

Court File No.: 31-2551574
Estate File No.: 31-2551574

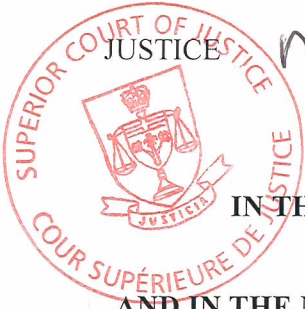
ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE

) TUESDAY, THE 28th

) JUSTICE

) DAY OF JANUARY, 2020



McGowan

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF WISP INTERNET SERVICES INC.,
OF THE TOWNSHIP OF SCUGOG, IN THE PROVINCE OF ONTARIO

ORDER
(Re Approval of Proposal)

THIS MOTION, made by Dodick Landau Inc. in its capacity as proposal trustee (“**Proposal Trustee**”), for approval of the proposal of WISP Internet Services Inc. (“**WISP**”) made pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the First Report of the Proposal Trustee dated September 24, 2019 (the “**First Report**”), the Report on Proposal of the Proposal Trustee dated November 18, 2019 (the “**Report on Proposal**”), and the Second Report of the Proposal Trustee dated January 17, 2020 (the “**Second Report**”) and the appendices thereto, and on hearing the submissions of counsel for the Proposal Trustee, counsel for WISP and counsel for those other

parties in attendance, no one appearing for any other person on the Service List although properly served as appears from the Affidavit of Service of Christel Paul, sworn January 20, 2020 and filed:

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

2. **THIS COURT ORDERS** that the proposal attached hereto as Schedule "A" to this Order, be and is hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that WISP and the Proposal Trustee are authorized to take all steps and actions necessary or appropriate to implement the proposal in accordance with its terms.

4. **THIS COURT ORDERS** that the First Report, the Report on Proposal and the Second Report, and the conduct and activities of the Proposal Trustee as described therein, be and are hereby approved.



SCHEDULE A

Court File No.: 31-2551574
Estate File No.: 31-2551574

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF
WISP INTERNET SERVICES INC.,
OF THE TOWNSHIP OF SCUGOG, IN THE PROVINCE OF ONTARIO

REVISED AMENDED PROPOSAL

WISP INTERNET SERVICES INC. (the "Debtor") hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

Purpose of Proposal

The purpose of this Proposal is to effect a restructuring of the indebtedness of the Debtor in the manner contemplated herein and as permitted by the Act, in the expectation that Creditors will generally derive a greater benefit from the Proposal and the continued operation of the business and affairs of the Debtor than would result from a bankruptcy of the Debtor.

Effect of Proposal

This Proposal restructures the indebtedness of the Debtor and provides the essential terms on which all Claims will be fully and finally resolved and settled. During the Proposal period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or exercising any remedy against the Debtor or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Debtor in respect of a Claim or to commence any formal legal proceedings against it other than as provided for under this Proposal.

Definitions

1. In this Proposal:

"Act" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;

"Administrative Fees and Expenses" means the proper fees and expenses of the Proposal Trustee incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Proposal Trustee in the administration of the Funded Proposal Payments, and the legal fees and expenses incurred by the Proposal Trustee and the Debtor before and following execution, acceptance and approval of this Proposal and in connection with the NOI and the preparation of this Proposal, as well as advice to the Debtor in connection therewith;

"Approval Order" means the Order of the Court approving this Proposal;

"Bankruptcy Reserve" means a reserve amount of \$25,000 to be held by the Proposal Trustee

as security for the administrative costs of the bankruptcy of the Debtor, in the event that the Debtor becomes bankrupt;

"Business Day" means any day, other than Saturday or Sunday, on which banks are ordinarily open for business in Toronto, Ontario;

"Certificate of Full Performance" means the certificate that the Proposal Trustee issues to the Debtor and to the Official Receiver pursuant to Section 65.3 of the Act;

"CRA" means Canada Revenue Agency;

"Claims" means claims that are proved and allowed for any and all debts and liabilities, present and future, including contingent and unliquidated claims of the Debtor to which the Debtor was subject at the Filing Date as defined herein, and "Claim" has a corresponding meaning;

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

"Creditors" means Secured Creditors and General Unsecured Creditors;

"Crown Claims" means those claims set out in paragraph 3 of this Proposal;

"Date of the Proposal" means November 12, 2019, the date on which the Proposal was filed with the office of the Official Receiver;

"Debtor" means WISP Internet Services Inc.;

"Deficiency Claim" means the value of the Claim of a Secured Creditor which is in excess of the value of the Secured Property in respect of that Claim;

"Effective Date" means 10 calendar days from the date of the Approval Order, unless the Approval Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;

"Employee Preferred Claim" means a Claim by a current or former employee of the Debtor, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;

"Event of Default" means an event described in paragraph 43 hereof;

"Filing Date" means August 29, 2019, the date on which the NOI was filed;

"Funded Proposal Payments" means funds which will be advanced to the Proposal Trustee for distribution pursuant to paragraphs 8 to 10 hereof, as more particularly described in paragraphs 23 and 24 hereof;

"General Unsecured Creditors" means those persons with Claims, except for those Claims:

- i. That have been finally and conclusively disallowed pursuant to the provisions of the Act by the Proposal Trustee or the Court (as may be applicable);
- ii. That may be contingent or unliquidated and found by the Proposal Trustee or the Court (as may be applicable) not to be provable; and

iii. that are Claims by Secured Creditors;

"Inspectors" means the inspectors described in paragraphs 33 to 39 hereof;

"ITA" means the *Income Tax Act* (Canada);

"Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to Section 147 and Rule 123(2) of the Act;

"NOI" means the Debtor's Notice of Intention to File a Proposal pursuant to the Act;

"Option Agreement" means an agreement between the Debtor and a Property Owner who is part of Unsecured Creditor Group 2 pursuant to which the Debtor has an option to build a Tower, as more particularly described in Schedule "C" hereto;

"Option Payment" means any payment by the Debtor to a Property Owner pursuant to an Option Agreement;

"Performance of the Proposal" means the payment of the money pursuant to the provisions of paragraphs 8 to 10, 23 and 24 hereof;

"Preferred Claim" means any claim that is afforded priority under Section 136(1) of the Act;

"Preferred Creditor" means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;

"Property Owner" means the owner of lands on which the Debtor has built, or has contracted to build, a Tower pursuant to a Tower Agreement;

"Proposal" means this Proposal, dated November 12, 2019;

"Proposal Trustee" means Dodick Landau Inc., or its duly appointed successor or successors;

"Proven", as used in relation to any Claim, means such Claim as finally accepted or determined by the Proposal Trustee in accordance with the provisions of the Act and this Proposal, subject to all rights of appeal under the Act, the determination of that Claim pursuant to such appeals and/or any applicable appeal periods having expired;

"Released Parties" means the Debtor and each and every present and former director and officer of the Debtor, and each and every of their respective successors and assigns;

"Rental Payment" means any payment by the Debtor to a Property Owner pursuant to a Tower Agreement;

"Secured Creditors" means persons holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Debtor or any part thereof as security for a Claim;

"Share Pool" means the total pool of shares of the Debtor to be made available for purchase by General Unsecured Creditors, as more particularly described in Schedule "F" hereto;

"Tower" means the communications tower and shed, including all associated panels and equipment, which are the subject of a Tower Agreement;

"Tower Agreement" means an agreement between WISP and a Property Owner governing the ownership and use of a Tower;

"Unsecured Creditor Group 1" means all Property Owners who have a Tower on their lands, including those Property Owners who purported to terminate their Tower Agreements before or after the Filing Date, to the extent of their Claim as it relates to the Debtor's failure to perform its obligations under any Tower Agreement;

"Unsecured Creditor Group 2" means all Property Owners who (i) are party to a Tower Agreement with the Debtor and (ii) do not have a built Tower on their lands, to the extent of their Claim as it relates to the Debtor's failure to perform its obligations under any Tower Agreement; and

"Unsecured Creditor Group 3" means all other General Unsecured Creditors who are not part of Unsecured Creditor Group 1 or Unsecured Creditor Group 2, including private lenders and trade creditors, and also including those in Unsecured Creditor Group 1 and Unsecured Creditor Group 2 who have additional Claims against the Debtor.

Classification of Creditors

2. For the purpose of this Proposal, the Creditors of the Debtor shall be comprised of a single class, consisting of Creditors having Preferred Claims and Unsecured Claims. For greater certainty, Preferred Creditors entitled to vote pursuant to the Act shall vote in this class; Secured Creditors holding Deficiency Claims are entitled to vote in this class to the extent of such claims; and claims of Her Majesty in Right of Canada and any province for all amounts other than Crown Claims shall vote in this class.

Crown Claims

3. The Debtor covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Filing Date of a kind that could be subject to a demand under: (i) Subsection 224(1.2) of the ITA; (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to s.224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. This payment of Crown Claims (if any) will be made in addition to the Funded Proposal Payments and in priority to the Claims of Secured Creditors and General Unsecured Creditors.

Secured Creditors

4. The Debtor covenants and agrees to, within 12 months following the Effective Date, satisfy the Claims of Secured Creditors. The payment of Claims of Secured Creditors shall be made outside of this Proposal and Secured Creditors may only vote on questions relating to this Proposal as a General Unsecured Creditor in respect of the amount equal to such Secured Creditor's Proven Deficiency Claim.

Employee Preferred Claims and Wages

5. All Proven Employee Preferred Claims shall be paid out of funds to be delivered by the Debtor to the Proposal Trustee in addition to the Funded Proposal Payments and shall be remitted by the Proposal Trustee to the entitled claimants immediately after the Court Approval Date and in priority to the

Unsecured Claims.

6. The Debtor shall continue to pay employees, not to include independent contractors, all wages, salaries, commissions or compensation for services rendered before, and after, the Court Approval Date.

Preferred Claims (other than Employee Preferred Claims)

7. Proven Preferred Claims, other than Employee Preferred Claims, shall be paid in full, out of the Funded Proposal Payments, without interest, in priority to Proven Unsecured Claims.

Proposal for General Unsecured Creditors

8. The Debtor covenants and agrees to, between months 13 and 120 following the Effective Date, make monthly Funded Proposal Payments to the Proposal Trustee and the Proposal Trustee will make two dividend payments each year to General Unsecured Creditors on a *pro rata* basis in respect of their Claims. The timing of the two annual dividend payments will be at the discretion of the Proposal Trustee.
9. The total amount of the Funded Proposal Payments will be \$2,250,000 and will be in addition to any Rental Payments described in Schedule "A" hereto or any Option Payments or Rental Payments described in Schedule "C" hereto.
10. Subject to paragraphs 25 and 26 hereof, General Unsecured Creditors with a Proven Claim shall receive, in full and complete satisfaction of all debts and liabilities of the Debtor:
 - a. their *pro rata* share of \$2,250,000, less the Administrative Fees and Expenses; and
 - b. an option to acquire their *pro rata* share of the Share Pool.

Proposal for Unsecured Creditor Group 1

11. Tower Agreements shall be amended in accordance with Schedule "A" hereto. From December 4, 2019, the Debtor covenants not to grant any security interest in the Works (as defined in the applicable Tower Agreements).
12. Each Property Owner's Claim for voting and dividend purposes shall equal:
 - a. Rent Payment arrears owing, plus
 - b. the present value of the future revenue stream (discount rate of 5%) under the Property Owner's current Tower Agreement, less
 - c. the present value of the future revenue stream (discount rate of 5%) of the Rental Payments under the Property Owner's Tower Agreement, as amended pursuant to Schedule "A" hereto.
13. For an illustrative example, see Schedule "B" hereto.
14. The dividend in respect of each Property Owner's Claim will be paid *pro rata* with other General Unsecured Creditors as set out in paragraphs 8 to 10 hereof.

Proposal for Unsecured Creditor Group 2

15. Tower Agreements shall be terminated and Option Agreements shall become effective in accordance with Schedule "C" hereto.
16. Each Property Owner's Claim for voting and dividend purposes shall equal:
- a. the amount paid to the Debtor to have a Tower built, plus
 - b. the value of internet service from the commencement of the Tower Agreement and for the period of the Option Agreement (at \$110 per month), plus
 - c. Rent Payment arrears owing, plus
 - d. the present value of the future revenue stream (with a discount rate of 5%) under the Property Owner's current Tower Agreement, less
 - e. the present value of the future revenue stream (discount rate of 5%) of the Option Payments under the Property Owner's Option Agreement, less
 - f. Rental Payments made to date.
17. For an illustrative example, see Schedule "D" hereto.
18. The dividend in respect of each Property Owner's Claim will be paid *pro rata* with other General Unsecured Creditors as set out in paragraphs 8 to 10 hereof.

Proposal for Unsecured Creditor Group 3

19. Each Creditor with a Proven Claim not related to a Tower Agreement shall be entitled to receive dividends in respect of their Proven Claim in accordance with paragraph 8 to 10 hereof.
20. Creditors may have Claims both:
- a. in respect of Tower Agreements, which Claims fall under Unsecured Creditor Group 1 or Unsecured Creditor Group 2; and
 - b. as a General Unsecured Creditor, which Claims fall under Unsecured Creditor Group 3.
- In such cases, the Proven Claim of the Creditor shall be the aggregate of the Proven Claims from each Group and the Creditor shall have one vote in respect of such aggregate Proven Claim.
21. Each Creditor with a Claim under a contract that purports to create a return of more than 60% per annum shall have their Claim for voting and dividend equal:
- a. the principal amount owing under the agreement, plus
 - b. accrued interest up to the Filing Date calculated at the rate of 60% per annum, less
 - c. payments made by the Debtor.
22. The dividend in respect of each Creditor in Unsecured Creditor Group 3 shall be paid *pro rata* with other General Unsecured Creditors as set out in paragraphs 8 to 10 hereof. For an illustrative example, see Schedule "E" hereto.

Funding the Proposal

23. Upon the full satisfaction of the Crown Priority Claims, Employee Preferred Claims and Secured Claims, the Debtor will cause to be paid to the Proposal Trustee cash instalments in the amount of \$62,500.00 every calendar quarter for nine (9) years until an amount is paid to the Proposal Trustee equal to \$2,250,000.
24. The Debtor's obligation to commence funding of the Funded Proposal Payments shall commence on the first Business Day of the 13th month following the month in which the Debtor obtains the Approval Order.

Dividend Distributions

25. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Proposal Trustee shall remit the amount of the Levy to the Superintendent of Bankruptcy contemporaneous with the distributions to the General Unsecured Creditors. The Proposal Trustee shall make dividend distributions twice per year, the exact timing of which shall be at its own discretion, when there is sufficient funds held in trust from the funds received from the Debtor. The Proposal Trustee shall not be required to send a notice under Section 149(1) of the Act.
26. Subject to the terms and conditions of this Proposal, and the payment of the Levy (as applicable), the Funded Proposal Payments shall be distributed by the Proposal Trustee in the following order of priority:
 - a. first, to the Administrative Fees and Expenses;
 - b. second, to establish the Bankruptcy Reserve, to be held in trust by the Proposal Trustee, which amount shall be used to fund the administrative costs of the bankruptcy of the Debtor in the event that the Debtor becomes bankrupt, falling which such amount shall be distributed in accordance with the distribution scheme of this Proposal;
 - c. third, to Proven Claims of Preferred Creditors other than Employee Preferred Claims (if any), which will have been paid, without interest; and
 - d. fourth, the balance shall be distributed pro rata among all of (i) the General Unsecured Creditors on account of Proven Unsecured Claims and (ii) the Secured Creditors on account of Proven Deficiency Claims, without regard to whether the Claims are the Claims of Secured Creditors or Unsecured Creditors.

Payment of Post-Filing Goods & Services

27. During the Proposal period, the Debtor shall pay for all post-filing goods and services in full in the ordinary course of business.

Post-Filing Crown Claims

28. During the Proposal period, the Debtor shall remit and pay all post-filing Crown Claims as and when due.

Administrative Fees and Expenses

29. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings
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arising out of the proposal, or in the bankruptcy, if any, will be made in priority to all claims, including Crown Claims, if any. The Proposal Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Proposal Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

Reporting by the Debtor

30. During the Proposal period, the Debtor shall provide to the Proposal Trustee every three months commencing on first Business Day of the month following the month in which the Approval Order is issued, a report containing the information set out below:
- a. a cash flow statement for the Debtor's actual cash flow for the business for the prior three months, a cash flow forecast for the business for the following three months and a variance of actual as compared to forecast for the previous three months each calendar quarter;
 - b. evidence of the Debtor's filing and remittance of source deductions and HST; and
 - c. internally generated quarterly financial statements in addition to its annual financial statements and corporate tax return prepared by a Certified Public Accountant.
31. The Proposal Trustee shall monitor the Debtor's receipts and disbursements during the Performance of the Proposal and shall report to the Inspectors on any material variances in the Debtor's cash flows and business operations. The Proposal Trustee shall use its professional judgment in determining whether a variance is material, acting as it would under the Act in deciding whether to file a material adverse change report. The Proposal Trustee shall be entitled to rely on the legal advice of its counsel in making such determination.

Minutes of Board Meetings

32. Creditors will be entitled to receive, on request, a copy of the minutes of any meeting of the Debtor's board of directors.

Inspectors

33. At the meeting of the General Unsecured Creditors to be held to consider the Proposal, or any subsequent meeting of General Unsecured Creditors, the said General Unsecured Creditors may appoint one (1) or more but not exceeding five (5) persons to act as Inspectors whose powers will be limited to:
- a. advising the Proposal Trustee from time to time with respect to any matter that the Proposal Trustee may refer to them;
 - b. advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims of Unsecured Creditors; and
 - c. authorizing an extension of the time and/or the amount of payments due from the Debtor to the Proposal Trustee pursuant to paragraphs 23 and 24 hereof, or for payments due from the Proposal Trustee to the General Unsecured Creditors pursuant to paragraphs 8 to 10 hereof.
34. The powers of the Inspectors may be exercised by a majority of them.
35. The Debtor shall meet with the Inspectors on a quarterly basis throughout the Proposal period, with
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such meetings to be chaired by the Proposal Trustee and held via conference call.

36. The Debtor shall report to the Proposal Trustee and the Inspectors regarding its quarterly receipts and disbursements prior to each meeting as described above.
37. The Inspectors at any meeting may fill any vacancy on the board of Inspectors.
38. The Proposal Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.
39. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

Creditor Approval

40. The Proposal Trustee shall call a meeting of the General Unsecured Creditors to seek creditor approval for the Proposal in the requisite majority in number and value of the class, as set out in the Act, as described in the Proposal. The performance of this Proposal by the Debtor shall be conditional upon approval of the Creditors. If the Creditors do not approve the Proposal, the Proposal Trustee shall report on the result of the vote as required under Section 57 of the Act and the Debtor shall be deemed bankrupt.

Court Approval

41. In the event the Proposal is approved by the Creditors, the Proposal Trustee shall, within five (5) days of such approval, apply to the Court for a hearing to seek the Approval Order. The performance of this Proposal by the Debtor shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approve the Proposal, the Debtor shall be deemed bankrupt.

Release

42. Upon issuance of the Certificate of Full Performance, the Released Parties shall be released and discharged by all Creditors from all Claims which any Creditor may have or have been entitled to assert against any of the Released Parties for which they would be by law liable in their capacity as directors for the payment of such Claims, provided that this provision shall not release or discharge any of the Released Parties from any Claims that are set out in Section 50(14) of the Act.

Events of Default

43. The following events will constitute "Events of Default" for purposes of Section 63 of the Act and otherwise under this Proposal:
 - a. the non-payment by the Debtor of any of its obligations hereunder within thirty (30) days after written notice has been given by the Proposal Trustee that such payment is past due; and
 - b. the breach or failure by the Debtor to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given to the Debtor by the Proposal Trustee.

Amendment

44. This Proposal may be amended by the Debtor with the consent of the Proposal Trustee at any time

prior to the conclusion of the meeting of General Unsecured Creditors called to consider the Proposal, provided that any amendment made pursuant to this paragraph shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, and provided further that any and all amendments shall be deemed to be effective as of the Date of the Proposal.

Interest on Funds Paid Under Proposal

45. Interest, if any, on funds held by the Proposal Trustee on account of the Proposal shall first be applied to Administrative Fees and Expenses, then to the funds payable under paragraphs 8 to 10 of the Proposal. Upon Performance of the Proposal, any surplus interest that, when combined with the funds paid under the Proposal, exceeds the sum of (i) the funds payable under the Proposal, and (ii) the Administrative Fees and Expenses, shall be paid to the Debtor following issuance of the Certificate of Full Performance.

Performance of the Proposal

46. Upon the Debtor making the Funded Proposal Payments in accordance with the Proposal, the Debtor, its successors and assigns and its directors and officers, shall be deemed to have satisfied the terms of the Proposal and the Proposal Trustee shall provide the Certificate of Full Performance. The Proposal Trustee shall be entitled to be discharged after making all distributions to the Creditors pursuant to the terms of this Proposal, providing a certificate of full performance to the Debtor and the Official Receiver pursuant to Section 65.3 of the Act, and completing all ancillary duties related to this Proposal.

Section References

47. In this Proposal, a reference to a section, clause or paragraph shall, unless otherwise stated, refer to a section, clause or paragraph of the Proposal.

Interpretation not Affected by Headings

48. The division of the Proposal into sections, clauses and paragraphs, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Proposal.

Currency

49. Unless otherwise stated herein, all references to currency in this Proposal are to lawful money of Canada.

Numbers

50. In this Proposal, where the context requires a word importing the similar number will include the plural and vice versa.

Failure to File Proofs of Claim Prior to Distribution

51. Any Creditor who does not file a proof of claim with the Proposal Trustee in accordance with the Act prior to the date of distribution as set out in paragraphs 8 to 10 hereof in accordance with this Proposal shall forever be barred from making a Claim in this Proposal or sharing in any dividend hereunder, but the Debtor shall nevertheless be released from any Claims of such Creditor.

Preferences and Transfers at an Undervalue

52. Creditors will have the same rights to review the Debtor's transactions as are granted under sections 95 to 98 of the Act to creditors in a bankruptcy proceeding. Inspectors may authorize a review of these transactions by the Proposal Trustee on behalf of the Creditors.

Proposal Trustee

53. The Proposal Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Debtor.

Foreign Currency Obligations

54. For the purposes of this Proposal, Claims denominated in a currency other than Canadian dollars, will be converted to Canadian dollars at the closing spot rate of the exchange of the Bank of Canada on the Filing Date.

DATED at the City of Toronto, in the Province of Ontario, this 3rd day of December, 2019.

WISP INTERNET SERVICES INC.

Per:



Patrick Christopher Doyle, President

SCHEDULE "A"

Tower Agreements for Unsecured Creditor Group 1

1. Any Property Owner who purported to terminate their Tower Agreement before or after the Filing Date shall have their Tower Agreement treated as remaining in force.
2. The Tower Agreements shall have an initial term of 10 years starting on the first Business Day of the 1st month after the Effective Date and shall be automatically renewed for two additional terms of 5 years each unless the Property Owner provides notice to the contrary in accordance with paragraph 3 of this Schedule "A".
3. On or before the 9th anniversary and 14th anniversary of the Effective Date, each Property Owner shall have the right to terminate their Tower Agreement by providing 12 months' written notice (by email) to the Debtor of such termination. Rental Payments shall cease on the date the termination becomes effective (i.e. on the 10th or 15th anniversary of the Effective Date, as the case may be).
4. Rental Payments for all Towers shall be a minimum of \$200 per month starting on the first Business Day of the 1st month after the Effective Date.
5. Unless the Property Owner has provided notice in accordance paragraph 3 of this Schedule "A", Rental Payments shall be adjusted annually on the first Business Day of the month following the anniversary of the Effective Date based on the Debtor's customer base measured on each anniversary of the Effective Date. Annual rent adjustments shall be calculated as follows:
 - a. If the Debtor has a customer base of 3,000 active customers, Rental Payments shall increase from \$200 per month to \$250 per month for the next calendar year;
 - b. thereafter, Rental Payments shall be adjusted annually (upward or downward) in the amount of \$50 per 750 active customers. For example:

<u>Average Number of Active Customers</u>	<u>Monthly Rental Payments</u>
<u>2,999 and fewer</u>	<u>\$200</u>
<u>3,000-3,749</u>	<u>\$250</u>
<u>3,750-4,499</u>	<u>\$300</u>
<u>4,500-5,249</u>	<u>\$350</u>

- c. For greater certainty, under no circumstance shall Rental Payments decrease below \$200 per month.
6. The Tower Agreements shall terminate on the 20th anniversary of the Effective Date, unless terminated earlier in accordance with this Schedule "A" or renewed by the parties.
7. Property Owners will continue to receive free internet throughout the term of their Tower Agreement.
8. The Debtor shall continue to have the exclusive right to use the Tower while in good standing under the Proposal.
9. If the Debtor defaults in making a Rental Payment, the Property Owner shall promptly notify by email the Proposal Trustee and the Debtor. The Debtor shall have 30 days from the date of such notice to cure the default, failing which the Debtor's interest in the Works (as defined in the applicable Tower Agreement) shall automatically transfer to the Property Owner.

SCHEDULE "B"

Illustrative Example - Unsecured Creditor Group 1

Wisp Internet Services Inc.
 Proposal
 Unsecured Creditors - Group 1 Debtor's Lien
 Description of Debts: B/C2 Owed on Owner's property.

"Owner" = Owner of Land
 "Provider" = Wisp Internet Services Inc.
 "MOI" = Month of Inception to Make a Proposal
 "12" = Number of months prior to filing the MOI when the rent was paid to Owner

Discussion

	2016 Contract	2018 Contract
Original Contract		
Payments by Owner to Provider at start of contract (incl. MOI)	\$ 33,000	\$ 67,000 (4)
Original total rent to be paid by Provider to Owner over 20 years	\$ 120,000	\$ 160,000 (8)
Original monthly rent to be paid by Provider to Owner over 20 years	\$ 600	\$ 750 (6)
Rent paid by Provider to Owner prior to MOI	\$ 14,500	\$ 4,750 (2)
Payments already provided by Provider to Owner (Value of 1110/mo) up to the date of the MOI	\$ 4,510	\$ 2,310 (12)(12) x (110 x 1)

	2016 Contract	2018 Contract
Owner's Obligations to Provider		
Rent payments remaining	190	218 (24)(12) - (12) = 12
Unpaid rent arrears up to date of MOI	\$ 6,000	\$ 9,000 (C = 12 months = 0)
Present value of future unpaid rent remaining in original contract (discount rate of 5% applied)	\$ 61,340	\$ 107,520 (PV of monthly rent (C) over remaining months of original contract (7) at 5% discount rate = 0)
Less: Present value of new rent payable (\$700 per month, discount rate of 5% applied)	\$ 37,877	\$ 42,642 (PV of new monthly rent (\$700 per month) over remaining months of original contract (7) at 5% discount rate = 1)
Total Obligations to Provider	\$ 25,643	\$ 72,503 (8 - 1 = 7)

	2016 Contract	2018 Contract
Proposed		
Total estimated proposal payments owed to Owner in years 8 to 10	\$ 3,025	\$ 10,310 (14% x 1 = 4)
Plus: Total new rent paid by Provider to Owner over 20 years beginning in Month 13	\$ 57,000	\$ 57,000 (3300/mo for years 8-10 years, \$250/mo for years 11-13)
Plus: Total estimated value of continued internet services provided by Provider to Owner beginning in month 8 (average value of 1100/mo over 20 years)	\$ 26,400	\$ 28,400 (2100/mo for years 14-20 = 7)
Plus: Rent already paid by Provider to Owner	\$ 14,500	\$ 4,750 (1)
Plus: Rent already provided to Owner (Average value of \$110/mo)	\$ 4,510	\$ 2,310 (2)
Total cash/services received, and to be received, following approval of the Proposal	\$ 106,435	\$ 102,770 (24 - 14 + 0 + 1 = 11)
Total cash/services received, and to be received, as a percentage of original payment by Owner	317%	152% (4)(4)

Notes
 Depending on the start date of the original contract, by the end of the term of the Proposal and after rental period, the Owners are obligated to receive between 1.5 and 3.2 times their original payments.

SCHEDULE "C"

Tower Agreements for Unsecured Creditor Group 2

1. All Tower Agreements in respect of Towers that have not been built shall be terminated.
2. Each Property Owner shall be deemed to have entered into an Option Agreement with the Debtor granting the Debtor an option to build a Tower on the Property Owner's lands in the future.
3. The Option Agreements shall have an initial term of 10 years starting on the first Business Day of the 1st month after the Effective Date and shall be automatically renewed for two additional terms of 5 years each unless the Property Owner provides notice to the contrary in accordance with paragraph 4 of this Schedule "B".
4. On or before the 9th anniversary and 14th anniversary of the Effective Date, each Property Owner shall have the right to terminate their Option Agreement by providing at least 12 months' written notice (by email) to the Debtor of such termination. Option Payments shall cease on the date the termination becomes effective (i.e. on the 10th or 15th anniversary of the Effective Date, as the case may be).
5. The Debtor covenants and agrees to pay each Property Owner a minimum of \$200 per month under the Option Agreement starting on the first Business Day of the 1st month after the Effective Date. Unless the Property Owner has provided notice in accordance paragraph 4 of this Schedule "C", Option Payments shall be adjusted be adjusted annually on the first Business Day of the month following the anniversary of the Effective Date based on the Debtor's customer base measured on each anniversary of the Effective Date. Annual Option Payments shall be calculated as follows:
 - a. if the Debtor has a customer base of 3,000 active customers, Option Payments shall increase from \$200 per month to \$250 per month for the next calendar year;
 - b. thereafter, Option Payments shall be adjusted annually (upward or downward) in the amount of \$50 per 750 active customers. For example:

<u>Average Number of Active Customers</u>	<u>Monthly Rental Payments</u>
<u>2,999 and fewer</u>	<u>\$200</u>
<u>3,000-3,749</u>	<u>\$250</u>
<u>3,750-4,499</u>	<u>\$300</u>
<u>4,500-5,249</u>	<u>\$350</u>

- c. For greater certainty, under no circumstance shall Option Payments decrease below \$200 per month.
6. The Option Agreement shall not restrict a Property Owner's right to enter into a new tower agreement with a third party. However, in the event a third party proposes to build a Tower on the Property Owner's lands, the Debtor shall have a right of first refusal to exercise, within 30 days' notice (by email) from the Property Owner, its option to build a Tower on the terms set out in paragraph 2 of this Schedule "C" to the Proposal. If the Debtor declines to exercise its option, then the Option Agreement shall terminate immediately with no further obligation to make any payments on account of the Option Agreement.
7. If the Debtor exercises its option and builds a Tower, then the Option Agreement shall convert to a Tower Agreement on the terms set out in Schedule "A" to the Proposal. The term of a converted agreement shall equal the number of years remaining on the Option Agreement at the time of conversion to a Tower Agreement. For greater certainty, the cumulative term of an Option

Agreement and Tower Agreement shall not exceed 20 years from the Effective Date.

SCHEDULE "D"

Illustrative Example - Unsecured Creditor Group 2

Wisp Internet Services Inc.

Proposal

Unsecured Creditor - Group 2 Illustration

Description of claimant: Owner paid Provider in 2018 to build a tower but, to date, tower was not built on Owner's property.

Owner = Owner of land

Provider = Wisp Internet Services Inc.

NDI = Notice of Intention to Make a Proposal

L2 = Number of months prior to filing the NDI when no rent was paid to Owner

Illustration

Original Contract	2018	
	Contract	
Payment by Owner to Provider at Inception (incl. HST)	\$ 67,400	(A)
Original total rent to be paid by Provider to Owner over 20 years	\$ 110,000	(B)
Original monthly rent to be paid to Provider over 12 years	\$ 710	(C)
Rent already paid by Provider to Owner	\$ 2,250	(D)

Owner's Claim to Proposal		
Rental payments remaining	225	$[(B/C)-(D)/C-12 = E]$
Payment by Owner to Provider at Inception (incl. HST) to build tower	\$ 67,400	(A)
Plus: Unpaid rent arrears up to date of NDI	\$ 9,000	$[C \times 12 \text{ months} = F]$
Plus: Internet service up to date of NDI	\$ 1,650	$[(D/C \times 12) \times \$110 = G]$
Plus: Present value of future unpaid rent remaining in Original Contract (discount rate of 5% applied)	\$ 109,374	$[PV \text{ of monthly rent } (C) \text{ over remaining months of rental contract } (E) \text{ at } 5\% \text{ discount rate} = H]$
Plus: Present value of future Internet service	\$ 16,041	$[PV \text{ of Internet service at } \$110/\text{month over remaining months of rental contract } (E) \text{ at } 5\% \text{ discount rate} = I]$
Less: Present value of new option payments (discount rate of 5% applied)	-\$ 44,191	$[PV \text{ of new monthly rent } (\$200 \text{ years } 1-10, \$250 \text{ years } 11-15 \text{ and } \$300 \text{ years } 16-20) \text{ over remaining months of rental contract } (E) \text{ at } 5\% \text{ discount rate} = J]$
Less: Rent paid to date	-\$ 2,250	(D)
Total Claim of Owner in Proposal	\$ 157,324	$[A + F + G + H + I - J + D - E]$

Proposal		
Total estimated proposal payments made to Owner (years 2 to 10)	\$ 22,013	$(14\% \times K = L)$
Plus: Total new option payments by Provider to Owner over 20 years beginning in month 13	\$ 57,000	$[\$200/\text{mth for years } 1-10 \text{ years, } \$250/\text{mth for years } 11-15 \text{ and } \$300/\text{mth for years } 16-20 = M]$
Plus: Rent already paid by Provider to Owner	\$ 2,250	(D)
Total cash received, and to be received, following approval of the Proposal	\$ 81,263	(N)
Total cash received, and to be received, as a percentage of original payment made by Owner	120%	(N/A)

Note

Depending on the start date of the original contract, by the end of the term of the proposal and new option, the Owner in this illustration is estimated to receive approximately 120% of his/her original investment.

SCHEDULE "E"

Illustrative Example - Unsecured Creditor Group 3

Wisp Internet Services Inc.
 Proposed
 Unsecured Creditor - Group 3 Illustration
 Description of claimant in illustration: Private Lender

"Creditor" = Lensed Wisp \$100,000 in 2017.
 "Provider" = Wisp Internet Services Inc.

<u>Illustration</u>		<u>2017 Loan</u>	
<i>Creditor's Claim in Proposal</i>			
Loan made to Provider	\$ 100,000	(A)	
Less: Repayments received prior to date of NOI	\$ -25,322	(B)	
Plus: Accrued interest at 60% per annum until date of NOI	\$ 96,821	(C)	
Total Creditor Claim admitted in Proposal	\$ 171,599	(A+B+C)	
<i>Proposal</i>			
Total estimated proposal payments made to Owner (years 2 to 10)	\$ 24,026	(14% x D = E)	
Total cash received, and to be received, as a percentage of original payment by Owner	49%	((-D+E)/A)	

SCHEDULE "F"

Option to Purchase Shares of the Debtor

1. The number of available shares in the Share Pool shall be a maximum of 20% of the Debtor's total issued shares. The Debtor's total number of issued shares as at the 2nd anniversary of the Effective Date shall not exceed 10,000. The purchase price for the shares offered shall be \$0.10 per share.
2. Each General Unsecured Creditor shall have the right to purchase a percentage of shares from the Share Pool equal to their *pro rata* share of Proven Claims against the Debtor. For example, a Creditor with 5% of Proven Claims shall have an option to purchase 5% of the shares in the Share Pool (1% of the Debtor's total issued shares, if every General Unsecured Creditor exercised their right).
3. Creditors shall exercise their option to purchase shares by providing written confirmation of their election (by email) to the Debtor and the Proposal Trustee at least 30 days' prior to the 2nd anniversary of the Effective Date.
4. Creditors shall have the option to pay for the shares by either: (i) cheque made payable to the Debtor; or (ii) deducting the purchase price from the next dividend payment owing to the Creditor pursuant to this Proposal.
5. Shares acquired under this Schedule "F" shall be subject to a unanimous shareholder agreement, a copy of which shall be circulated to Creditors at least 90 days' before the 2nd anniversary of the Effective Date. No Creditor shall be entitled to acquire shares without becoming party to the unanimous shareholder agreement.
6. Notwithstanding paragraph 7, below, if the majority shareholder of the Debtor chooses to enter into a transaction to sell more all or part of the shares of the Debtor to a third-party purchaser, then each Creditor who acquired shares under this Schedule "F" shall sell, transfer or exchange, as the case may be, all or part of their shares (on the same percentage basis) to such purchaser under the same terms and conditions as have been agreed to by the majority shareholder in respect of his shares.
7. The unanimous shareholders agreement shall neither abridge nor extend the rights granted to shareholders pursuant to the *Business Corporations Act (Ontario)*.

**IN THE MATTER OF THE PROPOSAL OF WISP INTERNET SERVICES INC.,
OF THE TOWNSHIP OF SCUGOG, IN THE PROVINCE OF ONTARIO**

Court File No.: 31-2551574
Estate File No.: 31-2551574

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

ORDER

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