

**AGREEMENT IN PRINCIPLE**

**DATED** for reference March 19, 2024.

**BETWEEN:**

ELSIE FLETTE, AS LITIGATION GUARDIAN ON BEHALF OF MINOR CHILDREN, E.F. AND I.F. AND LEE MALCOLM-BAPTISTE ("**Flette Plaintiffs**")

- and -

TRUDY LAVALLEE, AS LITIGATION GUARDIAN ON BEHALF OF THE MINOR CHILD, A.L. AND JOSHUA CAMPLIN ("**Lavallee Plaintiffs**")

- and -

PEGUIS CHILD AND FAMILY SERVICES ("**Peguis CFS**")

- and -

ANIMIKII OZOSON CHILD AND FAMILY SERVICES, WEST REGION CHILD AND FAMILY SERVICES, INTERTRIBAL CHILD AND FAMILY SERVICES, SANDY BAY CHILD AND FAMILY SERVICES, SAGKEENG CHILD AND FAMILY SERVICES, SOUTHEAST CHILD AND FAMILY SERVICES, AWASIS AGENCY OF NORTHERN MANITOBA CREE NATION CHILD AND FAMILY CARING AGENCY, ISLAND LAKE FIRST NATION FAMILY SERVICES, KINOSAO SIPI MINISOWIN AGENCY, NIKAN AWASISAK AGENCY INC., OPASKWAYAK CREE NATION CHILD & FAMILY SERVICES, SOUTHERN CHIEF'S ORGANIZATION INC., SOUTHERN FIRST NATIONS NETWORK OF CARE, FIRST NATIONS OF NORTHERN MANITOBA CHILD & FAMILY SERVICES AUTHORITY ("**First Nation CFS Parties**")

- and -

RENE LAFONTAINE, MARY DERENDORF, 4501712 MANITOBA ASSOCIATION INC. O/A METIS CHILD AND FAMILY SERVICES AUTHORITY, METIS CHILD, FAMILY AND COMMUNITY SERVICES AGENCY INC., AND MICHIF CHILD & FAMILY SERVICES INC. ("**Métis Parties**")

-and-

GOVERNMENT OF MANITOBA ("**Manitoba**")

(Each a "Party" and together, the "**Parties**")

**WHEREAS** the Flette Plaintiffs filed a Fresh as Amended Statement of Claim pursuant to section 2(1) of *The Class Proceedings Act*, CCSM c C130 in The Court of King's Bench of Manitoba File No.: C118-01-18438 ("**Flette Action**");

**AND WHEREAS** the Lafontaine Plaintiffs filed a Statement of Claim pursuant to Section 2(1) of *The Class Proceedings Act*, CCSM c C130 in The Court of King's Bench of Manitoba File No.: CI23-01-41054 ("**Lafontaine Action**");

**AND WHEREAS** the Lavallee Plaintiffs filed a Statement of Claim pursuant to section 2(1) of *The Class Proceedings Act*, CCSM c C130 in The Court of King's Bench of Manitoba File No.: CI23-01-41219 ("**Lavallee Action**");

**AND WHEREAS** the Flette Action, Lafontaine Action and Lavallee Action are certified class proceedings pursuant to *The Class Proceedings Act*, CCSM c C130;

**AND WHEREAS** Peguis CFS and the First Nation CFS Parties are intervenor parties in the Flette Action;

**AND WHEREAS** the Parties participated in judicially assisted dispute resolution before Justice Bock on January 26, 2024 and March 19, 2024;

**NOW THEREFORE** the Parties agree that:

**Purpose:**

1. This Agreement in Principle sets out the terms between the Parties in respect of the Flette Action, the Lafontaine Action and the Lavallee Action, and sets out the framework for the development of a Comprehensive Settlement Agreement to be approved by the Court;
  2. The Parties agree that the Comprehensive Settlement Agreement will contain all of the material elements set out in this Agreement in Principle (AIP) to the benefit of the Parties; and
  3. The Parties undertake to use their best efforts to conclude a Comprehensive Settlement Agreement, which shall include terms with respect to the administration and distribution to the respective class members of the Aggregate Settlement, as soon as reasonably possible.
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**Aggregate Settlement:**

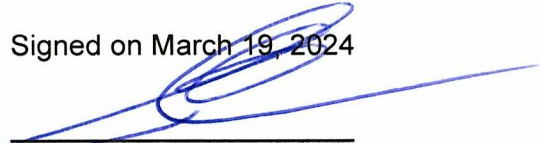
4. The Defendant shall pay to the Plaintiffs in trust herein an all-inclusive settlement of **\$530,000,000** (the "Aggregate Settlement"), in full and final satisfaction of the Flette Action, the Lafontaine Action and the Lavallee Action as follows:
  - a. To the Flette Action and Lavallee Action: \$445,200,000; and
  - b. To the Lafontaine Action: \$84,800,000


which represents a proportional division of the Aggregate Settlement of 84% to the Flette Action and Lavallee Action, and 16% to the Lafontaine Action.

5. Manitoba intends to seek Court approval of a dismissal and full and final release of all legal proceedings relating to the subject matter of these Actions.
6. The Aggregate Settlement does not include any Children's Special Allowances or related amounts currently held and in the possession of the Métis Child and Family Service Agencies.
7. The portion of the Aggregate Settlement to be paid in respect of the Lafontaine Action will include agreed amounts for legal fees, settlement administration fees and programs and services to be delivered in connection with the distribution of settlement funds to the Lafontaine Class Members, which will be a minimum of \$5,000,000.
8. Manitoba will make reasonable efforts to deposit the Aggregate Settlement 30 days after the expiry of the appeal period from Court approval of the Aggregate Settlement, out of which legal and administrative fees plus disbursements, taxes, and honorariums will be paid.
9. This Agreement is subject to Court approval pursuant to section 35 of *The Class Proceedings Act*, CCSM c C130, but is otherwise binding on the parties.
10. The publication of this Agreement in Principle may be made public in a manner and at a time agreeable to the Parties.

11. Manitoba will take the necessary steps to ensure that the Aggregate Settlement paid to class members are not deemed to be a form of income replacement or compensation for loss income, and will not affect eligibility for, the amount, nature and/ or duration of social assistance programs administered by or on behalf of Manitoba.
12. Investment income earned on the Aggregate Settlement after payment is made by Manitoba will be used for:
  - a. reimbursing for legal and administrative expenses; and
  - b. re-distributed to class members on a pro-rata basis.
13. Unclaimed funds may be used to provide reimbursement for any legal costs and administrative expenses in the Flette Action and Lavallee Action.
14. Any residual amounts from the Lavallee Action and Flette Action will be distributed in accordance with the administration agreement, to be determined. Any residual amounts from the Lafontaine Action will be distributed in accordance with the administration agreement, to be determined.

Signed on March 19, 2024

  
Harold Cochrane, K.C.  
Co-counsel to the Lavallee Action

  
Brian Meronek, K.C.  
Counsel to the Flette Action  
Co-counsel to the Lavallee Action

  
Rahul Agarwal  
Counsel to the Lafontaine Action

  
Ross McFadyen  
Counsel to Manitoba