

FIRST NATIONS DEVELOPMENT FUND GRANT AGREEMENT

Made effective the _____ day of _____, 200__.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ALBERTA
As Represented By The Minister of Gaming
(the “Department”)

AND:

(the “First Nation”)

PREAMBLE:

- A. On January 19, 2001, the Government of Alberta announced the First Nations Gaming Policy under which money appropriated out of the Lottery Fund will be made available to Alberta First Nations.
- B. The First Nations Gaming Policy was ratified by the Alberta First Nations through the Alberta Chiefs’ Summit process and accepted by the Government of Alberta.
- C. Under section 2 of the *Gaming Grants Regulation*, AR 29/2004, (the “Regulation”) the Department may make grants to any person or organization in respect of any matter that is under the Minister’s administration.
- D. The Department wishes to make grants to Alberta First Nations pursuant to the Regulation in accordance with this Agreement.
- E. The making of grants under this Agreement is subject to the First Nations Gaming Policy and annual appropriation of funding by the Legislative Assembly of Alberta to the Department.
- F. The First Nations Gaming Policy will remain in its current form until it is reviewed by the parties and amended.
- G. The parties wish to ensure that the First Nation receives the maximum amount of funds available to it pursuant to the First Nations Gaming Policy and the Regulation in accordance with this Agreement.
- H. The First Nation, as evidenced by Band Council Resolution, has approved the execution of this Agreement.

THEREFORE the Department agrees to provide grants to Alberta First Nations subject to and in accordance with the following terms and conditions:

1.0 INTERPRETATION

1.1 **Definitions** – In this Agreement, the following expressions have the following meanings:

“Alberta First Nation” means a band within the meaning of the *Indian Act* (Canada) with reserve land located within the Province of Alberta.

“Alberta Lottery Fund” means the Lottery Fund established under the *Interprovincial Lottery Act*, RSA 1980 Chapter I-8, as continued by section 25(1) of the *Gaming and Liquor Act*, RSA 2000 Chapter G-1.

“Casino” means a casino facility, or that portion of a facility, that is subject to the regulatory jurisdiction of the Alberta Gaming and Liquor Commission and licensed under the *Gaming and Liquor Act* (Alberta).

“Dedicated Gaming Facility” means a gaming facility other than a Casino that is subject to the regulatory jurisdiction of the Alberta Gaming and Liquor Commission and licensed under the *Gaming and Liquor Act* (Alberta).

“First Nations Development Fund Grant Program” or **“Grant Program”** means the grant program established by the Department in accordance with the Regulation, this Agreement, and the First Nations Gaming Policy.

“First Nations Gaming Policy” or **“Policy”** means the First Nations Gaming Policy developed by the Province of Alberta in consultation with the Alberta First Nations, as adopted and ratified by Resolution # SC-12-06-00-001 of the Chiefs’ Summit on December 6, 2000, the essential elements of which are contained in the document entitled “Essential elements of a proposed new First Nations Gaming Policy”, a copy of which is attached as Attachment A, together with such further and other materials prepared by the Government of Alberta in respect of First Nations gaming in Alberta.

“Host First Nation” includes

- (i) an Alberta First Nation that is a signatory to this Agreement and on whose reserve land there is located an Alberta First Nation Casino; and
- (ii) two or more Alberta First Nations that have entered into an agreement pursuant to 1.3.

“Member” means a person whose name is recorded, as of January 1st in any year, on a Band List, as defined by the *Indian Act*, whether maintained by Canada or the First Nation.

“Non-Host First Nation” means an Alberta First Nation that is a signatory to this Agreement and is not a Host First Nation.

“Reasonable Administrative Costs” means for the purposes of this Agreement

- (i) those costs incurred by the Department for approved or required activities, work or expenses, the cost or expense of which are reasonable having regard

- to all circumstances and comparable to administrative costs of other Alberta Lottery Fund grant programs administered by the Department; and
- (ii) those costs deemed to be Reasonable Administrative Costs under 5.5, 7.1 and 7.3.

“Security Interest” means an interest granted to a third party in the grant monies received or to be received pursuant to the Grant Program that secures payment or performance of an obligation by the First Nation to the third party. For clarity, the parties agree that banking arrangements with financial institutions which allow for the automatic removal of funds from the First Nation’s bank accounts in accordance with 4.3, and which do not secure payment or performance of an obligation by the First Nation, shall not be considered to be a Security Interest.

“Slot Machine Proceeds” means the revenue from slot machines located at a Casino located on Alberta First Nations reserve lands less (a) any amounts paid for prizes and (b) any leasing costs of the machines incurred by the Alberta Gaming and Liquor Commission, to the extent such leasing costs are deducted from the calculation of “net sales” in relation to leased slot machines allocated to operators of casinos other than Alberta First Nation Casinos.

1.2 Status – Host vs. Non-Host - For the purposes of this Agreement, an Alberta First Nation will become a Host First Nation when the Casino located on its reserve lands, or the reserve lands of another in the case of an agreement entered into pursuant to 1.3, commences operations and would cease to be a Host First Nation when, for any reason, the Casino ceases to be licensed under the *Gaming and Liquor Act* (Alberta).

1.3 Agreement Between Two or more First Nations – For the purposes of this Agreement, and subject to 4.1(iii), an Alberta First Nation on whose reserve land is located a Casino may enter into an agreement with one or more Alberta First Nations on whose reserve land there is not located a Casino whereby all such Alberta First Nations shall be considered by the Department to be one Host First Nation.

2.0 PROJECT IDENTIFICATION

2.1 Eligible Uses – In accordance with the Grant Program, the First Nation may apply from time to time in a form required by the Department for a grant that will be used for economic, social and community development projects, including addictions programs, education, health and infrastructure (the “Project(s)”). The Department may approve Projects that are to be completed or carried out over a period of time exceeding one year. The First Nation will use any approved grant funds only for the Projects.

2.2 Other Funding Sources – An approved grant pursuant to the Grant Program cannot be used as the matching portion to any other Alberta Lottery Fund grant.

2.3 Number of Projects – The First Nation will indicate the amount of the grant that is requested for each identified Project. The amount of the grant may be revised from time to time on request by the First Nation and with the written agreement of the Department.

2.4 Third Party Support – Where a proposed Project involves land, facilities, or programs under the direction or ownership of another party arm’s length from the applicant, the grant application must include a written statement from that other party in support of the Project.

2.5 Application Signatory – An application for a grant must be submitted by a First Nation and signed by the individual holding the position authorized by the First Nation to make such applications with the Department. The signed application must be accompanied by a Band Council Resolution supporting the proposed use of the grant monies and identifying the position or positions authorized to:

- (i) sign grant applications and this Agreement on behalf of the First Nation; and
- (ii) provide required financial reporting for Projects pursuant to 5.2.

2.6 Ineligible Uses -

- (i) A grant pursuant to the Grant Program must be used for its approved purpose and cannot be used:
 - (a) For operations or financing of a Casino. Without restricting the generality of the foregoing, grants pursuant to the Grant Program cannot be used:
 - To finance the development or acquisition of a Casino or Dedicated Gaming Facility or gaming equipment;
 - To meet any operating or development costs, including but not limited to debt servicing costs, or repair and maintenance costs, associated with any gaming activity, Casino or Dedicated Gaming Facility; or
 - To subsidize any rates, pay for special promotions, or subsidize any gaming activity, or any Casino or Dedicated Gaming Facility.
 - (b) For per capita distributions, meaning a general distribution of money or other property, whether directly or indirectly, on a per capita basis.
- (ii) The First Nation shall not create or provide for a Security Interest in the grant monies received or to be received pursuant to the Grant Program.
- (iii) In accordance with Articles 3 and 7, the Department, in consultation with the First Nation and the Alberta Gaming and Liquor Commission, will have the right to decide any question about whether any grant or portion thereof that is or has been paid pursuant to the Grant Program is proposed to be or has been spent on an ineligible use.

3.0 PROJECT APPROVAL

3.1 Review and Approval – The Department will, at the request of the First Nation, make liaison officers available to work on location with applicants to assist in the preparation of a grant application. Grant applications will be reviewed for completeness, including, but not limited to ensuring the application form is complete, the Project is consistent with the Grant Program, the Project is properly described, Project revenues and expenditures are

identified, the request for the grant is provided, rationale for costs in excess of costs of similar projects is provided, and the applicant has received adequate professional advice related to the Project. Once complete, the application will receive a final review by the Program Manager, Lottery Funding Programs, who will recommend approval, modification or denial of the amount of funding applied for by the First Nation. For any recommendation of modification or denial, the Department will provide the First Nation with the recommendation and the First Nation will have 30 calendar days from receipt to serve written notice on the Department in accordance with 9.2 disputing the recommendation. If no notice of dispute is received by the Department within the said 30 calendar day period, or if the First Nation waives the 30 calendar day period, the Department shall proceed on the basis of, and in accordance with, the recommendation. If a notice of dispute is received by the Department within the 30 calendar day period, then 7.1 to 7.4 shall apply and the Department shall consider any opinion or finding arising out of the dispute resolution process in 7.1 to 7.4 and may approve, modify or deny the amount of funding applied for by the First Nation.

- 3.2** The Department shall use its best efforts to evaluate proposed Projects and respond to grant applications in a prompt and timely fashion.

4.0 FUNDING

- 4.1 Available Funding** – The amount of funding available under the Grant Program for each Government of Alberta fiscal year, being April 1st to March 31st, is:

- (i) For each Host First Nation, an amount equivalent to 30% of the Slot Machine Proceeds from the Casino that is located on the Host First Nation reserve lands, less Reasonable Administrative Costs associated with the Grant Program to be allocated to the Host First Nation in accordance with 4.1(iv).
- (ii) For each Non-Host First Nation, an amount equivalent to 10% of the Slot Machine Proceeds from all licensed casinos located on Host First Nations' reserves, less Reasonable Administrative Costs associated with the Grant Program to be allocated in accordance with 4.1(iv) (the "Non-Host Proceeds"), divided as follows between all Non-Host First Nations:
 - a. The Non-Host Proceeds multiplied by 50% and thereafter multiplied by the percentage which the population of each Non-Host First Nations Members represent of the population of the Members of all Non-Host First Nations in Alberta; and
 - b. The Non-Host Proceeds multiplied by 50% and thereafter multiplied by the percentage which each Non-Host First Nation represents of the total number of all Non-Host First Nations in Alberta, with the determination of the number of recognized Indian Bands in Alberta to be based upon the records as kept by the Federal Department of Indian and Northern Affairs as at January 1st preceding the fiscal year.

- (iii) Where, pursuant to an agreement under 1.3, two or more Alberta First Nations agree to be treated as one Host First Nation for the purpose of this Agreement, each of these Alberta First Nations will provide the Department with the determination method by which available funds should be allocated among these Alberta First Nations. Such instructions must be approved by a Band Council Resolution from each of these Alberta First Nations.
- (iv) For the purposes of 4.1(i) and (ii), Reasonable Administrative Costs associated with the Grant Program shall be allocated:
 - (a) to each Host First Nation in an amount which shall be a percentage of the Reasonable Administrative Costs equal to the total amount of proceeds received by the First Nation pursuant to this Agreement divided by 40% of Slot Machine Proceeds; and
 - (b) to each Non-Host First Nation in an amount which shall be a percentage of the Reasonable Administrative Costs equal to the total amount of proceeds received by the First Nation pursuant to this Agreement divided by 40% of Slot Machine Proceeds.

4.2 Payment of Grants – Subject to the actual generation of Slot Machine Proceeds at one or more First Nations' Casino, and the ongoing compliance of the First Nation with the Grant Program, and on approval of a grant application from the First Nation by the Department and in accordance with the Regulation, the Department agrees to administer grants for approved Projects as follows:

- (i) In order for the First Nation to be eligible to receive grants for approved Projects in any given fiscal year, the First Nation must submit a signed copy of this Agreement and completed applications for Projects no later than December 15 of that fiscal year;
- (ii) Where the amount available for a First Nation under the Grant Program exceeds or is equal to the amount of annual funding approved for the Project in the First Nation's grant application, the grant will be equal to the approved annual amount for the Project;
- (iii) Where the amount available for a First Nation under the Grant Program is less than the amount of annual funding approved for the Project in the First Nation's grant application, the grant will be equal to the amount available with additional amounts provided quarterly as Slot Machine Proceeds to which the First Nation is eligible are generated to the maximum of the approved annual amount;
- (iv) No grants will be made by the Department to any First Nation that is not in compliance with 5.2 or the reporting requirements of any lottery-funded program administered by the Department; and
- (v) Where completed applications for Projects received by December 1st total less than the amount of available funding for that fiscal year, the difference between the available funding for the fiscal year for the First Nation and the completed applications for Projects for the First Nation will, if greater than \$100,000.00 be

available for re-distribution among all other First Nations in compliance with 4.2(i) using the distribution method described in 4.1 (ii). If the difference is not greater than \$100,000.00 such funds will be applied to reduce the Reasonable Administrative Costs referred to in 4.1.

- 4.3 Banking Arrangements** – The First Nation agrees to deposit all grant monies provided by the Department into a separate interest bearing account with a branch of a financial institution licensed and doing business in Alberta and that all interest income earned on the grant monies will be considered part of the grant. Funds may only be withdrawn from this account for payments associated with approved Projects or for the return of any funds to the Department in accordance with this Agreement.
- 4.4 Duration** - If for any reason a grant is not expended for the approved Project within twenty-four months of its payment to the First Nation by the Department, any funds not used or committed, including accrued interest, for the approved Project shall be returned forthwith to the Department, unless otherwise agreed to in writing by the Department, such agreement to extend not to be unreasonably withheld by the Department.
- 4.5 Change of Use** – If for any reason an approved Project does not proceed or if all approved funding is not required for the Project, the First Nation may apply in writing to have the approved funding used for a substitute Project. Approval of the change in use and substitute Project will be subject to 2.0 and 3.0.
- 4.6 Repayment** – The First Nation shall be required to return to the Department the proceeds up to the grant amount if the grant was used to acquire, construct, renovate, expand, enhance or upgrade any real or personal property, and the property is sold, assigned, transferred, or pledged as security within five years of the payment of the grant by the Department to the First Nation and the proceeds from such transactions (the “Transactions”) are used for an ineligible use as determined by the Department in accordance with 2.6. In addition, the First Nation may be required to repay to the Department the proceeds from the sale over the grant amount. The First Nation is responsible for notifying the Department of these events and identifying the proposed use of the proceeds. In the event that there is a dispute as to whether the proceeds from the Transactions are used for an ineligible use pursuant to 2.6, then 7.1 to 7.4 shall apply.

5.0 ACCOUNTABILITY

- 5.1 Budgets** – The First Nation shall provide a budget for each identified Project as part of its application, including estimated revenues from all sources as well and particulars of cost estimates and any donated labour, services, material and equipment.
- 5.2 Reporting** – Within 90 days of completion of each Project, the First Nation shall provide a financial report in the form required by the Department for each approved Project detailing the revenue received from all sources including interest income as well as the costs and any donated labour, services, material and equipment received in comparison to the budget provided with the grant application for the Project. Explanations of significant variance or delays must be provided. For approved Projects greater than \$100,000.00, such financial reporting must be reviewed and signed by a Chartered Accountant, Certified General

Accountant, or Certified Management Accountant, who is registered under Part 3 of the *Regulated Accounting Profession Act* R.S.A. 2000 c.R-12, (a “Registered Accounting Professional”). For approved Projects up to \$100,000.00, such financial reporting must be reviewed and reported on by a Registered Accounting Professional or by a representative of the First Nation whose position has been authorized by Band Council Resolution to provide the required financial reporting for Projects on behalf of the First Nation. In addition, by June 30th of each year, the same reporting must be provided for each Project that was not complete at March 31st of that year.

- 5.3 Monitoring** – The First Nation shall, during the duration of the approved Project and for a period of three years thereafter for any grants received, (i) maintain appropriate and comprehensive records and books of account, and (ii) keep those records and books of account available for inspection by the Department or its agents (including the Auditor General of Alberta or any representative designated by the Department) at all reasonable times upon reasonable notice, for determining the First Nations compliance with this Agreement.
- 5.4 Auditing** – The Department or its agents (including the Auditor General of Alberta or any representative designated by the Department) may from time to time upon reasonable notice to the First Nation, carry out an audit of the records and books of account required to be maintained by this Agreement and to attend at the premises where any approved Project is located for the purpose of determining compliance with this Agreement and how any grants provided were used by the First Nation. The First Nation shall permit the Department or its agents to have full access to and review of the records and books of account and to make copies of any of them.
- 5.5 Costs of Audit** – Reasonable audit costs for any audit carried out pursuant to 5.4 shall be a Reasonable Administrative Cost within the meaning of 4.1, provided that if an audit discloses non-compliance with the provisions of this Agreement by a First Nation, the costs of that audit will be allocated to the grant funds available for distribution to that First Nation.
- 5.6 Additional Costs of Audit** – Where, pursuant to an audit carried out under 5.4, any additional costs are incurred as a result of non-compliance with 5.3 by the First Nation, such costs will be allocated to that First Nation.
- 5.7 Public Reporting** – The Department will, from time to time, publish information on its website or elsewhere about the Projects funded by grants under the Grant Program in a similar manner to information provided about other lottery-funded grant programs, including the name of the grant recipient, a brief description of each approved Project and the amount of funding provided for each Project during the fiscal year.

6.0 NON-COMPLIANCE

- 6.1 Events of Default** – It shall be an Event of Default if the First Nation breaches any provision of this Agreement and, upon receiving notice of the breach, fails to institute appropriate remedial action within 14 calendar days thereafter and diligently pursue such remedial action until the breach is remedied; or

- 6.2 Suspension For Default** – Upon the occurrence of any Event of Default, the Department by 14 calendar days notice to the First Nation may discontinue grants and may suspend operation of this Agreement. In the event of such suspension, the First Nation shall immediately pay to the Department the unexpended portion of any grants, including interest income. Any funding that would otherwise be available to the First Nation will be used first to cover the costs of investigating the Event of Default and thereafter be considered to be available funding as contemplated in 4.2(vi) and shall be distributed as such in accordance with 4.2(vi). The Agreement will remain suspended until such time as the First Nation remedies the Event of Default to the satisfaction of the Department.
- 6.3 The First Nation, upon the receipt of service of the notice by the Department in accordance with 6.2, may within the said notice period serve written notice on the Department in accordance with 9.2 disputing the determination that an Event of Default has occurred. If a notice of dispute is received by the Department within the said notice period, then 7.1 to 7.4 shall apply and the Department shall consider any opinion or finding arising out of the dispute resolution process in 7.1 to 7.4. Service of a notice of dispute under this clause or the application of 7.1 to 7.4 does not prevent the suspension of the Agreement, and consequences thereof, under 6.2.

7.0 DISPUTE RESOLUTION

7.1 Mediation – In the event a notice of dispute is served in accordance with 3.1, 4.6 or 6.3, and if discussion between senior officials of the Department and the First Nation fails to produce a resolution, then the Department and the First Nation shall within 7 calendar days of service of the notice of dispute designate one senior official and one representative respectively, and confer on their designates authority to resolve the dispute. If the two designated persons cannot agree on a resolution within 14 calendar days, or such sooner time as the parties may agree, the dispute shall be jointly referred to consensual mediation. Mediation will proceed on the following basis:

- (a) If the parties cannot agree on a mediator either party may ask the President or the Executive Director of the Alberta Arbitration and Mediation Society (or any successor organization) to assist in the selection process;
- (b) The costs of the Mediator will be a Reasonable Administrative Cost within the meaning of 4.1. Any other costs, including legal fees and other disbursements, will be the responsibility of the party that incurs them;
- (c) No evidence of anything said or of any admission or communication made in the course of the mediation shall be admissible in any legal proceedings except with the consent of both parties; and
- (d) Notwithstanding any other provision of this Agreement, the parties may agree at any time to skip mediation and proceed directly to non-binding arbitration under 7.3.

7.2 Mediation Terminated - Mediation proceedings will be terminated:

- (a) If either party serves notice that it is not willing to continue, or
- (b) if the Mediator serves notice that in his opinion it is in the best interest of the parties to do so.

7.3 Non-binding Arbitration – A dispute arising pursuant to 3.1, 4.6, or 6.3 which is not resolved pursuant to the provisions of 7.1 shall be submitted to an arbitrator, chosen by mutual consent by the parties (the “Arbitrator”). The costs of the arbitrator shall be a Reasonable Administrative Cost within the meaning of 4.1. Any other costs including legal fees and other disbursements will be the responsibility of the party that incurs them. The parties may present oral or written submissions or both to the Arbitrator at the Arbitrator’s discretion. The Arbitrator will provide a written opinion to the parties in accordance with 9.2.

7.4 Consideration of opinion - The findings of the Arbitrator pursuant to a dispute arising pursuant to 3.1, 4.6 or 6.3 are not binding and final upon the parties and will be forwarded to the Department for consideration. The Department may accept or reject, in whole or in part the findings of the Arbitrator in making a decision under 3.1, 4.6 or 6.3.

8.0 CONDUCT OF PARTIES DURING DISPUTE RESOLUTION

8.1 The Parties will continue to act in good faith in the implementation of this Agreement during any dispute resolution proceedings under 7.0 and the parties acknowledge and confirm that, unless the Agreement is suspended under 6.2, all other provisions of this Agreement remain in full force and effect and the rights, duties and obligations arising under this Agreement shall not be abridged or modified.

9.0 COMMUNICATIONS

9.1 Freedom of Information – The terms of this Agreement are subject to disclosure under the *Freedom of Information and Protection of Privacy Act*, RSA 2000, Chapter F-25.

9.2 Notices – Any notice, approval, consent or other communication under this Agreement must be in writing to be effective, and is effective when delivered by any means, including fax transmission, to the following respective addresses:

- (a) If to the Department:

Deputy Minister
Alberta Gaming
50 Corriveau Avenue
St. Albert, Alberta
T8N 3T5

Fax: (780) 447-8950

- (b) If to the First Nation, at the Notice address identified in the most recent grant application submitted by the First Nation to the Department, with a copy to the Chief of the First Nation.

Either party may change its address information by giving notice to the other in the above manner.

- 9.3 Announcements** – The First Nation shall not make any public announcement or issue a press release regarding a grant or the entering into of this Agreement, except with the prior approval of the Department as to the contents and timing of the announcement or press release, which approval shall not be unreasonably withheld.

10.0 OTHER PROVISIONS

- 10.1 Mutual Hold Harmless** – The Parties covenant and agree to indemnify and save harmless each other, and their respective employees and agents, from and against any claims, demands, actions, causes of actions, damages, losses, costs, liabilities, or expenses for which they are legally responsible. The indemnity obligation hereunder applies only to the extent that such claims, demands, actions, causes of actions, damages, losses, costs, liabilities and/or expenses, as applicable, have not been reimbursed by insurance and have not arisen or resulted from the Party seeking indemnification's negligence or wilful misconduct or the breach by the Party seeking indemnification of any of its obligations hereunder. The Parties shall not be entitled to any indemnification from each other in respect of any matter or thing which is the subject of an indemnity in this Article unless it shall have given written notice of its claim for indemnification's (including reasonable particulars of its claim for indemnification) to the other Party within fifteen (15) days of it first becoming aware of the matter in respect of which the potential claim for indemnity is being sought. The indemnities given hereunder shall survive the termination of this Agreement for a period of two (2) years.

- 10.2 No Agency** – Nothing in this Agreement is intended to create any relationship of agency, partnership or joint venture between the Department and the First Nation.

- 10.3 Further Assurances** – The parties agree to do from time to time all such acts and provide such further assurances and instruments as may reasonably be required in order to carry out the provisions of this Agreement according to their spirit and intent.

- 10.4 Amendment and Waiver** – No amendment of this Agreement is effective unless made in writing and signed by a duly authorized representative of each of the parties. No waiver of any provision of this Agreement is effective unless made in writing, and any such waiver has effect only in respect of the particular provision or circumstance stated in the waiver. No representation by either of the parties with respect to the performance of any obligation under this Agreement is capable of giving rise to an estoppel unless the representation is made in writing.

- 10.5 Assignment** – The First Nation may not assign this Agreement or any right or benefit under it to any other person.

- 10.6 Time** – In this Agreement, time is of the essence.

10.7 Recitals and Schedules – The recitals and any schedules attached to this Agreement are incorporated into and form a part of this Agreement.

10.8 Counterparts – This Agreement may be executed in two or more counterparts, and each executed counterpart shall, for all purposes, be deemed an original and shall have the same force and effect as an original, all of which together shall constitute, in the aggregate, one and the same Agreement.

The Department and First Nation have therefore signed this Agreement to be effective on the date first written.

HER MAJESTY THE QUEEN IN
RIGHT OF ALBERTA As Represented By the
Minister of Gaming

Per: _____
Deputy Minister

FIRST NATION

Per: _____
Authorized signatory

Attachment A

Essential elements of a proposed new First Nations Gaming Policy

Essential elements of a proposed new First Nations Gaming Policy:

- The Alberta First Nations Gaming Policy will be based on Alberta's charitable gaming model.
- For purposes of the First Nations casinos, the host First Nation will be designated as the "charity," through a distinct non-profit entity.
- The Alberta Gaming and Liquor Commission (AGLC) regulatory and policy framework will be followed – as per all casino facilities.
- Conditions consistent with existing AGLC Casino Terms and Conditions (e.g. hours of operation, etc.) will be in effect – as per all casino facilities.
- The host first Nation charity will be permitted to pay its "volunteers".
- Prevailing audit, reporting and use of proceeds requirements for the facility licensee, operator and charity will be followed. The Auditor General will have the ability to audit related to use of proceeds, as well as Lottery Fund expenditures – as per current casino licenses and lottery fund expenditures.
- The casino event licensee (host First Nation charity) and the casino facility licensee must be clearly separate and distinct entities – as per current casino facilities. The casino facility licensee may contract out casino operations/services to an Alberta "registered gaming supplier".
- As part of the host operator's casino facility license application, there must be demonstrated local community (First Nation) acceptance of a proposed casino development.
- Casino revenue splits:
 - (a) Table games – Splits will be determined on a casino-by-casino basis, taking into account the operator's fee. The operator's portion will range from 50% to 75%, while the charity portion will range from 25% to 50% - as per current casinos.
 - (b) Slot machines – Operator: 15% (as per current casinos)
Host First Charity: 15% (as per current casinos)
Alberta Lottery Fund: 70% (as per current casinos)
- The 70% Alberta Lottery Fund portion will be used as follows:
 - (a) 40% of the total will fund a new Lottery Fund Initiative, the "First Nations Development Fund".
 - (b) 30% of the total will be available for traditional Lottery Fund Initiatives.
- The first Nations Development Fund would be separate from the First Nations Gaming Policy and set up similar to existing lottery-funded foundations (e.g. Wild Rose Foundation, Foundation for the Arts). The Fund would operate under the aegis and authority of a provincial government department. It is proposed that the dollars available to the Fund would be assigned on the basis of 75% to host First Nation(s) and 25% to non-host First Nations.

Dollars distributed from this Fund would be available for economic and community development, addictions programs, education, health and infrastructure projects. Fund dollars cannot be used for casino operations or financing.

Details with regard to the Fund's operating principles, funding guidelines, administration, etc, will be developed by a joint committee of a government and First Nations representatives.

Note: For the purposes of the First Nations Gaming Policy, a host First Nation is a First Nation with an operating casino licensed by the Province of Alberta and located on an Indian reserve set apart prior to January 1, 2001, or on a reserve set apart after that date which is contiguous to an existing reserve and to which the Province of Alberta has consented.