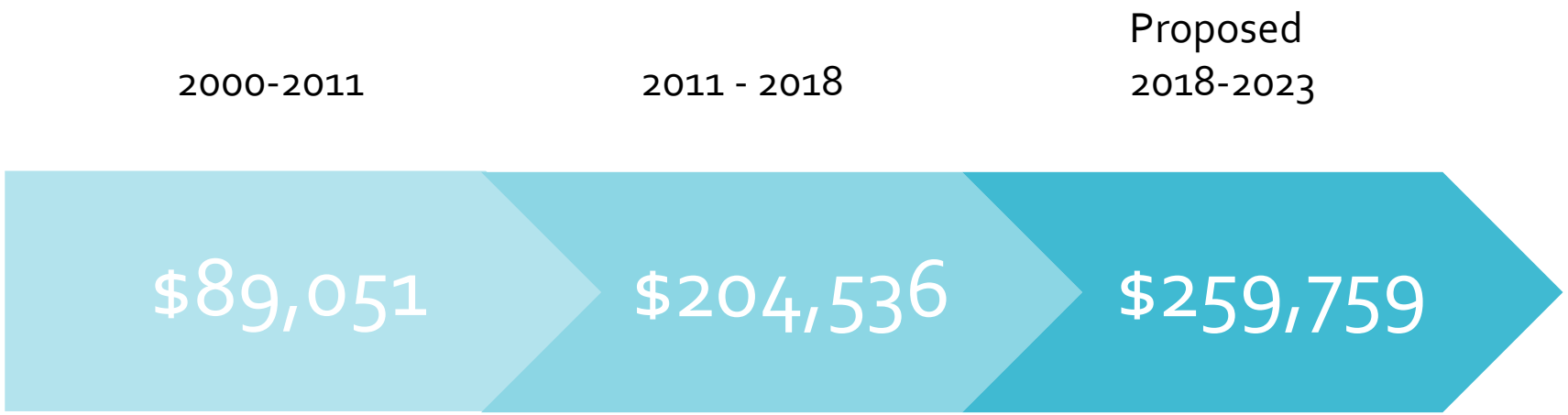
Operational Funding Negotiations with Canada

May 16, 2017

2015 LAB AGM Direction	2017 Negotiation Outcome
Fair and Equitable	**Four First Nations that arbitrarily lost funding in 2011 will have their funding restored. Canada has expressed support to increase core funding to First Nations by 1% yearly. "Non-core" funding would be increased by 1.25% annually.**
Straightforward and Transparent	**Canada is not interested in replacing their Tier system, but was amenable to rebranding ("Core Contribution Categories"). Land governance funding remains tied to registered instruments. LABRC and Canada are exploring alternative methods of assigning First Nations to categories for environmental funding.**
Secure through 5 year Funding	**Canada has expressed support to secure a 5-year agreement**
No Claw Back, No Own Source Revenue (OSR)	**Canada has expressed support to pursue a grant authority for operational funding that would eliminate Claw Back and OSR**
LAB/RC will assume additional responsibilities to administer funding	**Canada has expressed support to flow Designated Block Funding through the RC in the amount of $3.3 Million for specific land or environmental governance projects**

2015 LAB AGM Direction	2017 Negotiation Outcome
Funding is Government to Government	**Canada has expressed support to secure a Grant Authority instead of Contribution Authority**
Determined by First Nations and LAB	**First Nations have contributed to the data gathering exercise and will provide direction to the LAB on the acceptability of Canada's funding offer**
Reflect Diversity	**Four categories of funding, continued transition funding and a designated block fund have been proposed**
Adequate Resources	**Canada's offer increases land governance and environmental staffing but no funding for environmental projects or expenses**
Adjustable	**Canada predetermines funding tiers for First Nations based on Indian Land Registry System (ILRS) registered instruments but has agreed to review those numbers as First Nations progress in the operational phase**

Minimum Operational Funding



80% of First Nations Fall in this Category

2011-2018 Operational Funding

- MOU signed in October 2011
- INAC developed
- Introduced 3 "Tiers"
- Increased minimum funding from $85k to $204k
- Reduced 4 FNs funding
- Transition Funding
- Contribution Based
- Claw back
- No tier Mobility
- No Cost of living increase

LAB AGM 2015 T'sou-ke

- Funding Resolution – Guiding Principles
  - Government to Government
  - Determined by First Nations and LAB
  - Reflect Diversity
  - Adequate Resources
  - Adjustable
  - Fair and Equitable
  - Logical and Easily Explained
  - Secure Through 5 Year Funding
  - No Claw Back or Own Source Revenue
  - LAB/RC will Assume Additional Funding Administration Responsibilities

Federal Election prevents INAC mandate to negotiate

February 17, 2016 – 2011 Funding MOU extended for 1 year

March 2016 LAB/Operational Strategy Session held in Agassiz, BC

2015-2016

2016-2017

- April 2016 – Negotiations begin with INAC
- May 2016 – First "Offer" from Canada
  - Continuation of 3 Tiers
  - Environmental staff component
  - Inflation adjustment
  - Support for no Claw Back
  - Tier Mobility
  - Ambiguous wording OSR
  - Not in alignment with 2015 LAB AGM Resolution
- June to August 2016 – RC Conducts Data Gathering
- September 2016 - Second 2011 MOU Funding Extension
- October 2016 LAB AGM– Data Gathering Findings/Strategy

2016-2017 Continued

- November 2016 – LAB/RC Counter Proposal provided to INAC
  - Full Environmental planning and implementation funding
  - Separate Pooled funding
  - Robert and Austin Step In
- January 2017
  - INAC provides response to RC Proposal
    - Increase Environmental staff benefits
    - "Pool" but minimal funding
    - Eliminate Transitional
- February 2017
  - RC Responds with reduced Environmental
  - Maintain Transitional
  - Increase Environmental Staff
  - Increase "pool"

- April 2017
  - INAC Provides final OFF Proposal #3
    - Maintain Transitional
    - Marginal Increase to Pool
    - Indicates Flexibility
  - Reached upper limit of negotiation mandate
  - Memorandum to Cabinet
  - Provides Critical Path

2017-2018

Quick Comparison

2011 Funding

- Tier One $204,536
- Tier Two $251,636
- Tier Three $317,386
- Transitional $150,000

Proposed Funding

- Category One $259,759
- Category Two $336,199
- Category Three $444,783
- Category Four $478,505
- Transitional $150,000
- DBF $650,000