This is **Confidential Exhibit "FFF"**,
referred to in the Affidavit of ROBERT HACHÉ,
sworn before me via videoconference
this 30th day of January, 2021.

A Commissioner for taking Affidavits, etc.

Confidential Exhibit “FFF”

Letter from Laurentian University of Sudbury to the Ministry of Colleges and Universities dated January 25, 2021

Office of the President and Vice-Chancellor
Cabinet du recteur et du vice-chancelier
Tel/Tél. : 705-673-6567
Fax/Télec. : 705-673-6519

January 25, 2021

Via Email

Ministry of Colleges and Universities
Office of the Minister
438 University Avenue, 5th Floor
Toronto, ON M5G 2K8

Attention: The Honourable Ross Romano,
Minister of Colleges and Universities

Dear Minister Romano:

Thank you for your letter dated January 21, 2021 (the "**MCU Proposal**"). We were pleased to receive a response to the urgent financial situation facing Laurentian University, following various meetings we have had with you and other representatives of the Ministry of Colleges and Universities ("**MCU**"), the Ministry of Finance, and Treasury. We trust that you have found our team and external advisors to be fully transparent on the financial challenges we face, and responsive to all questions raised by your Ministry. For convenience, we refer to the various presentations and information provided to MCU at various times over the past two months as listed on Schedule "**A**" to this letter.

First, let me say that we appreciate the time spent by representatives of MCU and the other ministries in reviewing and considering the financial, operational, academic and structural challenges identified by Laurentian University, the options we have identified to address these challenges and the support that we have requested from MCU to assist us in achieving those objectives. Second, I confirm once again that Laurentian University welcomes all support, oversight or assistance that MCU may wish to offer including the appointment of a Special Advisor. Our senior management team and external advisors are prepared and willing to engage in discussions with the Special Advisor immediately and will make ourselves available 24/7 for that purpose. To that end, we confirm that we met (virtually) with the Special Advisor on Sunday, January 24, 2021.

We would like to address the reference in the MCU Proposal to $100 million having been requested by Laurentian University. As MCU is aware, that amount was not a one-time or immediate request for funding, but represented the amount that would be required over a period of two to three years to cover: (i) termination and severance pay that would be payable if 100 full time faculty were terminated outside of a CCAA[1] proceeding where the full amount would then be payable, assuming that such terminations were even possible ($50 million); and (ii) the cash required for operations and to cover deficits over two or more years while other measures were being implemented ($50 million). We also indicated by way of our discussions that $100 million would not be sufficient to address all financial issues that currently exist, if a restructuring was done outside of a CCAA proceeding without the ability to make changes more quickly and in the absence of any mechanism to compromise existing obligations. On Schedule "B" to this letter we have provided a summary of the different financial requirements, outcomes and possibilities that exist for a restructuring of Laurentian University either <u>outside</u> of a CCAA proceeding, or <u>within</u> the CCAA structure, as described in this letter.

As we know you are aware, Laurentian provides a high-quality educational experience to over 9,300 students annually in English and French. Laurentian graduates consistently have the highest post-graduate employment rate amongst Ontario universities and one of the highest average starting salaries. Minimizing the impact on students and their families during this challenging time while maintaining strong outcomes that help build Ontario's economy is, and will continue to be, our overriding objective as we restructure Laurentian University to become financially sustainable for years to come.

We have discussed the MCU Proposal with the Board of Governors of Laurentian University (the "**Board**"), and with our advisors. The magnitude and potential consequences of any decision that is made to address the issues facing the University have been weighed by the Board and carefully considered from various perspectives. While we have many different stakeholders and are taking all interests into account, a key focus in all decisions affecting Laurentian University is our students. Student representation on the Board by way of voting membership of the Presidents of both the Student General Association and the Graduate Student Association, and their involvement in the consideration of all these challenges over the past several months, has included their support for the overall path recommended by the Board, as being the best alternative available to Laurentian University, and its students, at this time.

For the past several months the Board has been working with senior management of the University and its external legal and financial advisors to conduct a full review of the operational, financial, academic and statutory framework within which Laurentian University operates. Through this exercise we have had the opportunity to more fully appreciate the nature, extent and urgency of the financial challenges that Laurentian University faces. We know that, notwithstanding the information and documentation provided to MCU by Laurentian University and its advisors, MCU may not have had sufficient time to fully consider the implications of the University's financial position and any steps that may be taken, or not taken, by the end of January, 2021.

The MCU Proposal of a grant in an initial amount of $6.1 million appears to be an effort to address what MCU perceives to be the cash requirements of Laurentian University in February and, if a further $5.9 million is advanced, in March. Given the regular conversations we have had with

[1] Defined later in this letter.

MCU over our financial situation, we assumed that there may have been dialogue around any form of support that may be provided by MCU. As recently as our meeting on January 19, 2021 we pressed for feedback from MCU as to what, if anything, MCU may be considering, and did not receive any. We were therefore surprised to learn on January 21, 2021 that a cabinet decision had been made on January 20, 2021 on the terms outlined in the MCU Proposal. Had we been given an opportunity to provide feedback on the financial aspects in advance, we could have addressed the following concerns which we verbally set out to MCU in the meeting on January 21, 2021 and which we now provide in writing below to help explain the response of Laurentian University to the terms of the MCU Proposal.

Cash Flow

Laurentian University's financial challenges are not limited to "running out of cash", although that is a significant concern. We have no ability to incur further indebtedness in circumstances where the University is insolvent and has no ability to repay such new indebtedness. We have also advised MCU that, contrary to the University's past practice of depositing all funds from all sources into its operating account (including funds where the use of same is restricted, such as for research grants or designated donations, which liability as at our last fiscal year end is approximately $38 million), that practice was changed in mid-December 2020, immediately after the issue was brought to the attention of Laurentian's President and the Board, to ensure that funds received for a specific purpose are held in segregated accounts and only available to be used for the stated purpose. The combined effect of those two facts, while necessary, has created an immediate liquidity crisis.

We assume that the grant of up to $12 million referred to in the MCU Proposal ($6.1 million plus the possibility of a further $5.9 million) is based on the anticipated net cash outflow pursuant to the more recent cash flow forecast provided to MCU on January 18, 2021.[2] That cash flow forecast was expressly prepared on the assumption of, and in contemplation of a proceeding being commenced by Laurentian University under the *Companies' Creditor Arrangement Act* (the "**CCAA**"). It was prepared to provide potential lenders (each, a "**DIP Lender**") with the quantum of debtor in possession financing ("**DIP Financing**") that would be needed <u>assuming a CCAA proceeding is commenced</u>. As such, it was prepared on the basis that a court-ordered stay of proceedings is in place which authorizes Laurentian University to make no payments in respect of existing indebtedness and avoids certain costs that might be incurred as a result of other issues facing Laurentian University. As you are aware, in any scenario <u>other than</u> by court Order in a CCAA proceeding, that would not be possible. All payments required pursuant to contractual arrangements and at law continue to be payable. The amounts that would need to be paid where a CCAA filing has not occurred include the following for February and March alone:

(i) debt servicing of principal and interest payments to lenders of **$1.3 million**; and

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[2] Earlier version of the cash flow forecast was provided to MCU on December 10, 2020 and is being updated on a weekly basis.

(ii) ordinary course trade payables in excess of **$1 million**.

In addition, the cash flow forecast is prepared on a cash, not accrual basis. This means that disbursements are forecast at the time they are anticipated to be paid, not when the related liability is incurred. There are substantial liabilities forecast to be incurred in the period to the end of March that are not anticipated to be paid until April at the earliest. Some of these items are amounts that the directors and officers could, at law, be personally liable for. In the absence of a CCAA proceeding, the directors must have certainty that funds are available for these amounts prior to incurring the liabilities. These amounts include:

(i) wages and source deductions of approximately **$4.3 million** that are accrued in March and not paid until April; and
(ii) vacation pay accruing for two additional months for employees that would need to be funded in the amount of approximately **$1.6 million**.

These above amounts would create an additional cash requirement of approximately $8 million in circumstances where a CCAA proceeding is not commenced, as MCU has included as a condition of the MCU Proposal.

In addition, the cash flow forecast contemplates a CCAA proceeding being commenced which provides court-ordered protection in favour of Laurentian University and the Board in the form of a stay of proceedings and a court-ordered charge over its assets. This standard protection in a CCAA proceeding is to insulate the Board for liabilities that may be incurred or accrue from and after the commencement of the CCAA proceeding. In the absence of a CCAA filing, the University and the Board would have no protection for those liabilities, some of which includes potential personal liability for the members of the Board. Those include liability for wages (including those that accrue and are carried forward to the next month and not paid), vacation pay and source deductions to name a few.

MCU's Proposal prohibits the commencement of a CCAA filing but does not appear to consider the additional cash requirements, increased risk and personal exposure that arises after February 1, 2021 if a CCAA proceeding is not commenced. During our meeting with MCU representatives on January 21, 2021 when the terms of the MCU Proposal were outlined and referred to as final, we asked if MCU was prepared to provide some form of protection or indemnity to Board members for the increased liability that they would be exposed to, if the MCU Proposal was accepted and a CCAA proceeding was therefore not commenced. The response we received was that this would not be provided.

Status of Bargaining

As MCU is aware, the existing collective agreement with Laurentian University's faculty association ("**LUFA**") expired on June 30, 2020 and the University has been in bargaining since that date. The position with LUFA is tenuous at this time, and there are 97 outstanding grievances that have been filed. We have been formally advised in writing by LUFA that they intend to go to the Labour Board next week asserting that Laurentian University: (i) is not bargaining in good faith, and (ii) has asserted financial distress but has not triggered the financial exigency process under the collective agreement. LUFA will also seek production of documents that put our financial position, including the historical practice of not setting aside restricted funds, into the public domain. This will occur without the protection of the stay of proceedings that is available through a CCAA proceeding.

We cannot delay bargaining with LUFA for another two months, and LUFA may insist upon terms of a new collective agreement, failing which they will go on strike. If certain steps are taken by LUFA (such as a strike, a Labour Board ruling or a process to require that the financial exigency provisions of the collective agreement be invoked) those events are incapable of being reversed at a later date by a CCAA court. A delay of two months could therefore create irreparable harm for Laurentian University's efforts to effect a restructuring. Obtaining the protection of the Court through a CCAA proceeding prior to any of those actions being taken is critically important. Laurentian University simply does not have the ability to withstand a strike, and this would also create the most disruptive outcome for our students.

A CCAA proceeding provides stability over operations with no disruption to current classes for the balance of the existing term, and the opportunity for a full restructuring to be implemented with the necessary modifications in place for the Fall 2021 term. This is a critically important objective that is in the best interest of our students, and one that we know will be shared by MCU. The $25 million in funding obtained from a DIP Lender in a CCAA proceeding provides the necessary level of funding based on a CCAA cash flow forecast and protections under a court Order to ensure that our students can complete their Winter 2021 term, uninterrupted. $25 million of financing in the absence of a CCAA proceeding would not be sufficient to permit the same.

Hurdles to Achieving Restructuring outside of CCAA

A restructuring of Laurentian University will require a headcount reduction of approximately one-third of existing LUFA faculty members, or approximately 120 full-time employees, and a reduction in the number of academic programs (expected to be from 171 to approximately 136). We see no scenario in which these reductions would be voluntarily agreed to by LUFA (or by Senate, which is controlled by faculty who are members of LUFA) or could be achieved in the near term outside of the type of setting created by a CCAA proceeding. Even if it could be achieved outside of a CCAA proceeding, it would require years of attrition from voluntary departures (which may not ultimately be the same people who would be deemed most appropriate), and substantial severance obligations. Within a CCAA proceeding, the parties will be operating under the supervision of the Court, with a court-appointed Mediator who is highly experienced in these types of difficult negotiations, and the oversight and involvement of a court-appointed Monitor who can help facilitate a negotiated outcome within an expedited timeframe. In addition, concessions agreed to by LUFA give rise to a claim which can be addressed within the CCAA proceeding. Obligations for termination and severance pay, which are calculated to be approximately $48 million under the terms of the collective agreement where 100 full-time faculty are terminated, cannot be assumed by Laurentian University given its insolvency and inability to meet existing obligations. That obligation is capable of being addressed and compromised within a CCAA proceeding.

The current financial support from MCU outlined in the MCU Proposal and, with the condition that it be outside of a CCAA setting, is unfortunately insufficient in its present form. It will also further strengthen LUFA's resolve and its existing view that: (i) Laurentian University does not have pressing financial challenges as it now has additional cash available; (ii) any funds received from MCU ought to be used for the direct benefit of LUFA members; and (iii) MCU will always be there to provide financial support as and when needed, with no imperative for LUFA to agree to changes or reductions that are needed to create financial sustainability. In short, it will make the difficult negotiations that must be undertaken with LUFA even more difficult.

Timing Considerations

In order for the required headcount reductions to be achieved, an academic restructuring to be undertaken and program changes to be made in time for the Fall 2021 academic term, these changes must be completed by May, 2021. Absent a CCAA proceeding, the academic workload for Fall 2021 will be assigned in February, 2021. A court-ordered mediation within a CCAA proceeding creates an accelerated and focused setting within which these matters can be addressed expeditiously. It will be difficult to realize the savings achieved through headcount reductions if the workload and courses are already assigned for the Fall 2021 term.

Existing students must be assured of some stability as it relates to their current and pending academic programs. Grade 12 students who have applied to various universities in Ontario will make their selection prior to the June deadline. It is important that Laurentian University be through the difficult negotiations with LUFA and its other key stakeholders during the February to April timeframe, with an objective of emerging with a successful resolution that results in more focused course offerings, headcount reductions and restructured relationships with its federated universities. If this is not commenced on February 1, 2020 in the court-supervised and accelerated setting of a CCAA proceeding, it will not be possible to accomplish these necessary steps in time for the Fall 2021 academic term.

Position with Lenders

In an earlier discussion with MCU, the question was asked as to the position of Laurentian University's existing lenders (Desjardins, RBC and TD Bank) and whether any of those parties were prepared to advance funds in the context of a CCAA proceeding through DIP Financing. In order to determine whether DIP Financing may be made available to Laurentian University by the existing lenders, the Board authorized the University and its advisors to reach out to its existing lenders on that basis, and with full disclosure of its current situation. As a result, those existing lenders are aware (on a highly confidential basis) of the University's insolvency and the planning being undertaken in respect of the commencement of a CCAA proceeding and the Court attendance scheduled for February 1, 2021.

RBC has formally terminated all credit facilities with Laurentian University, has confirmed that an outstanding letter of credit will not be renewed this week such that it will be drawn down, that no netting or overdraft privileges in connection with the bank accounts will be permitted and all their rights are reserved. The existing lenders cannot be assumed to simply stand down and take no steps in respect of more than $90 million of unsecured indebtedness owing under various credit facility agreements for the next two months. That creates tremendous instability and could result in those lenders immediately accelerating the indebtedness, issuing demands for payment, requiring the delivery of security over various assets, taking steps to seek the appointment of a Receiver by the Court over the assets and operations of the university pursuant to section 101(1) of the *Courts of Justice Act* (Ontario), or enforcing other rights and remedies. Disclosure of the University's financial position was made to our lenders in the context of a CCAA proceeding being commenced forthwith, bringing court-ordered stability and a stay of proceedings.

Uncertainty of Operations

Laurentian University is insolvent and that has created operational issues that have become increasingly difficult to manage. These include disclosure obligations to various parties such as insurers (for knowledge of events that could give rise to claims), donors and research granting agencies (as it relates to funding of operations from research grants). Disclosure in the absence of a CCAA court-ordered stay of proceedings leaves the University and its Board exposed to claims, increased exposure to personal liability and third-party actions that it has no practical means of preventing.

We are currently in the position of not being able to sign new research grant applications, as they contain a clause requiring certification that Laurentian University is not insolvent or has disclosed its financial circumstances. Disclosure of our existing financial position in the absence of a CCAA stay of proceedings creates tremendous risk for the University and its Board. Faculty members are increasingly concerned by the delay in addressing grant applications and are unaware of the reason for it. That cannot continue for a further two months. Similarly, Laurentian University is stalling on completing large donor agreements. The receipt of donations which could be seized by lenders or become available to repay debts to creditors is not an honourable way for the University to be conducting itself.

The Board also has a duty to act in a way that best protects its students. Given the operational uncertainty described above, the MCU Proposal would leave Laurentian's students in a situation where it is highly probable that before the end of the school term, the following could be anticipated to occur:

(a) the University will run out of money to meet its ordinary course obligations;

(b) its lenders could take steps to protect their unsecured loan position; and/or

(c) the University could be subjected to a prolonged labour disruption because its faculty are not prepared to deal with the financial circumstances of the University.

In other words, it is highly likely that students would not even be able to finish their term of studies.

In short, Laurentian University cannot continue to manage its operations and these critically important functions for an additional two-month period without either: (i) providing full disclosure to all stakeholders through a court-supervised CCAA proceeding and taking steps that best protect its students and other parties with the benefit of DIP Financing; OR (ii) refraining from commencing a CCAA proceeding in circumstances where it has received confirmed support from MCU that will be sufficient to also indemnify parties for the risks that would otherwise be mitigated through Orders obtained in the CCAA proceeding, with sufficient funding to complete the process.

Terms of MCU Proposal

Considering the above factors, the Board has carefully considered the terms of the MCU Proposal and reluctantly advises that it cannot agree to the condition in the MCU Proposal that Laurentian University not commence a CCAA proceeding as a condition of receiving $6.1 million (potentially up to $12 million) from MCU. In fulfilling its fiduciary duty to Laurentian University, the Board considers its primary objective to be to ensure that all necessary avenues remain available, in order to undertake a full restructuring of the University and provide it with the best chance of continuing on a financially sustainable basis for years to come, with minimal disruption to our students. For the reasons set out above, and unless a very different option arises over the next five days, we believe that the commencement of a CCAA proceeding represents the best path forward for Laurentian University at this time. We also believe that the CCAA proceeding provides MCU with a structure to ensure that any support (financial or non-financial) that may be provided is directed towards a long-term solution and not simply "kicking of the issue down the road". That is equally important to Laurentian University.

We appreciate that this step is unprecedented and involves uncertainty, including as to outcome. We are committed to doing whatever it takes to turn the situation around and emerge as a restructured University with a solid foundation for future success. Interim or small measures will not be sufficient to achieve that, and we do not have the benefit of further time to see if other options present themselves unless such deferral is accompanied by a clear commitment from MCU to ensure that the Board, the University and its stakeholders are not prejudiced or placed at further risk by any such deferral.

Laurentian University has developed a plan for "Laurentian 2.0" that is designed to right-size and achieve a financially sustainable University for years to come in a manner that focuses on the needs and interests of students and the Northern Ontario region. The plan involves a reduction in academic programs by 55 (from 171 to 136), which would impact only 7% of current enrolments, and a reduction in full time faculty by 124 (from 355 to 231), together with other structural changes to be made. With these changes, Laurentian 2.0 will be focused on high demand, competitive programs delivered through a sustainable student faculty ratio that is more consistent with the average within the sector. A lot of work has been done, and more remains to be achieved, including obtaining Senate approval for permanent changes to programs. We look forward to discussing these plans with the Special Advisor that MCU has appointed.

As we have consistently communicated to MCU, this is a difficult process and we would prefer to do it with the full, unqualified support of your Ministry even if that means no direct financial support is provided at this time, or only becomes available upon certain critical milestones being achieved. We will work tirelessly to do whatever is required to position Laurentian University for success during the CCAA process and emerge as a restructured organization that MCU can be proud to say that it continues to support. It is important that MCU's non-financial support includes a clear message of stability for students, autonomy of the University's decision-making, and the desire to see Laurentian University emerge on a stronger footing. We trust that we can count on MCU to work alongside our senior management and communications team in relaying and confirming these key messages, when appropriate.

As there is a great deal of information in this letter, which has previously been included in documents provided to MCU as set out on Schedule "A", we thought it would be helpful to compare the key financial risks and liabilities for Laurentian University and its Board (and therefore the potential level of financial support that may otherwise be required from MCU) of: (a) not pursuing a CCAA proceeding, but receiving the necessary level of financial support from MCU to ensure that risks and liabilities can be covered; (ii) undertaking a CCAA restructuring with MCU's support; and (b) undertaking a CCAA restructuring where no support is provided by MCU at the outset, but where we would remain hopeful of continuing dialogue towards some support if the key milestones in the restructuring can be achieved. In that regard, please refer to Schedule "B" which includes a chart for your convenience and consideration.

In closing, we look forward to working with the Special Advisor to explore immediate, short-term and longer-term solutions to the many challenges faced by Laurentian University, and we will maintain a continuous dialogue with MCU as we work through these issues. For the reasons set out above, and unless a very different option arises over the next five days, we believe that the commencement of a CCAA proceeding currently represents the best path forward for Laurentian University. We have received commitments for $25 million in DIP financing from external lenders to support the operating cash needs of the university in a CCAA proceeding to be commenced on February 1, 2021, with the opportunity for a further amount to be advanced thereafter if certain key milestones are achieved by April, 2021.

Should MCU wish to participate in the CCAA proceeding in any capacity and at any time, we would be happy to discuss how that can be accomplished to your satisfaction. This could include, for example, a decision to fund any portion or all of the DIP financing, creating a formal mechanism for information-sharing or a court-appointed role for an MCU representative, terms in the court Order which reflect MCU's commitment and support, or providing future funding that is conditional upon particular milestones being achieved within the restructuring. Perhaps even more importantly, if MCU is able to work with Laurentian to align on public messaging and communications and provide verbal support for Laurentian's restructuring efforts and for students, this will be critical to helping Laurentian increase chances of success in the restructuring. We would be happy to discuss all options with you, in this compressed time frame this week.

Yours truly,

LAURENTIAN UNIVERSITY OF SUDBURY

Dr. Robert Haché
President and Vice-Chancellor

c.c. Sara Kunto, Laurentian University Secretary and General Counsel
Shelley Tapp, Deputy Minister, Ministry of Colleges and Universities
Greg Orencsak, Deputy Minister, Ministry of Finance
Ari Laskin, Chief of Staff, Ministry of Colleges and Universities
Kelly Shields, Assistant Deputy Minister, Ministry of Colleges and Universities
Lindsey Harrold, Director, Postsecondary Finance and Information Management Branch

SCHEDULE "A"
(Information and Documents Delivered to MCU)

1. August 4, 2020: Meeting between Laurentian (Dr. Haché and Board Chair Claude Lacroix) and Minister Romano in which financial challenges were discussed and possibility of a CCAA filing was first raised with MCU
2. August 7, 2020: Meeting between Dr. Haché and MCU Assistant Deputy Minister Kelly Shields
3. August 13, 17 and 20, 2020: Meetings between Dr. Haché and MCU Chief of Staff
4. August 18, 2020: Meeting between Laurentian VP, Admin (Lorella Hayes) and MCU Acting Director George Xeno
5. December 10, 2020: Meeting between MCU (Minister Romano, Chief of Staff Ari Laskin) and Laurentian (Dr. Haché, David Lindsay and Board Chair Claude Lacroix) and Advisors (DJ Miller, Sharon Hamilton). Laurentian provided and walked through 34-page slide deck outlining severity of financial challenges and two options: i) out of court, and ii) CCAA option
6. December 12, 2020: Email outreach from Dr. Haché to Ministry of Finance and MCU outlining severity of financial crisis and need to file for CCAA by end of January. Ministry of Finance responded same day indicating a meeting would be set up the following week
7. December 15, 2020: Meeting between MCU Deputy Minister and Laurentian (Dr. Haché) and Advisors (DJ Miller, Sharon Hamilton) to address follow up questions and provide update
8. December 16, 2020: Meeting between Laurentian Management and Advisors and representatives of MCU and Ministry of Finance to discuss severity of financial challenges and potential CCAA filing
9. December 21 and 22, 2020: David Lindsay followed up with MCU Deputy Minister
10. December 23, 2020: Call between Dr. Haché and MCU Deputy Minister re follow up and that MCU was going to send questions and wanted to speak with EY
11. December 23, 2020: Laurentian received list of 30 questions from MCU
12. December 29, 2020: Laurentian submitted written 103-page response to MCU questions

13. December 30, 2020: Meeting between representatives of MCU and Ministry of Finance and Laurentian Advisor (Sharon Hamilton) to discuss various options
14. January 6, 2021: Email from Dr. Haché to MCU inquiring re: status and whether MCU needed additional information. MCU responded same day that they anticipated having additional questions
15. January 8, 2021: Call between MCU Deputy Minister and Dr. Haché
16. January 8, 2021: Laurentian received list of 8 additional questions from MCU
17. January 10, 2021: Laurentian submitted preliminary response to 8 additional questions to MCU
18. January 11, 2021: Laurentian submitted full response to 8 additional questions to MCU
19. January 14, 2021: Meeting between Laurentian (Dr. Haché, David Lindsay) and Advisors (DJ Miller, Sharon Hamilton) and representatives of MCU in which Laurentian provided update on all matters including cash flow, status of DIP financing and CCAA preparation
20. January 18, 2021: Email with updated CCAA cash flow forecast sent to MCU
21. January 19, 2021: Meeting between Laurentian (Dr. Haché, David Lindsay) and Advisors (DJ Miller, Sharon Hamilton) and representatives of MCU in which Laurentian provided update on all matters including cash flow, status of LUFA bargaining, DIP financing, CCAA preparation
22. January 21, 2021: Phone conversation between Laurentian (Dr. Haché) and MCU (Minister Romano and staff members)
23. January 21, 2021: Meeting between Laurentian (Dr. Haché, David Lindsay) and Advisors (DJ Miller, Sharon Hamilton) and representatives of MCU in which MCU presented proposal and Laurentian provided immediate feedback

SCHEDULE "B"
(Comparison of Options and Outcomes)

Issue	MCU Support (no CCAA)	CCAA (with MCU Support)	CCAA (without MCU support)
Impact on Students	Lesser public awareness of financial status, so likely would preserve current or projected enrollment numbers. Enrolment numbers for Fall 2021 only relevant if MCU makes a decision to cover operating costs and all other costs required to continue operations outside of a filing. Lack of a stay of proceedings leaves open the possibility of labour disruption including a strike. Unstable operations (including inability to complete ongoing research grant applications and donor agreements) can impact overall outcome for students. Public nature of very limited financial support by MCU (and no long term commitment) may weaken confidence by students. If MCU decides not to publicly confirm that it will fund to end of Winter 2021 term, that would be viewed negatively.	Provides confidence to the students in the future of LU, and the responsible steps being taken to emerge as a financially sustainable university for years to come. Permits coordinated public messaging that will assist with accomplishing the goals within a compressed timeframe, thereby bringing certainty to students for Fall 2021 programs and courses. Will let students know that they will be able to complete the Winter Term without interruption.	Students, as well as parents, might be uncertain about LU's future. Confirmation of $25 million in DIP funding being made available provides basis for assuring students that Winter Term will be completed without interruption. Timeline for completion of most difficult aspects (negotiations with LUFA and program changes achieved with Senate) will be on a compressed timeframe with students in mind, to provide for implementation for Fall 2021 and prior to the time that Grade 12 students must make selection of university in June.

Issue	MCU Support (no CCAA)	CCAA (with MCU Support)	CCAA (without MCU support)
Reputational Management	With MCU financial support, there will be increased community confidence in the institution. However, that is directly proportionate to the amount and timeline for which the support is provided. (Smaller amount and short timeline sends the opposite message and heightens concern, with no corresponding stay to prevent actions being taken.) MCU support would need to include additional financial support to deal with liabilities ($90 million to lenders; $38 million of deferred contributions; ongoing payroll and related liabilities) to enable full disclosure and reputational management.	CCAA filing with the support of MCU will minimize the risks to LU's reputation and would demonstrate MCU's commitment to a successful restructuring.	CCAA filing without the support of MCU will carry a greater risk to reputational damage than a CCAA filing with MCU support. There may be assumptions that LU has lost support of the government which will decrease confidence in the institution and prospects of a successful restructuring.
Ability to Do	*Headcount Reductions*: No unilateral ability to effect headcount reductions and limited likelihood of success through negotiation *Terminate Contracts*: Subject to the terms of the contracts which in many cases provide limited flexibility. Claims arising from termination must	*Headcount Reductions*: Forum to attempt to quickly and effectively negotiate a process for immediate headcount reductions. Potential additional ability to do so, with the approval of the Court if financial need can be demonstrated *Terminate Contracts*: Ability to terminate contracts with the approval	*Headcount Reductions*: Forum to attempt to quickly and effectively negotiate a process for immediate headcount reductions. Potential additional ability to do so, with the approval of the Court if financial need can be demonstrated *Terminate Contracts*: Ability to terminate contracts with the approval

Issue	MCU Support (no CCAA)	CCAA (with MCU Support)	CCAA (without MCU support)
	be paid in full, unless otherwise agreed by counterparty to contract.	of the Court subject to financial need. Claims arising from termination can be compromised through Plan of Arrangement.	of the Court subject to financial need. Claims arising from termination can be compromised through Plan of Arrangement.
Estimated Timeline	Minimum 2-3 years (perhaps more) to effect faculty reductions and program changes through retirement and attrition. Support for termination and severance payments ($50 million) would be required, assuming the headcount reductions could be achieved. Cost savings would not be realized until completed, therefore support for ongoing deficits during this period will also be required.	2-3 months of compressed negotiation with real triggers that create dynamic to facilitate resolution. Faculty reductions and program changes would be effective for Fall 2021 term with immediate cost savings With MCU support, the timeline could be extended to obtain the total required number of faculty reductions. For example, 50% of the required reductions could be negotiated immediately through CCAA mediation, with the remaining 50% of the reductions effected over 2-3 years (e.g. retirement incentives; severance; attrition)	Targeting 2-3 months of compressed negotiation with real triggers that create dynamic to facilitate resolution. Faculty reductions and program changes would be effective for Fall 2021 term with immediate cost savings. Implementation of Plan of Arrangement with all elements of restructuring within 2021 calendar year.
Funding Required for Operations and to Cover Risks	Estimated $50 million for operations to end of April 2023. Additional estimated $50 million for funding of termination and severance costs for 100 faculty – if such	$25 million from DIP Facility to April 2021. (External lender commitments received). Further amount dependent on success in achieving headcount reductions, however, future potential amount	$25 million from DIP Facility to April 2021. (External lender commitments received). Further amount dependent on success in achieving headcount reductions, however, future amount required

Issue	**MCU Support (no CCAA)**	**CCAA (with MCU Support)**	**CCAA (without MCU support)**
	terminations were even possible to achieve. Additional amounts required for operations (in addition to the $50 million referred to above) if headcount reductions cannot be achieved in a reasonable timeframe. Additional $30-40 million to replenish restricted funds previously used to fund operations and have them available for their designated purpose. Assurance to be provided to existing lenders ($90 million) if no CCAA proceeding is commenced, and they are asked to “stand down” from enforcing rights.	might be in the range of $20 million if program / faculty reductions are successful. Additional assistance to address any balance of deferred contribution obligation that is not addressed through a Plan of Arrangement and maintain research grant funding. MCU could consider assisting in funding one-time restructuring costs required to implement a successful Plan, and/or could support the payment to be made to compromised creditors (including the remaining portion of the compromised termination and severance payments). The amount of exit financing required from a third-party lender will depend on the level of support from MCU. The extent of real estate assets that may be sold as part of a restructuring would depend upon any assistance provided by MCU.	from DIP Lender to fund operations and implement Plan of Arrangement might be in the range of $20 million if program / faculty reductions are successful. The amount of exit financing required from a third-party lender will depend on the level of support from MCU. Non-financial assistance could be with re-building confidence of research-granting agencies and others. The extent of real estate assets that may be sold as part of a restructuring would depend upon any assistance provided by MCU.

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Risk of Labour Disruption	Very high risk, particularly given tenuous relationship, lack of trust by LUFA, pending Labour Board complaint, ongoing application for judicial review, 97 outstanding grievances and no collective agreement at this time. If any such steps are taken, the CCAA option will have been effectively foreclosed and no longer viable.	Stay of proceedings would prevent labour disruption occurring during the CCAA proceeding. Framework of compressed negotiation with court-appointed Mediator provides best framework for successful outcome.	Stay of proceedings would prevent labour disruption occurring during the CCAA proceeding. Framework of compressed negotiation with court-appointed Mediator provides best framework for successful outcome.
Treatment of Liabilities	All liabilities, including termination and severance for 100 faculty ($50 million), unsecured debt to lenders ($100 million), contractual obligations and claims existing against LU and the Board continue unaffected and must be paid. The deferred contributions ($38 million) also need to be addressed if LU is to continue operations in its current state. Litigation involving LU will continue.	All liabilities that currently exist or arise as a result of the CCAA proceeding can be compromised through a Plan of Arrangement whereby only a portion of the overall amounts will be paid. Support from MCU could limit the assets LU is forced to sell to fund its exit from the CCAA proceeding. MCU support in providing assurance to certain stakeholders (i.e. lenders, research-granting parties) would be helpful in maintaining confidence in future lending to the sector.	All liabilities that currently exist or arise as a result of the CCAA proceeding can be compromised through a Plan of Arrangement whereby only a portion of the overall amounts will be paid. Certain assets will need to be liquidated to support payments made to compromise creditor claims and fund the exit from CCAA protection. If Plan of Arrangement is accepted, all liabilities that exist as at the filing date (Feb 1, 2020) will be dealt with and will no longer be hanging over the university, unresolved.

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		If Plan of Arrangement is accepted, all liabilities that exist as at the filing date (Feb 1, 2020) will be dealt with and will no longer be hanging over the university, unresolved. Claims against the Board can also be addressed and releases provided to the directors, with limited exceptions.	Claims against the Board can also be addressed and releases provided to the directors, with limited exceptions.
Impact on Fall 2021 Enrolment	If a labour disruption is avoided, enrollments are least likely to be impacted in this scenario. However, the absence of a labour disruption is becoming increasingly unlikely. Considerable financial support will be needed to ensure normal operations in Fall 2021. Any financial support provided by MCU will be perceived by the faculty union as a bottomless well and make it more difficult to negotiate the required headcount reductions and other concessions.	With MCU support (financial and other) students and parents will have more confidence in LUs future. However, a minor dip in enrollment is expected: ~10% for Sept. 2021 with full recovery by Sept. 2022.	Would need to successfully complete the process by April 2021 to re-assure students who confirm their university choice in June. The projected decrease in student enrollments would be: ~30% decrease in Sept. 2021. ~10% decrease from Fall 2020 levels in Sept. 2022. These decreases would be short-term and would be expected to return to normal levels upon a successful restructuring, in parallel with a reduction in operating costs due to the cost-cutting through the mediation process.

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Disclosure Obligations & Consequences	Various contracts to which LU is subject include reporting obligations on its financial position. In addition, a failure to disclose LU's financial position at the same time that new money (research grants and donations) is being received creates a real risk of liability for LU. The continuing failure to disclose the issues around the $38 million of deferred contributions also increases the risk to LU and the Board.	All facts are fully disclosed in a setting where everyone has access to the same information. At the same time, a stay of proceedings is put in place immediately to ensure that no one can rely on the disclosure of those facts to enforce rights or take steps to pursue remedies against LU or the Board. The disclosure and existence of claims against LU and the Board that may arise from such disclosure can be addressed within the CCAA proceeding through: (i) a claims process to compromise existing claims; and (ii) releases for LU and the Board through a Plan of Arrangement that can be available for most types of claims, with limited exceptions. MCU's support in managing the communications (and its support for the university as it works through this process) would be beneficial.	All facts are fully disclosed in a setting where everyone has access to the same information. At the same time, a stay of proceedings is put in place immediately to ensure that no one can rely on the disclosure of those facts to enforce rights or take steps to pursue remedies against LU or the Board. The disclosure and existence of claims against LU and the Board that may arise from such disclosure can be addressed within the CCAA proceeding through: (i) a claims process to compromise existing claims; and (ii) releases for LU and the Board through a Plan of Arrangement that can be available for most types of claims, with limited exceptions.
Actions by Lenders and	Lenders are aware of LU's insolvency and can take steps to enforce their rights at any time.	The stay of proceedings imposed by Court Order prevents everyone from taking any steps to enforce any rights and remedies in respect of LU or the	The stay of proceedings imposed by Court Order prevents everyone from taking any steps to enforce any rights and remedies in respect of LU or the

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other Third Parties	Credit facilities have been recently terminated and the LC cancelled. Counterparties to contracts can terminate contracts. Research granting institutions can require return of funds. Donors can require return of donations that were not used for specific purpose. Faculty can require transfer of research grants if they transfer to another university, and such funds have been spent by LU. Guarantee of bank debt and potential backstop of claims arising from past usage of research funds likely to be required from MCU to mitigate these actions. LU is currently subject to various litigation and related claims, all of which are continuing and involving the continuing expenditure of funds. No ability to stop third parties from taking steps that make LU's situation even more precarious.	Board. It creates stability for LU in being able to focus on the restructuring efforts. All existing litigation is immediately stayed, no further steps are taken.	Board. It creates stability for LU in being able to focus on the restructuring efforts. All existing litigation is immediately stayed, no further steps are taken.
Exposure & Risk for Board	All claims that exist or arise can be pursued against LU and the Board	The stay of proceedings that is obtained by court Order in a CCAA	The stay of proceedings that is obtained by court Order in a CCAA

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and Officers of LU	members, with nothing preventing them from being brought. Litigation can be commenced, which embroils LU and the Board in costly and lengthy proceedings with the potential for significant financial judgments. If LU is not able to successfully restructure and is unable to pay all statutory claims for which directors may be personally liable, these unpaid amounts attract personal liability for directors. Indemnity for Board members from MCU may be required for LU to effectively continue operations.	proceeding includes a stay in favour of LU and its Board members. No one is entitled to pursue LU or the Board while the CCAA proceeding is in place, and it provides a mechanism to compromise all such claims to permit LU and the Board to emerge free of those claims (with limited exceptions). The court Order also provides protection for LU and the Board in operational and other discretionary decisions made while LU is insolvent, since everything is done pursuant to a court Order with the oversight of the court officer (the Monitor). MCU's appointment of the Special Advisor can be specifically referred to in the Order obtained from the CCAA Court, demonstrating that the process is taken with full transparency and involvement of MCU thereby increasing the confidence of stakeholders in the process.	proceeding includes a stay in favour of LU and its Board members. No one is entitled to pursue LU or the Board while the CCAA proceeding is in place, and it provides a mechanism to compromise all such claims to permit LU and the Board to emerge free of those claims (with limited exceptions). The court Order also provides protection for LU and the Board in operational and other discretionary decisions made while LU is insolvent, since everything is done pursuant to a court Order with the oversight of the court officer (the Monitor).