

PAUL FIRST NATION DESIGNATION

WHEREAS:

A. The Wabamun Indian Reserve No. 133A (the “Reserve”) in the Province of Alberta is a reserve within the meaning of the *Indian Act* and has been set apart for the use and benefit of the Paul First Nation (the “Nation”), a band within the meaning of the *Indian Act*; and

B. The Nation desires that certain lands in the Reserve be designated by way of surrender that is not absolute to His Majesty the King in right of Canada (“Canada”) for the purposes and other reasons hereinafter set forth (the “Designation”);

C. By Band Council Resolution 2023-2024-006, dated April 20, 2023, the Chief and Council requested that the Minister of Indigenous Services Canada (the “Minister”) order that a referendum be held to determine if the majority of the electors of the Nation are in favour of the proposed designation; and

D. On _____, this designation was assented to by a majority of the electors of the Nation who voted in the referendum in accordance with the *Indian Act*.

DESIGNATION:

Lands Being Designated

1. Pursuant to Subsection 38(2) of the *Indian Act*, the Nation hereby designates by way of surrender that is not absolute, to Canada, all of the rights and interests of the Nation and its members required to carry out the purposes of this Designation, in those parts of the Reserve more particularly described as follows:

**Lot 9 CLSR 110842, in the N.E. 1/4 Sec. 28, Twp. 52, Rge. 3, W.5th Mer.
being 1.85 acres**

Excepting thereout all mines and minerals, whether precious or base, solid, liquid or gaseous;

(the “Designated Lands”):

Subject to all third party encumbrances on the Designated Lands at the date of this Designation, which include, but are not limited to:

1. Permit to Telus Communications Inc. (for phone service), Reg. No. X11046

2. Permit to Crown Alberta for Supernet, Reg. No. 318681
3. Permit to Fortis Alberta Inc. (for distribution of electrical energy), Reg. No. 6054885

Length of Designation

2. This Designation will be for a term of Ninety-Nine (99) years that commences on the date the Minister accepts this Designation.

Fair Market Annual Rental Appraisal

3. The appraisal report of the Designated Lands, dated May 31, 2022, prepared by Jeremy P. Wasmuth, of Canadian Resource Valuation Group Inc. and Brad David of Frost Valuations Inc. appraised the fair market annual rental of the Designated Lands to be \$1,622 per acre.

Approved Purposes For Lease(s) of Designated Lands

4. The Designated Lands, or any portion of the Designated Lands, may be leased by Canada for any commercial, light industrial, recreational or retail purposes as specifically set forth in each lease.

Terms and Conditions of Leases

5. The following terms and conditions shall apply to a lease of the Designated Lands:
 - a) The lessee will be either:
 - (i) a corporation, limited partnership, or other entity whose ownership and controlling interest is 100% beneficially held in trust for the members of the Nation (a "Nation Entity"); or
 - (ii) any other individual or entity approved by the Chief and Council of the Nation (the "Nation Council").
 - b) Subject to section 5(c) all leases shall be for fair market rent and shall require that periodic rent reviews are undertaken as specified in each lease.
 - c) Where the lessee is a Nation Entity:
 - (i) the Minister may, at the request of the Nation Council by way of a Band Council Resolution, issue a lease to a Nation Entity for nominal rent of one dollar (\$1.00) per year for up to the first five (5) years of the term of the lease, provided that if the ownership and controlling interest of the

Nation Entity is no longer 100% beneficially held in trust for the members of the Nation, then rent shall be increased to fair market rent.

- (ii) On the expiration of the nominal rent period of a lease entered into under this section, a rent review shall be conducted and the lease rent shall be fair market rent.
 - (iii) All leases entered into under this section 5(c) shall also be subject to such further rent reviews as are specified in such lease.
- d) A lease may allow assignments, subleases and mortgages of leasehold interests, and may be used as security to obtain financing and to secure other obligations related to the Designated Lands or otherwise.
- e) All leases granted will end at least one (1) day before the date that this Designation ends.

Subleases

- 6. During any nominal rent period under a lease, the rent for any sublease issued thereunder shall be fair market rent and thereafter may be as negotiated by the lessee and sublessee.
- 7. All subleases granted will end at least one (1) day before the last day of the applicable lease.
- 8. Any sublease revenues will be paid directly to a Nation Entity or other lessee. Canada will not be receiving rent revenues under a sublease.

Acknowledgments of the Band

- 9. The members of the Nation acknowledge and agree that:
 - a) If any lease granted to a Nation Entity includes a nominal rent period as provided for in section 5(c) above, the Nation Entity lessee will pay Canada a nominal rent fee of one dollar (\$1.00) per year for the nominal rent period.
 - b) The Nation will forgo as rent per acre for the Designated Lands (or any portion thereof that has been leased) the appraised fair market rental amount per acre per year for each year nominal rent is payable by a Nation Entity.
 - c) Although a Nation Entity is beneficially owned by the members of the Nation in trust, a Nation Entity is a separate entity from the Nation and has different legal rights and obligations.

- d) Canada does not ensure the proper operation of a Nation Entity and, as in any business, such operations carry risk. There is a risk that part or even the entire financial benefit of a nominal rent period may be lost through the business activities of the Nation Entity.
- e) Canada will not, and shall not be responsible for, the administration of any trust associated with a Nation Entity, or the monitoring of any collection, distribution, or use of monies earned, held or used by a Nation Entity or such trust.
- f) Canada has not approved the structure of any Nation Entity and has not approved of trust agreements or any other agreements pertaining to a Nation Entity except those that Canada is a party to.
- g) A Nation Entity is a taxable entity, while the Nation is not.
- h) A Nation Entity will have overhead expenses, such as salaries to its employees, directors and officers, that may reduce the amount of money available for distribution as profits or for use on other company projects.
- i) If a Nation Entity grants security and fails to make required payments, a creditor might possibly appoint an entity or a person who is not a member of the Nation to manage a Nation Entity for debts owed and could possibly seize and sell a Nation Entity's assets (including its interest in any leases and subleases).
- j) The members of the Nation have a right to elect the Chief and Council of the Nation Council but do not have a similar right to elect directors of a Nation Entity.
- k) The Nation has relied on its own independent legal and financial advisors for all matters relating to this Designation including, but not limited to, the formation and operation of the Nation Entity and any trust. The Nation will continue to rely on its own legal and financial advisors and not Canada in all other matters relating to this Designation and the administration and operation of any Nation Entity and any trust.

Additional Terms and Conditions

- 10. The Nation hereby authorizes the Nation Council to negotiate, review and approve the terms of all leases in respect of the Designated Lands to be entered into upon the terms referred to in this Designation. Prior to any lease documents being executed by Canada on the Nation's behalf, the Nation Council will evidence by Band Council Resolution to Canada that:
 - a) where the lease provides for a nominal rent period and more than five years have passed since the acceptance of the designation by the Minister, the Nation's members have been informed at a further general meeting of the current fair

market annual rental, as determined by an independent appraisal, and the amount of market rent that they are forgoing; and

- b) the Nation Council has complied with the Nation's own internal community approval process to obtain electors' consent prior to requesting Canada to enter into the lease.
11. Any amendments of leases will require the approval of the Nation Council by way of Band Council Resolution, without the requirement of a further meeting of the Nation's members, provided that no amendment shall extend the term of any lease beyond the term of this Designation. However, where an amendment to a lease reduces, or has the effect of reducing, the rent per acre payable under the lease, substantially changes the term, substantially changes the area to be leased or substantially changes the purposes for which the lands are leased, the Nation will evidence by Band Council Resolution to Canada that prior to seeking an amendment to a lease, the Nation Council complied with the Nation's own internal community approval process to obtain electors' consent.
 12. Canada may grant such easements, permits, rights-of-way, licences of occupation, or other interests as may be necessary or ancillary to the primary purposes of the lease or leases. The terms and conditions of such interests will require the approval of the Nation Council by way of Band Council Resolution.
 13. The Nation acknowledges that Canada may agree to enter into a non-disturbance agreement and issue replacement leases with a sublessee or mortgagee so that in certain circumstances the sublessee or mortgagee, or a nominee of the sublessee or mortgagee, could be the direct lessee of Canada.
 14. All payments made to Canada, by virtue of any lease, easement, permit, right-of-way, licence of occupation, or other interest granted pursuant to this Designation, will be credited to funds for the Nation as Indian moneys, except for any additional rent, reimbursements or similar payments payable to Canada as may be provided for in such instrument.

Environmental Review

15. Any lease, sublease or other interest granted pursuant to this Designation will be subject to all necessary environmental review as may be required by the Government of Canada and any relevant legislation.
16. The Nation hereby authorizes the Nation Council to act on behalf of, and represent the Nation, with respect to any environmental assessments which are conducted in relation to any project on the Designated Lands without the necessity of a general meeting of the Nation's members.

Revocation of Designation

- 17. This Designation may, respecting the whole or any part of the Designated Lands, be revoked by Ministerial Order upon the Nation Council requesting such revocation by way of Band Council Resolution, provided that there are no existing rights or interests issued under this Designation on the affected Designated Lands.

Amendment of error

- 18. This Designation may be amended by Ministerial Order upon the Nation Council requesting such amendment by way of Band Council Resolution for the purpose of correcting a typographical or manifest error, as long as there are no existing rights or interests issued under this Designation on the affected Designated Lands or, if any of these rights or interests exist, then either the rights or interests must not be affected by the change, or the holders of the rights or interest must have agreed to the change.

IN WITNESS WHEREOF the undersigned Chief and Councillors of the Band of Indians have on behalf of the Nation set their hands this ___ day of _____, 20__.

SIGNED AND DELIVERED BY:

Chief and Councillors of Paul First Nation, in the presence of:)	_____
)	Chief Casey Bird
)	_____
(Signature of Witness as to all signatures))	Councillor Faron Bull
)	_____
(Name of Witness))	Councillor Darren Rain
)	_____
(Position / title))	Councillor Delores Rain
)	_____
)	Councillor Jason Saulteaux
)	_____
)	Councillor Dwight Paul

