

THE KING'S BENCH
WINNIPEG CENTRE

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
MANITOBA CLINIC MEDICAL CORPORATION AND THE MANITOBA CLINIC
HOLDING CO. LTD.

(the "Applicants")

APPLICATION UNDER: THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C., c. C-36, AS AMENDED

NOTICE OF MOTION
(STAY EXTENSION AND OTHER RELIEF)
DATE OF HEARING: FRIDAY, APRIL 21, 2023 AT 9:00 A.M.
THE HONOURABLE MR. JUSTICE KROFT

TAYLOR McCaffrey LLP
Barristers and Solicitors
2200 – 201 Portage Avenue
Winnipeg, Manitoba
R3B 3L3

Douglas E. Finkbeiner, K.C./Ph. 204-988-0414
David R.M. Jackson/Ph. 204-988-0375
Charles Roy/Ph. 204-988-0472
Fax No. 204-957-0945

Client File No. 1102-154

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APPLICATION UNDER: THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., c. C-36, AS AMENDED

NOTICE OF MOTION
(STAY EXTENSION)

The Applicants will make a motion before the Honourable Mr. Justice Kroft on Friday, the 21st day of April, 2023 at 9:00 o'clock in the forenoon or so soon after that time as the motion can be heard at the Law Courts, 408 York Avenue at Kennedy Street, in the City of Winnipeg, in Manitoba.

THE MOTION IS FOR:

1. An Order substantially in the form attached hereto as Schedule 1 to this Notice of Motion which provides, *inter alia*:

- a) An Order abridging the time for service and/or otherwise validating service of the Notice of Motion such that the motion is properly returnable Friday, April 21, 2023 and dispenses with further service thereof;
- b) An Order extending the stay period ("Stay Period") as defined in paragraph 10 of the Amended and Restated Initial Order of the Honourable Mr. Justice Kroft dated December 2, 2022 ("Initial Order") until August 31, 2023;

- c) An Order approving the Second Report provided by Alvarez & Marsal Canada Inc. in its capacity as monitor of the Applicants ("Monitor") and the Monitor's activities, actions, and conduct as described therein ("Second Report");
- d) An Order approving the Professional Fees of the Monitor, the Monitor's legal counsel and the Applicant's legal counsel;
- e) An Order approving the proposed Retention Payments to the physicians who continue to provide services to the Applicants;
- f) An Order approving an amendment to the DIP Financing Commitment Letter to incorporate a New Revised Budget;
- g) Such further and other relief as to this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA"), ss. 11, 11.02 and 36.
2. King's Bench Rules 1.04, 3.02(1), 16.04(1), 16.08 and 37.08(2).
3. On November 30, 2022 this Court granted an Initial Order under the CCAA which included a stay of proceedings against the Applicants (as defined in the Initial Order) until December 9, 2022, the appointment of a Monitor and collateral initial relief.
4. On December 1, 2022 this Court amended and restated the Initial Order which, *inter alia*:
 - a) Extended the Stay Period until February 24, 2023;
 - b) Provided the balance of the restructuring tools contemplated under the Model Order;
 - c) Provided DIP Financing, enhanced the Monitor's powers, authorized a Key Employee Retention Program ("KERP") and provided authorization to the

Applicants with the approval of the Monitor to make certain True-Up Payments.

5. On January 24, 2023 the Court granted an Order extending the Stay Period to April 28, 2023.

6. The Applicants have acted in good faith and with due diligence since the granting of the Initial Order, and have been working with the Monitor to restructure the business operations of the Applicants including:

- a) Relocating all employees and physicians into a reduced building space;
- b) Reducing administration and executive office staff;
- c) Preparing a new business and financial plan for consideration of the physicians;
- d) Continued efforts to lease vacant building space; and
- e) Assist the Monitor in developing a Sales and Investor Solicitation Process ("SISP");

7. The Monitor shall be filing a separate Notice of Motion for this Court to approve the proposed SISP.

8. At this time, the Applicants are returning to Court with the Monitor to provide an update on its restructuring efforts and seek an extension of the Stay Period until August 31, 2023. An extension of the Stay Period until August 31, 2023 is necessary and appropriate in the circumstances, in particular to allow the Applicants to continue their restructuring efforts and conduct the SISP.

9. The Applicants with the assistance of the Monitor have agreed to a significant reduction of the space required in the building for operations of the Clinic as

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9. The Applicants with the assistance of the Monitor have agreed to a significant reduction of the space required in the building for operations of the Clinic as

well as rent payment obligations for the duration of these proceedings. With the concurrence of the Monitor and CIBC the Applicants shall be amending the Lease between them accordingly.

10. The Applicants with the Monitor's assistance have developed a plan to pay the physicians who continue to provide services to the Clinic a retention bonus, subject to Court approval.

11. With the Monitor's and CIBC's approval the Commitment Letter for the DIP Financing shall be amended to incorporate a New Revised Budget.

12. The Applicants have sufficient liquidity with the DIP Financing in place to be able to continue operating in the ordinary course during the requested Stay Period subject to the DIP lender agreeing to extend the Maturity Date an additional three months in accordance with the Commitment Letter.

13. The Monitor and CIBC are supportive of the requested extension of the Stay Period and the DIP lender is expected to extend the Maturity Date of the DIP Financing to accommodate completion of the SISP.

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

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

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT
THE HEARING OF THE MOTION:

1. The Amended and Restated Initial Order signed December 2, 2022.
2. The Affidavit of Keith McConnell sworn November 28, 2022.
3. The Pre-Filing Report of Alvarez & Marsal Canada Inc. dated November 29, 2022.
4. The First Report of the Monitor dated January 20, 2023.
5. The Second Report of the Monitor, to be filed.
6. Such further and other documentation as counsel may advise and this Honourable Court may permit.

April 18, 2023

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David R.M. Jackson/Ph. (204) 988-0375
Charles Roy/Ph. (204) 988-0472

TO: SERVICE LIST ATTACHED

SCHEDULE 1

File No. CI 22-01-38613

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THE HONOURABLE)
) Wednesday, the 21st day of April, 2023
MR. JUSTICE KROFT)

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ORDER
(STAY EXTENSION AND OTHER RELIEF)

THIS MOTION made by the Applicants for an Order, *inter alia*: (i) extending the Stay Period as defined in paragraph 10 of the Amended and Restated Initial Order entered December 2, 2022 ("Initial Order") to and including August 31, 2023; (ii) approving the Second Report of the Monitor, Alvarez & Marsal Canada Inc. ("A&M"), dated January 20, 2023 ("Second Report") in its capacity as Monitor of the Applicants ("Monitor") and the activities, actions, and conduct described therein; (iii) approving the professional fees of the Monitor, the Monitor's legal counsel and Applicants' legal counsel, as set out in the Second Report; (iv) approving the proposed Retention Payments to the physicians; (v) approving an Amendment to the DIP Financing Commitment Letter to incorporate a New Revised Budget, and (vi) such further and other relief as to this

Honourable Court may deem just was heard this day at Winnipeg, in the Province of Manitoba.

ON READING the Affidavit of Keith McConnell sworn November 28, 2022, the Pre-Filing Report of A&M dated November 29, 2022, the First Report of A&M dated January 20, 2023, the Second Report, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for Canadian Imperial Bank of Commerce (“CIBC”), no one appearing for any other party although duly served as appears from the Affidavit of Service of _____ sworn _____, 2023:

Service

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the supporting materials is hereby abridged and validated so that the motion is properly returnable today and hereby dispenses with further service thereof.

Stay Extension

2. THIS COURT ORDERS that the Stay Period is hereby extended until and including August 31, 2023.

Monitor's Activities and Related Matters

3. THIS COURT ORDERS that the Second Report and the activities, actions, and conduct as described therein are hereby approved.

4. THIS COURT ORDERS that the professional fees and disbursements of the Monitor, its legal counsel, McDougall Gauley LLP and Applicants' legal counsel, Taylor McCaffrey LLP, as set out in the Second Report, are hereby approved.

Retention Payments

5. THIS COURT ORDERS AND DECLARES that the Physicians Retention Payment Plan as detailed in the Monitor's Second Report is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms thereof.

Amendment to the DIP Financing

6. THIS COURT ORDERS that the Applicants be authorized and empowered to sign an Amendment to the Commitment Letter incorporating a Revised Budget to be agreed to by the Applicants, CIBC and the Monitor.

Date:

Kroft, J.

I, DAVID R.M. JACKSON, of the firm of Taylor McCaffrey LLP, hereby certify that I have received the consents as to form of the following parties:

J.J. Burnell of MLT Aikins LLP, counsel for CIBC
Ian Sutherland, K.C. of McDougall Gauley LLP, counsel for the Monitor
[NTD: any other counsel required to consent?]

As directed by the Honourable Mr. Justice Kroft.