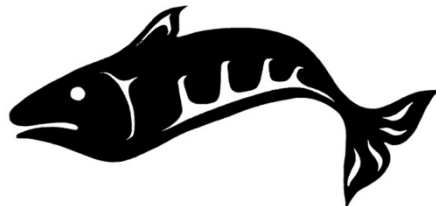


YALE FIRST NATION
OWN SOURCE REVENUE
AGREEMENT



YALE FIRST NATION

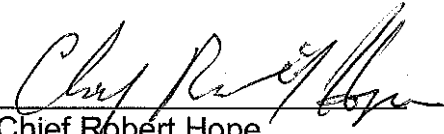
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YALE FIRST NATION OWN SOURCE REVENUE AGREEMENT

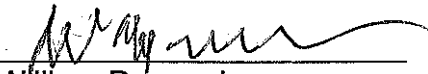
This page, signed in Yale, British Columbia, this 5th day of February, 2010, signifies the intent of the Chief Negotiators for Canada, British Columbia and Yale First Nation, to recommend that the Yale First Nation Own Source Revenue Agreement, as it may be amended, be signed by the Parties.

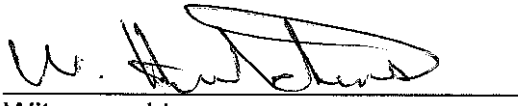
FOR YALE FIRST NATION:


Chief Robert Hope
Chief Negotiator, Yale First Nation

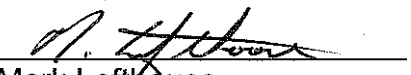

Witnessed by:
Doug Hansen


FOR HER MAJESTY THE QUEEN IN RIGHT OF CANADA:


William Dymond
Chief Federal Negotiator


Witnessed by:
Wendy Hutchinson

FOR HER MAJESTY THE QUEEN IN RIGHT OF BRITISH COLUMBIA:


Mark Lofthouse
Chief Provincial Negotiator


Witnessed by:
Andrea Keil

After Chief Negotiators have signed this page, and before the Own Source Revenue Agreement is signed by the Parties, it may be subject to review and amendment by agreement of the Chief Negotiators.

YALE FIRST NATION OWN SOURCE REVENUE AGREEMENT

THIS AGREEMENT made the _____ day of 20_____.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as
represented by the Minister of Indian Affairs and Northern
Development

("Canada")

OF THE FIRST PART

AND:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, as represented by the Minister of Aboriginal
Relations and Reconciliation

("British Columbia")

OF THE SECOND PART

AND:

YALE FIRST NATION, as represented by Yale First Nation
Government

("Yale First Nation")

OF THE THIRD PART

WHEREAS:

- A. Chapter 20 Fiscal Relations of the Yale First Nation Final Agreement provides that the Parties will negotiate and attempt to reach agreement on a Fiscal Financing Agreement that will set out the Yale First Nation contribution to the funding of Agreed-Upon Programs and Services from its own source revenues; and
- B. The Parties agree that this Agreement sets out the method of determining the Yale First Nation contribution to the funding of Agreed-Upon Programs and Services in accordance with the Yale First Nation Final Agreement.

NOW, in consideration of the promises and the covenants and agreements set out below, the sufficiency of which is acknowledged by the Parties, the Parties agree as follows:

1.0 DEFINITIONS

1.1 Words and expressions not defined in this Agreement but defined in the Yale First Nation Final Agreement have the meanings ascribed to them in the Yale First Nation Final Agreement

1.2 In this Agreement the following definitions shall apply:

“Agreement” means this Yale First Nation Own Source Revenue Agreement;

“Block Funding” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Capital Transfer Settlement Trust” means a Yale First Nation Settlement Trust where all of the contributions to the trust can reasonably be considered to have been:

- a. Settlement Capital; or
- b. received from another Capital Transfer Settlement Trust;

“Chapter” means a chapter of the Yale First Nation Final Agreement;

“Economic Development Account” means an account:

- a. established by Yale First Nation to hold and invest funds to be used solely for economic development activities consistent with

paragraph F.5 of Schedule F of the initial Yale First Nation Fiscal Financing Agreement; and

- b. to which Yale First Nation will only transfer funds received by Yale First Nation from British Columbia under Paragraph G.4 of Schedule G of the initial Yale First Nation Fiscal Financing Agreement.

“FDDIPI” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Federally Supported Programs and Services” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Fiscal Year” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Generally Accepted Accounting Principles” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Implementation Activities” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Implementation Committee” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Parties” means the Parties to this Agreement and **“Party”** means any one of them;

“Property Tax” means tax imposed on the basis of:

- a. the value of land or improvements or both, or
- b. a single amount for each parcel of land, the taxable area of a parcel of land or the taxable frontage of a parcel of land.

“Provincially Supported Programs and Services” has the meaning ascribed to it in the Yale First Nation Fiscal Financing Agreement;

“Public Services” means services provided to, and activities carried on for the benefit of the general public either by or on behalf of governments in Canada, without reasonable expectation of profit to government and which services or activities are not primarily provided to the general public in Canada or carried out for the benefit of the general public in Canada by for-profit entities acting independently of government;

“Review Engagement Report” has the meaning ascribed to it in the CICA Handbook-Assurance published by the Canadian Institute of Chartered Accountants or its successor;

“Settlement Capital” means any amount received by Yale First Nation under Chapter 19 Capital Transfer and Negotiation Loan Repayment;

“Settlement Capital Balance” means with respect to any particular time, an amount equal to the sum of:

- a. all contributions of Settlement Capital made by Yale First Nation prior to that time to all Capital Transfer Settlement Trusts;

-minus-
- b. the sum of all amounts designated as withdrawals of Settlement Capital pursuant to 6.3 or 6.3 prior to that time.

“Settlement Trust Earnings” means with respect to any Fiscal Year, an amount equal to the sum of:

- a. the aggregate fair market value of all Capital Transfer Settlement Trusts at the end of the Fiscal Year;

-minus-
- b. the Settlement Capital Balance at the end of the Fiscal Year;

“Yale First Nation Final Agreement” means the Yale First Nation Final Agreement signed on behalf of Yale First Nation and British Columbia and Canada on _____, and includes any amendments from time to time;

“Yale First Nation Fiscal Financing Agreement” means the Yale First Nation Fiscal Financing Agreement signed by the Parties on _____, as amended or replaced from time to time;

“Yale First Nation Physical Works Account” means an account:

- a. established to hold and invest funds to be used solely for the purpose of maintaining or replacing the defined set of agreed-upon assets set out in Schedule C of the initial Yale First Nation Fiscal Financing Agreement or an analogous schedule in a subsequent Yale First Nation Fiscal Financing Agreement; and

- b. to which Yale First Nation will only transfer funds to a maximum of the level set out with respect to Physical Works in Table 1 of Schedule B of the initial Yale First Nation Fiscal Financing Agreement or an analogous schedule in a subsequent Yale First Nation Fiscal Financing Agreement.

“Yale First Nation Settlement Trust” means a Yale First Nation Settlement Trust as defined by the Yale First Nation Tax Treatment Agreement; and

“Yale First Nation Tax Treatment Agreement” means the Yale First Nation Tax Treatment Agreement signed by the Parties on _____, as amended or replaced from time to time.

2.0 GENERAL

- 2.1 This Agreement is not part of the Yale First Nation Final Agreement, is not a treaty or land claims agreement and does not create, recognize or affirm aboriginal or treaty rights, within the meaning of sections 25 and 35 of the *Constitution Act 1982*.

3.0 TERM

- 3.1 This Agreement will commence on the Effective Date and, except if extended in accordance with 21.2, will end on March 31 of the Fiscal Year in which the 19th anniversary of the Effective Date occurs.
- 3.2 If Canada or British Columbia enacts legislation by March 31, 2013 giving effect to another land claims agreement in British Columbia that provides in that land claims agreement or in another agreement that is referred to in that land claims agreement own source revenue terms and conditions that are not available under this Agreement, Canada and British Columbia, at the request of Yale First Nation, will negotiate and attempt to reach agreement on a one-time basis with Yale First Nation to provide appropriate adjustments to the own source revenue terms and conditions available to Yale First Nation, taking into account the particular circumstances of the other land claims agreement.

4.0 YALE FIRST NATION OWN SOURCE REVENUE

- 4.1 Except as otherwise provided in this Agreement, Yale First Nation own source revenue capacity for a Fiscal Year is the sum of:

- (a) the total Yale First Nation own source revenues derived from a Capital Transfer Settlement Trust for that Fiscal Year;
- (b) the total Yale First Nation own source revenues from taxes for that Fiscal Year;
- (c) the total Yale First Nation own source revenues from business and property for that Fiscal Year;
- (d) the total Yale First Nation own source revenues from fees and charges for that Fiscal Year; and
- (e) the total Yale First Nation own source revenues from other revenue sources for that Fiscal Year;

determined in accordance with this Agreement.

- 4.2 The categories in 4.1(a) through 4.1(e) are mutually exclusive categories as determined in accordance with this Agreement.

5.0 AMOUNTS NOT INCLUDED

- 5.1 The calculation of Yale First Nation's contribution to the funding of Agreed Upon Programs and Services from its own source revenues will not include:

- (a) amounts earned before the Effective Date;
- (b) gifts and donations received by Yale First Nation from an arms length party, and for which a receipt is issued;
- (c) payments received under a Yale First Nation Fiscal Financing Agreement;
- (d) programs and services funding received by Yale First Nation from Canada or British Columbia, directly or through a third party, with respect to programs and services that are not included in a Yale First Nation Fiscal Financing Agreement;
- (e) proceeds from the sale or expropriation of Yale First Nation Land;
- (f) proceeds from a claim for loss under a policy of insurance and other amounts received as compensation for specific losses or damages to property or assets, except to the extent included in the

own source revenue of Yale First Nation under 8.0 of this Agreement;

- (g) a Specific Claim Settlement;
- (h) payments received by Yale First Nation in that Fiscal Year under Chapter 19 Capital Transfer and Negotiation Loan Repayment ;
- (i) subject to 11.2 and 11.3, proceeds from the issuance of debt;
- (j) reimbursements of specific expenses incurred by Yale First Nation for a purpose specified by an arms length party and under an agreement with that party;
- (k) any tax revenues, fees, charges or levies collected by the Yale First Nation Government on behalf of, and remitted to, another taxing authority that is not associated with the Yale First Nation Government; and
- (l) all interest, gains or other income accrued or paid in the Fiscal Year on all funds and investments held in the Yale First Nation Physical Works Account.

6.0 CAPITAL TRANSFER

- 6.1 A payment out of a Capital Transfer Settlement Trust in a Fiscal Year to or for the benefit of Yale First Nation will be Yale First Nation own source revenue except to the extent that:
 - (a) the trustee of the Capital Transfer Settlement Trust has designated the payment as a withdrawal of Settlement Capital; and
 - (b) the payment does not exceed the Settlement Capital Balance prior to the payment.
- 6.2 The trustee of a Capital Transfer Settlement Trust will designate every payment made out of a Capital Transfer Settlement Trust, including payments made to members of Yale First Nation, as a payment of Settlement Capital or a payment of Settlement Trust Earnings if, immediately prior to making such payment, the Settlement Capital Balance was greater than nil.
- 6.3 In the event that a payment designated as a payment of Settlement Trust Earnings exceeds the Settlement Trust Earnings immediately prior to such

payment, the excess will be deemed to be an amount designated as a withdrawal of Settlement Capital under 6.1(a) in the Fiscal Year in which the payment was made.

- 6.4 In the event that a payment designated as a payment of Settlement Capital exceeds the Settlement Capital Balance immediately prior to such payment, the excess will be deemed to be designated as a payment of Settlement Trust Earnings in the Fiscal Year in which the payment was made.

7.0 YALE FIRST NATION TAX REVENUE

- 7.1 The own source revenue of Yale First Nation from taxes for a Fiscal Year will be calculated as the sum of:
- (a) taxes received in that Fiscal Year by Yale First Nation pursuant to an agreement with Canada or British Columbia to share tax room or tax revenues;
 - (b) taxes other than the taxes referred to in 7.1(a) levied and received by Yale First Nation under any law enacted by Yale First Nation Government; and
 - (c) any fines, interest or penalties levied and received by Yale First Nation in respect of a tax referred to in 7.1(a) and 7.1(b).

8.0 YALE FIRST NATION BUSINESS AND PROPERTY INCOME

- 8.1 Subject to 6.0, the own source revenue of Yale First Nation from business and property for a Fiscal Year will be calculated as the sum of:
- (a) the amount, if any, by which the aggregate of:
 - (i) income for the Fiscal Year from each business carried on by Yale First Nation; and
 - (ii) income for the Fiscal Year from each property held by Yale First Nation;exceeds the aggregate of:
 - (iii) losses for the Fiscal Year from each business carried on by Yale First Nation, other than businesses providing Public Services; and

- (iv) losses for the Fiscal Year from each property held by Yale First Nation, other than properties held for the provision of Public Services;
- (b) subject to 11.0, the aggregate of:
- (i) dividends received from corporations; and
 - (ii) distributions from a partnership or trust that is not a Yale First Nation Settlement Trust, other than a return of capital or repayment of a loan. For the purposes of this clause, a return of capital means an amount of capital paid to Yale First Nation from the partnership or trust that was contributed to the partnership or trust by Yale First Nation, or by the Yale Band before the Effective Date, or by a third party where the third party's contribution would have been excluded under 5.0 if it had been contributed to Yale First Nation; and
- (c) the amount by which the aggregate of:
- (i) net gains realized in the Fiscal Year on the disposition of properties, other than real properties, held on capital account and used or held for the primary purpose of earning income or gains, and real properties held on capital account, other than Yale First Nation Land, used or held for any purpose;
- exceeds the aggregate of:
- (ii) losses realized in the Fiscal Year on the disposition of properties, other than real properties, held on capital account and used or held for the primary purpose of earning income or gains, and real properties held on capital account, other than Yale First Nation Land, used or held for any purpose; and
 - (iii) losses realized in the previous Fiscal Year on the disposition of properties, other than real properties, held on capital account and used or held for the primary purpose of earning income or gains, and real properties held on capital account, other than Yale First Nation Land, used or held for any purpose, to the extent that such losses have not been applied to reduce net gains in a previous Fiscal Year.

8.2 For the purposes of 8.1:

- (a) any Yale First Nation interest in a business carried on, or a property held, in a joint venture is a business carried on, or a property held, by Yale First Nation to the extent of the interest of Yale First Nation in the joint venture;
- (b) income and losses from businesses include net income and losses from adventures in the nature of trade;
- (c) income from any business carried on and property held is determined as the amount by which the revenues earned in the Fiscal Year from that business or property exceed the reasonably deductible costs incurred in connection with that business or property including, as determined in accordance with Generally Accepted Accounting Principles, reasonable allowances for depreciation and amortization;
- (d) a loss from any business carried on and property held is determined as the amount by which the reasonably deductible costs incurred in connection with that business or property including, as determined in accordance with Generally Accepted Accounting Principles, reasonable allowances for depreciation and amortization, exceed the revenues earned in the Fiscal Year from that business or property;
- (e) for purposes of computing income from a business or property, including a determination of allowances for amortization and depreciation or for purposes of computing a gain or loss on a disposition of property, Yale First Nation will be deemed to have acquired each of its properties owned on the Effective Date at a cost equal to the fair market value of the property on that date;
- (f) income and losses referred to in 8.1(a) do not include any amount in respect of income or losses of a corporation, trust or partnership, dividends received from a corporation or distributions from a trust or partnership;
- (g) subject to 8.2(e), income and losses referred to in 8.1(a)(i) and 8.1(a)(iii) include gains and losses in respect of dispositions of property where such gains and losses would be included in the income of a business under Generally Accepted Accounting Principles;
- (h) income and losses referred to in 8.1(a)(ii) and 8.1(a)(iv) do not include any gains and losses in respect of dispositions of property;

- (i) gains and losses referred to in 8.1(c) do not include gains and losses on the disposition of properties included in income and losses from a business under 8.1(a)(i) and 8.1(a)(iii); and
- (j) income and losses are determined net of associated tax liabilities of Yale First Nation.

9.0 YALE FIRST NATION FEES AND CHARGES

9.1 The own source revenue of Yale First Nation from fees and charges for a Fiscal Year will be calculated to include:

- (a) all fees and charges collected in that Fiscal Year in respect of Federally Supported Programs and Services, Implementation Activities, and Provincially Supported Programs and Services; and
- (b) all fees and charges collected in that Fiscal Year in respect of other programs and services, other than user fees constituting a recovery of cost only,

where fees and charges for purposes of 9.1 include fees and charges levied and collected by Yale First Nation in the Fiscal Year under a law enacted by Yale First Nation Government in respect of services provided, permits and authorizations and use of property of Yale First Nation.

10.0 YALE FIRST NATION OTHER REVENUE

10.1 The own source revenue of Yale First Nation from other sources for a Fiscal Year will be calculated as the sum of all amounts received by Yale First Nation from a revenue source that is not included under 6.0 through 9.0 other than:

- (a) an amount expressly excluded from own source revenues under 6.0 through 9.0; or
- (b) an amount recovered as a return of invested capital or in repayment of a loan, except to the extent that the amount represents a gain that is included in own source revenue capacity under 8.0.

11.0 OTHER RULES

- 11.1 For purposes of 8.1(b)(i), where an entity controlled directly or indirectly by Yale First Nation has provided Public Services, or funded another person to provide those services, to Yale Members or to residents of Yale Lands, and the source of funds for the provision of the Public Services is profits of the entity, or can reasonably be expected to come from profits of the entity, the amount expended by the entity in the Fiscal Year for the provision of such Public Services will be deemed to have been received by Yale First Nation in the Fiscal Year as a dividend from a corporation.
- 11.2 Where any entity that is controlled directly or indirectly by Yale First Nation makes a loan to Yale First Nation or to an entity that provides Public Services on behalf of Yale First Nation, the amount of such loan, for purposes of 8.1(b)(i), will be deemed to have been received by Yale First Nation as a dividend from a corporation in the Fiscal Year in which the loan is made.
- 11.3 Notwithstanding 11.2, a loan referred to in 11.2 is exempt from inclusion as income for purposes of 8.1(b)(i) where there are *bona fide* repayment terms including:
- (a) interest at market value; and
 - (b) repayment of principal within a reasonable period of time given the purpose of the loan,
- except that any amount of interest or principal that has not been repaid within the period of the loan will result in the unpaid principal being considered the own source revenue of Yale First Nation under 8.1(b)(i).
- 11.4 Notwithstanding any other provisions of this Agreement, all funds withdrawn in a Fiscal Year from the Yale First Nation Physical Works Account will be deemed to be own source revenues of Yale First Nation received from a revenue source for the purposes of 10.1 unless Yale First Nation uses such funds for the purposes of maintaining or replacing the defined set of agreed-upon assets set out in Schedule C of the initial Yale First Nation Fiscal Financing Agreement or an analogous schedule in a subsequent Yale First Nation Fiscal Financing Agreement.
- 11.5 Notwithstanding any other provisions of this Agreement, all funds withdrawn in a Fiscal Year from the Economic Development Account out of any income or capital gains earned by the Economic Development Account in any Fiscal Year will only be deemed to be own source revenues of Yale First Nation received from a revenue source for the purposes of section 10.1 if Yale First Nation uses such withdrawn funds

for a purpose other than economic development activities consistent with paragraph F.5 of Schedule F of the initial Yale Fiscal Financing Agreement.

12.0 OWN SOURCE REVENUE REPORT

12.1 Within 120 calendar days after the end of each Fiscal Year during the term of this Agreement, Yale First Nation will:

- (a) produce an own source revenue annual report substantially in the form of Schedules A1 and A2 for the Fiscal Year setting out the own source revenue of Yale First Nation for that Fiscal Year in respect of each category of revenue or income for which a calculation is required to be made under this Agreement, and
- (b) provide a copy of the own source revenue annual report to Canada and British Columbia with the audited consolidated financial statements submitted pursuant to the Yale First Nation Fiscal Financing Agreement for each Fiscal Year covered by the auditor's report or a Review Engagement Report, as appropriate.

12.2 At any time within one year after Yale First Nation provides the own source revenue annual report for a Fiscal Year to Canada and British Columbia under 12.1, a Party may notify the other Parties that it disagrees with the determination of an amount reported in that report.

12.3 Notwithstanding 12.2, at any time a Party may notify the other Parties that it disagrees with the determination of an amount included in a Yale First Nation own source revenue annual report for a Fiscal Year:

- (a) in any case where a change in that amount is required to reflect, and reasonably can be considered to be consequential upon, an assessment or reassessment by a taxing authority; or
- (b) if the person filing the report has made any misrepresentation that is attributable to neglect, carelessness or wilful default, or has committed fraud in filing the report or in supplying information required in connection with the report.

12.4 A notice given by a Party under 12.2 or 12.3 will:

- (a) identify the relevant Yale First Nation own source revenue annual report and Fiscal Year;
- (b) set out each determination that the Party disagrees with;

- (c) set out a calculation of each adjustment that the Party proposes be made to an amount included in the report, with detailed reasons; and
 - (d) include a proposal for how the adjustment could be made.
- 12.5 Within 45 days of the date of a notice given by a Party under 12.2 or 12.3, each of the other Parties may respond in writing to the notice, setting out:
- (a) their acceptance of each proposed adjustment; or
 - (b) proposed alternative adjustments with detailed reasons.
- 12.6 If the Parties fail to resolve a matter, in respect of which a notice is given under 12.2 or 12.3, by informal discussion within 75 days after the date of that notice, a Party may within 105 days after the date of that notice give another Party a notice of dispute in respect of the matter.

13.0 FEDERAL OWN SOURCE REVENUE INCLUSION AMOUNT

13.1 For purposes of determining the amount of the own source revenue of Yale First Nation to be used in the calculation of the amount of annual federal transfer payments to be made by Canada to Yale First Nation under a Yale First Nation Fiscal Financing Agreement, the federal own source revenue inclusion amount will be calculated as the greater of:

- (a) 0 (zero); or
- (b) $[\text{OSRCF} \text{ minus } \text{BE}] * \text{IR}$

where,

“OSRCF” is that portion of Yale First Nation own source revenue capacity to be taken into account in calculating the federal own source revenue inclusion amount for the Fiscal Year, determined in accordance with 13.2;

“BE” is the basic exemption for the Fiscal Year determined in accordance with 13.4; and

“IR” is the inclusion rate for the Fiscal Year, as set out in Column 3 of Table 1 in 13.4.

- 13.2 The portion of Yale First Nation own source revenue capacity to be taken into account in calculating the federal own source revenue inclusion amount for a Fiscal Year under 13.1 is the sum of:
- (a) the revenues received by Yale First Nation for the Fiscal Year resulting from tax room, tax authorities, or transfer of tax revenues, including any fines, interest or penalties thereon, provided under an agreement between Canada and Yale First Nation to share tax room or tax revenues and included in the own source revenue of Yale First Nation from taxes for the Fiscal Year under 7.0; and
 - (b) the percentage, determined in accordance with 13.3, of the amount by which Yale First Nation own source revenue capacity for the Fiscal Year, as determined under 4.0, exceeds the sum of:
 - (i) the amount determined under 13.2(a);
 - (ii) any revenues, except Property Tax revenues, received by Yale First Nation for the Fiscal Year resulting from tax room, tax authorities, or transfer of tax revenues, including any fines, interest or penalties thereon, provided under an agreement between British Columbia and Yale First Nation to share tax room or tax revenues and included in Yale First Nation own source revenue from taxes revenue for the Fiscal Year under 7.0;
 - (iii) any other provincial transfers not referred to in 13.2 and included in Yale First Nation own source revenue capacity for the Fiscal Year that were provided directly, or indirectly through third parties, to Yale First Nation, including any transfer provided under the *New Relationship Trust Act*;
 - (iv) All interest, gains or other income accrued or paid in the Fiscal Year on all funds and investments held in the Economic Development Account;
 - (v) Property Taxes paid to Yale First Nation by Yale First Nation Members in the Fiscal Year, to the extent those Property Taxes do not exceed property tax that would have been paid to British Columbia pursuant to the *School Act*, the *Taxation (Rural Area) Act* or any other Provincial legislation in the absence of an agreement between British Columbia and Yale First Nation to share property tax room or tax revenues including any fines, interest or penalties thereon; and

- (vi) Property Tax paid to Yale First Nation in the Fiscal Year by a person who is not a Yale First Nation Member including any fines, interest or penalties thereon.

13.3 The percentage to be used for the purpose of 13.2(b) is determined by the following formula:

$$\text{TFT}/(\text{TPT}+\text{TFT}) * 100$$

where,

“TFT” is the total transfer payments to be paid by Canada to Yale First Nation for the Fiscal Year under a Yale First Nation Fiscal Financing Agreement, as determined before deduction of any amount on account of the federal own source revenue inclusion amount; and

“TPT” is the total transfer payments to be paid by British Columbia to Yale First Nation for the Fiscal Year under a Yale First Nation Fiscal Financing Agreement, as determined before deduction of any amount on account of the provincial own source revenue inclusion amount.

13.4 The basic exemption for the Fiscal Year is the product of the amount set out for that Fiscal Year in column 2 of Table 1 multiplied by the price adjustment factor for that Fiscal Year as determined under 13.5.

Table 1: Exemptions and Inclusion Rate

Column 1	Column 2	Column 3
Fiscal Year	Annual Exemption (\$2002Q4)	Inclusion Rate %
1	\$115,900 or PERE amount	0
2	\$116,200 or PERE amount	0
3	\$116,500 or PERE amount	0
4	\$116,900 or PERE amount	0
5	\$117,200 or PERE amount	0
6	\$117,500 or PERE amount	3.3
7	\$117,900 or PERE amount	6.6
8	\$118,200 or PERE amount	10.0
9	\$118,600 or PERE amount	13.3
10	\$119,000	16.6
11	\$119,400	20.0
12	\$119,700	23.3
13	\$120,100	26.6
14	\$120,500	30.0
15	\$120,900	33.3
16	\$121,300	36.6
17	\$121,800	40.0
18	\$122,200	43.3
19	\$122,600	46.6
20	\$123,100	50.0

Notes:

1. The Pre-Existing Revenue Exemption (PERE) Amount set out in Table 1 will be determined by a process to be negotiated among the Parties prior to the Effective Date. Unless otherwise agreed by the Parties, the PERE amount will be calculated by: (a) determining Yale First Nation's revenues as they would be determined under the OSRA if in effect (ie. the sum of lines 6 and 40 in Schedule A1), for the three most recent fiscal years; and (b) taking an average of the revenues in those three years. The PERE Amount will be one figure which is equivalent to the Pre-Existing OSR of Yale First Nation. As such, it will not be subject to any adjustment other than for price as set out in paragraph 13.5. If the Annual Exemption dollar amount specified in column 2 of Table 1 exceeds the PERE Amount for any year, then that dollar amount will be used in calculation of the Basic Exemption. In order to have comparable figures, the PERE Amount will need to be discounted back to 2002Q4\$.

2. The references to Fiscal Year 1-20 will be converted to actual years (e.g. 2012/13) once the Effective Date is known, making the application of Basic Exemption and Inclusion Rates more clear.

13.5 For each Fiscal Year the price adjustment factor will be determined in the following manner:

$$\text{Price Adjustment Factor} = \text{FDDIPI}_{\text{LQ}} / \text{FDDIPI}_{\text{0xQx}}$$

Where

“FDDIPI_{LQ}” is the first published value of FDDIPI for the latest quarter available for the Fiscal Year for which the Basic Exemption is being calculated and for which Statistics Canada has published a FDDIPI;

“FDDIPI_{0xQx}” is the latest value of FDDIPI for the x quarter of 20xx, published by Statistics Canada at the same time as the value used in FDDIPI_{LQ};

14.0 PROVINCIAL OWN SOURCE REVENUE INCLUSION AMOUNT

14.1 The provincial own source revenue inclusion amount is zero.

15.0 FINANCIAL RECORDS

15.1 Except as otherwise required in this Agreement, reporting by Yale First Nation concerning own source revenues described in this Agreement will be prepared from and be consistent with the information contained in the audited financial statements of Yale First Nation.

15.2 The financial records of Yale First Nation for a Fiscal Year will be:

- (a) retained by Yale First Nation for 7 years; and
- (b) made available to Canada and British Columbia at the principal administration offices of Yale First Nation for inspection, on a confidential basis, within 30 days of receipt of a request from Canada or British Columbia to inspect the records.

15.3 For greater certainty, Schedule B provides a description of some of the financial records which Canada or British Columbia may request to inspect pursuant to 15.2(b).

16.0 INFORMATION EXCHANGE

- 16.1 The Parties will share, at no cost to each other in a timely manner, information reasonably required from time to time for purposes of implementation, monitoring, and renewal of this Agreement.
- 16.2 The Parties will collect, share and disclose information under this Agreement in a manner that:
- (a) ensures the confidentiality of that information to the same extent as applies generally to other governments exchanging information on the provision of programs and services in the Province of British Columbia that are similar to those provided for in this Agreement; and
 - (b) is in accordance with applicable Federal Law and Provincial Law and 2.14 of Chapter 2 General Provisions.

17.0 DEFAULT AND REMEDIES

- 17.1 A Party will be in default of this Agreement in the event:
- (a) that Party breaches any provision of this Agreement or fails to fulfill any of its obligations set out in this Agreement or;
 - (b) that Party gives or makes a representation, statement or report, required under this Agreement, that it knows or reasonably ought to know is false in a material way.
- 17.2 Where there is an alleged default of this Agreement, the Party alleging the default will notify the other Parties of the alleged default and the circumstances giving rise to the alleged default.
- 17.3 A Party in alleged default that receives a notice of default under 17.2 will, within 30 days of receipt of the notice, notify the other Parties, of one of the following:
- (a) that it has remedied the default, including a description of the remedial action taken or being taken; or
 - (b) that it disagrees that a default has occurred, in which case the issue will be referred to the dispute resolution provisions set out in 18.0.

17.4 A Party that gives notice of a default under 17.2 may at any time waive the default, in which case the default is waived for all Parties for all purposes.

18.0 DISPUTE RESOLUTION

18.1 In the event of a dispute respecting the interpretation or implementation of this Agreement, including a breach or anticipated breach of this Agreement, the Parties agree to use the dispute resolution process set out in this Agreement.

18.2 The Parties desire and expect that a dispute arising from this Agreement will be resolved by informal discussion between the disputing Parties.

18.3 If the dispute is not resolved by informal discussion, a Party directly engaged in the dispute may refer the dispute to the Implementation Committee by delivering written notice to the other Parties providing a concise summary of the matter in dispute.

18.4 If the Implementation Committee does not exist at the time of the delivery of the notice referred to in 18.3 or if the Implementation Committee fails to resolve the dispute within 45 days of the dispute being referred to it, or a longer period if the Parties agree in writing, the dispute will be dealt with in accordance with Chapter 24 Dispute Resolution and, for greater certainty, the dispute will be considered to be a Disagreement for the purposes of that Chapter.

18.5 The deliberations of the Implementation Committee in 18.3 will be considered to be “collaborative negotiations” for the purpose of Chapter 24 Dispute Resolution, and will be deemed to fully satisfy the requirements set out in 24.4 of that Chapter.

18.6 Nothing in this Agreement prevents a Party from commencing judicial proceedings at any time to prevent the loss of a right to commence proceedings due to the expiration of a limitation period, or to obtain interlocutory or interim relief that is otherwise available pending resolution of the dispute under this Agreement.

18.7 Where this Agreement provides that the Parties “will negotiate and attempt to reach agreement”, those negotiations will be conducted as set out in Chapter 24 Dispute Resolution, but none of the parties are obliged to proceed to Stage Three of that Chapter.

18.8 Disputes arising under this Agreement may not be referred to and finally resolved by arbitration under Chapter 24 Dispute Resolution.

19.0 SCHEDULE DESCRIPTION

- 19.1 The Yale First Nation Own Source Revenue Annual Report set out in Schedules A1 and A2 is appended to this Agreement but does not form part of this Agreement, and does not alter any of the provisions of this Agreement.

20.0 AMENDMENT

- 20.1 Any amendment to this Agreement must be in writing and signed by the Parties.

21.0 SUBSEQUENT OWN SOURCE REVENUE AGREEMENT

- 21.1 Not later than eighteen months before the end of the term of this Agreement, or earlier if the Parties agree, the Parties will begin to negotiate and attempt to reach agreement on the own source revenue contribution of Yale First Nation to the funding of Agreed-Upon Programs and Services, in accordance with Chapter 20 Fiscal Relations.
- 21.2 If the Parties do not reach a further own source revenue agreement by the end of the term of this Agreement, this Agreement will continue in effect on the same terms and conditions for the duration of the term of the Yale First Nation Fiscal Financing Agreement then in effect, including any extension of the term of that Yale First Nation Fiscal Financing Agreement in accordance with its provisions.

22.0 NO IMPLIED WAIVER

- 22.1 No provision of this Agreement or performance by a Party of an obligation under this Agreement is deemed to have been waived unless the waiver is in writing and signed by the Party or Parties giving the waiver.
- 22.2 No written waiver of a provision of this Agreement, of performance by a Party of an obligation under this Agreement, or of default by a Party of a covenant under this Agreement, is deemed to be a waiver of any other obligation provision, or of any subsequent default.

23.0 FURTHER ASSURANCES

23.1 The Parties will execute any other documents and do any other things that may be necessary to carry out the intent of this Agreement.

24.0 INTERPRETATION

24.1 In this Agreement:

- (a) unless it is otherwise clear from the context, “including” means “including, but not limited to”, and “includes” means “includes, but is not limited to”;
- (b) the word “will” denotes an obligation that, unless this Agreement provides to the contrary, must be carried out as soon as practicable after the Effective Date or the event that gives rise to the obligation;
- (c) the word “or” is used in its inclusive sense, meaning A or B, or both A and B; and the word “and” is used in its joint sense, meaning A and B, but not either alone;
- (d) headings and subheadings are for convenience only, do not form a part of this Agreement and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Agreement;
- (e) unless it is otherwise clear from the context, the use of the singular includes the plural, and the use of the plural includes the singular; and
- (f) all accounting terms have the meanings assigned to them under Generally Accepted Accounting Principles.

25.0 TIME OF THE ESSENCE

25.1 Time is of the essence in this Agreement.

26.0 SEVERABILITY

26.1 If any part of this Agreement is declared or held invalid for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion.

27.0 ENUREMENT

27.1 This Agreement will enure to the benefit of and be binding upon the Parties and their respective permitted assigns.

28.0 ASSIGNMENT

28.1 Unless otherwise agreed by the Parties, this Agreement may not be assigned, either in whole or in part, by any Party to it.

29.0 NOTICES

29.1 Unless otherwise agreed, a notice, document, request, approval, authorization, consent or other communication (each a "communication") required or permitted to be given or made under this Agreement must be in writing and may be given or made in one or more of the following ways:

- (a) delivered personally or by courier;
- (b) transmitted by facsimile transmission; or
- (c) mailed by prepaid registered post in Canada.

29.2 A communication will be considered to have been given or made, and received:

- (a) if delivered personally or by courier, at the start of business on the next business day after the business day on which it was received by the addressee or a responsible representative of the addressee;
- (b) if sent by facsimile transmission and if the sender receives confirmation of the transmission, at the start of business on the next business day after the business day on which it was transmitted; or
- (c) if mailed by prepaid registered post in Canada.

29.3 A communication must be delivered, transmitted to the facsimile number or mailed to the address of the intended recipient set out below:

For: Canada
Attention: Director of Funding Services
Indian and Northern Affairs Canada
600-1138 Melville Street

Vancouver, British Columbia V6E 4S3
Fax Number: (604) 775-7149

For: British Columbia
Attention: Minister of Aboriginal Relations and Reconciliation
Parliament Buildings
Victoria, British Columbia V8V 1X4
Fax Number: (250) 953-4856

For: Yale First Nation
Attention: _____
PO Box 1869 Hope
Hope, British Columbia V0X 1L0
Fax Number: (604) 863-2467

- 29.4 A Party may change its address or facsimile number by giving a notice of the change to the other Parties in the manner set out above.

Schedule A1
Yale First Nation Own Source Revenue Annual Report
For the Year Ended March 31, 20XX

This schedule calculates Yale First Nation's total own source revenues. This schedule excludes "amounts not included" per 5.0.

A. REVENUES WHOLLY FOR FEDERAL OSR CALCULATION

	Amount	Reference
Tax Revenues Received Under Tax Administration Agreement (TAA) with Canada		
Personal income tax	1	7.1(a)
Yale First Nation goods and services tax	2	7.1(a)
Other taxes		
(as identified)	3a	7.1(a)
(as identified)	3b	7.1(a)
Fines, interest, penalties on above taxes	4	7.1(a) and 7.1(c)
Total Tax Revenues Received Under TAA with Canada	5	Sum lines 1 through 4
TOTAL REVENUES WHOLLY FOR FEDERAL OSR CALCULATION	6	Line 5

Yale Physical Works Account

Amounts withdrawn from Physical Works Account in the year	18		
Less amounts used for designated physical works	19	()	11.4
Total Revenue from Physical Works Fund	20		Subtract line 19 from line 18

Yale Economic Development Account

Amount of income/capital gains withdrawn in the year	21		11.5
Less amounts of above used for economic development purposes	22	()	Error! Reference source not found.
Total Revenue from Economic Development Account	23		Subtract line 22 from line 21

For reference only:

Total amount withdrawn from Economic Development Account in the year	e
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Business and Property Income

Income from businesses and properties in the Fiscal Year

Business A	24a		8.1(a)(i) and 8.2
Business B	24b		8.1(a)(i) and 8.2
Property C	24c		8.1(a)(ii) and 8.2
Less losses in the fiscal year			
Business D	25a	()	8.1(a)(iii) and 8.2
Business E	25b	()	8.1(a)(iii) and 8.2
Property F	25c	()	8.1(a)(iv) and 8.2
Net Income from businesses and properties	26		Sum of lines 25 subtracted from sum of lines 24, or zero; whichever is greater

Dispositions of capital property

Gains in the fiscal year	27		8.1(c)(i) and 8.2
Less losses in the fiscal year	28	()	8.1(c)(ii) and 8.2
Less unapplied losses from previous years	29	()	8.1(c)(iii) and 8.2
Total net gains from dispositions of capital property	30		Subtract sum of lines 28 and 29 from line 27

For Reference Only:

Unapplied prior year capital losses at beginning of the year	f		Line 'j', OSR Report Previous Year
Current year capital losses not applied in the current year	g		Carry forward portion of amount not used in line 28
Total unapplied capital losses available	h		Add lines f and g
Less amounts applied in the year	i	()	Carry forward line 29
Unapplied capital losses available at end of the year	j		Subtract line i from line h

<u>Dividends received from corporations</u>		
(as identified)	31a	8.1(b)(i) and 8.2
(as identified)	31b	8.1(b)(i) and 8.2
<u>Distributions from trusts less returns of capital/loans</u>		
(as identified)	32a	8.1(b)(ii) and 8.2
(as identified)	32b	8.1(b)(ii) and 8.2
<u>Distributions from partnerships less returns of capital/loans</u>		
(as identified)	33a	8.1(b)(ii) and 8.2
(as identified)	33b	8.1(b)(ii) and 8.2
TOTAL Business and Property Income	34	Sum lines 26, 30, and lines 31 through 33.
Fees and Charges Revenue		
(as identified)	35a	9.1
(as identified)	35b	9.1
TOTAL NET Fees and Charges Revenue	36	Sum lines 35
Other Revenue Sources		
(as identified)	37a	10.1
(as identified)	37b	10.1
Less other provincial transfers included in line 31	38 () 13.2(b)(iii)
TOTAL OSR from Other Revenue Sources	39	Sum lines 37 less 38
TOTAL REVENUES FOR GENERAL OSR CALCULATION	40	Sum lines 9, 14, 17, 20, 23, 34, 36 and 39

Schedule A2

Yale First Nation's OSR Inclusion - Federal OSR Inclusion Calculation

This schedule serves as a template for calculating Yale First Nation's total OSR contribution for a given Fiscal Year per 13.0 of this Agreement.

	Amount	Reference
Total revenues wholly for federal OSR calculation	35	
Total revenues for general OSR calculation	36	Carry forward Schedule A1, line 6
Total funding amount for Federally Supported Programs and Services	37	13.3, TFT definition
Total funding amount for Provincially Supported Programs and Services	38	13.3, TPT definition
Total funding	39	Sum lines 37 and 38
Federal share of total funding	40	Divide line 37 by line 39
Federal share of total revenues for general OSR calculation	41	Multiply line 36 by line 40
TOTAL OSR FOR FEDERAL PURPOSES	42	Sum lines 35 and 41
Basic Exemption for Fiscal Year __	43a	13.4, Table 1, Column 2
Price Adjustment Factor for Fiscal Year	43b	13.5
Adjusted Basic Exemption for Fiscal Year	43c	Multiply line 43a by line 43b
TOTAL OSR NET OF BASIC EXEMPTION	44	Subtract line 43c from line 42
Inclusion Rate for Fiscal Year __	45	% 13.4, Table 1, Column 3
TOTAL OSR INCLUSION*	46	Multiply line 44 by line 45

* For purposes of calculating net fiscal transfer as per the Fiscal Financing Agreement, subject to transfer floor.

Schedule B

Yale First Nation Own Source Revenue Financial Records

Pursuant to 15.2(b), Canada or British Columbia may request to inspect the financial records of Yale First Nation. Among the records which Canada or British Columbia may request to inspect would be:

- a. the unconsolidated financial statements of Yale First Nation and of each entity related to Yale First Nation Government;
- b. details of any public services provided by entities related to Yale First Nation Government;
- c. details of any related party transactions not in the ordinary course of business, including dividends, loans, loan repayments and asset transfers;
- d. details of payments from a Yale First Nation Settlement Trust to Yale First Nation Government or an entity related to it; and
- e. an organization chart showing the ownership details of all entities related to Yale First Nation Government.