

LETTER OF UNDERSTANDING

THIS LETTER OF UNDERSTANDING made effective the ²⁰8th day of June, 2021 (the "LOU").

BETWEEN:

FEDERATION OF SOVEREIGN INDIGENOUS NATIONS
(the "FSIN")

AND

HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF SASKATCHEWAN,
As represented by the Minister responsible for the
Liquor and Gaming Authority
(the "Government")

WHEREAS:

- A. By agreement dated as of June 11, 2002 between the FSIN and the Government (the "2002 Framework Agreement"), an arrangement was agreed upon to provide for the long-term stability of First Nations casinos in Saskatchewan within the parameters of the *Criminal Code*;
- B. The FSIN and the Government amended the 2002 Framework Agreement by written agreements dated as of November 10, 2004, January 13, 2005, June 11, 2007, May 21, 2014, August 22, 2016, October 23, 2017 and June 19, 2020 (collectively, the "Amendment Agreements");
- C. The 2002 Framework Agreement and the Amendment Agreements are hereinafter collectively referred to as the "Framework Agreement";
- D. By agreement dated June 17, 1994 between the FSIN and the Government (the "1994 Gaming Agreement"), an arrangement was agreed upon to provide for a government owned casino corporation and the sharing of revenues with the FSIN as is contemplated by section 3.1 of the Framework Agreement and section 25.02 of *The Saskatchewan Gaming Corporation Act* (the "Gaming Corporation Act");
- E. On March 18, 2020, the Province of Saskatchewan declared a Public Health Emergency in order to address the COVID-19 pandemic. Pursuant to a public health order issued on March 19, 2020 and subsequently on December 9, 2020 pursuant to *The Public Health Act, 1994* (Saskatchewan), the Province of Saskatchewan ordered the closure of recreational and entertainment facilities, including the casinos that are subject to the Framework Agreement and the 1994 Gaming Agreement;

- F. The closure of the casinos will reduce the net profits of the casinos and therefore impacts the revenue sharing funds for the fiscal year 2021/2022 that would normally be distributed to First Nations Trust and the Community Development Corporations in accordance with Part 4 of the Framework Agreement, and section 9(e) of the 1994 Gaming Agreement (as such distribution is contemplated by section 3.1 of the Framework Agreement and section 25.02 of the Gaming Corporation Act); and
- G. Notwithstanding the Framework Agreement and the 1994 Gaming Agreement, the FSIN and the Government have agreed to make specific revenue sharing arrangements for the fiscal year 2021/2022 as set out in this LOU.

NOW THEREFORE THIS LETTER OF UNDERSTANDING WITNESSES that in consideration of the covenants and agreements herein provided and contained, and for other good and valuable consideration now paid and delivered by each party to the other, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Interpretation: The recitals are true in fact and in substance. Except as otherwise expressly provided in this LOU, the terms used herein shall have the meanings attributed to them in the Framework Agreement and 1994 Gaming Agreement.
2. Suspension of Revenue Sharing for 2021/2022: The FSIN and the Government each acknowledge and agree that the Framework Agreement and 1994 Gaming Agreement remain in full force and effects and are binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding the binding nature of the Framework Agreement and the 1994 Gaming Agreement, the FSIN and the Government each agree that all revenue sharing contemplated by Part 4 of the Framework Agreement and section 9(e) of the 1994 Gaming Agreement (as such distribution is contemplated by section 3.1 of the Framework Agreement and section 25.02 of the Gaming Corporation Act) for the 2021/2022 fiscal year shall be suspended and will be reinstated for the 2022/2023 fiscal year.
3. 2021/2022 Revenue Sharing: In lieu of the revenue sharing that would have been provided in accordance with Part 4 of the Framework Agreement and section 9(e) of the 1994 Gaming Agreement (as such distribution is contemplated by section 3.1 of the Framework Agreement and section 25.02 of the Gaming Corporation Act), the FSIN and the Government each agree that for the 2021/2022 fiscal year:
 - a. By way of separate agreement(s) to be entered into concurrently with this LOU, the Government will make a non-repayable, one-time grant payment in the amount of \$33,768,000 (the "**Provincial Grant**"), such amount to be paid out in equal quarterly amounts and to be allocated as follows:
 - i. the sum of \$250,000 to be allocated to FNARF and paid to the First Nations Trust;
 - ii. the sum of \$28,452,800 to be paid to the First Nations Trust;

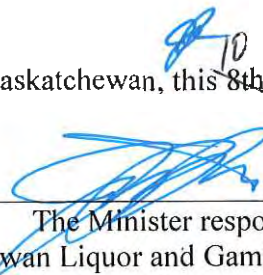
- iii. the sum of \$5,065,200 to be paid to the Community Development Corporations and further allocated, as determined by FSIN, as follows:
 - 1. \$805,366.80 to the BATC Community Development Corp.;
 - 2. \$70,912.80 to the Bear Claw Community Development Inc.;
 - 3. \$1,732,298.40 to the Dakota Dunes Community Development Corp.;
 - 4. \$121,564.80 to the Living Sky Community Development Corp.;
 - 5. \$1,858,928.40 to the Northern Lights Community Development Corp.; and
 - 6. \$476,128.80 to the Painted Hand Community Development Corp.;
 - b. The Government shall distribute an amount equal to 25% of the annual net profits of the Saskatchewan Indian Gaming Authority (SIGA) casinos, which is calculated as SIGA's 2021/22 net income offset by SIGA's 2020/2021 net losses, up to a maximum amount payable of \$37,000,000. The distribution will be as follows:
 - i. 85% to the First Nations Trust; and
 - ii. 15% to the Community Development Corporations and further allocated as follows:
 - 1. 15.9% to the BATC Community Development Corp.;
 - 2. 1.4% to the Bear Claw Community Development Inc.;
 - 3. 34.2% to the Dakota Dunes Community Development Corp.;
 - 4. 2.4% to the Living Sky Community Development Corp.;
 - 5. 36.7% to the Northern Lights Community Development Corp.; and
 - 6. 9.4% to the Painted Hand Community Development Corp.
- 4. 2021/2022 Revenue Sharing Matters. In relation to the 2021/2022 Revenue Sharing, the FSIN and the Government each agree:
 - a. any annual net profits of the Saskatchewan Gaming Corporation casinos shall accrue to the Government and will not be subject to distribution in accordance with this LOU;
 - b. the determination of the "annual net profits" pursuant to section 3(b) herein shall be completed in such a manner that the initial \$18,573,909 of 2021/22 net income from SIGA casinos shall be first directed and applied against the repayment of certain indebtedness owing by SIGA to SLGA pursuant to (i) a Loan Agreement entered into by SIGA and SLGA and (ii) a Forbearance and Debt Repayment Agreement entered into by SIGA and SLGA (collectively, the "**Indebtedness**"), the intention being that the initial \$18,573,909 of the Indebtedness shall be paid and satisfied in priority to and independent of any distribution of net income that may be otherwise available pursuant to the Framework Agreement or this LOU;

- c. any annual net profits of the SIGA casinos that exceed the \$18,573,909 sum that is to be payable to SLGA pursuant to 4(b) and are payable pursuant to 3(b) herein for the 2021/2022 fiscal year that exceed the aggregate amount of \$37,000,000 shall accrue to the Government and will not be subject to distribution in accordance with this LOU;
 - d. all sums payable shall be utilized in accordance with the requirements of the Framework Agreement, the parties acknowledging that the 2021/2022 Revenue Sharing will be for all intents and purposes treated in the same manner and fashion as a regular distribution made under the Framework Agreement;
 - e. all sums payable shall be accounted for and reported on as prescribed in the Framework Agreement;
 - f. all sums payable are not subject to further adjustment or claw-back and shall be non-refundable unless subject to palpable and overriding error; and
 - g. the Government will make a lump sum payment relating to the 2021/2022 Revenue Sharing as soon as possible after the audited financial statements of SIGA for the 2021/2022 fiscal year have been provided to the Government.
5. Total Sums Payable for 2021/2022 Fiscal Year. The FSIN and the Government each agree that the Provincial Grant and the 2021/2022 Revenue Sharing shall be the sole amounts payable relating to the casinos for the 2021/2022 fiscal year and that no other amounts will accrue or become payable under the Framework Agreement or the 1994 Gaming Agreement (as such distribution is contemplated by section 3.1 of the Framework Agreement and section 25.02 of the Gaming Corporation Act) for the 2021/2022 fiscal year.
6. Ratification of Framework Agreement: The FSIN and the Government each agree that the Framework Agreement and 1994 Gaming Agreement shall continue in full force and effect and shall continue to be binding upon the parties hereto and their respective successors and permitted assigns. The FSIN and the Government each agree that the revenue sharing provisions from Part 4 of the Framework Agreement and section 9(e) of the 1994 Gaming Agreement (as such distribution is contemplated by section 3.1 of the Framework Agreement and section 25.02 of the Gaming Corporation Act) will recommence and apply for the 2022/2023 fiscal year and onward.
7. General: The section headings in this LOU have been inserted for convenience of reference only and shall not be referred to in the interpretation of this LOU. This LOU will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
8. Governing Law. This LOU shall be interpreted according to and governed by the laws of the Province of Saskatchewan.

9. Counterparts. This LOU may be signed in counterparts and/or by facsimile or electronic means, each copy of which, when executed, shall be deemed to be an original and all of which taken together will constitute one and the same LOU.


IN WITNESS WHEREOF the parties have executed this Letter of Understanding on the date indicated below.

DATED at the City of Regina, in the Province of Saskatchewan, this ¹⁰~~8~~ day of June, 2021.



The Minister responsible for the
Saskatchewan Liquor and Gaming Authority
For Her Majesty the Queen in right of
The Province of Saskatchewan

DATED at the City of Saskatoon, in the Province of Saskatchewan, this 7th day of June, 2021.



The Chief of the Federation
Of Sovereign Indigenous Nations