Court File No. CV-21-656040-00CL

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**

MOTION RECORD
(Returnable May 30, 2022)

May 23, 2022

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TAB 1

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NOTICE OF MOTION
(Stay Extension, Approval of USudbury Pension Agreement)

Laurentian University of Sudbury (the "**Applicant**" or "**LU**") will make a motion to Chief Justice Morawetz of the Ontario Superior Court of Justice on May 30, 2022, at 9:00 A.M. (Eastern Time), or as soon after that time as the motion can be heard, via judicial videoconference in accordance with the Guidelines to Determine Mode of Proceeding in Civil Proceedings, effective April 19, 2022.

PROPOSED METHOD OF HEARING:

This motion is to be heard via Zoom videoconference, the details of which will be circulated to the Service List upon receipt from the Court.

THIS MOTION IS FOR:

1. An Order (the "**Stay Extension Order**") substantially in the form attached at Tab 3 of the Motion Record of the Applicant dated May 23, 2022 (the "**Motion Record**"), that extends the Stay Period[1] up to and including September 30, 2022;

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[1] All capitalized terms not otherwise defined in this Notice of Motion are as defined in the Affidavit of Dr. Robert Haché sworn May 23, 2022 (the "**Haché Affidavit**").

2. An Order (the "**USudbury Pension Agreement Approval Order**") substantially in the form attached at Tab 4 of the Motion Record that approves the pension participation agreement with USudbury regarding its obligations under the Pension Plan; and

3. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Overview

4. On February 1, 2021, the Applicant sought and obtained an initial order (the "**Initial Order**") granting it protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), approving a stay of proceedings for an initial 10-day period (the "**Stay Period**") and certain Court ordered super-priority charges.

5. On February 10, 2021, the Court held a comeback hearing that resulted in the issuance of an amended and restated initial order (the "**Amended and Restated Initial Order**") that, among other things, approved a debtor-in-possession interim financing arrangement in the amount of $25 million (the "**Existing DIP Facility**") and extended the Stay Period to April 30, 2021.

6. On May 2, 2021, the Court issued an order (the "**Stay Extension Order**") extending the Stay Period to August 31, 2021. The Stay Extension Order also approved an amendment (the "**First DIP Amendment**") to the Applicant's Existing DIP Facility that, among other things, increased the principal amount available under the Existing DIP Facility by an additional $10 million and extended the maturity date of the Existing DIP Facility to August 31, 2021.

7. On January 27, 2022, the Court issued an order extending the Stay Period to May 31, 2022 and providing for a refinancing of the Existing DIP Facility by the Province of Ontario as represented by the Ministry of Colleges and Universities ("**MCU**").

8. LU now seeks an extension of the Stay Period up to and including September 30, 2022.

9. Since the issuance of the Initial Order and the Amended and Restated Initial Order, LU has undertaken significant aspects of its overall restructuring that were necessary for the reasons set out in the application record filed in support of the Initial Order.

10. Throughout the extensive restructuring being carried out within the CCAA proceeding, LU has successfully offered instruction to its students throughout the Winter, Spring and Fall 2021 and Winter 2022 terms, during a global pandemic.

Extension of the Stay of Proceedings

11. The Applicant seeks an extension of the Stay Period up to and including September 30, 2022.

12. Since the Initial Order, LU has worked closely with the Monitor to advance the restructuring. The stay extension is required to enable the Applicant to continue operating in the ordinary course while undertaking negotiations regarding a CCAA plan of compromise or arrangement ("**CCAA Plan**").

13. LU's intention had been to seek a Meeting Order by the expiry of the Stay Period on May 31, 2022. Although significant progress has been made towards that goal, LU will require

further time before a Meeting Order containing LU's CCAA Plan can be brought before the Court.

14. It was always the case that, even if a Meeting Order was sought on May 31, 2022, a stay extension to September 30, 2022, would still be required in order to implement the final steps in moving towards emergence from the CCAA proceeding.

15. LU, with the assistance of the Monitor, has been engaged in negotiations with LU's key creditor groups to develop the material terms of a CCAA Plan and to advance the determination of certain outstanding claims.

16. On May 6, 2022, in response to LU's request for additional financial support to present a CCAA Plan to its creditors and emerge from the CCAA proceeding, LU received a letter from the Ministry of Colleges and Universities which provided a framework for further support. This positive development has implications for the proposed CCAA Plan and LU requires further time to revise the proposed CCAA Plan and negotiate with its key creditors to reflect this development.

17. The Cash Flow Forecast prepared by the Applicant with the assistance of the Monitor, to be annexed to the Monitor's Thirteenth Report, demonstrates that the Applicant will have sufficient liquidity to operate its business and meet its obligations during the proposed Stay Period.

18. The Applicant has acted, and continues to act, in good faith and with due diligence during the course of this CCAA proceeding.

19. The Monitor supports the proposed stay extension and the relief sought on this motion.

Approval of the USudbury Pension Participation Agreement

20. The Former Federated Universities historically participated in the Pension Plan. Last May, LU's agreements and relationship with the Former Federated Universities were disclaimed.

21. On April 16, 2021, LU and Huntington entered into a Transition Agreement, which was approved by the Court on May 2, 2021.

22. LU and its advisors have continued to negotiate with USudbury and Thorneloe regarding the terms of their continued participation in the Pension Plan, in order to provide greater certainty to each of the parties regarding their obligations and responsibilities vis-à-vis the Pension Plan.

23. On May 16, 2022, LU and USudbury entered into a pension participation agreement regarding USudbury's obligations under the Pension Plan, subject to approval by the Court (the "**USudbury Pension Participation Agreement**"). The USudbury Pension Participation Agreement includes the following key terms:

(a) USudbury will remain a participating employer in the Pension Plan in respect of pre-January 1, 2022 benefits accrued by USudbury employees and former employees ("**USudbury Members**");

(b) USudbury agrees to the notional segregation of assets and liabilities relating to the USudbury Members;

(c) USudbury is solely responsibility for funding the benefits payable from the Pension Plan to USudbury members;

(d) USudbury will make a top-up contribution to the Pension Plan, in respect of former USudbury Members who were paid partial commuted value ("**CV**") payments on their termination of employment, based on the transfer ratio of the USudbury portion of the Pension Plan. Following the receipt of the USudbury top-up payment, former USudbury members who are entitled to a residual CV payment will receive the remaining portion of their CV entitlement from the Pension Plan. The requirement for USudbury to make a top-up contribution would apply to any other USudbury members who, in the future, terminate employment, and are eligible for and elect a CV option;

(e) USudbury will be required to pay a portion of the annual Pension Plan Pension Benefits Guarantee Fund assessment based on the formula set out in the USudbury Pension Participation Agreement;

(f) USudbury will be required to make an annual contribution to the Pension Plan in respect of administration fees and expenses relating to the USudbury members;

(g) if USudbury fails to meet its obligations under the USudbury Pension Participation Agreement, LU may take steps it deems necessary or desirable (including, for example, collection proceedings or a transfer of USudbury pension assets and liabilities to another pension plan); and

(h) if the USudbury component of the Pension Plan becomes fully-funded, LU or USudbury may initiate an annuity purchase.

24. The USudbury Pension Participation Agreement will bring certainty to the future obligations and liabilities of USudbury under the Pension Plan and allow for fair and equitable treatment of the USudbury Members.

Other Grounds

25. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court; and

26. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this application:

1. The Haché Affidavit (sworn May 23, 2022) and the Exhibits attached thereto;

2. The Thirteenth Report of the Monitor, to be filed; and

3. Such further and other evidence as counsel may advise and this Court may permit.

May 23, 2022

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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**

Court File No. CV-21-00656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF MOTION
(Stay Extension, Approval of USudbury Pension Agreement)

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TAB 2

Court File No. CV-21-656040-00CL

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**

Applicant

AFFIDAVIT OF DR. ROBERT HACHÉ
(sworn May 23, 2022)

Contents

I, Dr. Robert Haché, of the City of Sudbury, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS**:

I. INTRODUCTION

1. I am the President and Vice-Chancellor of Laurentian University of Sudbury ("**LU**" or the "**Applicant**") and a member of the Board of Governors (the "**Board**") of LU, having served in these roles since July 2019.

2. As such, I have knowledge of the matters hereinafter deposed to, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of the information and believe it to be true.

3. This affidavit is sworn in support of LU's motion for orders substantially in the form of the draft orders attached at Tabs 3 and 4 of the Motion Record of LU dated May 23, 2022 (the "**Motion Record**") that, among other things:

   (a) extends the Stay Period (as defined below) from May 31, 2022 until September 30, 2022 (the "**Stay Extension Order**"), and

   (b) approves the pension participation agreement with the University of Sudbury regarding its obligations under the Retirement Plan of Laurentian University of Sudbury (the "**Pension Plan**") (the "**USudbury Pension Agreement Approval Order**").

4. All monetary amounts referred to in this Affidavit are in Canadian dollars, unless otherwise noted.

II. OVERVIEW OF THE APPLICANT

5. As explained more fully in my Affidavit sworn January 30, 2021 (the "**Initial Haché Affidavit**"), LU is a non-share capital corporation that was incorporated pursuant to *An Act to Incorporate Laurentian University of Sudbury*, S.O. 1960, c. 151 C. 154 (the "**LU Act**"). LU is also a registered charity pursuant to the *Income Tax Act*, R.S.C., 1985, c. 1(5^{th} Supp). Capitalized terms used herein that are not otherwise defined shall have the meaning given to such terms in the Initial Haché Affidavit.

6. On February 1, 2021, Chief Justice Morawetz granted an initial order (the "**Initial Order**") that, among other things, appointed Ernst & Young Inc. as monitor (the "**Monitor**") of LU in this proceeding, approved a stay of proceedings for the initial 10-day period (the "**Stay Period**") and granted certain Court ordered super-priority charges.

7. On February 5, 2021, Chief Justice Morawetz appointed the Honourable Justice Sean F. Dunphy as the Court-Appointed Mediator in this proceeding (the "**Mediator Appointment Order**"). The Mediator Appointment Order contained a Mediation Confidentiality Protocol to ensure that all aspects of the Court-supervised mediation (the "**Mediation**") would remain confidential, and all participants could discuss and negotiate issues confidentially.

8. On February 11, 2021, the amended and restated initial order (the "**Amended and Restated Initial Order**") was granted that, among other things, approved a debtor-in-possession interim financing facility in the maximum amount of \$25 million, which was subsequently increased by court order to \$35 million (the "**DIP Facility**"). In granting the Initial Order on February 1, 2021 and the Amended and Restated Initial Order on February

11, 2021, the Court issued written Endorsements which included legal determinations by the Court and findings of fact that, among other things:

(i) LU was a "debtor company" to which the CCAA applies;

(ii) LU was "plainly insolvent and faces a severe liquidity crisis";

(iii) absent additional financing, LU would be unable to meet payroll at the end of February 2021;

(iv) the crisis was "real and immediate"; and

(v) with the approval of the DIP Facility, LU would have liquidity for the duration of the Stay Period.

9. The Stay Period has been extended from time to time in this proceeding, and most recently, on January 27, 2022 the Stay Period was extended to May 31, 2022. On January 27, 2022 an Order was granted approving the refinancing of the existing DIP Facility by Her Majesty the Queen in right of Ontario as represented by the Minister of Colleges and Universities ("**MCU**" or, in its capacity as the DIP lender, the "**DIP Lender**").

10. Throughout this proceeding, LU has operated in accordance with the Amended and Restated Initial Order and has attempted to minimize the impact of this proceeding on students and other stakeholders, recognizing that a comprehensive operational restructuring of this nature creates some degree of disruption.

11. LU has worked closely with its counsel and the Monitor in advancing the restructuring and taking the necessary steps to ensure LU's future success and financial sustainability.

12. In my affidavit sworn January 20, 2022 (the "**January 2022 Haché Affidavit**"), I referred to LU's intention at that time to seek a Meeting Order by the expiry of the Stay Period on

May 31, 2022. Although significant progress has been made towards that goal, for reasons outlined in this Affidavit including a recent positive development, LU will require further time before a Meeting Order containing LU's Plan of Compromise or Arrangement (a "**CCAA Plan**") can be brought before the Court. It has always been the case that, even if a Meeting Order was sought by LU on May 31, 2022, a stay extension to September 30, 2022 would still be requested in order to implement the final steps in moving towards emergence from the CCAA proceeding.

13. LU, with the assistance of the Monitor, has been engaged in negotiations with LU's key creditor groups to develop the terms of a CCAA Plan and to advance the determination of certain outstanding claims. As set out below, some additional time will be required before a CCAA Plan can be presented as part of a request for a Meeting Order.

14. On May 6, 2022, LU received a Plan Support Letter (as defined and described below) from MCU, which has implications for the CCAA Plan. LU is now working towards a timeline that would contemplate returning to Court by the end of June, 2022 to seek a Meeting Order, which would include the CCAA Plan, Information Circular and proposed form of notices to creditors.

15. Notwithstanding this adjusted timeframe, significant progress has been made by LU since January, as set out in this affidavit.

III. OPERATIONAL AND GOVERNANCE UPDATE

16. Since this proceeding commenced, LU has completed a comprehensive academic restructuring and continues to undertake a full operational and financial restructuring.

A. COVID-19 Impacts

17. All of LU's courses in the Fall 2021 semester were successfully completed on campus. However, the onset of the Omicron variant in early December 2021 resulted in increased restrictions and the transition to remote delivery of exams. On December 17, 2021, all exams were moved to remote delivery to prevent the spread of the variant.

18. The Omicron variant delayed the return to campus following the Winter break until February 7, 2022 for experiential learning (such as labs and hands-on activities), and February 28, 2022 for all on-campus courses. Fortunately, LU was able to complete the Winter 2022 schedule on time and conclude the academic year successfully.

19. On Monday May 2, 2022, the Spring term successfully began on schedule, with a combination of in-person and online courses.

20. LU has also been extensively preparing for a special spring convocation on May 30, 2022, for students who had their degree conferred during the pandemic, but who did not have the opportunity to share this important milestone with family and friends. The 2020 and 2021 graduating classes will be able to celebrate in-person.

21. Following that, the first in-person convocation since 2019 will occur for the 2022 graduating class, from May 31 – June 3, 2022. LU is very excited to be able to host in-person convocations for students who have worked so hard through the additional challenges created by the pandemic, and during LU's restructuring. The focus of convocation will be on our students and their many successes. LU also acknowledges the important contributions made by faculty and staff to student success during these exceptionally challenging times.

B. Enrolment Update

22. Registration for the Fall 2022 term does not open until mid-June. Accordingly, LU does not have enrolment data yet for Fall 2022.

23. I am advised by Shauna Lehtimaki, Director of Institutional Planning at LU, that LU is planning for an intake of new students of approximately 1180 full-time equivalents for Fall 2022. This would represent a decrease of approximately 20% over Fall 2021. Based on analysis from admission data as of May 18, 2022, LU appears to be on track or slightly above the planned new student intake.

24. This is merely a preliminary estimate based on early admission data and assumes that, over the next four months until the Fall 2022 term begins, LU will continue to achieve a confirmant rate that is at least consistent with historical rates and will successfully convert these confirmants into new registrants at a similar rate.

25. While domestic 101 (direct-entry from high school) applicants have decreased year-over-year, there are positive trends with respect to its international, graduate and online degree program confirmants. The recruitment of these new students will partially offset the declining trend of the Domestic 101s.

26. After registration opens in mid-June, LU will be in a better position to provide concrete registration data for new students.

27. LU's returning students account for approximately 75% of total enrolment. Unlike our new students, returning students are not required to inform LU of their intent to continue their studies, meaning there are no mechanisms to track returning students for Fall 2022.

Tracking and monitoring activity for returning students will begin, as usual, after registration opens in mid-June.

C. Grievance Resolution Process Update

28. In the January 2022 Haché Affidavit, I provided an update on various labour relations issues, including a summary of the Grievance Resolution Process commenced pursuant to the Grievance Resolution Process Order dated December 21, 2021. This section C of the affidavit provides an update on the Grievance Resolution Process, on which I have been advised by Michael Kennedy of Hicks Morley Hamilton Stewart Storie LLP, lead labour counsel for LU, and believe such facts to be true.

29. As summarized in the January 2022 Haché Affidavit, there were 36 unresolved grievances filed by LUFA following the execution of the LUFA Term Sheet in April 2021. Since the January 2022 Haché Affidavit, LU has worked with LUFA and the Monitor to advance the Grievance Resolution Process in accordance with the timelines set out therein. In particular:

(a) on January 21, 2022, LUFA provided additional particulars to LU and the Monitor in response to the list of grievances that LU required further particulars from LUFA;

(b) on January 28, 2022, the Monitor classified each of the outstanding grievances. Based on the Monitor's review, grievances were classified as follows:

(i) Pre-Filing: 4

(ii) Restructuring: 8

(iii) Material Post-Filing: 2

(iv) Non-Material Post-Filing: 14

(v) Multiple Categories: 3

(vi) Withdrawn / Resolved: 5

30. Following such classification of grievances by the Monitor, LUFA identified 11 grievances where it disputed the classification by the Monitor, and withdrew an additional two grievances. Throughout the Grievance Resolution Process, LU and its labour and insolvency counsel:

(a) engaged in discussions with LUFA and the Monitor in order to narrow the disputed classification of grievances to two grievances that required the assistance of the Court-Appointed Mediator with respect to classification;

(b) attended one mediation and one hearing with the Court-Appointed Mediator with respect to the continued dispute over the classification of two grievances;

(c) attended an introductory case conference to discuss the Grievance Resolution Process with Mr. Ken Rosenberg, the Grievance Resolution Officer, and other case conferences from time-to-time throughout the Grievance Resolution Process;

(d) prepared mediation briefs and attended at mediation with LUFA, the Monitor, and Mr. Rosenberg with respect to the remaining grievances that were classified in the Grievance Resolution Process;

(e) attended a tri-party mediation with Mr. William Kaplan with respect to a grievance filed against LU and one of the Former Federated Universities (as defined in the January 2022 Haché Affidavit);

(f) attended an arbitration hearing with Mr. Kaplan regarding a grievance related to coordinator credits, a grievance that Mr. Kaplan previously provided a decision on;

(g) attended an arbitration hearing with Mr. Rosenberg with respect to one grievance that could not be resolved at mediation;

(h) drafted, negotiated and finalized a number of memoranda of agreement, minutes of settlement, and memoranda of understanding; and

(i) received nine grievance withdrawal letters from LUFA.

31. The following summarizes the status of the Grievance Resolution Process as of today's date:

(a) Grievances Resolved by Arbitration Decision: 1

(b) Settlements Reached / Grievance Resolved: 7

(c) Grievances Withdrawn: 9

(d) Grievances Narrowed to Non-Material Post-Filing: 3

(e) Outstanding Grievances: 3

32. LU and LUFA continue to work on executing memoranda of agreement with respect to two grievances that are related to the appointment of sessional faculty members. It is hoped that such agreements can be completed in the near future.

33. Finally, LU and LUFA attended arbitration on March 21, 2022, with respect to the allocation of credits to faculty members working as coordinators in their respective department. This issue originally proceeded by arbitration with Mr. Kaplan on June 15, 2021. The parties attended another arbitration on March 21, 2022, with Mr. Kaplan. Following that arbitration attendance, LU and LUFA were required to exchange information, in an attempt to narrow issues. Any remaining issues were to be determined

at arbitration with Mr. Kaplan on May 16, 2022. LUFA requested an adjournment of this arbitration until mid-June.

34. Save and except for the aforementioned three grievances, the Grievance Resolution Process has run its course and over the last four months, LU and LUFA were able to address many of the grievances filed by LUFA. In addition, three grievances were classified as Non-Material Post-Filing Grievances. Those grievances are being worked through and resolved in the ordinary course in accordance with the terms of the collective agreement.

D. Pension Plan

35. As explained in the Initial Haché Affidavit and my subsequent affidavit sworn April 17, 2021, LU is the sponsor and administrator of the Pension Plan. I am advised of specific details in this section D by Lisa Mills of Brown Mills Klinck Prezioso LLP, lead pension counsel for LU, and believe them to be true.

36. On the filing date of this CCAA proceeding, the last actuarial valuation conducted in respect of the Pension Plan was as of January 1, 2020. The valuation demonstrated that the Pension Plan was 104.7% funded on a going-concern basis (99% including the provision for adverse deviation), 85.4% funded on a solvency basis and 65.8% funded on a hypothetical wind-up basis.

37. An updated actuarial valuation of the Pension Plan was prepared as at July 1, 2021 (the "**2021 Valuation Report**"). The 2021 Valuation Report demonstrates that the Pension Plan was 111.1% funded on a going-concern basis (106.2% including the provision for adverse deviation), 96% funded on a solvency basis and 71.1% funded on a hypothetical wind-up basis. The 2021 Valuation Report also segregates the assets and liabilities of the Pension

Plan beneficiaries who were employed or formerly employed by Thorneloe University ("**Thorneloe**") and the University of Sudbury ("**USudbury**")**.** The 2021 Valuation Report has been filed with both the Financial Services Regulatory Authority ("**FSRA**") and the Canada Revenue Agency (the "**CRA**") and reflects the terms of Amendment No. 1 to the July 1, 2021 restated Pension Plan test described below.

38. Since last spring, various changes were made to the Pension Plan as described in my April 21, 2021 and August 27, 2021 affidavits. The July 1, 2021 restated Pension Plan text, which incorporates the amendments made to the Pension Plan described in my April 21, 2021 and August 27, 2021 affidavits including, *inter alia*, the Pension Plan amendments agreed to in the LUFA Term Sheet, the LUSU Term Sheet and the Huntington Transition Agreement, is attached hereto as **Exhibit "A"**. The July 1, 2021 restated Pension Plan text was submitted for registration to both FSRA and the CRA.

39. LU and its advisors have continued to negotiate with USudbury and Thorneloe regarding the terms of their continued participation in the Pension Plan, in order to provide greater certainty to LU, USudbury and Thorneloe regarding each party's obligations and responsibilities vis-à-vis the Pension Plan.

40. On December 22, 2021, the Board approved Amendment No. 1 to the July 1, 2021 restated Pension Plan text effective December 31, 2021. Amendment No. 1 to the July 1, 2021 restated Pension Plan text is attached hereto as **Exhibit "B".** Amendment No. 1 provides: (i) for the cessation of USudbury and Thorneloe employees and former employees' participation in the Pension Plan effective December 31, 2021, and (ii) that USudbury and Thorneloe are solely responsible for funding the benefits payable to their respective

employees and former employees under the Pension Plan, based upon the Pension Plan assets and liabilities relating to their respective employee and former employee group. Amendment No. 1 to the July 1, 2021 restated Pension Plan text was submitted for registration to both the FSRA and the CRA.

41. A copy of proposed Amendment No. 1 to the July 1, 2021 restated Pension Plan text was provided to USudbury and Thorneloe on November 26, 2021. No comments were received from either USudbury or Thorneloe regarding Amendment No. 1.

42. On May 16 2022, LU and USudbury entered into a pension participation agreement regarding USudbury's obligations vis-à-vis the Pension Plan, subject to approval by the Court (the "**USudbury Pension Participation Agreement**"). A copy of the USudbury Pension Participation Agreement is attached hereto as **Exhibit "C"**. The individual names of USudbury Pension Plan members at Schedule "B" who elected a commuted value transfer payment before March 1, 2022 and were paid a partial commuted value transfer payment have been redacted.

43. The USudbury Pension Participation Agreement includes the following key terms:

(a) USudbury will remain a participating employer in the Pension Plan in respect of pre-January 1, 2022 benefits accrued by USudbury employees and former employees ("**USudbury Members**");

(b) USudbury agrees to the notional segregation of assets and liabilities relating to the USudbury Members;

(c) USudbury is solely responsibility for funding the benefits payable from the Pension Plan to USudbury members;

(d) USudbury will make a top-up contribution to the Pension Plan, in respect of former USudbury Members who were paid partial commuted value (“**CV**”) payments on their termination of employment, based on the transfer ratio of the USudbury portion of the Pension Plan as set out in the 2021 Valuation Report. Following the receipt of the USudbury top-up payment, former USudbury members who are entitled to a residual CV payment will receive the remaining portion of their CV entitlement from the Pension Plan. The requirement for USudbury to make a top-up contribution would apply to any other USudbury members who, in the future, terminate employment, and are eligible for and elect a CV option;

(e) USudbury will be required to pay a portion of the annual Pension Plan Pension Benefits Guarantee Fund assessment based on the formula set out in the USudbury Pension Participation Agreement;

(f) USudbury will be required to make an annual contribution to the Pension Plan in respect of administration fees and expenses relating to the USudbury members;

(g) if USudbury fails to meet its obligations under the USudbury Pension Participation Agreement, LU may take steps it deems necessary or desirable (including, for example, collection proceedings or a transfer of USudbury pension assets and liabilities to another pension plan); and

(h) if the USudbury component of the Pension Plan becomes fully-funded, LU or USudbury may initiate an annuity purchase.

44. As described further below, LU seeks Court approval of the USudbury Pension Participation Agreement in this motion.

45. A pension participation agreement has not been negotiated with Thorneloe. On March 7, 2022, the Applicant delivered a letter to Thorneloe confirming the adoption of Amendment No. 1, the results of the segregation of assets and liabilities of the Pension Plan in respect of Thorneloe's employees and former employees, and certain expense and payment obligations relating to Thorneloe's participation in the Pension Plan. A copy of the March 7. 2022 letter is attached hereto as **Exhibit "D"**. Thorneloe has made payments in relation to it share of the ongoing Pension Plan administration costs and the Pension Benefits Guarantee Fund assessment paid in March 2022.

E. Real Estate Review and Reports

46. As summarized in the January 2022 Haché Affidavit, the Real Estate Review conducted by Cushman & Wakefield (the "**Real Estate Advisor**") commenced in August and included a comprehensive review of Laurentian's real estate portfolio. The Real Estate Review has been completed.

47. Since the January 2022 Haché Affidavit, Laurentian has received various reports from the Real Estate Advisor in connection with the Real Estate Review, covering the following topics:

(a) Sudbury Real Estate Market;

(b) Space Requirements;

(c) Urban Planning;

(d) Campus Residences; and

(e) Asset and Lease Monetization, and Consolidation Opportunities.

48. Following completion of the Real Estate Review, the Real Estate Advisor presented an executive summary of the Real Estate Review to the Board. In addition, the Real Estate

Advisor presented its analysis and conclusions with respect to the Real Estate Review to certain of LU's material creditor groups in connection with negotiations around a proposed CCAA Plan, and to MCU as DIP Lender. Given the nature of a university's assets and operations, sources of funding, and its limited opportunities for generating value outside of the ordinary course to satisfy creditor claims, an ability to monetize certain of LU's real estate assets in some manner has been considered a foundation for the development of a CCAA Plan.

49. As addressed later in this affidavit, the Plan Support Letter has implications for the approach LU will adopt in addressing real estate assets under a CCAA Plan.

F. Operational and Governance Reports

50. As described in my prior affidavits, LU committed to a full-scale operational and governance review, including as part of the term sheets entered into with the Laurentian University Faculty Association ("**LUFA**") and the Laurentian University Staff Union ("**LUSU**") (the "**LUFA Term Sheet**" and the "**LUSU Term Sheet**", respectively).

51. Ultimately, the Nous Group ("**Nous**") was selected to undertake both the operational review and the governance review due to their significant experience and expertise in the postsecondary sector, including developing systems and strategies for higher education institutions.

52. Nous completed its reports in January 2022 and they were made available to stakeholders in both English and French. A copy of the Nous operational report is attached hereto as **Exhibit "E"**. A copy of the Nous governance report is attached hereto as **Exhibit "F"**. The operational report contained a confidential appendix outlining the potential costs associated

with addressing the operational issues identified therein, which has been redacted in order to not negatively impact LU's efforts to obtain the most competitive pricing for completion of those aspects in future.

53. The Monitor and the CRO have been working with Nous to coordinate next steps arising from the Nous reports, which have involved discussions with LU and its Board, with relevant stakeholders (including LUFA and LUSU, who LU committed to consult with in respect of the operational and governance review in the LUFA Term Sheet and LUSU Term Sheet approved by the Court in April 2021) and discussions regarding the adoption and implementation of recommendations made by Nous in its report, and the mechanisms for and extent of funding that would be required to complete same.

54. A commitment to address and implement recommendations contained in the Nous reports will be included in the terms of the CCAA Plan that LU is developing. LU is committed to investing in its future by making the necessary changes that have been identified as required, in consultation with its stakeholders. A brief summary of the reports is provided below.

Governance Report

55. The governance report provided a review of LU's governing bodies. The review included: (a) an assessment of Senate and Board processes, policies, structures and overall effectiveness, (b) analysis of governing body materials, minutes, bylaws, agenda, the *Laurentian Act*, Board members' CVs and good governance practices; and recommendations to address key issues and gaps. The review incorporated themes arising from interviews with governing body members and stakeholders and survey responses

from Senate and Board members. As part of that process 75 individuals were interviewed, and 11 Board members and 28 members of the Senate completed surveys.

56. The governance report recommended that LU adopt an improved bicameralism that enables information flows between bodies, re-asserts the Board as the prime governance body accountable for financial and business outcomes and clarifies the Senate's responsibility for academic policies and regulations.

57. Eighteen recommendations were made in the governance report to support the Board in improving its performance and decision-making. These recommendations related to the Board's roles and responsibilities, its composition and capabilities, and its structure and processes.

58. The recommendations were developed with the objectives of improving the performance of the Board, enhancing transparency and accountability, encouraging strategic priorities, and streamlining its decision-making process.

59. Seventeen recommendations were made in the governance report to enable the Senate to operate more efficiently and effectively. These recommendations related to the Senate's roles and responsibilities, its composition and capabilities, and its structure and processes.

60. The recommendations were developed with the objectives of ensuring fair representation for LU's key stakeholder groups, clarifying the Senate's role with a focus on promoting the strategic academic direction of the university, and improving accountability.

<u>Operational Report</u>

61. The operational report provided a review of all of LU's administrative operations. The review included:

(a) an assessment of the strategies, service delivery models, structures, processes, systems and capabilities for seven administrative functions within the university (strategy, service delivery, financial performance, structure, processes, technology and digital platforms, and capability and capacity);

(b) the development of recommendations for an institution-wide "Transformation Program"; and

(c) a preliminary implementation approach and plan to implement the recommendations.

62. The operational report reflects themes obtained through interviews with administrative staff, students, faculty and unions, together with information provided by the administrative functions. Over 70 individual stakeholders were interviewed by Nous on administrative issues and opportunities to improve LU's administrative functions.

63. The review found significant deficiencies across LU's administrative operations when compared with other Ontario universities. The changes required to address the deficiencies are significant and include changes to strategic plans, service delivery, financial performance, structure, processes, systems and capability.

64. The Transformation Program contemplated by the operational report consists of the following steps:

(a) re-setting the strategic plan to chart a new course forward;

(b) optimizing service delivery for students, faculty and staff;

(c) improving financial performance to support sustainability;

(d) re-aligning administrative structures to drive accountability;

(e) re-designing processes with a focus on lean principles;

(f) updating systems to enable more efficient operations; and

(g) building capability and capacity to enable effectiveness.

65. LU's future success and long-term financial sustainability will be influenced by its response to these identified challenges, and its ability to implement the key transformational operational changes required. LU is committed to taking these necessary steps, and the financial investment that will be required to see this transformation completed over the coming years forms part of its existing financial projections.

G. Ongoing Board Renewal

66. As discussed in the January 2022 Haché Affidavit, LU anticipated continued renewal of its Board in addition to the resignation of eleven Board members on December 15, 2021 and the appointment of five new individuals to fill the Lieutenant Governor-in-Council ("**LGIC**") nominee spots on the Board on December 16, 2021.

67. On March 3, 2022, the Ontario government passed Bill 84, the *Fewer Fees, Better Services Act, 2022*, which affected various existing legislation. Schedule 7 of Bill 84 amended the LU Act to alter the composition of the Board. The amendment decreased the size of the voting members of the Board from 25 members to 16 members. Previously, the Former Federated Universities nominated nine voting members to LU's Board. As the Former Federated Universities are no longer part of a federation with LU, this amendment reflects the reduced representation of voting members on the Board.

68. The 16 voting members will now be comprised of: five LGIC appointees, myself as President and 10 other members. The legislation also included the necessary consequential

and transitional amendments needed to implement these changes and clarified that the LGIC can fill mid-term vacancies among LGIC-appointed members of the Board.

69. LU's By-Laws have since been amended to reflect this legislative amendment.

70. On April 7, 2022, six Board members departed and three new Board members were appointed. Since their appointment on December 16, 2021, two of the new LGIC appointees have resigned from the Board (included within the six departing Board members referred to above).

71. Changes to the composition of the Board during a CCAA restructuring involves a significant commitment of time to ensure that voting members have the necessary information and context, and the time that is necessary to review materials, attend meetings and participate on various Committees of the Board. LU's external counsel TGF, together with the Monitor and independent counsel to the Board, have led a number of intensive on-boarding sessions to provide the new Board members with a comprehensive orientation process to ensure that they are prepared to fulfill their duties as voting members of LU's Board, particularly in the midst of a full operational CCAA restructuring.

72. Board renewal efforts are continuing. However, given the significant investment of time required, including for the on-boarding process for new Board members, and the stage that the CCAA proceeding is currently at, further Board renewal may not occur until emergence from the CCAA proceeding.

73. Future Board renewal will take into account the findings of the Nous governance report. This includes the importance of appointing Board members who are diverse and are

representative of the key constituencies and communities of LU (such as Indigenous, Francophone and Northern Ontario communities). This also means ensuring that new Board members have the necessary skills and experience, particularly in finance and operations, to maximize LU's future success. The Nous governance report identified this as an area of improvement and these recommendations will be implemented as part of the ongoing Board renewal.

H. Annual Audited Financial Statements

74. The completion of LU's annual audited financial statements for the 2020/2021 fiscal year ending April 30, 2021 was delayed for the reasons set out in the January 2022 Haché Affidavit. On March 7, 2022, the Board approved LU's audited financial statements, which were then posted on LU's website. Subsequent to the approval of LU's audited financial statements, additional information was brought to the attention of the auditor, and after review by management and the auditor, resulted in restated audited financial statements approved by the Board on April 22, 2022. At that meeting, the Annual Report was provided to the Board for information. The report was subsequently edited to reflect comments received by the Board, and posted along with the restated audited financial statements to LU's website on May 17, 2022. Interim unaudited financial statements were also filed with the CRA on January 14, 2022 to comply with LU's obligations as a registered charity. The audited financial statements as originally approved by the Board on March 7, 2022 were provided to CRA on March 11, 2022. Attached hereto as **Exhibit "G"** is a copy of LU's Annual Report, which includes a copy of the 2020/21 year-end restated audited financial statements.

I. NOSM

75. On March 4, 2022, the Lieutenant Governor in Council proclaimed that the *Northern Ontario School of Medicine University Act, 2021* (the "**NOSM Act**") would come into force on April 1, 2022. The effect of the NOSM Act is that the Northern Ontario School of Medicine is a separate degree-granting university, not affiliated with either LU or Lakehead University in Thunder Bay. Prior to the coming into force of the NOSM Act and for this current academic year during the transition, students of the NOSM medical school who are in Sudbury receive their medical degrees from Laurentian University, and those who are in Thunder Bay receive their degree from Lakehead University. For many months, LU and NOSM have been working to facilitate the necessary operational and administrative adjustments resulting from the change in relationship, and that process is ongoing.

76. Although the parties have been working cooperatively to ensure an appropriate transition for the benefit of students, a permanent solution for any continuing services requested by NOSM to be provided by LU, and the terms for same, must be in place prior to LU's emergence from the CCAA proceeding. NOSM is now an independent degree-granting university occupying two buildings owned by LU on LU's campus, and is entirely arms-length to LU. The Relationship Agreement currently governing the parties no longer reflects the new arms-length relationship and will either be terminated and replaced by a new Transition Agreement negotiated by the parties, or will be considered for disclaimer under the CCAA in the near future.

77. I am advised by D.J. Miller of Thornton Grout Finnigan LLP, insolvency counsel for LU, that LU and NOSM continue to have discussions regarding a new arm's-length agreement to replace the existing Relationship Agreement. A change to the structure and terms of

NOSM's continued use of two buildings is expected to form part of the discussions with MCU pursuant to the Plan Support Letter.

IV. UPDATE ON OTHER PROCEEDINGS

A. Court Decisions issued in January

78. On April 28, 2021, the Standing Committee on Public Accounts of the Legislative Assembly of Ontario (the "**Standing Committee**") passed a motion requesting the Auditor General of Ontario (the "**Auditor General**") to conduct a value-for-money audit on the operations of Laurentian for the period of 2010 to 2020.

79. LU provided extensive information and documents in respect of the Auditor General's audit covering a 10 year period, including direct access to all financial and accounting platforms and enrolment data. A question arose regarding whether the Auditor General was entitled to require the delivery of privileged information and documents in LU's possession. A court application was brought by the Auditor General in late September 2021, seeking a declaration that she was entitled to free and unfettered access to privileged information pursuant to the provisions of the *Auditor General Act* (Ontario) (the "**AG Application**"). The AG Application was heard by the Court on December 6, 2021, before Chief Justice Morawetz.

80. By decision issued on January 12, 2022, Chief Justice Morawetz held that the Auditor General was not entitled to require the delivery of information or documents that are subject to privilege pursuant to the *Auditor General Act* (the "**AG Decision**"). The Auditor General has since commenced an appeal from the AG Decision, in respect of which LU will be filing responding materials.

81. On October 15, 2021, during the pendency of the AG Application, the Standing Committee wrote a letter to me and to Claude Lacroix, the Chair of the Board at the time, requesting that LU provide the Standing Committee with a detailed list of information and documentation requested therein, including privileged information.

82. LU advised the Standing Committee that, among other issues, to fully comply with the request would constitute a breach of the sealing order that was granted at paragraph 44 of the Initial Order (the "**Sealing Order**") and the order imposing terms of confidentiality in respect of the mediation process on February 5, 2021 (the "**Mediation Order**"). As a result, the Legislative Assembly of Ontario requested that the Speaker of the House issue warrants to myself and Mr. Lacroix (the "**Speaker's Warrants**"). On December 10, 2021, the Speaker of the House served the Speaker's Warrants.

83. The issuance of the Speaker's Warrants occurred at a time when the AG Application had been heard by the Court, but before any decision of the Court had been issued. Due to the aforementioned concerns relating to the requested information, and uncertainty as to any overlap between the outcome of the AG Application and the requirements of the Speaker's Warrants, LU sought a stay of the Speaker's Warrants from the Court, to allow the matter to be fully briefed and heard on its merits.

84. Chief Justice Morawetz heard LU's motion to stay the Speaker Warrants on January 18, 2022 (the "**Warrant Stay Motion**"). On January 26, 2022, Chief Justice Morawetz issued a decision wherein he held that LU was obligated to deliver privileged information and documents under the Speaker's Warrants, but was not to deliver information or documents that were subject to the Sealing Order and the Mediation Order.

85. The effect of the Court's decision on the Warrant Stay Motion required that an arduous process then be undertaken by LU to separate privileged information and documents (that were to be produced under the Speaker's Warrants) from those that were subject to the Sealing Order or the Mediation Order (which were not to be produced). These two categories of information and documents overlapped in terms of the relevant time periods within the CCAA proceeding. LU retained a third-party service provider to assist in developing and implementing tailored electronic searches and using artificial intelligence to assist in the process of reviewing and identifying those documents that were to be produced, and those that were not. This involved an extensive document review process involving manual review as well as machine-learning of over 550,000 documents to ensure that no documents (with a high degree of confidence) relating to the Sealing Order or the Mediation Order were produced to the Standing Committee, pursuant to the Court's decision.

86. LU has produced all documents subject to the Speaker's Warrants that were not otherwise subject to the Sealing Order or the Mediation Order.

B. Auditor General Process

Document Issued by the Auditor General

87. On April 13, 2022, the Auditor General publicly released what was described as a preliminary "Perspectives" document in respect of the value-for-money audit being undertaken. LU was not provided with a draft of the document in advance, in order to review it and have an opportunity to bring any factual corrections to the Auditor General's attention. LU did receive a number of documents in advance that were summarized statements of the Auditor General's findings and for which LU was asked to correct any

factual inaccuracies. LU provided the Auditor General with responses that included corrections to a number of inaccuracies. Certain of those matters were included in the "Perspectives" document, without the corrections provided by LU to the Auditor General being incorporated at the time the document was issued.

88. The Perspectives document generated considerable media attention. LU has not provided a detailed response to the document, as it is stated to be interim in nature and the Auditor General's process of requesting information and fact-checking remains ongoing. LU did issue a public statement to confirm that it does not agree with certain statements made by the Auditor General. Those statements included the suggestion that there were other options available to LU that could have avoided a CCAA filing, and that the CCAA proceeding was "unnecessary".

89. LU continues to work with the Auditor General to respond to ongoing information requests and to provide responses and fact corrections in respect of additional documents provided by the Auditor General, including matters addressed in the "Perspectives" document.

90. The profound nature of the financial and operational challenges facing LU were articulated in detail in the Initial Haché Affidavit that I swore in support of the Initial Order, and in the Monitor's Pre-Filing Report to the Court. The Court has granted Orders and issued written decisions in this proceeding with respect to LU's insolvency and the basis for its decision to seek relief under the CCAA, and the extensive record forms part of this public proceeding.

91. LU has continued to provide information and documents requested by the Auditor General and members of her staff in an open and transparent manner, and deliver responses to

information requests and fact-checking inquiries as quickly as possible, as that office continues its value for money audit. Responses to information requests and fact-checking continues to be a very extensive exercise involving a number of parties within LU, notwithstanding its extremely limited resources and other demands relating to the restructuring. This has necessitated the involvement and assistance of the Monitor's staff, among others.

92. It is LU's expectation that, consistent with the terms of the Auditor General's "*OPS Guide for Interaction with the Auditor General of Ontario: Value for Money Audits (April 2019)*" filed by the Auditor General as part of the AG Application heard by the Court on December 6, 2021, LU will be provided with a draft of any Report with sufficient time and pursuant to sufficient parameters to review, confirm that no privileged information has been disclosed, fact-check and respond in advance of it being released publicly. This includes ensuring that LU is able to confidentially share information with all parties required to fully fact-check the document. LU has communicated its expectation to the Auditor General.

C. FLSA Ombudsman

93. Since April 2021, LU has been involved in discussions with Ms. Kelly Burke, the *French Language Services Act* ("**FLSA**") Commissioner with the Office of the Ombudsman of Ontario (the "**Commissioner**") to better understand the effects of the academic restructuring on LU's francophone mandate.

94. On February 22, 2022, the Commissioner wrote to LU's external counsel to advise that her preliminary report with respect to her investigation into whether LU complied with its obligations under the FLSA was ready for comment. This reflected a collaborative process that was undertaken throughout, where input was sought from LU.

95. The preliminary report contained several recommendations for further action from LU and the Commissioner offered LU the opportunity to provide comments on the recommendations.

96. On March 9, 2022, I wrote to the Commissioner to offer LU's comments on the preliminary report. Without commenting on the substance of the preliminary report, my response welcomed the opportunity for LU to improve upon its French-language service offerings and provided corrections to certain factual statements made in the preliminary report. LU's position and factual corrections were then reflected in the final report issued by the Commissioner, and the 4 recommendations made by the Commissioner that relate to LU were accepted by LU.

97. LU welcomed the opportunity to work cooperatively with the Commissioner to ensure that LU's French-language service delivery continues to be strong, and that it supports the Francophone community in northern Ontario.

V. CLAIMS PROCESS

98. As described further in the January 2022 Haché Affidavit, the claims process has significantly progressed. Since the commencement of the claims process, the Applicant and the Monitor have received claims in the aggregate amount of approximately $360 million. Many of these claims had significant financial and legal complexity.

99. Since the January 2022 Haché Affidavit, the Monitor has been delivering Notices of Revision or Disallowance ("**NORD**") to claimants, and to the Inspector Group in the case of Material Claims (as such term is defined in the Claims Process Order dated May 31, 2021 (as amended and restated, the "**Claims Process Order**")).

100. I am advised by Sharon Hamilton of Ernst & Young Inc., the Monitor herein, that, of the total 1,152 claims filed as part of the claims process, 1,090 (approximately 95%) of claims have been fully resolved. The Monitor and LU continue to work diligently on the remaining 62 unresolved claims.

101. Several claims have already been directed to the claims officers appointed by the order granted by Chief Justice Morawetz on December 20, 2021.

D&O Claims and Insurance

102. The Claims Process Order called for D&O Claims (as defined in the Claims Process Order) to be filed by the Claims Bar Date. Having identified the universe of D&O Claims by the Claims Bar Date (the "**Filed D&O Claims**"), LU has determined that, for various reasons, including the time that such determination would add to the length of the CCAA process and the number of parties that would be involved in addressing these claims, the Filed D&O Claims will not be determined within the CCAA Claims Process. Accordingly, no releases in respect of Filed D&O Claims will be sought under the CCAA Plan that is being developed. Claimants with Filed D&O Claims will remain able to pursue such claims separately at the expiration of any applicable stay period, if they choose to do so. A Notice advising directors and officers who may be subject to such Filed D&O Claims (based on the records of such individuals and contact details provided by LU to the Monitor) as to the intended treatment of these Filed D&O Claims was issued by the Monitor on April 26, 2022, a copy of which is attached as **Exhibit "H"**.

103. The removal of the determination of Filed D&O Claims from the claims process has the effect of reducing the total claims filed from approximately $360 million to approximately

$332 million. The CCAA Plan will provide that any determination of claims against LU within the claims process will be without prejudice to any positions, rights or defences that any creditor, LU, the directors and officers, their insurers or the Monitor may have in respect of such Filed D&O Claims. This ensures that the determination of claims against LU within the CCAA claims process (including any finding or determination) cannot be used and will not prejudice any party as it relates to any subsequent proceedings brought in respect of the Filed D&O Claims outside of the CCAA claims process.

104. The claims process in general necessitated ongoing conversations with LU's insurer to understand the insurer's position with respect to whether the insurer would respond to some or any of the claims filed. These discussions took place over a number of months, and remain ongoing. As part of those discussions, arrangements have also been made for a further $50 million in asserted litigation claims to be removed from determination within the Claims Process on the basis that the claimants will proceed or continue through ordinary course litigation, with recovery on any judgment being limited to any insurance proceeds that may ultimately be available.

105. These efforts took a significant amount of time and resources on the part of counsel for LU and the Board, as well as the Monitor and its counsel, but have resulted in the aggregate pool of filed claims to be addressed through the CCAA claims process being reduced by $78 million.

106. Through counsel, LU continues to engage in ongoing discussions with its insurers with respect to various claims provided to it, all of which include the Monitor and its counsel

and counsel to the Board. LU remains hopeful that any concerns involving its insurer can be addressed and resolved consensually.

VI. UPDATE ON CCAA PLAN

107. In conjunction with the determination and resolution of claims, LU is engaged in negotiations with key stakeholders with respect to the terms of a CCAA Plan to be presented in future. Prior to receipt of the Plan Support Letter described below, LU had been negotiating the key terms of a proposed CCAA Plan with key creditor groups based on mechanisms for recovery for creditors that were available or known to it at that time.

108. LU's goal had been to develop and negotiate a proposed CCAA Plan and be in a position to seek a Meeting Order prior to May 31, 2022. On May 6, 2022, in response to LU's request for additional financial support in order to present a CCAA Plan to its creditors and emerge from the CCAA proceeding, counsel for MCU delivered a letter to LU's counsel and the Monitor's counsel outlining the terms of further financial support (the "**Plan Support Letter**"). Attached hereto as **Exhibit "I"** is a copy of the Plan Support Letter from MCU's counsel dated May 6, 2022.

109. This positive development and receipt of the Plan Support Letter has implications for the proposed CCAA Plan.

110. The Plan Support Letter indicates that, subject to various conditions, some of which are set out in the Appendix and others that will be articulated in the definitive documentation, the DIP Facility will be replaced by a long-term loan that is subject to terms and conditions to be negotiated and agreed between LU and MCU. Further, the Plan Support Letter provides

for the Province of Ontario to purchase real estate assets from LU for aggregate proceeds of up to $53.5 million (net of transaction costs) to be paid to LU.

111. The purchase of the real estate assets from LU is subject to, among other things, the completion of due diligence satisfactory to the Province. Any purchase of LU's real estate will be subject to additional terms and conditions. As the Plan Support Letter is intended to support LU's CCAA Plan and its financial sustainability, LU anticipates that the terms will allow LU to continue to use and occupy the real estate, land, or buildings. That would not be the case if real estate assets were sold to third parties generally.

112. A sale of real estate assets to the Province in accordance with the Plan Support Letter will allow LU to make 100% of such net sale proceeds available to its creditors under a CCAA Plan, as real estate transactions are completed.

113. As described in the January 2022 Haché Affidavit, NOSM University occupies two buildings owned by LU on the Sudbury campus. NOSM University occupies approximately 60% of the Health Sciences Education Resource Centre ("**HSERC**") and the entirety of the Medical School Building (the "**NOSM Building**"). LU has requested that MCU consider the HSERC and the NOSM Building on a priority basis as part of the discussions and as conversations advance with respect to the Province's purchase of identified real estate assets from LU.

114. The additional financial support offered under the Plan Support Letter is conditional on, among other things, the implementation of a CCAA Plan and final government approvals with respect to the terms of such financial support.

115. The Plan Support Letter represents a significant step towards putting forward a CCAA Plan. It reduces some of the uncertainty for creditors regarding the manner in which proceeds may be generated and made available for distribution under a CCAA Plan.

116. LU currently anticipates that it will be in a position to serve motion materials (including a CCAA Plan) seeking a Meeting Order by the end of June, after revising the proposed CCAA Plan and negotiating with its key creditors regarding this development.

VII. REMAINING STEPS IN RESTRUCTURING

A. Complete Claims Process

117. As discussed above, significant progress on the claims process has been made. This includes resolution of over 95% of the claims and the removal of $78 million of asserted claims from the Claims Process.

118. Although there are a limited number of claims remaining to resolve, some of the outstanding claims have substantial factual and legal complexity and remain unresolved at this time. Having these outstanding claims resolved will bring greater certainty to the aggregate claims pool, which will inform the extent of potential recovery for creditors under a CCAA Plan and assist creditors in their consideration for voting on the CCAA Plan. LU and the Monitor continue to work diligently to resolve the remaining claims and complete the Claims Process as soon as possible.

B. Continue Negotiations Regarding CCAA Plan

119. LU continues to develop the terms of a CCAA Plan to be presented to creditors. It is anticipated that negotiations and other work streams will have sufficiently advanced, such that LU could seek a Meeting Order by the end of June. This timing is subject to numerous

factors, including the development of consensus around the terms of the CCAA Plan with LU's key creditors.

C. Continued Discussions with MCU

120. In December 2021, MCU provided a package of financial support to LU, the terms of which were described in the January 2022 Haché Affidavit. This included a refinancing of the DIP Facility in the amount of $35 million, COVID funding of up to $6 million, and enrolment corridor and performance protection of up to $22 million.

121. LU has, and will, continue its ongoing dialogue with MCU, including on the following issues:

(a) **Exit Financing**: As approved by the Court on January 27, 2022, MCU re-financed the DIP Facility from Firm Capital Mortgage Fund Inc., in the amount of $35 million. MCU has indicated that it intends to provide exit financing to replace the DIP Facility with a long-term loan upon LU's emergence from the CCAA proceeding, subject to terms, conditions and final approvals as set out in the Plan Support Letter.

(b) **Conditions to Plan Implementation:** As DIP Lender, intended exit lender and in consideration of its provision of support, MCU and LU will engage in discussions regarding the conditions to implementation of any CCAA Plan.

(c) **Details of Support:** Although the key financial terms of MCU's financial support have been communicated to LU, the implementation and details of the financial support and how it will tie into the CCAA Plan will be the subject of further discussion between MCU and LU and documentation, including terms and conditions.

(d) **Strategic Plan:** LU's commitment to a process for the development of a new Strategic Plan was a term of the financial support package that MCU communicated to LU in December, 2021, and will be a priority as LU looks to emerge from the CCAA proceeding.

D. File CCAA Plan, Information Circular and Seek Meeting Order

122. If the Stay Period is extended to September 30, 2022, as requested in LU's motion returnable May 30, 2022, LU anticipates serving motion materials seeking a Meeting Order by the end of June 2022. As part of the motion materials for the Meeting Order, LU will file the draft CCAA Plan and an Information Circular in support of the Meeting Order.

VIII. RELIEF SOUGHT

A. Stay Extension

123. LU seeks an extension of the Stay Period up to and including September 30, 2022.

124. The stay extension is requested in order to allow LU to continue operating in the ordinary course while engaging in discussions with its major stakeholders towards the development of a CCAA Plan that will be acceptable to its creditors, as well as implementing any opportunities identified through the third-party reviews, to promote greater efficiencies and improved functionality.

125. LU, with the assistance of the Monitor, has developed a cash flow forecast for the period covering the requested stay extension (the "**Cash Flow Forecast**") which demonstrates that LU will have sufficient liquidity to meet its obligations during the proposed extension

to the Stay Period. The Cash Flow Forecast will be appended to the Monitor's Report which will include its comments on same, in advance of the hearing of this stay extension motion. This Cash Flow Forecast reflects the most current information available.

126. LU has acted and continues to act diligently and in good faith in respect of all matters relating to this CCAA Proceeding.

127. In the circumstances, I do not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period. An extension of the Stay Period will permit a continued period of stability and allow LU to advance its restructuring efforts.

B. Approval of the USudbury Pension Participation Agreement

128. The Former Federated Universities historically participated in the Pension Plan. Last May, LU's agreements and relationship with the Former Federated Universities were terminated. Termination of the Former Federated Universities' ongoing participation in the Pension Plan was a component of these actions.

129. On April 16, 2021, LU and Huntington entered into a Transition Agreement, which was approved by the Court on May 2, 2021.

130. As discussed above, LU and USudbury have entered into the USudbury Pension Participation Agreement on May 16, 2022.

131. This agreement will bring certainty to the future obligations and liabilities of USudbury under the Pension Plan and allow for fair and equitable treatment of the USudbury Members.

IX. CONCLUSION

132. LU seeks the Stay Extension Order and the USudbury Pension Agreement Approval Order, in the proposed form of orders attached at Tabs 3 and 4, respectively, in LU's Motion Record.

133. This affidavit is sworn in support of LU's motion for, among other things, an extension to the Stay Period and approval of the USudbury Pension Participation Agreement, and for no other or improper purpose.

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SWORN before me via videoconference by ROBERT HACHÉ located in the City of Sudbury, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 23rd day of May, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.	**DR. ROBERT HACHÉ**
Commissioner for Taking Affidavits	

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**

Court File No. 21-CV-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF DR. ROBERT HACHÉ

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Lawyers for the Applicant

This is Exhibit "A" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

RETIREMENT PLAN OF
LAURENTIAN UNIVERSITY OF SUDBURY

July 1, 2021

RETIREMENT PLAN OF LAURENTIAN UNIVERSITY OF SUDBURY

CONTENTS

July 1, 2021

RETIREMENT PLAN OF LAURENTIAN UNIVERSITY OF SUDBURY

INTRODUCTION

The Retirement Plan of Laurentian University of Sudbury ("the Plan") was established July 1, 1975. Effective July 1, 2021, the Plan was renamed, revised and restated to incorporate all amendments that were made to the Plan up to and including those made effective on July 1, 2021.

Prior to July 1, 2011, the Plan provided for all Members to earn pension benefits under hybrid defined contribution and defined benefit provisions (the "Hybrid Provisions"). Certain Members commenced earning pension benefits under the final average earnings defined benefit plan provisions (the "FAE DB Provisions") for Service on and after July 1, 2011. All Members earned pension benefits under the FAE DB Provisions for Service between July 1, 2012 and June 30, 2021. On and after July 1, 2021, all Members earn pension benefits under the career average earnings defined benefit provisions (the "CAE DB Provisions"). Members retain their entitlements to pensions earned under the Hybrid Provisions and FAE DB Provisions, as applicable, for service before July 1, 2021. Entitlements under the Hybrid Provisions are determined based on Member's defined contribution account balances to their date of retirement, termination of service or death, and earnings to June 30, 2021. Entitlements under the FAE DB Provisions are determined based on Member's earnings to June 30, 2021.

The provisions of this restated Plan apply on and after July 1, 2021 to Members who terminate their service with the Employer on or after July 1, 2021. Except where an amendment specifically has application to a former Member, the benefits payable to former Members whose retirement on pension, termination of service or death occurred before July 1, 2021 shall be subject to the provisions of the Plan as of the date of termination of employment, including all amendments that had an effective date on or before the date of termination of employment.

RETIREMENT PLAN OF LAURENTIAN UNIVERSITY OF SUDBURY

I. DEFINITIONS

The following terms shall be defined as follows for the purposes of the Plan, unless the context clearly indicates otherwise:

2011 FAE DB Member	A Member who, on July 1, 2011, was employed by: (a) the Principal Employer and whose terms and conditions of employment were governed by an agreement between the Principal Employer and the Laurentian University Administrative and Professional Staff Association; (b) the Principal Employer and whose terms and conditions of employment were governed by a collective agreement between the Principal Employer and the Laurentian University Faculty Association; (c) the Principal Employer in one of the following pay classes: Deans and Directors (15), Executives (40) or Senior Administrators (41); (d) Huntington University; (e) University of Sudbury; or (f) Thorneloe University.
2012 FAE DB Member	A Member who, on June 30, 2012, was employed by: (a) the Principal Employer and whose terms and conditions of employment were governed by a collective agreement between the Principal Employer and the Laurentian University Staff Union; (b) the Principal Employer in a grant funded position, or (c) any other participating employer and who was not a 2011 FAE DB Member.
Actuary	The actuary or firm of actuaries from time to time retained by the Principal Employer and qualified through Fellowship of one or more of its members in the Canadian Institute of Actuaries.
Average Y.M.P.E.	In respect of a particular year, the arithmetical average of the Year's Maximum Pensionable Earnings as defined by the Canada Pension Plan for the particular year and the two preceding years. Average Y.M.P.E. will be determined as of June 30, 2021 if the

Member was accruing benefits under the FAE DB Provisions on June 30, 2021 and otherwise Average Y.M.P.E. will be determined as of the date prior to July 1, 2021 on which the Member ceased to accrue benefits under the FAE DB Provisions.

Best Average Pensionable Earnings	The arithmetical average of the Member's annual rates of Pensionable Earnings for the five Years of Contributory Hybrid Service and Years of FAE Service prior to July 1, 2021 during which such annual rates of Pensionable Earnings were the highest, except that if the Member has contributed to the Plan for less than five years prior to July 1, 2021, the average shall be taken of the Member's annual rates of Pensionable Earnings for the period of contributory service up to that date. For greater certainty, Best Average Pensionable Earnings is determined based on a Member’s Pensionable Earnings record as of June 30, 2021.
CAE DB Provisions	The provisions of the Plan relating to the accrual of a Career Average Earnings Pension that apply to all Service on and after July 1, 2021.
Career Average Earnings Pension	The pension calculated in accordance with Section VI (2).
Commuted Value	In relation to a pension, deferred pension or other benefit, its actuarial present value determined using methods and assumptions that meet the minimum requirements of the Pension Benefits Act of Ontario and regulations thereunder.
Defined Benefit Account	The record kept by the Principal Employer for each Member of all regular monthly contributions made to the Plan by each Member in respect of Service accruing under the CAE DB Provisions and FAE DB Provisions, if any, of the Plan, plus credited interest as set out below. A Member’s Defined Benefit Account shall be credited with interest at the end of each Plan Year at a rate equal to the average of the yields of five-year personal fixed term chartered bank deposit rates as determined by Statistics Canada (CANSIM series V80691336 or such other

	“bank deposit rate” defined under the Pension Benefits Act of Ontario, as amended from time to time) over the 12 month period ending June 30th of that Plan Year. If a Member dies, retires or otherwise ceases membership during a Plan Year, that Member’s Defined Benefit Account shall be credited for that partial year at the applicable interest rate for the previous Plan Year.
Defined Contribution Account	The record kept by the Principal Employer for each Member who earned Years of Contributory Hybrid Service under the Plan prior to July 1, 2012 of all regular monthly contributions made by each such Member together with the regular contributions of the Employer in respect of Service that accrued under the Hybrid Provisions of the Plan, and the Account's share of the net investment income or loss of the Defined Contribution Fund.
Defined Contribution Fund	That part of the Trust Fund held by the Trustee into which was paid all regular monthly contributions of the Members and the Employer in respect of Service that accrued under the Hybrid Provisions, all voluntary contributions by the Members, and all transfers from the retirement funds of previous employers, all of which were made prior to July 1, 2012.
Employer	Laurentian University of Sudbury and such other employers that have elected to participate in the Plan, and continue to participate in the Plan with the consent of Laurentian University of Sudbury. Effective June 30, 2021, Huntington University ceased to be an Employer.
Employee	Any person who is employed by an Employer.
FAE DB Provisions	The provisions of the Plan relating to the accrual of a Defined Benefit Pension that apply to all Service between July 1, 2012 and June 30, 2021 and to Service between July 1, 2011 and June 30, 2012 in respect of 2011 FAE DB Members.
Final Average Earnings Pension	The pension calculated in accordance with Section VI (3).

Full-Time Employee	An Employee who is employed by an Employer on a continuous full-time basis as determined by the Employer.
Hybrid Provisions	The provisions of the Plan relating to the accrual of a hybrid defined contribution and defined benefit pension under subsections VI(4) and (5) of the Plan that apply to all Service prior to July 1, 2011 and to Service between July 1, 2011 and June 30, 2012 in respect of 2012 FAE DB Members.
LUFA Member	A Member whose terms and conditions of employment are governed by a collective agreement between the Principal Employer and the Laurentian University Faculty Association.
Member	An Employee who is eligible to join the Plan and who has made application therefor, and who makes the required contributions pursuant to the Plan.
Participating Employer	Laurentian University of Sudbury, the Centre for Excellence in Mining Innovation, Mining Innovation Rehabilitation and Applied Research Corporation, and Sudbury Neutrino Observatory Laboratory.
Pension Committee	Effective April 30, 2021, a committee consisting of fourteen persons, including ten voting members and four non-voting members. Of the voting members, five shall be appointed by Laurentian University of Sudbury, three shall be appointed by the Laurentian University Faculty Association, , and two shall be appointed by the Laurentian University Staff Union. The non-voting members shall be the Associate Vice-President Human Resources and Organizational Development and the Associate Vice-President, Financial Services of the Principal Employer, a representative of the Laurentian University Administrative and Professional Staff Association and a representative of the Association of Retired Academics of Laurentian University.
Pensionable Earnings	A Member's regular annual wages or salary from the Employer, excluding all payments for overtime, overload or bonus.

Plan	This Retirement Plan of Laurentian University of Sudbury.
Plan Year	The period of twelve months beginning on any July 1st.
Principal Employer	Laurentian University of Sudbury.
Prior Plans	The Retirement Plan for the Staff of Laurentian University and the Federated and Affiliated College of Laurentian University of Sudbury, dated July 1, 1966, and the Retirement Plan for Academic, Administrative and Clerical Staff of Laurentian University, dated September 1, 1962.
Service	The period of time a person is employed by an Employer and such periods of paid or unpaid leave, sabbatical or educational leave, total disability, as may be determined by the Principal Employer.
Senior Leadership Member	A Member employed by the Principal Employer who is excluded from a bargaining unit and serves above the Director level.
Spouse	Effective January 1, 2017, either of two persons who (a) are married to each other, or (b) are not married to each other and are living together in a conjugal relationship (i) continuously for a period of not less than three years, or (ii) in a relationship of some permanence, if they are the parents of a child as set out in section 4 of the Children's Law Reform Act (Ontario) provided that for the purposes of the Plan, a person shall be deemed not to be the Spouse of a Member if the person is living separate and apart from the Member.
Supplementary Pension	The pension earned in accordance with subsection VI(5) of this Plan.
Transfer Account	The record kept by the Principal Employer of all the transfers received from the retirement funds of the previous employers of

	the Member, and the Account's share of the net investment income or loss of the Defined Contribution Fund.
Trust Agreement	The agreement entered into between the Principal Employer and the Trustee establishing the Trust Fund, including any amendments thereto.
Trustee	The trust company appointed by the Principal Employer from time to time.
Trust Fund	The Fund established pursuant to the Trust Agreement, to which all contributions of the Employer and the Members shall be paid and from which all benefits payable under the Plan are to be paid.
Voluntary Contribution Account	The record kept by the Principal Employer of all voluntary contributions of the Member and the Account's share of the net investment income or loss of the Defined Contribution Fund.
Years of Contributory CAE Service	The period of time during which the Member has contributed under the CAE DB Provisions of the Plan, or is deemed to have Years of Contributory CAE Service pursuant to paragraph IX(3)(a). For a Full-Time Employee, the definition of a day depends on the practice followed for the particular group that the Member is in. For other Members, the period of employment on other than a full-time basis shall be prorated based on the actual time worked, as compared with the normal hours worked by a Full-Time Employee in the same or a similar position, or such other basis as may be mutually agreed upon by the Member and the Employer.
Years of Contributory FAE Service	The period of time during which the Member contributed under the FAE DB Provisions of the Plan, if any, or is deemed to have Years of Contributory FAE Service pursuant to paragraph IX(3)(a). For a Full-Time Employee, the definition of a day depended on the practice followed for the particular group that the Member is in. For other Members, the period of employment on other than a full-time basis was prorated based on the actual time worked, as compared with the normal hours worked by a

Full-Time Employee in the same or a similar position, or such other basis as that was mutually agreed upon by the Member and the Employer.

Years of Contributory Hybrid Service	The period of time prior to: (a) July 1, 2011 during which an 2011 FAE DB Member, or (b) July 1, 2012 during which a 2012 FAE DB Member contributed under the Hybrid Provisions of this Plan, or contributed to Prior Plans, if any, or was deemed to have Years of Contributory Hybrid Service under the terms of the Plan as it read at the applicable time prior to July 1, 2012. For a Full-Time Employee, the definition of a day depended on the practice followed for the particular group that the Member is in. For other Members, the period of employment on other than a full-time basis was prorated based on the actual time worked, as compared with the normal hours worked by a Full-Time Employee in the same or a similar position, or such other basis that was mutually agreed upon by the Member and the Employer.
Y.A.M.P.E.	For the period between July 1, 2021 and December 31, 2024, means 114% of the Y.M.P.E. On and after January 1, 2025, Y.A.M.P.E. means Year’s Additional Maximum Pensionable Earnings as defined by the Canada Pension Plan.
Y.M.P.E.	The Year's Maximum Pensionable Earnings as defined by the Canada Pension Plan.

II. CONDITIONS FOR MEMBERSHIP

1. Membership in the Plan

The following shall apply effective July 1, 2021:

(a) Every Member, except a Member employed by Huntington University, who participated in the FAE DB Provisions on June 30, 2021 continues participation in the Plan for Service after June 30, 2021 under the CAE DB Provisions and retains any entitlements to benefits accrued under the FAE DB Provisions for Service prior to June 30, 2021 and any entitlements to benefits accrued under the Hybrid Provisions prior to June 30, 2012.

(b) All other Employees who are employed by a Participating Employer and who are not Members of the Plan on June 30, 2021 shall be eligible to participate in the Plan upon meeting the conditions in this Section II.

2. Full-Time Employees

(a) A Full-Time Employee employed by a Participating Employer shall, as a condition of employment, join the Plan not later than the first day of the month coincident with or immediately following the date on which the person becomes a Full-Time Employee.

(b) Notwithstanding the above provision, and subject to the provisions of any applicable legislation or collective agreement or agreement with an association, a Participating Employer may waive the requirement for mandatory participation in the Plan for any specific employee or group of employee.

3. Part-Time Employees

(a) An Employee of a Participating Employer other than a Full-Time Employee may elect to join the Plan on the first day of any month provided that on that date the following conditions have been satisfied:

(i) The Employee has been continuously employed for at least twenty-four months, and

(ii) In each of two consecutive calendar years, the Employee had Pensionable Earnings at least equal to 35% of the Y.M.P.E. for the year or had at least 700 hours of employment with the Employer.

(b) For purposes of this Section,

(i) a person's period of continuous employment shall not be broken by a period of temporary suspension of employment or lay-off from employment;

(ii) where a person's appointment was for a fixed term, the person's period of continuous employment shall be broken at the end of that term; and

(iii) a person's period of continuous employment shall be broken when the person's employment is terminated.

4. Members of Teachers' Pension Plan

Notwithstanding the above provisions, Employees in the Faculty of Education who are and continue to be contributors to the Teachers' Pension Plan are not eligible to join this Plan.

5. Exceptions

(a) Notwithstanding the above provisions, Employees who were in service on June 30, 1975 and who were not members of the Prior Plans shall not be required to join this Plan.

(b) Any persons employed by an Employer that is not, as of the date of determination of eligibility to join the Plan, a Participating Employer , are not eligible to join the Plan while they are active employees of that Employer.

6. Information to Members

(a) The Employer shall provide to each person referred to in paragraph (b) or (c) a written explanation of the plan provisions that apply to the person and an explanation of the person's rights and obligations in respect of the Plan.

(b) The information described in paragraph (a) shall be provided to each person who becomes eligible to become a Member in accordance with subsection (2) not later than 60 days after the date on which the person became a Full-Time Employee.

(c) The information described in paragraph (a) shall be provided to each person who becomes eligible to become a Member in accordance with subsection (3) within 60 days prior to the date on which the person is likely to become eligible to become a Member.

7. Continuation of Membership

(a) A person who is on an approved leave shall continue to be a Member of the Plan.

(b) A person shall continue to be a Member of the Plan if he or she ceases to be a Full-Time Employee but continues to be employed by an Employer as an Employee, provided that the person's period of continuous employment is not broken.

8. Cessation of Membership

(a) A person shall cease to be a Member of the Plan on the earliest of the date of his or her death, retirement from employment, or attainment of their postponed retirement date under subsection V (3).

(b) A person whose period of continuous employment by an Employer is broken for a reason other than death or retirement shall cease to be a Member of the Plan:

(i) on the last day of his or her employment by the Employer if the person was a Full-Time Employee on that date, or

(ii) on the last day of the sixth calendar month following the date of termination of employment if the person was not a Full-Time Employee, provided that no contributions have been made by the person or on the person's behalf during that period.

(c) A person who is not a Full-Time Employee and who has not terminated his or her employment by the Employer may elect to cease being a Member of the Plan as of the last day of any month, provided that no contributions have been made in accordance with this Plan by the person or on the person's behalf for a period of at least 6 consecutive months.

(d) Notwithstanding the above provisions, a person whose employment is terminated in accordance with a collective agreement while the person is in receipt of a disability income under the Employer's Long-Term Disability Income Plan or Workplace Safety and Insurance Act, 1997 may elect:

(i) to cease being a Member of the Plan as of the date of termination of employment, or

(ii) to continue being a Member of the Plan, in which case the provisions of Section IX will continue to apply to the person.

9. Re-employment

(a) A person who is receiving a pension from the Plan shall not be eligible to join the Plan if the person is re-employed by an Employer.

(b) A person who ceases to be a Member of the Plan in accordance with subsection (8) may resume membership in the Plan, provided he or she has not received a transfer or commenced receipt of benefits in accordance with Sections VI or VIII in connection with the prior period of Service before re-employment by a Participating Employer and he or she would otherwise be eligible to join the Plan as a new Employee. For greater certainty, Service is not accumulated during the break in service between the Member's periods of employment.

In the case of a person re-employed and who resumes membership subject to this paragraph (b), the calculation of the Final Average Earnings Pension in accordance with subsection VI (3), if any, and the Supplementary Pension in accordance with subsection VI (5), if any, at a Member's future termination, retirement or death will be based on the Member's Years of Contributory FAE Service, if any, and the Member's Years of Contributory Hybrid Service, if any, from prior periods of Service before July 1, 2021. In addition, only a Member's Pensionable Earnings from prior periods of Service before July 1, 2021 will be taken into account when determining the Member's Best Average Pensionable Earnings in the calculation of any Final Average Earnings Pension and the Supplementary Pension.

(c) Except as provided in paragraph (b) above, a person who is re-employed as an Employee by a Participating Employer after the person has ceased to be a Member of the Plan shall be treated as a new Employee for all purposes of the Plan.

10. Employees of the University of Sudbury

(a) The University of Sudbury became an Employer on October 1, 1995. The provisions of the Plan shall apply to any person who became employed by the University of Sudbury between October 1, 1995 and June 30, 2021.

(b) A person who was a member of the University of Sudbury pension plan on September 30, 1995 joined the Plan on October 1, 1995 and the following conditions shall apply:

(i) The balance in the person's money purchase account within the University of Sudbury pension plan shall be transferred on a locked-in basis to the person's Transfer Account and dealt with in accordance with the provisions of the Plan;

(ii) The period of the person's membership in the University of Sudbury pension plan prior to October 1, 1995 shall be treated as a period of membership in the Plan, but it shall not be included in the person's Years of Contributory Hybrid Service.

11. Employees of the Northern Ontario School of Medicine

Notwithstanding anything contained herein, the following provisions shall apply to the Northern Ontario School of Medicine and its employees:

(a) The Northern Ontario School of Medicine shall be recognized as an Employer effective November 12, 2002.

(b) The following conditions shall apply to a person who remains employed by the Northern Ontario School of Medicine and became a Member of the Plan before January 1, 2005:

(i) No Member or Employer contributions shall be made or credited to the Member's Defined Contribution Account for any period during which the Member is an active member of a retirement plan sponsored by the Northern Ontario School of Medicine;

(ii) Years of Contributory Hybrid Service in the Plan shall not accrue during the time a Member is an active member of a retirement plan sponsored by the Northern Ontario School of Medicine; and

(iii) Notwithstanding the foregoing, for the purpose of determining a Member's Best Average Pensionable Earnings only, Years of Contributory Hybrid Service in the Plan shall include Service rendered to the Northern Ontario School of Medicine between January 1, 2005 and December 31, 2006 inclusive.

12. Employees of Huntington University

Notwithstanding anything contained herein, effective June 30, 2021, the following provisions shall apply to Huntington University and its employees and former employees:

(a) Employees of Huntington University shall, effective June 30, 2021, cease to be Members of the Plan, shall cease to accrue Service and Years of Contributory FAE Service, and shall cease to make contributions to the Plan.

(b) Upon receipt of Huntington University's required Member and Employer contributions to the Plan for the period ending June 30, 2021 and Huntington University's withdrawal contribution pursuant to section 7.1(1)(f) of the transition agreement between Huntington University and the Principal Employer dated April 16, 2021:

(i) notwithstanding any other term of the Plan, all Huntington University employees who cease to accrue benefits under the Plan on June 30, 2021 will, regardless of whether they are entitled to a deferred pension or an immediate pension from the Plan following their termination of membership on June 30, 2021, be provided the transfer options set out in subsection VIII(3) in lieu of a deferred pension described in subsection VIII(1) or in lieu of the pension benefits described in subsections VI(1) to (5), as applicable. For greater certainty, all Huntington University employees who are eligible for early retirement when they cease to accrue benefits under the Plan will be permitted to elect the lump sum transfer option described in subsection VIII(3), and the limitation in paragraph VIII(3)(a) requiring that Members must not have reached eligibility for early retirement to elect such lump sum transfer option shall not apply to such Huntington University employees; and

(ii) Huntington University shall cease to be a participating employer in the Plan and shall have no Employer contribution obligations under the Plan.

(c) Huntington University shall continue to be required to provide the necessary reports, records and information as are required to permit the Principal Employer to perform its duties and obligations under the terms of the Plan.

III. EMPLOYEE CONTRIBUTIONS

1. Members' Required Contributions

Except as provided in subsection (5) hereof, effective July 1, 2021, each Member shall contribute by regular payroll deduction the sum of:

(a) 6.7 % of the part of the Member's Pensionable Earnings that is below the Y.A.M.P.E.; and

(b) 10.4 % of the part of the Member's Pensionable Earnings that is above the Y.A.M.P.E.

Such contributions shall be credited to the Member's Defined Benefit Account.

2. Members’ Voluntary Contributions

Voluntary contributions are not permitted.

3. Transfers from Other Registered Pension Plans

Transfers from other registered pension plans are not permitted.

4. Contributions during Certain Leaves of Absence or Periods of Reduced Pay

Subject to the limits under section 8507 of the Income Tax Regulations (Canada):

(a) During a leave of absence required to be recognized for continued pension participation by the Employment Standards Act, 2000 or the Workplace Safety and Insurance Act, 1997 and which are not subject to paragraph IX(3)(a), the Member may elect to continue to make contributions for the period of such leave based on the compensation that would have been in effect if the Member had not been on such a leave of absence;

(b) In addition to the Member’s required contributions under subsection (1) on the actual compensation paid to the Member during any partially-paid leave or period of voluntary workload reduction approved by the Employer, the Member may, to the extent permitted under such Member’s terms and conditions of employment, or shall, to the extent required under such Member’s terms and conditions of employment, make contributions based on the additional compensation that would have been paid if the Member was not on a partially-paid leave or period of voluntary workload reduction;

(c) During all other leaves of absence approved by the Employer and to the extent permitted under such Member’s terms and conditions of employment, the Member may elect to make contributions for the period of such leave based on the compensation that would have been in effect if the Member had not been on such a leave of absence.

(d) In respect of the strike period lasting from September 28, 2017 to October 5, 2017, each LUFA Member shall make contributions based on the compensation that would have been in effect if the LUFA Member had not been on strike.

A Member who makes contributions in accordance with paragraphs (a), (b), (c) or (d) above shall be deemed to have Pensionable Earnings in the amount on which contributions are actually made by such Member provided that in no case shall the Pensionable Earnings be greater than the amount that would have been in effect had the Member not been on period of reduced pay or period of temporary absence.

Contributions in accordance with this subsection shall be calculated using the applicable rates under subsection (1) and must be paid in such form and with such frequency as required by the Principal Employer.

Subject to the limits of section 8507 of the Income Tax Regulations (Canada), any period of temporary absence or period of reduced pay during which the Member makes contributions in accordance with this subsection (4) shall be included in the Member’s Years of Contributory CAE Service for purposes of calculating the Career Average Earnings Pension of such Member and in the Member’s Years of Contributory FAE Service for the purposes of calculating the Final Average Earnings Pension of such Member, if any.

5. Contribution Limits

Notwithstanding anything contained herein, the required Member contributions made by a Member in each calendar year in accordance with subsection (1) shall be limited so that the amount credited to the Member's Defined Benefit Account in the year does not exceed the maximum permissible Member contributions as permitted under the Income Tax Regulations (Canada).

IV. EMPLOYER CONTRIBUTIONS

1. Employer's Contributions

In accordance with and only as required by the Regulations under the Pension Benefits Act of Ontario and after taking into account the assets and liabilities of the Plan attributable to Members who are the Employees or former Employees of each Employer, each Employer shall contribute to the Trust Fund each month such amount as is determined by the Principal Employer based on the advice of the Actuary, and is required to fund: the normal cost of Career Average Earnings Pensions; the provision for adverse deviations in respect of the normal cost of Career Average Earnings Pensions for Service on and after July 1, 2021; any Plan amendment that increases going concern liabilities; and to amortize any unfunded liability, and reduced solvency deficiency of the Plan.

2. Minimum Employer's Contributions

(a) The Employer's total contributions to the Trust Fund in any Plan Year, including special payments for the amortization of any unfunded liability and reduced solvency deficiency, shall be no less than 8% of the sum of the Pensionable Earnings of all Members in the corresponding Plan Year.

(a) Notwithstanding paragraph (a), Employer contributions shall not exceed the limits described under the Income Tax Act (Canada) and the regulations thereunder.

V. RETIREMENT DATES

1. Normal Retirement

The normal retirement date of a Member shall be the first day of July coincident with or next following the Member's 65th birthday.

2. Early Retirement

A Member may retire early on the first day of any month within ten years of the Member's normal retirement date. It is provided, however, that a member of the faculty may retire only on the first day of January or the first day of July of any year within that period.

3. Postponed Retirement

(a) A Member may postpone retirement from employment beyond the normal retirement date. The start of the Member's pension may not be postponed beyond the date as defined by subsection 8502 (e) of the Income Tax Regulations (Canada).

(b) If a Member elects to postpone retirement from employment, the Member shall continue to make contributions to the Plan after the normal retirement date and will continue to earn Years of Contributory CAE Service for the period during which contributions continue until the earlier of the Member’s cessation of employment or the date as defined by subsection 8502 (e) of the Income Tax Regulations (Canada).

VI. RETIREMENT BENEFITS

1. Amount of Pension

(a) The initial amount of pension payable to a Member who retires in accordance with Section V shall be equal to the sum of: the Career Average Earnings Pension calculated in accordance with subsection (2); the Final Average Earnings Pension calculated in accordance with subsection (3), if any; the Defined Contribution Pension calculated in accordance with subsection (4), if any; and the Supplementary Pension calculated in accordance with subsection (5), and the additional pension calculated in accordance with subparagraph (8)(a)(i) if any.

(b) The pension described in paragraph (a) shall be payable monthly, commencing on the last day of the month in which the Member's retirement date occurs.

(c) Effective on each July 1 after the Member has been retired for one full Plan Year, the amount of pension payable to the Member for pensions payable under subsections (3), (4) and (5), if any, shall be increased to the lesser of:

(i) 103% of the pension payable in the previous Plan Year, and

(ii) The initial amount of pension payable at the Member's retirement date multiplied by the ratio of the Average Consumer Price Index, as defined by section 8500 of the Income Tax Regulations (Canada), for the year in which the increase occurs to the Average Consumer Price Index for the year in which pension payments commenced.

It is provided, however, that a Member's pension for a particular Plan Year shall not be less than the Member's pension for the previous Plan Year.

2. Career Average Earnings Pension

(a) The initial annual amount of Career Average Earnings Pension payable to a Member who retires on the normal retirement date and elects a life guaranteed 10 years form of pension shall be the sum of 1.3% of the Member's Pensionable Earnings in each Year of Contributory CAE Service up to the Y.A.M.P.E., plus 2% of the Pensionable Earnings in excess of the Y.A.M.P.E. in each Year of Contributory CAE Service.

(b) Subject to paragraph (e), the initial amount of Career Average Earnings Pension payable to a Member who retires before the normal retirement date and elects the life guaranteed 10 years form of pension shall be the amount described in paragraph (a), but reduced on an actuarially equivalent basis from the Member’s 62nd birthday to reflect the early commencement of the pension.

(c) The initial amount of Career Average Earnings Pension payable to a Member who postpones retirement and elects a life guaranteed 10 years form of pension shall be equal to the amount described in paragraph (a) as of the Member's postponed retirement date under subsection V(3).

(d) If a retiring Member elects a form of pension other than life guaranteed 10 years, the initial amount of Career Average Earnings Pension determined above shall be adjusted on an actuarially equivalent basis.

(e) Notwithstanding paragraph (b), the Career Average Earnings Pension payable to a Member who retires as a LUFA Member or a Senior Leadership Member prior to their normal retirement date will be actuarially reduced from the Member’s normal retirement date, provided that this paragraph (e) shall not apply to any LUFA Member or Senior Leadership Member who had attained age 62 prior to July 1, 2021.

3. <u>Final Average Earnings Pension</u>

(a) The initial annual amount of Final Average Earnings Pension payable to a Member who retires on the normal retirement date and elects a life guaranteed 10 years form of pension shall be equal to 1.3% of the Member's Best Average Pensionable Earnings up to the Average Y.M.P.E. plus 2% of the Best Average Pensionable Earnings in excess of that Average Y.M.P.E. for each Year of Contributory FAE Service.

(b) Subject to paragraph (e), the initial amount of Final Average Earnings Pension payable to a Member who retires before the normal retirement date and elects the life guaranteed 10 years form of pension shall be the amount described in paragraph (a), but reduced on an actuarially equivalent basis from the Member’s 62nd birthday to reflect the early commencement of the pension.

(c) The initial amount of Final Average Earnings Pension payable to a Member who postpones retirement and elects a life guaranteed 10 years form of pension shall be equal to the amount described in paragraph (a) based on the Years of Contributory FAE Service, Best Average Pensionable Earnings and Average Y.M.P.E. as of the Member's postponed retirement date under subsection V(3), provided that Years of Contributory FAE Service, Best Average Pensionable Earnings and Average Y.M.P.E. shall not increase beyond June 30, 2021.

(d) If a retiring Member elects a form of pension other than life guaranteed 10 years, the initial amount of Final Average Earnings Pension determined above shall be adjusted on an actuarially equivalent basis.

(e) Notwithstanding paragraph (b), the Final Average Earnings Pension payable to a Member who retires as a LUFA Member or a Senior Leadership Member prior to their normal retirement date will be actuarially reduced from the Member’s normal retirement date, provided that this paragraph (e) shall not apply to any LUFA Member or Senior Leadership Member who had attained age 62 prior to July 1, 2021.

4. Defined Contribution Pension

(a) The initial Defined Contribution Pension of a Member shall be the amount of pension, that can be provided by the balance in the Member's Defined Contribution Account.

(b) In order to facilitate the timely determination of a retiring Member's Defined Contribution Pension, the Principal Employer may, in its discretion, deem the balance in the Member's Defined Contribution Account as of the Member's expected retirement date to be equal to the sum of:

(i) The balance in the Member's Defined Contribution Account as of the end of the most recently completed quarter year, determined in accordance with subparagraph X(5)(b)(iii), plus

(ii) Interest for the period from the end of the most recently completed quarter year until the expected retirement date at such rate as shall be determined from time to time by the Principal Employer.

(c)

(i) For the purposes of this Plan, the initial amount of Defined Contribution Pension which can be provided by the balance in a Member's Defined Contribution Account shall be determined by dividing the balance in that Account as of the retirement date by an annuity factor determined by the Principal Employer to be appropriate for the Member's age at the retirement date and elected form of pension. It is expressly provided that the sex of the Member shall not be taken into account in determining the amount of the pension.

(ii) At the option of the Principal Employer, retirement benefits may be provided through the purchase of annuity contracts from a licensed life insurance company, provided that the benefits provided by such annuity contracts shall be generally consistent, in the opinion of the Principal Employer, with the benefits provided under this Plan. In such cases, the amount of Defined Contribution Pension which can be provided by the balance in a Member's Defined Contribution Account shall be determined in accordance with the premium rates for such annuity contracts.

5. <u>Supplementary Pension</u>

(a) The initial Supplementary Pension payable to a Member is the excess, if any, of the Member's Minimum Guaranteed Pension over the Member's Defined Contribution Pension.

(b) The initial annual amount of Minimum Guaranteed Pension payable to a Member who retires on the normal retirement date and elects a life guaranteed 10 years form of pension shall be equal to the sum of the following amounts:

(i) For each Year of Contributory Hybrid Service between June 30, 1975 and June 30, 2012:

1.3% of the Member's Best Average Pensionable Earnings up to the Average Y.M.P.E. plus 2% of the Best Average Pensionable Earnings in excess of that Average Y.M.P.E.;

(ii) For each Year of Contributory Hybrid Service between July 1, 1966 and June 30, 1975:

0.75% of the Member's Best Average Pensionable Earnings up to the Average Y.M.P.E. plus 1.75% of the Best Average Pensionable Earnings in excess of that Average Y.M.P.E.;

(iii) For each Year of Contributory Hybrid Service before July 1, 1966:

1.5% of the Member's Best Average Pensionable Earnings.

(c) Subject to paragraph (f), the initial amount of Minimum Guaranteed Pension payable to a Member who retires before the normal retirement date and elects the life guaranteed 10 years form of pension shall be the amount described in paragraph (b), , but reduced on an actuarially equivalent basis from the Member's 62nd birthday to reflect the early commencement of the pension.

(d) The initial amount of Minimum Guaranteed Pension payable to a Member who postpones retirement and elects a life guaranteed 10 years form of pension shall be equal to the amount described in paragraph (b) based on the Years of Contributory Hybrid Service, Best Average Pensionable Earnings and Average Y.M.P.E. as of the Member's postponed retirement date under subsection V(3) provided that. Best Average Pensionable Earnings and Average Y.M.P.E. shall not increase beyond June 30, 2021.

(e) If a retiring Member elects a form of pension other than life guaranteed 10 years, the initial amount of the Minimum Guaranteed Pension determined above shall be adjusted on an actuarially equivalent basis.

(f) Notwithstanding paragraph (c), the Minimum Guaranteed Pension payable to a Member who retires as a LUFA Member or a Senior Leadership Member prior to their normal retirement date will be actuarially reduced from the Member's normal retirement date, provided that this paragraph (f) shall not apply to any LUFA Member or Senior Leadership Member who had attained age 62 prior to July 1, 2021.

6. Form of Pension

(a) The normal form of pension is payments for life, guaranteed 10 years.

(b) Subject to the provisions of paragraph (c), a Member may elect to convert the pension from the normal form to one or a combination of more than one of the following forms:

(i) Payments for life guaranteed 5 years;

(ii) Payments for life guaranteed 15 years;

(iii) Joint life and last survivor, payable so long as either the Member or his or her Spouse survives;

(iv) Joint life and last survivor, payable so long as either the Member or his or her former Spouse survives.

An election of an optional form must be filed in writing by the Member with the Principal Employer not later than the Member's retirement date. If no election is made, the pension shall be payable in the life guaranteed 10 years form.

Where the Member elects a joint life and last survivor pension payable to the Spouse, the Member shall specify the amount of survivor pension to be payable during the Spouse's lifetime after the death of the Member.

Where the Member elects a joint life and last survivor pension payable to the former Spouse, the Member shall specify the amount of survivor pension to be payable during the former Spouse's lifetime after the death of the Member.

The total survivor pension paid to a Spouse and former Spouse in respect of any month shall be not more than 100% of the amount that would have been payable to the Member if the Member had been alive in the month, including any indexing adjustments that would have been made to pensions payable under subsections (3), (4) and (5), if any, in accordance with subsection 1(c) of this Section VI.

(c)

(i) Except as provided in subparagraph (ii) hereof, a Member or a former Member who has a Spouse on the date that the payment of the first instalment of his or her pension is due shall convert the pension from the normal form to a joint life and last survivor pension. The amount of the Spouse’s survivor pension in respect of any month shall not be less than

60% of the amount that would have been payable to the Member if the Member had been alive in the month, including any indexing adjustments that would have been made to pensions payable under subsections (3), (4) and (5), if any, in accordance with subsection 1(c) of this Section VI.

(ii) Subparagraph (i) shall not apply in respect of any Member who, within the twelve-month period immediately preceding the date that the payment of the first instalment of his or her pension is due, files a written agreement in the form prescribed by the Principal Employer signed by both the Member and his or her Spouse waiving the form of pension described in subparagraph (i).

(d) If a Member's pension is required to commence as a result of the operation of subsection 8502 (e) of the Income Tax Regulations (Canada) and the Member has not filed an election with the Principal Employer regarding his or her form of pension, such Member is deemed to have elected to receive a pension in following form, as applicable based on the most current spousal status information in the Principal Employer's records:

(i) if the Member has a Spouse on the date that payment of the first instalment of his or her pension is due and a waiver of the joint and survivor pension has not been filed in accordance with subparagraph (c)(ii) above, the pension shall be paid in a joint life and last survivor form with the survivor pension equal to 60% of the amount payable to the Member; and

(ii) in all other cases, the pension shall be paid in the life guaranteed 10 years form.

7. Benefits from Excess Required Contributions

A Member who retires in accordance with Section V shall be entitled to receive a lump sum payment, which shall not be locked-in, equal to the excess if any of the value of such Member's Defined Benefit Account over 50% of the total Commuted Value of the Member's Career Average Earnings Pension and Final Average Earnings Pension, if any.

8. Additional Benefits

(a) In addition to the benefits provided in accordance with the foregoing subsections hereof, a Member who retires in accordance with Section V of the Plan shall be entitled to receive:

(i) An additional pension in the amount that may be provided by the part of the Member's Transfer Account that is attributable to one or more locked-in transfers from other registered plans, if any, plus

(ii) A lump sum payment equal to the value of the Member's Voluntary Contribution Account and the Member's Transfer Account other than the part that is attributable to locked-in transfers, if any.

(b) In lieu of the lump sum payment referred to in paragraph (a) (ii), a Member may elect to have an amount equal to that lump sum payment transferred on the Member's behalf to another registered pension plan, a Registered Retirement Savings Plan or a Registered Retirement Income Fund.

(c) The additional pension described in paragraph (a) (i) shall be determined in a manner consistent with the provisions of subsections (1), (2), (3), (4) and (6) of this subsection VI.

VII. DEATH BENEFITS

1. Statutory Benefit

(a) A lump sum benefit shall be paid to the Spouse of a Member who dies before the date on which payment of the Member's pension is to begin. The amount payable to the Spouse is equal to the sum of:

(i) The Commuted Value of the Member's deferred Career Average Earnings Pension and Final Average Earnings Pension. For this purpose, the amount of the Member's deferred Career Average Earnings Pension and Final Average Earnings Pension shall be based on the assumption that the Member had terminated employment on the date of death,

(ii) The excess, if any, of the value of the Member’s Defined Benefit Account over 50% of the total Commuted Value of the Member’s Career Average Earnings Pension and Final Average Earnings Pension as of the date of death,

(iii) The value, as of the end of the month in which the Member died, of the part of the Member's Defined Contribution Account that is attributable to employment after December 31, 1986, and

(iv) The Commuted Value of the part of the Member's deferred Supplementary Pension that is attributable to employment after December 31, 1986. For this purpose, the amount of the Member's deferred Supplementary Pension shall be based on the assumption that the Member had terminated employment on the date of death, and

(v) Any portion of the Defined Contribution Account of a Member relating to contributions made in respect of employment prior to January 1, 1987 plus investment return thereon as may be required under the Pension Benefits Act of Ontario.

(b) If the Member did not have a Spouse on the date of death, or if the Spouse waived his or her entitlement under paragraph (a), the benefit shall be payable to the Member’s designated beneficiary.

2. <u>Balance of Pre-Retirement Death Benefit</u>

In addition to the benefits provided under subsection (1), a lump sum benefit shall be paid to the designated beneficiary of a Member who dies before the date on which payment of the Member’s pension is to begin. The amount payable to the designated beneficiary is the excess, if any, of

(a) The sum of

(i) The value of the Member's Defined Contribution Account as of the end of the month of death, and

(ii) The Commuted Value of the Member's deferred Supplementary Pension, based on the assumption that the Member had terminated employment on the date of death, over

(b) The amount of benefit provided under paragraphs (1)(iii) through (v).

3. <u>No Beneficiary</u>

If no beneficiary has been nominated or if the designated beneficiary predeceased the Member, the benefit provided by subsection (1) shall be paid to the executors or administrators of the Member's estate.

4. <u>Optional Spouse Benefit</u>

A Spouse who is entitled to a benefit under this Section may elect within one year after the death of the Member, in lieu of a lump sum payment, either (a) or (b) as follows:

(a) To have an amount equal to that lump sum payment used to provide an immediate or deferred lifetime pension to the Spouse, which may include a guarantee period not exceeding 15 years. Such pension shall commence no later than the later of:

(i) One year after the date of death of the Member, or

(ii) The date as defined by subsection 8502 (e) of the Income Tax Regulations (Canada) in respect of the Spouse.

(b) To have an amount equal to that lump sum payment transferred on the Spouse's behalf to another registered pension plan, a Registered Retirement Savings Plan or a Registered Retirement Income Fund.

5. Additional Benefits

In addition to the benefits provided in accordance with the foregoing subsections hereof, the value, as of the end of the month of death, of the Member's Voluntary Contribution Account and Transfer Account, if any, shall be paid to the designated beneficiary of the Member or the Member's estate, as applicable.

6. Post-Retirement Death Benefit

In the event of the death of a Member on or after the date on which payment of the Member's pension is to begin, the amounts payable, if any, shall be in accordance with the form of pension selected by the Member.

The full amount of the Member’s monthly pension is due to the Member for the month of the Member’s death and any post-retirement death benefits payable to the Spouse, designated beneficiary, or estate commence on a monthly basis thereafter.

Where the Member has elected a pension based on the Member’s life only and with a guarantee period, and where the Member dies before the guarantee period expires, the Member’s designated beneficiary may elect either (a) or (b) as follows:

(a) To receive monthly pension payments for the remaining guarantee period, or

(b) To receive a lump sum equal to the Commuted Value of the Member’s remaining guaranteed pension payments.

7. Interest

Where a benefit under this Section is not paid until after the month of death, it shall be adjusted for interest for each complete month by which the payment date is after the end of the month of death. The interest rate used for this purpose shall be determined from time to time by the Principal Employer, and shall not be less than the minimum rate required by the Pension Benefits Act of Ontario and regulations thereunder.

VIII. TERMINATION BENEFITS

1. Deferred Pension

(a) A Member who terminates membership in the Plan prior to becoming eligible for early retirement is entitled to receive a deferred pension, payable monthly, commencing on the last day of the month in which the Member's normal retirement date occurs and payable in the life guaranteed 10 years form in an amount that is equal to the sum of:

(i) The Career Average Earnings Pension determined in accordance with the provisions of subsection VI (2).

(ii) The Final Average Earnings Pension determined in accordance with the provisions of subsection VI (3) based on the Member’s Years of Contributory FAE Service, Best Average Pensionable Earnings and Average Y.M.P.E.,

(iii) The Defined Contribution Pension that can be provided by the balance in the Member's Defined Contribution Account, and

(iv) The Supplementary Pension determined in accordance with the provisions of subsection VI(5) based on the Years of Contributory Hybrid Service, Best Average Pensionable Earnings and Average Y.M.P.E..

(b) In lieu of the deferred pension described in paragraph (a), a Member may elect to receive a deferred pension, payable monthly, commencing on the last day of any month, between July 31st of the year in which the Member attains, or next follows the Member’s attainment of age 55 and the Member’s normal retirement date. The Member may also elect an optional form of pension in accordance with subsection VI(6). Where such an election is made, the amount of deferred pension shall be adjusted in accordance with the provisions of Section VI.

2. Benefits from Excess Required Contributions

A Member who terminates membership in the Plan is also entitled to receive a lump sum payment, which shall not be locked-in, equal to the excess if any of the value of such Member’s Defined Benefit Account over 50% of the total Commuted Value of the

Member’s Career Average Earnings Pension and Final Average Earnings Pension, if any, as of the date of termination.

3. Transfer Option

(a) In lieu of the deferred pension described in subsection (1), a Member who terminates membership in the Plan before becoming eligible for early retirement under subsection V(2) may, within 120 days after terminating membership in the Plan, elect a transfer of a lump sum equal to the sum of:

(i) The Commuted Value of the deferred Career Average Earnings Pension described in paragraph (1) (a) (i),

(ii) The Commuted Value of the deferred Final Average Earnings Pension described in paragraph (1) (a) (ii), if any,

(iii) The balance in the Member's Defined Contribution Account, if any, and

(iv) The Commuted Value of the deferred Supplementary Pension described in subparagraph (1) (a) (iv), if any.

(b) The lump sum amount described in paragraph (a) may be transferred on a locked-in basis:

(i) to a Locked-in Retirement Account or Life Income Fund of the Member,

(ii) to the registered pension plan of an employer of the Member, if the plan so permits, or

(iii) to an insurance company for the purchase of a life annuity contract under which payments will commence not more than ten years before the Member's normal retirement date and not later than the date as defined by subsection 8502 (e) of the Income Tax Regulations (Canada).

(c) The value of the lump sum amount described in paragraph (a) hereof shall not be available as a direct payment to the Member, and that amount shall only be transferred in accordance with paragraph (b) if the transferee agrees to administer it as a pension or deferred pension in accordance with the Pension Benefits Act of Ontario and regulations thereunder.

(d) Notwithstanding paragraphs (b) (i) and (c) hereof, if the lump sum amount described in paragraph (a) hereof exceeds the limit prescribed by section 8517 of the Income Tax Regulations (Canada), then the excess amount may be transferred to a Registered Retirement Savings Plan or Registered Retirement Income Fund or taken in cash, provided that such transfer complies with the provisions of the Pension Benefits Act of Ontario and regulations thereunder.

4. Additional Benefits

(a) In addition to the benefits provided in accordance with the foregoing subsections hereof, a Member who terminates membership in the Plan shall be entitled to receive:

(i) An additional pension in the amount that can be provided by the part of the Member's Transfer Account that is attributable to one or more locked-in transfers from other registered plans, if any, plus

(ii) A lump sum payment equal to the value of the Member's Voluntary Contribution Account and the Member's Transfer Account other than the part that is attributable to locked-in transfers, if any.

(b) In lieu of the benefits described in paragraph (a), a Member may, within 120 days after terminating membership in the Plan, elect to have an amount equal to the value of the Member's Voluntary Contribution Account and Transfer Account transferred on the Member's behalf to another registered pension plan, a Registered Retirement Savings Plan or a Registered Retirement Income Fund. It is provided, however, that the value of the part of the Member's Transfer Account that is attributable to one or more locked-in transfers from other registered plans, if any, shall only be transferred in accordance with this subsection if the transferee agrees to administer that amount as a pension or deferred pension in accordance with the Pension Benefits Act of Ontario and regulations thereunder.

IX. DISABILITY BENEFIT

1. Long-Term Disability Income Plan

If a Member receives a disability income under the Employer's Long-Term Disability Income Plan, the Member shall not make regular contributions to the Plan during the period of receipt of that benefit.

2. Workplace Safety and Insurance Act, 1997

A Member shall not make regular contributions to the Plan during the period in which the Member receives a disability income under the Workplace Safety and Insurance Act, 1997.

3. Defined Benefit Pension

(a) For the purpose of calculating the Career Average Earnings Pension or Final Average Earnings Pension, if any, of a Member who is disabled and receives a disability income under the Employer's Long-Term Disability Income Plan or the Workplace Safety and Insurance Act, 1997, the Years of Contributory CAE Service and Years of Contributory FAE Service shall be deemed to include the period of receipt of such a disability income up to the earlier of the Member's retirement date or the date at which the person ceased to be a Member of the Plan in accordance with paragraph II(8) (d), if applicable. During such a period, the Member's Pensionable Earnings shall be deemed to be continued at the same rate that they were immediately before the Member became disabled. No Years of Contributory CAE Service shall be credited for a period of time during which a Member has been credited with Years of Contributory FAE Service or Years of Contributory Hybrid Service.

(b) For the purposes of this Plan, a Member is deemed to be disabled if he or she is suffering from a physical or mental impairment that prevents the Member from performing the duties of employment in which the Member was engaged before the commencement of the impairment.

4. Minimum Guaranteed Pension

For the purpose of calculating the Minimum Guaranteed pension of a Member who is disabled and received a disability income under the Employer's Long-Term Disability

Income Plan or the Workplace Safety and Insurance Act, 1997, the Years of Contributory Hybrid Service shall be deemed to include the period of receipt of such a disability income, but no later than June 30, 2011 in respect of 2011 FAE DB Members and June 30, 2012 in respect of 2012 FAE DB Members. During such a period, the Member's Pensionable Earnings shall be deemed to be continued at the same rate that they were immediately before the Member became disabled.

X. ADMINISTRATION OF THE PLAN

1. Administrator

The Plan shall be administered by the Principal Employer and, subject to the terms of the Plan, the Principal Employer shall, after consultation with the Pension Committee, formulate such rules and regulations relating to the operation of the Plan as are necessary to the operation of the Plan in accordance with these provisions, and shall amend such rules and regulations as shall from time to time be advisable.

2. Actuary

The Principal Employer shall appoint an Actuary who shall, at least as often as required under applicable legislation, provide a written report on the state of the Trust Fund and on the contribution required from the Employer to provide the Career Average Earnings Pensions, Final Average Earnings Pensions and Supplementary Pensions. The Actuary shall also advise the Principal Employer on all actuarial matters and recommend the actuarial equivalents and commuted values required under the Plan.

3. Trustee

The Principal Employer shall ensure that at all times a company that is authorized to act in that capacity is Trustee of the Trust Fund and has custody of that Trust Fund. To this end, it may appoint, reappoint or change the appointment of such a Trustee.

4. Investment Counsel

The Principal Employer may, from time to time, after consultation with the Pension Committee, appoint Investment Counsel to advise on or be responsible for investing the Trust Fund and may also employ such legal, clerical or accounting services as may be required or deemed expedient for the administration of the Plan.

5. Plan Records

(a) The Principal Employer shall keep records for each Member of the Plan showing the amount and date of all contributions made by the Member to the Member's Defined Benefit Account and all other records required to be maintained to perform its duties and obligations under the terms of the Plan.

(b) Plan Records for Defined Contribution Accounts, Voluntary Accounts and Transfer Accounts.

(i) The Principal Employer shall keep records for each Member of the Plan showing the amount and date of all contributions made by the Member and the Employer to the Member's Defined Contribution Account, all voluntary contributions to the Member's Voluntary Contribution Account and all sums transferred to the Member's Transfer Account and all other records required to be maintained to perform its duties and obligations under the terms of the Plan.

(ii) At the end of each Plan Year, after receipt from the Trustee of the annual financial report of the Trust Fund, the Principal Employer shall cause to be entered on the record of each Member's account or accounts that account's share of the total of interest, dividend and other income of the Defined Contribution Fund, plus realized and unrealized capital gains and losses, for the full year. This share shall be determined by taking the average balance during the Plan Year in each Member's account in relation to the average balance in the total Trust Fund.

(iii) The balance in a Member's Defined Contribution Account, Voluntary Contribution Account or Transfer Account at any time during a Plan Year, other than at the end of the Plan Year, shall be equal to the sum of:

(A) the balance in such account as of the end of the preceding Plan Year,

(B) any contributions credited to the account by the Member and/or Employer during the Plan Year, and

(C) estimated investment income for the Plan Year.

(iv) For the purposes of paragraph (iii)(C), the rate of investment income or loss for each complete quarter year shall be estimated from the information contained in the statements provided by the Trustee. Interest for each complete month from the end of the last complete quarter year to the beginning of the month in which the account value is to be determined shall be credited at such rate as shall be determined from time to time by the Principal Employer, and shall not be less than the minimum rate required by the Pension Benefits Act of Ontario and regulations thereunder.

(v) Notwithstanding paragraph (ii) hereof, a Member may elect an alternative method of computing the share of the investment income to be credited to the Member's Defined Contribution Account or Transfer Account, provided that all of the following conditions are satisfied:

(A) The effective date of the election is the first day of one of the three Plan Years immediately preceding the Member's Normal Retirement Date;

(B) The Member files the election in writing with the Principal Employer before its effective date;

(C) On the effective date of the election, the Member is employed by an Employer or in receipt of a disability income under the Employer's Long-Term Disability Income Plan or the Workplace Safety and Insurance Act, 1997; and

(D) According to the most recent estimate prepared by or under the direction of the Actuary, the Member's projected Supplementary Pension, assuming retirement on the effective date of the election, is nil.

(vi) Where an election is made in accordance with paragraph (v), the Member must specify the percentage of the Member's Defined Contribution Account or Transfer Account as of the effective date of the election to which the election is to apply. Such percentage shall be at least 25%. The amount so elected shall be credited with investment income at the rate described in paragraph (vii). The remainder of the Member's Defined Contribution Account and Transfer Account, including the part thereof derived from contributions made after the effective date of the election, shall be credited with investment income in accordance with the provisions of paragraph (ii).

(vii) Under the alternative method mentioned in paragraphs (v) and (vi), the share of the investment income to be credited to the Member's Defined Contribution Account or Transfer Account in a Plan Year is based on the rate of return earned in the year by the portion of the Trust Fund that is invested in money market securities. Such rate of return shall be determined by the Principal Employer, based on the information contained in the statements provided by the Trustee.

6. Construction

This Plan shall be administered and construed in accordance with the laws of the Province of Ontario.

7. Employer Reports

As a condition of participating in the Plan, it shall be the responsibility of each Employer other than the Principal Employer to supply to the Principal Employer all such reports, records and information as are required to permit the Principal Employer to perform its duties and obligations under the terms of the Plan.

8. Expenses

All reasonable expenses incurred in administering the Plan and the Trust Fund shall be paid directly by the Principal Employer rather than through the Trust Fund, unless other cost sharing arrangements have been agreed to by the Pension Committee. Notwithstanding the above, the fee associated with a statement addressed in paragraph XI(4)(f) is payable by the Member or his or her spouse or former spouse, as applicable.

9. One-Time Election for Former Members

A person who:

(i) on April 7, 2021 is a former Member and not in receipt of a pension, and

(ii) was, based on the terms of the Plan in effect immediately prior to April 7, 2021, entitled to elect a lump sum commuted value transfer in lieu of a pension benefit or a deferred pension, was on or about May 6, 2021 given notice of a final opportunity to elect a lump sum transfer option.

If the former Member does not elect a transfer option within the time provided for such election, the former Member shall retain the right to the pension benefit or deferred pension, as applicable, and shall not be entitled to a lump sum transfer from the Plan at any time in the future except as permitted by subsection XI(8) in respect of a non-resident of Canada or as required under the Pension Benefits Act of Ontario in the case of a shortened life expectancy.

10. Application of Surplus

If at any time, the assets of the Trust Fund shall exceed the amount required to provide for all the pensions and other benefits accrued to date under the Plan, such excess shall be applied, subject to the Pension Benefits Act of Ontario, the Income Tax Act (Canada) and associated regulations, by the Principal Employer upon the recommendation of the Pension Committee and in accordance with the Benefits and Funding Policy adopted pursuant to the Pension Term Sheet executed by the Principal Employer, the Laurentian University Faculty Association and the Laurentian University Staff Union on April 7, 2021:

(a) to improve benefits under the Plan; and

(b) to provide a reserve for contingencies, including future cost increases resulting from adverse experience or from future plan amendments.

XI. MISCELLANEOUS

1. Proof of Age

Every Member, and every other person entitled to any benefit under this Plan that is dependent on age, shall furnish proof of age satisfactory to the Principal Employer and no benefits under the Plan shall be paid until such proof has been received and admitted by the Principal Employer.

2. Designation of Beneficiary

Each Member, former Member or retired Member who is entitled to a benefit under this Plan may name, by giving notice to the Principal Employer, a beneficiary to receive any payments which may be payable on or after such person’s death, other than those benefits that must be paid to the Member's Spouse. The Member, former Member or retired Member may, by notice to the Principal Employer, change such beneficiary from time to time. If the Principal Employer has not received notice of naming a beneficiary or if the named beneficiary predeceases the Member, former Member or retired Member, all benefits shall be paid to the legal representative of the deceased Member.

3. Rights to Employment

Participation in the Plan shall not enlarge nor diminish nor establish any rights to employment with the Employer which the Member did or did not formerly possess as an employee of an Employer.

4. Information to Members

(a) The Principal Employer shall provide information to such persons as may be required by the Pension Benefits Act of Ontario and may communicate with such persons in any manner as may be permitted by the Pension Benefits Act of Ontario.

(b) The Principal Employer shall provide to each person who is entitled to a benefit under the Plan a notice and written explanation of any amendment to the Plan that affects the person's benefits, rights or obligations.

(c) The Principal Employer shall provide each person who is entitled to a benefit under the Plan with an annual statement to the extent required by the Pension Benefits Act of Ontario and in a form that complies with the Pension Benefits Act of Ontario and the regulations thereunder.

(d) Whenever a Member terminates membership in the Plan, a written statement shall be provided to the Member or to any other person who as a result becomes entitled to a payment under the Plan. The statement shall describe the benefits, rights and obligations of the Member or other person.

(e) On written request, the Principal Employer shall make available for inspection without charge all the documents and information prescribed by the Pension Benefits Act of Ontario and the regulations thereunder. Such documents and information shall be made available to any Member, former Member, retired Member, spouse of a Member, former Member or retired Member, any other person entitled to benefits under the Plan, an authorized agent of any of the above persons or a representative of a trade union that represents Members of the Plan. The documents and information may be inspected in the Pensions and Benefits Office, and copies may be obtained on payment of a fee of 50 cents per page to the Principal Employer.

(f) The Principal Employer shall,

(i) if an application for an imputed value statement for family law purposes has been made in accordance with the Pension Benefits Act of Ontario, and

(ii) a fee has been paid to the Principal Employer in the amount of $800 in respect of a Member with credit for Years of Contributory Hybrid Service or $600 in respect of a Member without any Years of Contributory Hybrid Service, or such greater amount as may be permitted under the Pension Benefits Act of Ontario from time to time,

provide an imputed value statement for family law purposes to the affected Member, former Member, retired Member and such person’s spouse or former spouse as required in accordance with the Pension Benefits Act of Ontario.

5. Non-Alienation of Benefits

No right of any person under the Plan is capable of being assigned, charged, anticipated, given as security surrendered, or subject to execution, seizure or attachment. Notwithstanding the above, pension benefits are subject to:

(a) execution, seizure or attachment in satisfaction of an order for support enforceable in Ontario as permitted under the Pension Benefits Act of Ontario.

(b) assignment, transfer or division pursuant to an order under Part I of the Family Law Act of Ontario, or a domestic contract or family arbitration award (both as defined in the Pension Benefits Act of Ontario) between an individual and the individual's spouse or former spouse, in accordance with the Pension Benefits Act of Ontario and the Income Tax Act (Canada), and

(c) assignment by the legal representative of a deceased individual on the distribution of the individual's estate.

6. Timing of Contributions

All contributions of the Members and of the Employer shall be paid into the Trust Fund within thirty days of the last day of each month for which the contributions were made.

7. Reciprocal Agreements

Notwithstanding subsection III(3), the Principal Employer may, in its discretion, enter into reciprocal agreements with the sponsors of other pension plans. Such agreements may provide for the transfer of funds in respect of an employee who transfers from one pension plan to the other and may also provide for the transfer of some or all of the employee's credited service.

8. Non-Resident Unlocking

Notwithstanding Section VIII, in lieu of a deferred pension, a former Member who is not yet eligible to commence receipt of a pension under the Plan and has become a non-resident of Canada for the purpose of the Income Tax Act (Canada) and meets all other requirements set out in the Pension Benefits Act of Ontario or the regulations thereunder, may elect to receive a direct payment, which shall not be locked-in, equal to the amount determined under subsection VIII(3)(a).

XII. MAXIMUM PENSION BENEFIT

1. <u>Defined Benefit Pension Maximum</u>

Notwithstanding anything contained herein, the total amount of a Member’s initial Career Average Earnings Pension and Final Average Earnings Pension, if any, determined on an annual basis at retirement, termination of employment or termination of the Plan, including any distribution of surplus and any amount paid out to the Member's spouse as a result of marriage breakdown, shall not exceed the lesser of:

1. 2% of the Member's best average earnings, or

2. the Defined Benefit Limit for the calendar year in which pension payments commence,

multiplied by the sum of the Member's Years of Contributory CAE Service and Years of Contributory FAE Service, if any, provided that the above amount shall be reduced by 0.25% for each month, if any, by which the pension commencement date precedes the earliest of:

(i) the day on which the Member would attain age 60;

(ii) the day on which the Member would complete 30 Years of Contributory Service if the Member continued in employment with the Employer; or

(iii) the day on which the sum of the Member's age and Years of Contributory Service would equal 80 if the member continued in employment with the Employer.

The total of the Career Average Earnings Pension and Final Average Earnings Pension, if any, payable on an annual basis to a Member for any calendar year after the year in which pension payments commence shall not exceed the initial amount described above multiplied by the ratio of the Average Consumer Price Index, as defined by section 8500 of the Income Tax Regulations (Canada), for the year of payment to the Average Consumer Price Index for the calendar year in which pension payments commenced.

2. <u>Minimum Guaranteed Pension Maximum</u>

Notwithstanding anything contained herein, the initial Minimum Guaranteed Pension determined on an annual basis at retirement, termination of employment or termination of the Plan, including any distribution of surplus and any amount paid out to the Member's spouse as a result of marriage breakdown, shall not exceed the lesser of:

1. 2% of the Member's best average earnings, or

2. the Defined Benefit Limit for the calendar year in which pension payments commence,

multiplied by the Member's Years of Contributory Hybrid Service provided that the above amount shall be reduced by 0.25% for each month, if any, by which the pension commencement date precedes the earliest of the day on which:

(i) the Member would attain age 60;

(ii) the day on which the Member would complete 30 Years of Contributory Service if the Member continued in employment with the Employer; or

(iii) the day on which the sum of the Member's age and Years of Contributory Service would equal 80 if the member continued in employment with the Employer.

The Minimum Guaranteed Pension payable on an annual basis to a Member for any calendar year after the year in which pension payments commence shall not exceed the initial amount described above multiplied by the ratio of the Average Consumer Price Index, as defined by section 8500 of the Income Tax Regulations (Canada), for the year of payment to the Average Consumer Price Index for the calendar year in which pension payments commenced.

3. <u>Definitions</u>

The “Defined Benefit Limit” for the purposes of this section means one-ninth of the Money Purchase Limit for the year, as defined by section 147.1 of the Income Tax Act (Canada).

“Years of Contributory Service” for the purposes of this section, is the sum of a Member’s

Years of Contributory CAE Service, Years of Contributory FAE Service, and Years of Contributory Hybrid Service.

"Years of Contributory Hybrid Service" for the purposes of this section is subject to a maximum of 35 such years before January 1, 1990.

"Best average earnings" for the purposes of this section means the average annual total earnings of a Member during the three Plan Years in which those earnings were highest, except that if a Member has completed less than three years of service, best average earnings means the average earnings during the entire period of Service.

XIII. MODIFICATION AND TERMINATION OF THE PLAN

1. Modification of Plan

Notwithstanding anything contained herein, the Principal Employer reserves the right to modify or amend in whole or in part any or all of these provisions for any reason at any time after discussion with the Pension Committee, provided that no such modification or amendment shall make it possible to divert or use any part of the Trust Fund for purposes other than the exclusive use or benefit of persons who have or who otherwise might have become eligible for benefits under the Plan.

2. Termination of Plan

The Principal Employer hopes and expects to continue the Plan indefinitely, but notwithstanding anything contained herein, reserves the right to discontinue the plan for any reason at any time after discussion with the Pension Committee. In the event of such discontinuance, the assets held by the Trustee comprising the Trust Fund shall be used or applied for the benefit of persons who have or who otherwise might have become eligible for benefits under the Plan in such an equitable manner as the Principal Employer in consultation with the Pension Committee and the Actuary may, in its discretion, determine in accordance with the intent and purpose of the Plan, subject to compliance with the Pension Benefits Act of Ontario and regulations thereunder. No such discontinuance shall result in any such person receiving a Career Average Earnings Pension, Final Average Earnings Pension, if any, and a Supplementary Pension based on a Minimum Guaranteed Pension, if any, that together, exceed the maximum set out in Section XII, and any assets remaining in the Trust Fund after making provision for the maximum benefits permitted under Section XII for all applicable persons shall revert to the Employer.

3. Termination of Employer Participation

In the event that any Employer ceases participation in the Plan, the Principal Employer may enter into an agreement with such Employer for the transfer of an equitable portion of the Trust Fund to the credit of a pension plan established by the Employer for the benefit of employees and former employees of the Employer who were Members of this Plan or the Prior Plans and such other persons as may be eligible for membership in the Employer's pension plan. In entering into such an agreement, the Principal Employer shall be entitled to rely conclusively on actuarial and legal advice obtained in accordance with Section X. To implement the transfer contemplated by the agreement, the Principal Employer, through its properly designated officers, shall provide the Trustee with all necessary documentation, including authorizations and directions, and the Trustee shall be entitled to rely on such documentation in making the transfer. In the event that such a transfer is made, the Principal Employer shall be reimbursed either directly by the Employer or by diverting to the Principal Employer from the amount that would otherwise be transferred all the expenses incurred by the Principal Employer with respect to the transfer, including but not limited to the fees charged to the Principal Employer for actuarial and legal services and advice.

This is Exhibit “B” referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

<u>AMENDMENT NO. 1</u>

<u>RETIREMENT PLAN OF LAURENTIAN UNIVERSITY OF SUDBURY</u>

WHEREAS:

1. Laurentian University of Sudbury ("**Laurentian University**") is the sponsor of the Retirement Plan of Laurentian University of Sudbury (the "**Plan**");

2. The Plan was last restated as of July 1, 2021;

3. The University of Sudbury and Thorneloe University are participating employers under the Plan in respect of their employees and former employees who were active members, former members or retired members of the Plan on June 30, 2021;

4. Laurentian University commenced a proceeding under the *Companies' Creditors Arrangement Act* (the "**CCAA**") on February 1, 2021;

5. In the context of the CCAA proceeding, Laurentian University disclaimed its federation agreements with University of Sudbury and Thorneloe University, effective May 1, 2021;

6. Laurentian University has permitted University of Sudbury and Thorneloe University to allow active members of the Plan employed by University of Sudbury and Thorneloe University to continue to earn pensionable service under the Plan on a transitional basis until December 31, 2021;

7. Laurentian University has provided notice to University of Sudbury and Thorneloe University of Laurentian University's intention to amend the Plan to (i) cease pension accrual for University of Sudbury and Thorneloe University employees effective December 31, 2021, (ii) confirm the obligations of University of Sudbury and Thorneloe University to continue to fund the pension benefits earned by their respective employees and former employees under the Plan following December 31, 2021 in accordance with the requirements of the *Pension Benefits Act*, and (iii) to confirm the obligations of University of Sudbury and Thorneloe University to provide Laurentian University with the information it requires for the ongoing administration of the Plan;

8. Subsection XIII(1) of the Plan allows Laurentian University to amend the Plan after discussion with the Pension Committee; and

9. Laurentian University discussed the proposed amendments to the Plan with the Pension Committee on November 17, 2021.

BE IT RESOLVED THAT, effective December 31, 2021, the Plan is amended as follows:

1. A new paragraph II(10)(c) is added to the Plan as follows:

"(c) Notwithstanding anything contained herein, effective December 31, 2021, the following provisions shall apply to the University of Sudbury and its employees and former employees:

(i) Employees of the University of Sudbury shall, effective December 31, 2021, cease to accrue Service and Years of Contributory CAE Service and shall cease to make contributions to the Plan under Section III;

(ii) former employees of the University of Sudbury in receipt of a disability income under the Employer's Long-Term Disability Income Plan who are accruing Service and Years of Contributory CAE Service immediately prior to December 31, 2021 shall, effective December 31, 2021, cease to accrue Service and Years of Contributory CAE Service;

(ii) subparagraph IV(2)(a) shall not apply to the University of Sudbury but the University of Sudbury shall continue to be required after December 31, 2021 to make Employer contributions under subsection IV(1) of the Plan in respect of benefits accrued by its employees and former employees under the Plan for Service up to December 31, 2021. For the avoidance of doubt, the University of Sudbury's contributions under subsection IV(1) of the Plan as determined by the Principal Employer based on the advice of the Actuary shall be calculated based on the Plan assets and liabilities relating solely to former employees of the University of Sudbury;

(iii) The University of Sudbury shall continue to be required to provide the necessary reports, records and information to permit the Principal Employer to perform its duties and obligations under the terms of the Plan.

For the avoidance of doubt, the University of Sudbury shall continue to be an Employer under the Plan on and after December 31, 2021 despite that employees of the University of Sudbury shall cease to accrue benefits under the Plan effective December 31, 2021."

2. A new subsection II(13) is added to the Plan as follows:

"13. <u>Employees of Thorneloe University</u>

(a) Notwithstanding anything contained herein, effective December 31, 2021, the following provisions shall apply to Thorneloe University and its employees and former employees:

(i) Employees of Thorneloe University shall, effective December 31, 2021, cease to accrue Service and Years of Contributory CAE

Service and, if applicable, shall cease to make contributions to the Plan under Section III;

(ii) subparagraph IV(2)(a) shall not apply to the Thorneloe University but Thorneloe University shall continue to be required after December 31, 2021 to make Employer contributions under subsection IV(1) of the Plan in respect of benefits accrued by its employees and former employees under the Plan for Service up to December 31, 2021. For the avoidance of doubt, Thorneloe University's contributions under subsection IV(1) of the Plan as determined by the Principal Employer based on the advice of the Actuary shall be calculated based on the Plan assets and liabilities relating solely to former employees of the Thorneloe University; and

(iii) Thorneloe University shall continue to be required to provide the necessary reports, records and information to permit the Principal Employer to perform its duties and obligations under the terms of the Plan.

For the avoidance of doubt, Thorneloe University shall continue to be an Employer under the Plan on and after December 31, 2021 despite that employees of Thorneloe University shall cease to accrue benefits under the Plan effective December 31, 2021."

This is Exhibit "C" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

PENSION PARTICIPATION AGREEMENT

THIS PENSION PARTICIPATION AGREEMENT made and effective as of the 16th day of May, 2022,

BETWEEN:

LAURENTIAN UNIVERSITY OF SUDBURY, a corporation incorporated by *The Laurentian University of Sudbury Act*, 1960

(**"Laurentian"**)

– and –

UNIVERSITY OF SUDBURY, a corporation incorporated by *An Act to Incorporate Sacred Heart College of Sudbury*, 1914

(**"Sudbury"**)

RECITALS:

A. Laurentian established the Retirement Plan of Laurentian University of Sudbury, Registration No. 0267013 (defined herein as the "**Plan**") effective July 1, 1975.

B. Laurentian is the sponsor and administrator of the Plan.

C. Sudbury became a participating employer in the Plan as of October 1, 1995 and as of October 1, 1995, employees of Sudbury were eligible to participate in and accrue pension benefits under the terms of the Plan.

D. On February 1, 2021, Laurentian commenced proceedings (the "**CCAA Proceeding**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**").

E. In the context of the CCAA Proceeding, it was determined that employees and former employees of Sudbury who were participating in the Plan would cease to accrue pension benefits under the Plan on December 31, 2021.

F. Certain Sudbury Members (as defined below) are entitled to pension benefits or other payments from the Fund (as defined below), in accordance with the terms of the Plan.

G. Sudbury is responsible (i) for funding the benefits payable to Sudbury Members, and (ii) providing Laurentian with all information it requires in order to administer the Plan in respect of Sudbury Members.

H. The Parties wish to enter into this Agreement to address their respective rights and responsibilities relating to Sudbury Members and the Plan.

In consideration of the above recitals, the mutual representations and covenants below and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows.

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, capitalized terms used and not otherwise defined herein shall have the following meanings:

"**Agreement**" means this Pension Participation Agreement, including Schedules "A" and "B".

"**Administration Expenses**" means the fees and expenses incurred in connection with the ongoing administration of the Plan.

"Applicable Laws" means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively in the foregoing clauses (a) and (b), "**Law**"), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

"**Approval Order**" means an order of the Court within the CCAA Proceeding approving this Agreement and authorizing Laurentian and Sudbury to carry out its terms, which order shall be in form and substance acceptable to Laurentian and Sudbury, each acting reasonably.

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Sudbury, Ontario.

"CCAA" has the meaning given to such term in the Recitals to this Agreement.

"**CCAA Claims Process**" means any claims process approved by the Court in the CCAA Proceeding.

"**CCAA Proceeding**" has the meaning given to such term in the Recitals to this Agreement.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Effective Date**" means the date on which the Approval Order is granted, upon all other conditions in Section 3.2 having been fulfilled.

"**FSRA**" means the Financial Services Regulatory Authority of Ontario.

“**Fund**” means the pension fund maintained by the Trustee (as that term is defined under Section I of the Plan text) in respect of the Plan.

“**Governmental Authority**” means:

(a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);

(b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;

(c) any court, tribunal, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and

(d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

“**Income Tax Act**” means the *Income Tax Act* (Canada), R.S.C., 1985, c. 1 (5th Supp.) as amended from time to time.

“**Laurentian**” has the meaning given to such term in the preamble to this Agreement.

“**Notice**” has the meaning given to such term in Section 9.1 of this Agreement.

“**Parties**” means Laurentian and Sudbury and each of them is a “**Party**”.

“**PBGF**” means the Pension Benefits Guarantee Fund.

"**Pension Benefits Act**” means the *Pension Benefits Act*, R.S.O. 1990, c. P.8 and the regulations promulgated thereunder, as amended from time to time.

“**Person**” means an individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“**Plan**” means Retirement Plan of Laurentian University of Sudbury, Registration No. 0267013, as amended from time to time.

"**Plan Actuary**” means the “Actuary” as that term is defined under Section I of the Plan text.

“**Plan Members**” means all active members, former members and retired members (including surviving spouses) participating in the Plan, including Sudbury Members.

“**Plan Valuation Report**” means latest report on the actuarial valuation of the Plan prepared by the Plan Actuary and filed with FSRA.

“**Plan Year**” has the meaning given to such term in the Plan text, being the period of twelve months beginning on each July 1st.

"**Projected Payment Date**” means sixty (60) days following the date a transfer deficiency payment under Section 4.4(5)(c) is received by the Fund from Sudbury.

“**Representatives**” means the individuals who are employees, whether unionized or non-unionized, including supplemental employees and independent contractors under contract, agents and representatives of each of the Parties who are employed by each of the Parties to perform, or who otherwise perform, or are otherwise involved with the decision making or operations of each of the Parties.

“**Special Payments**” has the meaning given to such term in Section 4.4(4) of this Agreement.

“**Sudbury**” has the meaning given to such term in the preamble to this Agreement.

“**Sudbury Fees and Expenses**” has the meaning given to such term in Section 4.4(6) of this Agreement.

“**Sudbury Members**” means certain current and former employees of Sudbury or their surviving spouses or beneficiaries who are entitled to pension benefits or other payments from the Fund, in accordance with the terms of the Plan.

“**Sudbury Portion of the Fund**” has the meaning given to such term in Section 4.4(2) of this Agreement.

“**Sudbury Termination Date**” has the meaning given to such term in Section 4.6(1) of this Agreement.

Section 1.2 References and Usage

(1) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(2) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

(3) All references in this Agreement to dollars or to “$” are expressed in Canadian currency, unless otherwise specifically indicated.

(4) In this Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation” and (ii) the words “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. Unless otherwise specified, the words “Article”, “Section” and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

(5) The schedules and exhibits attached to this Agreement form an integral part of it.

(6) Any reference in this Agreement to a Person includes its legal representatives, successors and permitted assigns.

(7) Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as it or they may have been, or may from time to time be, amended, re-enacted or replaced.

(8) Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment must be made or such action must be taken on or not later than the next succeeding Business Day.

ARTICLE 2
RECITALS

Section 2.1 Recitals

The Recitals to this Agreement are true and correct and shall form part of this Agreement.

ARTICLE 3
EFFECTIVENESS

Section 3.1 Effectiveness

Subject to the Court granting the Approval Order and the fulfilment of the conditions in Section 3.2, this Agreement is deemed to be effective on the Effective Date.

Section 3.2 Conditions for Effectiveness

(1) Sudbury shall have paid to Laurentian its portion of the Plan's annual PBGF assessment due on March 30, 2022 in the amount of $7,484.00, inclusive of retail sales tax on or before May 30, 2022.

(2) Sudbury shall have paid to the Fund its portion of the Plan's Administrative Expenses for the Plan Year ending June 30, 2022 in the amount of $22,800 on or before May 30, 2022.

ARTICLE 4
SUDBURY'S CONTINUED PARTICIPATION IN THE PLAN

Section 4.1 Pension Entitlements of Sudbury Members

(1) Sudbury Members shall be entitled to benefits from the Plan calculated in accordance with the terms of the Plan, the Income Tax Act, and the Pension Benefits Act, subject to any amendments to the Plan that are implemented by Laurentian in the CCAA Proceeding or otherwise.

(2) Benefits payable to Sudbury Members shall be payable solely from the Sudbury Portion of the Fund. Assets of the Fund other than the Sudbury Portion of the Fund shall not be

used to pay benefits to Sudbury Members. Benefits payable to Plan Members other than Sudbury Members shall not be payable from the Sudbury Portion of the Fund. Assets of the Sudbury Portion of the Fund shall not be used to pay benefits to Plan Members other than Sudbury Members.

Section 4.2 Sudbury Responsibilities

(1) Sudbury shall continue to be an "Employer" under the Plan (as that term is defined under Section I of the Plan text) in respect of Sudbury Members and shall comply with its obligations as Employer under the terms of the Plan and the Pension Benefits Act.

(2) Without limiting the generality of Section 4.2(1), Sudbury shall be solely responsible for funding the benefits payable to Sudbury Members, in accordance with the terms of the Plan and this Agreement.

(3) Without limiting the generality of Section 4.2(1), Sudbury shall provide Laurentian with all information needed by Laurentian for the administration of the Plan in respect of Sudbury Members, in the form and manner required by Laurentian from time to time. Laurentian shall provide Sudbury with a checklist of information that Laurentian requires for the administration of the Plan in respect of Sudbury Members, which checklist may be supplemented by Laurentian in writing from time to time.

Section 4.3 Laurentian Administrator Responsibilities

Laurentian is the administrator of the Plan. Nothing in this Agreement shall alter or supersede any of the rights, powers, duties, responsibilities or obligations of Laurentian as administrator under the terms of the Plan, including in respect of Sudbury Members. Laurentian, in its role as administrator of the Plan, shall be the primary Plan contact for Sudbury Members.

Section 4.4 Segregation of Assets and Liabilities for Sudbury Members, Sudbury Payment Obligations & Related Matters

(1) All current service contributions required to be remitted to the Fund by Sudbury in respect of the period prior to December 31, 2021 have been remitted.

(2) Laurentian caused the Plan Actuary to determine the liabilities of Sudbury Members and to determine the proportionate share of the assets of the Fund related to Sudbury Members (the "**Sudbury Portion of the Fund**") as of July 1, 2021, in accordance with the Plan Valuation Report as of July 1, 2021. The Parties agree that Schedule "A" reflected the funded status of the Sudbury Portion of the Fund as at July 1, 2021. Laurentian shall cause the Plan Actuary to maintain and update records regarding the Sudbury Portion of the Fund on and after July 1, 2021 until the Sudbury Termination Date.

(3) Laurentian will notionally segregate the Sudbury Portion of the Fund and will maintain this notional segregation until the Sudbury Termination Date. Sudbury contributions, including transfer deficiency payments, to the Fund other than payments by Sudbury in respect of Administrative Expenses shall be credited to the Sudbury Portion of the Fund, benefits payable to Sudbury members shall be paid from the Sudbury Portion of the Fund and the Sudbury Portion of the Fund shall be credited or debited with investment earnings or losses, based on the Fund's net investment earnings or losses.

(4) Sudbury shall pay into the Sudbury Portion of the Fund the amount(s) required to fund any unfunded liability or solvency deficiency of the Sudbury Portion of the Fund in respect of Sudbury Members, or contributions required by an employer on such other basis as may be required by Applicable Law, in respect of the benefits accrued by Sudbury Members under the Plan (collectively referred to as the "**Special Payments**"), as determined by the Plan Actuary. The Plan Actuary will determine the amount of Special Payments in each Plan Valuation Report filed with FSRA in respect of the Plan until the Sudbury Termination Date, on the basis that the Sudbury Portion of the Fund comprises a separate standalone pension plan. The assumptions and methodologies to be used by the Plan Actuary to determine the Special Payments will be consistent with the assumptions and methodologies for the Plan contained the applicable Plan Valuation Report.

(5) Transfer Deficiency Payments for Commuted Value Transfers.

(a) Sudbury shall make transfer deficiency payments to the Sudbury Portion of the Fund in accordance with this Section 4.4(5) to facilitate the payment or transfer of the full benefit entitlement of Sudbury Members who elect, in accordance with the terms of the Plan, the Income Tax Act and the Pension Benefits Act, to receive a commuted value payment from the Plan. Such transfer deficiency payments shall be calculated using the transfer ratio for the Sudbury Portion of the Fund contained in the most recent Plan Valuation Report.

(b) Schedule "B" is a complete list of the Sudbury Members who had elected a commuted value transfer option in accordance with the terms of the Plan before March 1, 2022.

(c) Within twenty (20) calendar days after the Effective Date,

Sudbury shall pay into the Sudbury Portion of the Fund, a transfer deficiency payment of $762,736.45, plus interest at the rate used to determine the commuted value, on the transfer deficiency from the date of the Sudbury Member's termination of membership in the Plan to the Projected Payment Date, in respect of Sudbury Members listed on Schedule "B" who had elected a commuted value transfer payment before March 1, 2022 and were paid a partial commuted value transfer payment on or before the date of this Agreement .

Such transfer deficiency payments shall be held in the Sudbury Portion of the Fund (i.e., notionally segregated for the benefit of Sudbury Members) until such time as the final commuted value transfer payments are paid from the Fund.

(d) Laurentian shall process the remaining commuted value transfer payments to each of the Sudbury Members listed on Schedule "B" as soon as practicable after receiving all required transfer documentation and after confirmation that the transfer deficiency payments from Sudbury as required under Section 4.4(5)(c) have been received in full, and in no event more than sixty (60) calendar days following the date such documentation is received and such confirmation is determined.

(e) In respect of a Sudbury Member who elects a commuted value transfer payment in accordance with the terms of the Plan on and after March 1, 2022, Sudbury shall pay a transfer deficiency payment into the Fund in respect of such Sudbury Member in the amount determined by the Plan Actuary based on transfer ratio for the Sudbury Portion of the Fund contained in the Plan Valuation Report. Such transfer deficiency payment shall be notionally allocated to the Sudbury Portion of the Fund until such time as the commuted value transfer payment is paid from the Fund.

(f) Laurentian shall process the full commuted value transfer payment to a Sudbury Member contemplated in Section 4.4(5)(e) as soon as practicable after receiving the transfer deficiency payment from Sudbury under paragraph (e), and, subject to receipt of the payment required under paragraph (e), no more than sixty (60) calendar days following the date all required transfer documentation from the Sudbury Member is received.

(g) Notwithstanding the foregoing, no commuted value transfers are permitted to be made except as permitted by the Pension Benefits Act. In circumstances where Laurentian is not permitted to make a commuted value transfer without the prior approval of the Chief Executive Officer of FSRA, the Parties shall jointly determine the approach to any future commuted value transfer payments and associated transfer deficiency funding.

(6) Sudbury will pay all costs related to Sudbury Members' participation in the Plan including the following:

(a) <u>Ongoing Administration Expenses</u>. Sudbury shall make an annual payment into the Fund to defray Administration Expenses that relate to Sudbury Members ("**Sudbury Fees and Expenses**") on the basis set out below.

For each Plan Year, commencing with the July 1, 2022 - June 30, 2023 Plan Year, the Plan Actuary shall determine the Sudbury Fees and Expenses based on the formula A x (B/C), where

"A" is the average of total Administrative Expenses in the three years preceding the Plan Year or calculated on such other basis as recommended by the Plan Actuary and acceptable to the Parties and shall include a margin equal to the provision for adverse deviation set out in the Plan Valuation Report,

"B" is the number of Sudbury Members at the start of the Plan Year, and

"C" is the number of Plan Members at the start of the Plan Year.

Sudbury Fees and Expenses shall not be subject to the notional segregation under Section 4.4(3).

(b) <u>PBGF</u>. Sudbury shall reimburse Laurentian for a proportionate share of each PBGF assessment due after April 1, 2022, as determined by the Plan Actuary. The Plan Actuary shall determine Sudbury's share of the Plan's PBGF assessment based on Regulation 909 under the Pension Benefits Act and for this purpose, the

"PBGF assessment base" and "PBGF liabilities" shall be determined in respect of the liabilities of Sudbury Members and the Sudbury Portion of the Fund, as if such assets and liabilities comprised a standalone pension plan and shall be based upon the Plan Valuation Report required to be used for this purpose under Regulation 909. Upon written request by Sudbury, the Plan Actuary will provide an explanation of the calculation of Sudbury's proportionate share of the PBGF assessment.

If the calculation of PBGF assessments pursuant to Regulation 909 under the Pension Benefits Act is changed during the term of this Agreement, the methodology under this Section 4.4(6)(b) will be modified to reflect the new PBGF assessment requirements based on the principle that Sudbury will pay the portion of the PBGF assessment attributable to Sudbury Members based on the funded status of the Sudbury Portion of the Fund as determined by the Plan Actuary.

(7) Remittances.

(a) With respect to the amounts Sudbury is required to pay to Laurentian or the Fund pursuant to Section 4.4(5) and Section 4.4(6), Laurentian shall provide Notice to Sudbury of the amount payable and Sudbury shall remit such amount within twenty (20) calendar days following receipt of such Notice.

(b) Without limiting Laurentian's rights under Section 4.5, if Sudbury fails to remit any payment within the specified timeframe, Sudbury shall be charged interest based on "bank deposit rate" as defined in Regulation 909 under the Pension Benefits Act from the end of the time period specified in Section 4.4(7)(a) until the date the total amount due has been received by Laurentian or the Fund, as applicable.

Section 4.5 Laurentian Rights

(1) If Sudbury, for any reason and at any time, to the best knowledge of Laurentian, does not meet its obligations under this Agreement, Laurentian may so inform Sudbury and may issue a rectification Notice to Sudbury in writing, setting out the nature of Sudbury's default in meeting its obligations, the steps that Sudbury is required to take in order to rectify its default and the timeframe in order to rectify such default, which timeframe shall be reasonable given the nature of the default and the complexity of any rectification of the default and shall in no event be less than thirty (30) calendar days following the date the rectification Notice is delivered to Sudbury (**"Rectification Period"**). In the event the Rectification Period has expired without Sudbury having rectified the default specified in the rectification Notice, Laurentian may take any and all further steps it considers necessary or desirable to have the default rectified with due notice to Sudbury, including, but not limited to, initiating mediation, arbitration or court proceedings to collect unpaid contributions, initiating an annuity purchase in respect of the benefits of Sudbury Members which purchase is to be funded exclusively by the Sudbury Portion of the Fund and Sudbury (to the extent there are insufficient assets in the Sudbury Portion of the Fund), or initiating a pension asset and liability transfer to another registered pension plan with respect to the Sudbury Portion of the Fund and the liabilities for benefits payable to Sudbury Members. Any such action taken by Laurentian does not relieve Sudbury of its obligations under this Agreement or the Plan, including the obligation to fund the benefits payable to Sudbury Members.

(2) If at any time, the Sudbury Portion of the Fund is sufficient to allow for settlement of the pensions and other benefits of Sudbury Members under the Plan, Laurentian may, or Sudbury may, subject to the consent of Laurentian, such consent not to be unreasonably withheld, subject to compliance with the Pension Benefits Act, initiate an annuity purchase in respect of Sudbury Members to be funded exclusively from the Sudbury Portion of the Fund, Sudbury will not object to such action taken by Laurentian. Alternatively, at anytime, Sudbury may, subject to Laurentian's consent, such consent not to be unreasonably withheld, subject to compliance with the Pension Benefits Act, initiate a transfer of the assets and liabilities in the Sudbury Portion of the Fund to the fund of another registered pension plan.

(3) This Agreement in no way restricts or prohibits Laurentian's right to amend or terminate the Plan in the manner set out in Section XIII of the Plan text or the rights of Sudbury and Laurentian to enter into a transfer agreement in respect of the liabilities of Sudbury Members and the Sudbury Portion of the Fund on such terms as the Parties may agree and as contemplated by Section XIII of the Plan text provided that Laurentian will not amend the Plan contrary to the terms of this Agreement. Laurentian shall provide Sudbury with Notice of all amendments to the Plan that impact Sudbury Members.

Section 4.6 Termination of Sudbury Participation

(1) Laurentian may terminate Sudbury's participation in the Plan by means of written Notice to Sudbury (or as otherwise agreed to in writing by the Parties) if any of the following events occur (each a "**Sudbury Termination Date**"):

(a) Sudbury fails to rectify a breach of any of its obligations under this Agreement within the Rectification Period referred to in Section 4.5(1) and fails to remedy such breach to the satisfaction of Laurentian within a further thirty (30) calendar days following expiry of the Rectification Period; or

(b) Sudbury Members have no further entitlements to payments from the Plan.

(2) In the event of the occurrence of a Sudbury Termination Date pursuant to Section 4.6(1)(a), Laurentian may take any and all steps it considers necessary or desirable as set out in Section 4.5(1).

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Sudbury

(1) <u>Organization and Corporate Power.</u> Sudbury is duly organized and validly exists under the laws of the jurisdiction in which it is organized. Sudbury has the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to this Agreement.

(2) <u>Authorization; Binding Effect; No Breach.</u>

(a) The execution, delivery and performance of this Agreement has been duly authorized by Sudbury, including approval by its Conseil de gouvernance, at the time of its execution and delivery. Upon its due authorization, execution and delivery by Sudbury, this Agreement constitutes a valid and binding obligation of Sudbury enforceable against Sudbury in accordance with its respective terms.

(b) The execution, delivery and performance by Sudbury of this Agreement does not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, or require any consent pursuant to (i) the articles, notice of articles, charter, by-laws or operating agreement of Sudbury, (ii) any material contract or other document to which Sudbury is a party or to which any of its assets is subject to, or (iii) any Applicable Laws.

Section 5.2 Representations and Warranties of Laurentian

(1) Organization and Corporate Power. Laurentian is duly organized and validly exists under the laws of the jurisdiction in which it is organized. Subject to obtaining the Approval Order, Laurentian has the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to this Agreement.

(2) Authorization; Binding Effect; No Breach.

(a) The execution, delivery and performance of this Agreement has been duly authorized by Laurentian, including approval by its Board of Governors, at the time of its execution and delivery and is subject only to Court approval. Upon its due authorization, execution and delivery by Laurentian and subject only to Court approval, this Agreement constitutes a valid and binding obligation of Laurentian enforceable against Laurentian in accordance with its respective terms.

(b) The execution, delivery and performance by Laurentian of this Agreement does not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, or require any consent pursuant to: (i) the articles, notice of articles, charter, by-laws or operating agreement of Laurentian, (ii) any material contract or other document to which Laurentian is a party or to which any of its assets is subject to, or (iii) any Applicable Laws.

Section 5.3 Mutual Representations and Warranties

Except pursuant to Section 5.1 and Section 5.2, neither Laurentian, Sudbury or any of their respective Representatives have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity in respect of the transactions contemplated by this Agreement.

ARTICLE 6
COVENANTS

Section 6.1 Cooperation

Upon the terms and subject to the conditions of this Agreement, and subject to any other term of this Agreement providing for an alternate standard of cooperation, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under Applicable Laws to consummate the transactions contemplated hereby as soon as practicable, including Sudbury's support for the Approval Order.

ARTICLE 7
CCAA MATTERS

Section 7.1 Post-Filing Agreement

This Agreement shall constitute a post-filing obligation of Laurentian and not be subject to compromise under any CCAA plan of compromise or arrangement.

Section 7.2 CCAA Claims Process

Sudbury confirms that, as of the Effective Date of this Agreement and subject to the terms of this Agreement, it has no claims against Laurentian in respect of the Plan.

ARTICLE 8
CONFIDENTIALITY

Section 8.1 Court Materials

Laurentian shall be entitled to disclose this Agreement (with the exception of personal information in Schedule "B") in connection with Laurentian seeking the Approval Order or as otherwise may be required in connection with the CCAA Proceeding, or pursuant to any Laws.

Section 8.2 Public Communications

The substance of any communications to Plan Members or other stakeholders regarding this Agreement and its subject matter is important to the Parties, and shall be made in a mutually-agreeable and coordinated fashion, each acting reasonably.

ARTICLE 9
MISCELLANEOUS

Section 9.1 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier, facsimile or email and addressed:

(a) to Laurentian at:

Laurentian University of Sudbury
935 Ramsey Lake Rd.
Sudbury, Ontario
P3E 2C6

Attention: Dr. Robert Haché
Email: rhpvc@laurentian.ca

(b) to Sudbury at:

University of Sudbury
935, chemin du Lac-Ramsey
Sudbury, Ontario
P3E 2C6

Attention: Recteur et Vice-Chancelier
Email: rectorat@usudbury.ca

A Notice is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (ii) if sent by email, when the sender receives an email from the recipient acknowledging receipt, provided that an automatic “read receipt” does not constitute acknowledgment of an email for purposes of this Section 9.1. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party’s address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party’s legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 9.2 Time of the Essence

Time is of the essence in this Agreement.

Section 9.3 Third Party Beneficiaries

Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto and their successors and permitted assigns, and no Person, other than the Parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum, save and except in the event of any action, suit, proceeding, hearing or other forum as it pertains to matters of confidentiality and any particular Representative in connection therewith.

Section 9.4 No Authority to Bind

Nothing contained in this Agreement shall be deemed or construed to create a joint venture, agency relationship or partnership between the Parties. Neither Party shall have any power to control the activities and/or operations of any other Party and no Party shall have any power or authority to bind or commit any other Party.

Section 9.5 Amendments

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by each Party.

Section 9.6 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right it may have.

Section 9.7 Entire Agreement

This Agreement, including Schedules "A" and "B" together with the terms of the Plan, collectively set forth the entire understanding of the Parties relating to the subject matter thereof. All prior or contemporaneous understandings, agreements, representations and warranties, whether written or oral, are superseded by this Agreement and its Schedules "A" and "B", and all such prior or contemporaneous understandings, agreements, representations and warranties are hereby terminated. In the event of any inconsistency between this Agreement and the terms of the Plan, this Agreement will prevail.

Section 9.8 Further Assurances

Each Party shall, at the reasonable request of another Party or Parties, take all such action and shall execute and deliver all such documents as is or are reasonably required to carry out the terms, intent and purpose of this Agreement.

Section 9.9 Successors and Assigns

(1) This Agreement, upon becoming effective in accordance with Section 3.1, will be binding upon and enure to the benefit of the Parties and their respective successors, legal representatives and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement, including any right to payment or access to services, may be assigned or transferred, in whole or in part, by any Party without the prior written consent of the other Party which consent may be withheld, in the sole discretion of such other Party. Any purported assignment or transfer without such written consent will be null and void and of no effect.

Section 9.10 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 9.11 Governing Law

This Agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 9.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by email or other electronic means is as effective as a manually executed counterpart of this Agreement.

Section 9.13 No Strict Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavouring either Party by virtue of authorship of any provision of this Agreement.

[Remainder of page intentionally left blank. Signature pages follow.]

The Parties have executed this Agreement on the date first written above.

LAURENTIAN UNIVERSITY OF SUDBURY/
UNIVERSITÉ LAURENTIENNE DE SUDBURY

By: ______________________________
Authorized Signing Officer

UNIVERSITY OF SUDBURY/
UNIVERSITÉ DE SUDBURY

By: ______________________________
Authorized Signing Officer

The Parties have executed this Agreement on the date first written above.

LAURENTIAN UNIVERSITY OF SUDBURY/
UNIVERSITÉ LAURENTIENNE DE SUDBURY

By: ________________________________
Authorized Signing Officer

UNIVERSITY OF SUDBURY/
UNIVERSITÉ DE SUDBURY

By: ________________________________
Authorized Signing Officer

Schedule "A"

Going Concern Balance Sheet - July 1, 2021	Total	UoS
DB Assets	377,097,000	12,837,000
DC assets	112,022,000	3,177,000
Total Assets	**489,119,000**	**16,014,000**
Liabilities		
Retired members and survivors	200,287,000	6,331,000
Terminated vested members	43,456,000	3,278,000
Active and LTD members	84,640,000	686,000
PfAD on Liabilities	20,183,000	655,000
DB liabilities plus PfAD	348,566,000	10,950,000
DC Liabilities	112,022,000	3,177,000
Total Liabilities	460,588,000	14,127,000
Surplus/(Deficit)	**28,531,000**	**1,887,000**
Funded Ratio	106.2%	113.4%
Funded Ratio (excl PfAD)	111.1%	118.9%

Solvency Balance Sheet - July 1, 2021	Total	UoS
Assets		
MV Assets	397,087,000	12,764,000
In-transits	(19,990,000)	73,000
Wind-up expenses	(371,000)	(16,000)
Total DB Assets	376,726,000	12,821,000
DC assets	112,022,000	3,177,000
Total Assets	**488,748,000**	**15,998,000**
Liabilities		
Retired members and survivors	217,625,000	6,991,000
Terminated vested members	50,983,000	4,316,000
Active and LTD members	128,621,000	1,036,000
Total DB liabilities	397,229,000	12,343,000
DC Liabilities	112,022,000	3,177,000
Total Liabilities	**509,251,000**	**15,520,000**
New solvency excess/(deficiency)	**(20,503,000)**	**478,000**
New reduced solvency excess/ (deficiency)	**55,885,000**	**2,806,000**
Ratio of solvency assets to solvency liabilities	96.0%	103.2%

	Windup Balance Sheet - July 1, 2021	
	Total	**UoS**
Assets		
MV Assets	397,087,000	12,764,000
In-transits	(19,990,000)	73,000
Wind-up expenses	(371,000)	(16,000)
Total DB Assets	376,726,000	12,821,000
DC assets	112,022,000	3,177,000
Total Assets	**488,748,000**	**15,998,000**
Liabilities		
Retired members and survivors	306,289,000	10,194,000
Terminated vested members	66,770,000	6,740,000
Active and LTD members	202,739,000	1,575,000
Total DB liabilities	575,798,000	18,509,000
DC Liabilities	112,022,000	3,177,000
Total Liabilities	**687,820,000**	**21,686,000**
Wind-up excess/(deficiency)	**(199,072,000)**	**(5,688,000)**
Transfer Ratio	71.1%	73.8%

	Monthly Administrative Expense	
	Total	**UoS**
Administration expense provision, including PfAD	85,900	3,800

Schedule “B”

Last Name	First Name	Commuted Value Calculation Date	First Partial Payment Date	Interest Rate
		2021-04-30	2021-10-01	1.90%
		2021-04-30	2022-02-01	1.90%
		2021-05-31	2021-10-01	1.80%
		2021-05-31	2022-01-01	1.80%
		2021-05-31	2022-01-01	1.80%
		2021-05-31	2022-01-01	1.80%
		2021-05-31	2022-01-01	1.80%
		2021-05-31	2022-01-01	1.80%
		2021-05-31	2022-02-01	1.80%
		2021-05-31	2022-02-01	1.80%
		2021-06-30	2021-11-01	1.80%
		2021-06-30	2021-11-01	1.80%
		2021-06-30	2021-12-01	1.80%
		2021-06-30	2022-01-01	1.80%
		2021-06-30	2022-02-01	1.80%
		2021-06-30	2022-02-01	1.80%
		2021-05-31	2022-03-17	1.80%
		2021-06-30	2022-03-17	1.80%

This is Exhibit "D" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

Laurentian University
Université Laurentienne

Financial Services
Services financiers
Tel/Tél.: 705-675-1151, 3046
Fax/Téléc.: 705-675-4867

March 7, 2022

CONFIDENTIAL

Dear Ms. Cornthwaite,

This letter provides an update on pension-related matters affecting Thorneloe and provides information about Thorneloe's obligation under the Retirement Plan of Laurentian University of Sudbury (the "Plan") for the pension obligations accrued by employees and former employees of Thorneloe ("Thorneloe Plan Members"). This letter reflects Laurentian's expectations regarding Thorneloe's obligations and is further to Lisa Mills' October 25, 2021 letter to Andrew Hatnay to which a response was not received.

Amendments to the Plan

Laurentian amended the Plan to cease accruals under the Plan for all Thorneloe Plan members as of December 31, 2021. This resulted in cessation of further pension accruals for active Thorneloe Plan Members. The draft Plan amendment was previously provided to you. The final version is attached for your reference. Notices of the Plan amendment were sent in late December to all affected Thorneloe Plan Members and a copy of the notice was provided to you at that time.

July 1, 2021 Actuarial Valuation

The actuarial information attached to this email is based on the July 1, 2021 valuation results prepared by the Plan actuary. The finalized valuation report was filed with the Financial Services Regulatory Authority on February 28, 2022 and will be filed with the Canada Revenue Agency in due course.

Thorneloe's Ongoing Obligations in respect of the Plan

Thorneloe's ongoing obligations in respect of the Plan are set out below and are based on the July 1, 2021 valuation results:

Current Service Contributions: Based on the cessation of pension accrual as of December 31, 2021 for all Thorneloe Plan Members, there will be no current service contributions required by Thorneloe in respect of pension entitlements earned prior to December 31, 2021. I confirm receipt by the pension fund trustee of Thorneloe's contributions in respect of its December 2021 current service contributions.

Ongoing Administration Expenses: Thorneloe will be required to pay a portion of expenses that relate to the ongoing administration of the Plan in respect of deferred vested and retired Thorneloe Plan Members, on the basis set out below.

Based on the July 1, 2021 actuarial valuation results, Laurentian has calculated the Plan's per capita annual administration expense payment using the average of the last three years of Plan expenses. Thorneloe will be charged its per capita fee based on the number of Thorneloe Plan Members at the start of each new Plan Year (July 1st). The administrative fee must be paid to the pension fund trustee annually in advance. Thorneloe has already paid an amount in respect of administration expenses for the period ending December 31, 2021 as it was incorporated into the current service cost. For the period January 1, 2022 to June 30, 2022, the proposed expense payment is $11,400**.** This amount must be paid to the pension fund trustee by no later than March 25, 2022.

Thorneloe's obligations in regard to its administrative fee will be reflected in the filed actuarial valuation reports in effect from time to time and may be adjusted for membership changes on the advice of the Plan actuary.

Pension Benefit Guarantee Fund (PBGF) Assessments: Thorneloe will remain responsible to pay its portion of the Plan's annual PBGF assessment. The PBGF assessment will be paid by Laurentian and invoiced to Thorneloe. The Thorneloe portion of the 2022 PBGF assessment is $4,119, inclusive of retail sales tax and has been determined based on the solvency liabilities used for the PBGF assessment calculation for Thorneloe Plan Members as a proportion of the Plan's total solvency liabilities. This amount must be paid to Laurentian by no later than March 25, 2022.

For future years, Laurentian will calculate Thorneloe's PBGF premium in accordance with the *Pension Benefits Act* using the funded status of the Thorneloe portion of the Plan determined on a standalone basis (described below) to determine Thorneloe's share of the Plan's PBGF assessment.

Special Payments: The pension assets and liabilities relating to Thorneloe Plan Members have been notionally segregated within the pension fund of the Plan as of July 1, 2021 and the segregated assets and liabilities will be used to determine Thorneloe's special payment obligations under the *Pension Benefits Act* from time to time. For clarity, this includes going concern and solvency special payments, and any other special payments as may be required from time to time under the *Pension Benefits Act* on a go forward basis. The Plan actuary has allocated assets and liabilities as of July 1, 2021 as the "starting point" for the notional segregation of Thorneloe Plan Members.

Based on the July 1, 2021 actuarial valuation results, the attached document sets out the Plan's funded position of the Plan as a whole as well as the funded status with respect to the Thorneloe Plan Members as of July 1, 2021. The funded position for Thorneloe Plan Members shows no special payments are required on either a going concern or solvency basis as both are above the thresholds to trigger special payments. Therefore, no special payments are required at this time.

The assumptions and methodologies to be used by the Plan actuary to determine Thorneloe's special payments on a "standalone" basis in future will be consistent with filed actuarial valuations. Thorneloe's obligations in regard to special payments will be re-determined going forward based on the filed actuarial valuation reports in effect from time to time.

Administration of the Plan: Laurentian will continue to be the sole administrator of the Plan. Thorneloe will continue to have the obligation to provide timely information in respect of Thorneloe Plan Members as required to ensure the proper administration of the Plan.

I trust this information is clear. If there are any questions, please be in touch with me as soon as possible.

Yours truly,

Normand Lavallee
Associate Vice-President, Financial Services

Enclosure

	Going Concern Balance Sheet - July 1, 2021	
	Total	**TU**
DB Assets	377,097,000	7,105,000
DC assets	112,022,000	1,285,000
Total Assets	**489,119,000**	**8,390,000**
Liabilities		
Retired members and survivors	200,287,000	3,583,000
Terminated vested members	43,456,000	2,290,000
Active and LTD members	84,640,000	372,000
PfAD on Liabilities	20,183,000	366,000
DB liabilities plus PfAD	348,566,000	6,611,000
DC Liabilities	112,022,000	1,285,000
Total Liabilities	460,588,000	7,896,000
Surplus/(Deficit)	**28,531,000**	**494,000**
Funded Ratio	106.2%	106.3%
Funded Ratio (excl PfAD)	111.1%	111.4%

	Solvency Balance Sheet - July 1, 2021	
	Total	**TU**
Assets		
MV Assets	397,087,000	7,090,000
In-transits	(19,990,000)	15,000
Wind-up expenses	(371,000)	(8,400)
Total DB Assets	376,726,000	7,096,600
DC assets	112,022,000	1,285,000
Total Assets	**488,748,000**	**8,381,600**
Liabilities		
Retired members and survivors	217,625,000	4,117,000
Terminated vested members	50,983,000	2,701,000
Active and LTD members	128,621,000	439,000
Total DB liabilities	397,229,000	7,257,000
DC Liabilities	112,022,000	1,285,000
Total Liabilities	**509,251,000**	**8,542,000**
New solvency excess/(deficiency)	**(20,503,000)**	**(160,400)**
New reduced solvency excess/ (deficiency)	**55,885,000**	**1,121,000**
Ratio of solvency assets to solvency liabilities	96.0%	98.2%

	Windup Balance Sheet - July 1, 2021	
	Total	**TU**
Assets		
MV Assets	397,087,000	7,090,000
In-transits	(19,990,000)	15,000
Wind-up expenses	(371,000)	(8,400)
Total DB Assets	376,726,000	7,096,600
DC assets	112,022,000	1,285,000
Total Assets	**488,748,000**	**8,381,600**
Liabilities		
Retired members and survivors	306,289,000	5,775,000
Terminated vested members	66,770,000	3,860,000
Active and LTD members	202,739,000	647,000
Total DB liabilities	575,798,000	10,282,000
DC Liabilities	112,022,000	1,285,000
Total Liabilities	**687,820,000**	**11,567,000**
Wind-up excess/(deficiency)	**(199,072,000)**	**(3,185,400)**
Transfer Ratio	71.1%	72.5%

	Monthly Administrative Expense	
	Total	**TU**
Administration expense provision, including PfAD	85,900	1,900

This is Exhibit “E” referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

Operational Review of Laurentian University

January 2022

nous

Disclaimer:

*Nous Group (**Nous**) has prepared this report for the benefit of Laurentian University (the **Client**).*

The report should not be used or relied upon for any purpose other than as an expression of the conclusions and recommendations of Nous to the Client as to the matters within the scope of the report. Nous and its officers and employees expressly disclaim any liability to any person other than the Client who relies or purports to rely on the report for any other purpose.

Nous has prepared the report with care and diligence. The conclusions and recommendations given by Nous in the report are given in good faith and in the reasonable belief that they are correct and not misleading. Nous has relied on data supplied by the Client and other persons in the preparation of this report. As per condition 3(a) of the Client Services Agreement, Nous is entitled to rely on the accuracy of this information without independent verification or audit. This data includes qualitative and quantitative information provided by the Client, as well as the Client's representatives and/or advisors.

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APPENDICES

1. Executive summary

SCOPE OF REVIEW

On 11 October 2021, the review of Laurentian University's administrative operations began. The review included:

1. an assessment of the strategies, service delivery models, structures, processes, systems and capabilities for seven administrative functions within the university;
2. the development of recommendations for an institution-wide Transformation Program;
3. a preliminary implementation approach and plan to implement the recommendations.

The review has captured themes obtained through interviews with administrative staff, students, faculty and unions, along with information provided by the administrative functions. Over 70 individual stakeholders were engaged with on administrative issues and opportunities to improve Laurentian's administrative functions.

The review has identified seven core transformation opportunities for Laurentian University.

THE REVIEW'S APPROACH

1 **Information Gathering**
Review materials and interview stakeholders

2 **Problem Identification**
Identify operational challenges

3 **Opportunity Identification**
Develop recommendations and a roadmap for transformation

THE CHALLENGE

The review has found that Laurentian University's administrative operations are less efficient, effective and resourced than many universities. Findings indicate deficiencies across all functions, many of which appear to be operating below a baseline standard. The changes required to address the deficiencies are significant and include changes to strategic plans, service delivery, financial performance, structure, processes, systems and capability.

THE TRANSFORMATION OPPORTUNITY

A major transformation program is needed for the institution to meet baseline standards for modern universities. This transformation has an estimated cost of $26M to $32.5M* over three years and should include:

1. Resetting the strategic plan to chart a new course forward
2. Optimizing service delivery for students, faculty and staff
3. Improving financial performance to support sustainability
4. Realigning administrative structures to drive accountability
5. Redesigning processes with a focus on lean principles
6. Updating systems to enable more efficient operations
7. Building capability and capacity to enable effectiveness

SUMMARY

A transformation program over the next three years can help Laurentian improve its operational efficiency and effectiveness to regain its position of pride amongst Northern Ontarians, the City of Sudbury, and Laurentian's students, faculty and staff.

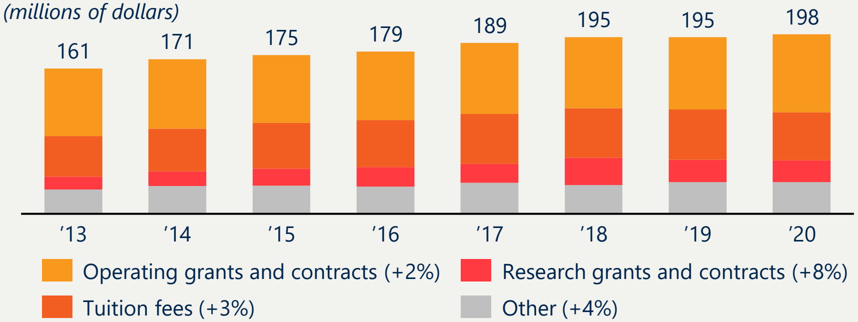
* This amount includes a contingency of 30% but excludes estimated annual continuous improvement costs in the amount of $2-3M after year three.

Declining income from tuition fees, rising expenses and global events have left Laurentian in an unsustainable financial position.

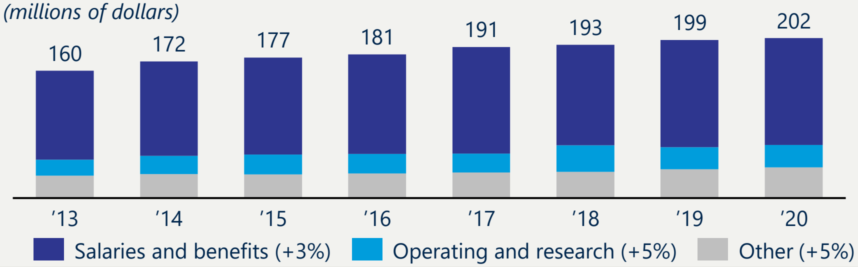
Income from tuition fees has declined. Consequently expenses have grown faster than revenue for years.

Income from tuition fees has declined slightly to 27% of revenue in 2020.[1] This is in contrast to an industry that has seen the share of revenues from tuition fees grow from 24.7% to 29.4% from 2014 to 2019. Salaries and benefits made up approximately 67% of expenses in early 2020, compared with the industry average of 59%.[2] This share of expenses in the post Companies' Creditors Arrangement Act (CCAA) fiscal year is anticipated to decline significantly.

Laurentian main revenue sources and CAGR FY 2013–20
(millions of dollars)



Laurentian main expenses and CAGR FY 2013–20
(millions of dollars)

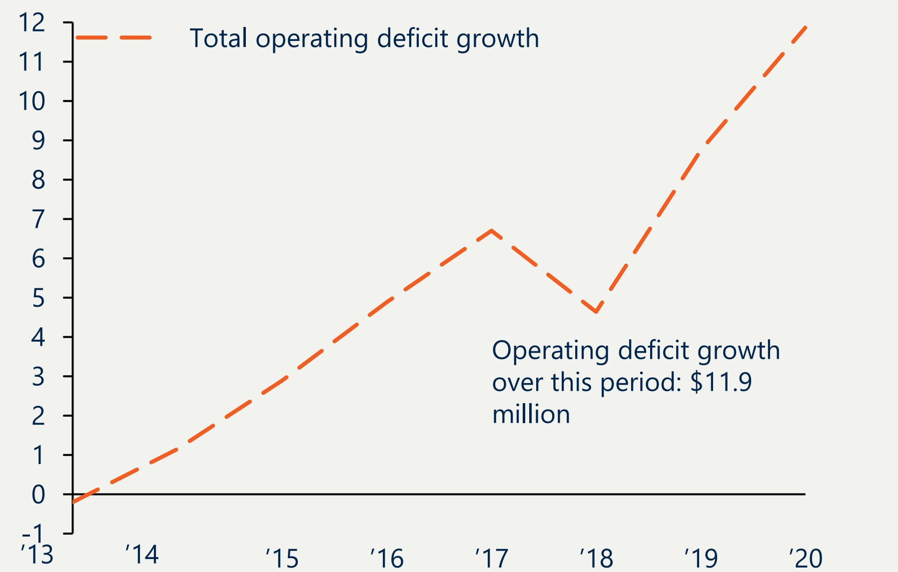


The operating deficit has grown unsustainably, propelled by key events including the COVID-19 pandemic.

Laurentian has recorded an operating deficit in six of the past eight years. The university's operating deficit over the period 2013 to 2020 grew by $12 million. This operating deficit does not include other components of net assets, therefore the total accumulated deficit during this period may be even greater.

Laurentian has been in a financially unsustainable position over the years.

Laurentian's cumulative operating deficit growth FY 2013–20*
(millions of dollars)



Source: 1) Laurentian consolidated financial statements; 2) StatCan "Financial information of universities for the 2018/2019 school year and projected impact of COVID–19 for 2020/2021"
*Laurentian's fiscal year ends April 30th, e.g., FY 2020 refers to April 30th 2019-20

Since starting its restructuring in February 2021, it is estimated that Laurentian will save approximately $38 million annually.

Through the CCAA process, difficult decisions had to be made.

On starting the CCAA process in February, Laurentian began its restructuring with oversight from the Ernst & Young (EY) Monitor. In April 2021, decisions were made by the institution to cut programs and staff. Direct impacts to students were minimized, though it was a challenging process for faculty, staff, management and unions. The result was a $38 million annual cost reduction.

Reviews have set the stage for renewal.

Three reviews have been launched to identify ways in which Laurentian can improve its financial performance and operations. The Real Estate Review, Governance Review and Operational Review findings are critical for setting the path forward for Laurentian's transformation.

Laurentian is unique and has pillars on which to rebuild.

Laurentian is a unique Northern Ontario institution with a tri-cultural mandate for supporting bilingualism and a comprehensive Indigenous education. Many of its graduates find employment with high salaries after graduation.*

Its students, faculty and administrative staff want Laurentian to succeed. The path to renewal will be challenging, but if Laurentian can change it will enable the delivery of a post-secondary education to students for years to come.

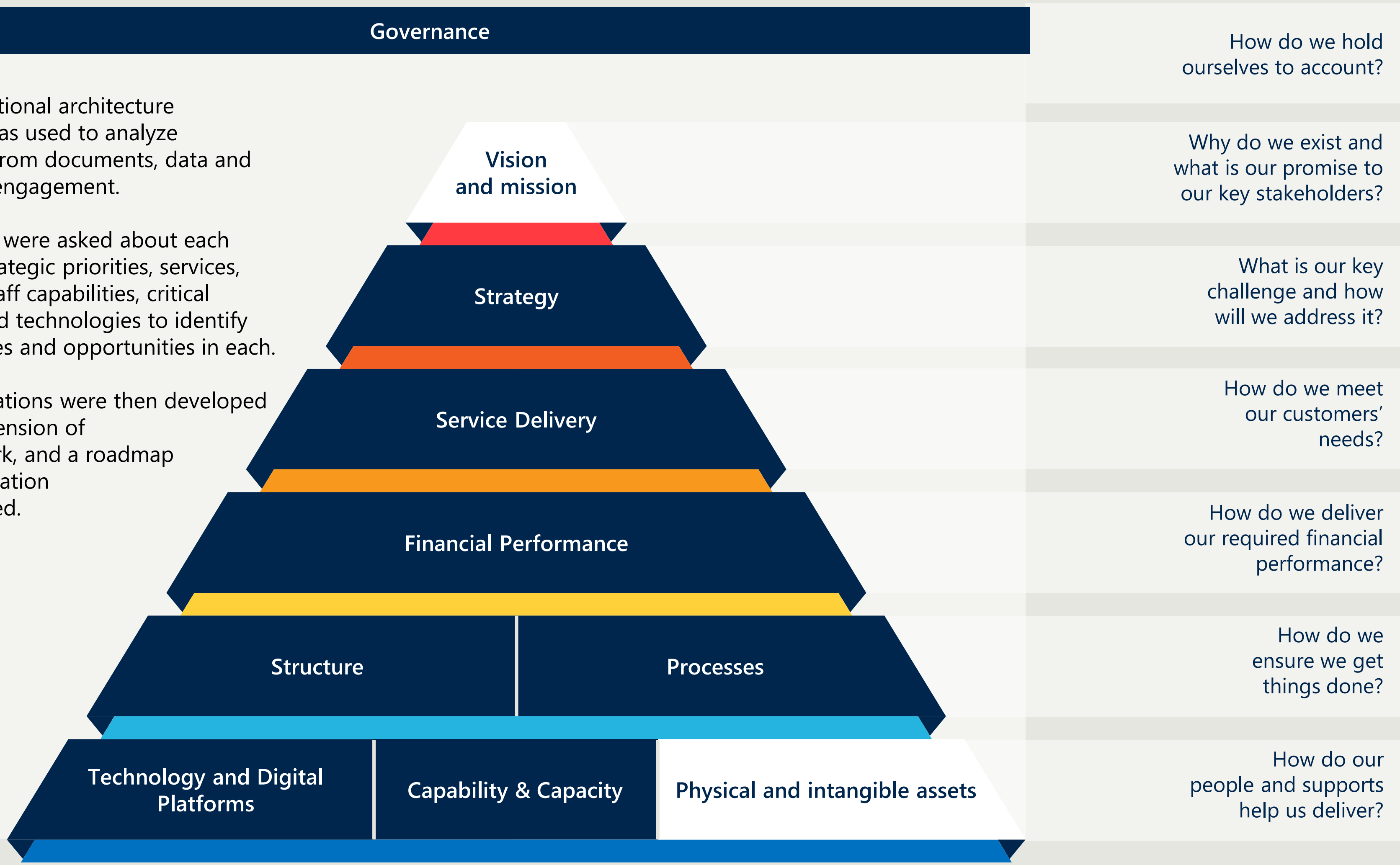
*Source: laurentian.ca
Image: Jason Paris, R.D. Parker Building, 2018, https://flickr.com/photos/94064020@N00/43735375424.

During the Operational Review, Laurentian's administrative functions were assessed across dimensions of the organizational architecture framework.

The organizational architecture framework was used to analyze information from documents, data and stakeholder engagement.

Stakeholders were asked about each function's strategic priorities, services, structures, staff capabilities, critical processes and technologies to identify key challenges and opportunities in each.

Recommendations were then developed for each dimension of the framework, and a roadmap for transformation was developed.



The review identified seven core issues within Laurentian's administrative functions.

1 STRATEGY

Strategic planning has been unclear, with ineffective execution. The current strategic plan does not reflect the pandemic or Laurentian's post-CCAA realities. Its goals are not specific or sufficiently measurable. Furthermore, there is minimal accountability for its strategic outcomes, as leadership's performance is not measured against the strategic plan.

2 SERVICE DELIVERY

Service delivery is provider-centric rather than user-centric. Students, faculty and staff are bounced from administrator to administrator because there are unclear points of entry. Channels for seeking services are outdated and prone to error. Services where strategy and operations connect are inefficient. User satisfaction is low.

3 FINANCIAL PERFORMANCE

Budget management, financial processes and reporting lack rigour, and have likely contributed to Laurentian's insolvency. Financial frameworks, policies and revenue strategies are outdated or missing. Immature budget planning and management tools and capabilities hinder financial performance and effective decision making.

4 STRUCTURE

Laurentian's structure is not aligned with modern universities. Critical structural issues include inconsistent reporting structures, low spans of control, absent accountability frameworks, unstandardized job titling, and weak inter-administrative interfaces that do not support integration and collaboration.

5 PROCESSES

Processes are inefficient and prone to error. Many are highly manual and paper-based. A lack of documentation drives inconsistent and duplicated processes. Complexity is high; processes tend to have too many steps and interdependencies. User feedback is not actioned for continuous improvement. The risk management process is underdeveloped and not rigorous enough.

6 TECHNOLOGY & DIGITAL PLATFORMS

Laurentian's current digital strategy is poorly resourced and has not been advanced. The University has inadequate and aging digital tools. An organization-wide skills gap in digital dexterity has driven poor adoption of critical enterprise resource planning software and other essential tools that bridge silos.

7 CAPABILITY & CAPACITY

Critical capability gaps exist throughout the University. Bilingualism requirements and a lack of institutionalized remote working restrict Laurentian's talent pool to applicants without sufficient capabilities. Resistance to contracting, under-resourced units and the upwards push of transactional decision-making limit capacity. Collectively, low capability and capacity result in a lack of strategic focus.

The review identified seven transformation initiatives that, if implemented together, can set Laurentian on a path to improved performance and sustainability.

1 STRATEGY

A new strategic plan can enable the reset of the institutional direction and focus resources on transformation. A steering committee should be established and stakeholder consultation should be included. Goals must be specific, measurable, achievable, mission-aligned, and time-bound Outcome accountability must be assigned to specific University leaders.

2 SERVICE DELIVERY

All student services should be consolidated into a single point of entry: the Hub. Open-access service delivery should be digitally-supported inclusive of a ticketing system, self-servicing and cloud collaboration software. Points of entry for faculty and staff services need to be defined. A business partner model should be implemented for administrative services.

3 FINANCIAL PERFORMANCE

There should be an implementation of new financial planning, budgeting and reporting practices, and new controls, to increase the maturity of the finance function and support improved performance. Working with the Board to update and establish policies and financial procedural rules is a first step to improving financial management.

4 STRUCTURE

Administrative functions should be restructured to reflect good practice in reporting lines, accountabilities, span of control and roles. Functional areas should have clear lines of authority and accountability. Roles and titles should be standardized and requisite skills defined. Cross-function interfaces must also be defined.

5 PROCESSES

Processes must be simplified, standardized and automated where possible. Process changes should remove unnecessary steps, understand interdependencies and remove approval layers, where feasible. Feedback from stakeholders should be actioned for continuous improvement. New enterprise processes for risk and records management should be established.

6 TECHNOLOGY & DIGITAL PLATFORMS

Resources need to be allocated to identify and prioritize investments in digital tools and capabilities. University-wide staff recruitment should consider digital dexterity to enable the digital strategy. A fully activated cloud-based ERP system with appropriately trained staff and good data governance can improve data integration and digital maturity.

7 CAPABILITY & CAPACITY

Laurentian must attract new capabilities. To draw from a broader talent pool, it should review the application of its bilingualism policies for select roles and institutionalize remote-working. Capabilities require upskilling to provide strategic support. To increase capacity, select services should be contracted and transactional decisions pushed downwards. Understaffed units should be resourced.

2. Transformation opportunities

A new strategic plan can enable the reset of the institutional direction and focus resources on transformation and achieving financial sustainability.

INITIATIVE OVERVIEW

Laurentian's current challenges present an opportunity to refresh its vision and establish a new path forward. To establish a new vision and direction for a post-CCAA Laurentian, the university should develop a new five-year strategic plan. The strategic plan could present objectives that include: attracting and retaining local and international students, achieving financial sustainability, modernizing teaching and administrative functions, creating more professionalized and collaborative administrative services, improving the student experience and transforming the way Laurentian is governed and operates.*

The development of the strategic plan should consider:

1. the strategic framework
2. what is (and is not) a priority use of limited resources
3. an analysis of Laurentian's internal and external environment
4. a clear vision and direction for a path forward
5. concrete goals that are specific, measurable, achievable, mission-aligned, and time-bound
6. goal accountability assigned to specific university leaders.

KEY ISSUES

The current strategic plan is insufficient

Laurentian's current strategic plan, Imagine2023, does not reflect the university's current realities and recent changes, given that it was drafted before CCAA restructuring and the pandemic.

Laurentian's goals are not specific, measurable or realistic

Imagine2023's goals are not specific, measurable or realistic. This has also been an issue with previous strategic plans. For example, Imagine2023's Outcome 1 relates to the engagement of stakeholders; it was deemed completed on the basis that "*this is an Outcome that is accomplished every day by members of the Laurentian University community*"). If success is not specific, measurable, or realistic, it cannot genuinely be achieved.

There is minimal accountability for the plan outcomes

Management is not held to account against Laurentian's current strategic plan. Further, Nous could not find any formal reporting on the achievement of the goals to Laurentian's governing bodies. Each of Imagine2023's outcomes has a sponsor and a lead. However, when Nous asked senior leaders about their respective mandates and strategic priorities, not a single leader referenced Imagine2023. This indicates that the strategic plan has not been cascaded throughout the institution.

Imagine2023 was not published in a format where it can be used by leaders, nor are senior leaders' performance measured against it, given the lack of key performance indicators.

Finally, an annual operating plan to execute on the five-year strategy does not appear to exist.

*Examples of a university's revised strategic plan can be found in Appendix D, cases 3 and 5

The strategic plan must be specific, and actions to advance the plan must be cascaded throughout the organization.

STEPS FOR IMPLEMENTATION

1. Set the stage for the strategic plan

- Establish a steering committee to oversee the strategic planning process.
- Define the scope of the strategic plan and the strategic framework (such as the one shown on the previous page).
- To inform the strategic plan, conduct preliminary research on the internal and external landscapes (including scenario planning). This could include analysis of international and domestic student enrolment growth areas, learning technology changes, student expectations, etc.
- Engage an experienced third party to facilitate and guide the steering committee.

2. Set the vision, goals and key performance indicators

- Conduct visioning workshops that leverage strategic foresight and meaningfully engage all stakeholders in drafting the strategic plan to increase buy-in (including students, faculty, staff, alumni and external community members).
- Define the strategic plan horizon, goals and key performance indicators (KPIs), and assign responsible parties.
- Validate and communicate the new vision and strategic directions.

3. Cascade the strategic plan throughout the organization

- Build the monitoring and reporting framework to support implementation.
- Translate the strategic plan into the annual operating plan.
- Cascade actions and accountabilities for the plan across staff levels, business units and faculties.

RISKS	MITIGATING STRATEGIES
No alignment with budget and annual plans	Indicate in a five-year budget the financial and staffing resources/capabilities required to achieve the strategic plan. Embed the strategic plan in annual plans for the university and its functions and hold leaders to account for advancing the annual plan.
Low stakeholder buy-in and accountability	Ensure effective and transparent engagement in the process of drafting the strategic plan. Identify champions for each goal and delegate accountability appropriately. Communicate the plan concisely and effectively, and celebrate wins. Integrate the goals into performance management.
Leaders are not making decisions based on the plan	Align the strategic plan with the leadership performance framework and assess leaders on how they are advancing the plan through their decisions.

Service delivery to students is not seamless and efficient. The student union has to help students navigate processes. Satisfaction is low.

KEY ISSUES

Unclear points of entry for student services

There is a lack of clarity around roles and accountabilities. Students are bounced from administrator to administrator so much that Laurentian's student unions devote a considerable energy helping individual students navigate points of service entry. There has been little recognition of the need to better understand and optimize students' customer journey in seeking administrative services.

Outdated channels for service delivery

The call centre receives 14,500 calls annually, only 11,000 of which it answers. Students repeatedly take issue with the call centre's limited hours (10:00–14:00). Installed in 2003, Laurentian's landline equipment is past its end-of-life cycle as of 2020. Additionally, knowledge of its maintenance has been lost with the sudden loss of an IT administrator, so automated phone trees have outdated and incorrect messages (such as incorrect helpdesk hours). Switching to a cloud-based phone system has been estimated to reduce costs of telephony by 30% to 50%.*

Email inquiries for high-volume tasks have been highlighted by student union leaders as significant causes for process breakdown with issues remaining unresolved (for example, addressing issues with the Ontario Student Assistance Program). The Hub alone receives over 7,800 email cases annually, with Student Records reporting upwards of 70,000 emails to resolve issues annually.

In-person, hours-long line ups at the Hub at the beginning of academic terms have been reported, exacerbated by manual services (45,000 out of 80,000 class registrations were done manually).

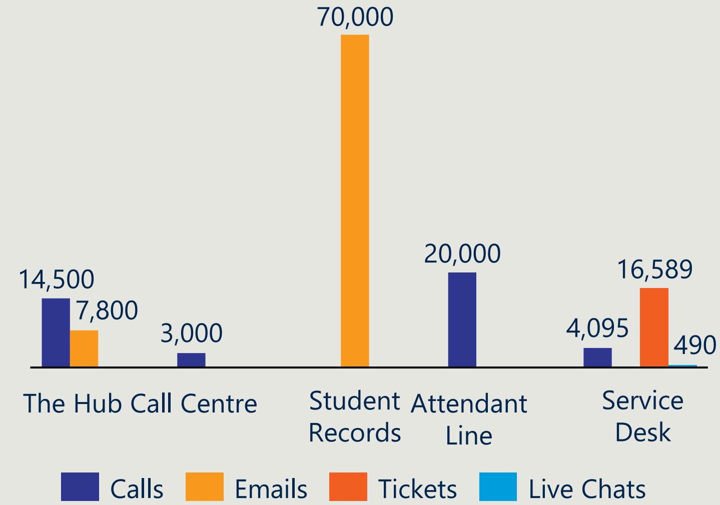
Student satisfaction is low, and retention needs improvement

According to Maclean's Student Satisfaction Survey (which was conducted prior to CCAA restructuring), Laurentian is last in the rankings among Canadian universities. Dissatisfaction is particularly pronounced where it relates to experiences with staff.** The retention of students has been a focus for Laurentian, given exit rates between 13% and 20% over the years.***

A lack of integrated structures compromises service delivery

Due to a lack of integrated processes between the Registrar, Finance and IT for Awards and Fees, students cannot predict when they will receive certain funds or incur select fees. This places an undue burden on students to ease personal cash flows. Students also incur late penalties when funding on their accounts does not offset fees due.

Number of engagements** by channel in the Registrar's Office and Student Affairs (2020)**



* The cost-benefits of switching to a VoIP service, 2020: https://telzio.com/blog/cost-benefits-switching-voip-service.
** Maclean's Student Satisfaction Survey, 2020: https://www.macleans.ca/education/canadas-top-school-by-student-satisfaction-2020/
*** Laurentian Academic Plan: https://laurentian.ca/assets/files/Academic-Plan-EN.pdf
**** A single issue often requires multiple interactions with the Registrar's Office, increasing the total number of engagements by channel.

Delivering efficient services and a positive experience to students can help increase student satisfaction and potentially retention.

INITIATIVE OVERVIEW

Registrarial Services and Student Affairs should shift from offering services that meet providers' requirements towards a tiered model that is student-centric.*

1. Consolidate all student services into the Hub

The Hub should be a single point of entry for all student services. Decentralized channels for service delivery inclusive of department-wide call and email enquiries and the call centre should be consolidated into the Hub.

2. Digitalize service delivery

The university should implement digital forms and information processing, migrate the call centre from landlines to cloud collaboration software, and implement a digital ticketing system to manage queries from all channels, assign agents and run performance analytics.

3. Invest in self-service strategies

The first tier of service delivery should be self-service to equip students to solve issues independently. This should include:

- A target of 60% self-service issue resolution through use of web-based submission forms**
- Adding more website content
- Developing a knowledge management repository
- Enhancing the chatbot and self-service kiosks.

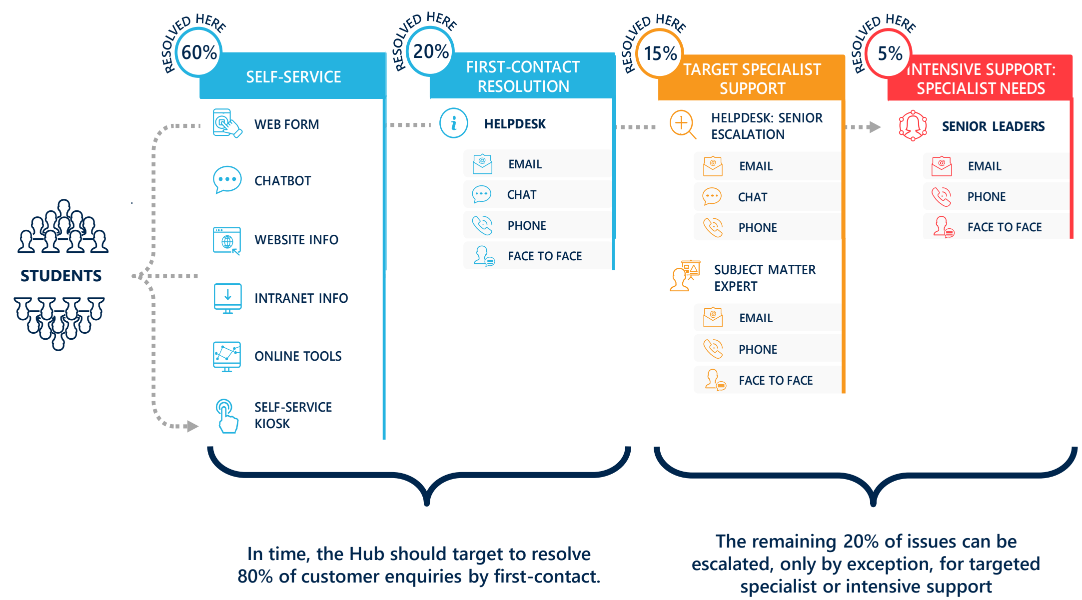
4. Professionalize the customer experience for students

There should be a target of 80% issue resolution by the second tier (first contact with administrative staff). The remaining 20% of more complex issues should be escalated through The Hub and targeted to third and fourth tiers of specialist support.**

5. Drive service excellence

Frontline generalists should drive quality and efficiencies for high-volume transactional tasks. There should be student feedback loops to support continuous improvement.

TIERED SERVICE DELIVERY MODEL FOR STUDENTS



*Examples of a university service delivery transformation can be found in Appendix D, cases 1, 2, 4 and 5
** Source: Nous Group (2020): Student Service Delivery Model Framework

Enhancing the Hub experience and creating a continuous student feedback loop where feedback is actioned can help with service performance.

A SINGLE SERVICE ENTRY POINT WILL PROVIDE EFFICIENT DELIVERY OF TRANSACTIONAL STUDENT SERVICES.

Most student issues do not require management support. Service delivery can be standardized and streamlined to improve efficiency.

HOW SERVICE HUBS WORK

- Maintain an **open access point** to student services to deliver services with a focus on efficiency and **student satisfaction**.
- **Broker specialist advice** from senior helpdesk staff and subject matter experts.
- Understand the ecosystem of policies and processes within the Registrar's Office and Student Affairs to work as a **flexible resource** and respond to fluctuations in service demand.
- Develop and manage **increasingly integrated self-service** customer portal functionality and push adoption of self-service.

WHY SERVICE HUBS WORK

STUDENT FOCUSED

- There is **professionalized service delivery**, consistent with the agreed scope of services and standards.
- Hub staff **consult regularly** with students to clarify their needs and **seek their input.**
- Hub staff proactively **update students** on case progress and **explain delays** if required.

ACCOUNTABLE PROCESSES

- Hub staff understand the **complexities of processes** to guide students through policy frameworks.
- Hub staff are responsible for providing **accurate advice** as the **designated ticket owners.**

MEASURABLE, ACTIONABLE FEEDBACK

- **Feedback mechanisms** are built into service requests and directly reflect on responsible parties, who can **immediately action feedback.**
- Hub staff **inform and steer** policy and process improvements by the central functions and leadership based on their experience and the **experience of customers.**

Engaging students in the design of processes and Hub interfaces can ensure services are designed for students rather than administrators.

STEPS FOR IMPLEMENTATION

1. Understand the current model and pain points

- Document 'as is' service delivery model, roles and responsibilities.
- Conduct rigorous quantitative analysis on current data to understand performance: review service request volumes and resolution times; categorize by type of service delivered; review content on website including ease of navigation and visitor statistics.
- Consult key stakeholders (students, as well as service providers) to gather qualitative data on the major service delivery pain points.
- Understand who is the customer and their needs through customer workshops and/or creation of personas.

2. Define the opportunities and the future model

- Facilitate co-design workshops to improve the service delivery model. Identify improvements and provide a short- to medium-term roadmap to a new model.
- Undertake review of core enablers to achieve the new model (technology, policy, process simplification, change of service levels).
- Establish appropriate navigation channels for services inside and outside the Hub.
- Develop knowledge base articles for common issues in the Hub.

3. Implement the new delivery model and tools

- Scope the requirements for the cloud collaboration software, and procure.
- Train staff on the use of the call centre software, customer service essentials.
- Implement the ticketing system (preferably same software currently used at the IT helpdesk).

RISKS	MITIGATING STRATEGIES
There is inadequate frontline staff capability	Hire staff with a natural service orientation. Prepare standardized onboarding, training and performance management for generalist staff. Implement a buddy system to accelerate training. Standardize and document processes. Create knowledge base articles for common issues so frontline staff can independently solve problems.
Provider-centric service design prevails	Create a unifying student-oriented vision, and have Hub process managers accountable to this vision. Develop a strong culture of continuous improvement. Leverage data from consolidated digital channels to add, remove and/or improve services from the portfolio to better respond to changes in user needs. Identify and publicly report service metric performance
Poor adoption of self-service floods frontline staff	Build a knowledge base, continually improve the knowledge base, offer updates, and keep knowledge bases simple. Trust student feedback and act on it.

Administrative service delivery to faculty and staff can benefit from the establishment of service business partners in functions and more self service.

INITIATIVE OVERVIEW

Clarify points of entry for faculty and staff users of administrative services. Create structures and processes that support accountability in service delivery, fostering a culture of service excellence. Standardize and streamline processes to drive efficiency.

1. Integrate silos

Create a unified vision of service delivery collaboration and work towards common goals to support better service delivery.

2. Digitize processes to enable more self-service

Internal administrative service efficiency can be improved by enabling more online self-service options, such as for submitting expenses or using digital HR submission forms through the staff intranet.

3. Implement business partners

Create business partner roles within Finance, HR, IT and Advancement. The business partner would be responsible for ensuring faculties and staff have the appropriate support from the administrative function as it relates to, for example, budget planning, hiring, tech support or soliciting alumni donations. Business partners can also help solve more complex issues and liaise between service users and subject matter experts, senior leaders and external providers.

KEY ISSUES

A lack of integrating structures compromises service delivery

For example, HR does not have access to financial information such as salaries. This restricts HR from delivering services core to its mandate, such as supporting discussions on pay increases or starting salaries.

Advancement does not foster relationships with faculties to enable collective or coordinated alumni engagement and fundraising. That means that if faculties do not conduct their own alumni outreach they have unengaged alumni and potentially missed fundraising opportunities.

Staff online portal services are not comprehensive

Invoices come in multiple forms (fax, email, mail), and need to be printed and undergo a lengthy, error-prone manual process. Faculties and functional units expressed a pattern of errors in invoicing, difficulty identifying variances in how invoicing is recorded in their budgets, and difficulty resolving variances with Finance.

Managing HR-related documentation such as personal leave requests is not enabled through the portal and is therefore manual.

Tasks where strategy and operations connect are inefficient

Hiring is a prolonged process. There is an unnecessary amount of back and forth between functions/faculties and HR. In Libraries and Archives, for example, hiring for existing positions takes upwards of six months. Hiring for new positions takes upwards of 12 months.

Business partners play a key role in providing advisory and support services to faculty and staff to address their finance, HR, IT and advancement needs.

A BUSINESS PARTNER ROLE WITHIN FUNCTIONS IS CRUCIAL TO SUPPORT IMPROVED SERVICES TO STAFF AND FACULTY AND ENABLE MORE CONSISTENT SERVICE PERFORMANCE ACROSS FUNCTIONS.

BEST PRACTICE APPROACH

WORKS STRATEGICALLY

- links **strategy with operations** - providing a strategic perspective in operational decision-making, and an operational perspective in strategic planning
- **liaises** with business partners in **other portfolios**, maintaining internal strategic communication at levels **below senior leadership**
- acts as an **advocate** for **customer experience** in strategic planning.

PROVIDES ADVICE

- has a **thorough working knowledge** of the subject matter of their function, and of the **work carried out** in customer areas
- uses up-to-date knowledge to **understand problems in context** – and then guides, advises and triages
- plays a small role in a large number of project and program conversations, as a **source of contextual insight.**

PROVIDES ADVICE

- **builds relationships** with line managers, key staff and/or senior leaders within customer work areas (depending on level)
- **explains** service limitations and strategic priorities to customers, from a starting point of **empathy and trust** – grounded in a **close working relationship**
- helps **shape implementation**, and disseminate **internal comms**, for new initiatives.

HOW TO GET THERE

BREAK OUT AND EMBED

Business Partners (BPs) **venture out of their home function** and embed themselves within the business units they serve. Leadership must recognize this division and assist BPs in managing/redirecting requests from individuals or units outside their allocated role. When BPs are immersed in a business unit it allows them to develop a greater understanding of the specific needs, processes and goals of the unit. This fosters collaboration, trust and genuine solutions.

EVOLVE FROM GENERALIST TO CONSULTANT

BPs evolve from general transactional support staff into strategic business consultants who understand the nuances of business, its needs and its competitive environment (for budget allocation). Best practice business partnering involves individuals being engaged on the frontline of activity, actively solving problems using analysis, data and reports and bringing their 'home function' expertise into committees and decision making with leadership and function.

INVEST IN UPSKILLING

The university should invest in developing skills and capabilities in three areas:

1. *Business fluency*: combining financial acumen and operations knowledge with 'home function' expertise and an understanding of the Laurentian landscape.
2. *Consulting agility*: including skills in data analytics and aligning 'home function' capabilities with business unit imperatives.
3. *Leadership*: enabling BPs to successfully advance ideas within business units and promote their 'home function' throughout the university.

Working with clients to understand service pain points and co-create new services and interfaces will ensure services are client-centric.

STEPS FOR IMPLEMENTATION

1. Understand the current model and pain points

- Document 'as is' service delivery model, roles and responsibilities across HR, Finance, IT and Advancement.
- Conduct rigorous quantitative analysis on current data to understand performance: review service request volumes and resolution times; categorize by type of service delivered; review content on staff portal including ease of navigation and visitor statistics.
- Consult key staff to gather qualitative data on the major service delivery pain points.
- Understand the customer needs through customer workshops.

2. Define the opportunities and future model

- Facilitate co-design workshops to improve the service delivery model. Identify improvements and provide a short- to medium-term roadmap.
- Establish appropriate navigation channels for services inside and outside the staff portal.
- Determine future cross-function interfaces required for service delivery.
- Develop knowledge base articles for common issues in the staff portal.
- Define the business partner role and assign function staff to role.

3. Implement the new delivery model and tools

- Issue change communications to the community.
- Train staff on the use of any new forms and self-service functions.
- Implement new staff portal functionality.

RISKS	MITIGATING STRATEGIES
Lack of leadership capability and change resistance	Strengthen leadership alignment by having the right leadership team in place. Ensure leaders understand the change and impacts, and have the right strategic and digital capabilities to support transformation.
Organizational change resistance	Promote organizational alignment through a comprehensive communications plan to inform employees of changes and support buy-in for successful and sustained adoption of change.
Service process teams create roadblocks to business partner success	Create a unifying service-oriented vision for each function. Elevate the role of the business partner within the function by creating a cross-unit service forum where the business partner can share client feedback and units can continuously improve.
Service portal design has limited user input	Co-create service-level blueprints upfront to ensure greater transparency and to align users' expectations about what to expect from the portal. Define who is accountable to update portal content for greater usability.

Budget planning and management practices are still maturing, and require priority attention to address weak areas and build rigour into practices.

KEY ISSUES

Current financial insolvency

Laurentian's CCAA restructuring and the disclosure of certain matters in connection with the restructuring have raised concerns around budget management, financial processes and oversight at the university.

Outdated or missing frameworks, policies and practices

- A fulsome budget model for each function and faculty is lacking. Unit managers can't make informed decisions about investments (for example hiring new professors) and manage within their budgets, because they don't have complete and updated information surrounding their budget and expense actuals.
- Internal stakeholders have indicated a lack of rigour in defining expense items and setting budgets for business units. For example, expense category amounts are set arbitrarily and sometimes do not reflect real spending categories, which impacts the accuracy of institutional reporting on expenses.
- Financial information is not easily accessible and consistent across the university. Information on costs and full-time equivalent (FTE) staff levels have been difficult to gather for this analysis.
- Fully digital and integrated financial management through the enterprise resource planning (ERP) system has not been adopted. IT has noted that several modules are not being used by Finance currently, leading to disconnected systems such as the General Ledger from Excel sheets being used.
- The Capital Debt Policy was set in 2010 and updated in 2016. It was set to be updated in January 2021 but has not been. The ratio of debt to total revenue maximum that has been established is 45%. This policy should be updated and reassessed given the current financial context and the slowing growth of local enrolment in the higher education sector, along with the revenue volatility created by COVID.*
- The policy on tuition fee exemptions was due to be updated in 2017 but has not been. This policy outlines tuition exemptions for relatives of staff with a broad definition of 'dependants.**

Immature budget planning and management

- Laurentian has a backlog of repair of its assets of $135M, some of which concerns high-priority asset rehabilitation based on Facilities Service's risk assessment, such as roofing and electrical repairs. Currently there is no funding to address the backlog other than through partial grants from the provincial government. Budget planning at Laurentian appears to not incorporate capital planning with lifecycle cost allocations to ensure ongoing asset repairs are properly funded.
- There is an incrementalistic approach to developing budgets currently, where historical figures are used to plan for the year rather than applying a more informed and rigorous methodology.
- Overspending relative to revenue has been common practice over the last several years, as illustrated on page 6.

*Laurentian Capital Debt Policy: https://intranet.laurentian.ca/policies/2016.Feb.12%20-%20Capital%20Debt%20Policy%20-%20EN.pdf
**Laurentian Tuition Fee Exemption policy: https://intranet.laurentian.ca/policies/2016.Feb.12%20-%20Policy_Tuition%20Fee%20Exemp%20-%20EN.pdf

New financial planning, budgeting, reporting and controls can increase the maturity of the finance function and support improved performance.

INITIATIVE OVERVIEW

Laurentian entered court proceedings in CCAA with a view to emerge as a financially viable institution. A new and more rigorous approach to and process for budgeting and reporting can support that objective.

Approach

Laurentian should introduce a new approach to planning, budgeting and reporting where a framework and rules are established with senior leadership and the Board, to be followed by Finance. This should include a budgeting approach that is tightly linked with revenue changes and projections.

The Finance lead should review the budget model with the Board and university leadership, and should establish the university's budget framework, budget objectives, deficit rules, budget planning cycle, reserve target as percentage of total operating expense, maximum debt to revenue ratio, the chart of accounts structure, and variance and actual reporting requirements.

When reporting to the President and Board, the Finance AVP must develop in-depth knowledge of the business and its strategy to evaluate the financial implications of plans and provide decision-making support and advice to leaders. Finance leaders must analyze data for insights to produce targeted and relevant reporting and to identify or anticipate risks, issues and trends for the Board and President.

Process

The university should implement activity-based budgeting with faculties. This model will not rely on historical cost; rather it will thoroughly analyze revenues, activities and cost drivers within the institution when setting budgets. Finance should also establish better financial management practices for classifying expenses from faculties to improve the accuracy of financial reporting.

Finance should implement use of the Budget Management, Project Accounting and Fixed Assets modules on the Ellucian ERP system to enable better financial oversight and reporting.

EXAMPLE OF KEY FINANCIAL MANAGEMENT ACTIVITIES

PLANNING, MODELLING AND ANALYSIS

- Provide the *learned* link between past results and future expectations
- Establish University level financial forecasting
- Work with controlling functions to compare with actuals and identify improvement areas
- Work closely with strategic planning to develop revenue analytics and forecasting
- Expense management analytics, composition, driver and forecasting
- Course profitability, pricing, and competitive positioning analytics
- Scenario analysis
- Management reporting

BUDGETING

- Establish and administer the University budget process
- Work with key stakeholders, planning and analysis to assess business case strength for the various proposed uses of University capital
- Oversee the business case policy for budgeting submissions and development of investment projects
- Report on actual project benefits against budget

TREASURY

- Establish University-wide treasury strategy and policy
- Manage the University debt facility, trust funds and endowments
- Establish, maintain and monitor investment, debt and treasury management
- Policy, advice and monitoring of endowments and gifted funds
- Short-term financial instrument management
- Debt raising
- Manage University investment strategy

REPORTING AND CONTROL

- Prepare statutory reports
- Management accounting, liability accounting and consolidation entries policy
- Ad hoc external and affiliate reporting
- Undertake bank reconciliation
- Implementation of accounting policy and principles
- Ownership and continuous improvement of financial processes
- Ownership and maintenance of financial/accounting systems

TAX AND COMPLIANCE

- Taxation policy, advice, lodgment and assessment
- Co-ordinate and support external financial audit
- Taxation analysis

Working with the Board to update and establish new policies and financial procedural rules is a first step to improving financial management.

STEPS FOR IMPLEMENTATION

1. Establish the model and financial rules

- Engage the Board and senior leadership on the status of the budget model and financial goals, and assess where the model and goals need updating.
- Recommend key financial rule and reporting changes to the Board (for example variance reporting, reserve funds, debt ratio, unrestricted funds).

2. Implement changes to the financial rules and modules

- Implement new financial management and reporting rules.
- Implement use of ERP financial modules and change processes to align with the use of these tools.

3. Finalize the budget model and allocation approach

- Finalize the budget model approach for capital planning, faculties and administration.
- For budget-setting on the administrative side, with the Board and leadership, identify and agree on the cost drivers responsible for revenues and expenses and the allocation method for indirect costs (for example, registration, library and writing centres might have allocations based on student numbers; admin departments servicing staff might be allocated based on staff served) and space/maintenance costs based on square footage allocated to each department.
- Establish the calculation procedures necessary to enact the new model.

4. Implement the budget model

- Implement the new budget model with change management support.
- Monitor performance and adjust as necessary.

RISKS	MITIGATING STRATEGIES
Resorting to old practices	Monitor the performance of the new practices and set a budget process review cycle timeline.
Lack of budget model by-in	Deploy change management practices to communicate changes to the community, including the benefits. Include departments in the approach. Engaging them in the roll-out of changes will support buy-in.
Inadequate capability	Staff within and external to Finance should receive initial and recurring training on good practices in financial accounting and management.

A revenue strategy can focus on how to price services, increase sales and reduce revenue leakage to increase the ancillary services contribution.

INITIATIVE OVERVIEW

While managing its costs Laurentian needs to drive revenue, including in its ancillary services.* Laurentian should develop a new business plan for ancillary services to increase their net contribution to the university. While some of this work is already underway, it should be expanded and accelerated given the current financial situation. The approach should include:

1. **Optimizing existing offerings to increase demand**
2. **Diversifying ancillary offerings with partners for delivery**
3. **Adjusting pricing to optimize revenue**
4. **Maximizing revenue through revenue assurance**
5. **Driving implementation with targeted marketing plans.**

KEY ISSUES

Opportunity costs of not having a robust strategy

Laurentian does not appear to have a robust revenue generation strategy where it determines the potential for services and revenues. There may be opportunities for growth in existing and new channels (e.g., the bookstore, OneCard, childcare, parking, food services, technology training, space leasing, residences, procurement, high school programs, senior programs, etc.).

Reduced ancillary revenues due to COVID

Laurentian's ancillary services revenue as declined during the pandemic. According to the 2020 Annual Report, ancillary's contribution dropped by 15% in 2019–20. Due to restrictions during that time there was minimal food service, fewer students requiring accommodation, reduced demand for parking and reduced demand for conference services.

REVENUE GROWTH LEVERS FOR ANCILLARY SERVICES IN HIGHER EDUCATION

ADJUST PRICING

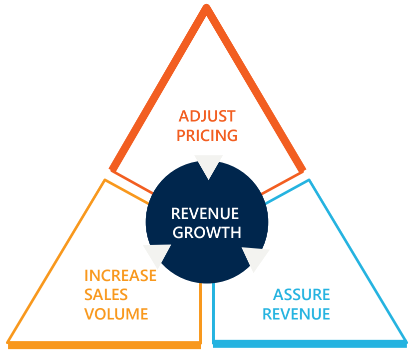
Explore new pricing strategies to drive recurring revenue and profitable fee structures.

INCREASE SALES VOLUME

Understand how Laurentian can deliver on customer needs by extending services and expanding reach through existing and new services.

ASSURE REVENUE

Assess how revenue might be "leaking" through free offers, non-chargeable services and existing contract terms, and work to plug the holes.



*Examples of institutions that underwent financial improvement programs can be found in Appendix D, cases 1, 3 and 5

Assessing ways to improve revenue from current services should be conducted first. Other service options should be assessed through business case analysis.

STEPS FOR IMPLEMENTATION

1. Current state analysis

Review data and documents relating to financial performance to understand current room for growth in what's working and which offerings are optimized in their delivery model.

2. NACAS benchmarking

Perform benchmarking analysis based on information in the National Association of College Auxiliary Services (NACAS) survey.

3. Options assessment

Develop a preliminary long list of opportunities across offering categories (bookstores, OneCard, parking, food services, space leasing, residences, etc.). Quickly remove opportunities that do not generate a significant return on investment, are too difficult to implement, or are not aligned with the university's values or operating mandate.

4. Create a business plan and implement the strongest initiatives

Develop short-term and long-term strategies for increasing the net contribution of ancillary services and implement the strongest initiatives.

RISKS	MITIGATING STRATEGIES
Insufficient demand for ancillary services	Business cases should be modelled on demand-side economics.
Balance sheet health and tight cash flows	Create short-term and long-term strategies to prioritize high impact quick wins early.
Diverting resources from core areas of focus	Focus on delivering current services well to generate revenue. Consider partners to deliver any new services, if financially viable.
Revenue assurance	Assess how revenue might be leaking through free offers, non-chargeable services and existing contract terms, and determine a feasible plan to plug the holes.
Unintended consequences	Pricing models should not be considered without assessing the demand-side, reputational and equity impacts. Pay close attention to the impacts of proposed changes on demand.

Administrative reporting lines, structures and roles should be redefined to help drive greater accountability and standardization across functions.

INITIATIVE OVERVIEW

Restructure the administrative functions to better reflect good practice in reporting lines, accountabilities, span of control, and roles. The new structure should be updated based on good practice rather than existing reporting lines and capability gaps.

1. Determine central function focus areas

Determine the scope of responsibilities and services for each function, guided by refreshed institutional plans and good practices.

2. Define the vertical and horizontal lines of authority

Increase the spans of control to six to ten to align with modern practices. Standardize titling in rungs of seniority (AVP, Director, Manager, Co-ordinator). Introduce several generalist roles that share responsibility for more transactional tasks.

3. Define the distribution of activities across units and formalize accountabilities with key performance indicators

Define what activities are owned by which units and departments, and who will be making which decisions within each unit and department.

4. Standardize job roles and define the required skills

Define roles of each position. Define the education, skills, and experience required for each position. Institutionalize HR's involvement in all recruitment to ensure new hires have the education, skills, and experience required of the role.

5. Define the structures that support inter-function relationships

Institutionalize a business partner model to bridge silos across functions and faculties.

KEY ISSUES 1/2

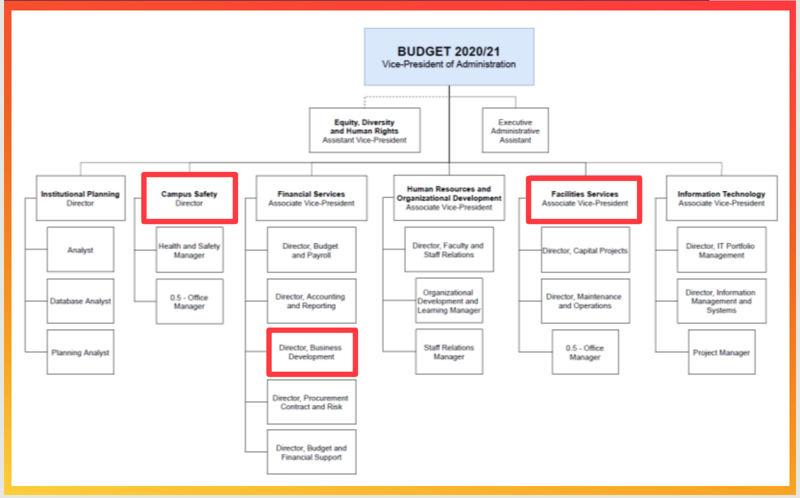
Poor alignment of functional units

The current structure is not aligned with modern practices. For example, Facilities, Ancillary Services ('Business Development'), and Safety are separate units despite the close alignment of their mandates (see Organizational Design of Finance and Administration below).

Inconsistent reporting structures

Reporting lines are inconsistent in several areas, such as the Director of Safety reporting directly to the VP, Finance and Administration, or a Manager in HR reporting directly to the AVP of HR.

Organizational Design of Finance and Administration



Current spans of control are low and some managers have no direct reports. Departmental accountabilities are unclear.

KEY ISSUES 2/2

Low spans of control

Laurentian's vertically-hierarchical structure, multiple layers and low spans of control restricts information flow and slow down decision-making. For instance, there is scope to flatten and improve the spans of control in finance from 3.25 (Organizational Design of Finance) to the better practice range of six to ten. Similarly, there is scope to improve spans of control administrative wide (HR=3.7; IT=5.3; Advancement=2.3; Research=4.5; Registrar=4.9).

Accountability frameworks missing

There is an absence of accountability frameworks for departments and units, which has not enabled the performance of departments. At the leadership level, the lack of performance expectations or key performance indicators for departments aligned to the strategic plan has fostered a culture of low accountability and performance on strategic outcomes. Furthermore, functions do not appear to see basic practices that should be within their responsibility as part of their role. For example, HR doesn't take accountability for vacation leave requests, has inconsistent involvement in hiring processes, and does not ensure performance evaluations are conducted. General Counsel does not review significant contracts before they're signed by business units.

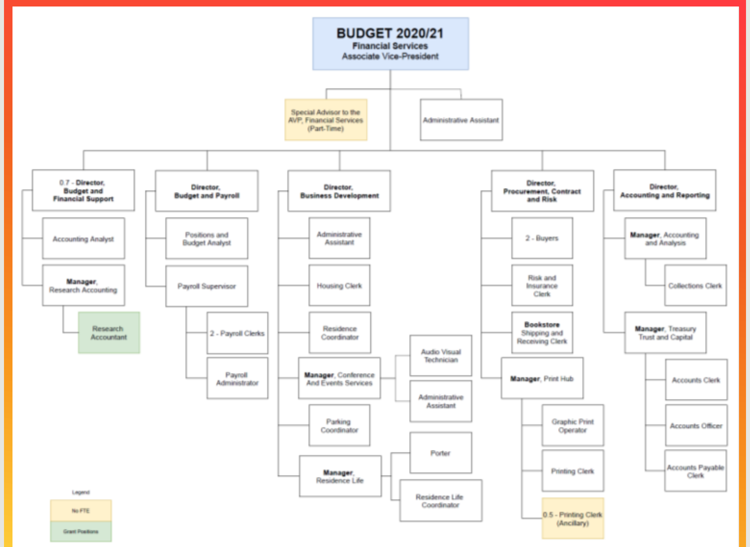
Non-standardized job titles and roles

The seniority of job titles is inconsistent across the university. For example, in Registrarial services and student affairs there are managers without direct reports, and in Research a manager reports directly to a VP, a structure that pushes administrative tasks upwards, detracting from senior management's time focused on strategic planning. Laurentian's non-standardized titles (1) complicates the hiring process; (2) clouds compensation equity; (3) confuses employee career paths; (4) pushes transactional decision-making upwards at a cost to strategic planning; and (5) confuses service users trying to understand roles when seeking the appropriate point of entry for service.

Poor inter-functional connection points

Administration can be highly siloed. For example, Finance handles payroll, and HR does not have access to salary information which is critical to its operations.

Organizational Design of Finance



SPAN OF CONTROL: 3.25

FTE'S: 40

PEOPLE-MANAGER ROLES: 12

LAYERS: 4

SPAN OF CONTROL = (FTE-1) / PEOPLE-MANAGER ROLES

Accountabilities, structures and roles should be informed by a new strategic plan to align the organization to deliver on a new set of priorities.

STEPS FOR IMPLEMENTATION

1. Current state assessment

Undertake a thorough assessment of the current organizational design to understand financials, FTE, purpose, roles, capabilities, services, tasks, key performance indicators and authorities.

2. Future state structure

- Benchmark Laurentian's organizational design and FTEs against activity-based data from comparable universities.
- Develop the top-level target organizational design, based on best practice research, strategic drivers and key design criteria (that is, control versus responsiveness).
- Develop high-level organizational structures for each administrative function, taking into account core design principles, to ensure effective spans of control and organizational layers.
- Develop mandates for each function in alignment with the strategic plan that outline financials, FTE, purpose, roles, capabilities, services, tasks, function interfaces, key performance indicators and authorities.
- Establish consistent job architecture and design standardized roles that promote clear career pathways, consistent titling, pay equity and efficient recruitment.

3. Transition to new structure

- Assess impact on staff to determine those that can be directly placed into new roles versus those that must apply. Develop staff transition plans.
- Begin transitioning staff into new roles; launch training and onboarding activities.
- Evaluate post-implementation to test effectiveness.

RISKS	MITIGATING STRATEGIES
Capability of leadership to implement change and manage a flatter structure	Strengthen leadership alignment by having the right leadership team in place, ensuring leaders understand the change and impacts and are equipped to manage larger teams.
Change resistance	Promote organizational alignment through a comprehensive communications plan to inform employees of changes and support buy-in for successful and sustained adoption of change.
Critical process failure	Identify critical processes (for example payroll) and minimize disruption through effective planning and change management.
Jeopardizing union relationships	Develop a working approach early, be transparent, and keep unions engaged in the process.
Financial uncertainty	Establish financial targets (overall costs, costs by administrative function, etc.) and design the structure within these parameters.
Design mutation	Establish strict organizational design governance. Roles that exist outside the approved structure should go through a business case and approval process.

Processes across functions are manual, complex and at times undocumented. Redesigning these processes can produce more efficient operations.

INITIATIVE OVERVIEW

Consultations with Laurentian stakeholders and analysis of process data has uncovered significant opportunity for improvements to service quality and efficiency through process redesign. Simplifying, automating and digitizing heavily paper-based transactional processes would also minimize multiple points of data entry, address quality assurance issues and better track performance data.

SIMPLIFY

Simplify processes

Remove unnecessary steps and duplication

RE-ALLOCATE

Better allocate processes

Centralize or outsource to the right level

CHANGE SERVICE LEVELS

Change quality or quantity of services to what's needed to achieve outcomes

TRANSFORM VIA TECHNOLOGY

Automated or enhanced through the use of new or existing technology

INCREASE PROFESSIONALISM

Build specific and technical capability of staff to enhance service performance and build engagement

IMPROVE RISK MANAGEMENT

Streamline compliance or change risk approach to enable processes to be more efficient

KEY ISSUES

Processes are provider-centric rather than user-focused

For example, Finance does not conduct month-end, quarter-end, or mid-year reports that enable university budget managers to engage in variance analysis.

Processes lack streamlining

For example, internal stakeholders noted that "40% of HR's time is spent on paper-based processes that should be digital." For hiring, there's an unnecessary amount of back and forth between functions/faculties and HR. One stakeholder noted that "hiring for existing positions takes upwards of six months, whereas hiring new positions takes up to a year."

Processes lack controls

Finance receives invoices in multiple forms (fax, email, mail), prints invoices, and engages in a manual process that lacks controls. Internal stakeholder interviews indicated that invoicing is prone to error. They can be paid in the wrong amount due to manual keying errors. There are no controls in place to rectify errors other than the vendor self-identifying.

Process flow can be encumbered by bottlenecks, double-handling, waiting and other limitations

In the Registrar's Office there are many manual processes with double entry, like deferrals and enrolments. Staff key in Ontario Student Assistance Program (OSAP) applications submitted on paper. Grade point averages (GPAs) are calculated manually.

Service levels are dictated by supply rather than demand

The Hub, for instance, has hours-long line-ups at the beginning of term. Higher demand times require better resource allocation.

Service performance data is inconsistently collected, reported and actioned

For example, student leaders have noted that "Laurentian engages with students and seems to acknowledge necessary improvements, yet often this doesn't result in positive change." For instance, student leadership has advocated for formalized processes in providing teaching assistants, lab assistants etc. contracts and honouring those contracts. Consistent feedback, however, is not actioned.

The four-step approach to process redesign will involve developing solutions with process owners and soliciting feedback from end-users on pain points.

STEPS FOR IMPLEMENTATION

1. Interrogate

- Establish project governance, including sponsors, objectives, risks and mitigations. Dedicate resources from process redesign and subject matter experts.
- Develop design criteria for process redesign such as: iterative, outcomes-focused, client-inclusive, accountable.
- Interrogate current state data to identify and prioritize processes for redesign based on complexity and benefit.
- Define customer value (such as process time, effort or quality).
- Map current state and identify steps, channels tools and accountabilities. Identify pain points.

2. Scope

- Scope solutions using the six-lever framework and test with stakeholders.
- Partner with IT for advice where solutions include technology.

3. Design

- Design future state and estimate benefits based on defined customer value.
- Create an action plan that prioritizes actions based on positive impact and effort to implement. Use this to categorize actions into horizons of near-term and long-term wins. Identify responsibility for actions.
- Develop communications and change management plan (including training where necessary).

4. Implement

- Implement changes. Monitor success at planned intervals (one month and three month). Iterate solutions if necessary.

RISKS	MITIGATING STRATEGIES
Resulting design does not actually address the critical issues from a user and/or provider perspective	Active participation, representative of all stakeholders involved in the process, as well as proper facilitation from the project team, should adequately identify value and design solutions to address process issues.
Difficult implementation of new processes and systems	Recognize and communicate that it might take time for people to adjust. For difficult implementations, start with user acceptance testing and pilots to identify issues prior to launch. Monitor and iterate designs where necessary.
Unwillingness of service providers to support redesign or adapt to the change	Identify stakeholders early and consult to understand perspectives. If necessary, escalate to senior leaders to help drive change.
Dependence on technology as the solution	Ensure the project team explores quick win opportunities first, including process simplification, policy, risk and education, before higher value and more complex solutions like technology enhancement and changing service levels.

Enterprise procedures are absent and policy enforcement could be improved. A redesign of enterprise policy management can help mitigate risk.

INITIATIVE OVERVIEW

Update and enforce major enterprise policies and operating procedures that are critical for institutional compliance and to mitigate risk. This should include the risk register, records management, and the accommodation of individuals with accessibility issues. An ongoing review process for enterprise policy compliance and effectiveness should also be adopted.

1. Develop a formal enterprise approach to risk management and update the enterprise risk register

Develop a new risk management register and framework based on input from the Board on the preferred institutional risk appetite. Translate the risk appetite for the function level so leaders can understand what risks to identify for the President and Board. Develop training for leaders to evaluate and manage risks within their functional areas.

2. Develop, implement and enforce a records management policy

Establish formal accountability for records management with the university Secretary and develop an enterprise records management policy. Assess current records gaps and risks and implement the appropriate records management changes across the institution, supported by training.

3. Conduct an ongoing review of policy efficacy and compliance and provide training on policies like equity, diversity and inclusion (EDI)

Through the university Secretary, schedule a periodic review of policy efficacy and compliance, such as with the accommodation policy, to assess gaps and potential risks, and update policies or enhance training to address issues. HR should implement a comprehensive training program on EDI for management, staff and faculty.

KEY ISSUES

Minimal or absent policies for internal control and risk management

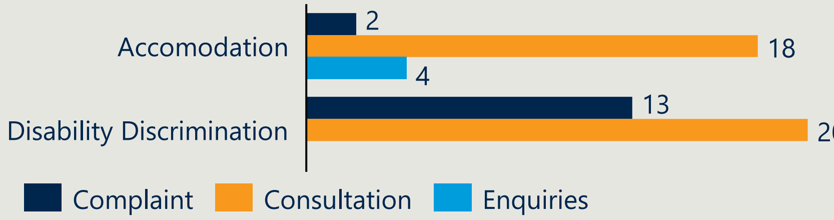
- Legal and compliance risks are notably absent from the Risk Register, despite claims and grievances being high according to Legal Counsel.
- It is not clear how the risk appetite of the university should be applied within functions and whether there is formal training on identifying, evaluating, documenting and managing risk for leadership.
- Accountability for records management and the related enterprise policies and training appears to be absent within the institution. There was little evidence of formal and standardized practices and awareness across functions. For example, it was noted that HR does not have comprehensive information on current or recent employees.

No Records Management Process

Laurentian is reliant on individuals having maintained their own records in whatever form they choose. When an individual leaves, it is at times not possible to locate even the most critical of records (e.g. employee contracts).

Minimal enforcement of policies creates risk

Accommodation for students with disabilities was noted to be an area where compliance with accommodation support and plans by staff could be improved. Further EDI training has not been undertaken. According to data from the Equity, Diversity, and Human Rights Office, 20% of all case contacts in 2019-20 focused on accommodation issues and disability discrimination.



A review to identify gaps and issues, along with recommendations for consideration by the Board, are the first steps toward policy and procedure renewal.

STEPS FOR IMPLEMENTATION

1. Set the stage for policy review

- Define the which roles relate to policies and records management.
- Establish a core team dedicated to overseeing the revision policies, procedures and documents – the team can pool resources as needed to do the groundwork and training support.
- Review existing policies and assess whether updates are needed based on a set of criteria, such as clarity, necessity, whether it is currently implemented effectively and whether it effectively accomplishes its intended objective.
- Conduct desktop research on best practices relevant to the documents being changed.

2. Identify opportunities for change or enforcement

- Identify where policy gaps exist and develop new policies to address gaps.
- Test policy changes with internal stakeholders to assess feasibility.
- Provide recommendations on new and amended policies to the Board.

3. Develop and implement new policies and provide training

- Rewrite policies and issue communications to staff describing the policies and procedures for following the policy.
- Develop training modules for staff on the policies and procedures.
- Establish a timeframe for policy reviews to update or improve implementation.

RISKS	MITIGATING STRATEGIES
Procedures and policies are still not followed	Involve staff in the development of the procedures so they are user-friendly and clearly understood. Conduct ongoing audits to determine where procedures might not be followed and to understand the reasons for this. Determine an appropriate mechanism to address the issue (for example training, escalation to management, amended procedure). Leaders must demonstrate and urge compliance, and they should be held to account when they are not compliant with processes.
There is resistance to change from the start	Initiate change management activities before introducing the change to highlight the purpose, the key changes and the support that will be provided.
Policies are not monitored for compliance and efficacy	Clearly indicate who is responsible for policy upkeep and enforcement.

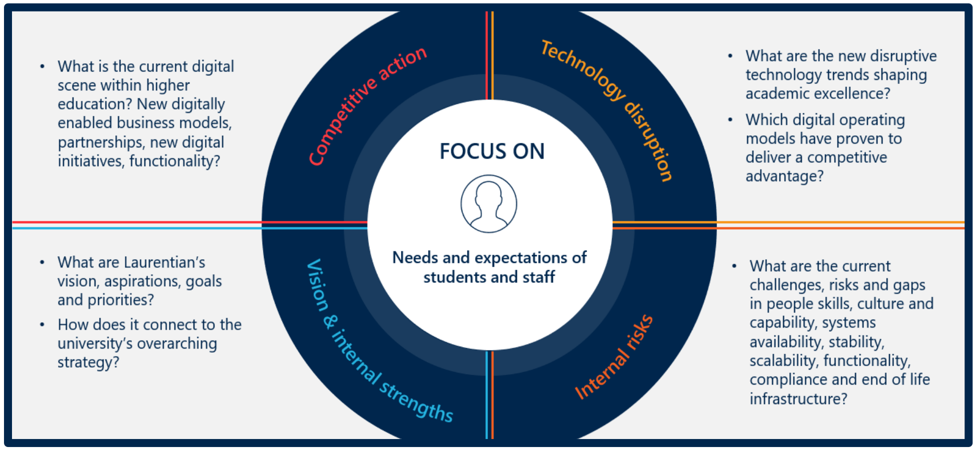
Digital capability at Laurentian is low. A digital strategy can help identify and prioritize investments in digital tools and capabilities.

INITIATIVE OVERVIEW

Laurentian should develop, fund and implement a refreshed institution-wide digital strategy to enable functions across the university to operate efficiently and in line with current digital trends in teaching and administration. An effective strategy will help with prioritizing digital initiatives. It will:

- improve staff productivity and operational effectiveness by automating manual processes
- support the achievement of the Strategic Plan and the Academic Plan
- enable Laurentian to take advantage of emerging technology
- help academic and administrative functions by providing staff with accurate data and business analytics at the right time

University Digital Strategy Framework



KEY ISSUES 1/2

Current digital strategy has not been advanced

An overarching technology architecture has been developed, but the university remains anchored by legacy systems. These systems hinder the productivity of staff, create opportunities for error, and keep the university locked into dated practices, unable to capitalize on current technological trends.

Digital tools are inadequate

Functions across the university lack the digital support they require to perform optimally. For example:

- Human Resources has no software to handle faculty recruitment, no method to handle Laurentian Staff Union (LUSU) performance management and no records management solution.
- The Registrar's Office does not have the ability to mass-change application statuses. Class scheduling and conflict resolution are not automated. 6,000 transcripts are processed manually every year.

These manual or digitally-limited processes create additional workload for staff and prevent the efficient operation of the university as a whole.

Underinvestment in IT assets has meant that teams have had to deploy a patchwork of homegrown tools to address digital gaps.

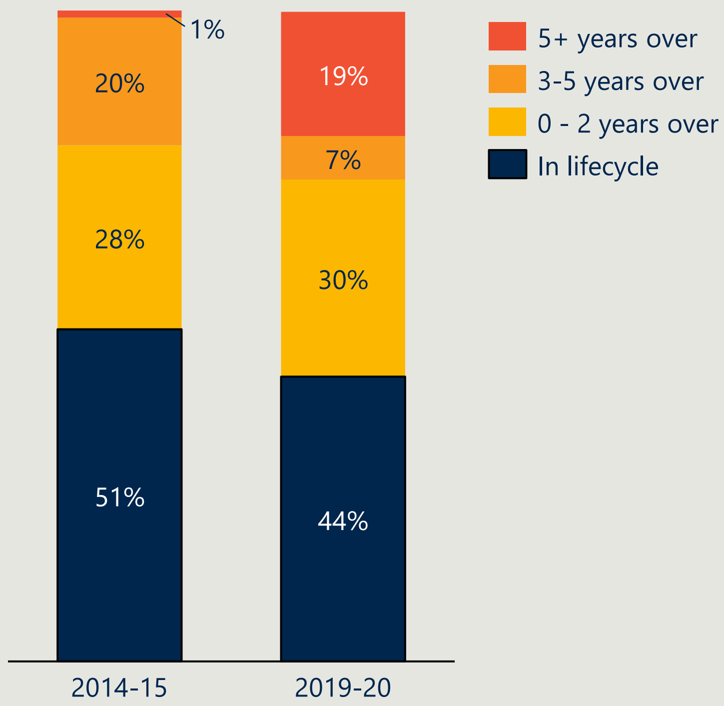
KEY ISSUES 2/2

Dated technology

As of December 2020, 56.2% of IT assets were at renewal or past their product lifecycle by at least one year, with 15.7% of IT assets being ten or more years past their lifecycle. This creates IT-support complications and restricts the university's ability to implement new technologies or digital processes. For example, IT is still in the process of upgrading WIFI networks to technology released in 2013 (WIFI5) while the world is shifting to more advanced networks (WIFI6), and Registrarial Services and Student Affairs rely on older homegrown systems.

The present telephone system, last upgraded in 2010, is past its end of life. It has no manufacturer support and limited IT support, and it poses a risk of long-term system failure. Compared to modern unified communication services that integrate telephone, messaging, email, voicemail and video into a singular location, Laurentian's system offers only landline telephone and voicemail. This acts as a barrier to efficient working practices across the university.

IT Assets past or at renewal FY 2015 and 20



A digital strategy should support the achievement of both the strategic and academic plans. Prioritized initiatives will need to be budgeted for.

STEPS FOR IMPLEMENTATION

1. Assess current state gaps

- Understand and document processes and manual issues that cannot be resolved with the ERP and system integrations (which should be implemented first) to determine value-added options for the digital strategy, such as robotic process automation, digital telephony, etc.

2. Set the vision

- Assess the implications of the new strategic plan on technology needs at Laurentian over the next five years.
- Conduct a visioning / brainstorming exercise to identify opportunities for the organization to lead digitally. This includes opportunities to deliver new digital business models and trial new emerging technology.

3. Prioritize and allocate funding

- Prioritize the opportunities through stakeholder consultations and develop business cases.
- Agree on digital opportunities for implementation and phasing.
- Allocate funding to support prioritized initiatives.

4. Prototype and implement phase 1 solutions

- Support the development of minimum viable products through journey mapping, persona analysis and high-level solution design.
- Assess the impact and identify prerequisites across the overall operating model for the university.
- Develop an implementation plan for the new digital initiatives, including change management and training initiatives.
- Launch implementations with the appropriate project management and oversight.

5. Incorporate the strategy into annual IT planning and budgeting

- Develop annual plans based on the strategy.
- Develop and implement an approach to IT evergreening.

RISKS	MITIGATING STRATEGIES
Funding cannot be secured	Understand the funding amount available over the next several years and prioritize initiatives based on greatest impact. Assess the risks and opportunity costs of keeping the status quo, and estimate potential savings of the proposed initiatives.
IT staff have low digital capability	When developing the strategy, assess gaps in the IT team capabilities and develop a training and hiring plan to address the gaps.
Implementation takes too long	Establish feasible timeframes and test the degree of feasibility with third parties. Assign a steering committee and project manager to oversee the project, reporting into the CIO and VP of Finance and Administration.
There are cost overruns	Projects should be scoped with diligence, and the data and infrastructure setting should be well understood when project scoping. Ensure the team and project manager are sufficiently experienced to deliver the project.

The current ERP system is underutilized and uses on-premise software. A fully activated cloud-based ERP can improve data integration and digital capability.

INITIATIVE OVERVIEW

Laurentian should upgrade its on-premise, self-managed Ellucian Colleague ERP system, which was implemented in 1997, to the cloud-based version. This will improve integration of information across faculties and administrative functions, help modernize administrative processes, and transfer responsibility for managing and upgrading the system to the vendor. A private cloud version will enable Laurentian to create bilingual submodules for student services.

Option	Overview	Considerations
1. Improve use of the current on-premise ERP version	Remain on Ellucian's Colleague on-premise version but implement the use of key submodules that are currently not being used. Determine the appropriate add-on modules that should be purchased to further improve operations. Use the Ethos platform for data integration between other applications and the ERP.	• Quickest fix • Lower cost and effort to change • Might not result in significant change to operations and system use
2. Upgrade to Ellucian's Colleague private cloud ERP (recommended)	Migrate to the cloud ERP while making targeted changes to processes that can be simplified and moved onto the underutilized ERP submodules.	• Student information system is still maturing and will not meet all needs • Bilingual customization still needed • Implementation will take over one year • Efficiencies about $350,000 annually
3. Migrate to a premium cloud ERP (for example Workday)	Implement a cloud ERP that has more advanced and user-friendly HR and Finance modules.	• Most expensive option • Not custom built for higher education • Bilingual customization still needed • Student information system is still maturing and will not meet all needs • Long implementation • Efficiencies about $350,000 annually

KEY ISSUES

Underutilized ERP functionality

Laurentian's enterprise resource planning (ERP) software, Ellucian Colleague, is underutilized: the university uses only a portion of the licensed 161 modules and submodules, according to IT and Ellucian's analysis. By not using the full functionality of the ERP, investment and effort are wasted and data is not integrated and accessible. For example:

- The Project Accounting and Budget Management modules, which connect to the General Ledger, are not used by Finance.
- The Planned Giving Module, which could help reduce the manual processing of up to 3000 gifts annually, is not being used by Advancement.
- HR is not using leave plan management within the system, which is a major pain point for faculties.
- Position Budgeting, which can help manage the compensation of roles across the organization, is not being used by HR.
- The Communications Management module is not used within HR. This could help reduce FTE effort – currently 0.4 FTE time is spent managing contract and probation renewals manually.

On-premise ERP

Moving the ERP system from on-premise to the cloud addresses two issues: it avoids Ellucian modules becoming dated from the server-side nature of self-managed upgrades; and it reduces server-based workload from IT to Ellucian. This ensures that Ellucian modules remain in their most up-to-date state, and IT can re-allocate about1.6 FTE on server maintenance to other issues, aligning with their cloud-based operational de-risk strategy.

The ERP implementation will need to be scoped in detail by the vendor first. Areas for maximizing utilization will also need to be confirmed.

STEPS FOR IMPLEMENTATION

1. Set the stage for implementation

- Formally scope the cloud project with Ellucian and determine which processes will be targeted for changes based on module underutilization and client needs.
- Develop the project plan, agree on the outcomes and milestones, and assign internal and external roles.
- Establish the project steering committee.
- Establish the change management approach.

2. Implement the cloud solution

- Issue change communications.
- Establish the cloud architecture.
- Begin migration of data.
- Initiate training of staff.
- Establish a protocol with IT to support and maintain the cloud ERP.

3. Update processes to align with Ellucian modules

- Assess where processes can be changed to move onto Ellucian modules.
- Initiate changes and support staff through training.

RISKS	MITIGATING STRATEGIES
Cost and time overruns	Scope the project clearly upfront, agree on timelines with vendor, and establish a project management office (PMO) to drive the project and connect stakeholders.
Improper or incomplete data transfer to the new system	Investment in training and reskilling end-users is needed. Users should be involved in the implementation to learn the system iteratively. Ongoing monitoring of module usage should be conducted.
Inadequate IT and leadership capability to drive the changes	Capable change leaders who will be accountable for implementation success should be in place before the project begins. An expert steering committee will be needed to hold leaders and the vendor to account.

Capability improvements are required to enable the workforce to deliver on new priorities and support transformation.

INITIATIVE OVERVIEW

To adopt new service delivery models, processes and supporting structures, the university will need to ensure the necessary administrative capabilities are in place.

1. Attract new capabilities

Attracting leaders with experience managing transformation is critical. Other capability gaps throughout the workforce need to be identified and staff need to be recruited in line with the university's strategic direction.

2. Attract talent from a broader talent pool and formalize the hiring process

Review policies that might limit the pool of potential candidates for jobs, such by defining the must-have bilingual roles versus non-bilingual roles. Institutionalize remote working for roles that do not require on-campus presence (for example in IT and Finance). Formalize the hiring process and make it more transparent and rigorous.

3. Upskill the workforce

Identify foundational skill gaps (for example digital dexterity, customer service, compliance, data analytics) by measuring performance against established role KPIs, and target development accordingly.

The employee is hired with a core set of skills & capabilities

Be prepared for skills to quickly become redundant

Develop rich learning environments where employees can continually learn

KEY ISSUES 1/2

Capability gaps compromise service delivery and create risk

- Capability gaps exist at the leadership level that need to be immediately addressed, particularly with regard to strategic planning. In Finance, for example, budgeting and risk management do not appear to be treated as strategic activities that ensure the accuracy of financial information, appropriate resourcing and assessment and planning against risks. In HR, strategic workforce and succession planning is absent.
- Organizational development, as indicated by internal stakeholder interviews, is a capability largely absent at Laurentian. Organizational development is approached on an ad hoc basis. Process mapping with HR indicated that organizational development begins with a "survey (annually or every second year) to the Laurentian community to identify needs, areas of interest", rather than longer-term workforce development planning.
- Labour relations represent a critical gap in capabilities. The recent resignation of the Associate Director, Labour Relations has exacerbated this critical skills gap. Consultations with internal stakeholders revealed a pattern of managers unable to manage chronic underperformance due to process breakdown with labour relations. One leader noted, "*I've stopped trying to address [redacted]'s performance issues and simply have to work around their presence*." Furthermore, internal stakeholders indicated that industrial relations with the faculty union are considerably more complex than with the staff union. Indicative of this skills gap, HR has structurally partitioned FTE who deal with faculty and staff relations due to an inability of select staff to engage in faculty relations.
- Employees are often hired by senior leaders through informal decisions, with inconsistent or absent involvement from HR. Structures are lacking to ensure HR assesses a new hire's education, skills and experience against position requirements. Some staff in key functions are inadequately qualified. For example, there are few certified public accountants (CPAs) in the Finance function. As well, when the university's Legal Counsel went on long-term leave, the university did not fill the position and therefore had no internal legal support for that period.

Not having the right skillsets in key functions leads to organizational performance issues.

KEY ISSUES 2/2

A narrow talent pool restricts Laurentian's capabilities

- Bilingualism policies potentially restrict an already shallow local talent pool. For example, top finance talent could be minimal in Sudbury compared to other cities, and there are more lucrative finance opportunities locally in the mining sector. Attracting capable talent has been noted to be difficult. Further, staff noted that the bilingualism policy is not applied consistently across the university.
- Top IT talent in Sudbury is likely to be similarly scarce, compared to other cities. For example, IT has had to waive bilingual requirements for non-client-facing roles. There are some roles such as financial analyst (non-faculty/student-serving) that may not need to be bilingual.
- Remote workers, particularly for roles that do not require on-campus presence, are not used.

There are underdeveloped skillsets that limit capability

- There is an institutionalized lack of digital dexterity. For example, a chatbot functionality that appeared to have added efficiency to the Registrar's Office was eventually removed because staff were unable to use the system as it was intended. Similarly, Advancement's module on Ellucian's ERP is used inconsistently by faculties and the President's Office. This has led to inconsistent alumni engagement by faculty; some alumni are not engaged with at all.
- Siloed specialists, combined with limited succession planning, make some activities completely dependent on one individual. Finance is made up of small teams where a single person knows each role. Internal stakeholders indicated that "there is an inability to solve issues when someone leaves or implements a process incorrectly". This was evidenced when a payroll clerk left for vacation and staff were not able to get paid on time.

Lack of transparency for position requirements

- Open positions don't consistently have established requirements for education, skills or experiences to measure candidates equally against. Because HR's role in hiring is not consistent across the university, many hiring decisions are made by managers based on unclear criteria. Internal stakeholder interviews revealed concerns around hiring transparency. Either nepotism/bias or simply the appearance of it is an issue. Nonetheless, hiring must be formalized through clear and established position requirements.

THE FUTURE OF WORK REQUIRES A DATA-DRIVEN APPROACH TO JOB DESIGN AND TALENT MANAGEMENT

1. Hire for core competencies & behavioural attributes
2. Seek and embrace technology disruption and global advancements
3. Undertake regular market and labour analysis to inform talent strategy
4. Conduct employee impact and job cluster analysis to design jobs fit for the future
5. Develop skills for the future that are also aligned to employee aspirations

To support the transformation, capacity should be increased in some areas and a selection of services should be delivered by third parties.

INITIATIVE OVERVIEW

Laurentian needs to ensure that administration has the capacity to sustain the goals of large-scale transformation. Transactional activities should be pushed down and/or contracted to ensure that management has the capacity to engage in strategic planning.

1. Contract selected services to increase internal capacity

Administration needs to assess the feasibility of contracting select functions and processes to free up capacity internally. For example, payroll, security, pension administration and components of recruitment and training are opportunities for contracting in higher education.

2. Resource understaffed functions

Benchmarking against other universities, Laurentian is understaffed in some areas, including the Registrar's Office and Student Affairs, Facilities, Advancement, Library and Archives. Prioritization should be given to revenue-generating functions (e.g., student recruitment, Advancement, etc.).

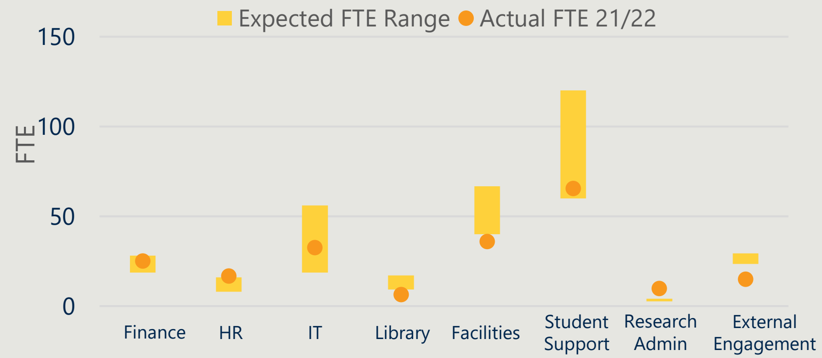
KEY ISSUES (CAPACITY)

Nous has conducted a preliminary analysis of Laurentian's administrative function resourcing. Using the appropriate key drivers of effort (faculty and non-faculty FTE, student FTE and research FTE) for each function and industry ratios, current resourcing can be compared to an expected range relative to the size of the institution.

Based on this analysis, there are opportunities for Laurentian to optimize administrative resourcing in a number of functions. Insufficient capacity in these functions may impact student attraction, experience and retention:

- Facilities management (36 FTE) is below the expected range.
- External engagement (15 FTE) (which includes both marketing and advancement activities) is below the expected range.
- Library (6.5 FTE) is below the expected range.

Expected FTE per function and Laurentian actuals 2021-22



Source: Laurentian Faculty & Non-Faculty FTE Budget with internal benchmarking metrics

Workforce planning and building capabilities to deliver on the strategic plan are key steps. Performance management should also be prioritized.

STEPS FOR IMPLEMENTATION

1. Take a strategic and longer-term view of the required workforce

- Develop a strategic workforce plan that incorporates the university's new strategic vision, target operating model and existing workforce supply to identify the gaps in capabilities, capacity and diversity targets.
- Develop strategies to address the gaps. Where possible, seek opportunities to maximize the use of existing workforce through talent development and programs (such as a mobility program) that train and redeploy staff from areas of excess capacity to areas of low capacity.
- Where gaps cannot be filled internally, Laurentian should prioritize for external recruitment (see 'third parties' below).
- Implement succession plans and talent management strategies across all functions to retain future leaders and minimize capacity issues.

2. Establish standards through a new performance framework

- Build internal capability by establishing a new performance framework for management and staff. Assess performance regularly and identify opportunities to improve capability.
- Link performance to rewards, where possible.
- Use information gathered through performance assessments and executive engagement to inform the talent development programs for ongoing training and staff development.

3. Partner with third parties to fill both capacity and capability gaps

- Retain a search firm to replace vacating leaders and other staff, such as the AVP vacancy in Facilities, and hire staff in areas that are on average leaner than other universities, such as Marketing and Advancement, Student Services, and Facilities.
- Explore ongoing service contracts for payroll, training, security, ancillary services, recruitment, and pension and benefits to free up staff to perform more value-added work and add capacity.

RISKS	MITIGATING STRATEGIES
Difficulty attracting talent	Review and communicate the employee value proposition to potential candidates. Consider outsourcing the talent acquisition of key appointments to an external agency. Consider waiving the requirement for bilingualism for roles that are not student or faculty facing. Institutionalize remote working for positions where physical presence is unnecessary and local talent is scarce (for example select roles in IT and finance). Conduct research to ensure compensation and total rewards are comparable with the market.
Key resource attrition and retirement	Monitor attrition and identify high risk segments. Develop succession plans where attrition or retirement is expected. Implement talent management strategies that identify high performers to provide accelerated development and support opportunities. Minimize single incumbent dependencies by building knowledge base materials (for example staff wikis) and explore post-retirement consulting arrangements. Monitor employee engagement and identify key drivers of disengagement. Develop engagement strategies and monitor progress.
Inability to attract a diverse workforce	Consider a broad definition of diversity and analyze current state data to identify the most pressing needs. Ensure compensation and rewards are equitable.

3. Implementation approach and plan

Implementation will be challenging, but a formal Transformation Program is necessary to set Laurentian up for longer term success if delivered effectively.

A multi-year Transformation Program will require sustained effort and focus.

Key features of the program would include:

- a **comprehensive program** focused on establishing improved governance, setting the new strategy, improving service delivery, realigning structure, redesigning processes, building capabilities and updating systems
- streams of work driven by a **program management office**, overseen by a **steering committee** and informed by a **client focus group**
- a program comprised of largely **external resources** to enable Laurentian staff to focus more on day-to-day service delivery
- **staff capability-building** to support program buy-in and build internal capability for when the program winds down
- a **strong change management** approach to proactively communicate the change and enable change adoption through training and change champions
- a **benefits realization plan** to define, track and report the benefits of the change and the overall Transformation Program.

Six key drivers must be in place to deliver a Transformation Program for Laurentian.

To get the transformation right, the vision must be shared, the leadership must be strong, accountability must be clear, capability must be adequate, and the mechanisms to enable sustainable change must be put in place.

1 **A COMPELLING VISION AND STRATEGY**

A powerful vision and transformation strategy should have an outcomes focus and be committed to sustainable results. This will provide an ongoing direction to unite and galvanize your community.

2 **GETTING THE DESIGN RIGHT**

The path to transformation is informed by difficult design choices. These choices include what to standardize, what to centralize and what to report. Getting this balance right will be essential to delivering change.

3 **STRONG GOVERNANCE AND ACCOUNTABILITY**

Robust and transparent governance and accountability, aligned to target outcomes, calls leaders to action and drives an internally owned transformation program. Executive attention and funding must be directed to those few changes that deliver the most value.

4 **THE RIGHT CAPABILITY TO DELIVER**

Dedicated staff with the right experience, capacity and professional expertise are needed to deliver the transformation. It should also draw heavily on the insight, capabilities and potential of its people, and use this as an opportunity for capability building and knowledge transfer.

5 **ALIGNMENT TO A LONG-TERM VISION**

An overarching program management structure to ensure process alignment between and within functions is needed. Adequate resourcing to support and accelerate the transformation is needed so that students, staff and faculty will trust the process.

6 **A CULTURE OF CONTINUOUS IMPROVEMENT**

Designing services that put users' evolving needs at the centre ensures that users' voices are heard and underpins a service mindset to continuously improve processes and delivery.

We recommend establishing a program management office to facilitate a successful, sustainable transformation.

Good program management includes four key activities that will accelerate transformation initiatives, enable the changes and deliver sustainable benefits.

ENHANCE (1)

Define university-wide program management standards, processes and templates to ensure good practice is consistently applied across the transformation process.

Iterate transformation management to capitalize on learning.

Drive program planning and scheduling to enable short- and long-term vision.

SUPPORT (2)

Provide expert program management resources for transformation delivery across all streams of work.

Drive resource concentration to the right areas at the right time.

Influence program outcomes through sustained and strategic support.

ASSURE (3)

Provide assurance to the executive on the effective and efficient management of transformation initiatives.

Have university-wide visibility of emerging issues.

Maintain a client-focused lens across all activities.

Develop and maintain a risk and issues register.

ASSESS (4)

Co-develop and implement a balanced scorecard.

Act as challenger or critical friend for transformation teams.

Report on the program to communicate key messages to clients and the executive.

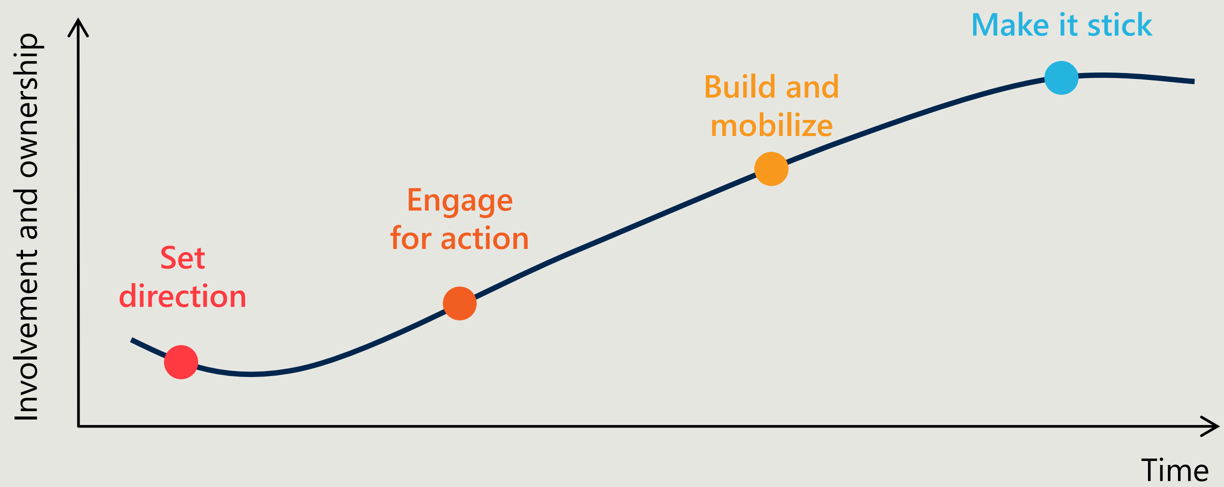
The Program Management Office should provide central change management expertise.

The Program Management Office (PMO) should have overall responsibility for supporting the transformation effort. Central change management expertise should support each work package across the transformation.

Change management expertise should support the change effort through:

- building leadership capability
- embedding a culture of accountability
- redesigning key performance indicators and processes
- reviewing and redesigning job roles
- developing a training program
- reviewing governance mechanisms.

Change management should support each work package, following Nous' change management approach, shown below.



Build awareness
Define where we are going and why

Deepen understanding
Equip and activate leaders to drive change

Create buy-in and build commitment
Use leverage and engagement at scale to build critical mass

Take action
Embed and sustain the change

The Program Management Office should be responsible for overseeing realization of benefits. This requires upfront planning and regular reporting.

The transformation process should be regularly evaluated against agreed criteria. Each project and stream of work should be supported by measures and metrics that empower leaders through regular reporting on progress and key issues or blockers.

The scale of transformation for Laurentian will necessitate:

- reporting of benefits realization at monthly intervals
- stream leaders to be accountable for monitoring progress and early intervention if required
- progress reports to be included in monthly steering committee meetings and quarterly Board reports.

THE FOUR STAGES OF BENEFIT REALIZATION:

1. DEFINE THE APPROACH
Develop the approach to identify, monitor and manage benefits.

2. IDENTIFY BENEFITS
Identify and prioritize the benefits and the KPIs for assessing progress.

3. DEVELOP THE BASELINE
Document the baseline for each KPI to enable evidence-based reporting

4. MONITOR PROGRESS
Periodic capture and reporting of progress against KPIs.

CRITICAL SUCCESS FACTORS FOR REALIZING BENEFITS

Incorporate benefits management into existing governance, accountability and reporting arrangements.

Include benefits management into program management and transition activities.

Early intervention to adjust delivery as appropriate to ensure that benefits are progressed and realized.

SAMPLE REPORTING FRAMEWORK:

Program Level Benefits Management Report: September 2020

Category	Metric	Assessment	Target	Last month	This month
Category (to be determined)	SMART metric (to be determined)	Above target	74%	93%	91%
	SMART metric (to be determined)	Not commenced	<70%	64%	52%
	SMART metric (to be determined)	On target	Decreasing trend	58%	56%
Category (to be determined)	SMART metric (to be determined)	On target	90%	92%	93%
	SMART metric (to be determined)	Below target	85%	52%	74%

Above target   On target   Below target

We recommend establishing a lean, executive-led governance model to help drive progress, ensure ownership and remove roadblocks.

Effective governance and accountability are essential for the transformation to achieve its potential benefits. Otherwise, business as usual will quickly usurp the Transformation Program agenda.

TRANSFORMATION GOVERNANCE STRUCTURE

During our broad consultations, we heard that Laurentian can be disjointed in its strategy-setting and decision-making, restricting its ability to decisively direct change. To combat this, we recommend a lean, executive-led executive steering committee (ESC) whose membership would include:

- program executive sponsors
- deans' representatives

We also recommend setting up a customer focus group to engage the end-users of administrative services throughout the transformation on initiatives. This group should include students, faculty and staff.

An executive steering committee (ESC) should oversee the Program Management Office (PMO), which in turn manages each of the ongoing projects. The roles and responsibilities of these two functions are expanded below.

Executive steering committee roles and responsibilities

- Update the university community and the Board of Governors.
- Be active participants in shaping the Transformation Program.
- Make key decisions; consider funding and resourcing requirement.
- Champion changes through executive channels.
- Monitor and provide feedback on transformation progress and performance.

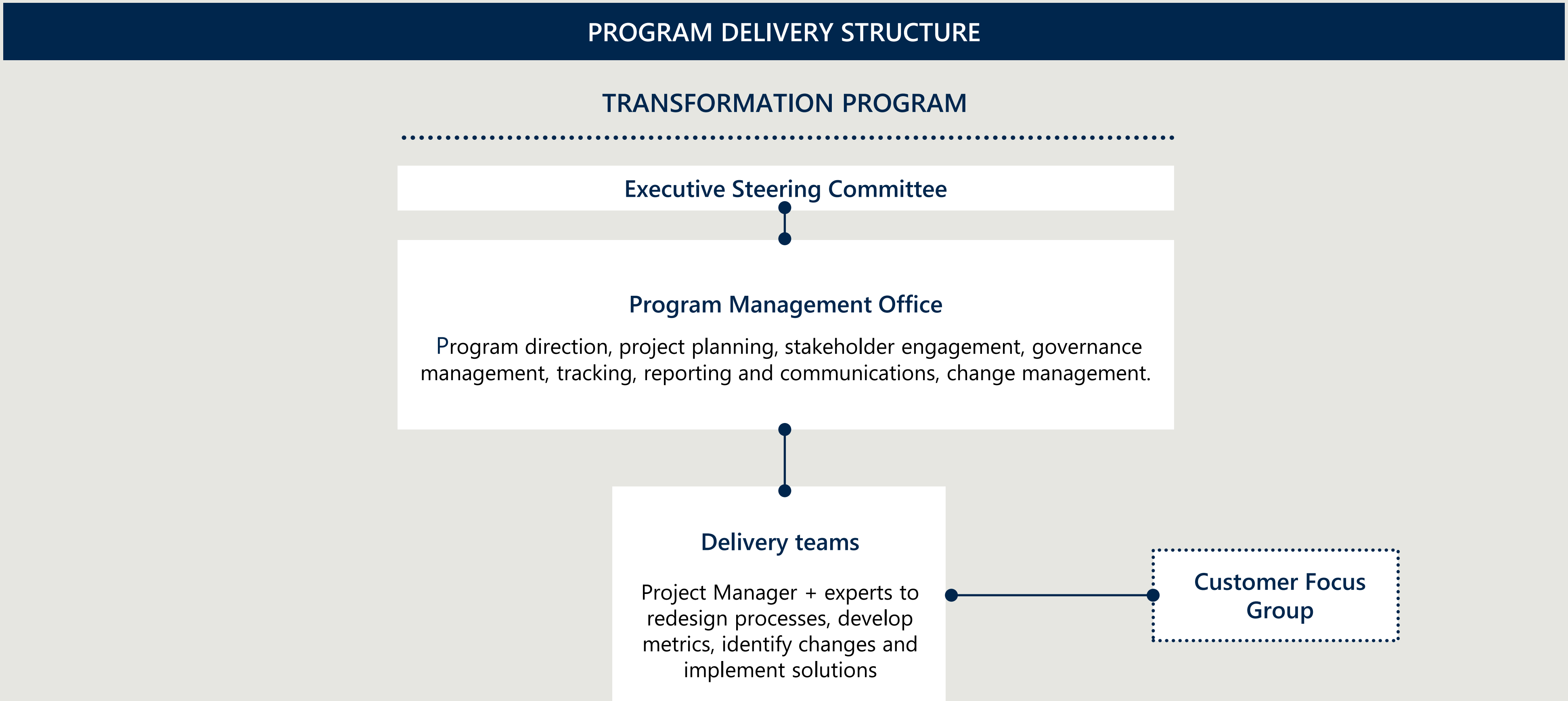
Program Management Office roles and responsibilities

- Lead the program and provide expert advice to delivery teams.
- Ensure alignment and cohesion of effort.
- Present regular updates and recommendations to the ESC.
- Be highly accessible and responsive throughout the program.
- Actively manage the transformation (see next page).

Note: tricultural representation should be reflected in the Steering Committee composition. If desired, 1-2 members could include staff or faculty. However, we recommend mainly executive oversight to enable greater accountability for program outcomes.

The right program structure, capability and intensity will be critical to executing the plan.

Nous recommends the following Transformation Program structure to ensure the right capabilities and resources are in place to achieve desired outcomes.



A well-planned but adaptive three-year roadmap will set Laurentian up to deliver success.

LAURENTIAN OPERATIONAL TRANSFORMATION THREE-YEAR TIMELINE

	MONTHS 1–5 Set the stage for the transformation	MONTH 6 Support, resource, accelerate	MONTHS 7–24 Implement transformation Initiatives	MONTHS 25–36 Focus on enabling continuous improvement
GOVERNANCE	Establish program governance Draft transformation vision	Establish program PMO Set up program structure	Track and monitor progress against agreed measures	Establish continuous improvement function internally
STRATEGY	Develop the new strategic plan Transformation strategy Define function strategies (incl. budget, revenue generation, digital)	Establish KPIs for strategic plan and functions	Implement strategic plan and function strategies	Identify accountable function leads for continued strategy implementation
SERVICE DELIVERY	Conduct customer and channel analysis Develop the service delivery plan	Establish customer focus group and workshop plan	Optimize student service delivery through the Hub, call centre and website	Provide staff training on customer-focused service delivery and customer feedback loops
STRUCTURE, CAPABILITY & CAPACITY	Establish workforce plan and workforce development strategy	Define future structure and assign teams to functions	Implement new structures, define roles, resource new/changed roles	Train HR staff on good practices in organization design, workforce planning and development
PROCESS & POLICIES	Establish design criteria Develop list of policies and processes for changing	Assign teams to processes and policies	Redesign and implement new polices and processes	Establish policy and process review timeframe and 'owners'
SYSTEMS	Scope the ERP implementation Establish the project plan	Assign IT resources Establish ERP project governance & reporting	Set up cloud ERP, conduct process assessment, move functions to the cloud, train staff	Assign ongoing training and change management lead

Appendix A: Stakeholders engaged

Nous Group interviewed over 70 stakeholders, many on a repeated basis. Members of the Board and Senate were also engaged via surveys.

Stakeholder Group	Name and Title			
Human Resources	Cindy Cacciotti	Associate Vice-President	Julie Lacroix	Manager, Staff Relations
	Shawn Frappier	Director, Faculty & Staff Relations	Tom Fenske	President, LUSU
	Marc Saini	Associate Director, Faculty Relations	Fabrice Colin	President, LUFA
Finance	Normand Lavallée	Associate Vice-President	Joanne Goudreault	Director, Budget & Payroll
	Michel Piche	VP, Finance & Administration	Tracy Fleury	Director, Accounting & Reporting
Legal	Céleste Boyer	Interim General Counsel	Heather McPherson	Secretary, Board of Governors
Information and Communications Technologies	Luc Roy	Associate Vice-President	Laura Geryk	Director, Info. Management & Systems
	Martin Laferriere	Director, IT Portfolio Management	David Green	Vendor
Facilities & Infrastructure	Pierre Fontaine	Director, Maintenance & Operations		

Stakeholders Engaged (continued)

Stakeholder Group	Name and Title	
Ancillary	Benjamin Demainuk	Director, Business Development
Research Planning, Management & Support	Tammy Eger	Vice-President, Research
External Relations	Isabelle Bourgeault-Tassé	Executive Director
Advancement	Tracy MacLeod	Chief Advancement Officer
Registrarial Services and Student Affairs	Serge Demers	Associate Vice-President, Student Affairs, Registrar

Stakeholders Engaged (continued)

Stakeholder Group	Name and Title			
Faculty Deans	Joel Dickinson Dean Millar	Dean, Faculty of Arts Interim Dean, Faculty of Science	Michel Delorme Céline Larivière	Dean, Faculty of Management Dean, Faculty of Education & Health
Faculty Business Managers	Meredith Teller Rachel Trudeau	Business Manager, Faulty of Arts Business Manager, Faculty of Science	Lisette Legault Patricia Seguin	Business Manager, Faculty of Education and Health Administrative Officer, Faculty of Education and Health
Libraries & Archives	Brent Roe	Associate Vice-President		
Teaching, Learning & Curriculum Support	Marie-Josée Berger	Provost and Vice-President, Academic		
Athletics	Anthony Church	Director, School of Sports Administration		

Stakeholders Engaged (continued)

Stakeholder Group	Name and Title			
Procurement	Ray Coutu Russell McMahon	Director, Procurement, Contract and Risk Manager, Risk and Insurance	LeeAnne Croteau	Buyer
Student Union Leadership	Eric Chappell	President, SGA	Simon Paquette	President, AEF
Laurentian University Staff Union (LUSU)	Tom Fenske Thomas Matheson Diane Depatie	President Vice President 2nd Vice President		
Laurentian University Faculty Association (LUFA)	Fabrice Colin Louis Durand	President Vice President	Linda St. Pierre Robyn Gorham	Chief Steward Vice President
Equity, Diversity and Human Rights Office (EDHRO)	Shannon Goffin	Co-Director	Jennifer Dowdall	Co-Director
Laurentian University Native Education Council (LUNEC)	Susan Manitowabi Roxanne Manitowabi	AVP, Academic and Indigenous Programs LUNEC Member	Marnie Yourchuk Diane Balraj Mick Staruck	LUNEC Member LUNEC Member LUNEC Member

Stakeholders engaged (continued)

All Board of Governors and the Senate members were consulted through surveys. Those listed below were additionally consulted through group sessions, many of whom were also consulted individually.

Stakeholder Group	Name	
Board of Governors	Robert Haché Claude Lacroix Sonia Del Missier Fabiola Garcia Martin Gran	Heather McPherson Brian Montgomery Peter Faggioni Eric Chappell
Senate	Albrecht Schulte-Hostedde Ashley Thomson Avery Morin Chantal Barriault Christina McMillan-Boyles Christine Lalonde Claude Vincent Connor Koch Dan Scott Eric Gauthier Ernst Gerhardt	Josée Turcotte Matthias Takouda Pedro Jugo Robyn Gorham Shannon Bassett Steve Havlovic Fabrice Colin Tom Fenske Eric Chappell Simon Paquette

Appendix B: Current state challenges

Strategic Planning

Current state challenges

Challenge	Annotation
The current strategic plan is insufficient	Laurentian's current strategic plan, Imagine2023, does not reflect the university's current realities and recent changes, given that it was drafted before CCAA restructuring and the pandemic.
Goals are not specific, measurable or realistic	Imagine2023's goals are not specific, measurable or realistic. This has also been an issue with previous strategic plans. For example, Imagine2023's Outcome 1 relates to the engagement of stakeholders; it was deemed completed on the basis that "*this is an Outcome that is accomplished every day by members of the Laurentian University community*"). If success is not specific, measurable, or realistic, it cannot genuinely be achieved.
There is minimal accountability for the plan outcomes	Management is not held to account against Laurentian's current strategic plan. Each of Imagine2023's outcomes has a sponsor and a lead. However, when Nous asked senior leaders about their respective mandates and strategic priorities, not a single leader referenced Imagine2023. This indicates that the strategic plan has not been cascaded throughout the institution. Imagine2023 was not published in a format where it can be used by leaders, nor are senior leaders' performance measured against it, given the lack of key performance indicators. Finally, an annual operating plan to execute on the five-year strategy does not appear to exist.
Leadership's strategic planning capability gap	Capability gaps exist at the leadership level that need to be immediately addressed, particularly with regards to strategic planning. In Finance, for example, budgeting and risk management do not appear to be treated as strategic activities meant to ensure the accuracy of financial information, appropriate resourcing, and assessment and planning against risks. In HR, strategic workforce and succession planning are absent.
Under-resourced functions	Nous has conducted a preliminary analysis of Laurentian's administrative function resourcing. Using the appropriate key drivers of effort (faculty and non-faculty FTE, student FTE and research FTE) for each function and industry ratios, current resourcing can be compared to an expected range relative to the size of the institution. Based on this analysis, there are opportunities for Laurentian to optimize administrative resourcing in a number of functions. Insufficient capacity in these functions may impact student attraction, experience and retention: • Facilities management (36 FTE) is below the expected range. • External engagement (15 FTE) (which includes both marketing and advancement activities) is below the expected range. • Library (6.5 FTE) is below the expected range.

Indigenous Community Relations

Current state challenges

Challenge	Annotation
Management consideration of Indigenous views	It was noted that the Laurentian University Native Education Council (LUNEC) feels that management does not respect the tricultural mandate and does not prioritize and engage LUNEC. For example, it was noted that the President attends partial monthly LUNEC meetings or does not attend at all. Further, it was noted that the decision-making process is not inclusive enough. LUNEC feels that the tricultural mandate is not supported by the structures and the governance of the university.
Bilingual requirement	It was noted that the bilingual French-English capability requirement prevents Indigenous peoples from moving into management positions because Indigenous languages are not seen as equal to the bilingual French-English requirement.
Hiring and representation in positions	It was noted that hiring practices could be perceived as unfair, given there are few Indigenous staff and leaders, and there is no Indigenous recruitment strategy.
Policies and acts	It was noted that many policies and acts do not refer to the tricultural mandate or how a policy should be applied within the context of the tricultural mandate.
Board representation	There is a concern, with the turnover of Board members, that Indigenous voices could be eliminated from the Board.

Note: Nous Group met the Laurentian University Native Education Council (LUNEC) once in the development of the report. LUNEC's full views are not represented in this report due to report timeframes. We recommend the senior leadership of Laurentian undertake more in-depth consultation with LUNEC before launching a Transformation Program to ensure that the full views of LUNEC are taken into consideration.

Human Resources

Current state challenges (1/3)

Challenge	Annotation
Entrenched capability gaps (administration wide)	Performance management of senior leadership is ad hoc and inconsistent. When asked how many LUSU staff undergo "at least one performance review a year," HR responded that none do. Of the few non-unionized staff that do undergo performance management, the process is vague and non-standardized. According to an AVP, "when managers do engage in performance management and the staff member fails to improve, HR's discipline and termination processes are so broken that capability gaps become entrenched."
Inconsistent involvement in hiring	Employees are often hired by senior leaders through informal decisions, with inconsistent or absent involvement from HR. Structures are lacking to ensure HR assesses a new hire's education, skills and experience against position requirements.
Labour relations strained by capability gap	Labour relations represent a critical gap in capabilities. The recent resignation of the Associate Director, Labour Relations has exacerbated this critical skills gap. Furthermore, internal stakeholders indicated that industrial relations with the faculty union are considerably more complex than with the staff union. Indicative of this skills gap, HR has structurally partitioned FTE who deal with faculty and staff relations due to an inability of select staff to engage in faculty relations. Relationships and communication between administration and staff/faculty have been strained and trust has been eroded over time. This has manifested in frequent grievances and freedom of information requests, such as requesting senior administrator contracts and continually raising concerns about administrative decisions. This has led to unsustainable workloads for the HR department. HR indicated that the end-to-end time required for resolving some faculty union grievances extends upwards of 528 days. There are numerous drivers of this inefficiency, including a lack of capability within HR, bottlenecks in union processes, and management's lack of knowledge internally around collective agreements. All of these can result in increased grievances.
Limited access to critical financial information	HR does not have access to financial information, such as salaries, to properly engage in strategic and transactional processes critical to the function.
Unclear points of entry for service delivery	It is unclear who employees should contact in HR. Staff are often bounced from administrator to administrator before they reach the appropriate contact. Internal stakeholder interviews show a pattern of HR being seen as a barrier to progress. Roles are unclear and accountability is undefined. Inefficiencies remain unresolved if it is unclear who owns an issue. Inconsistencies and inefficiencies persist in procedures related to retirement and leave.
Sub-optimal structure	The HR function has a hierarchical structure with a low span of control at 3.7 (the standard in higher education is between six and ten). This restricts information flow and slows down decision-making. Two managers have no direct reports. The team is also organized almost exclusively around faculty and staff relations, with limited purview of standard HR functions such as leadership and professional development, health and safety etc.

Human Resources

Current state challenges (2/3)

Challenge	Annotation
Inefficient paper-based processes	According to HR leadership, “40% of HR’s time is spent on paper-based documentation and processes.” Many transactional issues take too long, such as procedures related to compensation, pensions and severance calculations. Paper-based processes are also more prone to human error, creating quality assurance risks.
Ineffective vacation leave administration	HR is not accountable for short-term leave administration. There is no formal process (e.g. through an online portal administered by HR) to administer leave requests, so leave requests become the discretion of individual managers. This system is manual, untracked, and open to abuse. Furthermore, in the offboarding process, often there are no records of vacation pay owed to outgoing employees.
The rate of sick leave is high and the policy is generous	Three AVPs flagged the high rate of sick leave. Employees are eligible for six months at 100% salary. HR estimates there are 45 annual occurrences of sick leave greater than ten consecutive days. That represents 8.7% of Laurentian’s 516 full-time regular employees. HR estimates that 50% of sick leaves are due to mental health, though more recently that estimate has increased to 75%. This sick leave rate could be evidence of systemic workplace issues that come at a cost to mental health. Whatever the cause(s), administrative units with chronically low capacity are stretched even thinner with a reduced workforce, exacerbating capacity issues. The sick leave policy contained within the staff union agreement is more generous than other broader public sector institutions.*
Poor records management	Accountability for records management and the related enterprise policies and training appear to be absent. There was little evidence of formal and standardized practices and awareness. For example, it was noted that HR does not have comprehensive information on current or recent employees.
Reduced capacity for strategic planning	Superiors consistently erase work completed by subordinates. This undercuts employees’ confidence and conditions junior staff to seek unnecessary guidance on transactional tasks. This also leads to middle and upper management spending time on transactional tasks at the cost of strategic activities.
Prolonged hiring processes	There is a long time required for the hiring process. On average, there are 13 faculty hires a year. On the staff side, there are typically 15 to 20 new hires per year and 120 contract renewals per year. Many parts of these processes are paper based and require excessive approvals, including “3 finance people” inclusive of the VP Admin and Finance. There is an unnecessary amount of back and forth between functions/faculties and HR. In Libraries and Archives, for example, hiring for existing positions takes upwards of six months. Hiring for new positions takes upwards of 12 months.
Inefficient and absent structures for onboarding	Internal faculty stakeholders highlighted altogether absent structures for onboarding new employees, including no centralized records of employee information such as contracts. HR’s onboarding processes are significantly manual and prone to error. Of particular concern is a lack of centralized and secure recording-keeping of sensitive employee information such as SIN numbers.

*Laurentian University Staff Union Collective Agreement: https://laurentian.ca/assets/files/LUSU-CA-2018-21.pdf

Human Resources

Current state challenges (3/3)

Challenge	Annotation
Organizational development capability gap	Organizational development, as indicated by internal stakeholder interviews, is a capability largely absent at Laurentian. Organizational development is approached on an ad hoc basis. Process mapping with HR indicated that organizational development begins with a "survey (annually or every second year) to the Laurentian community to identify needs, areas of interest", rather than longer-term workforce development planning.
Capability gap in pension administration	There are capability gaps in pension administration. Protracted processes further reduce capacity internally. In higher education administration many transactional pension administrative tasks are typically handled externally.
Low spans of control (administration wide)	Laurentian's vertically-hierarchical structure, multiple layers and low spans of control restricts information flow and slows down decision making. For instance, there is scope to flatten and improve the spans of control in finance from 3.25 (Organizational Design of Finance) to the better practice range of 6 to 10. Similarly, there is scope to improve spans of control administrative wide (HR=3.7; IT=5.3; Advancement=2.3; Research=4.5; Registrar & Student Affairs=4.9).
Missing accountability frameworks (administration wide)	There is an absence of accountability frameworks for departments and units which has not enabled the performance of departments. At the leadership level, the lack of performance expectations or KPIs for departments aligned to the strategic plan has fostered a culture of low accountability and performance on strategic outcomes. Furthermore, functions do not appear to see basic practices that should be within their responsibility as part of their role. For example, HR doesn't take accountability for vacation leave requests. General Counsel does not review significant contracts before they're signed by business units.
Non-standardized job titles and roles (administration wide)	The seniority of job titles are inconsistent across the University. For example, in Registrarial services and student affairs there are managers without direct reports, and in Research a manager reports directly to a VP, a structure that pushes administrative tasks upwards, detracting from senior management's time focused on strategic planning. Laurentian's non-standardized titles (1) complicates the hiring process; (2) clouds compensation equity; (3) confuses employee career paths; (4) pushes transactional decision-making upwards at the cost to strategic planning; and (5) confuses service users trying to understand roles when seeking the appropriate point of entry for service.
Poor inter-functional connection points (administration wide)	Administration can be highly siloed. For example, Finance handles payroll, and HR does not have access to salary information which is critical to its operations. The absence of structures like business partners contributes to the extreme siloing of administrative units.

Finance

Current state challenges (1/3)

Challenge	Annotation
Inadequate budget planning, management, and reporting	Laurentian's CCAA restructuring and the disclosure of certain matters in connection with the restructuring have raised concerns around budget management, financial processes and oversight at the university. There is an incrementalistic approach to developing budgets currently where historical figures are used to plan for the year, rather than applying a more informed and rigorous methodology. Finance does not currently develop month-end, quarter-end or mid-year reporting. Variance analysis between budget and actuals is not conducted, in part because the budget is reported differently from the general ledger and there is no process to reconcile the two systems. Internal stakeholders have indicated a lack of rigour in defining expense items and setting budgets for business units. For example, expense category amounts are set arbitrarily and do not reflect real spending categories at times, which impacts the accuracy of institutional reporting on expenses.
Low competence or effort on strategy and policy development	The function is transactional in nature. Upper and middle management spend significant effort on transactional tasks at the cost of strategic activities. Budgeting and risk management appear to be treated as information-gathering exercises rather than strategic activities that ensure accuracy of financial information, appropriate resourcing, and assessment and planning against risks.
Financial data is not readily available to budget managers	Financial information is not easily accessible and consistent across the university. Basic information on costs and FTE for this report alone were difficult to gather. A fulsome budget model for each function and faculty is lacking. Unit managers can't make informed decisions about investments (e.g. hiring new professors) and manage within their budgets because they don't have complete and updated information surrounding their budget and expense actuals. Budget managers should not be dependent on Finance for transactional activities. For example, HR is dependent on Finance for basic financial data, such as actuals and budget variance information, that should be readily available through data integration. Fully digital and integrated financial management through the ERP system has not been adopted. IT has noted that several modules are not being used by Finance currently, leading to disconnected systems such as the General Ledger from Excel sheets being used.
Staff are under-skilled	There are few CPAs in Finance. Top finance talent in Sudbury is scarce, and there are more lucrative finance opportunities in other sectors locally. Compounded with bilingual requirements, attracting capable talent is difficult. Many finance clerks perform repetitive transactional tasks without sufficient understanding of what they're doing and why. Currently, compliance issues are common within the finance function.
Paper-based processes	Supporting documents for financial and accounting transactions are paper-based and poorly organized. Finance staff are routinely unable to provide support for past transactions, let alone make adjustments to correct previous accounting errors.

Finance

Current state challenges (2/3)

Challenge	Annotation
Invoicing is inefficient and prone to error	Invoices come in multiple forms (fax, email, mail) and are all printed and undergo an overly long manual process. Budget managers throughout the university report frequent errors with invoicing, with prolonged and/or ineffective methods to reconcile errors. The cheque run process is highly manual and involves too many managerial approvals. An accounts clerk issues and prints a paper cheques; these papers are counted by a manager; the clerk then seals paper cheques and resubmits to a manager for review and approval; a second manager reviews and approves the cheque run; an accounting analyst then creates and transfers the e-cheque file to the bank.
Processes lack controls	Finance engages in a manual processes that lack controls. For instance, internal stakeholder interviews indicated that invoicing is prone to error. They can be paid in the wrong amount due to manual keying errors. There are no controls in place to rectify errors other than the vendor self-identifying.
Low span of control	The finance function has a vertically hierarchical structure that restricts information flow and slows down decision-making. Span of control is 3.25, significantly below the recommended range of six to ten for these types of functions.
Single person dependencies compromise quality assurance	Finance is made up of small teams where a single person knows each role. There is an inability to solve issues when someone leaves or implements a process incorrectly. For example, when a payroll clerk left for vacation, institutional knowledge was lost and people couldn't get paid.
Procurement is a lengthy manual process	The procurement function relies on multiple technology platforms that don't interact seamlessly with one another, resulting in manual processes to reconcile data for reporting purposes and for tracking purchases across platforms.
Poor retention	According to interviews with finance leadership, managers are working up to 60-hour weeks. Middle managers are overburdened with transactional financial activities that should be occurring on the front line. As a consequence, middle management are feeling burnt out, exacerbating existing retention issues.
Low capacity and capability pertaining to institutional planning	The institutional planning function has been shifted to different parts of the university over the years. Currently it sits within the finance function and is performing more of a reporting role on behalf of the university to governments rather than supporting strategic decision-making related to the academic focus of the university. The function appears not to be designed to support the university in academic strategy and planning which can become a critical support function for the President and Provost.
Manual process to issue invoices	The creation of invoices is a manual process in Word/Excel. There are approximately 300–350 invoices created per year.

Finance

Current state challenges (3/3)

Challenge	Annotation
Payroll to casuals is unreliable	Internal stakeholders, particularly student leadership and research faculty with graduate assistants, indicated how inconsistent and difficult it is for students in paid roles to receive funds. One component of this issue is that casuals find it difficult to receive contracts for their roles, even well after their start date. However, those with contracts similarly report difficulty getting paid at their agreed rates for their labour.
Minimal self-serve options for records management	Employees cannot update and maintain their own payroll information, thus reducing capacity in Finance. Self-service and dashboard options are required.
Outdated capital debt policy	The Capital Debt Policy was set in 2010 and updated in 2016. It was set to be updated in January 2021 but has not been. The ratio of debt to total revenue maximum that has been established is 45%. This policy should be updated and reassessed given the current financial context and slowing growth of local enrolment in the higher education sector, along with the revenue volatility exemplified by COVID.*
Outdated tuition fee exemptions policy	The policy on tuition fee exemptions was due to be updated in 2017 but has not been. This policy outlines tuition exemptions for relatives of staff with a broad definition of 'dependants'.**
Poor capital planning	Laurentian has a backlog of state of good repair for its assets of $135M, some of which concerns high-priority asset rehabilitation based on Facilities Service's risk assessment such as roofing and electrical repairs of buildings. Currently there is no funding to address the backlog other than through partial grants from the provincial government. Budget planning at Laurentian appears to not incorporate capital planning with lifecycle cost allocations to ensure ongoing asset repairs are properly funded.
Opportunity costs of not having a robust ancillary revenues strategy	Laurentian does not appear to have a robust revenue generation strategy where it determines the potential for services and revenues. There may be opportunities for growth in existing and new channels (e.g., the bookstore, OneCard, childcare, parking, food services, technology training, space leasing, residences, procurement, high school programs, senior programs, etc.).
Reduced ancillary revenues due to COVID	Laurentian's ancillary services revenue as declined during the pandemic. According to the 2020 Annual Report, ancillary's contribution dropped by 15% in 2019–20. Due to restrictions during that time there was minimal food service, fewer students requiring accommodation, reduced demand for parking and reduced demand for conference services.

*Laurentian Capital Debt Policy: https://intranet.laurentian.ca/policies/2016.Feb.12%20-%20Capital%20Debt%20Policy%20-%20EN.pdf
**Laurentian Tuition Fee Exemption policy: https://intranet.laurentian.ca/policies/2016.Feb.12%20-%20Policy_Tuition%20Fee%20Exemp%20-%20EN.pdf

Information Technology

Current state challenges (1/2)

Challenge	Annotation
Aging IT infrastructure	As of December 2020, 56.2% of IT assets were at renewal or past their product lifecycle by at least one year with 15.7% of IT assets being 10+ years past their lifecycle. This creates IT-support complications and restricts the university's ability to implement new technologies or digital processes. For example, IT is still in the process of upgrading WIFI networks to technology released in 2013 (WIFI5) while the world is shifting to more advanced networks (WIFI6), and Registrarial Services and Student Affairs rely upon older homegrown systems. The present telephone system, last upgraded in 2010 is past its end of life with no manufacturer support, limited IT support, and poses a risk for long-term system failure. Compared to modern unified communication services that integrate telephone, messaging, email, voicemail and video into a singular location, Laurentian's system offers only landline telephone and voicemail, acting as a barrier to efficient working practices across the institution.
Uncollaborative innovation	IT expertise is centralized. However, other departments have legitimate contributions to make in digitizing their processes. IT has a tendency to act unilaterally in the development of digital processes at the cost of collaborative innovation. For example, the mail room has paper-based processes and has approached IT repeatedly with a business case to create digital efficiencies, but those systems remain paper-based.
Low process standardization	Processes are not sufficiently standardized or documented. When issues occur outside an IT staff member's immediate focus, they struggle to solve the problem from scratch. For example, when someone died unexpectedly knowledge of how to change the phone messages was lost. As a result the automated phone trees have outdated and incorrect information.
Low capacity for continuous improvement	The absence of a project management office in IT compromises the function's ability to manage large transformations, let alone continuous iterative change.
University-wide digital capability gap	Obstructions to implementation of IT systems are university-wide due to an institutionalized lack of digital dexterity. For example, a chatbot functionality that appeared to have added efficiency to the Registrar's Office was eventually removed because staff were unable to use the system as it was intended. Similarly, Advancement's module on Ellucian's ERP is used inconsistently by faculties and the President's Office. This has led to inconsistent alumni engagement by faculty; some alumni are not engaged with at all.
Difficulty attracting qualified talent	Top talent in Sudbury is scarce, and there are more lucrative IT opportunities in other sectors locally and further afield.

Information Technology

Current state challenges (2/2)

Challenge	Annotation
Institution has failed to advance digital strategy	An overarching technology architecture has been developed, but the institution remains anchored by legacy systems. These systems hinder the productivity of staff, create opportunities for error, and keep the university locked into dated practices, unable to capitalize on current technological trends.
Inadequate digital tools	Functions across the university lack the digital support they require to perform optimally. For example, Human Resources has no software to handle faculty recruitment, no method to handle LUSU performance management and no records management solution. The Registrar's Office does not have the capability to mass-change application statuses, class scheduling and conflict resolution are not automated, and 6,000 transcripts are processed manually every year. These manual or digitally-limited processes create additional workload for staff and prevent the efficient operation of the institution as a whole.
Underutilized ERP functionality	Laurentian's enterprise resource planning software (ERP), Ellucian Colleague, is underutilized with the institution using only a portion of the licensed 161 modules and submodules, according to IT and Ellucian's analysis. By not using the full functionality of the ERP, investment and effort are wasted, and institutional data is not integrated and accessible. For example, of the modules underused, IT has found that: • Project Accounting and Budget Management modules are not used by Finance which connect into the General Ledger • The Planned Giving Module is not being used by Advancement but could help reduce the manual processing of up to 3000 gifts annually • HR is not using leave plan management within the system which is a major pain point for faculties • Position Budgeting is not being used by HR which can help manage the compensation of roles across the organization • The Communications Management module is not used within HR which could help reduce FTE effort (currently .4 FTE time is spent managing contract and probation renewals manually)
On-premise ERP	Moving the ERP system from on-premise to the cloud addresses two issues: Ellucian modules becoming dated from the server-side nature of self-managed upgrades and it reduces server-based workload from IT to Ellucian. This ensures Ellucian modules remain in their most up to date state and IT can re-allocate ~1.6 FTE on server maintenance to other issues, aligning with their cloud-based operational de-risk strategy.

Registrarial Services & Student Affairs

Current state challenges (1/2)

Challenge	Annotation
Unclear points of entry for student services	There is a lack of clarity around roles and accountabilities. Students are being bounced from administrator to administrator so much that Laurentian's student unions devote a lot of energy to helping individual students navigate points of service entry. There has been little recognition of the need to better understand and optimize students' customer journey in seeking administrative services.
Lack of digital dexterity	A lack of digital dexterity in the function has been used to justify continued discrete improvements. Processes are manual, difficult, prone to error and inefficient, and lack the power of modern systems.
Leadership capability gaps	Senior leadership has inadequate capability for strategic planning and has an unclear grasp of the function's mandate, structure and accountabilities. For example, decisions have been made or implemented involving mechanisms for student registration, tuition charges, and external arrangements without proper due diligence and regard to accreditation standards, government directives, operational viability, compliance or contract review.
Outdated channels for service delivery	The call centre receives 14,500 calls annually, only 11,000 of which it answers. Students repeatedly take issue with the call centre's limited hours (10:00–14:00). Installed in 2003, Laurentian's landline equipment is past its end-of-life cycle as of 2020. Additionally, knowledge of its maintenance has been lost with the sudden loss of an IT administrator, so automated phone trees have outdated and incorrect messages (for example, incorrect helpdesk hours). Switching to a cloud-based phone system has been shown to reduce costs to local and international calls by 40% and 90% respectively. Email inquiries for high-volume tasks have been highlighted by student union leaders as significant causes for process breakdown with issues remaining unresolved (for example, addressing student OSAP issues). The Hub alone receives over 7,800 email cases annually, with Student Records reporting upwards of 70,000 email-based issues annually. In-person hours-long line ups at the Hub at the beginning of academic terms have been reported, exacerbated by manual services (45,000 out of 80,000 class registrations are done manually).
Sub-optimal structure	The function has a vertically hierarchical structure with a span of control of 4.9 (the recommended range is between six and ten). This structure restricts information flow and slows down decision-making. Additionally, job titles are not standardized (for example, there are managers without direct reports and associates with direct reports).
Unpredictable fees and awards administration	Due to a lack of integrated processes between the Registrar, Finance and IT for Awards and Fees, students cannot predict when they will receive certain funds or incur certain fees. This places an undue burden on students to ease personal cash flows. Students also incur late penalties when funding on their accounts does not predictably offset fees due.
Student satisfaction is low, potentially resulting in poor retention	According to Maclean's Student Satisfaction Survey (which was conducted prior to the CCAA restructuring), Laurentian is last in the rankings. Dissatisfaction is particularly pronounced as it relates to experiences with staff. The retention of students has been a focus for Laurentian, given exit rates between 13% and 20% over the years.

Registrarial Services & Student Affairs

Current state challenges (2/2)

Challenge	Annotation
Process flows encumbered by bottlenecks, double handling, waiting	In the Registrar's Office there are many manual processes with double entry, like deferrals and enrolments. Staff key in OSAP applications submitted on paper. GPAs are calculated manually.
Service levels dictated by supply rather than demand	The Hub, for instance, has hours-long line-ups at the beginning of term. Higher demand times require better resource allocation.
Service performance data is inconsistently collected, reported, and actioned	For example, student leaders have noted that "Laurentian engages with students and seems to acknowledge necessary improvements, yet often this doesn't result in positive change." For instance, student leadership has advocated for formalized processes in providing teaching assistants, lab assistants, etc. contracts, and honouring those contracts. Consistent feedback, however, is not actioned.

Facilities Services

Current state challenges

Challenge	Annotation
Inefficient structure	Currently Facilities, Ancillary and Safety are separate units, with the Director of Ancillary Services reporting to the AVP of Finance and the Director of Safety reporting directly to the VP Finance and Administration. It is unusual to have a Director of Safety reporting to an AVP, and in some institutions these three units would be combined because of the nature of their mandates and to create more streamlined operations.
Backlog of deferred maintenance	There is a $135 million backlog of deferred maintenance. This can create structural risks and liabilities for the university. Further, the condition of assets overall is below the provincial average. In addition to risk, this creates more reactive work orders and demands to more frequently repair infrastructure and focus less on preventative maintenance.
New facilities lack proper cost-benefit due diligence	At times, new facilities are proposed and approved that might not be the best value for money. For example, a theatre was proposed to be built that would have low utilization. In the end the AVP of Facilities Services determined that a local theatre could be leased at much lower rates for the proposed use. A similar value for money assessment of the options could have taken place with the decision to create a new campus in Barrie.
Accessibility non-compliance	The Accessibility for Ontarians with Disabilities Act requires that institutions comply with the accessibility standards contained in the Act. Currently Laurentian is not compliant with providing accessible facilities to staff, visitors and students.
Low capacity	Currently there is one AVP vacancy and one Director vacancy within Facilities Services. Unfilled leadership positions are creating additional workload at the Director level, which could create operational and compliance risks.
Facilities' footprint exceeds funding allocation	As the campus has increased in size over the last 15 years, operating funding and staffing levels have not kept pace. This could potentially result in service delays and reduced investment in asset repair.
No succession planning	Succession planning is not done within Facilities Services. With upcoming retirements and current gaps, there is a risk that operations could be impacted. Further, currently some leaders are not strategic enough in their focus and might not be suitable for succession into more senior roles.
Paper-based processes are inefficient	Work order processes still involve paper and are not efficient. Work orders are submitted by email and phone and then a paper work order is produced which goes to the trades staff. This reduces the ability to track the status of work orders and keep a digital record of the work completed.
Reporting non-compliance	Reporting on energy efficiency, utilities and sustainability has been falling behind schedule. This could have compliance implications for the university.

General Counsel's Office

Current state challenges

Challenge	Annotation
Provides very little legal support	The General Counsel's Office provides very little legal advice and support to the university's other administrative units. For example, the office does not review significant legal contracts before they're signed by leaders throughout the university. Additionally, it does not educate administrative units on laws relevant to their functions. Instead, the office is primarily focused on being a logistical secretary for the Board (i.e. scheduling, sending out packages, etc.) and engaging in a few other limited functions such as the management of general freedom of information requests.
No compliance function	There is no compliance function within the General Counsel's Office. For instance, corporate registration filings have not been updated for years and are out of date. Legal and compliance risks are notably absent from the Risk Register, despite claims and grievances being high according to Legal Counsel.
Critically poor risk management	Risk management through a risk register is almost non-existent at the university. For what does exist, the General Counsel's Office plays no role. It is not clear how the risk appetite of the university should be applied within functions and whether there is formal training on identifying, evaluating, documenting and managing risk for leadership.
Low capability	This office has been led by individuals without the minimum qualifications and experience required to serve as the General Counsel for an institution of this size.
Risk exposure to accessibility compliance	Accommodation for students with disabilities was noted to be an area where compliance with accommodation support and plans by staff could be improved. Further EDI training has not been undertaken by the University.
Low capacity	There is only one lawyer for the institution and external legal advice is sought regularly. This can contribute significantly to the university's legal costs if not managed appropriately. Furthermore, there is no "back-up" in-house legal support when the university's lawyer is absent. This creates significant risk.

Advancement

Current state challenges

Challenge	Annotation
Inconsistent processes working with faculties	Advancement does not foster relationships with faculties to enable collective or co-ordinated alumni engagement and fundraising. That means if faculties do not conduct their own alumni outreach, they consequently have unengaged alumni and have potentially missed fundraising opportunities. While Advancement has reportedly encouraged colleagues in faculties and the President's office to use the Advancement module of Ellucian, there appears to be a varying degree of system adoption. This leads to inconsistent engagement and/or the potential for too frequent engagement from multiple departments in the university.
Missed opportunities for synergies	External relations and Advancement are separate functions at the university, even though there are clear synergies between the two and the current sizes of each are relatively small compared with other portfolios.
Reputational harm has reduced capacity for fundraising	In addition to the retraction of gifts in reaction to media coverage, future commitments are more difficult to attract. Where five calls were enough to secure a donation in the past, it now takes 15 calls, according to staff.

Research and Planning Management

Current state challenges

Challenge	Annotation
Sub-optimal structure	Research's span of control of 4.5 is below the recommended range of six to ten, restricting information flow and unnecessarily siloing decision-making. Additionally, the current structure with a manager and staff reporting directly to a VP leads to administrative tasks being handled at a senior level.
Poor integrating structures delay inter-function processes	Handoffs to other units/departments lead to significant delays in processes, most notably in fees and awards (student stipends) and research finance.
Difficulty attracting top researchers	Prospective top researchers may be unwilling to risk aligning with the university due to the reputational harm associated with poor financial management of research funds.
Lack of digital dexterity	Support staff are not using the strengths of the Romeo platform fully.
Paper-based processes	Manual paper-based processes that require multiple users are prone to human error, rework and delays.

Appendix C: Additional opportunities to pursue

Rapid change and uncertainty impacts how universities must operate in the future. Laurentian needs more than just administrative change.

FIVE FORCES IN HIGHER EDUCATION

NEW GOVERNMENT EXPECTATIONS: The sector is in a moment of a generational change. The sector can expect several years of uncertainty and a fundamentally different relationship with the Government of Ontario through the use of Strategic Mandate Agreements.

MARKETIZATION OF UNIVERSITIES: The system encourages competition between universities in Canada and internationally. The onus is increasingly on university leaders to be commercially savvy and focused on educational and research standards.

RANKINGS AND METRICS: Success of universities is increasingly driven by publicly available rankings, measurements and other data. This forces universities to make strategic choices about identity, focus and resource investment.

COMPETITION FOR STUDENTS: As tuition fees increase and local enrolment growth slows, student expectations of the quality and style of education increase. Students are now also customers, and failure to deliver an excellent experience can have a lasting impact on the university’s reputation.

OPPORTUNITIES THROUGH TECH: Technology offers ways to transform teaching and how services are delivered internally and to students. Innovative universities shape new learning and support experiences and operate more leanly.

There are additional opportunities that will support changes to grow revenue and help contain costs in the longer term.

OPPORTUNITY	CHALLENGE	BENEFITS
Refresh the university's Academic Plan	The current Academic Plan was developed before the CCAA restructuring and the pandemic. Given that the plan directs efforts towards a number of areas which may longer be the top priorities, a refresh should be considered.	• Aligns stakeholders around a renewed vision. • Provides the opportunity to look at the university's strategic position and the potential market opportunities.
Redesign program architecture	Before the restructuring, good practices in prudent program development and setting professor-to-student ratios appear to not have been followed. Good practices set now can help prevent the same challenges from emerging in the future. Current programs must be assessed against enrolment trends. Program architecture must be redesigned to enable enrolment growth.	• Aligns programs and courses with the renewed strategic position and market opportunities. • Establishes sustainable ratios for students to faculty.
Develop and implement an international student strategy	Enrolment has stagnated over the years and started to decline. Trends across Canada indicate that local enrolment is slowing. International student enrolment is growing faster than local enrolment and can help boost revenue.	• Identifies evidence-based opportunities to grow international student enrolment. • Establishes a plan to increase enrolment.
Redesign faculty structures	As part of the restructuring, departments and faculties were swiftly consolidated. The structures of the faculties and departments could need standardization. If a new program strategy is introduced, faculties should be aligned to deliver on the academic program. Furthermore, strategic capacity needs to be built in faculties for planning engagement with alumni.	• Aligns structures with new programming. • Establishes more sustainable norms for structures and the number of senior administrators.
Join the UniForum Program	As the financial challenges have increased over the years without any recurring benchmarking to assess performance and cost, management and the Board have not understood Laurentian's performance relative to its peers. If performance is known, better decisions can be made. The UniForum Program offered by Cubane Consulting is a benchmarking tool that enables strategic management of university administration and support services through shared information (see the following pages for further details).	• Enables ongoing assessment of administrative cost and quality. • Allows for comparisons against peers and provides strategic insights on where improvements can be made.

The UniForum Program is a multi-year benchmarking program for universities to help improve administrative performance and manage costs over time.

UniForum program

The UniForum program offered by Cubane Consulting is a benchmarking tool allowing strategic management of university administration and support services through shared information.

Program overview

UniForum members follow common procedures to collect detailed support services data, contributing to a pool of genuinely comparable information. Participants can then measure relative performance, gain clear direction for making better strategic choices and assess long-term implementation success on an always up-to-date, factual basis. These insights enable academic leaders to answer critical questions about how services are resourced and what choices are driving their effectiveness and efficiency outcomes.

Key benefits and outcomes

- understanding of how administrative services are delivered at Laurentian
- understanding of how you ‘benchmark’ against UniForum benchmarks
- key insights and understanding of the available strategic choices, embedded into your institution
- understanding what matters most to users in improving service delivery

Cubane

Appendix D: University case studies

University transformation case studies

The following case studies bring insights from select transformation projects that Nous has conducted with universities locally and internationally. Some of the most relevant lessons from these case studies are summarized below. These cases have contributed to elements of the opportunities and recommendations Nous has identified for Laurentian.

These case studies demonstrate the benefits of strong transformation programs. While many of these universities realized savings from their respective transformation programs, it should be noted that Laurentian's operations are less efficient, effective and resourced than many of these universities. Therefore, a transformation program for Laurentian should target bringing Laurentian up to a baseline of operational standards through one-time costs rather than generating annual savings. Minimizing the growth of recurring costs, however, could be targeted once transformation across these seven improvement areas meets the baseline standards of modern universities.

STRATEGY

1

A new strategic plan was established with specific goals that are measurable, achievable, mission-aligned and time-bound.

SERVICE DELIVERY

2

Service delivery was redesigned to improve the efficiency and effectiveness of administrative services.

FINANCIAL PERFORMANCE

3

New targets and planning and reporting practices were instilled to improve financial management.

STRUCTURE

4

Organizational restructuring of the administrative functions was delivered to better reflect good practice in reporting lines, accountabilities, span of control and roles.

PROCESSES

5

Processes improvement was delivered to improve customer service and overall administrative effectiveness and efficiency.

TECHNOLOGY & DIGITAL PLATFORMS

6

Technology and digital platforms were used to enhance university operations.

CAPABILITY & CAPACITY

7

New capabilities were identified and acquired to support and maintain the operating model changes.

CASE STUDY 1: Program design to transform in the face of unprecedented funding cuts

- STRATEGY
- SERVICE DELIVERY
- FINANCIAL PERFORMANCE
- STRUCTURE
- PROCESSES
- TECHNOLOGY
- CAPABILITY & CAPACITY

Relevance to this project

An initial strategic review of this U15 Canadian university led to support for an university-wide transformation program. The program focused on streamlining administrative services, redesigning academic and administrative operating models and redesigning services and associated processes to set in place an efficient, effective and financially viable operating model.

WHAT WAS THE OPPORTUNITY?

A U15 Canadian university needed a transformative change program to respond to the challenge of recent significant reductions in government funding. The university needed to scope and design a program of cost efficiency improvements in administrative services and non-labour expenditure in a short, intensive six-week period. Working closely with the Executive, Board of Governors and Faculty Deans, a university-wide change program was recommended. As a result of this review, implementation support was given to ensure transformational goals were achieved.

WHAT WAS THE APPROACH?

Over a six-week period the university carried out a strategic review to respond to the reduction in operating revenue and to identify opportunities across academic structures, administrative design and operations, procurement savings and important changes to the university's use of space and procurement.

From the initial review, the university received support to establish their service transformation program, driving operational and administrative changes, and to establish an academic restructuring working group to reform the academy. The university executive, transformation program teams, central portfolios and faculties worked to:

- determine the right scope and program design to deliver significant cost efficiencies in administrative services
- define the strategic goals and establish the overall transformation timeline and governance arrangements for their service transformation program
- support the university executive to design new portfolio leadership positions and responsibilities and complete portfolio restructures of the Finance and Administration, Research and Innovation, Facilities and Operations, VP Academic, and External Relations portfolios
- examine administrative functions, both centrally and in the faculties, including designing a new administrative services operating model, establishing a university-wide shared services function, and launching a new student services centre.
- redesign roles to shift work from faculties, centres and institutes to central units.
- redesign over 30 services and associated processes, with a focus on achieving economies of scale and specialization, across IT, HR, Finance, Communications and Marketing, Student Services and Research Administration.

WHAT WAS THE OUTCOME?

The transformation has put the university on a solid financial footing. The university has achieved over $70 million in sustainable financial savings and is on target to achieve $127 million in planned savings by 2023. From this foundation the university is well placed to seize opportunities for growth and reinvestment in its core mission of teaching, research and community service.

CASE STUDY 2: Close partnership on three-year transformation of York University already delivering benefits

STRATEGY

SERVICE DELIVERY

STRUCTURE

PROCESSES

TECHNOLOGY

CAPABILITY & CAPACITY

Relevance to this project

The university embarked on a multi-year transformation journey to scope, design and implement the service changes. Key objectives included changing the service delivery model to establish a university-wide shared services function; continuous improvement in key processes; and increased strategic specialization of functions through organizational redesign.

WHAT WAS **THE OPPORTUNITY?**

A large Canadian university saw an opportunity to drive major change through a program of process redesign, culture change and operational improvement across integrated services. Over time this will improve key university outcomes including research performance, learning and teaching quality and student experience. This transformation program is expected to act as a catalyst to improve all aspects of university performance.

WHAT WAS **THE APPROACH?**

The university engaged support with experience designing and implementing large scale transformation projects in the sector and developed a program with several key elements:

- **Leadership commitment:** An executive steering committee is made up of senior university leaders with the capacity to make immediate decisions, oversee the program's work and drive change implementation.
- **Expert program management:** A best practice Program Management Office (PMO) was established to support the program and train university staff to lead improvement projects in the future.
- **Service excellence culture:** A dedicated "culture change" stream of work to develop and embed a culture of service excellence and continuous improvement to sustain improvements beyond the program.
- **Process redesign:** Rolling functional assessments to design and implement simpler, faster and more efficient services in a way that balances consistency across the university with the individual needs of functional areas.
- **Capability building:** Regular opportunities to train staff through formal training and collaborative working practices.
- **Organizational redesign** to restructure the university's workforce around the new service delivery model and streamlined process design. The restructure was supported with a mobility program that retrained and redeployed staff displaced through the restructuring.

The three-year program commenced in 2020. The set-up of the PMO is complete and six streams of work are currently in their final stages. The new year focuses on implementation and support of a new approach to university services alongside the organizational change required to support this approach.

WHAT WAS **THE OUTCOME?**

The program aims to achieve three key outcomes: improved service quality, strengthened service culture, and simpler, more efficient services. These outcomes are regularly measured against a baseline dataset and reported to the executive steering committee and the university's broader faculty staff and students to demonstrate that benefits are being realized..

CASE STUDY 3: Transformation partnership to increase efficiency, productivity and collaboration

STRATEGY

SERVICE DELIVERY

FINANCIAL PERFORMANCE

STRUCTURE

PROCESSES

TECHNOLOGY

CAPABILITY & CAPACITY

Relevance to this project

This large Australian university captured $30 million in savings within the first 12 months of implementation through a university-wide change program including process improvements and governance advice. With the collaborative approach taken, the client's staff built internal change capability.

WHAT WAS **THE OPPORTUNITY?**

The largest Australian university by student enrolments aimed to develop and deliver a significant change program across its shared services functions. In an increasingly competitive sector, the university needed to improve its efficiency and collaboration to ensure it was well positioned for the future. Working with the Vice-Chancellor and senior leadership team over 18 months, strategic vision and targets were set for a university-wide change program, including organisational capability and change management.

WHAT WAS **THE APPROACH?**

Working with the university, 10 project teams were established, each tasked with a specific work stream to identify and implement change initiatives such as savings and cost reduction programs. Teams were supported by project and change management guidance, analytical frameworks, business process improvement methods, data analysis and facilitation support. This partnership approach drove high levels of client ownership and staff empowerment, and clear accountability for results. It also built internal change capability amongst executives and their teams.

Ongoing advice was provided to the Vice-Chancellor and his team, including:

- developing an overall business case as well as specific business cases for each proposed change initiative, including changes to the operating model, governance, resource deployment, processes, systems and facilities, based on detailed analysis of potential benefits and costs to implement (once-off and ongoing).
- providing organization design advice.
- building change and performance improvement capability amongst executives and their teams.
- supporting ongoing performance evaluation and measurement.

WHAT WAS **THE OUTCOME?**

The collaborative approach proved successful in driving rapid but sustainable change and creating strong client ownership of recommendations. The university captured over $30 million in savings within the first 12 months without any industrial disruption or action. These savings have grown year on year. According to the Vice-Chancellor, collaboration and coordination amongst senior executives has noticeably improved. The university is now the most efficient institution that participates in the UniForum benchmarking exercise.

CASE STUDY 4: Review of professional staff ways of working provides improvement opportunities to deliver the university's strategy

- STRATEGY
- SERVICE DELIVERY
- FINANCIAL PERFORMANCE
- STRUCTURE
- PROCESSES
- CAPABILITY & CAPACITY

Relevance to this project

An in-depth current state analysis identified $5 million in annual financial savings for this Australian university through process improvements and redesign and streamlining service delivery.

WHAT WAS **THE OPPORTUNITY?**

A mid-sized Australian university implemented a new strategy, which required more effective working methods for professional staff across the university. The university aimed to understand the current ways of working for professional staff in the faculties and identify opportunities for improvement.

WHAT WAS **THE APPROACH?**

Over an intensive initial period, the university was provided with:

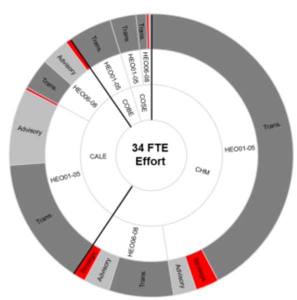
- an in-depth current state analysis that set out the faculties' views of current service performance, an assessment of where staff members were spending their time (activities and transactional/advisory/strategic work) and an analysis of staff spans of control and job families
- twelve clear priorities for the university. Each opportunity set out:
  - current view of service performance, and relevance to university strategy
  - the current staff effort within the faculties (FTE, dollars, classification between transactional, advisory or strategic)
  - a quantification of the potential benefit from the opportunity.
- specific focus areas for each faculty, with a clear link drawn between the faculty's own strategic plan, their current staff effort and view of service performance, and future opportunities.
- an overarching implementation plan and a framework for future ways of working, which the university could use when introducing new ways of working.

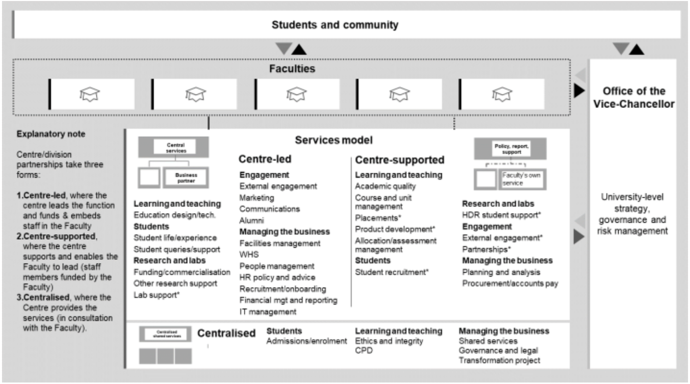
WHAT WAS **THE OUTCOME?**

The project identified $5 million per year cost savings across a staff base of 300 through more effective ways of working, which could then be invested in future strategic activities. The university is currently being supported to implement the new operating model with a mandate to reduce costs while focusing on maintaining the university's excellent service standards.

EXAMPLE OUTPUTS: ANALYSIS AND OPERATING MODEL

FTE effort spent on strategic, transactional and advisory activities for each faculty





CASE STUDY 5: A new strategy, financial improvement plan and detailed transformation plan for a challenged university in the centre of London

STRATEGY

SERVICE DELIVERY

FINANCIAL PERFORMANCE

STRUCTURE

PROCESSES

Relevance to this project

This London university improved its financial performance through an organizational transformation plan and strategy for improved teaching, learning and student experience.

WHAT WAS **THE OPPORTUNITY?**

A central London university faced unprecedented financial struggles. A combination of decision-making and external factors meant the university foresaw falling enrolments and rising costs, putting its longer-term financial sustainability at risk. Other challenges included poor student experience, falling rankings, lack of academic focus and dangerously low staff engagement.

WHAT WAS **THE APPROACH?**

Working with the Vice-Chancellor and Executive group, a focused strategy and plan for a broader transformation program was developed, including guidance towards financial sustainability. Extensive engagement was facilitated across the university to collect information around staff and student 'pain points' to identify opportunities for improvement. This led to a series of over 20 individually prioritized and funded projects, including redesigning their operating model. The overall transformation is governed by a project executive and is supported by contracted teams working on each of the 20 projects.

1. TRANSFORMERS

Transforming end to end service.
Examples: Finance, Research Support, Student Support etc.

2. ACCELERATORS

Delivering quick wins.
Examples: Staff recruitment, Procurement, Space Utilization, etc.

3. ENABLERS

Ensuring staff adopt news ways of working.
Examples: Professional Services Hub, Communities of Practice, Career Frameworks, etc.

Signature projects:

Communities of Practice: groups of staff working in common defined practice areas helping build similar capabilities.

Professional Services Hub: co-located professional services, identifying improvements in processes and systems.

Ways of Working: A behavioural framework that supports colleagues to be successful.

Over an intensive 12-week project, the client was provided with:

- a **strategy and financial improvement plan** to define a focused path back to financial sustainability, improved teaching and learning, and improved student experience.
- a **transformation plan** to detail what the organization must do to mobilize the strategy, including business cases for investment and sequencing, governance, and prioritization of projects.

WHAT WAS **THE OUTCOME?**

The strategy, financial plan and transformation plan were all approved by the Court of Governors.

In the following years the university realized ongoing cost reductions of 4% of total expenditure per year. Further administrative savings have enabled reinvestment in strategic delivery to realize the university's mission. These have been achieved while seeing an uplift in student satisfaction, as measured by the national student survey.

About Nous

Nous Group is an international management consultancy operating across Australia and New Zealand, the UK, Ireland and Canada.

For over 20 years we have been partnering with leaders to shape world-class businesses, effective governments and empowered communities.

450
PEOPLE

50
PRINCIPALS

5
COUNTRIES

This is Exhibit "F" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

Governance Review of Laurentian University

January 2022

nous

Contents

Disclaimer:

*Nous Group (**Nous**) has prepared this report for the benefit of Laurentian University (the **Client**).*

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The Governance Review makes 37 specific recommendations to improve Laurentian University's governance.

Scope of the review

On 11 October 2021 the Review of Laurentian University's governing bodies began. The review included:

- an assessment of Senate and Board processes, policies, structures and overall effectiveness
- analysis of governing body materials, minutes, bylaws, agenda, the Laurentian Act, Board members' CVs and good governance practices
- recommendations to address key issues and gaps.

The review incorporated themes captured in interviews with governing body members and stakeholders and survey responses from Senate and Board members. About 75 individuals were engaged, and 11 Board members and 28 members of the Senate completed surveys.

RECOMMENDATIONS: THE GOVERNANCE MODEL

R1: Adopt an improved bicameralism that enables information flows between bodies, reasserts the Board as the prime governance body accountable for financial and business outcomes and clarifies the Senate's responsibility for academic policies and regulations. This will require changes to the Laurentian Act regarding a central secretariat for both bodies and amendments to the governing body responsibilities.

R2: Both governing bodies should balance their focus of attention on performance and risk, and internal and external environments. A comprehensive focus on these dimensions should be covered in the standing agenda.

Note: Board and Senate recommendations are provided on the flowing pages

Project Approach | Governance Review

Stage 1. Review materials and interview stakeholders — 1

Stage 2. Identify governance challenges and opportunities — 2

Stage 3. Develop recommendations and roadmap — 3

Eighteen recommendations have been developed to support the Board in improving its performance and decision-making.

RECOMMENDATIONS: THE BOARD'S OPERATIONS

Roles and responsibilities

- **BR1:** Create standing agenda items based on key areas of the Board's responsibility, such as strategic oversight, effective overall management, financial management and risk management. Allocate most meeting time to enable strategic discussions of these items.
- **BR2:** Introduce performance targets and a formal review process for the Board to more effectively review the President's and the university's performance.
- **BR3:** Introduce a formal review process for Board performance.
- **BR4:** Ensure the Chair, Board members and management have a strong understanding of their responsibilities and accountabilities, including the need to engage with the Laurentian community.

Composition and capabilities

- **BR5:** Ensure selection of Board members is balanced between local and non-local representation and considers the tricultural mandate.
- **BR6:** Develop a new skills matrix for Board member recruitment that reflects the Board's accountabilities and requires a minimum number of years experience in specific capabilities. Assess current members against the Matrix and remove members that do not have the required skills.
- **BR7:** Reduce the size of the Board to no more than 18, mainly deeply experienced and external members, to enable more effective decision-making.
- **BR8:** Introduce a formal process for reviewing the performance of Board members.
- **BR9:** The university secretariat should develop improved and frequent training/onboarding for Board members.
- **BR10:** Consider a less direct role for the President in Board member recruitment and committee composition.
- **BR11:** Create a formal, application-based recruitment process that is supported by the secretariat.
- **BR12:** The Nominating Committee should review the Board's composition annually to ensure all foundational skillsets are represented.
- **B13:** Establish a maximum Board appointment of three terms or 9 years.

Structures and processes

- **BR14:** Create an independent professional governance secretariat to support and provide advice to the Board. The secretariat should report to the Chair of the Board.
- **BR15:** The Board's committees should be refocused to better align with key accountabilities and strategic priorities.
- **BR16**: Increase the number of meetings per year.
- **BR17:** The university secretariat should become more involved in succession planning and managing Board members when members are unclear about or not fulfilling their duties.
- **BR18:** To enable improved transparency, establish a baseline level of information to be provided publicly to the unions, Board members and committees.

Seventeen recommendations have been developed to enable the Senate to operate more efficiently and effectively.

RECOMMENDATIONS: THE SENATE'S OPERATIONS

Roles and responsibilities
- **SR1**: Introduce formal and frequent assessments of the performance of programs, policies, enrolment trends, ratios of students to professors, teaching quality and student engagement.
- **SR2:** Ensure the agenda items focus on areas of academic importance to steer the Senate to issues that support the strategic academic direction of the university and directly align with its accountabilities.
- **SR3:** Clarify the Senate's role as the owner of academic policy and regulation to reduce any ambiguity about the roles of the Board and Senate.
- **SR4:** Strengthen the role of Speaker of the Senate with powers to ensure that senators stay on the topics directly associated with its accountabilities.
- **SR5:** Conduct recurring performance reviews for the Senate through a Governance and Nominations Committee.
- **SR6:** Create rules where requests for decision must demonstrate alignment to the Academic Plan and include financial assessments.

Composition and capabilities
- **SR7:** Establish a set of Senate values that align with Senate's role and hold members to those values when conducting Senate business.
- **SR8:** Introduce periodic senator reviews through a Governance and Nominations Committee using the set of values established by the Senate.
- **SR9:** Redesign the orientation documentation for senators and introduce formal training and onboarding for senators.
- **SR10:** Decrease the size of the Senate to approximately 40 to 50 members maximum.
- **SR11:** Create a new Senate composition to reflect the restructuring changes and a ratio of representation that helps to achieve the best outcomes for the Senate's mandate.

Structures and processes
- **SR12:** Establish set timeframes for debate on key topics and ensure Senate decision-making occurs on the agenda items being debated.
- **SR13:** Create a professional secretariat function to enable improved support for the Senate and the Speaker.
- **SR14:** Bylaws should be updated to become less rigid for an institution in a state of change, such as providing flexibility around quorum.
- **SR15:** The Speaker's role should be clarified further to focus on ensuring the Senate operates more effectively and efficiently.
- **SR16:** Committee terms should be amended to align with the Senate's accountabilities, such as monitoring performance of the Academic Plan and recommending actions to reduce risk.
- **SR17:** The role of Senate committees should be further clarified for senators, and reviews of committees' efficacy, focus areas and composition should be conducted regularly.

Governance frameworks

The analysis has been framed around key questions regarding the accountabilities of the governing bodies, the substance of what they focus on and how they execute on their respective accountabilities.

Framework overview:

Accountabilities and authorities
Governing bodies should have clear accountabilities and authorities. It is expected that governing bodies will be held to account for the outcomes of the decisions made under their authorities.

Focus areas
Governing bodies should balance their focus on risk and performance, and internal and external environments. It is expected that the balance will shift from time to time, depending on the operating environment.

Performance
The performance of governing bodies should be regularly under review. If the governing body capabilities change, creating gaps in capability for example, performance could suffer.

Governance framework – lines of enquiry

What the governing body is accountable for
Are the **accountabilities and authorities** written clearly with no ambiguity as to which body is responsible and accountable?

What the governing body focuses on	
Are **risk and performance** regularly monitored and directed to be acted upon?	Are the **external and internal** operating environments both considered for strategy and risk?

How the governing body executes on its accountabilities		
Does the governing body consistently perform its **role and responsibilities**?	Does the governing body have the right **composition and capabilities** to effectively perform its function?	Is the governing body enabled by its **structures and processes**?

In a bicameral governing model, formal accountability for oversight of the university should sit with the governing Board. However, each governing body should have a clear mandate and set of accountabilities.

Laurentian has had a bicameral model of governance since its inception in 1960. For any bicameral institution to perform well, clear governing body mandates and accountabilities must be set out in formal documents and legislation and must be followed in practice. When ambiguity or overlap occurs in written mandates or in practice, it should be corrected immediately. To further delineate mandates, defining a hierarchy of authority is also appropriate (for example, the Board is the final and authoritative decision-maker on items that have financial and business implications). An example of a clear delineation of governing body roles is provided below.

To further enable the performance of the bicameral model, the expectation is that the governing bodies are comprised of individuals who have the capabilities required to perform the duties of a Board or Senate member. That is, they understand their authorities and accountabilities and can effectively contribute to governing the institution for the good of the university and with regard for the public interest, in a collegial manner.

THE BOARD OF GOVERNORS

Purpose:
- To hold ultimate legal authority of and accountability for the university.

Role:
- Final decision maker on all matters except courses and degrees
- Performance monitor for the whole institution
- Approver / remover of new departments, facilities
- Approver of mission and goals and ensures achievement of goals
- Appoints and evaluates the President, provides advice to the President on appointment of senior academic and administrative leadership
- Ensures appropriate procedures and policies for the institution
- Approver of budgets, tuition and fees

Composition:
- Comprised of individuals that are largely external to the institution. Members embody the values of the institution.

THE ACADEMIC SENATE

Purpose:
- To develop academic policies and regulations.

Role:
- Establishes academic policies and regulations such as conditions for obtaining a degree, policies on transfer credits, evaluation of student learning, grading system, academic standing, academic fraud, examinations, theses, programs and program requirements
- Presents recommendations to the Board when there are financial or business implications such as creating or removing faculties, departments, schools, buildings

Composition:
- Comprised largely of senior scholars, faculty and academic administrators. Members embody the values of the institution.

Governing bodies must reflect on *what* they focus on and *how* they govern. To be effective, governing bodies must take a multidimensional approach to *what* they focus their attention on. A balance must be struck between performance and conformance, and between internal and external focus.

Our lines of enquiry and recommendations have used Tricker's corporate governance framework. This framework provides insights on the balance between future-oriented performance and present-oriented conformance:

1. PERFORMANCE (future-orientated): The governing body's leadership role in policy-setting, rule approval and developing and monitoring the delivery of strategy.
2. CONFORMANCE (present-orientated): The governing body's role in ensuring accountability through activities like monitoring finances and compliance with policies and codes.

Governing bodies will assume both roles, but to be effective they must achieve the right balance between performance and conformance and between internal and external focus.

Tricker's corporate governance framework

INTERNAL FOCUS: Ensure that the university is managing risk effectively.

EXTERNAL FOCUS: Prepare for the future and maintain accountability to stakeholders.

Adapted from Robert Tricker's corporate governance matrix

Governing bodies should regularly reflect on *how* they exercise their authority through three pillars: fulfilling their role and responsibilities; ensuring they have the right composition and capabilities; and appropriate structures and processes.

Our lines of enquiry and recommendations have focused on these three pillars that support governing bodies to perform their role effectively:

- **ROLE AND RESPONSIBILITIES** – Governing bodies of a university set the direction of the university to achieve its mission and strategy. They also align effort across the university with the agreed direction. They monitor and guide the performance of the university by ensuring it meets targets and responds appropriately to changes in the external environment. The board, specifically, is accountable internally for operational risk and externally in a range of areas, including business and financial performance, reporting and compliance.

- **COMPOSITION AND CAPABILITY** – A university governing body needs to have the right mix of skills, size and perspectives, all operating in a way that supports its desired outcomes. It must balance specialization with diversity and the ability to second when necessary. And it must comprise a size that makes accountability clear for members.

- **STRUCTURE AND PROCESSES** – The structure and processes of a university governing body, supported through its committees and secretariat function, must help achieve the governing bodies' objectives.

Governing body accountabilities

Laurentian has two options to better delineate governing accountabilities. It can: (1) adjust the bicameral model or (2) adopt a unicameralist model.

Background

The bicameral model is the most widely-used governing model in Canadian universities. It was expanded in Ontario after 1906, when the University of Toronto adopted it. Despite several studies indicating that the model is not performing as effectively as it should, it remains the standard model in Canada.*

Similar jurisdictions such as the USA, UK and Australia have implemented more integrated university governance in the form of a unicameral model. Even in Canada, the University of Toronto moved to a unicameral in 1971, where a governing council retains authority for approval of policy recommendations, as recommended by the governing council's various boards (academic, business, etc.). In reviewing its model as part of its long-term strategic planning process, the University of Toronto declared "there is nothing compelling to point us to change from our unicameral system."**

Many universities globally have opted to update and shift the nature of their governing bodies over time, including the UK, Austria, Japan and the Netherlands. Most of these moved to a further delineation of responsibilities between bodies, with academic boards acting as advisory bodies to the board of governors, or to a fully unicameral model.***

Key issues

In Laurentian's bicameral model, the Senate is responsible for academic policy and regulations and the Board has ultimate accountability for the performance of the university. Issues between the Board and Senate have arisen on several occasions, however. The issues have included poor information flows between the bodies when the Senate approves something with strategic, risk or financial implications; areas where the mandates overlap, such as the creation and abolition of programs, schools, departments and faculties; and in instances where the Senate discusses the finances of the institution more than its key accountabilities.

The issues indicate a need to either 1) make roles and accountabilities clearer, while improving information flows; or 2) adopt a pure unicameral model with a Governing Council that includes an Academic Board within it.

OPTION 1: ADJUSTED BICAMERALISM

Benefits:

- Improved information flow between bodies
- Clearer accountabilities than the current model
- Opportunities to conduct joint committee meetings when items of mutual interest arise
- Easier to implement than larger scale governance change

Risks:

- The governing bodies could more easily revert to old ways
- Joint committee meetings might not be effective

OPTION 2: UNICAMERAL OPTION

Benefits

- Clearest division of responsibility, with one body, the Governing Council, having the final say on all matters
- Academic expertise still leveraged through the Academic Board

Risks:

- The overall governing body could become quite large, with many different boards, committees, and councils, making management of the body challenging
- It is a more complex model that will take longer to change

*Exploring Effective Academic Governance at a Canadian University, 2016: EJ1123841.pdf (ed.gov)
**Task Force on Governance Report: http://www.towards2030.utoronto.ca/reports/tf_report_5.htm
***Changing Patterns of Governance in Higher Education: https://www.oecd.org/education/skills-beyond-school/35747684.pdf

Given Laurentian's still-maturing governance capabilities, an adjusted bicameralism is the better option to deliver effective governance for the university.

RECOMMENDATION

R1: Adopt an improved bicameralism that enables information flows between bodies, reasserts the Board as the prime governance body accountable for financial and business outcomes and clarifies the Senate's responsibility for academic policies and regulations.

While the bicameral model has been recommended, Laurentian should revisit the bicameral versus unicameral model discussion at a later stage. There are benefits to the unicameral model, such as clarity of authority and responsibility, and it is used widely in similar jurisdictions. It is not recommended at this time given the time and complexity to implement it, and within the current context. The recommendations that follow in this report assume that Laurentian will choose a greatly improved bicameral model rather than unicameral governance.

IMPLEMENTATION CONSIDERATIONS

- The Laurentian Act will need to be updated to clarify the relationship between the bodies. This will require a formal request to the Ontario Government, among other things, to change Section 21 of the Act to clarify that items that have financial or business implications such as those that relate to the establishment of new programs, facilities, faculties, schools, institutes, departments and chairs must be approved by the Board, upon recommendation by the Senate. The Board would not be authorized to change the recommendation but could send it back to Senate for further review.*
- The Act should also reconfirm the Senate's expert role in establishing academic policies and regulations.
- The relevant bylaws will need to be updated to reflect the change.
- New orientation documents will need to be created.
- One secretariat will need to be created to enable better management of information flows across the governing bodies. The corresponding section in the Laurentian Act will need to be updated regarding the Registrar's role as Secretary for the Senate.
- A process for information sharing will need to be developed (for example, expenditure recommendations from the Senate to the Board).
- A process for the Board to request program reviews from the Senate on program enrolment performance will need to be created.
- Joint committees should be determined for areas of mutual interest.

*The Laurentian Act currently includes the following excerpt which is recommended to be adjusted to clarify accountabilities for Board and Senate: "The Senate is responsible for the educational policy of the University, and, with the approval of the Board in so far as the expenditure of funds and establishment of facilities are concerned, may create faculties, schools, institutes, departments, chairs or courses of instruction within the University..." The Board's accountabilities should be clarified in the Laurentian Act to emphasize its role in overseeing institutional financial management, risk and strategic direction.

Governing body focus areas

An assessment of Laurentian's current governance against the Tricker framework indicates that the Board and Senate have focused too often on performance and stakeholders and too little on managing risk.

Performance

Policy formulation
Over the last two decades, Laurentian's governing bodies appear to have adopted an opportunistic, growth-oriented focus. Campus expansions and modernization initiatives have been pursued, and new schools and partnerships have been established. Many institutions will have these periods, but they typically do not sustain in today's dynamic, more competitive landscape of higher education, unless there is ongoing success in attracting and retaining students.

Strategy formulation
On strategy formulation the two governing bodies have been disconnected, as the Board and the Senate have been engaging in it independently of each other. This is particularly problematic within the new higher education environment, where there should be one dominant and evidence-based strategy that governance helps advance.

Conformance

Anticipating risk and monitoring compliance
Given the over-focus on performance, conformance has been too frequently neglected, with decisions too swiftly being made without enough attention to the risks. The problem persists: over half of Board survey respondents said they lack the information to sufficiently monitor performance. The lack of focus on monitoring internal risk and compliance, for both governing bodies, has likely contributed to the current situation.

Accountability to stakeholders
Accountability to external stakeholders, in the case of the Board, has been high with respect to the community of Sudbury, Northern Ontario and scholars. However, this is unsustainable if it is not balanced with a focus on risk. Similarly, the Senate has been focused on meeting the expectations of faculties and faculty members with insufficient concern for the commensurate risks that have manifested through the strategy. Some Senate survey respondents have indicated that Senate members are not focusing enough on students, who are critical stakeholders for the university.

RECOMMENDATION

R2: Both governing bodies should balance their focus of attention on performance and risk, and internal operational and external environments. A comprehensive focus on these dimensions should be covered in the standing agenda.

Note: the Tricker framework can be found on page 10.

Executing the Board's accountabilities

Roles and responsibilities of the Board should be reasserted for members, and the Board's agenda must align better to the key accountabilities of the Board.

Background

The Laurentian Act states that the Board of Governors is responsible for financial management and control of the university and its officers, servants and agents, its property, revenues, expenditures, business and affairs. The Board is responsible for both performance and risk within the areas under its authority. The Board is also accountable for the overall performance of the university. Where the Board can perform its function best is through committee and Board meetings.

To exercise appropriate care and due diligence in its role, the Board should focus on its key accountabilities, have a firm understanding of its role, and understand the roles of the Chair, members and executive. For example:

- The role of the Chair is to provide leadership and promote the cohesiveness and effectiveness of the Board; rigorously assess the performance of Board members on a regular basis; and ensure the performance of the Board is assessed and reported.
- The role of members is to lead, direct and monitor the activities of the university and oversee overall performance; recommend appointment of the President; and assess and ensure performance and conformance.
- The role of management is to deliver on Board direction; manage the organization; be accountable for and deliver results; and keep the Board fully informed so that it can provide direction.

Key Issues

It has been noted through stakeholder engagement that the Board infrequently challenges recommendations from management and the Senate, although the Senate does not always know the financial impacts of its decisions. Several members have noted that the Board often votes as a bloc with minimal questioning and debate, resulting in the President and Chair exercising disproportionate control in Board meetings. Further, the understanding of roles and accountabilities of the Chair, the members and management appears to be unclear to some, as shown by poor financial management and oversight.

RECOMMENDATIONS

BR1: Create standing agenda items based on the key areas of the Board's responsibility such as strategic oversight, effective overall management, and financial and risk management. Allocate most meeting time to enable strategic discussions on these items.

BR2: Introduce performance targets and a formal review process for the Board to more effectively review the President's and the university's performance.

BR3: Introduce a formal review process for Board performance.

BR4: Ensure the Chair, Board members and management have a strong understanding of their responsibilities and accountabilities, including the need to engage with the Laurentian community.

IMPLEMENTATION CONSIDERATIONS

- A new standing agenda and calendar of meetings will need to be created. The Chair will need to take a more active role in creating the time for strategic discussions that focus on key areas of the Board's authorities.
- The secretariat will need to support a Board member and a Board review process (on a schedule of every two years to start).

The composition and capabilities of the Board should be changed to drive member accountability and bring forward more relevant skills to help the Board perform better.

Background

The Board of Governors is large for an institution the size of Laurentian (25 voting members). Good governance principles indicate that smaller boards of 12 to 15 operate more effectively and create greater individual accountability. By comparison, University of British Columbia with 66,000 students has a 21-member Board of Governors, but Laurentian with 9,000 students has 25 voting members.

Member capabilities are critical to overseeing institutional performance. The foundational skills and experiences of a university board typically include depth in financial planning, audit and accounting, IT, strategy, HR and labour relations, and legal. Any skills beyond these, such as those that are sector-specific or related to the university's strategy, would be secondary and tertiary considerations – only once all the foundational skills are represented.

Key Issues

Many Board members have noted that the training and onboarding process is insufficient. However, it has been noted that there is often not meaningful discussion on important issues, nor is additional information requested on key agenda items, indicating a capability issue among Board members.

The skills and experience of current members are not sufficient for navigating Laurentian through its current situation and beyond. There are critical gaps in higher education experience, IT and HR experience and deep financial expertise. Further, the recruitment process for Board members is informal, with recruitment currently based on relationships of, at times, the President or the Chair. See *Appendix B* for Board skills assessment and the proposed skills framework.

Given composition is skewed to local members (85%), it is possible for perspectives to be skewed toward local interests and opportunities rather than those that that relate to external risks and the post-secondary sector.

RECOMMENDATIONS

BR5: Ensure selection of Board members is balanced between local and non-local representation and considers the tricultural mandate.

BR6: Develop a new skills matrix for Board member recruitment that reflects the Board's accountabilities and requires a minimum number of years experience in specific capabilities. Assess current members against the Matrix and remove members that do not have the required skills.

BR7: Reduce the size of the Board to no more than 18, mainly deeply experienced and external members, to enable more effective decision-making.*

BR8: Introduce a formal process for reviewing the performance of Board members.

BR9: The university secretariat should develop improved and frequent training/onboarding for Board members.

BR10: Implement a less direct role for the President in Board member recruitment and committee composition.

BR11: Create a formal, application-based recruitment process that is supported by the secretariat.

BR12: The Nominating Committee should review the Board's composition annually to ensure all foundational skillsets are represented.

B13: Establish a maximum Board appointment of three terms or 9 years.

IMPLEMENTATION CONSIDERATIONS

- The Act and bylaws will need to be changed to reflect the new size and structure of the Board.
- A professional governance secretariat will need to be created to support board members and to develop or bring in the training that is needed for Board members and create the new skills matrix.

*Further details can be found in Appendix A – Board Composition.

A professional secretariat will need to work closely with the Board and Chair to ensure the right information is provided to the Board with agenda and committee focus areas realigned to key accountabilities.

Background

The Board Secretary supports only the Board, and the Registrar's office supports the Senate, per the Laurentian Act. However, in other universities a secretariat is usually responsible for supporting both the Board and the Senate. This enables better information flows and better awareness of decisions and operations of both governing bodies. This role is typically performed with some degree of professional capability and is independent of the management of the institution. The secretariat would work closest with the Chair and the Board members, to whom the secretariat is ultimately accountable. The secretariat would also advise on committee structure to ensure alignment with the Board's accountabilities.

Key Issues

The current structures and processes do not enable timely information flows between the Senate and the Board. Further, 40% of Board survey respondents have noted that information provided to members from management is not always transparent and comprehensive, which impacts the quality of decision-making. For example, financial information has been presented too optimistically, which does not enable sound decision-making. When information is received by the Board it is sometimes late or incomplete in terms of providing an assessment of the options and risks (for example, showing budgeted versus actual details). Further, the number of scheduled Board meetings per year is five, which is not enough for an institution of this size and complexity. By contrast, the University of Ottawa board meets monthly.

Almost 40% of members believe Board processes and decision-making are not transparent enough. This could be partly due to the Board Secretary working closely with the President rather than the Board Chair. This results in the agenda being driven by management, not the Board. Further, the secretariat role is not professionalized and is currently clerical: ensuring materials are sent out to the Board after the package is approved by the President. It has also been raised that information on Board decisions is not publicly accessible and too many meetings are in camera.

RECOMMENDATIONS

BR14: Create an independent professional governance secretariat to support and provide advice to the Board. The secretariat should report to the Chair of the Board.

BR15: The Board's committees should be refocused to better align with key accountabilities and strategic priorities.*

BR16: Increase the number of meetings per year.

BR17: The university secretariat should become more involved in succession planning and managing Board members when members are unclear about or not fulfilling their duties.

BR18: To enable improved transparency, establish a baseline level of information to be provided publicly to the unions, Board members and committees.

IMPLEMENTATION CONSIDERATIONS

- A more experienced and professional governance secretariat will be needed to support Board members. This will require hiring new staff.
- A detailed description of duties and reporting relationships will need to be created for the secretariat, including process flows for the governing bodies.
- The bylaws will need to be changed to reflect the revised committee structures.
- A process for sharing Board information publicly will need to be established, including a process for engaging university stakeholders.
- Templates for information coming from management to the Board will need to be developed.

*The Board has the following committees: Executive, Finance, Audit, Research Ethics, Staff Relations, Property Development, Senior Management Review, Bilingualism, and Nominating Committee. The Nominating Committee should include 'Governance' in its mandate to support board assessments and member training. The Finance Committee should be changed to the 'Planning and Budget Committee' to assess plans that impact the budget, frequently review budget variances, and provide recommendations to the Board on how to act on plans and variances. The Joint Bilingualism Committee should have 'Student Experience' included within its mandate to support the university in improving the experience for students. The Audit Committee must have risk as a major focus of its mandate and should discuss with management regularly, not annually.

Executing the Senate’s accountabilities

The Senate has a specific and expert role to play as it relates to accountability for academic performance and teaching quality. It should focus more on performing this role.

Background

Under the Laurentian Act the Senate is responsible for the education policies of the university. That means the focus of its attention should be on agenda items such as courses of study, conferring degrees and setting policy on grading and transfers.

Per senator orientation materials, the Senate's fiduciary responsibility is to conduct business for the 'good of the University', which directs that senators should make decisions for the benefit of the whole university, rather than for personal or professional interest. Further to this, public sector governing bodies like the Senate have additional responsibility as publicly funded institutions to demonstrate ethical care and integrity in the stewardship of public resources.

Key Issues

Almost half of Senate survey respondents have said the Senate does not provide effective leadership and oversight of the university's Academic Plan. This is a key strategic document for the university that the Senate should be assessing its performance on and making decisions to course correct where necessary. Not providing proper oversight on progress potentially creates risk if academic quality is not advancing and programming is not attracting students.

The Senate has made decisions without a firm understanding of the impacts from a financial, risk or strategic perspective. For example, in 2019 the Senate approved the creation of a separate department of geography, noting only that the financial impact would be 'negligible'. Of further concern, there is no evidence of the Board reviewing this decision after the Senate approved it.

Some Senate members have a perception that at times members are not acting in the interests of students or the university but rather to preserve programs without an objective assessment of the value or risk to the university. This creates further risk if the Senate is not regularly reviewing its program performance with the viability of programs in mind.

RECOMMENDATIONS

SR1: Introduce formal and frequent assessments of the performance of programs, policies, enrolment trends, ratios of students to professors, teaching quality, and student engagement.
SR2: Ensure the agenda items focus on areas of strategic importance to steer the Senate to issues that support the strategic direction of the university and directly align with its accountabilities.
SR3: Clarify the Senate's role as the owner of academic policy and regulation to reduce any ambiguity about the roles of the Board and Senate.
SR4: Strengthen the role of Speaker of the Senate with powers to ensure that senators stay on the topics directly associated with its accountabilities.
SR5: Conduct recurring performance reviews for the Senate through a Governance and Nominations Committee.*
SR6: Create rules where requests for decision must demonstrate alignment to the Academic Plan and includes financial assessments.

IMPLEMENTATION CONSIDERATIONS

- Existing quorum rules make any changes to Senate bylaws cumbersome and difficult.
- The Laurentian Act will need to be changed to clearly articulate the Senate's specific accountabilities and role.
- A professional secretariat will need to support the creation of standing agenda items aligned to a more focussed set of accountabilities.
- Performance reviews will need to be funded, as they should be delivered by an external party.

*See Queen's University's Senate Governance and Nominations Committee Terms of Reference for example: https://www.queensu.ca/secretariat/senate/committees/senate-governance-and-nominating-committee

The Senate's composition should change to reflect a smaller and more expert membership that is invested in the success of Laurentian as a whole.

Background

The Senate has 77 voting seats, several of which are vacant due to Laurentian's recent restructuring. However, the Laurentian Act, which sets out the original composition of the Senate, indicates a membership of approximately less than 40 seats. The Senate is comprised of members across the university such as students, unions, general administrative staff, general staff, deans and senior administrative leaders. As for total faculty, there are 39 voting seats. The president of the faculty union is also a voting member on behalf of the union.

Smaller governing bodies can help drive accountability to individual members and create more efficient meetings, and many higher education institutions are reducing the size of their governing bodies because of this.* A scan of universities across Canada will note senates of various sizes and compositions, some with more faculty or leadership than others, and some that are smaller or larger. The Government of Ontario does not appear to provide guidelines for the size and composition of university senates.

Key Issues

While universities of Laurentian's size typically have senates of over 40 members, 77 seats is at the high end of the range. About 50% of Senate survey respondents say the Senate has the right mix of skills to provide academic leadership on academic policies and strategies, and many stakeholders have noted the size of the Senate is too large. Further, some senators have indicated that meetings are side-tracked on topics that should not be on the formal agenda because senators do not understand the role and accountabilities of the Senate. This has created long meetings where debates occur on topics unrelated to Senate's mandate, including recent meetings that have been adjourned after several hours but resumed the following week for another several hours.

When there is a need for new Senate members, a call is issued for members to join the Senate based on the composition bylaws, but there are no formal criteria, and there is often a struggle to recruit members.

RECOMMENDATIONS

SR7: Establish a set of Senate values that align with Senate's role and hold members to those values when conducting Senate business.**
SR8: Introduce periodic senator reviews through a Governance and Nominations Committee using the set of values established by the Senate.
SR9: Redesign the orientation documentation for senators and introduce formal training and onboarding for senators.
SR10: Decrease the size of the Senate to approximately 40 to 50 members maximum.
SR11: Create a new Senate composition to reflect the restructuring changes and a ratio of representation that helps to achieve the best outcomes for the Senate's mandate.***

IMPLEMENTATION CONSIDERATIONS

- There could be resistance to changes that review the performance of members.
- The bylaws will have to be changed to reflect the new composition.
- The Laurentian Act provisions on the composition of the Senate will need to be updated.
- There will be costs associated with bringing in external parties to support training.

*Governing Bodies of Higher Education Institutions: Roles and Responsibilities, OECD: https://www.oecd.org/education/imhe/Effectiveness%20of%20GBs.pdf
**See the University of Alberta's Senate values, for example: https://www.ualberta.ca/chancellor-and-senate/senate/index.html
***We recommend not increasing disproportionality significantly. See Appendix A for further details.

Senate meetings should be productive sessions where academic experts convene to advance the university's success in a professional manner.

Background

Senate meetings are organized and supported by the university's Registrar, who is an administrative leader and acts as the Senate's secretary, per the Laurentian Act. University senates are typically supported by a professional secretariat function that, in a bicameral model, would support both bodies. The professional secretariat would be accountable for developing an agenda aligned to the Senate's accountabilities and would work with the Senate executive to plan the agenda for the year.

Senate meetings are directed by an elected Speaker, who is responsible for ensuring decorum and attention to agenda items. The quorum requires one third of the 77 members to be present and to change bylaws.

There are 12 committees and several councils focusing on a range of topics including online learning, French-language programs, English-language programs, teaching and learning, bilingualism, academic planning, awards and regulations, the medical school, etc. Many universities appear to maintain less than ten committees.

Key Issues

Senate agenda items often appear too late for members to prepare (including matters raised on the floor of Senate). This appears to be a particularly pronounced issue during the insolvency process. Further, in interviews over the last eight weeks many senators have noted the degradation of decorum in the Senate and noted that discussions can take more than one hour, reducing time spent on key agenda items. Recently the quorum has not been achieved to change the Senate composition as a result of the restructuring.

Committee work is being overridden by the Senate, including recently when a new program was proposed after many months of analysis by the committee. Further, committee work is not always aligned with the Academic Plan and the university's strategic priorities. For example, there is no focus on student success and retention, although this is a cornerstone of the Academic Plan.

There is no Governance and Nominations Committee. This type of committee can review the Senate's effectiveness and enhance accountability on an ongoing basis.

RECOMMENDATIONS

SR12: Establish set timeframes for debate on key topics and ensure Senate decision-making occurs on the agenda items being debated.

SR13: Create a professional secretariat function to enable improved support for the Senate and the Speaker.

SR14: Bylaws should be updated to become less rigid for an institution in a state of change, such as providing flexibility around the quorum.

SR15: The Speaker's role should be clarified further to focus on ensuring that the Senate operates more effectively and efficiently.

SR16: Committee terms should be amended to align more with the Senate's accountabilities, such as monitoring performance of the Academic Plan and recommending actions to reduce risk.*

SR17: The role of committees should be further clarified for senators, and reviews of committee efficacy, focus areas and composition should be conducted regularly.

IMPLEMENTATION CONSIDERATIONS

- Changing the current committees will require changes to terms and potentially bylaws.
- A change to the Laurentian Act will be needed to establish an independent professional Secretariat.
- Existing quorum rules will make any changes to Senate bylaws difficult.
- There will be a cost associated with creating a more professional secretariat, either in recruitment and/or training for existing employees.
- There could be resistance to any change to Senate processes.

*The ACAPLAN Committee is responsible for reporting to the Senate on updates to the Academic Plan and reviewing and recommending programs to the Senate. However, it has been noted that this committee has not been effective in reviewing and recommending programs for termination. Overall, the Senate's committees could be aligned better with the priorities of the Academic Plan, such as the priority of student retention and growth.

Implementation roadmap

Four items should be in place to deliver the proposed changes to governance for Laurentian: stakeholder alignment, legislative changes, joint committees, and an independent secretariat.

1

STAKEHOLDER ALIGNMENT – key stakeholders, including the Board and Senate members, and the Ontario Government will need to be aligned on what should change and how. This includes the terms of the proposed changes and the legislative changes that should be made.

2

LEGISLATIVE CHANGES – the Ontario Government will need to agree to update the Laurentian Act to enable the changes to composition, authorities, joint committees, and the joint secretariat.

3

JOINT COMMITTEES – areas of shared mutual interest will need to be defined for the Board and Senate to come together in joint committee meetings. These could include themes such as tenure and promotion, and the Academic Plan performance.

4

A JOINT INDEPENDENT SECRETARIAT - the new shared Secretariat function will need to be established. This will require considerations of the staffing model and competencies, the process for supporting both Board and Senate meetings, and for sharing decisions across governing bodies.

The Board changes should take place over six months, prioritizing the new skills matrix and Board member capability.

LAURENTIAN BOARD CHANGES TIMELINE

	MONTHS 1-2 Set the stage for the changes and begin amendment of the Laurentian Act		MONTH 3 Draft new bylaws and documents		MONTHS 4-5 Implement change Initiatives		MONTH 6 Focus on enabling continuous improvement
ROLES & RESPONSIBILITIES	Clearly define Board and management roles, determine KPIs	Define standing agenda and baseline information	Develop templates for Board materials such as financial reporting, risk and performance dashboards, management performance KPIs		Pilot the use of new agenda and reporting materials	Assess effectiveness and revise accordingly	Develop and implement Board performance review process
COMPOSITION & CAPABILITIES	Define the new skills matrix	Define the new composition of the Board	Develop new onboarding and training materials and schedules	Update bylaws on composition, finalize skills matrix	Implement a formal Board and committee nomination process	Recruit and onboard new Board and committee members	Develop and implement Board member performance review process
STRUCTURES & PROCESSES	Define key responsibilities and reporting lines for the Chair and secretariat staff	Based on the Board's accountabilities, assess the types of committees required	Draft new terms of reference for the committees, set new calendar of meetings	Update the associated committee meeting and other bylaws	Pilot a meeting with new secretariat, bylaws and committees	Assess effectiveness and revise accordingly	Train secretariat staff on role, including the requirements for in camera meetings and public information sharing, and connect with other professionalized secretariats to share good practices

Note: This is an illustrative and approximate timeline which could be adjusted..

The Senate changes should take place over six months, prioritizing new agendas, materials and committees.

LAURENTIAN SENATE CHANGES TIMELINE

	MONTHS 1-2 Set the stage for the changes and begin amendment of the Laurentian Act	MONTH 3 Draft new bylaws and documents	MONTHS 4-5 Implement change Initiatives	MONTH 6 Focus on enabling continuous improvement
ROLES & RESPONSIBILITIES	Clearly define Senate, Board and management roles Define standing agenda and baseline information	Develop templates for Senate decision-making, which could include a summary of analysis, alignment with the Academic Plan, cost, benefits and risk	Pilot the use of new agenda and templates during a meeting Assess effectiveness and revise accordingly	Develop and implement Senate performance review process
COMPOSITION & CAPABILITIES	Define the Senate's values Define the new composition of the Senate	Develop new onboarding and training materials Update bylaws on composition	Develop senator recruitment materials that emphasize the Senate's values Recruit and onboard new Senate and committee members	Implement a Senator review process
STRUCTURES & PROCESSES	Define key responsibilities and reporting lines for the Speaker and secretariat staff Based on the Senate's accountabilities, assess the types of committees required	Draft new terms of reference for the committees and set new calendar of meetings Update the associated committee meeting and other bylaws	Pilot new Speaker role, secretariat, bylaws and committees Assess secretariat and Speaker effectiveness and revise accordingly	Train secretariat staff on role and connect with other professionalized secretariats to share good practices Introduce a committee review process

Note: This is an illustrative and approximate timeline which could be adjusted..

Appendix A – Board and Senate composition

Laurentian's Board composition should reflect post-secondary common practice. The Board should be comprised of mostly non-employee voting members with the required skills and experience. Tricultural representation and employee members should also be reflected in the composition of the Board.

Current Board Composition* (17 voting members)

Employee voting members (1):
- President & Vice-Chancellor

Union-Proposed Additions to the Board

Employee voting member additions (5):
- One union voting member (LUSU)
- Two senate voting members (LUFA)
- Two faculty voting members (LUFA)

The current Laurentian Board of Governors has only one employee voting member: the President & Vice-Chancellor. The current ratio of employee to non-employee voting members is not aligned with common practice because it lacks voting representation from internal stakeholders; notably, the faculty and administrative staff. Importantly, Laurentian is considered a Public Benefit Corporation, where no more than one-third of its directors can be employees of the corporation.** The proportion of employee voting members must fit within this requirement. However, Laurentian should ensure there is adequate coverage of the foundational skills across non-employee members first. Particularly through the upcoming transformation years, Laurentian will need a high-performing board with the skillsets required to effectively provide oversight of the transformation and direction to the President and leadership team.

The absence of employee representation has been noted by the Laurentian Staff Union (LUSU) and the Laurentian Faculty Association (LUFA), who have proposed to add five new voting members comprised of faculty, senate and union members. While the inclusion of faculty, senate and staff voting members on Canadian university boards is not uncommon, the inclusion of representatives who are serving on behalf of their union is not (and particularly not union executives). Union representation poses a conflict of interest for a constituency that negotiates directly with the board, and is not recommended for Laurentian. The Student Associations may also be in conflict given their relationship with the university.

In addition to the President who is already an employee of the University, we recommend the addition of no more than three new employee voting members to include staff (non-management), faculty and/or senators, all of whom should not be union representatives.

Recommended Composition* (up to 18 voting members)**

Non-employee voting members (80%)
-Includes two student members

Employee voting members (20%)

The Board of Governors should primarily be comprised of non-employee voting members with executive-level experience and foundational skills in financial planning, audit and accounting, IT, strategy, HR and labour relations, and legal. Importantly, student members (currently two) are not employees of the institution. Student representation should not reduce the overall quantity of skills required for the board.

All voting members should adhere to their fiduciary obligations and act in the best interest of the institution as a whole rather than any particular union, faculty or group. It is important that members serve in their personal capacity.

*The current Board composition is reflective of recent resignations and new appointments from the Lieutenant Governor in Council as of Dec 16th, 2021.
**Not-For-Profit Corporations Act, 2010, S.O. 2010, c.15 https://www.ontario.ca/laws/statute/10n15
***Our recommendation is for 15 voting members on the Board. If the required foundational skills across non-employees and representation from internal employees cannot be achieved within this amount, a board size of no more than 18 members is reasonable if non-employees comprise 80% of the voting membership.

Similar to its current composition, the Senate should comprise a range of voting members of faculty, senior administrative staff and students, and reflect the tricultural mandate. Disproportionality in voting membership that significantly skews membership toward senior leadership or faculty should be avoided.

Current Senate Composition* (77 voting members)

Faculty members current (excluding deans, LUFA and LUNEC faculty): 51%

Union-Proposed Changes to the Senate

Faculty members proposed (excluding deans, LUFA and LUNEC faculty): 67%

The current Laurentian Academic Senate has 77 voting member seats and is comprised of faculty, deans, students and senior administrators. Faculty comprise 39 of the voting seats while non-faculty comprise the 38 seats. This results in 51% voting seats for the faculty. When ex-officio academic members are included, such as deans and the LUFA and LUNEC faculty representatives, approximately 60% of the voting seats are held by senators who work in faculties.

LUFA proposes to increase faculty voting membership (non-ex-officio) from approximately half to two-thirds. Faculty are experts in academic policy and should participate robustly in collegial Senate governance. However, it is not clear how significantly increasing the number of faculty while decreasing the votes of students, deans and senior administrative staff would benefit Laurentian, nor why this change is needed. While some Canadian universities such as Algoma have faculty members with two-thirds of voting seats, many Canadian universities do not. Furthermore, through engagement with a range of many senators, it was noted that some faculty members are at times too focused on the interest of their respective constituencies (faculty, union) rather than balancing the interests of faculties and the university community as a whole.** Therefore, changing faculty representation from 51% to two-thirds is not recommended since the case for change is not strong and it does not appear to be widely supported by Laurentian staff and evidence.

Recommended Composition (if 50 voting members)

Deans (1 per faculty: 5)

Senior administrators (9 or 10)

Students and others (9 or 10)

Faculty voting members (26)

The Senate should keep its current ratio of faculty (non-ex-officio) to deans, senior management and students. However the total number of senators should be reduced to no more than 50 members. A reduction in size will support more effective and efficient meetings and potentially better quality participation. A smaller Senate is also more in line with Laurentian's institutional size (which is quite small compared to many Canadian universities).

*the current composition bylaw can be found here: https://drive.google.com/drive/folders/1pLqyrvzy0Hk4hzZtEhwc91MVpzGqbPeq
**see senator comments in Appendix C

Appendix B – Board skills assessment

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A three-layered skills pyramid can help Laurentian reflect on the nature of the skills needed to effectively govern it.

For its current context, Laurentian should focus on obtaining foundational and higher education board skills (levels 2 and 3) to achieve improved conformance and performance.

	Specific skills	Uniqueness to the university	Alignment to Tricker
1. SKILLS DISTINCTIVE TO THE UNIVERSITY'S AMBITION AND IDENTITY	• Transformation • Mining • Innovation • Indigenous culture	• Skills particular to the kind of university in question • Might change over time as the university's vision and strategy evolve	Largely **performance**
2. TERTIARY EDUCATION SKILLS	• Cutting edge teaching and learning, including in higher education • Research and academic leadership • Understanding of tertiary education's public value • Executive or governance experience in large, complex organizations	• Skills relevant to almost all university boards • Are about understanding Laurentian's context • Often legislated to an extent	Both **conformance** and **performance**
3. FOUNDATIONAL SKILLS	Assurance skills: • Audit and risk • Financial acumen • Legal expertise	• Relevant to all governing bodies • Are a legislative requirement	Largely **conformance**

Key findings

- Members have significant experience (over eight years) in the categories of finance, business, education, law and mining; however, **finance expertise on its own is low and higher education experience is low.**
- Matrix categories are too broad to be able to assess more specific capabilities and experiences.
- **Most board members are alumni** and are likely bring a more local perspective to governing.
- There is **no prioritization of skills** within the matrix.
- **Health and IT are under-represented.**
- **Mining, fundraising, government relations and public relations are over-represented** performance-focused skills

A current assessment of Board voting members using LU's skills matrix indicates an emphasis on performance orientation and member qualities.

The matrix below shows members characteristics and experience: Y (yes) has the characteristic, L (low) 1-3 years experience, M (medium) 3-8 years experience, H (high) more than 8 years experience and U (unknown) some experience of unknown length.

Laurentian Board of Governors Voting Members 2021–22	Gender (female)	Alumni	Francophone	Bilingual	Indigenous	Law	Finance and business	Fundraising	Public relations and marketing	Knowledge of education sector	Labour relations	Health	Industry partnerships and research	Mining	Information technology (IT)	Government relations
Member 1		Y			Y	H	U							U		U
Member 2																
Member 3	Y	Y		Y				U		H	M		U			U
Member 4	Y	Y			Y			U		H	U					
Member 5	Y		Y	Y												
Member 6		Y					H							U		
Member 7	Y	Y							H							
Member 8		Y					H				U		H	U	U	U
Member 9				Y						H			H			
Member 10		Y					U		H		U		U	H		
Member 11			Y	Y					U	H						U
Member 12	Y	Y			Y							H	U			
Member 13		Y	Y	Y			H	H	H	U	U	U	U	U		U
Member 14		Y	Y	Y		H	U	U	U	U	U	U	U	U		U
Member 15	Y	Y	Y	Y			H			H	U	U				
Member 16		Y				H	U								U	
Member 17	Y			Y	Y	H		U	U				M			U
Member 18					Y					U						H
Member 19	Y	Y		Y			H	H	H							U
Member 20							H							H		U
Percentage of members who have the characteristic or experience	**40%**	**65%**	**25%**	**45%**	**25%**	**20%**	**50%**	**30%**	**35%**	**40%**	**35%**	**20%**	**40%**	**35%**	**10%**	**50%**

Note: the assessment is based on CVs and bios provided by LU; 'member qualities refer to characteristics such as alumni, bilingual, etc.

If we asses Board voting members on a different range of skillsets, we find that there are areas of expertise and gaps in experience.

Key findings

- There are members with **extensive (over eight years) executive** and strategic experience
- **IT and HR experience is lacking.**
- **Education sector knowledge is split** between post-secondary and grade school.
- **Financial planning and audit and accounting experience are critical gaps.**

Revised skill categories reveal areas of expertise and gaps within Board voting member skillsets.

The matrix below shows members experience: L (low) 1-3 years experience, M (medium) 3-8 years experience, H (high) more than 8 years experience and U (unknown) some experience of unknown length.

Revised Categories for Laurentian Board of Governors Voting Members 2021-22	Human Resources/Labour Relations	Financial planning	Audit and accounting	Strategic planning	Executive level experience	Post-secondary institutional knowledge	Information technology (IT)	Continuous improvement/innovation	Legal	Board experience
Member 1									H	H
Member 2										L
Member 3	M			U	H	H				H
Member 4	U			U	H					M
Member 5										L
Member 6				H	H			M		U
Member 7				H						U
Member 8	U	H	H		H		U			H
Member 9				U	H	H				L
Member 10	U			M	H			M		M
Member 11				H	H	H		H		H
Member 12								M		U
Member 13	U			H	H					U
Member 14	U				U			H	H	H
Member 15	U	H	H	H						H
Member 16							U		H	H
Member 17				H	H			M	H	M
Member 18				U	U	U				U
Member 19				H	H			H		L
Member 20		U			M					U
Percentage of members who have experience in a given category	**35%**	**15%**	**10%**	**60%**	**65%**	**20%**	**10%**	**35%**	**20%**	**100%**

Note: the assessment is based on CVs and bios provided by LU

Appendix C – Survey findings

According to many Board and Senate members, strong oversight of the university has not been enabled through the Board and Senate.

"It would be important for the Board members to not feel controlled. I sometimes felt like certain items were off limits, certain items were secretive"

"The deficit was many times bigger than we were told"

"The Board was given the impression that the budgets were balanced when they were not"

"The Board was presented with information as single factors not as part of a cohesive overall picture of the university"

"Courses were offered that were not sustainable with the number of students enrolled"

"Operational best practices were not implemented; however, the Board was not made aware of it until it was uncovered by the monitor"

Senators believe there are a number of issues with the way the Senate operates. Problems with decorum, lack of focus on the collective good, and divisiveness have been raised as key issues.

"Some Senators are disrespectful, ill-informed and use Senate meetings as a soapbox. Rather than making decisions for the collective good, decisions are self-serving"

"Senators have never agreed to close programs even when they did not have students for years"

"Senators are for the most part academics, and academics like to talk. Some senators like to talk a lot. This can slow things down considerably"

"Administrative senators tend to vote as a block, while faculty members do not. This situation has allowed administration to control the Senate and has fostered antagonism"

"The role of the Senate Executive is also problematic. It has become a privileged body that acts as a gatekeeper for motions and questions"

"The Senate is overprotective of faculty positions and programs without proper regard to financial costs"

Summary findings

- Board members are relatively confident in their ability to provide strong leadership.
- Board members are mixed on whether they have the right mix of skills to provide effective strategic direction, though they note a gap in deep financial acumen.
- Board members flag poor onboarding as an issue.
- Board members frequently express concern that they do not have the right information to make decisions.
- Board members express concern that senior management provides incomplete and inaccurate information. Some members feel that management runs Board meetings.
- There is consensus among Board members that overall the Board is moderately effective.

Board of Governors survey – summary and snapshots

Board members were surveyed about the role and performance of the Board. A sample of responses is provided.

Reflecting on all aspects of the Board and how it conducts itself, what does it need to be doing differently to ensure it provides leadership and oversight to the University in the future?

Board member: "More strategic discussions rather than being fed information."

Board member: "Key financial experience/expertise on the Board."

Board member: "Onboarding needs to be more than a lunch and a binder."

Board member: "The board needs to be provided with more information and background on issues in a timely manner. The board needs to be allowed to be strategic instead of procedure based. This would allow more time for questions, discussions and, when necessary, be able to push back."

What do you think are the primary reasons for the financial difficulties that Laurentian University is experiencing?

Board Member: "Not being provided with the correct financial information by senior financial management at board meetings and the failure of the auditors to bring forward significant risks."

Board Member: "Didn't have enough professional trained board members in finance. Board allowed capital projects without full knowledge of the financial situation."

Board Member: "Board was given the impression balanced budgets would be achieved when they were not… Financial risks were not presented to the board with enough transparency."

Is there anything further that you would like to share?

Board Member: "It would be important for Board members not to feel controlled when asking questions. I sometimes felt like certain topics were off limits – certain items were secretive."

Board Member: "Board large and meetings simply put include – info from admin, debate and questions between admin then Board makes decision… Board needs to develop and make formal motions to provide direction, not just review and receive motions from admin."

Board Member: "More transparency in financial reporting."

Summary findings

- Senators generally show an understanding of the Senate's purpose and mandate. There is a disconnect, however, with regards to how Senate operates.
- Senators describe activities restricted to approving new programs with a near absence of monitoring academic performance or cutting underperforming programs.
- Approval of new programs is done on academic merit alone, without regard for finances.
- The Senate has grown increasingly conflict-ridden, compromising its ability to perform efficiently or effectively.
- The Senate is disconnected from the Board of Governors.

Senate survey – summary and snapshots

Senate members were surveyed about the role and performance of the Senate. A sample of responses is provided.

Reflecting on all aspects of the Senate and how it conducts itself, what needs to change, if anything, to ensure it provides strong leadership and oversight to the University in the future?

Senator: "There is a significant split between the BoG and Senate. The BoG is essentially a black box (as the CCAA process has shown). On the other hand, Senate is overprotective of faculty positions and programs without proper regard of financial costs. The imbalance is that Senate is eager to approve new programs but unable to eliminate any."

Senator: "Too much conflict and special interests."

Senator: "The Board needs to provide information to Senate so that Senate can make appropriate decisions… The Board should be allocating funds to Senate, which can then determine how to distribute the funds amongst its programs."

What do you think are the primary reasons for the financial difficulties that Laurentian University is experiencing?

Senator: "Poor management from the Board of Governors and the upper administration."

Senator: "Multiple fatally undersubscribed programs, and Senate's inability and opposition to the removal of them in the past. Senate has had the opportunity to cut programs in the past, but chose not to."

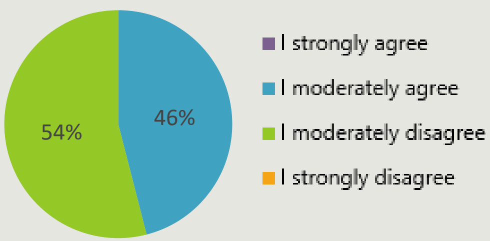
Is there anything further that you would like to share?

Senator: "I think part of the problem of Senate is that it considers developments purely from an academic merit point of view. It is not sensitive to markets and change."

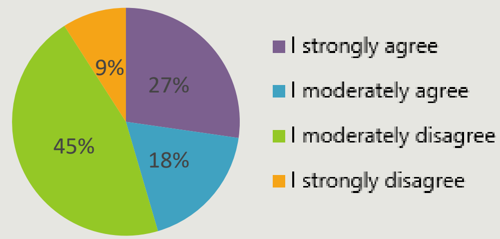
Senator: "If the bodies of Senate and the BOG do not become more aligned then nothing we do will matter."

Overall Board survey responses indicate issues with information detail on University performance, capabilities, and engagement with the community.

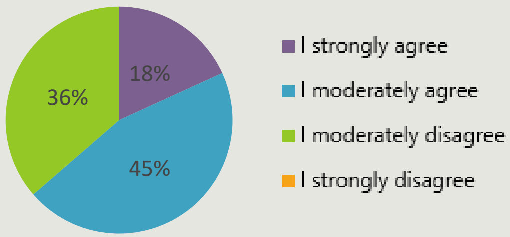
"Board members are sufficiently informed as to what is going on in the University in order to monitor performance."



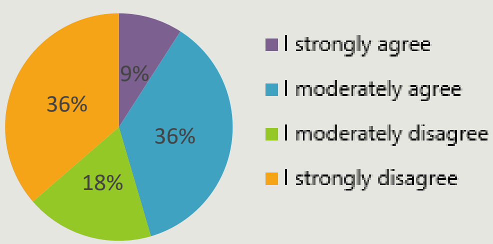
"The Board has the right mix of skills to provide leadership to, and oversight of, the University."



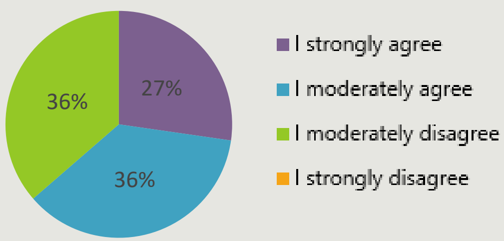
"The Board has an effective process in place to manage the recruitment of qualified members."



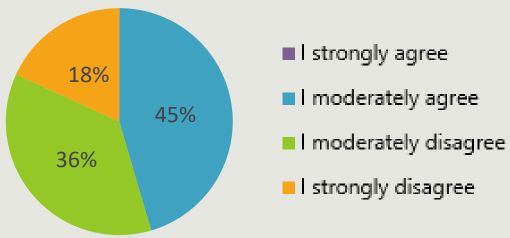
"The Board members receive sufficient onboarding and training to help perform the role effectively."



"The Board has an effective and clear process for making collective decisions."

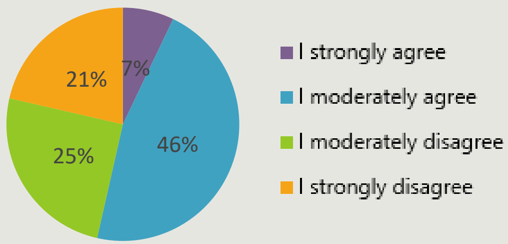


"The Board engages actively with faculty, students and staff."

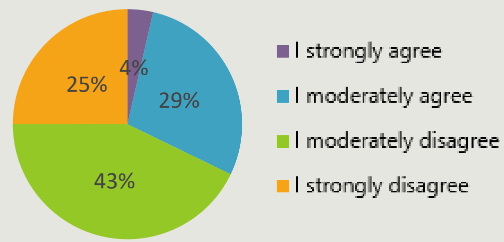


Overall Senate survey responses indicate issues with Senate capabilities, effectiveness, and information detail and transparency.

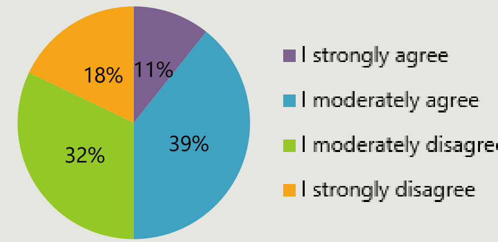
"Senate members provide effective leadership with respect to Laurentian University's Academic Plan."



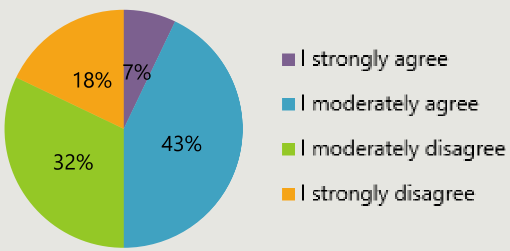
"Senate members are sufficiently informed as to what is going on in the university to monitor academic performance."



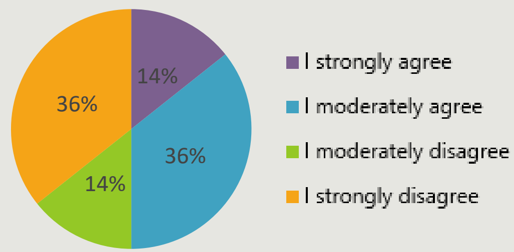
"The Senate has the right mix of skills to provide leadership and oversight of the academic policies and strategies of the university."



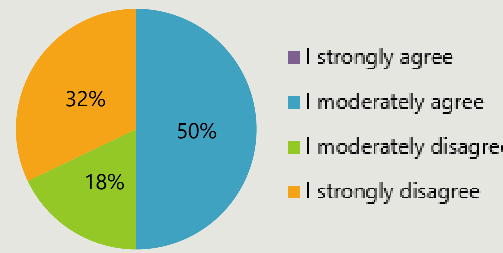
"The Senate has the appropriate level of involvement in the university's academic operations."



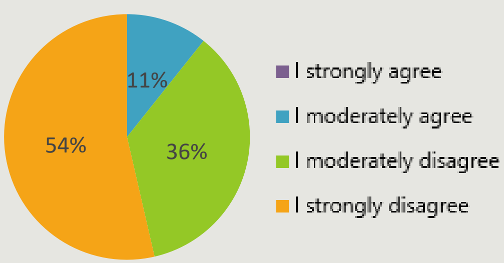
"The Senate has an effective and clear process for making collective decisions."



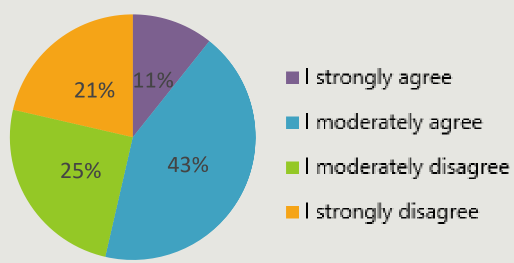
"The Senate's systems and processes are flexible enough to adapt to future circumstances."



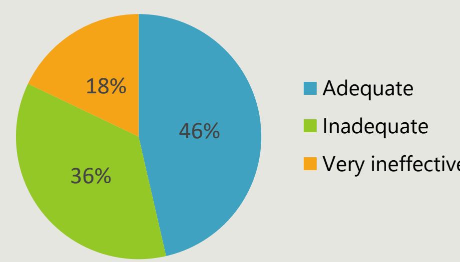
"The Senate engages with the Board of Governors and provides the appropriate information to the Board for it to make financial decisions."



"I feel like I have the right information to make decisions."



"How would you rate the overall performance of the Senate?"



Appendix D - Good practice in higher education governance

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Why does university governance matter now more than ever?

The landscape has shifted in higher education, requiring a different type of governing capability.

> …higher education is moving towards a new system of governance, where the power of markets and the power of the State combine in new ways. Government is generally withdrawing from direct management of institutions, yet at the same time introducing new forms of control and influence, based largely on holding institutions accountable for performance via powerful enforcement mechanisms including funding and quality recognition. Institutions that can no longer take their continued existence for granted are having to work hard both to meet the criteria embedded in funding and regulatory regimes and at the same time to strengthen their position in the marketplace. In the latter task as in the former, institutions cannot afford to stand still.

Quote from: Changing Patterns of Governance in Higher Education, OECD

Rapid change and uncertainty impacts how university boards must operate in the future.

FIVE FORCES IN HIGHER EDUCATION

NEW GOVERNMENT EXPECTATIONS: The sector is in a moment of a generational change. The sector can expect several years of uncertainty and a fundamentally different relationship with the Government of Ontario through the use of Strategic Mandate Agreements.

MARKETIZATION OF UNIVERSITIES: The system encourages competition between universities in Canada and internationally. The onus is increasingly on university leaders to be commercially savvy and focused on educational and research standards.

RANKINGS AND METRICS: Success of universities is increasingly driven by publicly available rankings, measurements and other data. This forces universities to make strategic choices about identity, focus and resource investment.

COMPETITION FOR STUDENTS: As tuition fees increase and local enrolment growth slows, student expectations of quality and style of education increase. Students are now also customers in the system, and failure to deliver an excellent experience can have a lasting impact.

OPPORTUNITIES THROUGH TECH: Technology offers ways to transform teaching and how services are delivered internally and to the student. Innovative universities shape new learning and support experiences and operate more leanly.

In planning for the future, governance bodies must respond to the sector's challenges.

THE CHALLENGES HAVE IMPORTANT IMPLICATIONS FOR GOVERNING BODIES

NEW GOVERNMENT EXPECTATIONS

- Accountability takes on a new look under Strategic Mandate Agreements, and these raise the stakes for boards.
- Boards will need to continue to foresee and interpret policy changes and provide greater strategic guidance, especially regarding issues of academic governance.

MARKETIZATION OF UNIVERSITIES

- Boards must operate with a stronger focus on performance and with more strategic / commercial knowledge.
- Boards must balance education outcomes, quality research and sustainable operations.
- Boards need to have the right mix of capability (professional experience) and diversity of perspectives (age, gender, background, sector of the community). This may require new approaches to attraction and risk.

RANKINGS AND METRICS

- Universities will require strategic guidance on where to optimize, including understanding the trade-offs and implications of decisions.
- Boards should evaluate lead indicators to avoid being surprised by results that could affect student numbers and funding.
- Boards need to set and engage the executive to implement coherent strategies, take calculated risks and undertake targeted investment to provide excellent education outcomes and grow the university's reputation.

COMPETITION FOR STUDENTS

- Slowing undergraduate enrolment growth will intensify competition for students.
- Governing bodies must find ways to hear and evaluate the voice of the student independent of executive reporting.
- Boards may be required to lead a mindset shift in university leadership to ensure students' needs are understood and met.
- Governing bodies will need to engage better with students and show greater visibility in their institutions.

OPPORTUNITIES THROUGH TECH

- Technology offers efficient ways of operating, but it can also disrupt established ways of working – boards will need to provide strong leadership and set expectations about the use of technology in institutions.
- Boards may need to encourage an entrepreneurial or agile approach to testing and rolling out new tech systems to avoid costly and low-benefit systems roll out.

Laurentian can take advantage of leading practices from other boards.

Characteristics of governing bodies

University boards in the UK	University boards in Australia	NFP and commercial boards
• Create space for strategic discussions, regularly • Maintain consistent financial and institutional strategies • Reducing in size of board and increasing frequency of meetings • Focus on institutional performance *relative* to other universities • Create perspective-gathering mechanisms independent of the Executive • Actively manage opportunity cost as well as risk, especially for new ventures • Pay constant attention to skill mix • Use technology to simplify processes and increase flexibility	• Increase awareness of strategic options (joint ventures, mergers, overseas expansion, shifts in discipline range…) • Build capability and culture to challenge the Executive on academic direction and performance • Play a greater role in talent management and succession planning • Consider external as well as internal risks (that is, student demand and expectations) • Move to more skills-based, commercially oriented models of governance with fewer members (10–15) and representative positions • Develop strong relationships with policy makers and government • Hold community engagement events	• Explore ways of identifying early trends to predict how the future will play out • Explore new funding models • Assess the Board's impact annually, as well as the impact of the organization • Examine risk appetite on an ongoing basis • Recognize the need to move quickly and the lost opportunities of failing to decide quickly or definitively • Draw heavily on perspectives of non-board members on specific issues

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About Nous

Nous Group is an international management consultancy operating across Australia and New Zealand, the UK, Ireland and Canada.

For over 20 years we have been partnering with leaders to shape world-class businesses, effective governments and empowered communities.

450
PEOPLE

50
PRINCIPALS

5
COUNTRIES

This is Exhibit "G" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDED **APRIL 30, 2021**

LaurentianUniversity
Université**Laurentienne**

Sudbury, ON **laurentian.ca**

ANNUAL
FINANCIAL REPORT

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LaurentianUniversity
UniversitéLaurentienne

Introduction

Laurentian University is located within the territory of the Robinson-Huron Treaty of 1850, and recognizes its placement on the traditional lands of the Atikameksheng Anishnawbek, as well as its proximity to Wahnapitae First Nation.

For over 60 years, Laurentian has provided high-quality, postsecondary education to students in Northern Ontario, with a focus on online learning. The bilingual and tricultural mandate of Laurentian is unique in Ontario, and provides access to thousands of students who otherwise would have difficulty accessing post-secondary education. It is one of the biggest contributors to the local economy and is widely considered the University of the North-east region.

Laurentian has developed an international reputation for research excellence and is one of the Province's leading research universities on sectors relevant to the economy in the North, such as:

- mining, mineral exploration, and environmental stewardship;
- northern, rural and occupational health;
- Indigenous and ally-led research, and
- interdisciplinarity.

Laurentian is also one of the largest employers in Sudbury. Laurentian, its employees and students contribute hundreds of millions of dollars to the local economy each year.

LAURENTIAN **BY THE NUMBERS**

Available **Expendable Resources**
-$85.9M[1]
(-$19.8M last year)

Capital Spending
$1.4M ($2.8M last year)

TOTAL **REVENUE**
$193.4M
($197.6M last year)

Deficiency of revenues over expenses
-$66.7M
(-$3.4M last year)

Endowment per FTE student
$8,672
($7,945 last year)

Total Expenses
$260.1M
($200.9M last year)

REVENUE PER FTE STUDENT
$27,579
($28,908 last year)

NON-PENSION EMPLOYEE **future benefit unfunded obligation**
-$14.0M
(-$10.3M last year)

PENSION EMPLOYEE **future benefit unfunded obligation**
$0M
(-$12.3M last year)

TOTAL **NET ASSETS**
-$15.4M
($34.8M last year)

Enrolment FULL-TIME EQUIVALENT (FTE)
7,090
(6,834 last year)

[1]*Expendable Net Assets include Internal Reserves (as outlined in the University's audited financial statements), Internal endowments, and Unrestricted net assets.*

Operating Environment

Throughout 2020-21, Laurentian continued to work closely with local and provincial health officials to manage the impacts of COVID-19. This has meant continuing to support online course delivery and asking faculty and staff to work from home while planning for a gradual and safe return to campus. This support included amongst others offering equitable and compassionate grading outcomes for all students, particularly those who have experienced the full force of the pandemic. The University also realized the importance of supporting a gradual return of graduate students, fellows and faculty to conduct research and scholarly activities that must be performed on campus. A small number of our hands-on and experiential courses were offered in-person, but with the majority of courses delivered remotely. During the year, we also opened more services on campus to support students, and welcome nearly 500 students in residence. Overall, the safety of our community remained our primary concern.

In September 2020, Laurentian signed a new five-year Strategic Mandate Agreements (SMA3) agreement with the Province covering the period of 2020-25. SMA3 saw the redesign of the government core funding model using an enrolment corridor mechanism and Weighted Grant Units (WGU). Each student reported to the government for funding purposes generates a specified number of WGUs depending on the specific program and level of study. The Enrolment Envelope or Core Operating Grant of each institution are measured in WGUs as well as the institution's position within its corridor. For funding purposes, SMA3 reset the University's corridor midpoint at 16,424 WGU's for the 2020-25 period. To maintain its core funding, the university must remain within plus or minus 3% of the corridor midpoint, starting in fiscal year 2020-21. The Government of Ontario support that includes enrolment corridor and performance funding protection for Laurentian will help mitigate that risk.

The last quarter of fiscal 2020-21 was quite challenging for Laurentian. As a result of many years of recurring operational deficits, and notwithstanding the university's recent efforts to improve its financial position, the university made the decision to commence a proceeding under the Companies' Creditors Arrangement Act (the "CCAA").

CCAA Proceeding

On February 1, 2021, Laurentian obtained an Order from the Chief Justice of the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court").

The court proceedings provided a court-supervised platform for the University to financially and operationally restructure and become sustainable long-term. Ernst & Young Inc. was appointed as monitor of Laurentian pursuant to an Order of the CCAA Court.

On February 10, 2021, the University obtained an Order from the CCAA Court approving a non-revolving, super-priority debtor-in-possession ("DIP") credit facility up to a maximum amount of $25.0 million ("DIP Financing") in order to enable the University to continue its day-to-day operations and address its financial restructuring needs. This facility was increased to $35.0 million in May 2021.

Important documents and updates related to the restructuring can be viewed on the Laurentian monitor's website at:

ey.com/ca/laurentian

Laurentian had generated operating losses for a number of years and as result, the University's combined accumulated unrestricted fund deficit and employee benefit liabilities deficit had grown to $42.2 million at the end of April 2020. Over recent years, the following events have contributed to the University's ongoing operating deficits:

i. **Declining domestic enrolment:**
Laurentian experienced a net decrease in enrolment from the 2015-2016 to the 2019-2020 fiscal year, notwithstanding the University's $63.0 million campus modernization program initiated in 2014. Although the University did achieve enrolment increase of 3.7% in 2020-2021, it was primarily attributable to growth in online courses, with enrolment by new first year students declining by 2.3%.

ii. **Tuition reduction and subsequent freeze:**
In January 2019, the Provincial Government required all universities to implement a domestic tuition fee reduction of 10% for the 2019-2020 fiscal year, and then to freeze domestic tuition fees for the 2020-2021 fiscal year. This has had a significant impact on recent and projected tuition fee revenue.

As part of the CCAA process, Laurentian approved the closure of 39 English-language programs and 27 French-language programs. The restructuring of faculties and departments reflected these closures.

Following the CCAA filing, Laurentian began its restructuring process to include the following initiatives:

- A restructuring of academic programs and courses.
- A reduction of faculty and staff to correspond with the re-alignment of academic programs and course offerings.
- A termination of the relationship with its federated universities, namely Thorneloe University, University of Sudbury and Huntington University.
- The engagement of a Chief Redevelopment Officer ("CRO") appointed by the Court to assist Laurentian in a number of strategic initiatives.
- Implementation of the main (non-employee) claims procedure with a claim's deadline of July 30, 2021, by which date all creditors were to identify and file their claims against Laurentian. This process will determine the number and quantum of claims against the University that are eventually accepted, with amounts approved by the court-appointed Monitor or ultimately the Court, with a view to compromising (extinguishing) all claims that are capable of being extinguished pursuant to a Plan of Compromise and Arrangement ("CCAA Plan") to be presented to creditors.
- A comprehensive review of Laurentian's real estate assets to ensure optimal space utilization, identify assets not necessary for Laurentian's ongoing operations as well as opportunities for potential monetization. This review was completed in January 2022.
- A process to identify an external party or parties to undertake a full review of Laurentian's governance (Board of Governors and Senate) along with the University's operational structure, systems and processes. This review was also completed in January 2022.
- The development and implementation of a process by the Monitor and CRO to identify and retain a qualified independent third-party to assist the University with the development of a new strategic plan as authorized and directed by the Court. The Ontario Government package of support requires that the University develop a long-term strategic plan with the assistance of a third party.
- The development of the terms of the formal CCAA Plan (outline of the terms to be offered to creditors) based on all identified potential sources of recovery, and the undertaking negotiations with creditors to obtain support for the CCAA Plan.
- Implementation of a CCAA Plan acceptable by the creditors and approved by the Court, which will support the exit from CCAA.

The restructuring initiatives implemented to date have resulted in a reduction of operating expenses by $40 million per year, representing a 25% reduction.

The primary goal of the CCAA restructuring is to ensure that current and future students will continue to have access to a **high quality post-secondary education at Laurentian** for years to come.

Academic Update

2020-21 marked the first full year of the COVID-19 pandemic. The faculty and staff of Laurentian University are commended for investing the effort in adapting to changing delivery methods that made it possible for students to complete another successful academic year.

During 2020-21, the McEwen School of Architecture officially became the 12th accredited architectural school in Canada. The Canadian Architectural Certification Board (CACB)/Conseil Canadien de Certification en Architecture (CCCA) also granted the professional Master of Architecture Program 'Initial Accreditation' for a term commencing July 1, 2021. The School's accreditation status covers both programs leading to the Master of Architecture degree. This is a major milestone in Laurentian's history. With bilingual (French and English) design studios, a focus on Indigenous learning, wood design, and hands-on learning, this will be a great asset to the northern Ontario communities for years to come.

Since 2016 and until the current academic year, Laurentian Online has seen an approximate increase of 60% to its (headcount) enrolment. Laurentian Online currently offers the largest bilingual (English and French) for-credit distance education programs in Canada, consisting of over 19 full degree programs (undergraduate bachelor degrees and certificates) offered in either French or English or with an Indigenous focus. The current successes of Laurentian's asynchronous online learning is built on the expertise gained while developing and delivering asynchronous distance education correspondence courses and programs since 1972. This expertise has been particularly valuable in support of the University's shift to online learning during the pandemic.

During 2020-21, the Centre for Continuing Learning received Digital Capacity funding from eCampus Ontario to support the newly created Micro-credential and Non-credit programming unit. In partnership with the Northern Policy Institute, the University launched the micro-credential program in Sustainable Northern Economic Development, with many more to come in future years.

In response to the pandemic, Library and Archives staff worked on campus to provide students/researchers access to library resources, either via curbside pickup or on-request. Digitization services for articles and book chapters were offered from early August 2020 while the libraries were physically closed.

With Ministry-provided mental health funds, the Student Success Centre continued to provide the *keep.meSAFE* Mental Wellness Student Support Program throughout the year. Through this program, Laurentian students located outside of Ontario or outside of Canada can access a counsellor anytime of the day or night from anywhere in the world, tailored to the needs of the student. Chat support is available in 5 languages (English, French, Mandarin, Cantonese, and Spanish) and phone support is available in many more languages.

Research Highlights

During 2020-2021, Laurentian recognized $22.4 million in research grants and contracts compared to $24.2 million in the previous year. Researchers were involved in addressing globally relevant topics including COVID-19, climate change, and truth and reconciliation. For example, Dr. Stefan Siemann received funding from the Canadian Foundation for Innovation to advance research that uses 3D imaging technology to identify cell structure weaknesses in the SARS-Cov-2 virus. Dr. Dave Pearson in partnership with Matawa First Nations, Keewaytinook Okimakanak Council, Nokiiwin Tribal Council, Mushkegowuk Council, Shibogama Tribal Council, and Grand Council Treaty 3 received funding from Natural Resources Canada for a project on Long-term and sustainable on-line climate change adaptation capacity building in First Nations communities. Furthermore, with funding from Heritage Canada, for her project, Tabik-gizis Kinamegewin (Moon Teachings), Dr. Joey-Lynn Wabie worked with Indigenous youth and residential school survivors to produce videos of the lives of residential school survivors.

Training the next generation of researchers and scholars is core to research, development and creativity initiatives at Laurentian and several grants supporting student training were received in 2020-2021. Funding from the Natural Sciences and Engineering Research Council of Canada helped to support the training of 24 undergraduate students through its Undergraduate Student Research Awards program. Moreover, funding through MITACS and industry partners supported 32 internships for graduate students and post-doctoral researchers and 6 undergraduate student research training awards.

Funding from the Natural Sciences and Engineering Research Council was also obtained by Dr. Chantal Barriault, Director of Laurentian's nationally recognized Masters in Science Communication program. In partnership with Science North, Dr. Barriault and colleagues delivered science communication training for researchers, and graduate students in science, technology, engineering and math with the aim to improve their skills to effectively communicate their work with public audiences. Laurentian also partnered with Science North to host a 6-part seminar series, Let's Talk COVID-19, where faculty and graduate student researchers shared their knowledge, and answered questions from the general public, on topics ranging from COVID-19 and Animals, to the Impact of COVID-19 on Indigenous peoples, and Health and Wellness in a Pandemic.

These examples offer only a glimpse of the research contributions made by Laurentian faculty and graduate students over the last year. They illustrate the commitment of Laurentian's research enterprise to projects that are responsive to community needs and societal changes, to the training of tomorrow's research leaders, and to science communication and community outreach and engagement aimed at making research findings accessible.

Enrolment Trends

The number of students (headcount) attending Laurentian during fall 2020 totaled 9,323, an increase of 4.2% from the previous year. As a result of the pandemic, Laurentian saw a shift in its enrolment trends. In the spring/summer terms of 2020, more students enrolled, resulting in an increase of 21% or +1,528 headcount from the 2019 spring/summer term. In addition, Laurentian continued to see an increase in online degree enrolment (headcount), continuing a 6 year trend, with an annual increase of 26% or +435 over fall 2019.

While enrolment in the fall of 2020 increased overall, reversing the previous 4-year trends of declining or flat enrolment, and returning to levels closer to those seen in the fall of 2016, this trend is not expected to continue. The Ontario Ministry of Finance projections indicate that the student pool in Northern Ontario is expected to remain relatively flat for the foreseeable future, although the Toronto and GTA region are expected to show stronger growth. The uncertainty created by the CCAA process will also add to future enrolment risks. Subsequent to the end of fiscal year 2020-21, the University has seen a reduction of total enrolment (headcount) of 14% for fall 2021. Preliminary estimates for fall of 2022 also show another significant reduction in enrolment resulting from the uncertainty caused by the CCAA process.

In face of this uncertainty, Laurentian remains committed to building on its mission to be a bilingual, tricultural institution for post secondary learners, of which French and Indigenous students are core to its "raison d'être"

The Table below provides a breakdown of Laurentian's enrolment change over the last 5 years for the fall term and by academic level. The University will continue to provide an effective postsecondary pathway for northern First Generation learners, and Francophone and Indigenous students. The University remains deeply committed to its bilingual and tricultural mandate, offering strong programs in French and English with a comprehensive approach to Indigenous education. Laurentian is equally committed to seeking knowledge and truth toward Reconciliation.

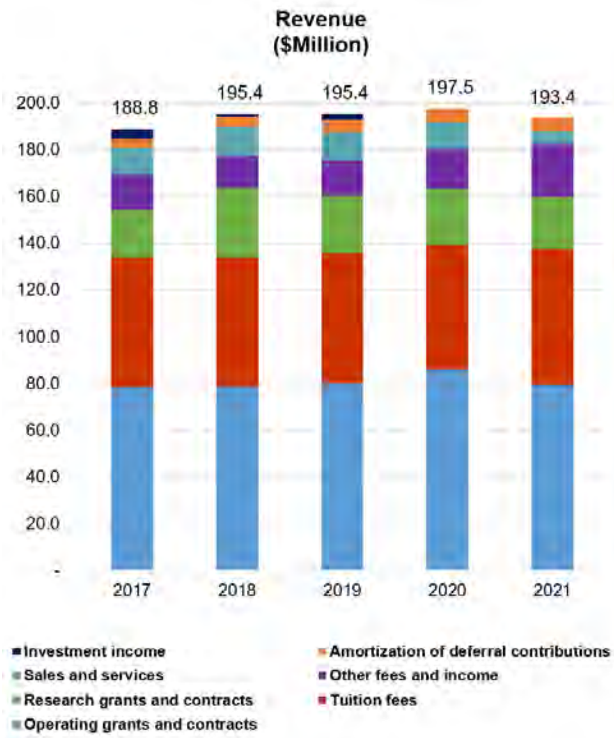
***Table 1:** Undergraduate and Graduate Headcount Enrolment - Fall Totals 2016-2020*

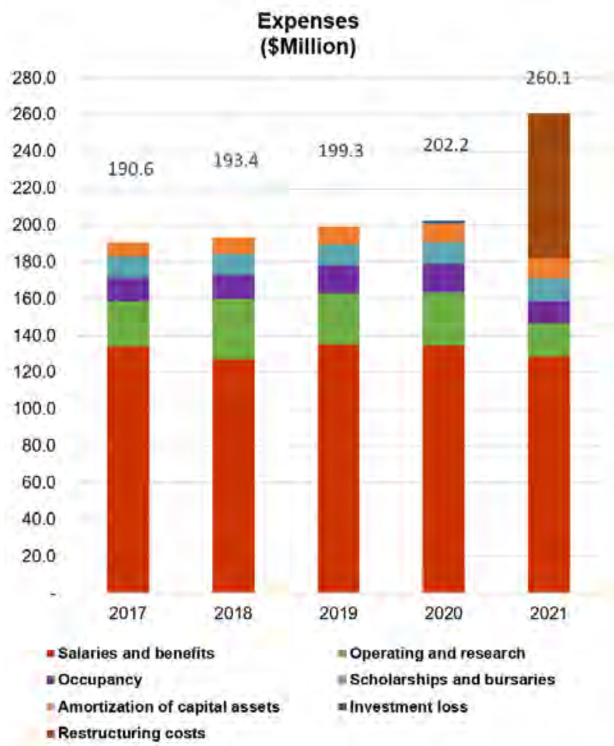
Enrolment - Headcount						
Immigration Status	**Academic Group**	**2016**	**2017**	**2018**	**2019**	**2020**
Domestic	Undergraduate	8,221	7,691	7,599	7,567	7,823
	Graduate	804	782	807	834	903
	Total	**9,025**	**8,473**	**8,406**	**8,401**	**8,726**
	% Undergraduate Growth		-6.4%	-1.2%	-0.4%	3.4%
	% Graduate Growth		-2.7%	3.2%	3.3%	8.3%
	Total Domestic Enrolment % Growth		-6.1%	-0.8%	-0.1%	3.9%
International	Undergraduate	487	483	331	383	402
	Graduate	90	88	103	164	195
	Total	**577**	**571**	**434**	**547**	**597**
	% Undergraduate Growth		-0.8%	-31.5%	15.7%	5.0%
	% Graduate Growth		-2.2%	17.0%	59.2%	18.9%
	Total International Enrolment % Growth		-1.0%	-24.0%	26.0%	9.1%
GRAND TOTAL		**9,602**	**9,044**	**8,840**	**8,948**	**9,323**
			- 5.8%	-2.3%	1.2%	4.2%

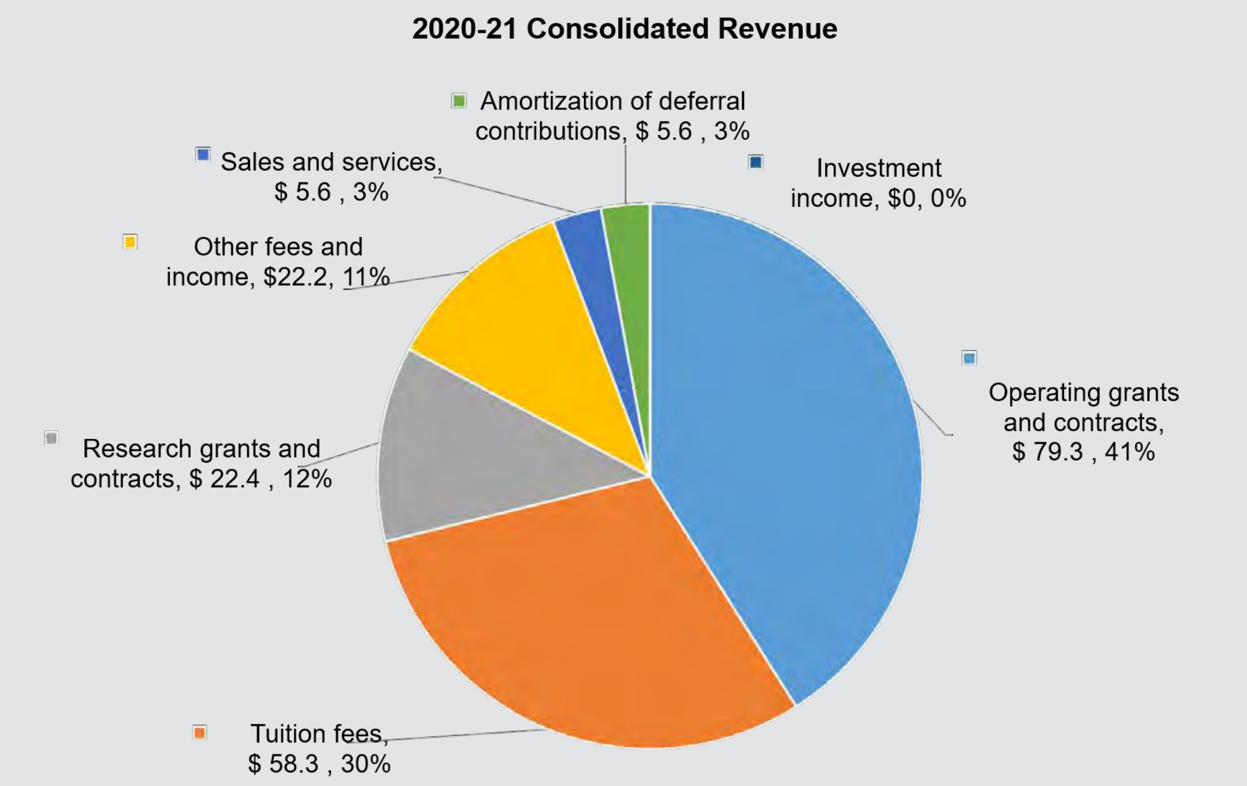
Financial Results

As shown in the Consolidated Financial Statements, the University generated a Deficiency of Revenue over Expenses of $66.7 million in 2020-2021. This result includes CCAA related expenses of $78.9 million of which $70.1 million is included in liabilities subject to compromise. Consolidated revenue of $193.4 million decreased $4.2 million (2.1%) from the previous year, while consolidated expenses (excluding restructuring costs) of $181.2 million were lower by $19.7 million (9.8%).

Consolidated Statement of Operations







A main contributor to lower revenue in 2020-21, relates to the $4.3 million onetime Northern Sustainability grant received from the government in the previous year to help offset the mandated 10% tuition fees reduction. Other key variances included reduced sales and services revenue of $6.0 million from the impact of the pandemic on ancillary services revenue, and lower recognized research, grants and contracts of $1.8 million. The revenue shortfalls were offset by favorable tuition and fees of $5.1 million, coming primarily from increased online enrolment, and other fees and income of $5.8 million. Domestic tuition fees remained frozen in 2020-21 while international tuition fees increased by an average of 1%.

> Operating Grants and Contracts

At $79.3 million in 2020-21, Operating Grants and Contracts represent 40.6% of the University's revenue, down $6.9 million from the previous year. Of that amount, $54.3 million relates to core operating and performance grants, $8.3 million to Bilingualism Grant, $6.2 million to the Northern Grant, and the rest to various special purpose grants.

With SMA3, the government announced a set of metrics against which institutional performance would be assessed, the details of the mechanism that would be used to evaluate institutions' performance and the impacts to funding of the performance grant. Beginning in 2020-21, 25% of provincial funding was to be linked to active performance metrics, followed by 35% in 2021-22, and with that share rising to 60% by the 2024-25 academic year. As a result of the COVID-19 pandemic, the Ministry of Colleges and Universities (MCU) announced their decision to delay the activation of the performance-based grant for two years (2020-21 and 2021-22), decoupling the funding but keeping all other aspects of the SMA3 model intact. The sector is engaging with the Ministry in regards to the continued COVID-19 impacts on the SMA3 performance metrics.

Laurentian completed its year 1 SMA performance evaluation, covering the fiscal year 2020-21. Although funding was decoupled, the University would have obtained its full performance grant allocations ($16.2 million) in 2020-21. In year 2 of the SMA agreement (2021-22), the notional allocation for Laurentian's performance based grant funding will be $21.6 million, with 3 more metrics added for a total of 9 performance metrics. The last performance metric, as well as the two faculty reporting metrics (not tied to funding), are expected to be activated in year 3 of the SMA framework (2022-23). Although the University will not be impacted by performance base funding in 2021-22, the CCAA restructuring will make it unlikely that it will be able to achieve its performance-based SMA3 metrics and its enrolment-based corridor funding at least in the medium term. However, the announcement by the Government of Ontario to provide enrolment corridor and performance protection to Laurentian in the coming years will help mitigate that risk.

> Tuition Fees

Revenue from tuition and fees increased from $53.2 million in 2019-20 to $58.3 million in 2020-21. The increased revenue was driven mostly by higher online students' enrolment as domestic tuition fees were frozen in 2020-21, following a 10% across the board tuition fee reduction in 2019-2020. Tuition fees for international students amounted to $13.6 million, an 11.5% increase from the previous year. International students pay higher tuition fees than domestic students to make-up for the absence of operating grants.

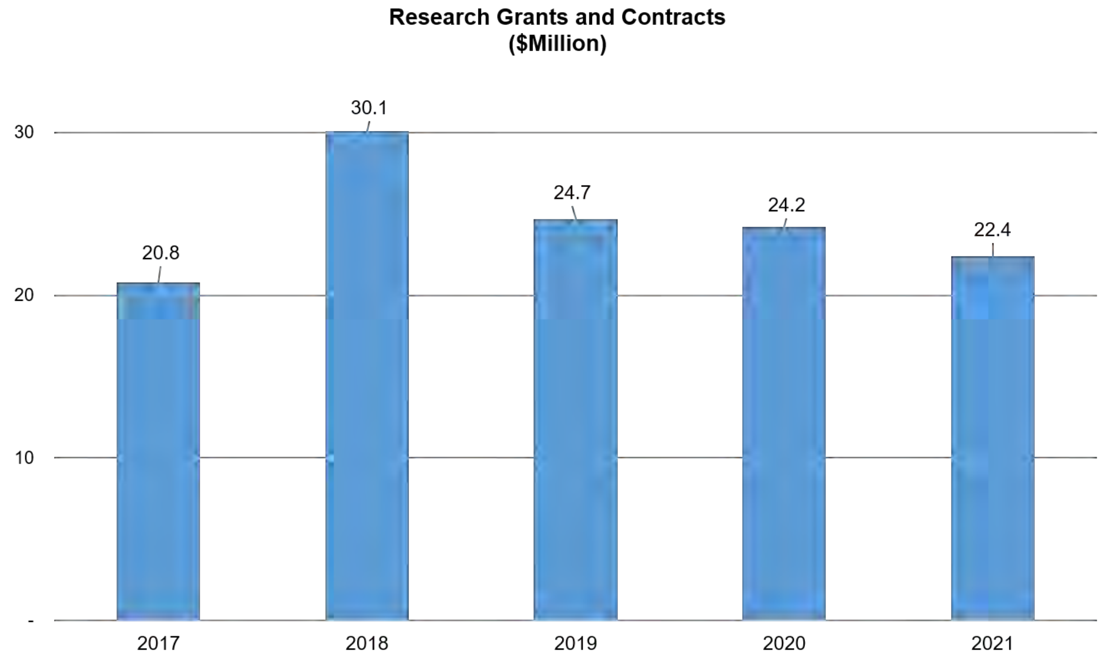
In 2020-21, fall enrolment increased by 4.2% (on a headcount basis), primarily the result of the shift to online learning caused by the pandemic. Domestic enrolment was 3.9% higher and international enrolment higher by 9.1%. New fall incoming students were 11% higher than 2019-2020. Graduate students' enrolment saw the largest increase, by 10.0%, while undergraduate student enrolment experienced an increase of 3.5%

> Research Grants and Contracts

Consolidated research grants and contracts recognized during the year amounted to $22.4 million, a decrease of $1.7 million (7.0%) from the previous year. Research revenue includes the research expenditures of the University's subsidiaries and joint ventures, namely: the Mining Innovation Rehabilitation and Applied Research Corporation ("MIRARCO"), which is a wholly controlled entity, and the Sudbury Neutrino Observatory Laboratory ("SNOlab"), where the University recognizes its proportionate share (20%) of SNOLab's revenue and expenses.

Research revenue is recognized in the period in which research expenditures occur. Unspent research funding is reflected as deferred contributions and amounted to $18.6 million at April 30, 2021. The University continues to assess the funding of the programs and activities to which the Deferred contributions relate, and therefore these amounts may be subject to change in future periods.

A portion of the deferred contributions balance is potentially subject to compromise under a CCAA Plan, however due to the uncertainty in the ongoing CCAA proceedings, the total balance cannot be reasonably determined.



> Sales and Services

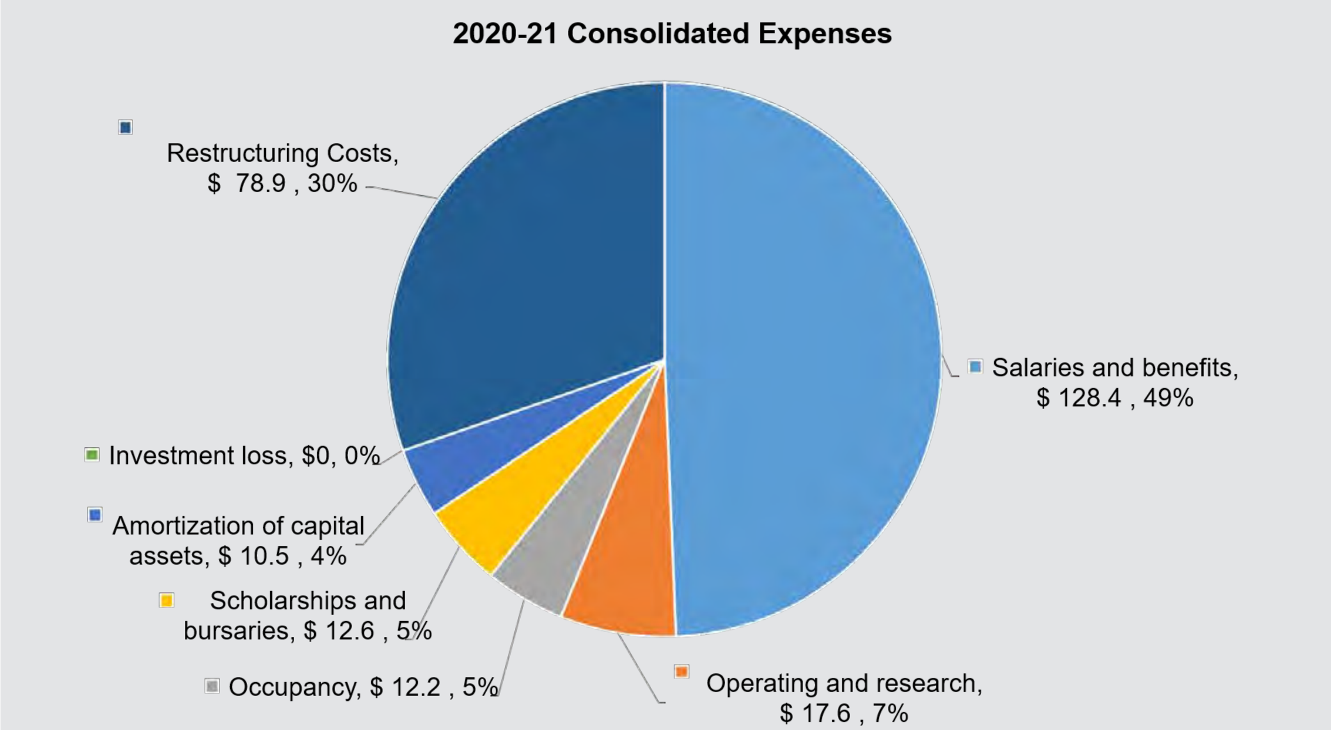
Sales and Services revenue come primarily from ancillary operations, which are expected to generate sufficient revenue from user fees and sales and services to cover total costs, including required capital investments. Laurentian relies on annual contributions from ancillary activities to support its academic and research operations. Such contributions have historically amounted to between $2.0 and $3.0 million annually.

In 2020-21, Sales and Services revenues amounted to $5.6 million, compared to revenues of $11.6 million in the previous year. The lower revenue can be attributed primarily to the pandemic disruption of on campus activities, as ancillary services are generally offered in person. Housing, Food, and Parking services account for 72% the shortfall, with an average residence occupancy rate of 40% in 2020-21, compared to a historical average of over 96% in the last five years. Similarly, the closure of the campus impacted revenue from other ancillary services such as recreation and athletics, conference services and printing. In 2020-21, ancillary expenditures totalled $5.7 million, a reduction of $5.3 million from the previous year. The reduction can be attributed primarily to lower level of activities affecting expenditures. Overall, ancillary operations were able to break-even in 2020-21.

> Other Fees and Income

Other fees and income represent administration fees, realized restricted contributions for scholarships and bursaries, compulsory fees, sponsored students, and other items, Other Fees and Income amounted to $22.2 million in 2020-21, and increase of $5.4 million from the previous year. Other fees and income were impacted by a one-time HST rebate, higher recognized deferred donations and sponsored students, digital fees, and other items.

Expenses



The University's expenses totalled $260.1 million in 2020-21, including restructuring costs of $78.9 million. Excluding restructuring costs, expenses were $181.2 million, $19.7 million less than the previous year, and reflect reduced on-campus and external activities from the COVID-19 pandemic and the partial-year impact of the CCAA restructuring.

> Compensation and Benefits

Salaries and benefits represent the largest expense category item for Laurentian. At $128.4 million in 2020-21, salaries and benefits were $6.4 million lower than the previous year because of higher staff and faculty vacancies and including lower ancillary services salaries. The impact of CCAA negotiated savings with the University's Staff Union ("LUSU") and the Laurentian University Faculty Association ("LUFA"), will be realized during the fiscal year 2021-2022. These agreements provided for reductions in faculty and staff, amendments to the existing collective agreement with LUSU and a new 5-year collective agreement with LUFA, which will provide the University with a period of stability following the CCAA restructuring.

Part of the CCAA negotiated arrangement with the University's employees include amendments to the Employees Retirement Plan effective July 1, 2021 and the elimination of the Retirees' Health and Benefit Plan (RHBP) and Supplemental Retirement Plan, which were terminated on April 30, 2021. Amendments to the pension plan included: accruing benefits based on a career average earnings formula instead of the best average earnings formula, eliminating guaranteed post-retirement indexation, modifying unreduced early retirement benefits, and eliminating the ability to draw a pension while continuing in employment. A new actuarial valuation prepared as of July 1, 2021, showed significant improvement to the funded status of the University's pension plan both on a going concern and solvency basis. These changes will eliminate the need of the University to make special payments to its pension plan until the next required actuarial valuation on July 1, 2024.

> Operating and Research

Operating and research expenses of $17.6 million in 2020-21, were $10.7 million lower than the previous year. The lower spending was impacted by both the COVID-19 restrictions that affected expenses related to supporting students' activities on campus, and the restrictions on non-essential expenditures for the period between February 1 to April 30, 2021.

> Other Expenses

Occupancy expenses of $12.0 million were $3.3 million less than the previous year. The favorable variance resulted primarily from reduced on-campus activities affecting the costs of utilities, maintenance, and cleaning services. Other expenses, for scholarships and bursaries of $12.6 million, and amortization of capital assets of $10.5 million, were comparable to the previous year.

The University recognized $78.9 million of one-time CCAA related restructuring expenses in 2020-21, covering: termination of interest rate swaps of $24.7 million, workforce adjustments and termination costs of $45.4 million, and legal, monitor, and consulting costs of $8.8 million.

i) **Termination of interest rate swaps** – the University had negotiated derivatives to hedge the interest rate volatility on its floating rate long-term debt. Prior to the commencement of CCAA proceedings, the University was a party to seven interest rate swap agreements to manage the volatility of interest rates. The University converted floating rate debt for fixed rate debt. Since the CCAA filing represents an event of default as defined under the terms of the interest rate swap agreements, each of the bank counterparties exercised their rights to terminate these derivative agreements. As a result of the termination, the University ceased the application of hedge accounting for all the interest rate swaps and recorded an immediate loss incurred on termination amounting to $24.7 million in Restructuring costs on February 1, 2021.

ii) **Workforce adjustments and termination –** this represents employee restructuring and termination costs calculated in accordance with the compensation claim methodology approved by the Court. This amount is $44.7 million and includes employees' termination and severance, overload teaching credits, administrative leave, salary and benefit continuance, vacation, and grievances awards. In addition, further $0.7 million relating to third party Retirees' Health Benefit Planwas included in liabilities subject to compromise.

iii) **Other restructuring costs** – this amount represents costs associated with the CCAA restructuring since the February 1 filing and include legal and monitor fees, Debt or-in-Possession (DIP) interest and fees, and other consulting fees.

In addition to the restructuring costs, Laurentian's historic federated relationship with Huntington University, University of Sudbury and Thorneloe University were also terminated through a permitted statutory mechanism approved by the CCAA Court (and upheld by the Court of Appeal) as being necessary for Laurentian's financial sustainability. The termination of these relationships reduced transfer payments for Laurentian, which will be fully realized in future years. Payments by Laurentian to the federated universities amounted to $7.7 million in 2020-21.

Through the above efforts and other steps taken in the CCAA proceeding, Laurentian reduced annual expenses by approximately $40.0 million.

Capital Investments

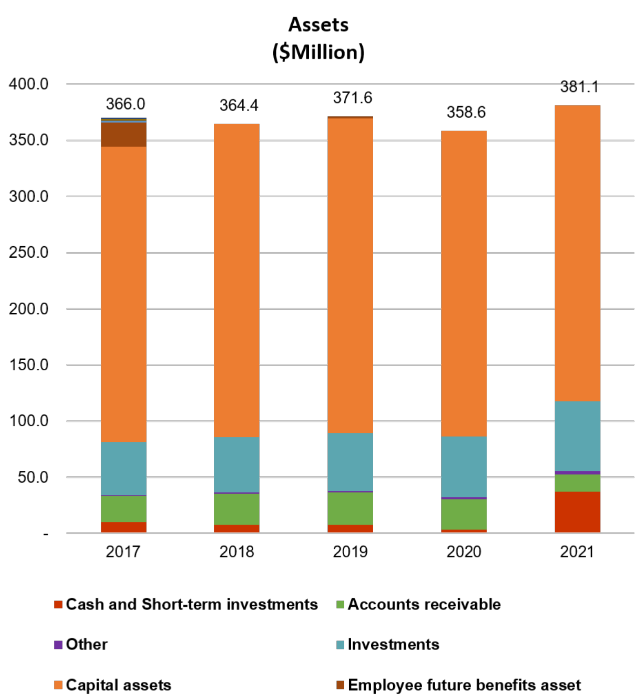
Over the last several years, Laurentian embarked on a number of capital projects, which included a $63.0 million campus modernization project, along with upgrades to the School of Education, student residences, and recreation centre. These projects were financed mostly by debts amounting to $91.3 million as of February 1, 2021, and which were stayed as part of the CCAA proceeding.

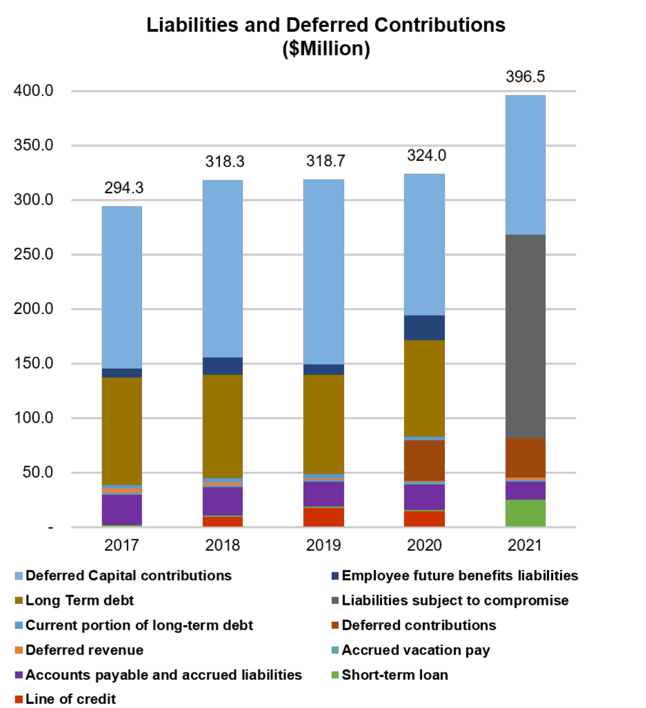
The University believed that these projects would assist in driving increased enrolment and higher revenue. However, as set out above, enrolment actually declined resulting in the principal and debt payments required to service the debt putting additional burden on the University's operating budget.

Due to the University's financial challenges, capital expenditures were significantly constrained in 2020-21. During that year, $1.4 million was invested in capital projects, mostly to address deferred maintenance projects. These projects included critical equipment replacement and maintenance, and were funded by grants received from the Ministry of Colleges and Universities (MCU) Facility Renewal Program.

The University continues to manage a considerable deferred maintenance backlog estimated at $135.0 million, and is focusing its limited resources on addressing the most urgent capital maintenance projects.

Consolidated Statement of Financial Position





Assets

The University ended the year with available cash and short-term investments of $37.0 million compared to $3.4 million the previous year. The increase was made possible through a $25.0 million Debtor in-Possession financing secured as part of the CCAA filing on February 1, 2021, which was increased to $35 million in May 2021. Tighter controls on spending in the last quarter of the year also contributed to the higher liquidity.

Accounts receivable of $15.8 million were $11.3 million lower than 2019-20, due to the collection of major accounts relating to the student centre, midwifery program, joint venture partners and related parties, amongst others.

Investments amounting to $62.2 million were higher than the previous year by $8.2 million resulting mostly from favourable net investment income. The investments represent endowed funds received from donors, which income is used in accordance with the various purposes established by the donors.

Net investments in capital assets totaled $263.4 million compared to $272.5 million in 2020), with the reduction related to increased accumulated depreciation of $10.5 million less new capital assets. At $1.4 million ($2.8 million in 2020), capital additions have remained relatively constant as expenditures have been restricted to critical deferred maintenance projects.

Liabilities and Deferred Contributions

In 2020, the University had access to a Royal Bank unsecured line of credit of $5.0 million and a Desjardins unsecured line of credit of $26.0 million. At April 30, 2021, these lines of credit were no longer available to the University.

To replace the lost lines of credit and provide sufficient liquidity through the CCAA process, the Court approved a super-priority, non-revolving DIP Loan to be granted to the University by Firm Capital Corporation ("FCC" or "DIP lender"), pursuant to which the DIP lender committed to provide a DIP Loan up to a maximum amount of $25.0 million. At the end of April 2021, the University had drawn the maximum permitted pursuant to that facility. Just prior to the end of the fiscal year, the maximum availability of the credit facility was increased to $35 million and subsequent to the end of the year; the increased availability of $10.0 million was drawn. The reduction in the other current liabilities reflect the lower level of expenditures during the year and the reclassification of liabilities subject to compromise.

Deferred Contributions – Deferred contributions represent external contributions restricted for research and other expenditures to be incurred in subsequent fiscal years, including the unspent and unamortized amount of donations and grants received for the purchase of capital assets. At the end of 2021, there was $8.5 million cash held in separate bank accounts for unspent research grants and restricted funds. Of this amount, $2.8 million was transferred to the operating fund post-year end for expenses incurred in 2020-21.

Deferred contributions at April 30, 2021, consist of the following:

	2021	2020
Research grants	$18.6	$18.1
Other grants and trust	14.7	16.2
Scholarships and bursaries	3.1	3.2
Balance, end of year	**$36.4**	**$37.4**

As a result of the CCAA process, the University continues to assess the funding of the programs and activities to which these deferred contributions relate, and therefore these amounts may be subject to change in future periods. A portion of the deferred contribution balance is potentially subject to compromise, however due to the uncertainty in the ongoing proceedings, the total balance cannot be reasonably determined.

> Liabilities Subject to Compromise

The University reclassified $186.8 million of liabilities and certain claim amounts that met criteria for recognition as liabilities subject to compromise. Liabilities subject to compromise mainly consisted of amounts owed to creditors (including lenders), amounts owed to terminated employees such as termination, severance and employee benefits.

The amounts subject to the provisions of the CCAA are expected to be settled through a CCAA Plan negotiated with the University's creditors. As at April 30, 2021, in connection with the CCAA proceedings, the University identified the following unsecured liabilities subject to compromise:

Liabilities subject to compromise - $Million

		2021
Accounts payable and accrued liabilities		11.3
Employee future benefits liabilities	$14.9	
Employee restructuring and termination costs	44.7	
Employee compensation costs		59.6
Short-term loan		1.3
Long-term debt		89.9
Interest rate swap termination obligation		24.7
		$186.8

> Long-term Debt

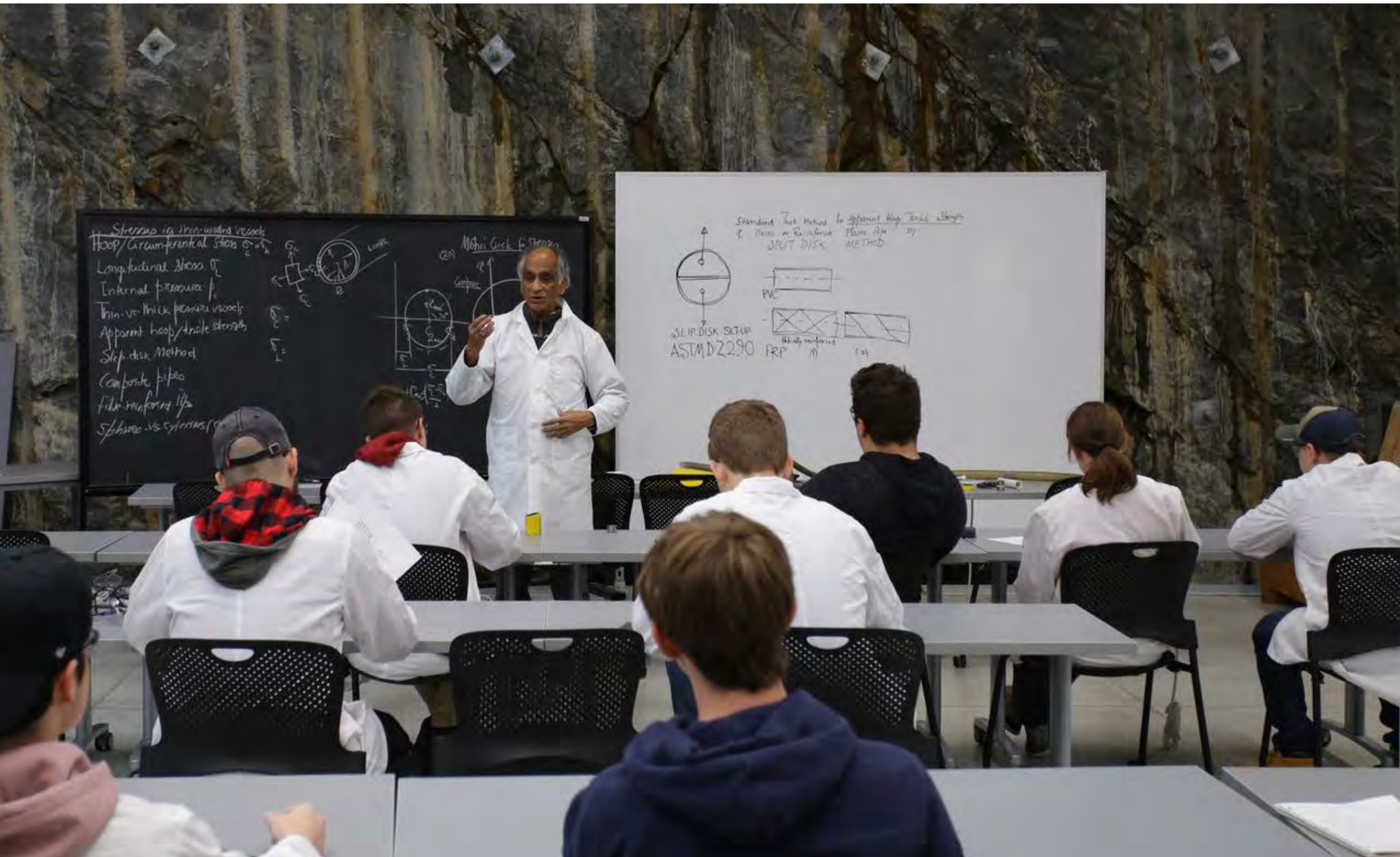
At April 30, 2021, long-term debt was $0 ($89.0 million in 2020). As noted above, due to the CCAA proceedings and the resulting event of default, all the debt obligations became immediately due and payable, and the University ceased accruing interest expense on long-term debt as of February 1, 2021. These obligations were reclassified and recognized as a component of the Liabilities subject to compromise.

> Employees Future Benefit

Effective April 2021, the University amended the Retirement Plan of Laurentian University of Sudbury and its Federated and Affiliated Universities (the "Pension Plan") to enhance the long-term sustainability of the Pension Plan for all beneficiaries. The amendments included removal of the rights of employees to transfer lump sum values of their pension entitlement, modification such that future earnings are based on a career average instead of years of service and final average salary, and changes to the guaranteed post-retirement indexation based upon inflation which have been modified to conditional indexation for future benefits. Employee contributions have been modified to match employer contributions.

For the Employees Retirement Plan, the $12.3 million accrued benefits liability reported in 2019-20, was revalued through an actuarial valuation for the Plan resulting in a $9.5 million surplus. The University recorded an allowance for benefit reinstatement of $9.5 million against this surplus resulting in no asset being recorded in the financial statements for the Pension Plan.

In addition, during the CCAA proceedings, both the RHBP and SuRP were terminated on April 30, 2021 and all the related payments were stayed pursuant to the CCAA proceedings. This termination was considered a plan curtailment because the RHBP and SuRP will be settled subsequently when the stayed obligations are discharged by the University upon a CCAA Plan being accepted by creditors and approved by the court. Obligations of $10.8 million at April 30, 2021, relating to the RHBP, and $3.2 million related to the SuRP are included in Liabilities subject to compromise.



Net Assets

The University had a Deficiency in Net Assets of $15.4 million at the end of fiscal year 2020-21. As a result, Net Assets were $50.2 million less than the previous year's restated Net Assets of $34.8 million. The main contributors to the negative Net Assets were the Deficiency of Revenue over Expenses of $66.7 million, partially offset by employees future benefits remeasurements of $9.5 million, and net increase in endowment of $8.2 million. The previous year's Net Assets were restated from $36.7 million to $34.8 million due to correction of prior-period errors of $1.2 million and change in accounting policy of $0.7 million.

Conclusion

2020-21 was a critical year for Laurentian that brought about a confluence of events which will have a lasting impact on the University. Having to manage a once in a lifetime pandemic while undergoing a complex CCAA restructuring has tested the resilience of students, faculty, and staff.

By supporting faculty and staff to work from home and providing limited on campus teaching and research activities, the University was able to maintain steady enrolment levels and even saw an increase in student headcount. The area most affected by the pandemic was in ancillary operations with a revenue shortfall of more than half of the normal level.

The most significant event of the year was the University's decision to enter into CCAA protection. Through the CCAA, Laurentian was able to secure interim financing to protect its academic and research activities and reorganize its operations for significant cost savings. The financing obtained through the DIP, along with the ongoing restructuring, will provide the room needed to develop a Plan of Arrangement necessary to exit CCAA and ensure the long-term sustainability of Laurentian. This Plan will be informed by a comprehensive review of the University's real estate to identify assets no longer necessary for ongoing operations and which could be monetized. As well, a review of the University's governance (Senate and Board of Governors) and operations, will serve to inform on required changes and investments required to position the University for a successful exit from CCAA. In addition, as requested by MCU and with the assistance of a third-party consultant, the University will work to develop a new strategic plan with a comprehensive roadmap for the University post-CCAA.

As shown in the Consolidated Statement of Operations, the University's Deficiency of Revenue over Expenses amounted to $66.7 million in 2020-21. Excluding the impact of CCAA and prior-period

adjustments, the results show an adjusted Excess of Revenue over Expenses of $12.2 million, which includes the partial realization of the cost savings generated by the CCAA restructuring of programs and operations in the last quarter of 2021. These savings will provide the University with the financial basis to restructure and provide high-quality, postsecondary education to students in Northern Ontario and beyond.

Although Laurentian has made significant strides since filing for CCAA, considerable work remains in developing and negotiating a successful Plan of Arrangement. The University expects to experience reductions in its enrolment and associated revenues in the coming years, but believes that the savings realized as a result of the restructuring will offset the expected revenue shortfall.

As part of the CCAA process, Laurentian has also undertaken a comprehensive review of its accounting policies and practices. This review has resulted in restatements of prior period reported balances, which are further described in Note 25 of the financial statements.

A subsequent announcement by the Government of Ontario, has provided the University support that forms an important part of the University's efforts to re-build trust and confidence with stakeholders and create long-term financial sustainability. This package of support from the Ontario Ministry of Colleges and Universities will help the University as it emerges from its restructuring as a stronger, financially viable and vibrant institution serving students, employers and communities in Northern Ontario. The financial terms of the support include $35.0 million to refinance the existing DIP financing made available though the CCAA proceeding. The Province also expressed an intention to replace the DIP Facility with a long-term loan upon Laurentian's emergence from the CCAA with a successful Plan of Arrangement, on terms to be agreed. Other terms include up to $6 million in COVID funding for the University, and enrolment corridor and performance protection of up to a combined amount of $22.0 million, over a number of years. This will ensure that the effects of the restructuring do not unduly impact Laurentian's operations and provides the University with stability as it emerges from CCAA.

Despite the considerable material uncertainties that exist with respect to the University's ability to continue as a going concern, it is management's opinion that the restructuring actions taken and the support announced by the Government of Ontario, have assisted the University as it prepares to successfully exit CCAA and become financially sustainable in the long-term.

Restated Consolidated Financial Statements of

LAURENTIAN UNIVERSITY OF SUDBURY

And Independent Auditors' Report thereon

Year ended April 30, 2021

KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Canada
Tel 705-675-8500
Fax 705-675-7586

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Laurentian University of Sudbury

Opinion

We have audited the accompanying restated consolidated financial statements of Laurentian University of Sudbury, which comprise:

- the consolidated statement of financial position as at April 30, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of statement of changes in net assets (deficiency) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Laurentian University of Sudbury as at April 30, 2021, and its consolidated results of operations, its consolidated changes in net assets, and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **“*Auditors’ Responsibilities for the Audit of the Financial statements*”** section of our report. We are independent of Laurentian University of Sudbury in accordance with the applicable independence standards, and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that Laurentian University of Sudbury obtained a stay of proceedings pursuant to the Companies’ Creditors Arrangement Act on February 1, 2021 and that the stay of proceeding has been extended to May 31, 2022.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Restatement of financial statements

We draw attention to Note 27 to the financial statements which describes i) that the financial statements that we originally reported on March 7, 2022 have been amended, and ii) the matter that gives rise to the amendment of the financial statements.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 25 to the financial statements which explains that certain comparative information presented for the year ended April 30, 2020 has been restated and corrected.

Note 25 explains the reason for the restatements and corrections and also explains the adjustments that were applied to certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended April 30, 2021, we also audited the adjustments that were applied to certain comparative information presented for the year ended April 30, 2020.

In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the document referred to as the Annual Financial Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Financial Report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Laurentian University of Sudbury's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Laurentian University of Sudbury or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Laurentian University of Sudbury's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Laurentian University of Sudbury's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Laurentian University of Sudbury's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Laurentian University of Sudbury to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group of Laurentian University of Sudbury to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada
March 7, 2022, except as to Note 27, which is as of April 22, 2022

Consolidated Statement of Financial Position

April 30, 2021, with comparative information for 2020
(thousands of dollars)

	2021	2020 (Restated - note 25)
Assets		
Current assets:		
Cash and short-term investments (note 4)	$ 36,965	$ 3,425
Accounts receivable (note 5)	15,720	27,045
Other	2,813	1,650
	55,498	32,120
Accounts receivable (note 5)	73	169
Investments (note 4)	62,175	53,964
Capital assets (note 7)	263,385	272,531
	$ 381,131	$ 358,784
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Line of credit (note 18)	$ –	$ 14,400
Short-term loan (note 9, 10)	24,992	1,367
Accounts payable and accrued liabilities (note 8)	16,637	23,021
Accrued vacation pay	2,080	2,593
Deferred revenue	1,336	1,009
Deferred contributions (note 13)	36,364	37,423
Current portion of long-term debt (note 11)	–	2,738
Liabilities subject to compromise (note 12)	186,820	–
	268,229	82,551
Long-term obligations:		
Long-term debt (note 11)	–	88,973
Employee future benefits liabilities (note 6)	–	22,557
	–	111,530
Deferred capital contributions (note 13)	128,268	129,879
Total liabilities	396,497	323,960
Net assets (deficiency):		
Unrestricted	(89,207)	(23,640)
Employee future benefits	(13,973)	(22,557)
Internally restricted (note 16)	3,302	3,848
Investment in capital assets (note 15)	23,030	22,874
Endowment (note 14)	61,482	54,299
	(15,366)	34,824
Commitments and contingencies (note 18)		
Subsequent events (notes 2, 10, 12, 13, 18, 26)		
Going concern (note 2)		
	$ 381,131	$ 358,784

See accompanying notes to consolidated financial statements.

On behalf of the Board of Governors:

Governor

Governor

Consolidated Statement of Operations

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	2021 (Restated - note 27)	2020 (Restated - note 25)
Revenue:		
Operating grants and contracts	$ 79,304	$ 86,234
Tuition and ancillary fees	58,261	53,211
Research grants and contracts	22,407	24,151
Other fees and income (note 20)	22,161	16,744
Sales and services	5,634	11,620
Amortization of deferred capital contributions (note 13)	5,629	5,594
	193,396	197,554
Expenses:		
Salaries and benefits	128,416	134,847
Operating and research	17,648	28,305
Occupancy	12,022	15,271
Scholarships and bursaries	12,575	12,072
Amortization of capital assets	10,502	10,446
Restructuring costs (note 21)	78,904	–
	260,067	200,941
Deficiency of revenue over expenses	$ (66,671)	$ (3,387)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets (Deficiency)

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	Unrestricted	Employee Future Benefits	Internally Restricted (note 16)	Investment in Capital Assets	Endowment	2021 Total (Restated - note 27)
Net assets (deficiency), beginning of year (restated – note 25)	$ (23,640)	$ (22,557)	$ 3,848	$ 22,874	$ 54,299	$ 34,824
Excess (deficiency) of revenue over expenses:						
Operating	17,820	(714)	–	(4,873)	–	12,233
Restructuring costs (note 21)	(78,200)	(704)	–	–	–	(78,904)
	(60,380)	(1,418)	–	(4,873)	–	(66,671)
Transfer for capital transactions	(4,979)	–	(50)	5,029	–	–
Other transfers	(208)	704	(496)	–	–	–
Endowment contributions (note 14)	–	–	–	–	175	175
Net increase in endowment	–	–	–	–	7,008	7,008
Employee future benefits remeasurements and other items (note 6)	–	9,298	–	–	–	9,298
Net assets (deficiency), end of year	$ (89,207)	$ (13,973)	$ 3,302	$ 23,030	$ 61,482	$ (15,366)

2020 (Restated note 25)	Unrestricted	Employee Future Benefits	Internally Restricted (note 16)	Investment in Capital Assets	Endowment	Total
Net assets (deficiency), beginning of year, previously reported	$ (14,544)	$ (9,107)	$ 2,723	$ 22,283	$ 51,809	$ 53,164
Restatement adjustments (note 25)	(3,217)	172	–	–	1,891	(1,154)
Net assets (deficiency), beginning of year, restated	(17,761)	(8,935)	2,723	22,283	53,700	52,010
Excess (deficiency) of revenue over expenses	1,561	(94)	–	(4,854)	–	(3,387)
Transfer for capital transactions	(5,445)	–	–	5,445	–	–
Other transfers	(1,995)	870	1,125	–	–	–
Endowment contributions (note 14)	–	–	–	–	1,193	1,193
Net decrease in endowment	–	–	–	–	(594)	(594)
Employee future benefits remeasurements and other items	–	(14,398)	–	–	–	(14,398)
Net assets (deficiency), end of year	$ (23,640)	$ (22,557)	$ 3,848	$ 22,874	$ 54,299	$ 34,824

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended April 30, 2021, with comparative information for 2020
(thousands of dollars)

	2021 (Restated - note 27)	2020 (Restated note 25)
Cash flows from operating activities:		
Deficiency of revenue over expenses	$ (66,671)	$ (3,387)
Non-cash items:		
Amortization of capital assets	10,502	10,446
Amortization of deferred capital contributions	(5,629)	(5,594)
(Excess) deficiency of employer contributions over employee future benefits net benefit costs	(13,259)	(1,059)
	(75,057)	406
Change in non-cash working capital (note 19)	3,688	1,471
Change in liabilities subject to compromise (note 12)	186,820	–
	115,451	1,877
Cash flows from financing activities:		
Endowment contributions	175	1,193
Net increase (decrease) in endowment	7,008	(594)
Increase (decrease) in deferred contributions	(1,059)	3,256
Deferred capital contributions received	4,018	1,999
Decrease in long-term debt	(91,711)	(3,606)
Decrease in line of credit	(14,400)	(3,200)
Increase (decrease) in short-term loan	23,625	(59)
	(72,344)	(1,011)
Cash flows from investing activities:		
Purchases of capital assets	(1,356)	(2,791)
Net increase in investments	(8,211)	165
	(9,567)	(2,626)
Net increase (decrease) in cash and short-term investments	33,540	(1,760)
Cash and short-term investments, beginning of year	3,425	5,185
Cash and short-term investments, end of year	$ 36,965	$ 3,425

See accompanying notes to consolidated financial statements.

1. **Description:**

Laurentian University of Sudbury (the "University") is incorporated by special act under the laws of Ontario. The University is committed to strengthening the foundation of knowledge in higher education and research in order to offer an outstanding university experience in English and French with a comprehensive approach to Indigenous education.

The University is a registered charity and is exempt from the payment of income tax under section 149 (1)(f) of the Income Tax Act.

2. **Basis of presentation:**

(a) Basis of presentation:

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook – Accounting.

The amounts in the consolidated financial statements are presented in thousands of Canadian dollars.

(b) CCAA proceedings:

Due to ongoing financial and operational pressures on the University, on February 1, 2021, the University brought an application before the Ontario Superior Court of Justice (the "Court") seeking an initial order pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") to, among other things, obtain a stay of proceedings to allow the University an opportunity to financially and operationally restructure itself. On February 1, 2021, the Court granted an initial order that among other things, appointed Ernst & Young Inc. as Monitor of the University (the "Monitor") and approved a stay of proceedings for an initial 10-day period. Since then, the stay of proceedings has been extended several times, most recently to May 31, 2022.

The CCAA proceedings provide a court-supervised platform for the University to restructure with the goal of becoming sustainable long-term, both financially and operationally. The University continues to operate and provide its educational services and programs.

On February 10, 2021, the Court approved a $25,000 Debtor-In-Possession Loan ("DIP Loan") for interim financing, which was subsequently increased to $35,000 on May 19, 2021 with a maturity date of January 31, 2022.

The University has completed an academic restructuring resulting in reduced programs and course offerings, and a reduction of faculty and departments to increase operational efficiency and to reduce costs.

2. Basis of presentation (continued):

(b) CCAA proceedings (continued):

On April 5, 2021, the University entered into a term sheet with the Laurentian University Staff Union ("LUSU") that included reductions in staff complement and changes to employee benefits, pension, and post-employment benefits. On April 7, 2021, the University and the Laurentian University Faculty Association ("LUFA") signed a term sheet setting out key terms and conditions which among other things resulted in a new collective agreement, a reduction in faculty complement and changes to compensation and amendments to pension and post-employee benefits plans as disclosed in note 6.

On May 31, 2021, the Court granted an order approving a claims process order establishing the claims procedures whereby the Monitor, in conjunction with the University, would call for certain claims of creditors and determine claims for voting and distribution purposes in relation to a plan of compromise or arrangement pursuant to the CCAA to be presented by the University at a future date. This order set July 30, 2021 as the bar date for creditors to submit their claims to the Monitor. On August 17, 2021, the Court also granted an order approving a methodology to calculate employee compensation related claims and a process for notification and claims processing to determine employee compensation claims.

On December 16, 2021, the Ontario Government announced a package of support through the Ministry of Colleges and Universities that included refinancing the DIP Loan, a $6,000 COVID-19 grant and future enrolment corridor and performance grant protection up to $22,000. The refinancing of the DIP loan with a maturity date of September 30, 2022 was approved by the Court on January 27, 2022, and completed on January 28, 2022. (note 26)

As at April 30, 2021, in connection with the CCAA proceedings, the University identified obligations that are potentially subject to compromise of $186,820 (note 12) and incurred restructuring costs of $79,137 (note 21).

(c) Going concern:

These consolidated financial statements have been prepared on a going concern basis, which assumes the University will continue its operations for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business.

The University's CCAA proceedings and circumstances relating to this event, including the University's cash flows, deficiency in net assets, and working capital deficiency, have resulted in material uncertainties that casts significant doubt about the appropriateness of the use of the going concern assumption. The University's ability to continue as a going concern is dependent on the University restructuring and emerging from CCAA protection with a Plan of Arrangement that is accepted by its creditors and approved by the Court.

The loan agreement whereby the $35 million DIP Loan was refinanced by the Province included a recital stating that it is "the intention of the parties for the DIP Facility to be converted to a long-term loan on the implementation of a CCAA Plan, upon such terms and conditions as may be agreed by the [University] and the [Province] prior to that time".

2. Basis of presentation (continued):

(c) Going concern (continued):

The Government also committed to providing COVID-19 grant funding of $6,000 and providing enrolment corridor and performance protection up to $22,000 over a number of years, on terms to be agreed. The government support is subject to certain conditions, which include renewal of the Board of Governors and the completion of a long-term strategic plan for the University. The first phase of Board renewal commenced on December 16, 2021 and the process to identify a consultant to help lead the University through the development of a strategic plan is in progress.

The consolidated financial statements do not reflect the adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate, then significant adjustments would be necessary to the carrying values of assets and liabilities and the reported revenues and expenses and the classification used in the consolidated statement of financial position. These adjustments could be material.

There can be no assurance that the University will be successful in emerging from CCAA as a going concern.

(d) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of all of the operations and organizations controlled by the University. The University has control or joint control over another entity when it has control or shared control over the power to determine its strategic operating, investing, and financing policies of the entity.

These consolidated financial statements include the assets, liabilities, deficit and operations of the University's subsidiaries and joint ventures as follows:

- Mining Innovation Rehabilitation and Applied Research Corporation ("MIRARCO"), which is a wholly controlled entity and is consolidated by the University. The University is the sole voting member of this corporation. MIRARCO promotes research in and the development of the application of scientific and engineering techniques and policies to foster and enable the use of natural resources in a safe, sustainable, and economic manner.
- Sudbury Neutrino Observatory Laboratory ("SNOlab") which is a not-for-profit organization whose principal objective is the construction, operation and decommissioning of a deep underground science research facility. SNOlab is a partnership arrangement with four other universities. The University recognizes its proportionate share (20%) of SNOLab's revenue and expenses.

2. Basis of presentation (continued):

(d) Basis of consolidation (continued):

These consolidated financial statements do not reflect the assets, liabilities and results of operations of related entities when it does not have a claim to the net assets or is not liable for the entities' obligations. Accordingly, the Northern Ontario School of Medicine ("NOSM"), and the Centre for Excellence in Mining and Innovation ("CEMI"), are disclosed as related parties in note 24.

Various student organizations are not included in these consolidated financial statements. The University has guaranteed a loan on behalf of the Laurentian University Student's General Association for the construction of a student centre. See note 18 for additional details.

3. Significant accounting policies:

(a) Revenue recognition:

The University follows the deferral method of accounting for contributions for not-for-profit organizations.

Unrestricted contributions, including government funding and donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions pertaining to future periods are deferred and recognized as revenue in the year in which the related expenses are recognized.

Contributions externally restricted for purposes other than endowment are recognized as Deferred contributions and recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related asset is amortized.

Contributions restricted for endowment purposes are recognized as direct increases to Endowment net assets.

Pledges are not legally enforceable claims and therefore are not recorded in these consolidated financial statements until they are received.

Tuition and ancillary fees, Other fees and income, and Sales and services are recognized as revenue in the fiscal period when the respective courses and seminars are held, or the goods and services provided.

(b) Investments and investment income:

Investments are long-term and are largely invested in pooled funds, which are carried at fair value. Net investment income, which is investment income or loss generated from externally restricted endowment purposes, net of administration fees, expenses and the distribution to Deferred contributions, is recorded as a direct increase (decrease) to Endowment net assets.

3. Significant accounting policies (continued):

(b) Investments and investment income (continued):

Net investment income is transferred to Deferred contributions when it is officially distributed from Endowment under University policy to be made available for spending for restricted purposes. The amounts are recognized as revenue in the period that the related expenses are incurred. The University also recognizes as revenue an administration fee for managing the endowment funds.

Any restricted amounts available for spending that remain unspent at year-end are included in Deferred contributions. When the net investment income earned is in excess of the amount made available for spending, the excess is recorded as a direct increase in Endowment net assets. When the net investment income earned is insufficient to fund the amount made available for spending, the deficiency is recorded as a direct decrease in Endowment net assets.

(c) Capital assets:

Purchased assets are recorded at cost. Contributed assets are recorded at fair market value at the date of contribution.

Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Equipment and furnishings	7 years
Site improvements	15 years

Construction in progress is not amortized until the project is complete and the facilities are put in use. Expenditures on repairs and maintenance are expensed as incurred.

(d) Employee future benefits liabilities:

In the year, the University provided employee future benefits and post-retirement benefits to its employees through its Pension Plan, Retiree Health Benefit Plan and Supplementary Pension Plan. In connection with the CCAA restructuring, the University has made substantial changes to its benefit plans as described in note 6.

3. **Significant accounting policies (continued):**

(d) Employee future benefits liabilities (continued):

The University accrues its obligations and related costs for funded employee future benefit plans as the employees render the service necessary to earn the pension and other retirement benefits, based on the latest going concern funding valuation. The actuarial determination of the accrued benefit obligations for pensions and other employee future benefits uses the projected method on service (which incorporates management's assumptions used for funding purposes, other cost escalation, retirement ages of employees and other actuarial factors). The actuarial valuation is performed at least every three years. In the years between valuations, pension plan results are prepared based on extrapolations of the latest available funding valuation results. The most recent actuarial valuation for the Pension Plan was as of January 1, 2020 and the next actuarial valuation will be completed effective July 1, 2021.

The University has elected to calculate its obligations and related costs for unfunded plans on a basis consistent with funded plans.

The Pension Plan's assets are measured at fair value at the date of the Consolidated Statement of Financial Position.

Current service and finance costs for the year are recognized as Salaries and benefit expense.

Re-measurements and other items comprise the aggregate of the difference between the actual return on plan assets and the return calculated using the discount rate; the actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; the past service costs; and the gains and losses arising from settlements and curtailments. Re-measurements are recognized directly in net assets.

The Pension Plan provides a provision against the Pension Plan's assets for benefit reinstatement in accordance with the Pension Plan's benefits and funding policy.

(e) Internally restricted net assets:

The University restricts use of portions of its operating net assets for specific future uses. When incurred, the related expenses are charged to operations, and the balance of Internally restricted assets is reduced accordingly with a transfer to Unrestricted net assets (deficiency).

(f) Financial instruments:

All financial instruments are initially recorded on the Consolidated Statement of Financial Position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

3. **Significant accounting policies (continued):**

(f) Financial instruments (continued):

The University entered into interest rate swaps to hedge the effect of changes in interest rates on its long-term debt that bears interest based on London Interbank Offered Rate (LIBOR). Gains or losses realized on the settlement of the hedging item are deferred until the settlement of the hedged item.

At the inception of hedging relationship, the University designated that hedge accounting will be applied. The University formally documented the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same. During the year, the hedge was terminated as a result of the CCAA proceedings.

(g) Use of estimates:

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Items subject to such estimates and assumptions include the carrying value of accounts receivable, capital assets, obligations related to employee future benefits, vacation accrual, contingencies, and liabilities identified as potentially subject to compromise. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are recognized in the Consolidated Financial Statements in the year in which they become known.

(h) Key sources of measurement uncertainty:

As a result of the ongoing CCAA proceedings, the academic restructuring, reduction of staff, faculty and departments, termination of employee benefits and arrangements that were disclaimed with the Federated Universities, the University recognized Restructuring costs (note 21) and Liabilities that are subject to compromise (note 12).

Liabilities subject to compromise are measured at the reporting date based on an analysis of the nature and carrying value of the underlying liabilities, proof of claim and the stage of advancement of the claim's identification, resolution, and barring process.

(i) Impairment of capital assets:

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of assets may not contribute to the University's ability to provide goods and services.

An impairment occurs when the carrying value of an asset is higher than the replacement value or fair value. Any impairment results in a write-down of the capital assets and an expense in the Consolidated Statement of Operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

(thousands of dollars)

3. Significant accounting policies (continued):

(j) Liabilities subject to compromise:

As a result of the stay of proceedings obtained pursuant to the CCAA on February 1, 2021 and subsequent extensions, the payment of liabilities owing as of February 1, 2021 is stayed, and the outstanding liabilities, as well as any additional outstanding claims by creditors are subject to compromise pursuant to a plan of arrangement that is expected to be presented to creditors.

Obligations for items and services provided to the University after the filing date of February 1, 2021 are not included in Liabilities subject to compromise.

Liabilities subject to compromise represent the liabilities that will ultimately be subject to the plan of arrangement for the University's creditors, and other claimants as described in note 12.

The measurement of Liabilities subject to compromise is measured at the reporting date based on an analysis of the nature and carrying value of the underlying liabilities, proof of claims, and the claims identification and process.

Liabilities subject to compromise may be subject to future adjustments depending on the plan of arrangement, court action, further developments with respect to disputed claims, proof of claims or other events, and are therefore subject to significant estimation uncertainty. Any changes to these liabilities in future periods may be material and will be recorded through the Statement of Operations.

4. Cash and investments:

	2021	2020 (restated-note 25)
Short-term:		
Cash	$ 36,964	$ 2,637
Short-term investments	1	788
	36,965	3,425
Long-term:		
Equity funds	27,514	23,488
Fixed income	28,809	25,884
Structured credit	3,102	1,822
Real estate	2,750	2,770
	62,175	53,964
	$ 99,140	$ 57,389

(thousands of dollars)

4. Cash and investments (continued):

The University maintains operating bank accounts with a combined balance of $28,363 (2020 $2,637) and three segregated bank accounts with a combined balance of $8,602 in 2021 (2020 - $nil). The segregated bank accounts were established in December 2020 to hold certain restricted funds advanced to the University prior to the related expenditures being incurred. The total amounts in the segregated bank accounts include $5,998 (2020 - $nil) for unspent research grant and award funding, $2,492 (2020 - $nil) for all other restricted funds other than new endowment contributions, and $112 (2020 – $nil) for employee and employer contributions to the Retiree Health Benefit Plan.

New endowment contributions are deposited into the operating bank accounts and transferred to Investments.

5. Accounts receivable:

	2021	2020
Restricted grants and contracts	$ 4,380	$ 8,976
Tuition and ancillary fees	6,431	7,992
Other	8,156	15,266
	18,967	32,234
Less allowance for doubtful accounts	(3,174)	(5,020)
	15,793	27,214
Current portion of accounts receivable	15,720	27,045
Long-term accounts receivable	73	169
	$ 15,793	$ 27,214

6. Employee future benefits:

In the year, the University provided employee future benefits and post-retirement benefits to its employees through the Retirement Plan of Laurentian University of Sudbury and its Federated and Affiliated Universities (the “Pension Plan”), the Retiree Health Benefit Plan and the Supplementary Pension Plan. In connection with the CCAA restructuring, the University made substantial changes to its benefit plans as described below.

6. Employee future benefits (continued):

(a) Pension Plan:

Effective July 1, 2012, the University registered its Pension Plan for all future service as a defined benefit plan for all employees of the University. Prior to this, the Pension Plan provided a defined contribution pension plan with a guaranteed minimum defined benefit.

As disclosed in note 2(b), the University amended the Pension Plan to enhance the long-term sustainability of the Pension Plan for all beneficiaries. Effective April 2021, the Pension Plan modified the rights of members to transfer lump sum values of their pension entitlement. Previously, the lump sum transfer election was available at any time between the end of employment and the end of the year in which they attain age 71 when a monthly pension must commence. Those rules have been changed such that members who reach their early retirement date will no longer be able to transfer lump sum values of their pension entitlement.

Former members of the Pension Plan who commenced employment prior to September 24, 2017 were entitled, following the last day of employment, to receive either a monthly pension payable from the Pension Plan (starting on or after reaching their early retirement date) or to transfer the lump sum values of their pension entitlement out of the Pension Plan.

Former members of the Pension Plan were provided with a final opportunity to choose a lump sum transfer option. If the member did not elect a lump sum transfer option during this process, the member remained entitled to receive a monthly pension benefit from the Pension Plan starting on or after the early retirement date in accordance with the Pension Plan.

Effective July 1, 2021, the Pension Plan changed its name to the Retirement Plan of Laurentian University of Sudbury. In addition, the plan was modified such that future earnings are based on a career average instead of years of service and final average salary. The Pension Plan had provisions for guaranteed post-retirement indexation based upon inflation which have been modified to conditional indexation for future benefits. Employee contributions have been modified to match employer contributions.

These changes to the Pension Plan are considered a plan amendment.

Future benefit improvements are subject to plan sustainability measures and no benefit improvements will be considered prior to July 1, 2025, unless the plan develops an excess surplus as defined under pension regulations and as prescribed by the agreed-upon terms. The University has provided a provision against the Pension Plan’s assets for benefit reinstatement in accordance with the Pension Plan’s benefits and funding policy. An actuarial calculation of the future assets/liabilities including an allowance for benefit reinstatement was completed and forms the basis for the accrued benefit obligation. As a result, the University recognized a valuation allowance of $9,535 to reflect that the University does not expect to realize these plan assets.

6. Employee future benefits (continued):

(a) Pension Plan (continued):

The Pension Plan's assets are measured at fair value at the date of the consolidated Statement of Financial Position.

The most recent actuarial valuation was as of January 1, 2020 and the next actuarial valuation will be completed effective July 1, 2021.

(b) Retiree Health Benefit Plan:

The University sponsored a defined benefit health care plan for substantially all retirees and employees. Employees contributed to the plan as did the University. The University accrued its obligations and related costs based on the latest actuarial valuation. The Retiree Health Benefit Plan was unfunded. Current service and finance costs were expensed during the year, while remeasurements and other items were recognized as a direct increase or decrease in Net assets (deficiency).

As disclosed in note 2(b), the term sheets agreed with LUFA and LUSU provided that the Retiree Health Benefit Plan would be terminated on April 30, 2021. This termination is considered a plan curtailment, and any related liabilities will be settled subsequently when the stayed obligations are discharged by the University through the CCAA process.

Total liabilities of $10,757 at April 30, 2021 relating to Retiree Health Benefit Plan are included in Liabilities subject to compromise (note 12).

The University refunded $51 of employee contributions made to the plan between December 2020 and April 30, 2021. Additionally, the University refunded employer contributions made by SNOLab and CEMI in the amount of $5 and the employer and employee contributions made by the Federated Universities (Thorneloe University, University of Sudbury, and Huntington University) totalling $4.

(c) Supplementary Pension Plan:

The University had approved an unfunded supplemental plan for employees to provide them with certain benefits as calculated pursuant to the defined benefit pension plan formula assuming that Canada Revenue Agency tax limits did not exist. The University recognized the amount of the accrued obligation in the Consolidated Statement of Financial Position. Current service and finance costs were expensed during the year, while remeasurements and other items, representing the total of actuarial gains and losses, and past service costs, were recognized as a direct increase or decrease in Employee future benefits net assets (deficiency). The accrued liability was determined using a roll-forward technique to estimate the accrued liability using funding assumptions from the most recent actuarial valuation report prepared at least every three years.

6. Employee future benefits (continued):

(c) Supplementary Pension Plan (continued):

As disclosed in note 2(b), the terms and conditions agreed with LUFA and LUSA provided that the Supplementary Pension Plan would be terminated. All payments from the Supplementary Pension Plan ceased on February 1, 2021, as a result of the CCAA proceedings. No additional obligations were accrued after the termination for current or former non-union employees. This termination is considered a plan curtailment, and any related liabilities will be settled subsequently when the stayed obligations are discharged by the University through the CCAA process.

Liabilities of $3,216 at April 30, 2021 relating to Supplementary Pension Plan are included in Liabilities subject to compromise (note 12).

Past service costs, actuarial gains and losses on plan assets or defined benefit obligations as well as gains and losses arising from the amendment and curtailments are recognized as remeasurements in net assets.

At year end, the employee future benefit remeasurements and other items totalling $9,298 recognized directly in Net assets is comprised of remeasurement gains and losses for the curtailment of Retiree Health Benefit Plan and the Supplementary Pension Plan in the amounts of a loss of $3,239 and a gain of $115, respectively, and the remeasurement gain for the amendment of the Pension Plan of $12,422.

The remeasurement gain or loss arising from the plan curtailments will be realized when the settlements are completed at a future date in relation to the plan of compromise or arrangement pursuant to CCAA.

(thousands of dollars)

6. Employee future benefits (continued):

The breakdown of the plans is as follows:

	Pension Plan	Retiree Health Benefit Plan	Supplemental Pension Plan	2021 Total
Accrued benefit obligation	$ (452,203)	$ (10,757)	$ (3,216)	$ (466,176)
Fair value of plan assets	461,738	–	–	461,738
	9,535	(10,757)	(3,216)	(4,438)
Allowance for benefit reinstatement	(9,535)	–	–	(9,535)
Accrued benefit liabilities	$ –	$ (10,757)	$ (3,216)	$ (13,973)
Reclassified to:				
Liabilities subject to compromise (Note 12)	$ -	$ (10,757)	$ (3,216)	$ (13,973)

	Pension Plan	Retiree Health Benefit Plan	Supplemental Pension Plan	2020 Total (restated)
Accrued benefit obligation	$ (431,581)	$ (7,206)	$ (3,063)	$ (441,850)
Fair value of plan assets	419,293	–	–	419,293
Accrued benefit liabilities	$ (12,288)	$ (7,206)	$ (3,063)	$ (22,557)

The reconciliation of the Pension Plan is as follows:

	Fair value of plan assets	Accrued benefit obligation	Accrued benefit assets/ (liabilities)
Balance as at April 30, 2020	$ 419,293	$ (431,581)	$ (12,288)
Contributions	14,099	(6,294)	7,805
Current period costs	–	(25,167)	(25,167)
Transfers	17,350	(17,350)	–
Benefits paid	(25,784)	25,784	–
Actual return on plan assets	36,780	–	36,780
Actuarial gain (loss)	–	3,520	3,520
Past service costs - remeasurements	–	(1,115)	(1,115)
Balance as at April 30, 2021	$ 461,738	$ (452,203)	$ 9,535

(thousands of dollars)

6. Employee future benefits (continued):

The significant assumptions used are as follows (weighted average):

	Pension Plan and Supplemental Pension Plan		Retiree Health Benefit Plan	
	2021	2020	2021	2020
Discount rate	5.85%	5.85%	4.00%	4.00%
Provision for adverse deviation (on non-indexed liabilities)	10.28%	10.29%	–	–
Rate of compensation increases	2.00%	2.50%	–	–
Expected long-term rate of return on plan assets	5.85%	5.85%	–	4.00%
Health care cost trend rate	–	–	2.00%	2.00%
Rate of inflation	2.00%	2.00%	–	–

7. Capital assets:

	Cost	Accumulated Amortization	2021 Net book Value	2020 Net book Value
Buildings	$ 358,127	$ 115,166	$ 242,961	$ 249,908
Equipment and furnishings	66,551	61,146	5,405	7,278
Site improvements	12,266	10,660	1,606	1,932
Land	13,413	–	13,413	13,413
	$ 450,357	$ 186,972	$ 263,385	$ 272,531

A total of $34 (2020 - $1,789) of buildings and $nil (2020 - $564) of equipment is under construction and not yet subject to amortization.

The University assessed potential impairment of its capital assets and determined that an impairment allowance was not required. The University's buildings are considered an integrated group of assets to provide post–secondary education to students and to support research activities. The overall service potential for the integrated asset group has not been significantly reduced and continues to be used to provide on-going and future services to support the University's academic and research operations.

8. Accounts payable and accrued liabilities:

Included in Accounts payable and accrued liabilities are government remittances payable of $3,749 (2020 - $3,872), which includes amounts payable for payroll related taxes. These government remittances payable are current.

9. Short-term loan:

Short-term loan represents an unsecured loan with a floating interest rate of 1.42% (2020 – 1.91%) with no mandatory repayment terms from TD Canada Trust. The short-term loan was used to finance the Student Recreation Centre. The commencement of the CCAA proceedings on February 1, 2021 was considered an event of default, which resulted in the debt obligation and any accrued and unpaid interest to be due on demand, although any action to enforce such payment obligations is stayed as a result of the CCAA proceedings. As at April 30, 2020, the short-term loan balance was $1,367. The short-term loan amount of $1,324 as at April 30, 2021 was transferred to Liabilities subject to compromise (note 12).

10. Debtor-in-possession (DIP) loan:

On February 10, 2021, the Court approved a super-priority, non-revolving DIP Loan to be granted to the University by Firm Capital Corporation ("FCC" or "DIP lender"), pursuant to which the DIP lender committed to provide a DIP Loan up to a maximum amount of $25,000 to enable the University to continue day-to-day operations.

The DIP Loan provided for an aggregate commitment of up to $25,000, with interest at the higher of 8.50% or the TD Canada Trust Posted Bank Prime Interest Rate plus a margin of 6.05%, calculated and compounded monthly and payable monthly in arrears. The initial draw of $10,000 was received on February 16, 2021 and the University made a second draw of $15,000 on March 26, 2021. Pursuant to the terms of the DIP Loan, the University paid debt issuance costs of $591 to the DIP lender and recognized interest expense of $583.

Subsequent to year-end, on May 19, 2021, the DIP Loan was amended to extend the principal repayment and maturity date to August 31, 2021 and to increase the aggregate commitment to $35,000. The DIP Loan was further amended on August 20, 2021 to extend the principal repayment and maturity date to January 31, 2022 (note 26).

Subsequent to year-end, the Ontario Government announced a package of support from the Ministry of Colleges and Universities. The financial terms of the support include $35,000 to replace the existing DIP Loan (note 26).

(thousands of dollars)

11. Long-term debt:

Pursuant to the CCAA proceedings, the University is in default under each of the respective terms of the long-term loan agreements. Any potential actions by the lenders under the debt agreements have been stayed pursuant to the Initial Order. Given this, these obligations have been classified as current as of April 30, 2021.

The University's total indebtedness as of April 30, 2021 and 2020 consisted of the following:

Unsecured loans with:	Rate	Fixed Maturity	2021	2020
Bank of Montreal (i)	5.39%	2024	$ 1,301	$ 1,366
Royal Bank of Canada	4.30%	2040	12,881	13,187
Royal Bank of Canada (i)	4.94%	2043	17,455	17,573
Royal Bank of Canada (i)	3.90%	2023	2,555	2,770
Royal Bank of Canada	4.63%	2041	38,640	39,496
TD Canada Trust (i)	4.97%	2036	10,538	10,647
TD Canada Trust	4.95%	2043	6,557	6,672
			89,927	91,711
Less: current portion of long-term debt				(2,738)
Less: liabilities subject to compromise			(89,927)	–
			$ –	$ 88,973

The above-noted debt instruments were advanced under variable rate credit facilities for the financing of various residences, construction of the School of Education and Student Recreation Centre as well as Campus Modernization projects. The principal and interest on these loans were payable in monthly installments.

During the year, principal repayments on the four loans indicated by (i) were deferred for a period of six months. The amended terms of the loans were not substantially different from those of the original loans. The University did not incur any fees in relation to the modification of loans. The University made principal payments totalling $1,784 on the other loans in the year.

Prior to the commencement of CCAA proceedings, the University was a party to seven interest rate swap agreements to manage the volatility of interest rates. The University converted floating rate debt for fixed rate debt. Since the CCAA filing represents an event of default as defined under the terms of the interest rate swap agreements, each of the bank counterparties exercised their rights to terminate these derivative agreements. As a result of the termination, the University ceased the application of hedge accounting for all the interest rate swaps and recorded an immediate loss incurred on termination amounting to $24,700 in Restructuring costs on February 1, 2021.

(thousands of dollars)

11. Long-term debt (continued):

As noted above, due to the CCAA proceedings and the resulting event of default, all the debt obligations became immediately due and payable, and the University ceased accruing interest expense on long-term debt as of February 1, 2021. These obligations were reclassified and recognized as a component of the Liabilities subject to compromise (note 12).

12. Liabilities subject to compromise:

As a result of the Initial Order obtained on February 1, 2021 and subsequent amendments, the payment of liabilities owing as of February 1, 2021 is stayed, and the outstanding liabilities, as well as any additional outstanding claims by creditors are subject to compromise pursuant to a plan of arrangement that is expected to be presented to creditors.

On May 31, 2021, the Court issued a Claims Process Order establishing the claims procedures for the determination of claims and on August 17, 2021, the Court issued an order establishing the procedures for the determination of employee compensation claims. Pursuant to the Claims Process Order, creditors were required to submit their claims to the Monitor.

Obligations for goods and services provided to the University after the filing date of February 1, 2021 are discharged based on negotiated terms. These liabilities are not included as Liabilities subject to compromise.

As of April 30, 2021, Liabilities subject to compromise include the following:

		2021
Accounts payable and accrued liabilities		$ 11,301
Employee future benefits liabilities (note 6)	$ 14,910	
Employee restructuring and termination costs	44,658	
Employee compensation costs		59,568
Short-term loan (note 9)		1,324
Long-term debt (note 11)		89,927
Interest rate swap termination obligation (note 11)		24,700
		$ 186,820

(thousands of dollars)

12. Liabilities subject to compromise (continued):

The amounts recognized as subject to compromise were recognized as follows:

	Employee future benefit remeasurements	Restructuring costs	Reclassification from existing liabilities	Total
Accounts payable and accrued liabilities	$ –	$ 35	$ 11,266	$ 11,301
Employee future benefits liabilities	13,973	704	233	14,910
Employee restructuring and termination costs	–	44,658	–	44,658
Short-term loan	–	–	1,324	1,324
Long-term debt	–	–	89,927	89,927
Interest rate swap termination obligation	–	24,700	–	24,700
	$ 13,973	$ 70,097	$ 102,750	$ 186,820

Total claims asserted by creditors are $360,291 pursuant to the claim procedures approved by the Court. The difference between the total claims asserted and the amount recognized as subject to compromise of $186,820 is not recognized in these financial statements as the University is assessing the claims and cannot estimate an amount subject to compromise based on the information available at this time. The assessment of the claims will continue, and the resolution of the claims received will take time to resolve. Liabilities subject to compromise may be subject to future adjustments depending on Court actions, further developments with respect to disputed claims, proof of claims or other events and is therefore subject to significant estimation uncertainty. Changes to these liabilities in future periods may be material.

(thousands of dollars)

13. Deferred contributions:

(a) Deferred contributions:

Deferred contributions represent external contributions restricted for research and other expenditures to be incurred in subsequent fiscal years. Details of the change in Deferred contributions are as follows:

	2021	2020 (restated-note 25)
Balance, beginning of year	$ 37,423	$ 36,751
Add contributions received in the year	20,002	24,091
Less amounts recognized as revenue	(21,061)	(23,419)
Balance, end of year	$ 36,364	$ 37,423

Deferred contributions used in the year for all types of revenue was $21,061 (2020 - $23,419). Included in this amount is $15,168 (2020 - $17,967) of research income. The corresponding expenses related to this research activity are $11,378 (2020 - $12,274) in salaries and benefits expense; $3,219 (2020 - $5,693) in operating and research expense and $571 (2020 - $nil) in scholarships and bursaries expense.

Deferred contributions consist of the following:

	2021	2020 (restated-note 25)
Research grants	$ 18,590	$ 18,071
Other grants and trust	14,660	16,170
Scholarships and bursaries	3,114	3,182
Balance, end of year	$ 36,364	$ 37,423

(thousands of dollars)

13. Deferred contributions (continued):

(a) Deferred contributions (continued):

In December 2020, the University established separate bank accounts to hold future contributions received for restricted purposes. Previously, contributions received for restricted purposes were deposited in the operating bank account. The table below shows the amounts of Deferred contributions supported by amounts in separate bank accounts:

	2021	2020
Amount of deferred contributions supported by cash held in separate bank accounts	4,390	-
Amount of deferred contributions not supported by cash held in separate bank accounts	31,974	37,423
	$ 36,364	$ 37,423

As a result of the CCAA process, the University continues to assess the funding of the programs and activities to which these Deferred contributions relate, and therefore these amounts may be subject to change in future periods. A portion of the Deferred contributions balance is potentially subject to compromise, however due to the uncertainty in the ongoing proceedings, the total balance cannot be reasonably determined.

(b) Deferred capital contributions:

Deferred capital contributions represent the unspent and unamortized amount of donations and grants received for the purchase of capital assets. Details of the change in Deferred capital contributions are as follows:

	2021	2020
Unspent:		
Balance, beginning of year	$ 550	$ 563
Add contributions received in the year	4,018	1,999
Less amounts utilized	(2,087)	(2,012)
Balance, end of year	2,481	550
Unamortized:		
Balance, beginning of year	129,329	132,911
Add contributions utilized in the year	2,087	2,012
Less amount amortized to revenue	(5,629)	(5,594)
Balance, end of year	125,787	129,329
Total unspent and unamortized capital contributions	$ 128,268	$ 129,879

14. Endowment and investment income (loss):

Endowment consists of restricted contributions received by the University and the accumulated investment income not yet distributed. Investment income generated from long-term investments earmarked for endowment is used in accordance with the various purposes established by the donors and internal resources transferred by the University at its discretion, when applicable. In order to protect the value of endowment capital over time and to allow the University to distribute a consistent amount of income from endowment on an annual basis regardless of the investment income earned in the fiscal year, the endowment investment objective is to earn a rate of return at least equal to the total of the effects of inflation plus distributions and the costs of investing and administering the funds. The University has established a distribution policy that constrains the amount of investment income available for distribution to 2.0% (2020 – 3.5%) of the last 12 months fair value of the endowment investment pool.

The University charges an administrative fee against the investment income to recover costs incurred to fulfil the University's fiduciary responsibilities relating to investing and managing the endowment funds. The administrative fee is recorded as Other fees and income in the Consolidated Statement of Operations. During the year, the University recognized an administrative fee of $590 (2020 – nil).

(thousands of dollars)

14. Endowment and investment income (loss) (continued):

If, in any year, the net investment income is insufficient to fund the amount to be made available for endowed distribution, the distribution is funded by the accumulated reinvested income and internal resources transferred by the University. This deficit is expected to be recovered by future net investment income. During the year, the University recognized a transfer to the endowment of nil (2020 - $1,924).

Details of the change in Net assets restricted for endowment are as follows:

	2021	2020 (restated-note 25)
Balance, beginning of year	$ 54,299	$ 53,700
Endowment contributions	175	1,193
Net increase(decrease) in Endowment		
Investment income (loss)	8,211	(571)
Administrative fee	(590)	–
Transfers	–	1,924
Investment management fees	(213)	(190)
Investment income available for distribution	(400)	(1,757)
	7,008	(594)
Balance, end of year	$ 61,482	$ 54,299

The Endowment balance consists of:

	2021	2020 (restated-note 25)
Cumulative endowment contributions	$ 49,998	$ 49,823
Cumulative reinvested investment income	11,484	4,476
	$ 61,482	$ 54,299

Long-term investments reflect funds earmarked for endowment balances. The equity funds, fixed income securities, structured credit funds and real estate funds are measured at market value.

(thousands of dollars)

14. Endowment and investment income (loss) (continued):

The breakdown of investment income (loss) is as follows:

	2021	2020 (restated-note 25)
Unrealized losses	$ (357)	$ (84)
Interest income	2,842	1,291
Realized gains (losses)	5,747	(2,164)
	8,232	(957)
Long-term investment gain (loss) related to endowment	8,211	(571)
Short-term investment gain (loss) recognised in other fees and income	21	(386)
	$ 8,232	$ (957)

15. Investment in capital assets:

The Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	$ 263,385	$ 272,531
Less amounts financed by:		
Liabilities subject to compromise (note 12)	(91,251)	–
Long-term debt	–	(91,711)
Short-term loan		(1,367)
Internally financed capital projects (note 17)	(23,317)	(27,250)
Unamortized deferred capital contributions (note 13)	(125,787)	(129,329)
	$ 23,030	$ 22,874

16. Internally restricted net assets:

	2021	2020
Departmental and subsidiary research funds	$ 776	$ 1,051
Departmental carry forward	1,233	2,647
McEwen School of Architecture	–	(736)
Ancillaries	1,293	886
	$ 3,302	$ 3,848

(thousands of dollars)

17. Internally financed capital projects:

The University finances ongoing major capital projects with internal funds that can be generated from ancillary operations, investment income, or fundraising.

Details of capital asset internal financing activities are as follows:

	2021	2020
Campus Modernization	$ 14,739	$ 16,878
Cardiovascular Metabolic Research Lab	5,027	5,268
Great Hall renovations	1,146	1,402
Ancillaries	855	1,126
Cliff Fielding Research, Innovation and Engineering Building	146	729
Parking Lot 4	761	816
School of Education Building	341	616
DNA Lab	161	184
Other small projects	141	231
	$ 23,317	$ 27,250

18. Commitments and contingencies:

(a) In 2020, the University had access to a Royal Bank unsecured line of credit of $5,000 and a Desjardins unsecured line of credit of $26,000. These lines of credit bore interest at Royal Bank prime rate less 0.50% and Desjardins prime rate less 0.70%. As at April 30, 2020, the University had not drawn on the Royal Bank line and had drawn $14,400 on the Desjardins line of credit. At April 30, 2021 these lines of credit are no longer available to the University.

(b) The University participates in a reciprocal exchange of insurance risks in association with forty other Canadian universities. This self-insurance co-operative involves a contractual agreement to share the insurance property and liability risks of member universities.

(c) The Students' General Association, through a referendum, approved a student levy to cover the repayment of a student long-term debt facility to provide funding for a new Student Centre. In the prior year, the University guaranteed the Student General Association Loan for an amount of $8,500. The University continues to administer and collect the student levy which the Student General Association uses to repay the loan. During the year ended April 30, 2021, there has not been any occurrence and continuation of an event of default by the Student General Association. No amount has been recorded in these financial statements relating to the University's guarantee.

18. Commitments and contingencies (continued):

(d) The University is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. Legal proceedings involve uncertified class action claims related to a data breach and claims from employees. These claims are subject to measurement uncertainty. The loss, if any, from the determination of additional claims will be accounted for in the periods in which the claims are resolved.

In addition, as described in note 2(b), third parties have submitted claims pursuant to CCAA claims procedures relating to delays and disputes with construction contractors and losses from disclaimed or terminated contracts all of which are not presently determinable. Claims asserted as part of these proceedings are material. The University has identified those that are currently recognized as liabilities subject to compromise in note 12. These claims are subject to measurement uncertainty. The loss, if any, from the determination of additional claims will be accounted for in the periods in which the claims are resolved.

(e) The University is the principal employer for the Pension Plan (note 6) which included the Federated Universities, SNOLAB, Centre for Excellence in Mining Innovation and MIRARCO. Effective June 30, 2021, all Huntington University active employees ceased to accrue any further entitlement in the Pension Plan.

Active employees of the University of Sudbury and Thorneloe University who continue to be employed after December 31, 2021 will become suspended members of the Pension Plan. The University of Sudbury and Thorneloe University shall continue as employers under the Pension Plan on and after December 31, 2021 and will have ongoing obligations to fund the benefits earned by their employees and former employees under the Pension Plan.

Laurentian University and its Unions have agreed to establish a Joint Committee on the Benefits and Funding Policy and Long-Term Sustainability. Conditions have been agreed that any improvements to the Pension Plan become conditional on the Plan meeting agreed upon levels of funding.

(thousands of dollars)

19. Change in non-cash working capital:

	2021	2020 (restated-note 25)
Cash flows from operating activities:		
Accounts receivable	$ 11,325	$ 1,834
Other assets	(1,163)	(321)
Accounts payable and accrued liabilities	(6,384)	226
Accrued vacation pay (restated)	(513)	128
Deferred revenue	327	(459)
Accounts receivable (long-term)	96	63
	$ 3,688	$ 1,471

20. Other fees and income:

Details of the other fees and income are as follows:

	2021	2020
Administrative fees	$ 4,967	$ 4,793
Scholarships, bursaries and other restricted contributions	7,101	4,296
Compulsory fees	2,625	2,975
Sponsored students	2,647	1,930
Other	4,821	2,750
	$ 22,161	$ 16,744

(thousands of dollars)

21. Restructuring costs:

As part of the restructuring and financial sustainability initiatives and as approved by the Court, the University reduced the academic program offerings, disclaimed federated university arrangements, terminated, or significantly reduced employee benefits and reduced faculty and other staff. In connection with the restructuring plan and the CCAA proceeding, the following restructuring costs were recognized of which, $70,097 are included in Liabilities subject to compromise (see Note 12 for details):

		2021
Termination of interest rate swaps		$ 24,700
Employee future benefit liabilities		704
Employee restructuring and termination costs		44,658
Accounts payable and accrued liabilities		35
Legal fees	$ 4,903	
Monitor fees	2,800	
Consulting fees	223	
Interest and finance costs	881	
Legal, Monitor, consulting, interest and finance costs		8,807
		$ 78,904

22. Financial risks:

The University is subject to the following financial risks from its financial instruments:

(a) Credit risk:

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum credit exposure of the University is represented by the fair value of the investments and accounts receivable as presented in the Consolidated Statement of Financial Position. Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political, or other conditions. The University monitors the financial health of its investments on an ongoing basis with the assistance of its Finance Committee and its investment advisors.

The University assesses accounts receivable on a continuous basis and provides for any amounts that are not collectible in the Allowance for doubtful accounts as disclosed in note 5.

22. Financial risks (continued):

(b) Interest rate risk:

The University has historically been exposed to interest rate risk with respect to its interest-bearing investments, long-term debt and interest rate derivative agreements as disclosed in the Consolidated Statement of Cash Flows and notes 3(f), 11 and 12. As a result of the CCAA proceedings, the University's debt has been stayed. The debt is in default and the interest rate derivatives were terminated.

As at April 30, 2021, the University's exposure to interest rate risk arises from its DIP Loan, which has a variable interest rate but is short-term in nature. As the majority of the University's debt obligations were reclassified to Liabilities subject to compromise and it has no long-term borrowings, it is not currently exposed to material interest rate risk as disclosed in note 10.

(c) Currency risk:

The University believes that it is not exposed to significant currency risks arising from its financial instruments.

(d) Liquidity risk:

Liquidity risk is the risk that the University will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The University manages its liquidity risk by monitoring its operating requirements. On February 1, 2021, the University obtained an Initial Order providing protection from creditors pursuant to the CCAA (note 2(b)). Since then, the University has embarked on cost savings initiatives and restructuring and secured interim financing through a DIP loan. Subsequent to year-end, the University has secured some financial support from the Ontario Government (note 26).

(e) Market price risk:

Market price risk is the risk that the fair value or cashflows of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the University maintains an investment policy approved by the Board of Governors that sets a target mix by investment types designed to achieve optimal return with reasonable risk tolerances. Investments are diversified based on approved investment classes, return targets, and the University's risk appetite. The University's investments are managed by external investment managers, and investment performance is reviewed by the Board. Additional risk exposures as a result of the effects of COVID-19 are described in note 23 below.

23. Effects of COVID 19:

In March 2020, the World Health Organization declared the spread of coronavirus ("COVID19") to constitute a global pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel restrictions in and out of and within Canada, barring gathering of people and requirements to stay at home. These restrictions impacted the operations of the University and resulted in the closure of physical premises of all post-secondary institutions. As a result of the reduced on-campus activity, campus services such as residences, food, and parking were particularly hard hit and experienced significant reductions in revenues. However, due to high demand, 2021 enrolment targets were increased over 2020 levels. The University's financial results throughout fiscal 2021 incorporates the financial impact of COVID-19.

In addition to the campus activity, COVID-19 also impacted global commercial and financial activities. This led to significant volatility and declines in the global public equity markets towards the end of fiscal 2020. These markets subsequently recovered their losses and continued to generate strong returns through the remainder of fiscal 2021, resulting in strong returns for the University's investments. It is uncertain whether market volatility relating to COVID-19 will occur again in the near future.

The extent of such adverse effects on the University's ongoing business, financial and operational performance are uncertain and difficult to assess. The financial impacts will depend on future developments, including the duration, spread and severity of the outbreak, physical distancing requirements, the duration and geographic scope of related travel advisories and restrictions, and the extent of disruptions to businesses globally and its related impact on the economy.

Subsequent to year end, the University resumed in-person teaching and research in the fall of 2021 which coincided with the anticipated roll out of the Province's reopening plan. However, the University has now returned to remote course delivery in response to the presence of the Omicron COVID-19 variant in Ontario. The University begun a staged return to campus commencing February 7, 2022, prioritizing experiential learning. The University remains flexible to adapt to developing public health guidelines.

24. Related party transactions:

The University has the following related parties:

(a) Northern Ontario School of Medicine ("NOSM"):

NOSM was created to provide medical education in Northern Ontario. Although the University, along with Lakehead University which is the only other voting member of NOSM, has significant relationships with NOSM, the University has no claim to NOSM's operating net assets nor is the University liable or contingently liable for any of NOSM's obligations. Accordingly, the operations of NOSM are not included in these Consolidated Financial Statements; however, the University and NOSM are related parties. Transactions are measured at the amount of consideration established and agreed upon. NOSM occupies and leases buildings on the University's campus for a nominal amount.

(thousands of dollars)

24. Related party transactions (continued):

(a) Northern Ontario School of Medicine ("NOSM") (continued):

The Ontario government introduced proposed legislation to establish NOSM as an independent, standalone degree-granting institution. The Ministry of Colleges and Universities introduced the proposed legislation on April 15, 2021. The legislation is pending the customary approval processes.

During the year, the University undertook the following transactions with NOSM:

	2021	2020
Recoveries and charges for goods and services	$ 939	$ 1,047
	$ 939	$ 1,047

At April 30, 2021 the University had $393 (2020 - $119) receivable from NOSM and had stayed payables of $1,412 (2020 - $28) to NOSM.

(b) The Centre for Excellence in Mining and Innovation:

The Centre for Excellence in Mining and Innovation (CEMI) was created on April 23, 2007 to advance study, research, and innovation. The University contributed $10,000 received from the Provincial Government to create and fund CEMI on its inception.

The University has no claim to CEMI's assets during its operating life nor is it liable or contingently liable for CEMI's obligations. Accordingly, the operations of CEMI are not included in these consolidated financial statements. CEMI is a related entity of the University and transactions are measured at the exchange amount, which is the amount of consideration established and agreed upon between the two entities.

During the year, the University undertook the following transactions with CEMI:

	2021	2020
Recoveries and charges for goods and services	$ 575	$ 652
	$ 575	$ 652

At April 30, 2021 the University had $nil (2020 - $595) receivables from CEMI and had a payable of $7 (2020 - $nil) to CEMI.

24. Related party transactions (continued):

(c) Student associations:

The University has economic interest in its student associations as it collects student fees on their behalf. Transactions with these related parties, unless disclosed otherwise, are considered to be in the normal course of operations and are recorded at their exchange amounts, which is the amount of consideration established and agreed to between the University and the related parties. The University has also guaranteed the Student General Association Loan for an amount of $8,500 (note 18).

25. Restatement of comparative information:

During the 2021 fiscal year, the University made changes in accounting policies and financial statement presentation. As a consequence, the related items have been restated in each of the affected financial statement line items for prior periods.

In addition, the University performed a thorough analysis of its accounts and balances in support of the CCAA process and discovered items that had not been properly recognized, measured or presented in the financial statements. As a consequence, the related items have been corrected in each of the affected financial statement line items for the prior period. The following summarizes the impact on the Consolidated Financial Statements:

Changes in accounting policies and financial statement presentation:

The University has adjusted the comparative information for the following changes in accounting policies:

(a) Deferred contributions:

In the year, the University changed its policy of presenting its Deferred contributions as Long-term liabilities to presenting them as Short-term liabilities. The University has retrospectively applied this change in the 2020 comparative amounts. The restated total amount of Deferred contributions of $37,423 was reclassified to Current liabilities with the net change to Total liabilities being nil.

(b) Endowment and Deferred contributions:

The University's historical policy was to maintain a reserve account in Deferred contributions for future spending should net investment income be insufficient to fund expenses. The University changed its policy to cease maintaining this account and has retrospectively transferred the balance from Deferred contributions to ending Endowment net assets in 2020. In 2020, this reserve account had a debit balance of $673. This has the impact of increasing the Net decrease in endowment in the Statement of Changes in Net Assets (Deficiency) by $673.

25. Restatement of comparative information (continued):

(c) Net assets (accrued vacation):

Accrued vacation for staff, senior management and administrative professionals was previously included in Employee future benefits net assets (deficiency). The University has retrospectively applied a change to reclassify this amount to Unrestricted net assets (deficiency), which better represents the nature of this balance as a short-term employee benefit. As a result, the University has made the following reclassifications to the 2020 comparative amounts:

(i) Increased ending Unrestricted net assets (deficiency) and decreased ending Employee future benefits net assets (deficiency) by $1,847

(ii) Increased opening Unrestricted net assets (deficiency) and decreased opening Employee future benefits net assets (deficiency) by $1,799

Correction of immaterial prior period errors:

The University has adjusted the comparative information for the following immaterial prior period errors:

(a) Pension Benefit Guarantee Fund ("PBGF"):

The University identified that an estimate of the accrual related to the payment to the Financial Services Regulatory Authority of Ontario for the Pension Benefit Guarantee Fund (PBGF) amount was not recorded each fiscal year-end. As a result, the University corrected the 2020 comparative amounts as follows:

(i) Increased Accounts payable and accrued liabilities and ending Unrestricted net asset (deficiency) by $702

(ii) Increased opening Unrestricted net asset (deficiency) by $488

(iii) Increased Salaries and benefits expense by $214

(b) Accrued vacation pay:

The University recognizes accrued vacation pay for staff and administrative employees and senior management. In the 2021 fiscal year, the University identified an error in the calculation of accrued vacation pay for these employee groups, resulting in an understatement of accrued vacation pay of $747 (2019 - $666). As a result, the University has corrected the comparative amounts as follows:

(i) Increased opening Unrestricted net asset (deficiency) by $666

(ii) Increased Accrued vacation pay by $747

(iii) Increased Salaries and benefits expense by $81

(iv) Increased ending Unrestricted net asset (deficiency) by $747

25. **Restatement of comparative information (continued):**

Correction of immaterial prior period errors (continued):

(c) Endowment:

The University performed an in-depth analysis of its endowments for the prior 17 years which identified errors in the allocation of investment earnings to endowment funds and in the distribution of amounts from endowments in prior years. These errors resulted in an understatement of Endowment net assets of $1,454 (2019 - $1,981), as well as adjustments to certain amounts recognized as revenues, expenses and changes in net assets. As a result, the University has corrected the 2020 comparative amounts as follows:

(i) Increased opening Unrestricted net asset (deficiency) and opening Endowment net assets by $1,891

(ii) Increased ending Unrestricted net asset (deficiency) and ending Endowment net assets by $2,127

(iii) Decreased Other fees and income revenue by $843

(iv) Decreased Investment loss by $1,001

(v) Increased Operating and research expense by $394

(vi) Increased Endowment contributions by $157

(vii) Decreased Net decrease in endowment by $79

(d) Short-term investments:

The University identified investments related to Endowment in the amount of $1,119 (2019 - $2,320) that were included in Cash and short-term investments that should have been included in long-term investments. As a result, the University corrected this amount by reclassifying from Cash and short-term investments to Investments in the 2020 comparative amounts.

(e) Retiree Health Benefit Plan:

The University had not established a separate funded plan asset for contributions related to the Retiree Health Benefit Plan. Amounts received to fund the Plan were recorded as operating Cash and Deferred contributions in the University. These amounts should have been recorded as Employee future benefits liabilities as the amounts were owing to the Plan. As a result, the University has corrected the 2020 comparative amounts as follows:

(i) Increased Employee future benefits liabilities and decreased Deferred contributions by $1,769

(ii) Decreased ending Unrestricted net asset (deficiency) and increased ending Employee future benefits net assets (deficiency) by $1,769

(iii) Decreased opening Unrestricted net asset (deficiency) and increased opening Employee future benefits net assets (deficiency) by $1,627

(thousands of dollars)

25. Restatement of comparative information (continued):

Correction of immaterial prior period errors (continued):

(f) Capital assets

The University identified an amount relating to an ongoing capital project that was expensed instead of capitalized. As a result, the University has corrected the 2020 comparative amounts as follows:

(i) Increased Capital assets and decreased Operating and research expenses by $264

(ii) Increased Investment in capital assets net assets by $264

(iii) Increased Transfer for capital transactions by $264

The effects of the restatements and corrections on the comparative information are as follows:

Consolidated Statement of Financial Position

As at April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated
Cash and short-term investments	$ 4,544	$ (1,119)	$ –	$ 3,425
Investments	52,845	1,119	–	53,964
Capital assets	272,267	264	–	272,531
Other assets	28,864	–	–	28,864
Total assets	$ 358,520	$ 264	$ –-	$ 358,784
Accounts payable and accrued liabilities	22,319	702	–	23,021
Accrued vacation pay	1,846	747	–	2,593
Deferred Contributions – current	–	–	37,423	37,423
Deferred Contributions - non-current	38,519	(1,769)	(36,750)	–
Employee future benefits liabilities	20,788	1,769	–	22,557
Other liabilities	238,366	–	–-	238,366
Total liabilities	$ 321,838	$ 1,449	$ 673	$ 323,960
Unrestricted	(19,986)	(1,807)	(1,847)	(23,640)
Employee future benefits	(22,635)	(1,769)	1,847	(22,557)
Investment in capital assets	22,610	264	–	22,874
Endowment	52,845	2,127	(673)	54,299
Internally restricted	3,848	–	–	3,848
Total net assets (deficiency)	36,682	(1,185)	(673)	34,824
Total liabilities and net assets	$ 358,520	$ 264	$ –	$ 358,784

(thousands of dollars)

25. Restatement of comparative information (continued):

Consolidated Statement of Operations

For the year ended April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated
Other fees and income	$ 17,587	$ (843)	$ –	$ 16,744
Other revenue	180,810	–	–	180,810
Revenue	198,397	(843)	–	197,554
Salaries and benefits	134,552	295	–	134,847
Operating and research	28,175	130	–	28,305
Investment loss	1,001	(1,001)	–	–
Other expenses	37,789	–	–	37,789
Expenses	201,517	(576)	–	200,941
Deficiency of revenue over expenses	$ (3,120)	$ (267)	$ –	$ (3,387)

Consolidated Statement of Changes in Net Assets (Deficiency)

For the year ended April 30, 2020	Unrestricted	Employee future benefits	Internally restricted	Investment in capital assets	Endowment	Total
Net assets (deficiency), (as reported)	$ (19,986)	$ (22,635)	$ 3,848	$] 22,610	$ 52,845	$ 36,682
Restatements and corrections:						
Opening balance	(3,217)	172	–	–	1,891	(1,154)
Excess (deficiency) of revenue over expenses	(173)	(94)	–	–	–	(267)
Transfers for capital transactions	(264)	–	–	264	–	–
Endowment contributions	–	–	–	–	157	157
Net decrease in endowment	–	–	–	–	(594)	(594)
Net assets (deficiency), restated	$ (23,640)	$ (22,557)	$ 3,848	$ 22,874	$ 54,299	$ 34,824

(thousands of dollars)

25. Restatement of comparative information (continued):

Consolidated Statement of Cash Flows

As at April 30, 2020	As previously reported	Correction of immaterial prior period errors	Restatement due to changes in accounting policies	As restated
Cash flows from:				
Operating activities	$ 2,075	$ (198)	$ –	$ 1,877
Financing activities	(1,389)	378	–	(1,011)
Investing activities	(3,647)	1,021	–	(2,626)
Net decrease in cash and short-term investments	(2,961)	1,201	$ –	(1,760)
Cash and short-term investments, beginning of year	7,505	(2,320)	–	5,185
Cash and short-term investments, end of year	$ 4,544	$ (1,119)	$ –	$ 3,425

26. Subsequent events:

As discussed in note 10 above, the DIP Loan amount was increased from $25,000 to $35,000 on May 19, 2021. On August 20, 2021, the loan repayment and maturity date were extended to January 31, 2022. The draw of the additional $10,000 was made on August 24, 2021, and the University incurred an amendment fee of $550.

On December 16, 2021, subsequent to the increase in amount and the extension of the maturity date of the DIP Loan, the Ontario Government announced a package of support from the Ministry of Colleges and Universities (MCU). On January 19, 2022, the University and MCU executed a replacement DIP facility (“Replacement DIP Facility”) that would replace the existing DIP Loan discussed above and in note 10. The Replacement DIP Facility interest rate is based on the MCU cost of funds at the time of the advance and the funds are to be used to repay in full the existing DIP Loan. On January 27, 2022, the Court authorized the University to obtain and borrow under the Replacement DIP Facility provided that the amount did not exceed $35,000. As at the advance of funds on January 28, 2022 the rate of interest was 1.11%. The terms of the Replacement DIP Facility included a recital stating that it was “the intention of the parties for the DIP Facility to be converted to a long-term loan on the implementation of a CCAA Plan, upon such terms and conditions as may be agreed by the [University] and [MCU] prior to that time”.

Other terms of the Government support include up to $6,000 in COVID-19 relief funding for the University, and enrolment corridor and performance protection of up to $22,000 over a number of years, subject to terms to be agreed upon. The Government support is subject to certain conditions, which include renewal at the Board of Governors and the completion of a long-term strategic plan for the University. The first phase of Board renewal commenced on December 16, 2021 and the process to identify a consultant to help lead the University through the development of a strategic plan is in progress.

(thousands of dollars)

27. Restatement of financial statements:

The financial statements that were original issued with an auditors' report date of March 7, 2022 have been amended for errors identified after their issuance.

Through its on-going analysis of its accounts in support of the CCAA process, the University discovered errors in the amounts previously reported as revenues, expenses and remeasurement gains related to a) the elimination of interfund transfers between unrestricted and internally restricted net assets, and b) the recording of amounts to account for the termination of the Retiree Health Benefit Plan. As a result, the University has corrected the 2021 originally reported amounts as follows:

(i) Decreased Other fees and income revenue by $2,138

(ii) Decreased Salaries and benefits expense by $141, Operating and research expense by $1,075 and Restructuring costs by $233

(iii) Increased Employee future benefits remeasurements and other items by $689

There is no impact on the reported assets, liabilities, and net assets on the Statement of Financial Position nor on the reported cash flows from operating, financing and investing activities on the Statement of Cash Flows. The disclosures in notes 6, 12, 13, 20 and 21 have been revised to reflect this restatement.

Consolidated Statement of Operations

For the year ended April 30, 2021	As previously reported	Corrections	As restated
Other fees and income	$ 24,299	$ (2,138)	$ 22,161
Other revenue items	171,235	–	171,235
Revenue	195,534	(2,138)	193,396
Salaries and benefits	128,557	(141)	128,416
Operating and research	18,723	(1,075)	17,648
Restructuring costs	79,137	(233)	78,904
Other expense items	35,099	–	35,099
Expenses	261,516	(1,449)	260,067
Deficiency of revenue over expenses	$ (65,982)	$ (689)	$ (66,671)

(thousands of dollars)

27. Restatement of financial statements (continued):

Consolidated Statement of Changes in Net Assets (Deficiency)			
For the year ended April 30, 2021	As previously reported	Corrections	As restated
Opening net assets(deficiency)	$ 34,824	$ –	$ 34,824
Excess(deficiency) of revenue over expenses	(65,982)	(689)	(66,671)
Employee future benefits remeasurements and other items	8,609	689	9,298
Other items	7,183	–	7,183
Deficiency of revenue over expenses	$ (15,366)	$ –	$ (15,366)

LaurentianUniversity
UniversitéLaurentienne

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This is Exhibit “H” referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

<u>SECOND</u> LETTER TO FORMER DIRECTORS AND OFFICERS

Further to our previous letter sent on or around December 21, 2021 in which we notified you that certain claims have been filed against you in the *Companies' Creditors Arrangement Act* (the "**CCAA**") claims process of Laurentian University of Sudbury ("**LU**" or the "**Applicant**") that may impact you, we are writing to update you on how claims against LU's current and former directors and officers are being dealt with in LU's CCAA proceedings.

The CCAA Proceedings

As stated in our previous letter, LU filed for protection under the CCAA on February 1, 2021 to allow LU an opportunity to restructure itself financially and operationally. Ernst & Young Inc. was appointed as monitor of LU in these CCAA proceedings (in such capacity, the "**Monitor**").

In connection with the filing, the Court ordered a stay of proceedings (the "**Stay of Proceedings**"). The Stay of Proceedings has been extended on several occasions, most recently until May 31, 2022.

Copies of the various motion materials and Orders granted in LU's CCAA proceedings can be found on the Monitor's website at: http://www.ey.com/ca/Laurentian.

The Claims Process

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

A copy of the Claims Process Order can be found on the Monitor's website at: http://www.ey.com/ca/Laurentian.

Claims Against Directors and Officers

The Claims Process Order called for a broad definition of claims to be filed and addressed as part of the CCAA proceedings. "Claim" is defined in the Claims Process Order as including "D&O Claims". D&O Claims are defined as "any right of any Person against the Directors or Officers of the Applicant, or any of them, that relates to any claim for which they might be liable as a result of any act as a Director or Officer of the Applicant".

"Directors" is defined in the Claims Process Order to mean "all current and former directors of the Applicant, and 'Director' means any one of them, and for greater certainty includes any current or former member of the Board of Governors of the Applicant". "Officers" is defined in the Claims Process Order to mean "all current and former officers of the Applicant, and 'officer' means any one of them".

As we informed you in our previous letter, certain D&O Claims were filed in LU's Claims Process. Some of these D&O Claims included or may have included claim(s) against you, among other current or former Directors and Officers of LU.

PLEASE BE ADVISED: The calling for claims as part of the Claims Process does not mean that all such claims will be determined for purposes of any future Plan of Compromise or Arrangement ("**CCAA Plan**") that LU may present to its creditors. In this case, LU, in consultation with the Monitor, has decided not to proceed with a determination of the D&O Claims filed in the Claims Process by the Claims Bar Date in accordance with the Claims Process Order (the "**Filed D&O Claims**") in the same summary manner as the claims filed against LU are being determined. As a result of the decision not to have the Filed D&O Claims determined within the Claims Process, the Filed D&O Claims will not be affected by any future CCAA Plan that LU may present to its creditors pursuant to the CCAA, and any such future CCAA Plan will not seek or include a release with respect to the Filed D&O Claims. After the Stay of Proceedings is lifted, those claimants who filed the Filed D&O Claims will have the option to pursue those Filed D&O Claims through ordinary-course litigation in Court outside of Laurentian's CCAA proceeding, should they wish to do so.

Please note that no finding or determination of any issue respecting the validity or quantum of any claim against Laurentian in the CCAA Claims Process will be deemed to have any effect whatsoever beyond the CCAA Claims Process. Laurentian and the Monitor will support the inclusion of a term in a CCAA Plan to confirm that no finding that may be made as it relates to Laurentian as part of the determination of claims in the CCAA Claims Process will be admissible in or have any effect upon, any subsequent proceeding that may be brought by any party against any Director(s) and/or Officer(s). However, whether or not such a term is included in a CCAA Plan will depend on creditor support and Court approval. All parties' rights will be expressly reserved and remain unaffected. That includes the Directors and Officers, the insurer, and any claimant.

Please also note that Laurentian's insurer has been notified of and been provided with copies of the Filed D&O Claims. If any such Filed D&O Claims are subsequently pursued against you, you will be directed to the insurer in respect of the defence to same.

We reiterate our previous advisement that **YOU MAY WISH TO RETAIN LEGAL COUNSEL AND OBTAIN LEGAL ADVICE WITH RESPECT TO YOUR RIGHTS.**

Should you have any questions about the contents of this letter, please contact the undersigned.

Your truly,

Ernst & Young Inc.
Court-appointed Monitor of Laurentian University of Sudbury
Ernst & Young Tower
100 Adelaide Street West, P.O. Box 1
Toronto, Ontario M5H 0B3

Hotline: 1-888-388-1766 / 1-416-943-3057
Email: LaurentianUniversity.monitor@ca.ey.com
Website: http://www.ey.com/ca/Laurentian

This is Exhibit "I" referred to in the Affidavit of Dr. Robert Haché sworn by Dr. Robert Haché of the City of Sudbury, in the City of Greater Sudbury, before me at the City of Toronto, in the Province of Ontario, on May 23, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DEREK HARLAND

Goodmans LLP

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May 6, 2022

Via Email

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PO Box 329, Toronto-Dominion Centre
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Attention: D.J. Miller
Counsel to Laurentian University of Sudbury

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Ashley Taylor
Counsel to the Monitor

Dear Sirs/Mesdames:

Re: Laurentian University of Sudbury ("Laurentian")

We are writing on behalf of our client, the Ministry of Colleges and Universities ("**MCU**"), in response to Laurentian's request for additional financial support in connection with its efforts to develop and implement a plan of compromise and arrangement (a "**CCAA Plan**") in its proceedings under the *Companies' Creditors Arrangement Act*.

The components and terms of the Province's response are set out on Schedule "A" to this letter. Key elements are below:

1. The purchase by the Province of Ontario of real estate assets from Laurentian for aggregate proceeds of up to $53,500,000 (net of transaction costs), subject to the completion of due diligence and the satisfaction of the duty to consult.

2. A refinancing of the existing $35,000,000 debtor-in-possession loan (the "**DIP Loan**") with a longer term loan on implementation of the CCAA Plan, which loan shall be subject to agreed terms and conditions.

This letter may be provided to the Court and to stakeholders in connection with Laurentian's negotiations regarding a CCAA Plan.

Yours truly,

Goodmans LLP

Gale Rubenstein
GOR/

cc: Bradley Wiffen (Goodmans LLP)

SCHEDULE "A"
FINANCIAL SUPPORT PACKAGE

Components of Financial Support	Subject to all required approvals, the financial support package shall consist of the following components: 1. The purchase by the Province of Ontario of real estate assets from Laurentian for aggregate proceeds of up to $53,500,000 (net of transaction costs). 2. A refinancing of the existing $35,000,000 debtor-in-possession loan (the "**DIP Loan**") with a longer term loan on implementation of the CCAA Plan (the "**Exit Loan**").
Conditions to Financial Support	The acquisition of real estate and the refinancing of the DIP Loan are subject to terms and conditions, including, without limitation, the implementation of a CCAA Plan and final government approvals with respect to the terms of such financial support.
Real Estate Acquisitions	All purchases of Laurentian's real estate assets shall be subject to additional terms and conditions, including, without limitation, the completion of due diligence and the satisfaction of the duty to consult.
Exit Loan	The Exit Loan shall be subject to terms, covenants and conditions including, without limitation, with respect to the use of operating surpluses.
Previously-Announced Measures	For greater certainty, the financial support package set out herein is in addition to the financial support for Laurentian announced by MCU in December 2021 consisting of a $6,000,000 grant for COVID-19 related costs and the suspension of up to $22,000,000 in recoveries and reductions relating to enrolment and performance targets, in each case subject to the terms thereof.
Definitive Documentation	This summary is non-binding and does not purport to summarize all of the terms and conditions of the financial support, which if extended would be entered into on the basis of mutually satisfactory definitive documentation.

TAB 3

Court File No. CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE CHIEF	)	MONDAY, THE 30TH
	)	
JUSTICE MORAWETZ	)	DAY OF MAY, 2022

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**

Applicant

STAY EXTENSION ORDER

THIS MOTION, brought by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") proceeded on May 30, 2022 by judicial videoconference in Toronto, Ontario, in accordance with the Guidelines to Determine Mode of Proceeding in Civil Proceedings, effective April 19, 2022.

ON READING the Applicant's Notice of Motion dated May 23, 2022 (the "**Notice of Motion**"), the affidavit of Dr. Robert Haché sworn May 23, 2022 (the "**Haché Affidavit**") and the Exhibits thereto, and the Thirteenth Report of Ernst & Young Inc., in its capacity as court-appointed Monitor (the "**Monitor**"), and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and those other parties listed on the Counsel Slip, no one else appearing although duly served with the Applicant's Motion Record dated May 23, 2022 (the "**Motion Record**") as appears from the Affidavit of Service of Derek Harland sworn May ______, 2022,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that service of the Applicant's Notice of Motion and the Applicant's Motion Record is hereby validated, so that its Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Haché Affidavit.

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period, as defined in paragraph 20 of the Amended and Restated Initial Order dated February 11, 2021, is hereby extended up to and including September 30, 2022.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside of Canada to give effect to this Order and to assist the Applicant, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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**

Court File No.: CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

STAY EXTENSION ORDER

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Lawyers for the Applicant

TAB 4

Court File No. CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE CHIEF	)	MONDAY, THE 30TH
	)	
JUSTICE MORAWETZ	)	DAY OF MAY, 2022

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**

Applicant

USUDBURY PENSION AGREEMENT APPROVAL ORDER

THIS MOTION, brought by the Applicant pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") proceeded on May 30, 2022 by judicial videoconference via Zoom in Toronto, Ontario, in accordance with the Guidelines to Determine Mode of Proceeding in Civil Proceedings, effective April 19, 2022.

ON READING the Applicant's Notice of Motion dated May 23, 2022 (the "**Notice of Motion**"), the affidavit of Dr. Robert Haché sworn May 23, 2022 (the "**Haché Affidavit**") and the Exhibits thereto, and the Thirteenth Report of Ernst & Young Inc., in its capacity as court-appointed Monitor (the "**Monitor**"), and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and those other parties listed on the Counsel Slip, no one else appearing although duly served with the Applicant's Motion Record dated May 23, 2022 (the "**Motion Record**") as appears from the Affidavit of Service of Derek Harland sworn May ______, 2022,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that service of the Applicant's Notice of Motion and the Applicant's Motion Record is hereby validated, so that its Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Haché Affidavit.

APPROVAL OF USUDBURY PENSION PARTICIPATION AGREEMENT

3. **THIS COURT ORDERS** that the agreement entered into between the Applicant and the University of Sudbury ("**USudbury**") dated May 16, 2022 (the "**USudbury Pension Participation Agreement**") is hereby approved, and each of the Applicant and USudbury are hereby authorized to carry out the terms of the USudbury Pension Participation Agreement. The Applicant and USudbury are hereby authorized to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the USudbury Pension Participation Agreement and the transactions contemplated therein.

GENERAL

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside of Canada to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative

in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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**

Court File No.: CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

USUDBURY PENSION AGREEMENT APPROVAL ORDER

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Lawyers for the Applicant

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**

Court File No.: CV-21-656040-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

MOTION RECORD
(Returnable May 30, 2022)

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