

Children's Special Allowance Class Action Settlement Fund

Request for Proposal for Banking Support Services

Issued by: **Exchange Solutions Inc.
Claims Administrator for Indigenous CFS Agencies (Flette) Action and
Non-Indigenous CFS Agencies (Lavallee) Action**

Issued Date: **August 16, 2024**

Inquiry Deadline: **August 28, 2024**

Inquiry Address: **Mike Stevens, mike.stevens@exg.ca**

Proposal Submission Deadline

September 6, 2024 at 4:30pm CST

In-person or by mail to:

[Exchange Solutions Inc.](#)

[Children's Special Allowance Claims Administrator](#)

1 – 554 St. Mary's Road
Winnipeg, MB R2M 3L5
www.CSASettlement.com

or by email to: mike.stevens@exg.ca

TABLE OF CONTENTS

PART 1: INTRODUCTION AND BACKGROUND 3

PART 2: REQUESTED ACCOUNTS AND SERVICE EXPECTATIONS 4

PART 3: SERVICE CHARGES, COSTS AND INTEREST EXPECTATIONS 6

PART 4: INVESTMENT SERVICES 6

PART 5: EVALUATION PROCESS 8

PART 6: TIME FRAME 10

PART 7: GENERAL TERMS AND CONDITIONS 12

PART 8: SUBMISSION OF PROPOSALS 16

PART 9: SERVICES PROPOSAL FORMAT 17

PART 1: INTRODUCTION AND BACKGROUND

On March 19, 2024, an Agreement in Principle was reached between the Province of Manitoba and Class Counsels to settle three Children's Special Allowance (CSA) Class Action Lawsuits which sought compensation for past and current provincially funded children-in-care of Child and Family Services Agencies (CFS Agencies) in Manitoba, whose CSA benefit was clawed back or withheld by the Province between January 1, 2005 to March 31, 2019.

In accordance with the Agreement in Principle, the Province of Manitoba has agreed to settle all three lawsuits for a total amount of \$530,000,000. The three Class Action Lawsuits are:

Indigenous CFS Agencies (Flette)

Non-Indigenous CFS Agencies (Lalallee)

Metis CFS Agencies (Lafontaine)

Exchange Solutions Inc. has been appointed by the Court as the Claims Administrator for the Indigenous CFS Agencies (Flette) Action and Non-Indigenous CFS Agencies (Lalallee) Action. The total proposed settlement for these two claims is \$445,200,000. The Métis CFS Agency (Lafontaine Class Action) has a separate Claims Administration. Please see www.CSASettlement.com for further information.

Court approval of the Settlement is tentatively set for September 5 and 6, 2024. The date for transfer of Settlement Funds will occur based on the Court Order.

EXG is requesting proposals from Financial Institutions (Proponent) who are interested to provide standard operating, trust, and savings account services for the Settlement Funds potentially for a 16-year period until 2040 dependent on the age of the potential Eligible Claimants when they were a Ward of a CFS Agency. This RFP is for a period of five (5) years, renewable for additional five (5) periods (with an opportunity for the Financial Institution to propose adjusted service fee rates at that time), and subject to performance review.

The primary objective is to select a Financial Institution that can offer the highest quality of service at the most reasonable cost for the approximately \$420,000,000 Net Settlement Funds (Settlement Funds) that will be managed by the Claims Administrator.

While investment management is not part of this RFP, the Proponent's ability to assist the Claims Administrator in developing and executing the investment strategy will be considered a significant asset. A copy of the Statement of Investment Policies & Procedures (SIP&P) is attached to this RFP.

Proposals will only be accepted from Canadian Schedule 1 Banks and Manitoba Credit Unions.

Although the proposal format must adhere to the requirements outlined in this RFP, applicants are encouraged to propose any additional solutions or services that would be beneficial.

PART 2: REQUESTED ACCOUNTS AND SERVICE EXPECTATIONS

3.1 Required Accounts

It is anticipated that at least three financial institution accounts will be required as follows:

1. **Operating Account:** The Claims Administrator intends to establish an interest-earning Operating Account. The primary purpose of this account is to facilitate payments to Eligible Claimants and pay various operating expenses. Deposits to this account are expected to be infrequent and will primarily consist of transfers from the Savings Account and Trust Account. However, the number of payments issued to Eligible Claimants on an annual basis is indeterminate and may be substantial. For the purposes of this RFP, applicants should assume that disbursements will occur in the thousands per month for the first three (3) years of the Claims Administration.
2. **Savings Account:** The Claims Administrator intends to establish an interest-earning Savings Account. This account will be utilized to hold the estimated cash requirements for pending short to medium term estimated claim amounts.
3. **Trust Account:** The Claims Administrator intends to establish an interest-earning Trust Account. This account will be used to hold funds for all Eligible Claimants who are under 18 years old or who elect to have their compensation held in trust during the Claims Administration period.

3.2 Required Services and Service Expectations

The following services are required for each of the three required accounts as follows:

1. **Monthly Statements:** Provide digital monthly statements, cancelled cheques, debit memos, and credit memos within five (5) business days of the end of each month.
2. **Secure Portal Access:** Provide secure portal access to all bank accounts to at least four (4) individuals employed by the Claims Administrator, as well as any other alternate channels which may become available during the life of the agreement. Access to the portal shall be protected by a mandatory strong password and multi-factor authentication.

3. **Electronic Transfer between Accounts and Investment Vehicles:** Enable the transfer of funds between the Operating, Savings and Trust Accounts, and the purchase and proceeds of any investment transactions.
4. **Electronic Disbursements:** Provide for the ability to settle fund obligations to the Claimants and other costs of the fund with dual approval electronic disbursement. In the unlikely event that an electronic payment to an Eligible Claimant is made in error, provide the Claims Administrator the ability to “recall” the payment.
5. **Issuance of Cheques:** Provide for the ability to issue dual signature cheques.
6. **Account Reconciliation:** Enable automated bank reconciliation by allowing the download of transaction information.

The following outlines the service expectations:

1. Assign one senior employee of the financial institution to oversee the accounts and the relationship as the primary contact for the Claims Administrator.
2. Maintain an acceptable level of customer service for the life of this agreement, assuring that unreasonable delays will not occur.
3. Ensure timely responses to concerns/inquiries.

As Claims Administrator, EXG will:

1. Manage and assess all claims received.
2. Determine the amounts of any compensation that a Claimant is eligible to be paid.
3. Issue the payments to the Eligible Claimants.
4. Provide all Settlement Funds held in trust reporting as required by the Court.

The selected Financial Institution will be responsible for:

1. Receiving and holding the Settlement Funds.
2. Providing banking services for payments made to Eligible Claimants by the Claims Administrator.
3. Providing Investment recommendations to the Claims Administrator for the Settlement Funds based on the SIP&P.

4. Providing monthly reporting to the Claims Administrator on the Settlement Fund activities.

PART 3: SERVICE CHARGES, COSTS AND INTEREST EXPECTATIONS

The Claims Administrator anticipates significant reductions in costs as well as beneficial interest rates applied to each of the accounts for the following reasons:

1. The substantial amount of funds that will be deposited into each account.
2. The extended duration that balances will be maintained in the accounts (potentially until 2040).
3. The unique circumstances that led to the creation of the CSA Class Action Settlement Fund.
4. The profound impact these funds could have on the lives of the Eligible Claimants.

The Claims Administrator seeks proposals that acknowledge these considerations and are designed to provide advantageous terms, thereby ensuring the effective and efficient management of the CSA Class Action Settlement Fund, ultimately enhancing the amount of funds available for the Eligible Claimants or those purposes otherwise deemed appropriate by the Court.

PART 4: INVESTMENT SERVICES

Investment earnings are an important source for the Settlement Fund's future Claims Administration uses. The protection and enhancement of principle assets of all the Settlement Fund is crucial to meet the expectation of the Claims Administration requirements for the Eligible Claimants.

Included for reference is the Statement of Investment Policies & Procedures (SIP&P) for the CSA Class Action Settlement Fund. As outlined in the SIP&P, there is no tolerance for investment strategies that jeopardize the capital, as preserving the ability to fulfill the promised settlements to Claimants is of utmost importance. Additionally, there is no tolerance for insufficient liquidity to meet all settlements when payments are due. Maintaining liquidity is essential to ensure timely disbursement of funds regardless of the state of financial markets.

Subject to the Advisory Board's approval, the Claims Administrator may seek near risk-free returns through short-term, high-quality, highly liquid, low-risk investments such as Guaranteed Investment Certificates (GICs), Term Deposits, Banker's Acceptances, and Canadian Treasury Bills.

While this RFP does not specifically require investment services, the capability to assist the Claims Administrator in developing and executing the investment strategy, as outlined in the SIP&P, will be highly valued.

Key areas of interest to the Claims Administrator with respect to investment services include:

1. **Strategic Guidance:** The Proponent's experience and ability to offer strategic advice in developing an investment strategy in alignment with the SIP&P.
2. **Investment Facilitation:** The Proponent's proficiency in facilitating investments in short-term, high-quality, highly liquid, low-risk instruments, such as Guaranteed Investment Certificates (GICs), Term Deposits, Banker's Acceptances, and Canadian Treasury Bills.
3. **Integration with Banking Services:** The Proponent's capability to integrate banking services with investment activities to ensure seamless operations.
4. **Cost and Fee Structure:** Information on preferential costs or fees associated with these investment services.
5. **Personnel Qualifications:** The qualifications and experience of personnel responsible for providing this guidance or services.
6. **Investment Tracking and Compliance:** Details regarding the tools and resources available for investment tracking, reporting, and ensuring compliance with the SIP&P.

A statement of investment activities and results shall be prepared by the Proponent and reported to the Claims Administrator, as a component of the quarterly financial update that:

1. Contains a statement about the performance of the investment portfolio during the period covered by the report.
2. Contains a statement by the Financial Institution as to whether or not, in their opinion, all investments were made in accordance with the Investment Strategies for the Settlement Fund.
3. Contains such other information that the Claims Administrator may require or that, in the opinion of the Claims Administrator, should be included.
4. All investments shall be denominated in Canadian dollars.

In addition to the quarterly report, the Financial Institution and Claims Administrator shall report to Class Council and Counsel for the Province of Manitoba if any investment is made that is not, in their opinion, consistent with the SIP&P adopted for the Settlement Fund, within thirty days after becoming aware of it.

PART 5: EVALUATION PROCESS

1. Proponents will be contacted, if necessary, to clarify any major items in question.
2. Preferred Proponents may be required to meet with the Claims Administrator.
3. Based on the analysis of the Proposals, a ranking of Proponents will be determined based on the following criteria and related rating:

DESCRIPTION	RATING (Points)
Compliance with the RFP	Pass/Fail
Service Fees and Value	40
Experience / Qualifications of the Financial Institution and Service Team	25
Financial Strength of the Financial Institution	15
Quality of References	15
Similar Experience with Manitoba Indigenous Organizations	<u>5</u>
TOTAL POINTS	100

4. The Claims Administrator reserves the right:
 - a. To fairly evaluate all Proposals received based on the criteria specified herein, and to add or delete criteria as the Claims Administrator chooses.
 - b. To reject all or part of any Proposal for any reason and without explanation.
 - c. To accept a Proposal that may not be the lowest cost.

- d. To require clarifications, support information, or any other information from the Proponent that is considered necessary to make a decision.
 - e. To allow the Proponents to change or amend their Proposal with updated information or costs, either at the Proponent's initiative or at the Claims Administrator's request, if it is considered in the Claims Administrator's opinion for the Settlement Fund's best interest to do so.
 - f. In the event that a number of Proponents submit bids in substantially the same amount or score, the Claims Administrator may, at its discretion, call upon those Proponents to submit further bids.
 - g. If none of the RFP Submissions are satisfactory or acceptable to the Claims Administrator, the Claims Administrator reserves the right to re-issue the RFP or negotiate a contract for the whole or a part of the Services with one or more of the Proponents.
 - h. That RFP does not commit the Claims Administrator to award a proposal or pay any costs incurred in the preparation of a proposal, inquires and / or site visits.
 - i. That the Claims Administrator will have no obligation to award a contract to a Proponent.
 - j. To extend the RFP Proposal Submission Deadline and notify Proponents in writing, without explanation, of the revised Proposal Submission Deadline.
 - k. Suspend or cancel the RFP at any time for any reason without penalty.
5. By submitting a Proposal, the Proponent agrees:
- a. To enter into an agreement / contract for the Services, according to the conditions of this RFP.
 - b. To abide by the conditions of this RFP and that the Claims Administrator has no liability of obligation to a Proponent in any way with respect to the investment in preparing a Proposal, on in the selection process.
 - c. That the Proposal is valid for acceptance for 60 days from the Proposal Submission Deadline.
 - d. That Proposals will not be opened publicly.

PART 6: TIME FRAME

This Request for Proposal process will be governed by the following timetable of events. Although the Claims Administrator will attempt to meet all dates, it specifically reserves the right to modify any date(s) at its sole discretion by notifying all Proponents in writing at the addresses noted in the Proposals submitted.

ITEM	DATE
Availability of RFP	August 16, 2024
Deadline for Questions	August 28, 2024
Claims Administrator Responses to Questions	August 30, 2024
Proposal Submission Deadline	September 6, 2024 at 4:30pm CST
Submission Evaluations	September 9 to September 12, 2024
Short-Listed Proponent Interviews and Presentations	September 16 to September 18, 2024
Awarding of Tender	September 20, 2024

Proposal Submission Deadline

Proponents are cautioned that the timing of submission is based on when the Submission is received by the Claims Administrator, not when a Submission is submitted by the Proponent. As transmission can be delayed due to file transfer size, transmission speed, or other technical factors, Proponents should plan to submit Submissions well in advance of the Proposal Submission Deadline to avoid submitting late due to technical issues. Proponents submitting near the Proposal Submission Deadline do so at their own risk.

The Claims Administrator will send a confirmation email to the Proponent advising when the Submissions was submitted successfully. If you do not receive a confirmation email, contact the Claims Administrator immediately.

Interviews and Presentations

The Claims Administrator may, in their sole discretion, interview Proponents during the evaluation process.

Negotiations

The Claims Administrator reserves the right to negotiate the final terms and conditions of the contract (potentially including pricing) prior to the award of the contract to any Proponent. Proponents are advised to present their best offer, not a starting point for negotiations in the Submission. The Claims Administrator may enter into negotiations with one or more Proponents without being obligated to offer the same opportunity to any other Proponents. Negotiations may be concurrent and will involve each Proponent individually. The Claims Administrator shall incur no liability to any Proponent as a result of such negotiations.

If, in the course of negotiations, the Proponent amends or modifies a Proposal after the Proposal Submission Deadline, the Claims Administrator may consider the amended Proposal as an alternative to the Proposal already submitted without releasing the Proponent from the Proposal as originally submitted.

PART 7: GENERAL TERMS AND CONDITIONS

The following is the general terms and conditions for the RFP except as modified by any addenda issued by the Claims Administrator prior to the RFP closing date.

The administrative requirements, terms and conditions stated in this RFP are as envisioned by EXG at the time of writing, but these may change or be refined in the course of the evaluation and negotiation process. The Claims Administrator makes no guarantee of the value or volume of work to be assigned to the selected Proponent(s).

7.1 Notices

The Proponent, by submitting a bid, shall represent and warrant that they have sufficiently informed themselves in all matters affecting the performance of the work or the furnishing of the labour, supplies, materials, equipment or services called for in the RFP documents and all addenda (if any) issued prior to the closing date and time; that they have checked their bid for errors and omissions; and, that the amounts stated in their bid are correct.

The Claims Administrator and its advisers make no representation, warranty, or guarantee as to the accuracy of the information contained in the RFP or issued by way of addenda. Any quantities shown or data contained in the RFP or provided by way of addenda are estimates only and are for the sole purpose of indicating to Proponents the general scale and scope of the Deliverables. It is the Proponent's responsibility to obtain all the information necessary to prepare a Submission in response to the RFP.

7.2 Inquiries

All questions concerning this Request for Proposal shall be directed to Mike Stevens, Exchange Solutions Inc. at 204-947-7145 or at mike.stevens@exg.ca.

Proponents and their representatives are not permitted to contact any employees, officers, agents, elected or appointed officials, or other representative of the Claims Administrator, other than the contact in this RFP, concerning matters regarding this RFP. Failure to adhere to this rule may result in the disqualification of the Proponent and the rejection of the Proponent's Submission.

If the Proponent finds errors, discrepancies or omissions in the RFP or is unsure of the meaning or intent of any provision therein, the Proponent shall promptly notify the Contact for this RFP of the error, discrepancy or omission at least five (5) business days prior to the Proposal Submission Deadline.

7.3 Addenda

Responses to enquiries which, in the sole judgement of the Claims Administrator, require a correction to or clarification of the RFP will be provided by the Claims Administrator by issuing a written Addenda.

Written addenda, in addition to the RFP will be posted on the following website: <https://www.exg.ca/csasettlement>. Written addenda will be posted on this site no later than 48 hours before RFP closing. All potential Proponents are advised and responsible to periodically check this website for any addenda that may be issued. This website does not record or otherwise track information on persons downloading RFP documents.

Responses to enquiries which, in the sole judgement of the Claims Administrator, do not require a correction to or clarification of the RFP will be provided by the Claims Administrator to the Proponent(s) who made the enquiry.

7.4 Confidentiality

Proponent

RFP documents (including all attachments and appendices) may not be used for any purpose other than the submission of a proposal. Anything in the submission that the Proponent considers to be “personal information” or “confidential information” of a proprietary nature should be marked confidential.

A Proponent should identify any information in its Submission or any accompanying documentation supplied in confidence for which confidentiality is to be maintained by the Claims Administrator. The confidentiality of such information will be maintained by the Claims Administrator, except as otherwise required by law or by order of a court or tribunal. Proponents are advised that their Submissions will, as necessary, be disclosed, on a confidential basis, to advisers retained by the Claims Administrator to advise or assist with the RFP process, including the evaluation of the Submissions. If a Proponent has any questions about the collection and use of personal information pursuant to the RFP, questions are to be submitted to the Contact listed in this RFP.

The work described in the RFP is being conducted with Court-Approved Settlement Funds, and the fees and expenses proposed in the successful Proponent’s submission will be made public based on the Claims Administrator’s Court required financial reporting.

Claims Administrator

All information provided by or obtained from the Claims Administrator in any form in connection with this RFP either before or after the issuance of the RFP:

- a. Is the sole property of the Claims Administrator and must be treated as confidential;
- b. Is not to be used for any purpose other than replying to this RFP and the performance of any subsequent contract for the Services;
- c. Must not be disclosed without prior written authorization from the Claims Administrator;
and
- d. Must be returned by the Proponent to the Claims Administrator immediately upon request of the Claims Administrator.

7.4 Law

The law applicable to the RFP and any subsequent agreements shall be the law in force in the Province of Manitoba.

The successful Proponent shall indemnify the Claims Administrator, its officers and employees against any damage caused to the Claims Administrator as a result of any negligence or unlawful acts of the successful Proponent, its employees, agents or manufacturer of the products sold to the Claims Administrator. Similarly, the successful Proponent shall agree to indemnify the Claims Administrator, its officers and employees against any claims or costs initiated by third parties as a result of any negligence or wrongful acts of the successful Proponent, its employees, agents or manufacturer of the products sold to the Claims Administrator.

7.5 Submission and Evaluation

If the Submission is being submitted jointly by two (2) or more separate entities, the Submission must identify only one (1) of those entities as the “Proponent”. If the Proponent intends to subcontract components of the Services to other entities, the Submission should indicate this intention and should identify and provide relevant information in respect of the proposed subcontractors for the purposes of evaluation. The Proponent will be responsible for the performance of the Services.

Preparation: All expenses incurred in the preparation, interviews and presentation of submissions of the response to the RFP is entirely the responsibility of the Proponent. This includes, but is not limited to, labour, materials and the cost of site visits if applicable.

Method of Submission: Hard copy or email proposals will be the only form. Facsimile or telephone proposals will not be considered unless otherwise specified. Proposals submitted after the Proposal Submission Deadline will be returned unopened.

Changes to Submissions: Changes in a submission will only be considered if submitted in writing in a sealed envelope or by Email, and providing such change is received by the Claims Administrator prior to the Proposal Submission Deadline. Faxed amendments shall not be accepted. Changes to a submission will not be accepted after the Proposal Submission Deadline.

Withdrawal of Submission: At any time throughout the RFP process until the execution of a written contract for the provision of the services, a Proponent may withdraw a submitted Submission. To withdraw a Submission either before or after the Proposal Submission Deadline, a notice of withdrawal must be sent to the contact listed in this RFP and must be signed by an authorized representative of the Proponent. Faxed withdrawals shall not be accepted.

Selection and Contract: The RFP process is intended to identify prospective suppliers for the purposes of negotiating potential contracts. No legal relationship or obligation regarding the procurement of any good or service will be created between the Proponent and the Claims Administrator by the RFP process until the successful negotiation and execution of a written contract for the acquisition of such goods and/or services.

PART 8: SUBMISSION OF PROPOSALS

Sealed proposals plainly marked "***Request for Proposals – Children’s Special Allowance Settlement Banking Support Services***" will be received until **4:30PM CST, Friday, September 6, 2024.**

Proposals can be submitted electronically to mike.stevens@exg.ca.

If delivered by mail or in person:

Mike Stevens | FCPA | FCA | CFE
Exchange Solutions Inc.
Children’s Special Allowance Claims Administrator
1 – 554 St. Mary’s Road
Winnipeg, MB R2M 3L5

PART 9: SERVICES PROPOSAL FORMAT

All bids shall be provided on the Proponent's letterhead.

This template is not intended to limit a Proponent's submission, but rather to provide a common framework for the Claims Administrator to assess each proposal in a professional manner, in a demonstrably fair process. Proponents are encouraged to provide any unsolicited information or material not specifically covered in the sections of this RFP as appendices to the submission.

This Request for Proposal is for Services for a period of five (5) years, renewable for additional five (5) periods (with an opportunity for the Financial Institution to propose adjusted service fee rates at that time), and subject to performance review.

The following information and statements must be included in the Proponent's proposal:

Proponent Name	
Address	
Phone	
Name of Person Signing for Proponent	
Position of Person Signing for Proponent	

I/We, the undersigned, having examined the Request for Proposal for the Services, and having read, understood and accepted the conditions outlined in the Request for Proposal, each and all of which form a part of this proposal, hereby offer to supply services in strict accordance with the conditions hereto attached and as outlined in this proposal.

I/We hereby agree that prices, terms and conditions of this proposal are to remain firm for the five (5) year term of this proposal and that this offer is irrevocable.

SIGNED AT THE _____ IN THE PROVINCE OF _____

THIS _____ DAY OF _____, 2024.

WITNESS SIGNATURE

AUTHORIZED SIGNATURE

Proposals should include responses to each of the following items. Please construct the proposal with responses in the same order as listed below to facilitate review and comparison by the Claims Administrator.

The Organization

1. Describe the organization, its major lines of business, and any major organizational changes pending.
2. Provide the name and position of individual with overall responsibility for the Settlement Fund and working with the Claims Administrator.
3. Provide the address of the office location that will service the Claims Administrator and Settlement Fund's account.

Experience and Qualifications

4. The Proponent shall provide details (name, title, address, phone and fax number, and email address) regarding the Proponent's employee(s) experience and qualifications directly related to the RFP services requested.
5. The Proponent is expected to provide the number of qualified employees responsible for providing the requested services such that there is no disruption of services if an employee is not available.

References

6. Provide three (3) references for which the Financial Institution provides services similar to the services described in the RFP. Preferably references will be clients of the Financial Institution similar in size of the Settlement Fund. Include name, address, and phone number for a contact person and length of relationship for each reference. Letters of reference which include contact information is also acceptable.
7. Further, the Proponent shall provide a list of Indigenous organizations that the Proponent has provided similar services requested.

Service Fees

8. For comparative purposes, Proponents are requested to show the cost break down by Services. Indicate what Service Fees the Financial Institution would apply to the Operating, Savings and Trust accounts, and Investment Services as described in the RFP including:
 - a. Transaction fees
 - b. Minimum account fee
 - c. Account maintenance fee
 - d. Annual fees
 - e. Other
9. Where relevant, proposals must include all taxes, rates and charges applicable at the time the proposal is awarded. Where no service charge is quoted, it will be deemed to be free of charge.

Reporting

10. Describe the bank's ability to produce monthly reports as outlined in this RFP.
11. Describe the bank's ability to offer online reporting and the informational content and time of availability of these reports.

Safekeeping and Custody

12. **Insurance** – The Claims Administrator requires information on the level and type of insurance including Liability, Bonding, Cyber, and other insurance the Financial Institution will provide as part of the Services.
13. **Proponent Guarantees** - The Claims Administrator requires information on the levels of guarantees on the Settlement Funds held in the event of the Financial Institution failure.
14. **Disaster Recovery Plan** - Describe the Financial Institution's overall disaster recovery plan as applicable to the services described in the RFP.
15. **Security** – The Claims Administrator requires information on the level and type of security the Financial Institution will provide as part of the Services, including a description of security for electronic transactions such as maximum amounts and approval processes.

Children's Special Allowance

Class Action Settlement Fund

Statement of Investment Policies and Procedures

This Statement of Investment Policies and Procedures (SIP&P) outlines the guiding principles for the investment activities of the Children's Special Allowance Class Action Settlement Fund. The primary focus is on capital preservation and liquidity, with a conservative approach to earning returns within the established risk parameters.

1. Description of the Fund

The Children's Special Allowance (CSA) Class Action Settlement Fund (Fund) was established following an Agreement in Principle reached on March 19, 2024, between the Province of Manitoba and Class Counsels. The settlement provides compensation for provincially funded children-in-care of Child and Family Services Agencies (CFS Agencies) in Manitoba, whose CSA benefits were clawed back or withheld between January 1, 2005, and March 31, 2019. Exchange Solutions Inc. has been appointed Claims Administrator for two of the three funds, those being the Indigenous CFS Agencies (Flette) Action and Non-Indigenous CFS Agencies (Lavallee) Action. The combined settlement to be managed by the Claims Administrator is approximately \$420,000,000. The fund is expected to hold assets for a 16-year period until 2040, dependent on the age of potential Eligible Claimants.

The Claims Administrator is committed to maintaining the fund's integrity and ensuring that the settlements are paid out as promised to the beneficiaries.

2. Roles and Responsibilities

Advisory Board:

- a. **Composition:** An Advisory Board has been established to enhance the governance practices over all investment activities and decisions. The board shall consist of two senior executives of Exchange Solutions Inc. and one independent external advisor.
- b. **Meetings:** The Advisory Board shall meet on a quarterly basis to review investment updates provided by the Claims Administrator. Formal written minutes shall be maintained. Virtual meetings are acceptable.
- c. **Responsibilities:** The Advisory Board is responsible for:
 - Overseeing the development and maintenance of the investment strategy and the execution of the strategy by the Claims Administrator.

Children's Special Allowance

Class Action Settlement Fund

Statement of Investment Policies and Procedures

- Approving any financial institutions or investment managers recommended by the Claims Administrator engaged for the purpose of earning a rate of return.

Claims Administrator:

- a. **Strategy Development:** The Claims Administrator is responsible for developing the investment strategy and presenting it to the Advisory Board for approval.
- b. **Execution:** The execution of the investment strategy is the responsibility of the Claims Administrator. With the approval of the Advisory Board, the Claims Administrator may delegate some authority to qualified financial institutions and/or investment managers to execute the investment strategy in the most efficient and effective manner.
- c. **Record Keeping:** The Claims Administrator is required to maintain appropriate records to support the investment activities and the rate of return.
- d. **Reporting:** The Claims Administrator must provide regular updates to the Advisory Board and ensure compliance with the SIP&P.

3. Investment Beliefs

The Fund invests on the belief that there is an inherent relationship between risk and return, where higher risk, as measured by volatility, generally leads to higher returns over the long-term. However, given the short-term nature of the fund's existence, there is significant risk that the returns from higher risk strategies may not be realized.

4. Risk Appetite

- a. **Capital Preservation:** There is no risk appetite for investment strategies that put the capital at risk, as preserving the ability to pay the promised settlements to beneficiaries is paramount.
- b. **Liquidity:** There is no risk appetite for not having sufficient liquid assets to fund all settlements when payments come due. Liquidity must be maintained to ensure timely disbursement of funds regardless of the state of financial markets.

Children's Special Allowance

Class Action Settlement Fund

Statement of Investment Policies and Procedures

5. Investment Objectives

- a. **Non-Compulsory Returns:** There are no provisions or requirements applicable to the Fund that would require the Claims Administrator to pursue a rate of return, regardless of the risk.
- b. **Risk-Free Returns:** To the extent that there is an ability to earn a risk-free rate of return, or a near risk-free rate of return, the Claims Administrator, with the approval of the Advisory Board, may pursue that return.
- c. **Manitoba Investments:** When such opportunities exist, there is a general desire to invest in Manitoba products and/or firms. However, the underlying objective is to earn the highest rate of return within the established risk appetite.

6. Investment Strategy

- a. **Short-Term Investments:** The investment strategy shall focus on primarily on short-term, high-quality, high-liquid, low-risk investments such as Guaranteed Investment Certificates (GICs), Term Deposits, Banker's Acceptances, and Canadian Treasury Bills.
- b. **Interest-Earning Accounts:** The return from interest-earning financial institution accounts may be sufficient and will serve as a benchmark in evaluating the risk-return relationship of short-term investment strategies.
- c. **Fund Held in Trust:** It is expected that there will be certain Claimant's compensation that will be held in trust potentially for many years until the Claimant turns 18 years old or the Claimant has elected to have the Claimant's compensation held in trust. In these situations, the Claims Administrator may have a certain amount of the Settlement Fund in longer term, high-quality, less liquid, low-risk investments that will achieve a higher rate of return with maturities at strategic dates to match when the Claimant's compensation held in trust becomes payable.

Children's Special Allowance

Class Action Settlement Fund

Statement of Investment Policies and Procedures

7. Prohibited Investments

- a. **Equity Investments:** Prohibited due to their inherent risk and volatility and the relatively short investment horizon.
- b. **Illiquid Asset Classes:** Investments in private debt, private equity, real estate, and infrastructure are prohibited due to their lack of liquidity and assessment of investment risk.

8. Leverage

The use of leverage is prohibited.

9. Foreign Currency

All investments must be denominated in Canadian dollars to avoid foreign currency risk.