

## SETTLEMENT AGREEMENT

This Settlement Agreement is between:

1. Leonard Hay, the plaintiff in the class proceeding, British Columbia Supreme Court Action S2058198 (Prince George Registry); and
2. Mundi 910 Victoria Enterprises Ltd. and Choice Hotels Canada Inc.

### RECITALS

The background to this Settlement Agreement is as follows:

- A. The Proceeding was commenced by the Plaintiff in Prince George, British Columbia, on August 25, 2020;
- B. In the Proceeding, the Plaintiff alleges that certain companies, including the Settling Defendants, were negligent with respect to the Fire;
- C. The Proceeding was certified on a contested basis on behalf of the Class;
- D. The Settling Defendants do not admit, through the execution of this Settlement Agreement or otherwise, any allegation of negligence, breach of contract or unlawful conduct alleged in the Proceeding, or otherwise;
- E. This Settlement Agreement is not an admission of any fault or any wrongdoing by the Settling Defendants. The Settling Defendants maintain that they are not at fault for the events leading to the Proceeding.
- F. The Settling Defendants are entering into this Settlement Agreement in order to achieve a final resolution of all claims asserted or which could have been asserted against the Releasees by the Plaintiff and the Class in the Proceeding, and to avoid further expense of burdensome and protracted litigation;
- G. Counsel for the Settling Defendants and Class Counsel have engaged in arm's-length settlement discussions and negotiations, resulting in this Settlement Agreement;

H. As a result of these settlement discussions and negotiations, the Settling Defendants and the Plaintiff have entered into this Settlement Agreement, which embodies all of the terms and conditions of the settlement between the Settling Defendants and the Plaintiff, both individually and on behalf of the Class, subject to approval of the Court;

I. The Plaintiff has informed the Settling Defendants that he has settlements in principle with the Other Defendants and will seek to have all settlements approved by the Court at the same time;

J. The Plaintiff and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiff's claims, having regard to the burdens and expense in prosecuting the Proceeding, including the risks and uncertainties associated with trials and appeals, and having regard to the value of the Settlement Agreement, the Plaintiff and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiff and the Class.

## **AGREEMENT**

The Parties agree as follows:

### **SECTION 1- DEFINITIONS**

For the purposes of this Settlement Agreement, including the Recitals and Schedules:

(1) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable by the Plaintiff, Class Counsel or otherwise for the approval, implementation and operation of this Settlement Agreement, but excluding Class Counsel Fees.

(2) **Approval Hearing** means the hearing(s) to approve the applications brought by Class Counsel for the Court's approval of the settlement provided for in this Settlement Agreement.

(3) **Claims Administrator** means the firm, if any, to be proposed by Class Counsel and appointed by the Court to administer the Settlement Amount in accordance with the provisions of the Distribution Protocol, and any employees of such firm.

(4) **Class or Class Members** means:

All individuals who were registered guests of the Motel and all individuals on the Motel premises or the adjoining [Yolks All Day Family] Restaurant, at the time of the Fire on July 8, 2020; and

The personal representatives and dependants of the people who died as a result of the Fire; but

Excluding the defendants and their directors, officers, representatives, servants, employees or agents, or any person who intentionally started the Fire or conspired to start the Fire.

(5) **Class Counsel** means CFM Lawyers LLP and Dick Byl Law.

(6) **Class Counsel Fees** means the fees, disbursements, adverse costs awards, interest, GST or HST (as the case may be) and other applicable taxes or charges thereon, including any amounts payable by Class Counsel or the Class to any other body or Person.

(7) **Court** means the Supreme Court of British Columbia.

(8) **Date of Execution** means the date as of which the Parties have executed this Settlement Agreement.

(9) **Defendants** means the Other Defendants and the Settling Defendants.

(10) **Distribution Protocol** means the plan to be developed by Class Counsel for distributing the Settlement Amount, plus accrued interest and less approved Administration Expenses and Class Counsel Fees, to Class Members, as approved by the Court.

(11) **Effective Date** means the date when the Final Order has been made by the Court approving this Settlement Agreement.

- (12) **Final Order** means a final order, judgment or equivalent decree issued by the Court approving this Settlement Agreement in accordance with its terms.
- (13) **Fire** means the fire at the Motel on July 8, 2020 at approximately 8:40 am.
- (14) **Motel** means the Econo Lodge, located at 910 Victoria Street in the City of Prince George.
- (15) **Other Defendants** means Allpoints Fire Protection Ltd. and the City of Prince George.
- (16) **Party and Parties** means the Settling Defendants and the Plaintiff.
- (17) **Person(s)** means an individual, corporation, partnership, limited partnership, limited liability company, association, joint stock company, estate, legal representative, trust, trustee, executor, beneficiary, unincorporated association, government or any political subdivision or agency thereof, and their heirs, predecessors, successors, representatives, or assignees.
- (18) **Plaintiff** means Leonard Hay.
- (19) **Proceeding** means Hay v. Mundi 910 Victoria Enterprises Ltd., BCSC Action No. S2058198 (Prince George Registry).
- (20) **Proportionate Liability** means the percentage of fault attributed to the Settling Defendants by the Court.
- (21) **Recitals** means the recitals to this Settlement Agreement.
- (22) **Released Claims** means any and all claims, demands, actions, suits, causes of action, whether class, individual or otherwise, whether personal or subrogated, damages of any kind (including compensatory, punitive or other damages) whenever incurred, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses (including Administration Expenses), penalties, and lawyers'

fees (including Class Counsel Fees), known or unknown, that any of the Releasors ever had, now have, or hereafter can, shall or may have, relating in any way to the Fire.

(23) **Releasees** means, jointly and severally, individually and collectively, the Settling Defendants and all of their present and former, direct and indirect, parents, subsidiaries, divisions, affiliates, partners, joint ventures, insurers, and all other Persons, partnerships or corporations with whom any of the former have been, or are now, affiliated and all of their respective past, present and future officers, directors, employees, agents, shareholders, attorneys, trustees, servants and representatives, and the predecessors, successors, purchasers, heirs, executors, administrators and assigns of each of the foregoing, excluding the Other Defendants and their affiliates.

(24) **Releasors** means, jointly and severally, individually and collectively, the Plaintiff and Class Members, on behalf of themselves and any Person.

(25) **Settlement Agreement** means this agreement, including the Recitals.

(26) **Settlement Amount** means the sum of four million, five hundred thousand Canadian dollars (\$4,500,000.00).

(27) **Settling Defendants** means Mundi 910 Victoria Enterprises Ltd. and Choice Hotels Canada Inc.

(28) **Trust Account** means a guaranteed investment vehicle, liquid money market account or equivalent security with a rating equivalent to or better than that of a Canadian Schedule I bank (a bank listed in Schedule I of the Bank Act, SC 1991, c 46) held at a Canadian financial institution under the control of Class Counsel or the Claims Administrator, if appointed, for the benefit of the Class.

## **SECTION 2 – NOTICE AND SETTLEMENT APPROVAL**

### **2.1 Best Efforts**

(1) The Parties shall use their best efforts to implement this Settlement Agreement and to secure the prompt and final dismissal with prejudice of the Proceeding as against the Settling Defendants in the Proceeding.

## **2.2 Application Seeking Approval of the Settlement**

- (1) As soon as practicable, the Plaintiff shall bring an application before the Court for an order approving this Settlement Agreement.
- (3) This Settlement Agreement shall only become final on the Effective Date.

## **SECTION 3 - SETTLEMENT BENEFITS**

### **3.1 Payment of Settlement Amount**

- (1) Within thirty (30) days of the Date of Execution, the Settling Defendants shall pay the Settlement Amount into the Trust Account. The Settling Defendants shall deposit the Settlement Amount into the Trust Account by wire transfer or other method agreed upon between counsel. Class Counsel shall provide the necessary wire transfer information to counsel for the Settling Defendants with reasonable advance notice so that the Settling Defendants have a reasonable period of time to comply.
- (2) The Settlement Amount shall be all-inclusive of all amounts, including interest and costs, and shall be paid in full satisfaction of the Released Claims against the Releasees.
- (3) The Releasees shall have no obligation to pay any amount in addition to the Settlement Amount, for any reason, pursuant to or in furtherance of this Settlement Agreement or the Proceeding.
- (4) Class Counsel or its duly appointed agent shall maintain the Trust Account as provided for in this Settlement Agreement.
- (5) Class Counsel or its duly appointed agent shall not pay out all or any part of the monies in the Trust Account, except in accordance with this Settlement Agreement, or in accordance with an order of the Court.

### **3.2 Taxes and Interest**

- (1) Except as hereinafter provided, all interest earned on the Settlement Amount shall accrue to the benefit of the Class and shall become and remain part of the Trust Account.

(2) Subject to Section 0, all taxes payable on any interest which accrues on the Settlement Amount in the Trust Account shall be the responsibility of the Class. Class Counsel or its duly appointed agent shall be solely responsible to fulfill all tax reporting and payment requirements arising from the monies in the Trust Account, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned on the monies in the Trust Account shall be paid from the Trust Account.

(3) The Settling Defendants shall have no responsibility to make any filings relating to the Trust Account and will have no responsibility to pay tax on any income earned by the monies in the Trust Account or pay any taxes on the monies in the Trust Account, unless this Settlement Agreement is not approved, is terminated or otherwise fails to take effect, in which case the interest earned on the Settlement Amount in the Trust Account shall be paid to the Settling Defendants who, in such case, shall be responsible for the payment of all taxes on such interest not previously paid by Class Counsel or its duly appointed agent.

#### **SECTION 4 – DISTRIBUTION OF THE SETTLEMENT AMOUNT AND ACCRUED INTEREST**

##### **4.1 Distribution Protocol**

(1) At a time wholly within the discretion of Class Counsel, Class Counsel will make an application seeking orders from the Court approving the Claims Administrator, if any, and approving a Distribution Protocol.

#### **SECTION 5 – RELEASES AND DISMISSALS**

##### **5.1 Release of Releasees**

(1) Upon the Effective Date, in consideration of payment of the Settlement Amount and for other valuable consideration set forth in this Settlement Agreement, the Releasors forever release and discharge the Releasees from the Released Claims that any of them, whether directly or indirectly, ever had, now have, or may have.

(2) The Plaintiff and Class Members acknowledge that they may discover facts in addition to, or different from, those facts which they know or believe to be true regarding the subject matter of the Settlement Agreement. It is their intention to release fully, finally, and forever all Released Claims and, in furtherance of such intention, this release shall remain in effect despite the discovery or existence of additional or different facts.

(3) The releases granted pursuant to Section 5.1 shall be deemed partial and shall benefit only the Releasees. They shall not limit the rights of the Settlement Class Members against the Other Defendants or any other Person who is not a Releasee.

## **5.2 Covenant Not to Sue**

(1) Notwithstanding Section 5.1, upon the Effective Date, if the release of one tortfeasor is a release of all other tortfeasors, the Releasers do not release the Releasees, but instead covenant and undertake not to make any claim in any way or to commence, participate in, or continue any proceeding in any jurisdiction against the Releasees in respect of the Released Claims.

## **5.3 No Further Claims**

(1) Upon the Effective Date, the Releasers shall not institute, continue, maintain, or assert, either directly or indirectly, on their own behalf or on behalf of any class or any other Person, any action, suit, cause of action, claim or demand against any Releasee, or against any other Person who may claim contribution or indemnity or other claims over relief from any Releasee, in respect of any Released Claim, except for the continuation of the Proceeding against the Other Defendants or any other Person who is not a Releasee.

(2) If the Court determines that there is a right of contribution, indemnity, or any other claims over, whether in equity or in law, by statute, contract, or otherwise, the Plaintiff and Class Members shall reduce or limit their claims against the Other Defendants or other Persons so as not to be entitled to claim or recover from the Other Defendants or other Persons who are not Releasees that portion of any damages, restitutionary award,

disgorgement of profits, interest, and costs that corresponds to the Proportionate Liability of the Releasees proven at trial or otherwise.

#### **5.4 Amendment of Pleadings**

(3) Upon the Effective Date, the Proceeding shall be dismissed, with prejudice and without costs, as against the Settling Defendants.

(4) If this Settlement Agreement is approved but the Proceeding continues against any Other Defendant, Class Counsel will seek an order from the Court approving amendments that:

- (a) remove the Settling Defendants as a party to the Proceeding;
- (b) remove allegations of fault against the Settling Defendants; and,
- (c) add the following paragraph:

The Plaintiff and the Class expressly waive their right to recover any portion of their losses that may be attributable to the fault of Mundi 910 Victoria Enterprises Ltd. and Choice Hotels Canada Inc. If any fault is attributed to Mundi 910 Victoria Enterprises Ltd. and/or Choice Hotels Canada Inc. by the court, the Plaintiffs will not recover damages for that portion of fault from any of the Defendants.

### **SECTION 6 – EFFECT OF SETTLEMENT**

#### **6.1 No Admission of Liability**

(1) The Plaintiff and the Releasees agree that this Settlement Agreement shall not be deemed or interpreted to be an admission of any wrongdoing or fault by any of the Releasees.

### **SECTION 7 – ADMINISTRATION AND IMPLEMENTATION**

#### **7.1 Mechanics of Administration**

(1) Except to the extent provided for in this Settlement Agreement, the mechanics of the implementation and administration of this Settlement Agreement and the Distribution Protocol shall be determined by the Court on applications brought by Class Counsel at a time within the sole discretion of Class Counsel. Class Counsel shall have no obligation

to consult with the Settling Defendants about the implementation and administration of this Settlement Agreement, the appointment of the Claims Administrator (if any) or the terms of the Distribution Protocol.

#### **SECTION 8 - CLASS COUNSEL FEES, DISBURSEMENTS AND ADMINISTRATION EXPENSES**

(1) The Releasees shall not be liable for any fees, disbursements or taxes of any of Class Counsel's, the Plaintiff's or Class Members' respective lawyers, experts, advisors, agents, or representatives.

(3) Class Counsel may seek the Court's approval to pay Class Counsel Fees contemporaneous with seeking approval of this Settlement Agreement, or at a later date. Class Counsel Fees shall be reimbursed and paid solely out of the Trust Account after the Effective Date. No Class Counsel Fees shall be paid from the Trust Account prior to the Effective Date.

(4) Except as provided herein, Administration Expenses may only be paid out of the Trust Account after the Effective Date.

(5) The Releasees have no responsibility for and no liability whatsoever with respect to the administration of the Settlement Agreement.

#### **SECTION 9 - NON-APPROVAL OR TERMINATION OF SETTLEMENT AGREEMENT**

##### **9.1 Reservation of Rights**

(1) The Plaintiff and Releasees expressly reserve all of their rights if this Settlement Agreement is not approved, is terminated or otherwise fails to take effect for any reason.

##### **9.2 Right of Termination**

(1) If the Court declines to approve this Settlement Agreement or any material term, the Settling Defendants, Class Counsel and the Plaintiff shall each have the right to terminate this Settlement Agreement by delivering written notice within thirty (30) days. If the Settling Defendants, Class Counsel or the Plaintiff exercise their right to terminate,

the Settlement Agreement shall be null and void and have no further force or effect, shall not be binding on the Parties, and shall not be used as evidence or otherwise in any litigation.

- (3) Any order, ruling or determination made by the Court with respect to
  - (a) Class Counsel Fees,
  - (b) the Claims Administrator,
  - (c) the Distribution Protocol, or
  - (d) notice to Class Members

shall not be a material modification of all, or a part, of this Settlement Agreement and shall not provide any basis for the termination of this Settlement Agreement.

## **SECTION 10 – MISCELLANEOUS**

### **10.1 Motions for Directions**

(1) Class Counsel or the Settling Defendants may apply to the Court for directions in respect of the interpretation, implementation and administration of this Settlement Agreement.

### **10.2 Ongoing Jurisdiction**

(1) The Court shall have jurisdiction with respect to implementation, administration, interpretation, and enforcement of the terms of this Settlement Agreement.

### **10.3 Governing Law**

(1) This Settlement Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia.

### **10.4 Entire Agreement**

(1) This Settlement Agreement constitutes the entire agreement among the Parties. It supersedes all prior understandings, undertakings, negotiations, representations,

promises, agreements, and agreements in principle related to settlement of the Released Claims.

#### **10.5 Amendments**

(1) This Settlement Agreement may not be modified or amended except in writing and by consent of all Parties, and any such modification or amendment must be approved by the Court with jurisdiction over the matter.

#### **10.6 Binding Effect**

(1) This Settlement Agreement shall be binding upon, and be for the benefit of, the Plaintiff, Class Members, the Settling Defendants, the Releasors, and the Releasees. Without limiting the generality of the foregoing, each and every covenant and agreement made by the Plaintiff shall be binding upon all Releasors and each and every covenant and agreement made by the Settling Defendants shall be binding upon all of the Releasees.

#### **10.7 Counterparts**

(1) This Settlement Agreement may be executed in counterparts. Signatures may be made electronically or on hardcopy.

(2) Electronic copies of the executed Settlement Agreement will be accepted by the Parties.

#### **10.8 Negotiated Agreement**

(1) This Settlement Agreement has been the subject of negotiations and discussions by the Parties, each of which has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Settlement Agreement shall have no force and effect.

(2) The language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.

### **10.9 Acknowledgements**

- (1) Each of the Parties hereby affirms and acknowledges that:
  - (a) he, she, or a representative of the Party with the authority to bind the Party has read and understood this Settlement Agreement;
  - (b) the terms of this Settlement Agreement and its effects have been fully explained to him, her, or the Party's representative by his, her or its counsel;
  - (c) he, she, or the Party's representative fully understands each term of this Settlement Agreement and its effect; and
  - (d) no Party has relied upon any statement, representation, or inducement (whether material, false, negligently made or otherwise) of any other Party, beyond the terms of this Settlement Agreement, with respect to the first Party's decision to execute this Settlement Agreement.

### **10.10 Authorized Signatures**

- (1) Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement on behalf of the Parties identified above their respective signatures and their law firms.

### **10.11 Notice**

- (1) Where this Settlement Agreement requires a Party to provide notice or any other communication or document to another, such notice, communication or document shall be provided by email, facsimile or letter by overnight delivery to the representatives for the Party to whom notice is being provided, as identified below:

#### **FOR THE PLAINTIFF AND CLASS COUNSEL:**

Jamie Thornback  
Rebecca Coad  
CFM Lawyers LLP  
400-856 Homer Street  
Vancouver, BC V6B 2W5  
Tel.: 604-689-7555  
Fax: 604-689-7554  
Email: service@cfmlawyers.ca

Dick Byl  
Dick Byl Law Corporation  
300 – 1777 3<sup>rd</sup> Ave  
Prince George, BC V2L 3G7  
Tel: 250-564-3400  
Fax: 250-564-7873  
Email: info@dbylaw.com

**FOR THE SETTLING DEFENDANTS:**

Rob M. McLennan  
Sunjeet S. Deol  
Alexander Holburn Beaudin + Lang LLP  
2700-700 W. Georgia Street  
Vancouver, BC V7Y 1B8  
Tel: 604-484-1700  
Fax: 604-484-9700  
Email: service@ahbl.ca

**10.14 Date of Execution**


(1) The Parties have executed this Settlement Agreement as of ~~October 24,~~ <sup>November 18,</sup> 2025. 

**Leonard Hay**, by his counsel

Name of Authorized Signatory:

Rebecca Coad (counsel)

Signature of Authorized Signatory:

  
CFM Lawyers LLP

**Mundi 910 Victoria Enterprises Ltd. and Choice Hotels Canada Inc.**, by their counsel

Name of Authorized Signatory

Sunjeet S. Deol (counsel)

Signature of Authorized Signatory:

  
Alexander Holburn Beaudin + Lang LLP