

2019 04 02

Chief Thomas D. Monias
Pimicikamak Executive Council
Pimicikamak Okimawin
P.O. Box 339 - 1144 G Mikisiw Road
Cross Lake MB R0B 0J0

Dear Chief Monias:

RE: 2019/20 GRANT FUNDING

Thank you for Pimicikamak's 2019/20 Grant Funding Proposal, which was received by Manitoba Hydro staff on March 11, 2019. I am pleased to inform you that the Manitoba Hydro-Electric Board (MHEB) has approved a grant in the amount of \$8 000 000 for implementation of a select number of Pimicikamak programs from April 1, 2019 to March 31, 2020, in accordance with the terms set out below. Manitoba Hydro also provides this funding, in part, to address ongoing effects of hydroelectric development and meet certain obligations under the NFA during the term of this grant.

While Manitoba Hydro is pleased to provide grant funding for 2019/20, we would like to make Pimicikamak aware that addressing obligations under the NFA in a long term sustainable way is important to us. Pimicikamak has indicated its interest in exploring a potential comprehensive process and Manitoba Hydro expects that all parties, including Manitoba and Canada, would come together and negotiate a comprehensive agreement. This would result in moving away from grant funding after this fiscal year; Manitoba Hydro makes no commitment to providing grant funding for 2020/21, or further grant funding for future years. We look forward to Pimicikamak reaching out to the NFA parties by September 13, 2019 to initiate a process to begin discussions and negotiations for a comprehensive agreement. This would address Hydro's obligations under the NFA in a long term sustainable way.

Manitoba Hydro will provide this grant for 2019/20 on the following basis:

- Payments from Manitoba Hydro will be provided on a quarterly basis commencing upon a written acknowledgement of this letter. In addition to formal acknowledgement, by accepting the first payment Pimicikamak accepts the terms of this letter.
- On a quarterly basis, Manitoba Hydro will calculate interest (payable to Pimicikamak on quarters two through four) on the portion of payments not yet provided using Manitoba Hydro's average short term borrowing cost rate for the month.

- The schedule of quarterly payments will be as follows:
 - Upon receipt of written acknowledgement of this letter - \$2 200 000
 - July 1, 2019 - \$2 200 000 plus applicable interest
 - October 1, 2019 - \$2 000 000 plus applicable interest
 - January 1, 2020 - \$1 600 000 plus applicable interest
- Payment of quarter two on July 1, 2019 will be conditional upon Pimicikamak providing the following reporting to Manitoba Hydro by June 14, 2019:
 - Accounting details and receipts for the 2018-19 Domestic Fishing Program, 2018-19 School Hot Lunch Program and the gardening and turkey delivery aspects of the 2018-19 Traditional Foods and Gardening Program;
 - A detailed narrative report complete with disclosure of spending associated with all 2018-19 Grant Funding, which may be referred to as “The Grant Funding Final Term Report”.
- Payment of quarter three on October 1, 2019 will be conditional upon:
 - Pimicikamak providing the following reports to Manitoba Hydro and performing the following actions by September 13, 2019:
 - Accounting details and receipts of the April 1, 2019 to June 30, 2019 (First Quarter) period of the 2019-20 Domestic Fishing, 2019-20 School Hot Lunch and 2019-20 Traditional Foods and Gardening Programs;
 - A detailed narrative report and disclosure of spending related to all Grant Funding provided during the April 1, 2019 to June 30, 2019 (First Quarter) period;
 - The final audited financial statements for the April 1, 2018 to March 31, 2019 Grant Funding period;
 - Pimicikamak having, in writing and by September 13, 2019, initiated a process for Canada, Manitoba, Manitoba Hydro and Pimicikamak to negotiate and discuss a comprehensive agreement for Pimicikamak.
- Payment of quarter four on January 1, 2019 will be conditional upon:
 - Pimicikamak providing the following reporting to Manitoba Hydro by December 13, 2019:
 - Accounting details and receipts of the July 1, 2019 to September 30, 2019 (Second Quarter) period of the 2019-20 Domestic Fishing, 2019-20 School Hot Lunch and 2019-20 Traditional Foods and Gardening Programs;
 - A detailed narrative report and disclosure of spending related to all Grant Funding provided during the July 1, 2019 to September 30, 2019 (Second Quarter) period.

The attached table (Appendix A) provides Manitoba Hydro’s allocations to Pimicikamak’s proposed programming for the 2019/20 grant funding period. While it is understood and agreed to that Pimicikamak may choose to reallocate dollars among the identified programs to best meet the needs of its citizens, Manitoba Hydro and Pimicikamak both understand the importance of the Domestic Fishing and School Hot Lunch Program, Navigation Response

Chief Thomas D. Monias

2019 04 02

Page 3

Program and Pimicikamak Firewood Gathering and Distribution Program.

It is understood that Pimicikamak intends to ensure adequate funding is available for the successful management of these programs for all of the April 1, 2019 to March 31, 2020 grant funding period. Pimicikamak also recognizes that the purpose of this grant funding is for the general benefit of the community of Pimicikamak and so a minimal amount of the grant funding will be used for consultants and/or program administration.

It is understood that Manitoba Hydro shall not, under any circumstances, be liable for Pimicikamak's use of the grant funds provided. Pimicikamak is solely responsible for the administration of the grant funds provided and for any injury to persons, damage or loss of property, infringement of rights or any wrongful or negligent act.

I look forward to your written acknowledgement of this letter and meeting you in the coming weeks. I also look forward to gaining and establishing a better understanding of Pimicikamak's priorities and issues of importance while we work together to develop a mutually sustainable relationship.

Yours truly,

A handwritten signature in black ink, appearing to be 'JG/mw', written in a cursive style.

JG/mw

c: Jeffrey Betker, Vice President, Indigenous Relations
John Duncan, Principal Consultant

SUMMARY OF PROPOSED 2019-20 NFA PROGRAMMING WITH PIMICIKAMAK

NFA Action Plan Programs
 Expanded Action Plan Programming under Process Agreement

Pimicikamak 2019/20 Grant Funding Proposal			
Program Name	Pim 2019/2020 Proposal	MH Provides \$8M Grant Funding	How Grant Funding Program Addresses NFA Implementation
		PIM Implemented Programs	
Sipiwesk - Phase II	\$500,000	\$350,000	This program would address NFA Articles 5 (Navigation) and 10 (Minimization of Damage). Article 5.3.3 - To remove debris of any nature which results from the actual construction or from the flooding of land or by diversion of waters in the total area encompassed by the overall project. Article 10.1 - Manitoba Hydro shall have regard to minimizing the destruction of wildlife by controlling the water levels and flows to the extent that is practical to do so. Sipiwesk's ecological monitoring program will seek to identify effects of flooding and water level fluctuations on wildlife and aquatic species.
SMER Phase 1&2	\$758,000	\$600,000	Safety Management and Emergency Response (SMER), addresses NFA agreement obligations under NFA Articles 5 (Navigation) and 12 (Community Infrastructure). Article 5.1 - Residents of the Reserves have a right to free and normal navigation of the waterways. Article 12.4 - Following effective prior consultation with the Band, such measures or works shall be designed and implemented, to the extent practical, to ensure the safety of the residents, to facilitate the continuance of traditional activities and to conform to the aesthetic values of the residents. SMER provides the necessary communication tools to provide and activate timely emergency response mechanisms if and when required.
Navigation Response	\$521,651	\$500,000	Navigation Response Program provides necessary resources to respond to those community members who require assistance while undertaking free and normal use of the navigable waters. Manitoba Hydro (MH) staff used to provide assistance to emergency situations 24 hours/7 days per week. MH provided proactive safety services to strengthen working relations between MH and Cross Lake residents.
Ininiwi Pimatisiwin	\$2,100,000	\$1,500,000	Ininiwi Pimatisiwin, addresses agreement obligations under NFA Articles 5.1 (Navigation) and 15.8 (Wildlife Resources). Article 5.1 - Residents of Reserves have a right to free and normal navigation of waterways. Article 15.8 - The parties agree to facilitate and encourage the functions served by community traplines, by reason of their contribution to the community in the form of: A food supply and income supplement; opportunity for younger residents to learn and elder residents to teach skills pertaining to harvesting wildlife; opportunity for recreational activities. This program encourages community members and citizens to pursue and exercise their Aboriginal and Treaty rights in land based activities.
Pim Traditional Foods / Outlet	\$1,698,400	\$85,000	Gardening and Alternative foods program, addresses NFA agreement obligations under NFA Article 12 (Community Infrastructure). 12.1 - Measures and works which are required for the protection, restoration or adjustment, in relation of the new water regime, of community infrastructure, shorelines and/or property of residents shall be undertaken at Hydro's expense. The gardening program has resulted in numerous gardens being developed and harvested over the years. The program provides seeds(berries, beets, carrots, peas, onions and many more), fertilizer and garden tools as well as information on gardening practices. Schools occasionally participate by planting school or class gardens.
Domestic Fish & Hot Lunch	\$2,000,000	\$1,880,000	Domestic Fishing addresses NFA agreement obligations under NFA Article 12 (Community Infrastructure) and NFA Article 19 (Registered Trapline and Fishing Programs). 12.4 - Following effective consultation with the Band, such measures or works shall be designed and implemented, to the extent practical, to ensure the safety of residents, to facilitate the continuance of traditional activities. 19.4 - The parties agree to negotiate, and Manitoba and/or Hydro agree to fund and implement, a program to provide for equitable compensation of all adverse effects on fishing activities within resource areas, arising directly or indirectly from the Project. The program is cost shared between Manitoba and Hydro and pays domestic fishers to fish Cross Lake and some off-system lakes and to bring back fish into the community where it is available for members, free of charge. The Hot Lunch Program is also cost shared by Manitoba and Hydro and is a joint initiative between Manitoba and Hydro and Cross Lake First Nation. The program provides freshly prepared and nutritious lunches every school day throughout the school year to approximately 1700 students.
Fuelwood Program	\$400,000	\$400,000	This program is related to outstanding Arbitration Claim #6 (loss of firewood and access to firewood supply). Under the Action Plan, Manitoba Hydro provided annual cheques to Cross Lake residents age 65 and older for the purposes of purchasing wood for heat, or to supplement heating costs. Hydro also cleared wood gathering roads for residents to collect their own wood. Pimicikamak's implementation of this obligation was to expand the program to offer the supply of firewood to all community residents as a means to offset heating costs, and as a form or seasonal employment.
Pim Softball Upgrades	\$400,000	\$400,000	Funding for Softball Field upgrades addresses NFA agreement obligations under NFA Article 12 (Community Infrastructure) and from Arbitration Claim #11 (Recreation). 12.5.7 - To provide alternate recreational opportunities or facilities. Softball provides recreation for a large number of community residents. Pimicikamak Teams have competed and been successful at numerous national competitions.
Wellness & Cultural Program	\$2,250,000	\$985,000	Wellness and Cultural Programming or Community Initiatives Funding, provides funds for public relations initiatives not specific to any other Action Plan program. Initiatives include, but are not limited to: Elder's Gatherings and Community Events (Trappers Winter Festival & Indian Days) and Pow Wow's, such programs provide opportunity for cultural restoration. This program works to strengthen relations between Hydro and Cross Lake residents.
Community Cleanup Program	\$250,000	\$100,000	The Community Cleanup program addresses NFA agreement obligations under NFA Article 12 (Community Infrastructure). 12.5.5 - To clear shorelines. This program hires summer students to cleanup beaches and other Cross Lake recreational spaces. Benefits include offering work experience to youth along with aesthetically enhancing areas commonly used by the community. Employment of youth also develops pre-employment skills for potential future jobs at Hydro, thereby contributing to the goal of maximizing Project employment as per Article 18.5
Consultation & Program Admin	\$3,000,000	\$1,200,000	Program implementation requires the employment of local staff to guide, oversee and administer all programs the community is given responsibility for. Cross Lake also requires the assistance of professional services to oversee and continue to build capacity within the community. Many of the skills and capacity built through these expenditures are relevant to pre-employment training which, in turn, is linked to maximizing employment as per Article 18.5 of the NFA.
Other proposed PIM programming	\$13,994,906		Pimicikamak proposed significant additional programming that Hydro believes is not related to NFA implementation. These programs include: Pim Comm (\$2,545,000), Navigation Protection Plan (\$250,000), Interim Recreation Facilities (\$1,000,000), Pim Wellness Park (\$2,500,000), Pim Wellness Camp (\$1,000,000), Pim Awareness Program (870,000), Health & Wellness - Phase 1 (\$375,000), Pim Website, Domain & Transparency Project (\$150,000), Restorative Justice (\$1,038,031), Pim Capacity Building (\$1,996,250), Pim Contractor Support - Crusher (\$1,500,000), Camp Transport and Set up (\$430,000), Mikisiwi Napiwin - Aerial Imagery Course (\$340,625).
TOTAL PIM PROPOSAL/MH COSTS	\$27,872,957	\$8,000,000	
		\$8,000,000	