

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

FOURTEENTH REPORT OF THE MONITOR
July 22, 2022

INTRODUCTION

1. On February 1, 2021, Laurentian University of Sudbury (“LU” or the “**Applicant**”) brought an application (the “**CCAA Application**”) before this Court seeking an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings to allow the Applicant an opportunity to restructure itself financially and operationally.
2. On February 1, 2021, the Court granted an initial order (the “**Initial Order**”) that, among other things, appointed Ernst & Young Inc. as monitor of the Applicant in these CCAA proceedings (in such capacity, the “**Monitor**”), and approved a stay of proceedings for the initial 10-day period (the “**Stay Period**”) and certain Court ordered super-priority charges.
3. On February 5, 2021, the Court issued an order (the “**Mediator Appointment Order**”) appointing the Honourable Mr. Justice Sean F. Dunphy as mediator (the “**Court-Appointed Mediator**”) to oversee and mediate certain negotiations within the restructuring.
4. On February 10, 2021, the Court held a comeback hearing, which resulted in the issuance of an amended and restated initial order (the “**Amended and Restated Initial Order**”) which, among other things, approved debtor-in-possession interim financing in the amount of \$25 million (the “**DIP Facility**”) and extended the stay of proceedings to April 30, 2021.

5. On April 29, 2021, the Court granted a stay extension order (the “**Stay Extension Order**”) which, among other things, approved an increase in the DIP Facility to a maximum principal amount of \$35 million (the “**Amended DIP Facility**”) and extended the stay of proceedings to August 31, 2021.
6. On May 31, 2021, the Court granted a claims process order (as amended and restated from time to time, the “**Claims Process Order**”) which, among other things, established a process whereby the Monitor, in conjunction with the Applicant, would (a) call for claims of creditors and establish bar dates by which all such claims must be filed, (b) determine Claims (as defined in the Claims Process Order) for voting and distribution purposes in relation to a plan of compromise or arrangement to be presented by the Applicant at a future date, and (c) develop a process for dealing with compensation claims, including establishing a methodology for calculating the compensation claims (the “**Claims Process**”).
7. On May 31, 2021 the Court granted an order appointing Mr. Louis (Lou) P. Pagnutti as Chief Redevelopment Officer (the “**CRO**”) of the Applicant.
8. On July 5, 2021, the Court issued an order authorizing and directing LU to engage Cushman & Wakefield (“**C&W**”) as an advisor (the “**Real Estate Advisor**”) to perform a review of the Applicant’s real estate portfolio, and on July 20, 2021, an engagement letter was executed with C&W.
9. On August 17, 2021, the Court granted an order (the “**Compensation Claims Process Order**”) approving the methodology to calculate Compensation Claims, other than Third Party RHBP Claims, (as those terms are defined in the Compensation Claims Process Order) and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a Plan.
10. On August 27, 2021, the Court granted an Order (a) extending the stay of proceedings to January 31, 2022; and (b) approving an amendment to the Amended DIP Facility which, among other things, extended the Maturity Date (as defined in the Amended DIP Facility) to January 31, 2022.
11. On October 1, 2021, the Court granted an Order amending the Compensation Claims Process Order to reflect revisions to the Order and Methodology related to the Third Party RHBP Claims (as defined in the amended Compensation Claims Process Order).
12. On December 20, 2021, the Court granted an Order appointing three Claims Officers (as defined in the Claims Process Order) pursuant to the Claims Process Order and an Order setting out a process for the resolution of grievances filed subsequent to the date of the Initial Order (the “**Grievance Resolution Order**”) as well as the appointment of a Grievance Resolution Officer (as defined in the Grievance Resolution Order).

13. On January 27, 2022, the Court granted two orders (a) extending the stay of proceedings to May 31, 2022; (b) approving a new DIP facility (the “**MCU DIP Facility**”) which, among other things, replaced the existing DIP Lender with the Province of Ontario (the “**Province**”) as represented by the Ministry of Colleges and Universities (“**MCU**”) and provided for a maturity date of September 30, 2022; and (c) authorizing the Monitor and CRO to develop and implement a process to identify and retain a qualified, independent third-party to assist LU with the development of a new strategic plan.
14. On April 1, 2022, the Court granted an order on consent terminating the stay of proceedings with respect to information requests made under the *Freedom of Information and Protection of Privacy Act* effective May 1, 2022.
15. On May 27th, 2022 the Court granted two orders (a) approving the SU Pension Agreement; and (b) extending the stay of proceedings to September 30, 2022.

PURPOSE

16. The purpose of this Fourteenth Report of the Monitor (the “**Fourteenth Report**”) is to provide information to the Court on:
 - a. The status of the Claims Process;
 - b. The Applicant’s proposed Plan of Compromise and Arrangement dated July 21, 2022 (the “**CCAA Plan**”);
 - c. The Monitor’s assessment of the CCAA Plan;
 - d. The Applicant’s request for approval of an order (the “**Meeting Order**”):
 - i. Accepting and authorizing the filing of the CCAA Plan;
 - ii. Approving the classification of creditors set out in the CCAA Plan for the purpose of the Meeting and voting on the CCAA Plan;
 - iii. Authorizing and directing the Monitor to call, hold and conduct a virtual meeting of Affected Creditors to consider and vote on a resolution to approve the CCAA Plan (the “**Meeting**”);
 - iv. Authorizing and directing the mailing and distribution of certain meeting materials and other procedures to be followed to provide notice of the Meeting;
 - v. Approving the procedures to be followed at the Meeting; and

vi. Authorizing the Applicant to bring a motion seeking the Sanction Order if the CCAA Plan is approved.

e. The Monitor's recommendations with respect to the above.

TERMS OF REFERENCE AND DISCLAIMER

17. In preparing this Fourteenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant and discussions with senior management of the Applicant ("**Management**") (collectively, the "**Information**"). Except as described in this Fourteenth Report in respect of the Liquidation Analysis:
- a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. Some of the information referred to in this Fourteenth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
18. Future oriented financial information referred to in this Fourteenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
19. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fourteenth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
20. This Fourteenth Report does not take into account all future impacts of COVID-19 (SARSCoV-2) ("**COVID-19**" or the "**Pandemic**") on the forecasts or projections or other actions taken by the Applicant as a result of the Pandemic. Any references made to the impact of the Pandemic on the Applicant in this Fourteenth Report are based on preliminary enquiries and are not to be interpreted as a complete commentary or as an accurate

assessment of the full impact of the Pandemic. The full impact of the Pandemic is not capable of being qualitatively or quantitatively assessed at this time.

21. Capitalized terms not defined in this Fourteenth Report are as defined in the Pre-Filing Report of the Proposed Monitor, prior reports of the Monitor, the Amended and Restated Initial Order, the proposed CCAA Plan, the Information Circular, and the proposed Meeting Order, as well as other orders granted in the CCAA proceedings, as applicable.
22. Certain documents referred to in this Fourteenth Report are as attached to the initial affidavit of Dr. Robert Haché (the “**Initial Haché Affidavit**”) sworn January 30, 2021 or the affidavit of Dr. Robert Haché (the “**Recent Haché Affidavit**”) sworn July 21, 2022 in connection with this motion.
23. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

24. On March 28, 1960, LU was incorporated under *An Act to Incorporate Laurentian University of Sudbury*, S.O. 1960, c. 151 C. 154 (the “**Laurentian Act**”).
25. LU is a non-share capital corporation and a registered charity pursuant to the *Income Tax Act*, R.S.C. 1985, c.1 (the “**Income Tax Act**”). Pursuant to Section 149 of the Income Tax Act, LU is exempt from the payment of income tax because of its status as a registered charity. As a registered charity, LU issues tax receipts in respect of donations that it receives.
26. LU is a publicly funded, bilingual and tricultural post-secondary institution. Its operations are located in the City of Greater Sudbury, Ontario. LU has consistently been one of the largest employers in Sudbury.
27. As described in the Initial Haché Affidavit, the governance structure of LU is bi-cameral. It has a Board of Governors (the “**Board**”) and a Senate (the “**Senate**”), both of which derive their powers from the Laurentian Act. The Board, and the President and Vice-Chancellor generally have powers over the operational and financial management of LU, whereas the Senate is responsible for decisions in respect of educational policy at LU.
28. Prior to this CCAA proceeding, LU had relationships with certain independent federated universities, including the University of Sudbury (“**SU**”), the University of Thorneloe (“**Thorneloe**”) and Huntington University (“**Huntington**”) (collectively, the “**Former Federated Universities**”). On April 1, 2021, LU delivered Notices to Disclaim or Resiliate

to each of the Former Federated Universities pursuant to section 32 of the CCAA (the “**Notices of Disclaimer**”). The Notices of Disclaimer became effective on May 2, 2021.

29. Further background information with respect to the Applicant is described in the Pre-Filing Report and prior Reports of the Monitor.

STATUS OF THE CLAIMS PROCESS¹

30. The Claims Process Order outlines the process by which Pre-Filing Claims, Restructuring Claims and D&O Claims (each as defined in the Claims Process Order) are to be solicited, reviewed and adjudicated. The Claims Bar Date for such claims was July 30, 2021, or in the case of Restructuring Claims, the date that is thirty days after the date the Monitor sends a Proof of Claim Document package to the Creditor.
31. As set out in the Seventh, Tenth and Thirteenth Reports, as of the Claims Bar Date, the Monitor had received approximately 200 Proofs of Claim with an aggregate asserted claim value in excess of \$300 million (excluding Compensation Claims as set out below). This includes a number of D&O Indemnification Claims for which a claim value was not attached. A large number of the Proofs of Claim raised a substantial number of highly complex factual, financial and legal issues.
32. The Compensation Claims Process Order approved a methodology to calculate Compensation Claims and a process for notification and claims processing to determine Compensation Claims for voting and distribution purposes in relation to a CCAA Plan.
33. Pursuant to the Compensation Claims Process Order, the Monitor prepared individual Statements of Compensation Claims which were mailed to approximately 1,300 individual recipients. For clarity, all active employees received a Statement of Compensation Claim, however, a number of these active employees were individuals in respect of which the Monitor determined did not have a Compensation Claim. Ultimately, it was determined that there were 938 total Compensation Claims with an aggregate claim value of approximately \$60 million. The Monitor also arranged for publication of the notices as contemplated in the Compensation Claims Process Order in the Globe & Mail, the Sudbury Star and Le Voyageur newspapers.
34. The Monitor received approximately 55 Notices of Dispute in connection with the Statements of Compensation Claims. All of these Disputed Compensation Claims have now been resolved.

¹ All capitalized terms used in this section that are not otherwise defined shall have the meaning ascribed to such terms in the Claims Process Order and Compensation Claims Process Order.

35. Initially, the Monitor's review of the Proofs of Claim was delayed due to the complexity of the issues raised as described above and issues associated with obtaining the necessary factual and historical information from LU or the claimants. However, the Monitor and LU have now resolved the vast majority of these Claims. A significant number of these Claims required the issuance by the Monitor of a Notice of Revision or Disallowance. A number have been disputed and have been referred to a Claims Officer for determination.
36. In connection with the resolution of Claims, the Monitor also worked with Laurentian, Laurentian's insurer, Canadian Universities Reciprocal Insurance Exchange ("**CURIE**") and certain of Laurentian's former insurers as well as certain claimants to have these claimants agree to remove claims with an aggregate value of \$55 million from the Claims Process on the basis that the claimants could pursue their claims against insurance but cannot seek recovery against LU.
37. In addition, LU determined that for various reasons, including the time that adjudication of the D&O claims would add to the length of the CCAA process and the number of parties that would be required to determine these claims, the D&O Claims filed in the Claims Process by the Claims Bar Date (the "**Excluded D&O Claims**") will not be determined within the Claims Process. This has resulted in Claims filed solely against directors and officers and not LU with an aggregate value of over \$28 million being removed from the Claims Process.
38. Accordingly, the current status is that 1,135 of a total of 1,152 Claims and Compensation Claims have been fully resolved. The Monitor and LU continue to work to resolve the remaining 17 Claims and Compensation Claims.
39. Pursuant to the Compensation Claims Process Order and Grievance Resolution Order, LU also called for Grievances, and all Pre-Filing Grievances, Restructuring Grievances, and Material Post Filing Grievances were to be addressed and determined pursuant to the Grievance Resolution Order. The Applicant, together with LUFA and the Monitor dealt with the majority of the relevant grievances with the assistance of the Grievance Resolution Officer Ken Rosenberg, Arbitrator Bill Kaplan, and the Court Appointed Mediator Justice Dunphy. The parties are addressing final issues in respect of the resolution of two (2) remaining grievances. The Monitor understands LU and LUFA are finalizing discussions in respect of the remaining issues, and anticipate those issues to be resolved in advance of the hearing for the Meeting Order. In addition, the Monitor recently became aware of a small number of LUSU grievances which will also need to be addressed in accordance with the CCAA Plan as set out below.

CCAA PLAN

40. Certain key terms of the CCAA Plan are summarized below however, the summary does not address each and every provision of the CCAA Plan. Reference should be made to the CCAA Plan in its entirety and the information circular dated July 21, 2022 (the “**Information Circular**”) and accordingly, this summary and all references to the CCAA Plan are qualified by reference to the text of the CCAA Plan. The Information Circular, which includes the CCAA Plan is attached as Schedule “C” to the draft Meeting Order.
41. Laurentian with the assistance of its counsel, and in consultation with the Monitor and various key stakeholders, developed the proposed CCAA Plan.

Purposes of the CCAA Plan

42. The primary purposes of the CCAA Plan are to:
- a. complete a restructuring of the Applicant by, among other things, implementation of the CCAA Plan, which will provide the Applicant with the opportunity to continue to operate as a bilingual and tri-cultural post-secondary university in the City of Sudbury;
 - b. provide for the compromise of all Affected Claims by providing to Affected Creditors with Proven Claims a distribution in accordance with the terms of the CCAA Plan;
 - c. effect a release and discharge of all Affected Claims, Released Claims and the Huntington Released Claims;
 - d. provide a basis whereby the Applicant and its operations continue as a going concern, having addressed its liquidity issues, long-term financial viability issues, along with recommendations to address operational and governance components, all with the expectation that the Affected Creditors will derive a greater benefit from implementation of the CCAA Plan than they would receive from a bankruptcy or liquidation of the Applicant; and
 - e. permit the Applicant to exit the CCAA Proceeding.

CCAA Plan Overview

43. The CCAA Plan provides for the compromise of all Affected Claims held by Affected Creditors and a full, final, and irrevocable release and discharge of the Released Claims and Huntington Released Claims, subject only to the right of Affected Creditors with Proven Claims to receive distributions in accordance with the CCAA Plan.

44. The CCAA Plan, in its entirety, is also binding on Unaffected Creditors. Subject to the foregoing, the CCAA Plan does not compromise the following claims (collectively, the “**Unaffected Claims**”):
- a. claims secured by the CCAA Charges;
 - b. CCAA Priority Claims;
 - c. Vacation Pay Compensation Claims;
 - d. Insured Claims;
 - e. Excluded D&O Claims;
 - f. Secured Claims; and
 - g. Claims by EY, the CRO, counsel to the Applicant, counsel to the Monitor and independent counsel to the Board, including as secured by the CCAA Charges.
45. The CCAA Plan provides for the payment in full of CCAA Priority Claims, Secured Claims and Vacation Pay Compensation Claims and these claims will be fully, finally irrevocably and forever released, discharged, cancelled and barred subject only to the rights of holders of these claims to receive payment pursuant to the CCAA Plan. Each Affected Creditor with a Proven Claim will receive its pro rata share of the Distribution Pool remaining after payment of the CCAA Priority Claims, Secured Claims and Vacation Pay Compensation Claims as described below.
46. Insured Claims will be irrevocably limited to recovery solely from the proceeds of any applicable insurance policies.
47. The CCAA Plan does not compromise or affect the Excluded D&O Claims.
48. Nothing in the CCAA Plan will affect the Applicant’s rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights or entitlements to set-offs or recoupments against such Unaffected Claims.

CCAA Plan Implementation

49. In order for the CCAA Plan to be implemented, it must be approved by the Required Majority of the Affected Creditors, sanctioned by the Court pursuant to the CCAA and all other Plan Implementation Conditions must have been satisfied or waived.
50. Upon Plan Implementation, and subject to all terms of the CCAA Plan, the following will occur:

- a. the MCU DIP Facility will be repaid in full from the proceeds of the Exit Financing Facility in full and final satisfaction of all obligations and liabilities under the DIP Loan Agreement. As noted in prior reports of the Monitor, the Province has previously expressed an intention to replace the MCU DIP Facility with long term financing upon LU's successful emergence from the CCAA proceedings;
- b. the Applicant will transfer to NOSM University, or as NOSM University may direct, that portion of Laurentian's investment account equal to the aggregate amount of the NOSM Endowment Funds. The Monitor notes that as at April 30, 2022 this amount was estimated to be approximately \$14.6 million. The actual amount to be transferred will be adjusted to reflect additional interest income and investment gains and/or losses, based upon the most recent monthly information available as at the Plan Implementation Date;
- c. the Applicant will deliver to the Monitor, in trust, the Administration Reserve of \$1,000,000;
- d. to the extent not already paid, the Applicant will transfer into the Distribution Pool the amount required to make payment of the CCAA Priority Claims, the Secured Claims, and Vacation Pay Compensation Claims, in full, which Unaffected Claims shall be paid by the Monitor, for and on behalf of the Applicant, in accordance with the CCAA Plan. In the case of former employees of the Applicant, payment of the CCAA Priority Claims and Vacation Pay Compensation Claims shall be paid within ten (10) Business Days after confirmation of clearance is received from Employment and Social Development Canada ("ESDC");
- e. all Affected Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred as against the Applicant; and
- f. all Released Claims and Huntington Released Claims, will be fully, finally, irrevocably and forever released, discharged, cancelled and barred in accordance with the CCAA Plan, and all notes, certificates and other instruments evidencing the Released Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with the CCAA Plan.

CCAA Plan Distributions and Distribution Pool

- 51. Prior to the Plan Implementation Date, the Applicant will use its best efforts to negotiate and enter into a conditional agreement of purchase and sale with the Province in respect of the purchase of real estate assets owned by the Applicant for an aggregate purchase price of up to \$53.5 million (the "**Plan Consideration**") to be funded within four (4) years of the Plan Implementation Date.

52. The Net Sale Proceeds received by the Applicant from the sale of the Designated Real Estate Assets, shall be the amount available for distribution to Creditors under the CCAA Plan (the “**Distribution Pool**”). The receipt of the Net Sale Proceeds into the Distribution Pool is subject to the timing of the completion of the sale(s) of the Designated Real Estate Assets.
53. A minimum of \$45.5 million (the “**Guaranteed Minimum Plan Consideration Amount**”) shall be realized from the sale of the Designated Real Estate Assets and transferred to the Distribution Pool. If the Guaranteed Minimum Plan Consideration Amount is not funded to the Distribution Pool within four years of the Plan Implementation Date, an event of default will have occurred under the Plan (the “**Plan Default**”). In the case of a Plan Default:
- a. The Monitor shall provide written notice to the Applicant that a Plan Default has occurred and file a report with the Court;
 - b. The Applicant shall have twelve (12) months from the date it receives written notice to cure the Plan Default which can only be cured by transferring to the Monitor an amount of cash equal to the difference between the Guaranteed Minimum Plan Consideration Amount and the aggregate amount transferred into the Distribution Pool on or following the Plan Implementation Date; and
 - c. If a Plan Default is not cured within the Cure Period, the Monitor shall file with the Court and serve on the Service List a certificate confirming that a Plan Default is continuing, and the Plan is terminated (the “**Plan Default Certificate**”). Upon the Monitor filing the Plan Default Certificate with the Court, all Affected Creditors with Proven Claims under the Plan shall have their Proven Claims reinstated with a claim in an amount equal to the amount of their Proven Claim less any distributions received by the Affected Creditor under the Plan. Such reinstated claims shall no longer be compromised, released, discharged, or cancelled in accordance with the Plan. Notwithstanding the foregoing, the Monitor or the Applicant may bring a motion to the Court for advice and directions with respect to the Plan Default and termination of the Plan.
54. All distributions and other payments to be effected pursuant to the CCAA Plan will be made from the Distribution Pool pursuant to and in accordance with the priority established by the CCAA Plan. The Monitor shall have the sole discretion to determine the timing for any distributions to be made under the CCAA Plan.
55. Notwithstanding any other provision of the CCAA Plan, any distribution to a Creditor with a Compensation Claim will be subject to the Applicant and the Monitor first obtaining EI Confirmation from ESDC in respect of such Creditor and resolving any issues regarding

applicable withholdings in respect of such distribution to the satisfaction of the Applicant and the Monitor, acting reasonably.

56. No Creditor shall be entitled to any distributions with respect to a Claim for interest accruing on or after the Filing Date.
57. The CCAA Priority Claims, the Secured Claims and the Vacation Pay Compensation Claims will be paid in full from the Distribution Pool forthwith after the Plan Implementation Date. The Applicant shall receive a credit from the Distribution Pool for any amounts paid into the Distribution Pool prior to its receipt of proceeds following a sale of the Designated Real Estate Assets. The Applicant shall be entitled to repayment of such amount from the Net Sale Proceeds prior to any distribution to Affected Creditors.
58. Subject to the payment in full of CCAA Priority Claims, the Secured Claims, and the Vacation Pay Compensation Claims, the Monitor, on behalf of the Applicant, shall distribute the balance of the Distribution Pool to Affected Creditors with Proven Claims pursuant to one or more pro rata distributions in full and final satisfaction of all Affected Claims.
59. The CCAA Plan provides for an Unresolved Claims Reserve to be held by the Monitor. To the extent an Unresolved Claim becomes a Proven Claim, the Monitor on behalf of the Applicant shall distribute to the holder thereof an amount from the Unresolved Claims Reserve that such Creditor would have been entitled to receive in respect of its Proven Claim on any preceding distribution.
60. The Monitor, the Applicant and any other Person facilitating payments pursuant to the CCAA Plan will be entitled to deduct and withhold from any such payment to any Person such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person as the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Monitor, on behalf of the Applicant, shall deduct from any distribution to a Creditor hereunder any amounts as indicated by ESDC in a Notice of Debt and remit such amounts to ESDC pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on file with the Applicant on the Distribution Record Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Monitor or the Applicant of information satisfactory (in their sole discretion) that such Creditor is not a non-resident. No gross up or additional amount will be paid on any payment hereunder to the extent the Monitor, the Applicant or

any other Person deducts or withholds amounts. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

MONITOR’S ASSESSMENT OF THE CCAA PLAN

Liquidation Analysis

61. The Monitor believes that if a CCAA Plan is not implemented, the most likely outcome would be a liquidation of the Applicant’s assets pursuant to the CCAA and/or the *Bankruptcy and Insolvency Act* (“**BIA**”)
62. The Monitor, with assistance from the Applicant, has prepared an illustrative analysis of a hypothetical liquidation as of April 30, 2022 to estimate the net realizable value of the Applicant’s assets in such a liquidation and the resulting distribution to creditors in accordance with their respective priorities in the context of a bankruptcy and liquidation as compared to the anticipated distributions to creditors resulting from implementation of the CCAA Plan (the “**Liquidation Analysis**”).
63. The Liquidation Analysis considers both a high and low realization scenario to provide an estimated range of realization in a hypothetical liquidation. The CCAA Plan considers three different scenarios; Guaranteed Minimum Proceeds (Low and High) and Maximum Proceeds. A copy of the Liquidation Analysis is attached as Appendix “A” to this report.
64. A summary of the estimated realizations for unsecured creditors in a liquidation vs. Affected Creditors pursuant to the CCAA Plan is depicted below. For purposes of comparison, the priority of claims of “unsecured creditors” in a liquidation scenario are effectively equivalent to “Affected Creditors” under the Plan.

Estimated Realization in Liquidation		Estimated Realization in CCAA	
Low	High	Guaranteed Minimum Proceeds	Maximum Proceeds
8.5%	16.7%	Low 14.1%	High 20.1% 24.2%

65. The estimated recoveries are subject to a number of significant assumptions as outlined in the Liquidation Analysis and any realization that would be undertaken would take place in the future with potentially significantly different circumstances that cannot be presently predicted with certainty. The Monitor’s analysis reflects certain additional liabilities that will crystallize in a liquidation, including but not limited to termination and severance claims in respect of all current faculty and staff, an estimated wind-up deficiency in the Applicant’s defined benefit pension plan and post-filing CCAA claims. The analysis does

not take into account other potential priority, deemed trust and unsecured claims (such as potential environmental claims or other claims or disputes) that could arise in a liquidation scenario resulting in a further reduction in anticipated recovery for unsecured creditors. The Monitor notes that it could take substantial time for such priority claims to be finally determined before any distributions could be made to creditors in a liquidation. In addition, the Monitor notes that if Laurentian is liquidated, the Applicant's pension plan will be wound up and the existing wind-up deficits are likely to result in a reduction of members' pensions.

66. As set out above, the Liquidation Analysis indicates that the estimated range of recovery for unsecured creditors in a liquidation is lower than for Affected Creditors pursuant to the CCAA Plan. The CCAA Plan also provides for the ongoing operation of Laurentian, including continued access to university education in Sudbury for students, ongoing employment for hundreds of faculty and staff and the continuation of the Applicant's pension plan.

Monitor's Assessment

67. The Monitor is of the view that approval and implementation of the CCAA Plan:
- a. is essential in order for Laurentian to continue operating in the ordinary course, including maintaining continued employment of hundreds of faculty and staff;
 - b. will provide a basis upon which Laurentian can continue to provide bilingual and tri-cultural post secondary education in Northern Ontario;
 - c. will allow Laurentian to continue to contribute to the economic and social well being of Northern Ontario; and
 - d. will produce a higher percentage recovery for Affected Creditors than a liquidation of the Applicant's assets and a far more favourable result to Laurentian's stakeholders generally.
68. Accordingly, the Monitor recommends that Affected Creditors vote in favour of the resolution to approve the CCAA Plan.

MEETING ORDER

Background

69. Certain key terms of the Meeting Order are summarized below. The summary does not address each and every provision of the Meeting Order and accordingly, reference should

be made to the Meeting Order in its entirety. Copies of the Meeting Order can be found on the Monitor's website at www.ey.com/ca/Laurentian.

70. The proposed Meeting Order authorizes and directs the Applicant to call, hold, and conduct the Meeting of the Affected Creditors virtually on September 14, 2022 at 10:00 a.m., for the purpose of considering and, if deemed advisable by the Affected Creditors, voting in favour of the Plan Resolution to approve the CCAA Plan, and any other related resolution that the Chairperson, in consultation with the Applicant, may consider appropriate.
71. The Meeting Order provides that a representative of the Monitor will conduct and chair the Meeting, subject to any further Order of this Court, and shall decide all matters relating to the conduct of the Meeting.
72. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting and that a person designated by the Monitor shall act as secretary at the Meeting,
73. The quorum required at the Meeting shall be at least one (1) Affected Creditor with a Proven Claim present at the Meeting in person (by electronic means) or by proxy.
74. Pursuant to the proposed Meeting Order, if the requisite quorum is not present at the Meeting, the Chairperson shall adjourn the Meeting to such date and time as the Chairperson considers reasonable in the circumstances. In the event of any such adjournment, the Applicant and the Monitor will not be required to deliver any notice of adjournment of the Meeting; provided that, the Monitor shall: (a) announce the adjournment at the Meeting, (b) post notice of the adjournment on the Monitor's Website forthwith, and (c) provide notice of the adjournment to the Service List forthwith. Any proxy validly delivered in connection with the Meeting will be accepted as a proxy in respect of any adjourned Meeting.
75. The Chairperson shall direct a vote with respect to: (a) the Plan Resolution to approve the CCAA Plan, and (b) any other related resolution that the Chairperson, in consultation with the Applicant, may consider appropriate.
76. The Meeting Order provides for a single class of creditors, the Affected Creditors, for the purposes of considering and voting at the meeting.
77. Pursuant to the proposed Meeting Order, the only Persons entitled to notice of, or who may attend the Meeting are: (a) Affected Creditors with a Proven Claim, Unresolved Claimants, or any Person holding a valid Proxy on behalf of one or more Affected Creditors or Unresolved Claimants, including any Person's legal counsel and financial advisor; (b) the Chairperson, the Secretary and the Scrutineers; (c) the Monitor and the Monitor's legal counsel; and (d) one or more representatives of the Board of Governors and senior

management of the Applicant and the Applicant's legal counsel. Any other person may be admitted to the Meeting if approved by the Monitor or the Chairperson, or on invitation of the Applicant, in consultation with the Monitor.

Notices of Meeting and Materials

78. Pursuant to the proposed Meeting Order, the following documents have been prepared in relation to the Meeting and the CCAA Plan:
- a. the Information Circular, substantially in the form attached as Schedule "C" to the Meeting Order, including the CCAA Plan attached thereto as Appendix "C" (the "**Information Circular**");
 - b. the Notice of Meeting, substantially in the form attached as Schedule "D" to the Meeting Order (the "**Notice of Meeting**");
 - c. the Proxy, substantially in the form attached as Schedule "E" to the Meeting Order (the "**Proxy**");
 - d. the Creditor Claim Information Statement, substantially in the form attached as Schedule "F" to the Meeting Order (the "**Creditor Claim Information Statement**"); and
 - e. the pre-registration form (the "**Registration Form**"), substantially in the form attached as Schedule "G" to the Meeting Order,
- (collectively the "**Meeting Materials**").
79. The Monitor, as soon as reasonably practicable after the granting of the Meeting Order shall:
- a. Post electronic copies of the Meeting Materials (excluding the Creditor Claim Information Statement), in both English and French, and the Meeting Order to the Monitor's website;
 - b. Publish the Notice of Meeting, in both French and English in the Globe and Mail (National Edition), the Sudbury Star, and Le Voyageur, each for one Business Day;
 - c. Send the Meeting Materials to all Affected Creditors and Unresolved Claimants (or their counsel) known to the Monitor and the Applicant as of the date of this Order;
80. The Monitor shall use reasonable efforts to rectify any failure or omission of sending Meeting Materials to Affected Creditors or and Unresolved Claimants once it is brought to the Monitor's attention prior to the Meeting and any such failure or omission shall not

constitute a breach of the Meeting Order nor invalidate any resolution passed or proceedings taken at the Meeting.

81. The record date for purposes of determining the Affected Creditors and Unresolved Claimants entitled to receive notice of the Meeting and vote at such Meeting shall be July 28, 2022.
82. The Monitor is of the view that the above steps will adequately notify Affected Creditors and Unresolved Claimants of the Meeting and provide sufficient time for Affected Creditors to review the Meeting Materials prior to the Meeting.

Proxies and Voting on the CCAA Plan

83. Pursuant to the Meeting Order, the Monitor will act as chair and will direct a vote on a resolution to approve the CCAA Plan and any related amendments and may also direct a vote with respect to any other resolutions considered appropriate, in consultation with the Applicant.
84. At the Meeting, each Affected Creditor shall be entitled to one vote as a member of the Affected Creditor class and the value of the vote cast by any Affected Creditor shall be equal to the aggregate dollar value of the Affected Creditor's Proven Claim.
85. An Unresolved Claimant may attend the Meeting and vote such Unresolved Claim at the Meeting in accordance with the provisions of the Meeting Order, without prejudice to the rights of the Applicant, the Monitor or the Unresolved Claimant with respect to the final determination of the Unresolved Claim, and such vote shall be separately tabulated as provided herein. The votes cast in respect of any Unresolved Claim shall not be counted for any purpose, unless, until and only to the extent that such Unresolved Claim is finally determined to be a Proven Claim that is an Affected Claim.
86. For greater certainty, and without limiting the generality of anything in the Meeting Order, a Person holding an Unaffected Claim is not entitled to vote such Unaffected Claim at the Meeting and is not entitled to attend the Meeting.
87. All Proxies submitted in respect of the Meeting (or any adjournments thereof) must be (a) received by the Monitor on or before 10:00 a.m. (Eastern Time) on September 9, 2022, or in the case of an adjourned meeting, three (3) Business Days prior to the Meeting; and (b) substantially in the form attached to the Meeting Order at Schedule "E", or in such other form acceptable to the Monitor.
88. For purposes of tabulating votes, subject to paragraph 31 of the Meeting Order, the Chairperson shall be entitled to rely on any vote cast by a holder of a Proxy that has been duly submitted to the Monitor in the manner set forth in the Meeting Order without further investigation.

89. If an officer of the Monitor is appointed or is designated to be appointed as proxyholder, such proxyholder shall vote as directed by the proxy. If the Affected Creditor or Unresolved Claimant fails to indicate on its Proxy whether to vote FOR or AGAINST the Plan Resolution, the Proxy shall be voted FOR approval of the Plan Resolution provided that the Affected Creditor or Unresolved Claimant does not otherwise exercise their right to vote at the Meeting.
90. If a person other than an officer of the Monitor is appointed or is designated to be appointed as proxyholder and the Affected Creditor or Unresolved Claimant:
- a. indicates on its Proxy whether to vote FOR or AGAINST the Plan Resolution, any vote cast by the proxyholder at the Meeting shall be cast in accordance with the Proxy;
 - b. fails to indicate on its Proxy whether to vote FOR or AGAINST the Plan Resolution, the proxyholder, in its discretion, may vote FOR or AGAINST approval of the Plan Resolution at the Meeting,
- provided that the Affected Creditor or Unresolved Claimant does not otherwise revoke such Proxy prior to the Meeting.
91. For clarity, if a person other than an officer of the Monitor is appointed or is designated to be appointed as proxyholder and the Affected Creditor or Unresolved Claimant's proxyholder does not attend the Meeting and/or does not vote at the Meeting then no vote will be registered for the Affected Creditor or Unresolved Claimant.
92. The Monitor notes that due to the mechanics of the system used to conduct the virtual meeting, a proxyholder other than the Monitor can only attend and vote in respect of a single Creditor, not multiple creditors as their access credentials for admittance to the Meeting will link them to a particular Creditor for electronic recording purposes.
93. An Affected Creditor or Unresolved Claimant that has validly submitted a Proxy to the Monitor, may revoke such Proxy, provided that notice of such revocation is received by the Monitor at least three (3) Business Days prior to the Meeting.
94. The Monitor is of the view that the voting process noted above allows for a fair vote and ensures Affected Creditors who cannot attend the Meeting are still able to vote.

Approval of the CCAA Plan, Voting Tabulation and Reporting

95. The vote on the resolution to approve the CCAA Plan must receive an affirmative vote by a majority in number and a two-thirds majority in dollar value of the Affected Claims of Affected Creditors present and voting at the Meeting in person or by proxy (the “**Required Majority**”).

96. The Monitor shall keep separate tabulations of votes cast at the Meeting by Affected Creditors voting their Proven Claims and Unresolved Claimants, if applicable.
97. The Scrutineers shall tabulate the votes and the Chairperson shall determine whether the Plan Resolution has been approved by the Required Majority.
98. The Monitor shall file a report with the Court (the “**Monitor’s Meeting Report**”) after the Meeting or any adjournment thereof, as applicable, with respect to the results of the votes, including:
 - a. whether the CCAA Plan has been approved by the Required Majority;
 - b. whether the votes cast by Unresolved Claimants, if any, could affect the result of that vote; and
 - c. any other matters relating to the Sanction Order hearing (the “**Sanction Hearing**”) that the Monitor considers appropriate.
99. The Monitor shall serve and post on the Monitor’s website seven days prior to the Sanction Hearing electronic copies of the Monitor’s Meeting Report and the Applicant’s materials filed in respect of the Sanction Hearing.
100. The Monitor shall report to the Court if the votes cast by the Unresolved Claimants could affect whether the CCAA Plan has been approved by the Required Majority, in which case:
 - (a) the Applicant or the Monitor may request the Court to direct an expedited determination of any material Unresolved Claims, as applicable, (b) the Applicant may request that the Court defer the date of the Sanction Hearing, (c) the Applicant may request that the Court defer or extend any other time periods in this Order or the CCAA Plan, and/or (d) the Applicant or the Monitor may seek such further advice and direction as may be considered appropriate.
101. The result of any vote conducted at the Meeting shall be binding upon all Creditors, whether or not any such Creditor was present or voted at the Meeting.

Plan Sanction

102. The proposed Meeting Order provides that if the CCAA Plan is approved by the Required Majority the Applicant is authorized to bring a motion seeking the Sanction Order which has been scheduled for October 5, 2022, or such later date as shall be acceptable to the Applicant and the Monitor, and as may be scheduled by the Court.
103. The Meeting Order provides that any Person that wishes to oppose the motion for the Sanction Order shall serve upon the lawyers for each of the Applicant and the Monitor and upon all other parties on the Service List, and file with this court, a copy of the materials

to be used to oppose the motion for the Sanction Order by no later than three (3) calendar days prior to the Sanction Hearing.

MONITOR'S RECOMMENDATIONS AND CONCLUSIONS

104. For the reasons stated herein, the Monitor supports the relief sought by the Applicant including the approval of the Meeting Order which includes:
- a. Accepting and authorizing the filing of the CCAA Plan;
 - b. Approving the classification of creditors set out in the CCAA Plan for the purposed of the Meeting and voting on the CCAA Plan;
 - c. Authorizing and directing the Monitor to call, hold and conduct the Meeting;
 - d. Authorizing and directing the mailing and distribution of the Meeting Materials and other procedures to be followed to provide notice of the Meeting;
 - e. Approving the procedures to be followed at the Meeting; and
 - f. Authorizing the Applicant to bring a motion seeking the Sanction Order if the CCAA Plan is approved.
105. Accordingly, the Monitor recommends that the Court grant the relief sought by the Applicant.

All of which is respectfully submitted this 22nd day of July, 2022.

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

Per:



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

APPENDIX “A”
LIQUIDATION ANALYSIS

Laurentian University

**Illustrative Analysis of Hypothetical Liquidation vs CCAA Plan
in \$000's**

	Notes	NBV	Estimated Realization in Liquidation		Estimated Realization Pursuant to CCAA Plan		
			Low	High	Guaranteed Minimum Proceeds Low	Maximum Proceeds High	Maximum Proceeds High
Cash	1	64,219	64,219	64,219	-	-	-
Segregated Funds	2	18,797	-	-	-	-	-
Investment Account (Endowment)	3	61,744	61,126	61,126	-	-	-
Accounts Receivables	4	14,683	2,951	5,990	-	-	-
Land, Buildings, and Other Equipment	5	263,385	9,241	28,811	45,500	45,500	53,500
Total Realizable Assets		422,828	137,536	160,147	45,500	45,500	53,500
Less: Priority and Secured Claims and Costs							
DIP Financing	6		(35,000)	(35,000)	-	-	-
Priority and Secured Claims	7		(40,627)	(14,662)	(8,565)	(6,079)	(6,079)
Operating Costs during Liquidation	8		(2,083)	(4,618)	-	-	-
Professional Fees	9		(7,000)	(10,000)	-	-	-
Total Priority and Secured Claims			(84,710)	(64,280)	(8,565)	(6,079)	(6,079)
Estimated Net Distribution to Unsecured Creditors			52,827	95,866	36,935	39,421	47,421
Unsecured Creditors							
CCAA Compensation Claims	10		60,082	60,082	58,612	58,612	58,612
CCAA Claims	10		192,864	151,930	202,739	137,738	137,738
Additional Bankruptcy Claims	11		365,818	363,231	-	-	-
Total Unsecured Claims			618,764	575,244	261,351	196,350	196,350
Estimated Funds for Distribution to Unsecured			52,827	95,866	36,935	39,421	47,421
Estimated Distribution % to Unsecured Creditors			8.5%	16.7%	14.1%	20.1%	24.2%

Laurentian University

Illustrative Analysis of Hypothetical Liquidation vs CCAA Plan

The Monitor, with the assistance of LU, has prepared this illustrative analysis of a hypothetical liquidation (the “**Liquidation Analysis**”) in connection with the proposed Plan of Compromise or Arrangement in the CCAA (the “**CCAA Plan**”). The Liquidation Analysis is prepared based upon the net book value (“**NBV**”) of LU assets as of April 30, 2022, and the status and amount of Claims as of July 21, 2022. The Liquidation Analysis provides an estimate of the realizable value of the Applicant’s assets in a liquidation and the resulting distribution to creditors in accordance with their respective priorities in the context of a liquidation as compared to the anticipated distributions to creditors resulting from implementation of the CCAA Plan.

The Liquidation Analysis was prepared solely for the purposes described above and readers are cautioned that it may not be appropriate for other purposes. The Liquidation Analysis was prepared based on hypothetical and probable assumptions. In preparing the Liquidation Analysis and making the comments herein, the Monitor was provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant and discussions with the Applicant. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

Overview of the Estimated Realizations in Liquidation and CCAA

The Liquidation Analysis considers both a High and Low realization scenario to provide an estimated range of realization in a hypothetical liquidation under a bankruptcy.

The realizations pursuant to the CCAA Plan are estimated under three different scenarios: Guaranteed Minimum Proceeds (Low and High) and Maximum Proceeds.

Guaranteed Minimum Proceeds Scenarios

The Guaranteed Minimum Proceeds scenarios are based on the Guaranteed Minimum Plan Consideration Amount of \$45.5M. This represents the minimum amount of consideration available for distribution to Creditors under the CCAA Plan regardless of whether the proceeds from the Designated Real Estate Assets are less than this amount or if any relocation costs significantly reduce the Net Sale Proceeds available for distribution assuming that an event of default as defined in the CCAA Plan does not occur or occurs and is remedied. Under the Low scenario, any Unresolved Claims are assumed to be resolved at a value based upon the Creditor’s asserted position. Under the High scenario, any Unresolved Claims are assumed to be resolved at a value based upon the Monitor’s current asserted position.

Maximum Proceeds Scenario

The Maximum Proceeds scenario assumes that the maximum potential CCAA Plan consideration of \$53.5M is available for distribution to Creditors under the CCAA Plan and any Unresolved Claims are resolved at a value based upon the Monitor’s current asserted position. The Monitor notes that Unresolved Claims could be resolved at a higher amount which will impact recovery in this scenario.

Notes to the Liquidation Analysis

Note 1: Cash

The Applicant held consolidated unrestricted cash of approximately \$64.2M as of April 30, 2022. The Liquidation Analysis assumes the unrestricted cash is fully recoverable through the liquidation process in both the High and Low scenarios.

Note 2: Segregated Funds

The Applicant held approximately \$18.8M of unspent restricted funds as of April 30, 2022. These funds were received by the Applicant from various funding agencies or donors post December 20, 2020, and were placed into new, segregated accounts. It is assumed that these funds are held in trust and in the event of a liquidation would be returned to the applicable funding agency.

Note 3: Investment Account (Endowment)

The Applicant held approximately \$61.7M in their endowment fund as of April 30, 2022. The Liquidation Analysis assumes that these amounts would be fully realizable in a liquidation less a 1% redemption fee. It should be noted that depending on actual investment returns or losses since April 30, 2022, the estimated realization value of the Investment Account at the time of liquidation could be significantly different.

Note 4: Accounts Receivable

Accounts receivable as of April 30, 2022 is primarily comprised of amounts owing from students for tuition and ancillary fees, amounts owing from various other colleges for collaborative programs, as well as GST rebates. The Liquidation Analysis assumes that estimated realizations on individual receivables would range from 0% - 50% resulting in aggregate estimated realizations of 20% - 41% of NBV.

Note 5: Land, Buildings, and Other Equipment

LU engaged a real estate advisor to perform a review of the Applicant's real estate portfolio. The real estate advisor prepared an indication of liquidation value ("ILV") in respect of LU's real estate portfolio. The ILV is not an appraisal and cannot be relied upon as such. However, the ILV provided a range of value that formed the basis for estimating realizations from the liquidation of LU's land and buildings solely for purposes of the Liquidation Analysis. The Monitor notes that actual realizations from the sale of real estate could be significantly different. In the ILV, the real estate advisor noted that there is a surplus of developable real estate in Sudbury as well as a lack of demand which may be further negatively impacted by the loss of LU as a significant employer and education institution in the community. As a result, the Liquidation Analysis assumes that specific real estate, particularly off-campus real estate and certain discrete parcels of land would have some value net of costs, however, the remaining on-campus assets would have minimal to negative value after considering holding costs, costs to sell and demolition costs. Estimated realizations are net of costs to hold and realize on the real estate assets.

The Liquidation Analysis assumes that the equipment and furnishings in the buildings could generate net realizations ranging from 10% - 25% of NBV. However, the Monitor notes that no appraisal or assessment of the equipment and furnishings has been performed and accordingly, actual realizations could be materially different.

The Liquidation Analysis does not reflect any realization on any artwork due to the anticipated claims by donors and others to the artwork and the expectation that any realizations would not have a material impact on the analysis.

Note 6: DIP Financing

As of July 21, 2022, the Applicant had an outstanding balance of \$35M on its debtor-in possession (“DIP”) financing arrangement. The DIP has a court approved priority charge over all assets of the Applicant and accordingly, it is assumed it will be fully repaid on a liquidation.

Pursuant to the CCAA Plan, the DIP would be repaid through the proceeds of the Exit Financing and not from the Distribution Pool.

Note 7: Priority and Secured Claims

In the CCAA Plan scenarios, the following priority and secured claims, for which payment in full is provided for in the CCAA Plan, are included: the CCAA Priority Claims (the wage claims required to be paid under a plan pursuant to the CCAA), the Vacation Pay Compensation Claims and the Secured Claims, all as defined in the CCAA Plan.

In the Liquidation Analysis, priority and secured claims reflect certain of the CCAA Priority Claims that would retain priority status in a bankruptcy as well as additional claims that are expected to arise in a bankruptcy including additional unpaid wages and source deductions and amounts secured by the CCAA Charges. Unpaid wages and source deductions are assumed to have a priority status in a liquidation as provided for under the Bankruptcy and Insolvency Act (“BIA”). However, the priority status for unpaid wages is capped at \$2,000 per employee in accordance with the BIA. LU also has a Directors’ Charge in the amount of \$5M which has priority over all other secured and unsecured creditors as set out in the Amended and Restated Initial Order and that provides priority of up to \$5M. The Liquidation Analysis assumes that the Directors’ Charge could be used to fund certain unpaid wages incurred post-filing. It is assumed that the Vacation Pay Compensation Claims would not have legal priority and are not covered by the Directors’ Charge. Accordingly, the Vacation Pay Compensation Claims are reflected as unsecured claims.

The Monitor continues to work towards resolving the Unresolved Secured Claims filed in the CCAA Claims Process. For purposes of determining the estimated range of Secured Claims for the Liquidation Analysis and the CCAA Plan scenarios, the Low scenarios assume that Unresolved Secured Claims become proven priority and secured claims at the amount asserted by the creditor. In the High scenarios, Unresolved Secured Claims are reflected as either priority claims or unsecured claims based upon the Monitor’s asserted position with respect to the claim.

Note 8: Operating Costs During Liquidation

In a liquidation, it would be necessary to retain certain Laurentian employees to assist in: (1) the collection of receivables, (2) accounting/record keeping, (3) providing student services (providing transcripts), and (4) facility maintenance and security. Given that it may take a significant length of time to market and sell the real estate assumed to have potential value and to work through the complexities of a potential transition of the remaining real estate, the Liquidation Analysis assumes that it could take 3 to 5 years to fully complete a liquidation and that a small number of employees would be required to assist in completing these services over that period.

Note 9: Professional Fees

This line item reflects the estimated professional fee costs required to conduct and complete a liquidation and bankruptcy of the Applicant. As set out above, the Liquidation Analysis assumes that it could take 3 to 5 years to complete the bankruptcy due to the complexity and amount of work required to transition students, wind down operations, maximize recovery on the assets and responsibly transition the land and buildings on campus.

Pursuant to the CCAA Plan, professional fees would be paid by the Applicant from operating funds and not from the Distribution Pool.

Note 10: CCAA Compensation Claims and CCAA Claims

The claim amounts are based on the status of claims as currently filed in the CCAA Claims Process and Compensation Claims Process. The Low scenario reflects Unresolved Claims at the value asserted by the claimant and the High scenario reflects Unresolved Claims based upon the Monitor's current asserted position.

Note 11: Additional Bankruptcy Claims

In a liquidation, it is assumed that the Applicant ceases operations, all active employees are terminated and LU's pension plan initiates a wind-up resulting in additional claims over and above those asserted in the Claims Process and the Compensation Claims Process.

The Liquidation Analysis reflects certain additional liabilities that will crystallize in a liquidation, including but not limited to termination and severance claims in respect of all current faculty and staff, an estimated wind-up deficiency in the Applicant's defined benefit pension plan and post-filing CCAA claims. These additional claims have been estimated by applying the Compensation Claims Methodology for employee related claims, the pension plan wind-up deficit calculated in an actuarial valuation report prepared in February 2022 in respect of the Applicant's pension plan, the Applicant's current account payable balances and estimated damages that would arise from disclaiming certain leases and agreements.

The Liquidation Analysis does not take into account other potential priority, deemed trust and unsecured claims (such as potential environmental claims or other claims or disputes) that could arise in a liquidation scenario resulting in a further reduction in anticipated recovery for unsecured creditors. The Monitor notes that it could take substantial time for such priority claims to be finally determined before any distributions could be made to creditors in a liquidation.