

COASTAL GASLINK PIPELINE PROJECT

NATURAL GAS PIPELINE BENEFITS AGREEMENT

BETWEEN:

Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Aboriginal Relations and Reconciliation (the "Province")

AND:

Skin Tyee First Nation, on behalf of itself and its Members, as represented by the Chief and Council

(collectively referred to as the "Parties" and individually referred to as a "Party")

WHEREAS:

- A. New natural gas pipelines are proposed in British Columbia.
- B. The Province is consulting Skin Tyee First Nation on the potential impacts of proposed natural gas pipelines in accordance with provincial legal obligations.
- C. The Parties wish to develop an effective long-term working relationship that includes Skin Tyee sharing benefits associated with new natural gas pipelines that are built in British Columbia and supporting the development of Natural Gas Pipeline Projects in accordance with this Agreement.

NOW THEREFORE the Parties agree as follows:

PART 1 – INTERPRETATION

1.1 **Definitions.** In this Agreement:

"Additional Payment" means the payment provided in accordance with section 3.5 (Additional Payment);

"Agreement" means this Coastal GasLink Pipeline Project Natural Gas Pipelines

Benefits Agreement;

“Coastal GasLink Pipeline Project” means the proposed natural gas pipeline project described in the Environmental Assessment Office Project Approval Certificate issued to Coastal GasLink Pipeline Ltd. on October 24, 2014, under the *Environmental Assessment Act*, [SBC 2002] c. 43, as varied from time to time, which includes components such as a natural gas pipeline, and associated compressor stations, equipment and other physical facilities, valves and meters, power supply sources, equipment staging sites, access roads and rights of ways, construction camps and investigative activities;

“Effective Date” means the last date on which this Agreement is fully executed by the Parties;

“Eligible First Nation” means a First Nation the Province at its sole discretion determines is eligible to receive Ongoing Benefits under section 3.6 (Ongoing Benefits) and for the purposes of this Agreement includes Skin Tyee;

“Final Payment” means the payment provided in accordance with section 3.2b) (Payment Schedule);

“Government Actions” means all processes, decisions, authorizations, permits, licences, approvals, Crown land dispositions, agreements and other actions whatsoever, issued, granted, entered into or otherwise taken by the Province, any minister, public official, employee or agent of the Province, any government corporation, and any person acting as a decision maker under any enactment of the Province;

“In-Service Date” means the first day that the Coastal GasLink Pipeline Project is placed in-service for transmission of natural gas and is able to make natural gas deliveries to the LNG facility at the terminus of the Coastal GasLink Pipeline Project;

“Initial Payment” means the payment provided in accordance with section 3.2a) (Payment Schedule);

“Member” means any person who is a “member of the band”, as that phrase is defined in the *Indian Act*, R.S.C. 1985, c. I-5, of Skin Tyee;

“Ongoing Benefits” means financial benefits available from the Province to Eligible First Nations provided in accordance with sections 3.6 (Ongoing Benefits) to section 3.10 (Inflation Adjustment);

“Pacific Trails Pipeline Project” means the natural gas pipeline including equipment and other physical facilities, valves and meters, power supply sources, equipment staging sites, access roads and rights of ways, construction camps and investigative activities compressor stations, and other plant and equipment, access roads and other physical facilities substantially as described in the Environmental Assessment Office

Project Approval Certificate dated June 27, 2008 issued to Pacific Trails Pipelines Partnership (LP), as varied from time to time;

“Project Payments” means the total payment described under section 3.1 (Project Payments) for the Coastal GasLink Pipeline Project, but does not include any additional payments under section 3.5 (Additional Payment), section 3.6 (Ongoing Benefits), or section 3.11 (Additional Opportunities); and

“Skin Tyee” means the “band”, as that term is defined in the *Indian Act*, R.S.C. 1985, c. I-5, named “Skin Tyee First Nation”.

1.2 **Interpretation.** For purposes of this Agreement:

- a) “including” means “including, but not limited to” and “includes” means “includes, but not limited to”;
- b) the recitals and headings 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;
- c) a reference to a statute includes every amendment to it, every regulation made under it, every amendment made to a regulation made under it and any law enacted in substitution for, or in replacement of, it;
- d) words in the singular include the plural, and words in the plural include the singular unless the context or any specific definition requires otherwise;
- e) any reference to a corporate entity includes any predecessor or successor to such entity; and
- f) there will be no presumption that doubtful expressions, terms or provisions in this Agreement are to be resolved in favour of any Party.

PART 2 – PURPOSE AND SCOPE

2.1 **Purpose.** The purpose of this Agreement is to provide financial benefits to Skin Tyee and to secure Skin Tyee’s support in relation to the Coastal GasLink Pipeline Project.

2.2 **Scope.** This Agreement applies to the Coastal GasLink Pipeline Project.

PART 3 – FINANCIAL BENEFITS

- 3.1 **Project Payments.** The Province will provide Skin Tyee with a payment of \$2,330,000.00 for the Coastal GasLink Pipeline Project in accordance with section 3.2 (Payment Schedule), subject to section 3.3 (Changes to Project Payment) and section 6.1 (Conditions Precedent to Funding).
- 3.2 **Payment Schedule.** The Province will provide the Project Payment for the Coastal GasLink Pipeline Project in two installments as follows:
- a) an Initial Payment of one half of the total Project Payment will be provided within 90 days after all of the following events have occurred:
 - i. the Province receives written confirmation from the proponent that orders have been placed for substantially all of the pipe required for that Coastal GasLink Pipeline Project;
 - ii. a contract has been entered into with at least one large diameter pipeline general contractor for completion of the work associated with installation of the pipe for one spread having a linear length of more than 25 kilometres of the Coastal GasLink Pipeline Project; and
 - iii. the completion of production welding along a portion of at least 10 kilometres of a spread of the Coastal GasLink Pipeline Project,

(collectively, the “Material Commencement of Construction”);
and
 - b) a Final Payment of one half of the total Project Payment will be provided within 90 days after the in-service date of the Coastal GasLink Pipeline Project; and
 - c) the Province will provide Skin Tyee with notice of the achievement of the Material Commencement of Construction and the In-Service Date as soon as practicable after the occurrence of such events.
- 3.3 **Changes to Project Payment.** Where a portion of the Coastal GasLink Pipeline Project is constructed within 70 meters of the centerline of the Pacific Trails Pipeline Project, the Province at its sole discretion may reduce the Project Payment by subtracting from the Final Payment the lesser of 50% of the Project Payment for that portion of the Coastal GasLink Pipeline Project which is within the 70 meters of the Pacific Trails Pipeline Project or \$390,000.00
- 3.4 **Changes to Section 3.3.** Where the Province agrees to delete section 3.3 (Changes to Project Payment) from a Natural Gas Pipeline Benefits Agreement between the Province and another First Nation, the Parties will delete section

- 3.3 and amend this Agreement accordingly.
- 3.5 **Additional Payment.** The Province will provide Skin Tyee with an Additional Payment of \$ 466,000.00 within 90 days after the Effective Date.
- 3.6 **Ongoing Benefits.** The Province will provide Ongoing Benefits of \$10,000,000.00 per year for Coastal GasLink Pipeline Project to Skin Tyee and other Eligible First Nations in accordance with sections 3.7 (Entitlement to Ongoing Benefits) to 3.10 (Inflation Adjustment).
- 3.7 **Entitlement to Ongoing Benefits.** Subject to sections 3.8 (Allocation of Ongoing Benefits) and 3.9 (Ongoing Benefits Agreement), Skin Tyee will be entitled to receive a share of Ongoing Benefits commencing on the first anniversary of the In-Service Date for Coastal GasLink Pipeline Project and continuing annually on each subsequent anniversary of the In-Service Date for as long as that project is making natural gas deliveries to the terminus facility.
- 3.8 **Allocation of Ongoing Benefits.** The Province will not make a determination on the allocation of Ongoing Benefits until after June 30, 2015 to allow Eligible First Nations to negotiate and attempt to reach agreement on the allocation of Ongoing Benefits. On request, the Province will discuss directly with Skin Tyee (and other eligible First Nations should they also submit a request) the potential methodologies for the allocation of Ongoing Benefits.
- 3.9 **Ongoing Benefits Agreement.** If all of the Eligible First Nations are able to reach agreement on the allocation of Ongoing Benefits by June 30, 2015 then the Province will allocate the Ongoing Benefits in accordance with that agreement. Where the Eligible First Nations are unable to reach agreement on the allocation of Ongoing Benefits by June 30, 2015 the Province will:
- a) allocate a portion of the Ongoing Benefits to each Eligible First Nation in accordance with a consistent and objective methodology determined by the Province;
 - b) provide notice to Skin Tyee of the amount and timing of its allocation of Ongoing Benefits as soon as practicable after June 30, 2015; and
 - c) negotiate and attempt to reach agreement with Skin Tyee on any amendments applicable to this Agreement.
- 3.10 **Inflation Adjustment.** Where the Province makes inflation adjustments to the Ongoing Benefits payments, these inflation adjustments will be applicable to Skin Tyee's share of the Ongoing Benefits.
- 3.11 **Additional Opportunities.** Where the Province provides new types of financial benefits to First Nations relating to the Coastal GasLink Pipeline Project, the

Province will provide notice to Skin Tyee and the Parties will discuss those financial benefits, including any eligibility criteria, with the intention of increasing the benefits available to Skin Tyee.

- 3.12 **Future Amendments.** Where the benefits under section 3.11 (Additional Opportunities) are provided to First Nations under an agreement, the Parties will negotiate and attempt to reach agreement on amendments applicable to this Agreement.
- 3.13 **Further Assurances.** Nothing in this Agreement precludes Skin Tyee from:
- a) continuing to negotiate and implement revenue and benefits-sharing agreements with proponents and other governments;
 - b) accessing economic opportunities and benefits, which may be available to Skin Tyee, other than those expressly set out in this Agreement; or
 - c) participating in government programs for which Skin Tyee may be eligible.

PART 4 – CONSULTATION ON COASTAL GASLINK PIPELINE PROJECT

- 4.1 **Consultation.** The Parties acknowledge that:
- a) consultation between the Parties is occurring and will continue to occur with respect to the Province's assessment, review, any potential permitting processes and other Government Actions related to the Coastal GasLink Pipeline Project; and
 - b) participation in those processes is expected to occur in a timely manner.

PART 5 – CERTAINTY

- 5.1 **Support.** Skin Tyee will provide any letter, certificate or confirmation of the matters set out in section 4.1 (Consultation), section 5.2 (Legal Challenges), section 5.3 (Release) and section 5.6 (Claims Resolved) on written request from the Province.
- 5.2 **Legal Challenges.** Provided the Province is not in default of its obligations under this Agreement, Skin Tyee agrees not to bring any court actions or proceedings that directly or indirectly challenge any Government Actions in relation to the Coastal GasLink Pipeline Project on the basis that the Province

has failed to consult or accommodate Skin Tyee or on the basis that the Province has infringed any Skin Tyee's rights recognized and affirmed by section 35(1) of the *Constitution Act, 1982*.

5.3 **Release.** On receipt of the Initial Payment under section 3.2a) (Payment Schedule) Skin Tyee releases and discharges the Province from the following in relation to Coastal GasLink Pipeline Project:

- a) all actions, causes of action, claims or proceedings arising from any legal obligation to consult and accommodate Skin Tyee or to avoid infringement of Skin Tyee's rights recognized and affirmed by section 35(1) of the *Constitution Act, 1982*; and
- b) all debts, duties, demands, damages, interest, fines and costs, expenses, and compensation whatsoever amount, nature and kind, including economic benefits, capacity funding and revenue sharing or payment of any kind including payments arising from any legal obligation to consult and accommodate or avoid infringement of Skin Tyee's rights recognized and affirmed by section 35(1) of the *Constitution Act, 1982*.

5.4 **Interference.** Skin Tyee agrees not to support or participate in any acts that frustrate, delay, stop or otherwise physically impede the right of the Province or the Coastal GasLink Pipeline Project proponent or any of their respective employees, contractors, agents, representatives or invitees to gain access to the Coastal GasLink Pipeline Project and to carry out any activities associated with the development and operations of the Coastal GasLink Pipeline Project.

5.5 **Assistance.** Skin Tyee will assist the Province in seeking to resolve any action that may be taken by any Member that is inconsistent with this Agreement.

5.6 **Claims Resolved.** Provided the Province is not in default of its obligations under this Agreement, Skin Tyee agrees that this Agreement resolves all claims arising from any Government Actions in relation to the Coastal GasLink Pipeline Project with respect to:

- a) issues of economic benefits, capacity funding and revenue sharing or payments of any kind, including payments related to any consultation and accommodation obligations; and
- b) compensation for infringement of any of Skin Tyee's Aboriginal rights recognized and affirmed by section 35(1) of the *Constitution Act, 1982*.

5.7 **Continuing Obligations.** The acknowledgements, obligations, covenants and releases set out in PART 5 of this Agreement are intended to remain fully binding and enforceable despite any matter whatsoever including the

determination by a court or tribunal of competent jurisdiction.

PART 6 – CONDITIONS PRECEDENT

6.1 **Conditions Precedent to Funding.** Notwithstanding any other provision in this Agreement, any payment of funds by the Province to Skin Tyee under this Agreement is subject to:

- a) there being sufficient monies available in an appropriation, as defined in the *Financial Administration Act*, R.S.B.C. 1996, c. 138 to enable the Province in any fiscal year or part thereof when such payment is required, to make such payment;
- b) Treasury Board, as defined in the *Financial Administration Act*, not having controlled or limited expenditure under any appropriation necessary in order to make such payment;
- c) the band council resolution under section 6.2 (Conditions Precedent to Agreement) not having been varied, amended, repealed or replaced in a manner that alters or terminates its authority to comply with the terms of this Agreement; and
- d) Skin Tyee being in compliance with all of its obligations under this Agreement.

6.2 **Conditions Precedent to Agreement.** The Province's execution of this Agreement is subject to:

- a) Skin Tyee delivering to the Province band council resolution approving this Agreement and authorizing its representatives to sign this Agreement;
- b) The Province having obtained all required approvals, including Cabinet and Treasury Board approval; and
- c) Skin Tyee's representations and warranties under this Agreement being true and correct on the Effective Date.

PART 7 – REPRESENTATIONS AND WARRANTIES

7.1 **Skin Tyee Representations.** Skin Tyee represents and warrants to the Province, with the intent and understanding that they will be relied on by the Province in entering into this Agreement, that:

- a) it has the legal power, capacity and authority to enter into this Agreement on its own behalf and on behalf of its Members;
- b) it has taken all necessary actions and has obtained all necessary approvals to enter into this Agreement for and on behalf of its Members;
- c) it has obtained or had the opportunity to obtain legal advice with respect to this Agreement; and
- d) this Agreement is a valid and binding obligation upon it.

7.2 **Provincial Representations.** The Province represents and warrants to Skin Tyee, with the intent and understanding that they will be relied on by Skin Tyee in entering into this Agreement, that it has the authority to enter into this Agreement and that this Agreement is a valid and binding obligation of the Province.

PART 8 – COMMENCEMENT

8.1 **Commencement.** This Agreement will commence and the Parties' obligations under this Agreement will take effect on the Effective Date.

PART 9 – DISPUTE RESOLUTION

9.1 **Dispute Resolution.** Where a dispute arises regarding the interpretation of the Agreement, the Parties' duly appointed representatives will meet within 30 days to attempt to resolve the dispute and where the Parties are unable to resolve the dispute within 30 days, the Parties may agree to utilize other dispute resolution mechanisms, including mediation.

PART 10 – NOTICE AND DELIVERY

10.1 **Notices.** Any notice, document, statement or report under this Agreement must be in writing, and will be deemed validly given to and received by the other Party, if served personally, on the date of personal service or, if delivered by mail, e-mail or facsimile copier, when received as follows:

if to the Province:

Chief Negotiator
Ministry of Aboriginal Relations and Reconciliation
P.O Box Stn. Prov. Govt.

Victoria, B.C. V8W 9B1

Fax: (250) 387-6073

and if to Skin Tyee:

Skin Tyee
PO Box 131,
Southbank, BC V0J 2P0
Attention: Chief Rene Skin

Fax: (250) 694-3268

Email: admin@skintyeenation.ca

- 10.2 **Change of Address.** Either Party may, from time to time, give written or e-mail notice to the other Party of any change of address or facsimile number of the Party giving such notice and after the giving of such notice, the address or facsimile number therein specified will, for purposes of this Agreement be conclusively deemed to be the address or facsimile number of the Party giving such notice.
- 10.3 **Electronic Notice.** The Parties agree that they will utilize electronic and other methods of communication for the purposes of engagement whenever practicable and appropriate.

PART 11 – GENERAL PROVISIONS

11.1 **Not a Treaty.** This Agreement does not:

- a) constitute a treaty or land claims agreement within the meaning of section 25 or 35 of the *Constitution Act, 1982*; or
- b) affirm, recognize, abrogate or derogate from any of Skin Tyee's rights recognized and affirmed by section 35(1) of the *Constitution Act, 1982*.

11.2 **No Admissions Provisions.** Nothing in this Agreement:

- a) is an admission by the Province of the validity of the claims by Skin Tyee to an aboriginal or treaty right recognized and affirmed by section 35(1) of the *Constitution Act, 1982*, or that the Coastal GasLink Pipeline Project and any related Government Actions have or will result in an infringement of any Aboriginal or treaty right(s) recognized and affirmed by section 35(1) of the *Constitution Act, 1982* of Skin Tyee;

- b) is an admission by the Province that it has an obligation to provide financial or economic accommodation or compensation for any infringement to Skin Tyee in relation to the Coastal GasLink Pipeline Project;
- c) is an admission by Skin Tyee that the Province has fulfilled its obligations to consult, and where appropriate accommodate, Skin Tyee in respect of any other project;
- d) precludes Skin Tyee from identifying concerns about potential impacts of the Coastal GasLink Pipeline Project or precludes the Parties from seeking to resolve those concerns as part of the applicable provincial consultation processes while those processes are underway;
- e) may be construed as Skin Tyee providing support or a release of any claims, demands, actions or causes of action that Skin Tyee may have in relation to the conversion or modification of the Coastal GasLink Pipeline Project for the purpose of transportation of crude oil or bitumen; or
- f) precludes Skin Tyee from bringing claims for breach of the Agreement or from defending a claim or raising any right recognized and affirmed by section 35(1) of the *Constitution Act, 1982* as a defence to a regulatory charge.

11.3 **Entire Agreement.** This Agreement and any amendment to it constitute the entire agreement between the Parties with respect to the subject matter of this Agreement, unless otherwise agreed in writing by the Parties.

11.4 **Amendment.** The Parties may agree to amend this Agreement in writing.

11.5 **Validity of Agreement.** If any part of this Agreement is void or unenforceable at law:

- a) 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 part; and
- b) the Parties will negotiate and attempt to reach agreement on a replacement for the part declared or held invalid with a view to achieving the intent of the Parties as expressed in this Agreement.

11.6 **Further Acts and Assurances.** Each of the Parties will, upon the reasonable request of the other, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the better and absolute performance of the terms

and conditions of this Agreement.

11.7 **No Implied Waiver.** Any waiver of:

- a) a provision of this Agreement;
- b) the performance by a Party of an obligation under this Agreement; or
- c) a default by a Party of an obligation under this Agreement,

will be in writing and signed by the Party giving the waiver and will not be a waiver of any other provision, obligation or subsequent default.

11.8 **Assignment.** Skin Tyee will not assign, either directly or indirectly, this Agreement or any right of Skin Tyee under this Agreement without the prior written consent of the Province.

11.9 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of British Columbia.

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11.10 **Execution in Counterpart.** This Agreement may be entered into by each Party signing a separate copy of this Agreement (including a photocopy or facsimile copy) and delivering it to the other Party by facsimile transmission.

IN WITNESS WHEREOF the Parties have executed this Agreement as set out below:

Signed on behalf of Skin Tyee by

Chief Rene Skin

Witness

Date

**Signed on behalf of Her Majesty the
Queen In Right of the Province of
British Columbia by the Minister of
Aboriginal Relations and Reconciliation**

Minister John Rustad

Witness

Date