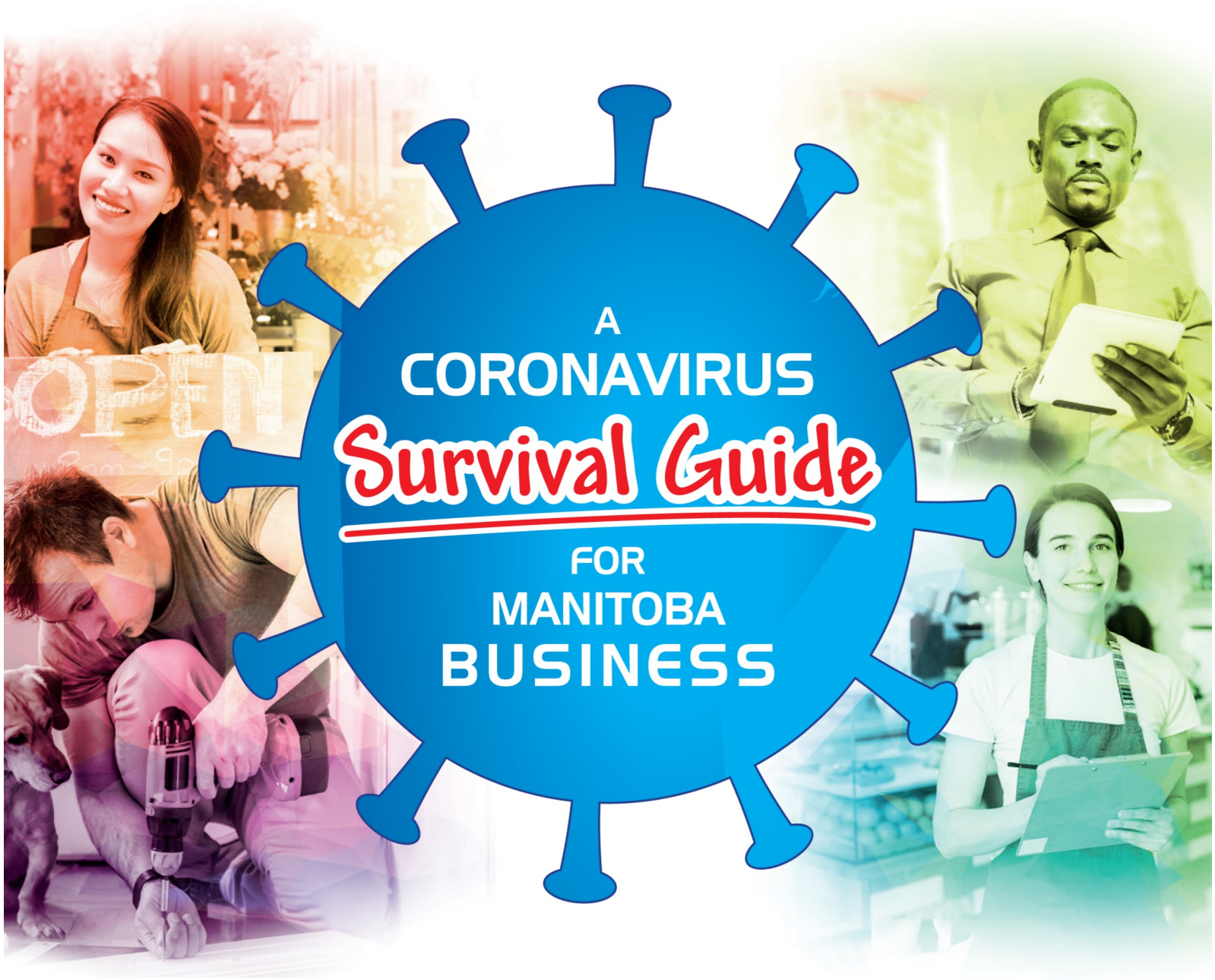


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A CORONAVIRUS *Survival Guide* FOR MANITOBA BUSINESS

LARGE EMPLOYER EMERGENCY FINANCING FACILITY (LEEFF) REFERENCE GUIDE

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LARGE EMPLOYER EMERGENCY FINANCING FACILITY

REFERENCE GUIDE



LEEFF is a program instituted by the Government of Canada to provide short-term liquidity assistance in the form of interest-bearing term loans to large Canadian employers who have been affected by the COVID-19 outbreak to provide liquidity to large employers with a 'significant footprint' in Canada that need it as a result of the economic downturn caused by COVID-19 until they can access more traditional market financing.

LEEFF will be open to large Canadian employers who (a) have a significant impact on Canada's economy, as demonstrated by (i) having significant operations in Canada or (ii) supporting a significant workforce in Canada; (b) can generally demonstrate approximately \$300 million or more in annual revenues; and (c) require a minimum loan size of \$60 million based on the applicant's cash flow needs for the next 12 months. The loan size for each applicant will be assessed on a case by case basis based on demonstrated need.

NOTE: LEEFF is **not** meant to provide low-cost lending to firms, **nor** to rescue companies that were already facing insolvency prior to the pandemic.

Companies that apply for LEEFF will be required to:

- Respect Collective Bargaining Agreements, including pensions,
- Follow strict limits on:
 - Executive pay,
 - Share buybacks, and
 - Dividends, and
- Commit to publishing future climate disclosure reports consistent with the Financial Stability Board's Task Force on Climate-related Financial Disclosures, as well as provide details of how future operations will support environmental sustainability goals and national climate goals.

LEEFF ELIGIBILITY CRITERIA:

Evaluation Criteria for applicants under the LEEFF program:

- Be a commercial entity incorporated under Canadian federal, provincial or territorial law;
- Generally have approximately \$300 million or more in consolidated annual revenue;
- The applicant's most recent annual or interim financial statements did not contain a going concern note or qualification (other than directly related to the current economic crisis) and the applicant was solvent as at December 31, 2019;
- Has not made any filing, or had any filing against it, under the Companies' Creditors Arrangement Act (CCAA) or any other bankruptcy or insolvency legislation;
- Has a significant impact on Canada's economy, either as a result of
 - having significant operations in Canada or
 - supporting a significant workforce in Canada;
- The LEEFF loan facilities are required and the applicant will make reasonable commercial efforts to minimize the loss of employment, sustain its domestic business activities and the LEEFF loan facilities form part of its overall plan to return to financial stability;

LEEFF applicants must not be any of the following:

- a public institution, Crown corporation, public university, college, school or hospital;
- a union, charitable, religious or fraternal organization or entity owned by such organization (with certain exemptions);
- an entity where any individual holding Canadian political office owns 10% or more of such entity (on a direct or indirect basis);

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LEEFF ELIGIBILITY CRITERIA CON'T:

- an entity that promotes violence, incites hatred or discriminates on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability; or
- any entity that has been convicted of tax evasion under any applicable Canadian federal or provincial law.

Large for-profit enterprises in all sectors, except for those in the financial sector, can apply for funding under LEEFF. Certain not-for-profit enterprises, such as airports, could also be eligible.

Applications must also be consistent with the objectives of the LEEFF program in the discretion of the Minister of Finance and are subject to a sectoral review by ISED. Applicants are also required to submit audited financial statements for review and a completed application form which requests a variety of information relevant to the applicant's eligibility. CEEFC may also request additional information to help it assess the applicant's eligibility. This information will be evaluated by CEEFC on a case-by-case basis.

LEEFF LOAN TERMS AND CONDITIONS:

The **terms and conditions will be commercial** in nature, key terms are:

- **Size/Principal Amount:** The loan will be provided by way of two loan facilities: an unsecured facility equal to 80% of the aggregate loan and a secured facility equal to 20% of the aggregate loan amount. The minimum aggregate loan will be \$60 million. The loan will be advanced in tranches over 12 months.
- **Interest Rate:** With respect to the unsecured facility, cumulative at 5% per annum payable quarterly in arrears. The interest rate will increase to 8% per annum on the one-year anniversary and will increase by a further 2% per annum each year thereafter. To reduce cash pressures, interest may be paid in-kind for the first two years of the loan. For the secured facility, the interest rate will be based on the interest rate of the borrower's existing secured debt.
- **Term:** The duration of the unsecured facility will be five years. The duration of the secured loan facility will match that of the borrower's existing secured debt. The borrower may prepay the loan at any time without penalty.
- **Restrictions:** The borrower will be subject to certain operating requirements while the loan is outstanding including
 - prohibitions on dividends, capital distributions and share repurchases, and
 - certain executive compensation restrictions.
- **Covenants:** The borrower will be subject to certain affirmative covenants while the loan is outstanding including:
 - performance of obligations under existing pension plans;
 - performance of material obligations under applicable collective bargaining agreements; and
 - publishing an annual climate-related financial disclosure report, highlighting how corporate governance, strategies, policies and practices will help manage climate-related risks and opportunities; and contribute to achieving Canada's commitments under the Paris Agreement and goal of net zero by 2050.
- **Governance:** CEEFC will reserve the right to appoint an observer to the board of the borrower.
- **Conditions:** Certain conditions will need to be satisfied before the initial advance of funds, which will include certain waivers from existing lenders or bondholders of the borrower.

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LEEFF APPLICATION PROCESS FOR QUALIFYING ENTERPRISES:

Large enterprises that meet the qualifying criteria for LEEFF may begin an application by completing the [online enquiry form](#) here and sending it to applications@ceefc-cfuec.ca.

Alternately, interested applicants may send an email to applications@ceefc-cfuec.ca with the following information:

- Name of business
- Address of headquarters
- Description of business
- Business annual revenues (FY2019 results)
- Number of employees
- Stock exchange symbol (if publicly listed)
- Name of contact
- Title of contact
- Email address of contact (must be from the enterprise's corporate domain)
- Phone number of contact

NOTE: Only email addresses from the enterprise's corporate domain will be accepted.

Applicants will be contacted by both representatives of CEEFC and ISSED Canada to begin the process.

LEEFF will be open while the current economic situation persists.

CRITICAL ADDITIONAL LEEFF PROGRAM INFORMATION:

For more information on the [Large Employer Emergency Financing Facility](#) program, [click here](#).

To view the [LEEFF factsheet](#), please [click here](#).

For answers to [Frequently Asked Questions](#), please [click here](#).

The information on this reference guide and on the Manitoba Business Matters website is based on rapidly-developing relief programs and legislative changes and is produced by Manitoba Business Matters as an information service to Manitoba businesses.

It is not intended to substitute professional advice.

These summaries will be updated as support programs and legislation continues to evolve.

For the most comprehensive and current information, please review the Government of Canada's COVID-19 Economic Response Plan [click here](#).



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