



huu ay aht

ANCIENT SPIRIT, MODERN MIND

DECEMBER 2017 PEOPLE'S ASSEMBLY

December 16, 2017
Port Alberni, B.C.

A Special Session of the People's Assembly

will commence with opening ceremonies at
9:00 a.m. on December 16, 2017

at

**The Port Alberni Friendship Centre
3555 4th Avenue, Port Alberni**

Proposed Agenda

1. Adoption of Agenda
2. Update regarding Citizen Recommendations from September 30, 2017 People's Assembly
3. Update regarding the implementation of Jordan's Principle by the Huu-ay-aht government
4. Approval of dispositions of interests in land for the Kwispaa LNG Project
Motion to approve the disposition of the Land Interests in the Kwispaa LNG Lands to Sarita LNG (CF) Limited Partnership.

2017 September 30 Peoples Assembly Motions

<u>Citizen Motions:</u>	<u>Executive Council Discussion (November 6)</u>	<u>Status of Motion</u>
<p>Be it resolved that the People’s Assembly hereby recommends to Executive Council that:</p> <ol style="list-style-type: none"> 1) That all citizens each receive 5,000 from the Huu-ay-aht Nation on their 50th birthday; and 2) That all citizens who have turned 50 since April 1, 2011 receive \$5,000 from the Huu-ay-aht Nation 	<p>Executive Council decided at the same meeting to make a \$6000 distribution to all citizens.</p>	<p>Executive Council considers that this matter was addressed by the decision to make a \$6000 distribution to every citizen.</p>
<p>Be it resolved that the People’s Assembly hereby recommends:</p> <ol style="list-style-type: none"> 1) That Executive Council commit to publicly responding to recommendations of the People’s Assembly at least three months prior to the next regular People’s Assembly 	<p>Council felt that the Law and Policy Development Committee should review and provide input on this recommendation.</p>	<p>The matter will be considered by an upcoming meeting of the Law and Policy Development Committee.</p>
<p>Be it resolved that the People’s Assembly hereby recommends that Executive Council:</p> <ol style="list-style-type: none"> 1) Direct that a vehicle suitable for transporting all of the students be provided in the Anacla Paawats program to be used both for program activities and in case of emergency. 		<p>There has been a transfer of assets between departments, the van is now at the Paawats and will be fully inspected and updated with any repairs that is needed by December 1, 2017</p>



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**REPORT OF EXECUTIVE COUNCIL
TO THE PEOPLE'S ASSEMBLY**

**APPROVAL OF DISPOSITIONS OF LAND
INTERESTS FOR THE KWISPAA LNG PROJECT**

**FOR CONSIDERATION AT THE
DECEMBER 16, 2017
SPECIAL PEOPLE'S ASSEMBLY**

Prepared by: Rob Botterell and Nathan Hume, Legal Counsel
for discussion purposes
Date: November 22, 2017

Background

1. LNG Project and Referendum

On March 25, 2017, Huu-ay-aht First Nations Citizens approved the proposed liquefied natural gas (“LNG”) project at Sarita Bay with a 70% vote in a referendum held under Huu-ay-aht law.

After that positive referendum vote, Executive Council worked with Steelhead LNG to complete agreements on the proposed project in accordance with the direction provided by Huu-ay-aht Citizens.

The Project Agreement and the Lease Agreement (together, the “LNG Agreements”) were signed in June 2017 and establish the foundation of the relationship between Huu-ay-aht and Steelhead LNG. In particular, the LNG Agreements provide:

- the co-management structure to ensure Huu-ay-aht is involved in every stage of the LNG project, from design through construction, operation, and decommissioning;
- the corporate board seat on the LNG project for Huu-ay-aht First Nations;
- the process to design and implement world-leading environmental measures on the project;
- the required amounts of jobs and contracts for Huu-ay-aht First Nations;
- the standards, process, and funding for restoration of the area at the end of the LNG project; and
- the funding for renewal of the Sarita, Sugsaw, and Pacheena watersheds and fisheries.

2. Progress in 2017

Since the LNG Agreements were signed in June 2017, Huu-ay-aht and Steelhead have taken many steps to implement the agreements and advance the project, including:

- the project has been renamed “Kwispaa LNG” in recognition of Huu-ay-aht’s territory, history, and prominent role in co-managing this facility;
- the Project Oversight Board, which has equal Huu-ay-aht and Steelhead representation, has met twice to review the overall status of the project;
- Huu-ay-aht has been working with Steelhead LNG to design baseline studies for the facility, which will be critical to establishing world-leading environmental measures;
- the watershed renewal work has begun, with four Huu-ay-aht Citizens employed;
- the Huu-ay-aht LNG Advisory Committee has met twice;
- Huu-ay-aht has hired a Director of Implementation responsible for implementation of the LNG Agreements and the Treaty;

- Huu-ay-aht has formed internal working groups to begin addressing important objectives, including employment, training, business opportunities, and watershed renewal.

3. Next Steps in 2018

During 2018, Huu-ay-aht plans to accelerate work under the LNG Agreements. In addition to continuing the progress made in 2017, Huu-ay-aht plans:

- baseline studies for Kwispaa LNG, with an estimated 3-5 full-time jobs for Huu-ay-aht Citizens;
- Huu-ay-aht involvement in the design of Kwispaa LNG;
- to start developing world-leading environmental measures, which will involve input from Huu-ay-aht Citizens;
- to ensure there are concrete opportunities related to Kwispaa LNG for Huu-ay-aht Citizens, using a new training and employment liaison; and
- to provide regular updates on Kwispaa LNG to Huu-ay-aht Citizens.

Discussion

The Chief Councillor, after consultation with Executive Council and the H̱awiiẖ Council, has called for a Special People's Assembly under the Huu-ay-aht *Government Act* to seek approval of the disposition of land interests required for the Kwispaa LNG Project.

Please refer to Appendix A for a detailed description of the Land Interests and to Appendix B for a map that shows the Kwispaa LNG Lands and the lands that may be subject to ancillary interests for the Kwispaa LNG Project.

The disposition of the Land Interests to Sarita LNG (CF) Limited Partnership is part of the implementation of the LNG Agreements. People's Assembly approval of the Land Interests is required both by s. 27 of the Huu-ay-aht *Land Act* and by the LNG Agreements.

The disposition of the Land Interests also will enable Huu-ay-aht to focus on the next stage of Kwispaa LNG, including baseline studies, pre-construction activities (such as employment and training), and long-term planning and investment in the project.

It is anticipated that the following motion will be made at the People's Assembly.

Be it resolved that the People's Assembly hereby approves the disposition of the Land Interests in the Kwispaa LNG Lands and any other ancillary interests that may be required for the Kwispaa LNG project to Sarita LNG (CF) Limited Partnership.

The underlined wording has been added to the wording provided in the Public Notice of the People's Assembly. Related language also has been added to the preamble of the

motion. The reason for this proposed addition is to remove the need to hold another People's Assembly to approve the granting of ancillary land interests, such as easements for the purposes of accessing the Land Interests, related to the Kwispaa LNG Project. This would allow the Nation to save the costs associated with holding another People's Assembly in respect of this project and the government to focus on maximizing the benefits for HUU-ay-aht Citizens under the LNG Agreements.

This Special People's Assembly provides an opportunity to discuss, share information, and answer questions regarding the Land Interests and the Kwispaa LNG Lands.

Options and Implications

The People's Assembly may pass the resolution, with or without amendments or it may choose not to pass the resolution.

As set out in Appendix A, the decision on the disposition of the Land Interests could have significant positive financial implications for HUU-ay-aht First Nations if approved and significant negative financial implications if not approved.

As discussed above, approval of granting the ancillary interests could save the Nation the time and expense of convening another People's Assembly to deal with additional land interests that may be required, for example, to access the Land Interests.

Recommendation

It is recommended that the People's Assembly approve the attached proposed resolution.

Appendix A
The Land Interests and the Kwispaa LNG Lands

1. The Land Interests required for the Kwispaa LNG Project are:
 - a. a non-exclusive Licence to access and use each parcel for development activities related to the Kwispaa LNG project before the Lease takes effect;
 - b. an Option to Lease each parcel that Sarita LNG (CF) Limited Partnership may exercise when it requires exclusive use and occupancy of the parcels; and
 - c. a Lease of each parcel, during which Sarita LNG (CF) Limited Partnership would have exclusive use and occupancy of the land;

each of which in accordance with the terms of the Lease Agreement, including for a maximum term of fifty years.

In each case, Huu-ay-aht First Nations will remain the owner of the parcel during and after the Lease.

2. The Kwispaa LNG Lands are:
 - a. the following lands that Huu-ay-aht First Nations already owns:
 - i. PID: 007-730-250; Legal Description: Fractional Section 7, Township 4, Barclay District
 - ii. PID: 007-730-381; Legal Description: The West $\frac{1}{2}$ of the South West of $\frac{1}{4}$ of Section 8, Township 4, Barclay District
 - iii. PID: 007-730-667; Legal Description: The West $\frac{1}{2}$ of the North West $\frac{1}{4}$ of Section 8, Township 4, Barclay District
 - iv. PID: 008-427-658; Legal Description: Section 7 (Santa Maria Island), Barclay District
 - v. PID: 005-155-916; Legal Description: Lot 1, Section 12, Township 2, Barclay District
 - vi. PID: 007-729-596; Legal Description: Fractional East $\frac{1}{2}$ of Section 12, Township 2, Barclay District
 - vii. PID: 007-729-723; Legal Description: East Part of the Fractional SW $\frac{1}{4}$ of Section 12, Township 2, Barclay District
 - viii. the area of real property within the blue shaded area on the map attached as Appendix B comprised of all or part of parcels formerly having the following PIDs and legal descriptions:
 1. PID: 008-600-201; Legal Description: The South $\frac{1}{2}$ of Section 11, Township 2, Barclay District
 2. PID: 008-600-546; Legal Description: The West Part of the Southwest $\frac{1}{4}$ of Section 12, Township 2, Barclay District
 3. PID 008-601-127; Legal Description: The North $\frac{1}{2}$ of Section 2, Township 2, Barclay District

4. PID: 012-169-757; Legal Description: North ½, Section 1, Township 2, Barclay District, Except the Indian Reserve and Except Plan 4904; and
 - ix. the real property formerly known as Dochsupple IR 3; and
- b. the following lands that Huu-ay-aht First Nations may acquire in the future:
- i. those lands and foreshore covered by water which are the subject of, and identified in, a lease or licence by the Province to certain persons pursuant to the following agreements, as amended from time to time:
 1. Lease bearing File No. 1401819 dated September 8, 2004, between the Province and Poett Nook Marina Ltd.;
 2. Lease bearing File No. 0297733 dated September 8, 2004, between the Province and Poett Nook Marina Ltd.; and
 3. Licence of Occupation bearing File No. 1409627, dated August 31, 2011, between the Province and, *inter alios*, Tereen Roxburgh;
 - ii. any real property owned or otherwise held by a person other than Huu-ay-aht First Nations within the blue shaded area on the map attached as Appendix B, other than areas described above and any Crown corridors reserved in the Maa-nulth First Nations Final Agreement;
 - iii. the marine area shown as a yellow cross-hatched area on the map attached as Appendix B;

each of which as is shown on the map attached as Appendix B.

provided that Huu-ay-aht will dispose of Land Interests in the lands listed in 2(b) only if and when Huu-ay-aht acquires those lands.

The Kwispaa LNG Lands are also shown on the map attached as Appendix B, along with the lands that may be subject to ancillary interests.

People's Assembly approval of the disposition of the Land Interests is required under the *Land Act* and the LNG Agreements. If approved by Huu-ay-aht citizens, then quarterly payments will continue and Steelhead LNG will provide added guarantees for the next three quarterly payments.

The quarterly payments are required to support Huu-ay-aht's activities under the LNG Agreements, including watershed restoration and participation in the co-management structure, such as the development of world-leading environmental measures.

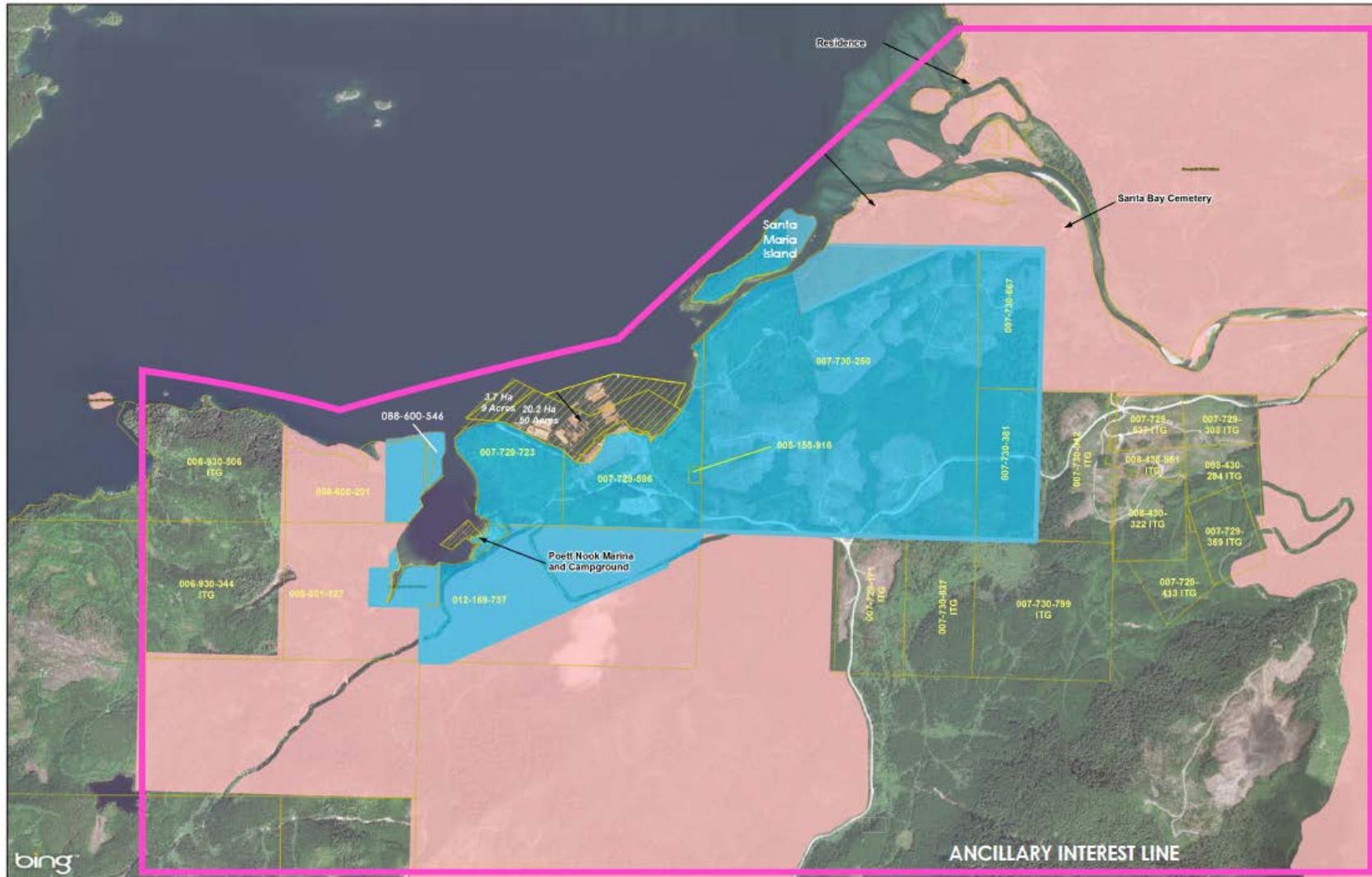
In addition, various HUU-AY-AHT Citizen benefits are funded through these quarterly payments such as:

- the Elders' benefit: total of \$200,000 provided to 100 HUU-AY-AHT Citizens;
- the living wage top-up for employees of HUU-AY-AHT Group of Businesses: total of \$100,000 provided to approximately 40 HUU-AY-AHT Citizens; and
- the upgrade of the Cemetery Access Road, at a cost of \$145,000.

Since HUU-AY-AHT citizens approved the project by a 70% vote in a referendum, if the People's Assembly does not approve the disposition of the Land Interests, then Sarita LNG (CF) Limited Partnership has the right to withhold quarterly payments to HUU-AY-AHT under the Project Agreement.

Eventually, if HUU-AY-AHT continued to fail to obtain the People's Assembly approval of the disposition of the Land Interests, then Sarita LNG (CF) Limited Partnership would have the right to terminate the LNG Agreements.

Appendix B Map of the Kwispaa LNG Lands





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WRITTEN MOTION of the PEOPLE'S ASSEMBLY

(Government Act, s. 86)

For ease of reference, this motion may be referred to as:

Motion Regarding Kwispaa LNG Lands

Whereas:

- a) With a 70% vote in the March 2017 referendum, Huu-ay-aht Citizens approved the liquefied natural gas ("LNG") project with Steelhead LNG;
- b) In June 2017, Huu-ay-aht First Nations entered into agreements with Sarita LNG (CF) Limited Partnership, a subsidiary of Steelhead LNG, to develop the LNG project in accordance with the direction provided by Huu-ay-aht Citizens (the "LNG Agreements");
- c) The LNG project has since been renamed Kwispaa LNG to recognize Huu-ay-aht territory, history, and our co-management role in this project;
- d) The LNG Agreements include the disposition of certain interests to Sarita LNG (CF) Limited Partnership, namely a licence, an option to lease, and a lease with a term of up to 50 years (in accordance with the terms set out in Appendix A of the attached report, and referred to in this motion as the "Land Interests") of:
 - i. certain lands currently owned by Huu-ay-aht First Nations; and
 - ii. certain lands that may be acquired by Huu-ay-aht First Nations(those lands described in the attached report and shown on the map at Appendix B of the attached report, referred to in this motion as the "Kwispaa LNG Lands");
- e) The Kwispaa LNG project may require other ancillary interests to be granted in other lands currently owned or that may be acquired by Huu-ay-aht First Nations (such lands also as shown on the map at Appendix B of the attached report);
- f) Under the Land Act, s. 27, People's Assembly approval is required for the disposition of an interest in Huu-ay-aht Lands if the interest is in a parcel greater than 10 hectares, the term of the interest is greater than 49 years or the appraised fair market value of the interest exceeds \$1,000,000; and
- g) The LNG Agreements respect Huu-ay-aht law and require People's Assembly approval of the disposition of the Land Interests in the Kwispaa LNG Lands.

Be it resolved that the People's Assembly hereby approves the disposition of the Land Interests in the Kwispaa LNG Lands and any other ancillary interests that may be required for the Kwispaa LNG project to Sarita LNG (CF) Limited Partnership.



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WRITTEN MOTION of the PEOPLE'S ASSEMBLY

(Government Act, s. 86)

Appendices attached to Motion:

Written report prepared by Nathan Hume and Rob Botterell, Legal Counsel.

The following documents:

- Nil.

Introduced by: _____

Date: December 16, 2017

DATE OF PEOPLE'S ASSEMBLY

Administrative Requirements