Applicant in respect of the unwinding and termination of its interest rate derivative programs;
- i. Analyzing and responding to a variety of issues which arose in the initial days of the CCAA proceedings;
- j. Working with the Applicant's legal counsel and pension advisors to analyze and review pension related matters facing the University; and
- k. Monitoring the overall business, operations and cash situation of the Applicant.

Cash Flow Reporting and Disbursement Approval

- 65. Prior to the CCAA filing, LU did not have a detailed cash flow forecasting model or cash flow reporting process that allowed for weekly cash flow forecasting and reporting. Similarly, LU does not have an accounting process to facilitate monthly or quarterly reporting of actual financial results. The Monitor spent significant time assisting LU in establishing a weekly cash flow forecasting and reporting process, including tracking of segregated and non-segregated cash changes and reporting of actuals and variances to forecast.
- 66. The Monitor spent approximately 685 hours in respect of this workstream during Phase 1.

67. The Monitor's activities in respect of cash flow forecasting, disbursement review and reporting include:
- a. Creating cash flow forecasting and reporting templates;
 - b. Establishing a process for gathering cash flow data on a weekly basis, reviewing and analysing variances and discussion with management;
 - c. Assisting the Applicant in the preparation of weekly cash flow reporting and related analysis on a weekly basis to the Board and the DIP Lender and responding to their questions;
 - d. Assisting the Applicant with designing and implementing procedures to ensure restricted funds, including research grants and restricted donations are deposited to the segregated cash accounts and reviewing and reconciling disbursements in connection with restricted funds;
 - e. Reviewing payments for compliance with the Initial Order;
 - f. Reviewing tuition billing, student refunds and deposits;
 - g. Reviewing critical research spending requests in respect of research grants for which funds were not previously segregated as a result of the historical cash management practices as set out in the Monitor's Pre-Filing Report; and
 - h. Assisting the Applicant with the preparation of cash flow forecasts and reporting in connection with stay extension motions in the CCAA proceedings.

Multi Year Projections

68. In order to enable LU to better assess its long-term financial position, options and quantum of operating savings required to achieve financial sustainability, the Monitor assisted LU in preparing, reviewing and updating a 5-year financial projection (the "MYP"). In addition, the Monitor assisted the Applicant with other analyses including the Applicant's review of its academic programming, the financial impact of its relationship with the Former Federated Universities and other related matters.
69. The Monitor spent approximately 419 hours in respect of this workstream during Phase 1.
70. The Monitor's activities during Phase 1 in respect of the MYP include:
- a. Creating a 5-year financial projection template;
 - b. Developing various projection scenarios, supporting schedules and assumptions, including a status quo and scenarios reflecting revised enrollment forecasts and proposed restructuring of academic programming and cost reduction measures;

- c. Updating the MYP, as necessary, for changes in assumptions and actual results; and
- d. Discussing the MYP with key stakeholders and responding to their questions.

Mediation

- 71. Perhaps the most significant workstream in Phase 1 focussed on restructuring the Applicant’s core business – the delivery of post-secondary education, addressing LU’s cash burn and supporting long-term financial sustainability. Improvements and changes were required to both the academic and operational cost structures in order to achieve the necessary cost savings.
- 72. The Monitor and its counsel spent approximately 911 hours in respect of this workstream during Phase 1.
- 73. The Court-appointed Mediator who oversaw multi-party discussions during the mediation process (the “**Mediation**”) requested that the Monitor act as the primary facilitator for the Mediation. In addition, given its limited internal resources, LU relied on the Monitor to provide assistance in analysing the necessary financial information, gathering relevant information to respond to information requests from mediation parties and generally liaising with the parties. Accordingly, the Monitor and its counsel played a significant role preparing for and participating in the Mediation. The Mediation sessions were numerous, with LU and its counsel and the Monitor and its counsel participating in multiple negotiations and mediation sessions often on a daily basis during the period from early February to mid April 2021.
- 74. The agreements reached through the Mediation, combined with the impact of the Notices of Disclaimer issued to the Former Federated Universities resulted in approximately \$40 million per annum in operating cost savings to LU on an annual operating revenue base of approximately \$150 million per year. These savings are significant and have created a cost structure that will be financially sustainable for LU, assuming it can obtain support for and implement a successful Plan of Arrangement.
- 75. The primary parties to the mediation included:
 - a. A committee of representatives elected by the Senate (“**Senate Sub-Committee**”);
 - b. The Laurentian University Faculty Association (“**LUFA**”), the bargaining unit representing faculty;
 - c. The Laurentian University Staff Union (“**LUSU**”), the bargaining unit representing non-faculty staff; and
 - d. Each of the Former Federated Universities.

76. In addition, several mediation sessions were held with the Applicant's pre-filing bank lenders, Royal Bank of Canada, the Toronto-Dominion Bank and the Bank of Montreal (the "**Lenders**"), representatives of certain student associations and AFO.
77. Overall, the activities of the Monitor and its counsel related to the Mediation include:
- a. Scheduling and participating in all mediation sessions;
 - b. Providing assistance to LU in gathering and presenting information relevant to the Mediation and/or information requested by the mediation parties including the MYP and other related analyses;
 - c. Reviewing and providing assistance to LU in its preparation of mediation briefs to be distributed to the mediation parties;
 - d. Facilitating the exchange of information and documents between the parties;
 - e. Liaising with all mediation parties; and
 - f. Providing any other assistance that the parties reasonably require.
78. LU held Mediation sessions with the various Mediation parties as more fully described below.

Academic Restructuring

79. LU's academic restructuring focused on three areas: (a) programs to be offered; (b) courses and course sections to be offered; and (c) a faculty and department restructuring designed to increase operational efficiency and reduce cost.
80. The activities of the Monitor and its counsel in connection with the academic restructuring included:
- a. Reviewing extensive, detailed analysis prepared by LU of its current academic programming and LU's recommendations for programming closures and revisions;
 - b. Reviewing detailed analysis prepared by LU in respect of its current faculty and department structure and LU's recommendations for changes to the structure to create efficiency and reduce costs;
 - c. Actively participating in Mediation sessions involving LU and its counsel and the Senate Sub-Committee and counsel retained by the Senate Sub-Committee to advise it in fulfilling its duties in the Mediation; and

- d. Attending the Senate meeting where the outcome of the academic restructuring and the recommendation of the Senate Sub-Committee was discussed and approved by Senate.

LUFA

- 81. LU and representatives of LUFA commenced negotiations under the direction of the Court-appointed Mediator, as well as arbitrator William Kaplan in the case of grievances. These Mediation sessions focused on the following areas:
 - a. Faculty complement – to reflect the academic restructuring and address the necessity for cost reductions, which required a substantial reduction in the number of faculty;
 - b. A new five-year LUFA collective agreement (the “**LUFA CA**”) to succeed the expired collective agreement;
 - c. Amendments to LU’s defined benefit pension plan arrangements to minimize the risk of future special payments; and
 - d. Resolution of all outstanding pre-filing grievances.
- 82. The activities of the Monitor and its counsel in connection with the LUFA negotiations included:
 - a. Reviewing detailed analysis prepared by LU of its faculty complement, proposed headcount reductions and rationale for the proposed changes;
 - b. Reviewing and assisting in the preparation of cost saving analysis prepared by LU of the various proposed changes to terms of the LUFA CA;
 - c. Reviewing actuarial analysis prepared by Eckler in respect of the proposed amendments to the LU defined benefit pension plan;
 - d. Actively participating in Mediation sessions between LU and LUFA; and
 - e. Reviewing and commenting on drafts of an agreement reached between LU and LUFA (the “**LUFA Term Sheet**”).

LUSU

- 83. LU and representatives of LUSU also commenced negotiations in parallel under the direction of the Court-appointed Mediator focused on the following areas:
 - a. Redundancies in LUSU positions; and

- b. Amendments to LU's defined benefit pension plan arrangements to minimize the risk of future special payments.
- 84. The activities of the Monitor and its counsel in connection with the LUSU negotiations included:
 - a. Reviewing detailed analysis prepared by LU of LUSU positions and proposed headcount reductions;
 - b. Reviewing actuarial analysis prepared by Eckler in respect of the proposed amendments to the LU defined benefit pension plan;
 - c. Actively participating in Mediation sessions between LU and LUSU; and
 - d. Reviewing and commenting on drafts of an agreement reached between LU and LUSU (the "**LUSU Term Sheet**").

Non-Union Employees

- 85. In parallel, the Monitor assisted LU in analyzing the financial impact of non-union employee position redundancies and compensation changes for non-union employees, and in the communications with non-union employees.

Former Federated Universities

- 86. LU and representatives of the Former Federated Universities engaged in extensive negotiations through the Mediation sessions. The focus was to seek a consensual resolution to the termination of LU's relationship with the Former Federated Universities with a view to exploring terms that would allow the historical legacy and identities of the Former Federated Universities to be maintained. After several weeks of Mediation, the parties were unsuccessful in reaching a consensual resolution, other than in the case of Huntington. On April 1, 2021, with the approval of the Monitor, LU delivered the Notices of Disclaimer to each of the Former Federated Universities.
- 87. As set out above, Notices of Disclaimer were sent by LU to each of the Former Federated Universities. The Notices of Disclaimer became effective on May 2, 2021.
- 88. An agreement was entered into between LU and Huntington and approved by the Court on May 2, 2021. Arrangements pursuant to that agreement have been implemented.
- 89. Thorneloe and SU brought a motion, objecting to the Disclaimers.

90. The activities of the Monitor and its counsel in connection with the Former Federated Universities included:
- a. Reviewing detailed analysis prepared by LU of the potential financial impact and cost savings to LU as well as potential impacts to academic programming from the disclaiming of the respective agreements with the Former Federated Universities;
 - b. Actively participating in discussions between LU and the Former Federated Universities in respect of a consensual termination of the existing relationship and potential options for a different go-forward arrangement;
 - c. Actively participating in discussions between LU and Huntington in respect of a consensual termination and transition agreement; and
 - d. Participating in the Disclaimer Motions.

Operational Matters

91. At the commencement of the proceedings, the Applicant had limited personnel resources in all of its functional areas including Finance, Human Resources, Communications and other areas. Accordingly, the Monitor has provided support to LU's management in dealing with various operational matters including finance and accounting processes, labour related issues, communications and other matters. The Monitor also participated in regular meetings with Management to provide support in managing day-to-day issues.
92. The Monitor spent approximately 79 hours in respect of this workstream during Phase 1.

Liaison with MCU/Government

93. The Province is a significant stakeholder in the CCAA proceedings. Accordingly, LU has been in communication with MCU throughout the CCAA proceedings, and the Monitor has participated and assisted LU in those communications. These communications have included numerous and regular calls with MCU, its advisor and other representatives of the Province to provide updates in respect of the CCAA proceedings and respond to their inquiries.
94. In addition, the Monitor and its counsel responded to inquiries from various other government parties during Phase 1 including the Information and Privacy Commissioner of Ontario and other ministries of the Province.
95. The Monitor spent approximately 34 hours in respect of this workstream during Phase 1.

Liaison with Major Creditors, including Lenders and Unions

96. The Monitor's role includes acting as a primary liaison with creditors and other stakeholders. During Phase I, the Monitor and its counsel participated in numerous meetings with LU's major creditor groups, including the Lenders, LUFA and LUSU, the Northern Ontario School of Medicine ("NOSM") and others to provide updates on matters related to the CCAA proceedings, respond to questions and information requests.
97. The Monitor and its counsel spent approximately 49 hours participating in and preparing for these meetings during Phase 1.

Board, Board Sub-Committees and Senate Meetings

98. As part of the Monitor's ongoing monitoring of the Applicant during the CCAA proceedings and in order to assist with the restructuring, the Monitor has participated in numerous meetings of LU's Board, Board Sub-Committees and selected Senate meetings.
99. The Monitor's activities in this workstream included preparing for and attending meetings, providing updates to the Board on CCAA matters and debriefing after these meetings.
100. The Monitor and its counsel spent approximately 57 hours in relation to these meetings during Phase 1.

CCAA Reporting

101. The Monitor and its counsel spent approximately 558 hours in respect of this workstream during Phase 1. This involved 9 motions or attendances in Court within the CCAA Proceedings in addition to one leave to appeal application.
102. The activities of the Monitor and its counsel included under the category of CCAA Reporting included the following:
 - a. Preparing Monitor Reports;
 - b. Preparing Court Materials;
 - c. Engaging in discussions with LU and its counsel in respect of proposed relief to be sought and the significant terms of various Motions;
 - d. Reviewing and providing comments on LU Court and Motion Materials;
 - e. Engaging in discussions and negotiations with other parties related to Court Motions;

- f. Reviewing responding materials and Motion materials served by other parties in the CCAA proceedings and engaging in discussions with LU and its counsel in respect of the issues raised in these materials; and
 - g. Attending Court/Motions.
- 103. The majority of the Monitor's and its counsel's time in this workstream during Phase 1 related to the following Application and Motions:
 - a. Initial Application and Comeback Hearing;
 - b. AFO Motion;
 - c. Motion for Leave to Appeal the sealing order;
 - d. Pension Motion;
 - e. Disclaimer motions by Former Federated Universities;
 - f. Approval of the LUFA Term Sheet and LUSU Term Sheet; and
 - g. Stay Extension Motion.

Phase 2 - Claims Process, Third Party Reviews and Strategic Assessment

(May 1, 2021 to December 31, 2021)

- 104. During Phase 1, LU made significant progress in restructuring its academic programming and improving its operational cost structure. During Phase 2, the Monitor and its counsel continued to support certain workstreams described in Phase 1 including CCAA Administration and Stabilization of Operations, Cash Flow Reporting and Disbursement Approval and CCAA Reporting.
- 105. In addition, the Monitor and its counsel commenced several new workstreams to assist LU in identifying and assessing its strategic options and to ascertain the nature and quantum of its creditor pool in anticipation of developing a CCAA plan.
- 106. The additional work streams engaged in by the Monitor and its counsel during Phase 2 included *inter alia*:
 - a. Designing, seeking approval of and conducting processes to call for, review, adjudicate and determine both Claims and Compensation Claims, including the development of a detailed Compensation Claims Methodology;
 - b. Assisting LU in responding to inquiries and investigations by numerous governmental entities as described below;

- c. Assisting the Applicant in responding to information requests from the Auditor General of Ontario (the “**AGO**”) and the Standing Committee on Public Accounts of the Legislature of Ontario (the “**Standing Committee**”);
 - d. Supporting the real estate portfolio review including assisting LU in gathering and providing relevant information to the real estate advisor, engaging in discussions with the real estate advisor and LU to discuss issues including LU’s operational real estate needs, relocation options and the real estate advisor’s detailed findings;
 - e. Supporting the independent operational and governance review including facilitating meetings between Nous Group (“**Nous**”) and various parties, facilitating the provision of information from LU to Nous and liaising with Nous through the review period; and
 - f. Strategic planning for CCAA Plan.
107. The significant workstreams in Phase 2 are summarized by the hours incurred as follows:

Laurentian University of Sudbury Ernst & Young & Stikeman Phase 2 Allocation of Hours May 1, 2021 to December 31, 2021			
	EY Monitor	Stikeman	Total Hours
CCAA Administration and Stabilization of Operations	219.5	234.6	454.1
Cash Flow Reporting and disbursement approval, DIP reporting/renewal	966.2	-	966.2
Claims Process	2,449.7	1,217.2	3,666.8
Operational Matters	629.3	-	629.3
Liaison with Major Creditors incl lenders and unions	165.9	122.2	288.1
Liaison with MCU / Government	181.2	-	181.2
Board, Board-sub-committee and Senate meetings	140.2	7.7	147.8
Real Estate Review	56.2	30.1	86.3
Nous Operational and Governance review	85.1	-	85.1
Auditor General	86.0	165.2	251.2
CCAA Reporting	335.3	187.3	522.6
EY Accounting Assistance	84.1	-	84.1
Other	52.6	47.2	99.8
Total Hours	5,451.1	2,011.5	7,462.6

108. The following paragraphs provide a description and overview of the primary activities undertaken by the Monitor and its counsel in connection with each of the workstreams listed above.

CCAA Administration & Stabilization

109. The LU CCAA proceedings have continued to generate substantial public interest. As a result, throughout the proceedings, the Monitor has received numerous inquiries from

creditors, active and former employees as well as community members and other interested parties.

110. The Monitor and its counsel spent approximately 454 hours working on matters related to this workstream during Phase 2.
111. The activities of the Monitor and its counsel undertaken in connection with this workstream include the following:
 - a. Continuing to maintain a case website and posting all court documents and other relevant documents for stakeholders to access;
 - b. Continuing to respond to calls and emails from the Applicant's students, suppliers, creditors and other stakeholders and interested parties;
 - c. Assisting the Applicant in preparing ongoing employee communications and addressing operational related human resources issues;
 - d. Assisting the Applicant in its public communications and communications with stakeholders;
 - e. Assisting the Applicant in communications with students, suppliers and stakeholders; and
 - f. General monitoring of the overall business, operations and issues facing the Applicant.

Cash Flow Reporting, Disbursement Approval and DIP Lender Reporting

112. The Monitor's activities in respect of Cash Flow Reporting and Disbursements approval are substantially similar to that described in Phase 1 and generally represent ongoing monitoring, tracking and reporting during Phase 2.
113. The Monitor spent approximately 966 hours working on matters related to this workstream during Phase 2.
114. Specific activities of the Monitor in Phase 2 include:
 - a. Continuing to gather and analyze cash flow data on a weekly basis, reviewing and analysing variances and discussion with management;
 - b. Assisting the Applicant in the preparation of weekly cash flow reporting and related analysis on a weekly basis to the Board and the DIP Lender and responding to their questions;

- c. Assisting the Applicant with the ongoing monitoring and reconciliation of restricted funds including research grants and restricted donations deposited to the segregated cash accounts and reviewing and reconciling disbursements in connection with restricted funds;
- d. Reviewing payments for compliance with the Initial Order;
- e. Reviewing tuition billing, student refunds and deposits; and
- f. Reviewing critical research spending requests in respect of research grants for which funds were not previously segregated as a result of the historical cash management practices as set out in the Monitor's Pre-Filing Report.

Claims Process

- 115. On May 31, 2021, this Court granted a Claims Process Order establishing a claims bar date of July 30, 2021, for various classes of claims against the Applicant and the Claims Process governing the review and resolution of such claims.
- 116. The Claims Process Order also provided for the appointment of Inspectors in respect of Material Claims (as defined in the Claims Process Order).
- 117. On August 17, 2021, the Court granted the Compensation Claims Process Order approving the methodology to calculate Compensation Claims and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a Plan. On October 7, 2021, the Court granted an order amending the Compensation Claims Process Order to deal with Third Party RHBP claims.
- 118. In addition, the LUFA Term Sheet and Compensation Claims Process Order and Grievance Resolution Order provided for a process to resolve outstanding grievances.
- 119. The Monitor and its counsel spent approximately 3,667 hours in respect of this workstream during Phase 2.
- 120. Since the commencement of the Claims Process over 200 Proofs of Claim with an aggregate asserted claim value in excess of \$300 million (excluding Compensation Claims) have been filed. In addition, approximately 1,300 Statement of Compensation Claims (as described below) were produced, over 100 pre-filing Grievances were resolved and a process to resolve October 14 Grievances as defined in the Grievance Resolution Order was developed and implemented.
- 121. The Monitor and its counsel has overseen and continues to oversee all aspects of the Claims Process, including:
 - a. Assisting the Applicant in preparing their list of known creditors;

- b. Preparing draft proof of claim document packages, including French translations;
 - c. Preparing and sending the CCAA Claims Process proof of claim package to known creditors and preparing and publishing notice of the CCAA Claims Process;
 - d. Preparing and publishing notices, in English and French, in newspapers and electronic media;
 - e. Discussing the Claims Process with claimants and responding to questions and inquiries;
 - f. Reviewing filed proofs of claim and supporting documentation and reconciling (or assisting LU's personnel in reconciling) proofs of claim with LU's books and records;
 - g. Consulting with the Applicant and counsel to the Applicant where such claims required legal analysis;
 - h. Discussing and negotiating with the claimant and/or their counsel and exchanging correspondence regarding the claim;
 - i. Administering the Monitor's Claims Process database which includes detailed claim information, documentation, correspondence and claim status by individual claim;
 - j. Administering changes to claim details (e.g. contact and address changes and claim assignments) and administering the toll-free claims hotline;
 - k. Preparing notices of revision and disallowance;
 - l. Negotiating and resolving proofs of claim with creditors; and
 - m. Consulting with the Applicant and Appointing Creditors (as defined in the Claims Process Order) regarding the selection of the Inspectors and advising the Inspectors of their role in accordance with the Claims Process Order.
122. During Phase 2, the Monitor and LU made significant progress in reviewing the filed claims, however, a number of factors have contributed to the process of reviewing and adjudicating these claims taking longer than expected. Some of these factors include:
- a. Delays associated with obtaining the necessary factual and historical information from LU as a result of limitations with historical record keeping and personnel changes resulting in lack of institutional or historical knowledge;
 - b. Delays associated with obtaining additional information from claimants;

- c. Significant complexity in the nature of the claims asserted including numerous alleged trust or property claims arising as a result of historical cash management practices and the particulars of LU's operations, resulting in extensive legal analysis having to be performed by counsel to the Monitor and Applicant in respect of the allegations; and
 - d. Numerous claims asserted against LU and various directors and officers in the nature of alleged "wrongful acts", necessitating extensive discussions with the Applicant's insurer before being in a position to formulate and move forward with an approach for dealing with these claims.
- 123. The Monitor continues to work to resolve the outstanding claims, including by negotiating with claimants and/or disallowing such claims and referring them to a claims officer or this Court for resolution as required.
- 124. In addition, the Monitor led the development and implementation of the Compensation Claim process to create a fair, reasonable, efficient and orderly process for the calculation and determination of the claims of the Applicant's employees, former employees, pensioners and their survivors, including long term disability beneficiaries. Absent the Compensation Claims process and methodology, most of the claims of individuals would have required individualized actuarial determinations and, with respect to former employees, individualized determinations of the applicable notice of termination and/or severance period, all at a significant cost to the Applicant.
- 125. The Compensation Claims methodology designed by the Monitor and its counsel in consultation with the Applicant, LUFA, LUSU and the Former Federated Universities was comprehensive and provided detailed methodologies and formulas for calculating claims by employee group relating to termination and severance, senior leader administrative leave, salary and benefit continuance arrangement for former employees, vacation pay, the termination of the retiree health benefits program, the termination of the supplemental unfunded retirement plan, grievances and other matters. The Monitor also designed a process including the template for individualized Compensation Claim packages to notify compensation claimants of their calculated Compensation Claim and provide a streamlined procedure for dealing with disputes.
- 126. The activities of the Monitor and its counsel in connection with the development of the Compensation Claims process included:
 - a. Working closely with the Applicant and its counsel to identify potential types of compensation claims;
 - b. Reviewing LU's employment policies and relevant collective bargaining agreements;

- c. Reviewing LU's records to identify those former employees with employment contracts, including employment termination contracts;
 - d. Consulting with Eckler with respect to those claims requiring actuarial assistance, including SURP and ISURP;
 - e. Identifying and agreeing upon the basic principles of the Compensation Claims process methodology, including the actuarial assumptions to be used, following discussion among interested parties and their advisors;
 - f. Identifying and agreeing upon the basic principles of the methodology related to the Third Party RHBP Claims;
 - g. Drafting the compensation claims methodology;
 - h. Preparing draft information statement packages, a notice of dispute form and a compensation claim inquiry form, including French translations; and
 - i. Working with Eckler in its preparation of valuations forming the basis of the Compensation Claims process methodology.
127. The activities of the Monitor and its counsel in connection with the implementation of the Compensation Claims process included:
- a. Preparing and publishing notices, in English and French, in newspapers and electronic media;
 - b. Working with LU to gather extensive historical and employment related data to support the calculation of the Compensation Claims, a significant portion of which was not available in electronic databases and had to be sourced from historical paper files;
 - c. Calculating, with actuarial assistance from Eckler where required, individual claim amounts using the approved methodology and data from LU's books and records for each of the approximately 1,300 Employees who had been identified as potentially having a compensation claim as at February 1, 2021;
 - d. Preparing and sending an individual Statement of Compensation Claim and notice of dispute forms to approximately 1,300 identified Employees;
 - e. Sending Revised Statements of Compensation Claim and notice of dispute forms to active employees after their employment ceased;
 - f. Providing individuals with compensation claim inquiry forms upon request;

- g. Reviewing and considering any notices of dispute received with respect to the information statements and reviewing and considering any compensation claim inquiry forms received;
 - h. Developing and maintaining a database of the compensation claims which includes detailed claim information, correspondence and claim status by individual and processing address changes and other information update requests and working with claimants to receive proper documentation; and
 - i. Preparing and sending Revised Statements of Compensation Claim and/or responses to notices of dispute or compensation claim inquiries, as applicable.
128. This workstream also includes the time incurred by the Monitor and its counsel in assisting LU and its counsel with the review, negotiation and/or adjudication of Pre-Filing Grievances. Any monetary awards in respect of the Pre-Filing Grievances were then incorporated into the Compensation Claim process.
129. During Phase 2, the Monitor prepared and issued Compensation Claim packages to approximately 1,300 individuals and received and processed approximately 55 notices of dispute and five compensation claim inquiry forms.
130. The Monitor has concluded the review of the majority of both the Notices of Dispute and compensation claim inquiry forms filed in the Compensation Claims process.
131. The Monitor has responded to approximately 200 phone and 960 email inquiries received from Claimants during Phase 2 in respect of the CCAA Claims Process and Compensation Claims process.
132. The Claims Process workstream also includes time designing a process in consultation with LUFA for reviewing, negotiating and/or adjudicating various Grievances filed post filing, defined as October 14 Grievances in the Grievance Resolution Order and commencing the Grievance Resolution Process.

Operational Matters

133. During the past several months, LU has experienced a high rate of voluntary resignations leaving a large number of administrative positions vacant. These resignations, combined with increased workload as a result of activities connected to the CCAA restructuring and the various government investigations occurring has resulted in significant resource constraints in all functional areas. Subsequent to the Phase 1 stabilization of operations, the Monitor has continued to assist LU's management in various operational matters during Phase 2, including:

- a. Providing assistance to Management and various functional teams including Finance and Human Resources to mitigate the resource constraints described above;
 - b. Providing assistance and advice to Management in connection with communications in respect of CCAA related matters;
 - c. Assisting with labour related issues and other HR related matters;
 - d. Assisting LU with further pension analysis and implementation of the pension term sheet agreed to as part of the LUFA Term Sheet and LUSU Term Sheet, and discussions with the Former Federated Universities in respect of go-forward pension arrangements;
 - e. Assisting LU with analysis and discussions with Thorneloe and SU in respect of transition agreements for various facilities related services on campus;
 - f. Reviewing and assisting with the reconciliation of segregated cash accounts, deferred contributions, research funds and other accounts and records and assisting in reporting to and communications with research granting agencies and other external parties;
 - g. Attending weekly meetings and review of budget and spending requests in respect of operations and research spending; and
 - h. Participating in regular meetings to discuss other ongoing and ad hoc issues arising in the course of day-to-day operations.
134. The Monitor spent approximately 629 hours in respect of this workstream during Phase 2.

Liaison with Major Creditors, including Lenders and Unions

135. The Monitor and its counsel have continued to participate in numerous meetings with LU's major creditor groups, including the Lenders and LUFA and LUSU. The focus of these meetings has included:
- a. Providing frequent updates on the progress of the CCAA proceeding;
 - b. Along with the CRO, engaging in discussions with LUFA and LUSU and other external stakeholders on any issues of concern to those parties;
 - c. Engaging in various discussions with representatives of LUFA and LUSU, third parties and Lenders with respect to the Claims Process and the Compensation Claims processes, the status of the real estate review and operational and governance review and next steps in connection with a Plan of Arrangement; and

- d. Responding to numerous and sometimes extensive questions and information requests made by major creditors.
136. The Monitor and its counsel spent approximately 288 hours participating in and preparing for these meetings during Phase 2.

Liaising with Government/MCU

137. As set out in the Monitor’s prior Reports, the Applicant has spent significant time and effort responding to requests from a number of government ministries, regulatory bodies and legislative authorities.
138. During Phase 2, the Ministry of Francophone Affairs (“**MFA**”) made inquiries of LU to understand the impact of the academic restructuring on LU’s French-language programming and services. LU has responded to all MFA’s information requests received during Phase 2.
139. In June 2021, the French Language Services Commissioner (the “**Commissioner**”) with the Office of the Ombudsman for Ontario advised LU that it would be conducting an investigation pursuant to the FLSA to determine whether LU met its obligations pursuant to its partial designation under the FLSA when it closed certain French language academic programs as part of the academic restructuring. The Commissioner made multiple information requests of LU in respect of which LU made significant efforts to provide extensive and meaningful responses.
140. LU has been in communication with MCU throughout its CCAA proceedings. These communications have included providing regular and frequent updates to MCU on matters related to the CCAA proceedings and ordinary course operations, responding to numerous inquiries and information requests and making requests for financial and other support to assist LU to emerge from its CCAA proceedings and become a financially sustainable university.
141. In November 2021, the Province offered a financial package to assist LU, subject to certain terms.
142. LU accepted the financial package offered and on December 16, 2021 the Province announced that it had agreed to provide LU with the package of financial support.
143. The activities of the Monitor and its counsel in connection with interactions with government bodies, including MCU, included:
- a. Reviewing and assisting LU in the preparation of LU’s request for financial assistance, including, assisting LU in the preparation of multi-year financial information in MCU’s requested format and other financial information;

- b. Reviewing MCU's proposed financial support package and participating in discussions with Management and the Board;
 - c. Assisting LU in responding to information requests from MCU;
 - d. Reviewing LU's analysis on the impact of the academic restructuring on LU's French-language programming and services and assisting in responding to the MFA queries;
 - e. Reviewing LU's analysis and assisting LU in responding to information requests from the Commissioner; and
 - f. Participating in numerous discussions with MCU, MFA and the Commissioner including regular calls with MCU, its advisor and legal counsel and representatives of LU throughout the Period along with numerous ad-hoc calls as requested by MCU from time to time.
144. The Monitor and its counsel spent approximately 181 hours in respect of this workstream during Phase 2.

Board, Board Sub-Committees and Senate Meetings

145. As part of the Monitor's ongoing monitoring of the Applicant during the CCAA proceedings and in order to assist with the restructuring, the Monitor has participated in numerous meetings of LU's Board, Board Sub-Committees and selected Senate meetings.
146. The Monitor's activities in this workstream included preparing for and attending meetings, providing detailed updates to the Board on CCAA matters and debriefing after these meetings.
147. The Monitor and its counsel spent approximately 148 hours in relation to these meetings during Phase 2.

Real Estate Review

148. As authorized by the Court, the Applicant engaged C&W as its Real Estate Advisor to perform a review of LU's real estate portfolio and provide recommendations on space optimization and strategies to, among other things, monetize redundant real estate assets.
149. The Monitor and its counsel spent approximately 86 hours in relation to this workstream during Phase 2.
150. The activities of the Monitor and its counsel in connection with the real estate review, and in coordination with the Applicant's counsel, included:
- a. Assisting LU in determining the initial mandate and scope of the real estate review;

- b. Assisting LU in determining potential advisor candidates, reviewing candidate proposals, discussions with prospective advisors and the ultimate selection of the Real Estate Advisor;
- c. Assisting LU in responding to information requests from the Real Estate Advisor;
- d. Reviewing draft reports and material prepared by the Real Estate Advisor;
- e. Meetings with the Applicant and its counsel and the Real Estate Advisor to discuss issues including LU's space needs, possible relocation options, relocation costs, the Real Estate Advisor's analysis and findings;
- f. Liaising with and participating in meetings with key stakeholders to discuss the results of the real estate review; and
- g. Responding to and dealing with numerous calls and emails from stakeholders expressing views in respect of whether LU should divest any real estate.

Nous Operational and Governance Review

- 151. LU agreed to undertake an operational and governance review as part of the agreement reached with LUFA and LUSU pursuant to the LUFA Term Sheet and LUSU Term Sheet.
- 152. In August 2021, LU issued a request for proposals ("RFP") to be submitted by interested parties to undertake all or a portion of the operational and governance review. No suitable submissions were received through the RFP process. Subsequently, the Monitor and the CRO contacted several parties expected to have suitable experience in conducting these types of reviews. After receiving and reviewing multiple proposals, Nous was selected to undertake both the governance and operational reviews. Nous commenced their review during the latter part of 2021 with their final reports being issued in early 2022.
- 153. The Monitor and its counsel spent approximately 85 hours in relation to this workstream during Phase 2.
- 154. The activities of the Monitor and its counsel related to the operational and governance review included:
 - a. Assisting LU in developing the RFP and reviewing submissions from possible candidates;
 - b. Working with the CRO to identify and contact parties with suitable experience;
 - c. Reviewing and discussing the proposals received with LU and certain stakeholders;
 - d. Assisting LU in responding to information requested by Nous;

- e. Facilitating meetings between Nous and Management, Board members, the Senate, LUFA, LUSU, faculty, staff, key personnel in each functional area, the Laurentian University Native Education Council and others;
- f. Liaising with external advisors, stakeholders and management; and
- g. Reviewing and discussing draft reports with Nous and the CRO.

Auditor General of Ontario

- 155. On April 28, 2021, the Standing Committee on Public Accounts of the Legislature of Ontario (the “**Committee**”) passed a motion requesting that the Auditor General of Ontario (the “**AGO**”) perform a value-for-money audit of LU for the period 2010-2020.
- 156. LU received extensive information requests from the AGO. In addition, the AGO reached out and met with many LU employees and directors.
- 157. In August 2021, the AGO issued a summons requiring the production of certain privileged information. After various discussions and correspondence being exchanged, LU, the AGO and the Monitor and its counsel attended at a case conference before this Court on August 12, 2021, in which this Court was advised by counsel to the AGO that the AGO conceded that she could not compel the production of privileged information pursuant to the summons.
- 158. On September 29, 2021 in accordance with a schedule agreed to by the AGO and LU in a case conference attended by the Monitor and held on September 27, 2021 before this Court, the AG brought an application to court seeking a declaration that every grant recipient (including LU) is required to give the AGO unfettered access to information and records, including information and records that are subject to solicitor-client privilege, litigation privilege, or settlement privilege pursuant to the *Auditor General Act*.
- 159. The Monitor has assisted LU and the Board in considering the various duties under the Orders issued by this Court in the CCAA proceeding.
- 160. The AGO’s application was heard on December 6, 2021, and an endorsement was issued by the Court on January 12, 2022. The Court’s decision supported LU’s interpretation of the *Auditor General Act*. The AGO served an appeal of that decision and LU’s responding materials are due by May 23, 2022. The Monitor will report subsequently on the outcome of that appeal.
- 161. On October 15, 2021, after the commencement of, but prior to the hearing of the AGO’s application, the Committee sent a letter to LU indicating that the Committee had met on October 6, 2021 and that it had decided to request that LU provide the Committee with an extensive list of information including both privileged and non-privileged information.

162. After various efforts to resolve the matter, on November 30, 2021, LU sent a letter to the AGO and the Committee setting out a proposal to resolve the issue (the “**November 30 Proposal**”) indicating the documents to be withheld would only comprise privileged information directly relating to LU’s CCAA restructuring and Court-ordered confidential information.
163. On December 1, 2021, at the Committee’s request, Dr. Haché and then-Board Chair, Claude Lacroix attended before the Committee at a closed session. The Monitor attended and observed the session. The Committee rejected the November 30 Proposal.
164. On December 9, 2021, the Committee reported to the Legislative Assembly of Ontario (the “**Assembly**”) and sought a Speaker’s warrant compelling delivery of the information. The Assembly approved the Committee’s report and the Speaker of the Assembly issued two warrants, one for Dr. Haché and the other for Mr. Lacroix (together, the “**Speaker’s Warrants**”). The Speaker’s Warrants require LU to produce all documents from the Committee’s requests by February 1, 2022.
165. On December 16, 2021, the Monitor and its counsel attended a case conference before this Court in which LU and representatives for the Speaker agreed a schedule for the Court to hear a motion seeking a temporary stay of enforcement of the Speaker’s Warrants.
166. On December 17, 2021 in accordance with the schedule established by the parties, LU brought a motion seeking a temporary stay of enforcement of the Speaker’s Warrants, pending a determination of LU’s obligations in view of the orders previously issued by the Court in the CCAA proceeding and the Court’s decision in respect of the AGO application. The motion in respect of the stay was heard by this Court on January 18, 2022.
167. On December 23, 2021, the Monitor and its counsel attended another case conference before this Court in which LU and representatives sought further direction from the Court in respect of the motion for the temporary stay of enforcement.
168. The Monitor and its counsel spent approximately 251 hours in respect of this workstream during Phase 2.
169. The activities of the Monitor and its counsel in connection with the AGO included:
- a. Assisting LU in reviewing the AGO’s extensive information requests, gathering information and preparing responses;
 - b. Supporting LU and its counsel in: (i) providing the AGO with direct access to LU personnel, accounting and enrolment systems, and documents; and (ii) reviewing voluminous documentation produced by LU for delivery to the AGO for privilege and confidentiality, including in respect of Court-ordered confidentiality of Mediation matters;

- c. Reviewing correspondence and participating in discussions between LU and the AGO in respect of the provision of access and production of materials;
- d. Reviewing correspondence and a proposed resolution between LU and the Committee in respect of privileged and confidential materials; and
- e. Attending various meetings, case conferences and hearings.

CCAA Reporting

- 170. The Monitor and its counsel spent approximately 523 hours in relation to this workstream during Phase 2. This involved 13 motions or attendances in Court within the CCAA Proceedings, as well hearings related to the AGO Application.
- 171. The activities of the Monitor and its counsel included under the category of CCAA Reporting included the following:
 - a. Preparing Monitor Reports;
 - b. Preparing Court materials;
 - c. Engaging in discussions with LU and its counsel in respect of proposed relief to be sought and the significant terms of various Motions;
 - d. Reviewing Court Motion materials;
 - e. Engaging in discussions and negotiations with other parties;
 - f. Reviewing responding materials and Motion materials served by other parties in the CCAA proceedings and engaging in discussions with LU and its counsel in respect of the issues raised in these materials; and
 - g. Participating in Motions, Applications and case conferences.
- 172. The majority of the Monitor's and its counsel's time in this workstream related to the following Motions and Application held during Phase 2:
 - a. Claims Process Order Motion (and amendments);
 - b. CRO Appointment Motion;
 - c. Appointment of Real Estate Advisor Motion;
 - d. Compensation Claims Process Motion and Motion to Amend Compensation Claims Order;
 - e. Appointment of Claims Officers Motion and Grievance Resolution Order Motion;

- f. AGO's Application including case conferences; and
- g. Stay Extension Motions.

ACCOUNTING ASSISTANCE

- 173. In September 2021, LU advised the Monitor that due to the very limited resources within LU's finance team and numerous competing demands including extensive information requests continuing to be received as a result of various investigations, LU would not be in a position to complete the preparation of its 2020-21 financial statements and have them audited by the October 31, 2021 deadline. Further, LU would be unable to complete its T3010 Registered Charity Information Return (the "**CRA Return**") with Canada Revenue Agency by the deadline as the CRA Return also required financial statements and other financial statement information to be filed as part of the return.
- 174. Management also advised the Board that as a result of inquiries made by various external advisors, including individuals brought in to assist Finance during the CCAA accounting period, there were certain matters that warranted further investigation before the financial statements could be completed. Management also required assistance in understanding the appropriate accounting treatment for stayed liabilities and related matters in connection with the CCAA.
- 175. The Board requested that the Monitor arrange for additional accounting experts from EY to provide assistance to the LU finance team. Therefore, the EY FAAS team was made available to LU starting in October 2021. The work undertaken by EY FAAS has been significant during the Period and has necessarily continued into early 2022.
- 176. The work performed by EY FAAS in connection with the Accounting Assistance includes the following:
 - a. Participating in discussions with Management, LU Finance personnel, representatives of the Auditor to understand the historical processes for preparing financial statements, the state of the accounting records and limitations therewith and any potential areas of concern;
 - b. Advising Management and providing insights related to the potential impact of accounting matters on LU's financial statements;
 - c. Discussing with Management accounting alternatives available and providing a summary of accounting treatments used by LU's peers in respect of certain accounting matters;

- d. Advising Management on certain accounting policies and areas for improvement in respect of same;
 - e. Preparing 30 accounting position papers for Management and for discussion with the Auditor in respect of accounting analysis, new or revised accounting policies selected by Management;
 - f. Advising and providing observations on management prepared analysis, accounting memoranda and policies and financial statements and disclosures;
 - g. Assisting in the preparation of detailed account reconciliations for endowments (in some cases covering a number of historical years) based upon data provided by Management and providing comments and observations on account reconciliations prepared by Management;
 - h. Assisting Management in the calculation of certain accounting entries based on financial information provided by Management;
 - i. Supporting Management in the quantification of errors identified by Management in the prior year financial statements, using financial information provided by Management;
 - j. Assisting Management with a “bridge” analysis to document adjustments between amounts recorded in LU’s financial accounting records and amounts reported in the financial statements; and
 - k. Assisting with drafting financial statements with disclosure notes.
177. The EY FAAS work was performed under the direction of Management and was based on inquiries of and discussions with Management. EY FAAS did not seek to confirm the accuracy of the data, or the information and explanations provided by Management. All decisions, conclusions and significant judgements made in connection with the financial statements were made by Management and were documented in the individual reports prepared by EY FAAS.
178. EY FAAS did not provide a professional opinion on the application of accounting principles pursuant to the Canadian accounting standards for not-for-profit organizations. The procedures performed in connection with the Accounting Assistance were advisory in nature and do not constitute an audit conducted in accordance with Canadian generally accepted auditing standards or other assurance, review or related services in accordance with the standards established by the Chartered Professional Accountants of Canada.

MONITOR'S RECOMMENDATIONS AND CONCLUSIONS

179. These CCAA proceedings are unique as they involve the first public university to file for CCAA protection, significantly complex issues and a multitude of competing interests from varied groups of stakeholders. The state of LU's records and its past practices and lack of internal resources have required more hands-on participation of the Monitor, including significant support to LU in preparing its financial statements and cash flow forecasts and managing day to day operations. This has contributed to the Monitor and its counsel (in addition to the Applicant's counsel) undertaking a significantly greater scope of work than in a typical CCAA case.
180. The efforts of the Monitor and its counsel have contributed to the completion of several critical steps in the Applicant's restructuring including:
- a. Achieving operational cost savings of approximately \$40 million per annum as a result of the restructuring of LU's academic programs and courses, disclaimer of the relationship with the Former Federated Universities, and faculty and staff reductions and compensation changes reached through execution of the LUFA Term Sheet and LUSU Term Sheet;
 - b. Implementing the Claims Process and review of a large number of unique and complex Claims;
 - c. Negotiating, designing and implementing the Compensation Claims process for more than 1,300 former and active employees;
 - d. Completion of a substantial real estate review and operational and governance review designed to inform and support a CCAA Plan;
 - e. Supporting LU in responding to a number of investigations including those of the MFA, Commissioner and the AG; and
 - f. Liaising with a large number of stakeholders including creditors, active and former employees, students, community members, the Province and others.
181. The fees and disbursements of the Monitor and its counsel resulting from these activities and the other work described herein are significant. However, at all times the work performed by the Monitor, including by the Monitor's counsel at the direction of the Monitor, has been in accordance with the provisions of the Court orders and undertaken in good faith with a view to advancing the interests of the Applicant and its stakeholders, including to maximize the amounts available for distribution to creditors and seeking to ensure that those amounts are ultimately distributed amongst creditors fairly and equitably in accordance with their respective legal entitlements.

182. Having regard to the unique circumstances of these CCAA proceedings, the Monitor believes that its fees and disbursements and those of its counsel are fair and reasonable.

183. The Monitor respectfully requests the approval of:

- a. The fees and disbursements of the Monitor, EY FAAS and the Monitor's counsel for the period from February 1, 2021, through to and including December 31, 2021; and
- b. The activities of the Monitor and its counsel during the Period.

All of which is respectfully submitted this 29th day of April, 2022.

**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**