

History of the Negotiations and Summary of the Agreement

February 2011

Background

Since time out of mind we have lived in our homeland and used and relied upon the land and resources to support our way of life - a unique sustaining economic and socio-cultural society. Our relationship to the land and resources of the Territory is essential to the continued survival of St'át'imc. A map showing the Territory is attached as Schedule A.1

As strong tribal people who thrived for thousands of years prior to the arrival of settlers we live respectfully through the teachings of our ancestors. We live with the land and we continue to prosper from the gifts given to us by the Creator. Our histories tell of how we came to this Territory and how our culture links us to our past and our future.² As an indigenous people we have taken care of people, families and communities for thousands of years. Our way of life, Nt'akmenlahkalha, includes our Territory and its resources, our daily life, culture and society and our ability to make decisions about our land, resources and communities. Amongst many other activities, fishing, hunting and gathering are fundamental aspects of our life and well being.

St'át'imc hold aboriginal title, rights and responsibilities to the Territory, including the land and its resources. Our title and rights is rooted in the values, traditions and culture that have been passed on from generation to generation through St'át'imc legends, stories, and ecological knowledge. A fundamental value is our continued connection to our homeland; this connection carries the responsibility for the well-being of past, present and future generations.

One of our principles is that we take care of the land and its resources, in return the land and its resources continues to provide for us. We only take what we need without exploiting the resource, as all components of life and culture are related and integral to the whole. The earliest of St'át'imc traditions recite stories of how the Transformers were sent by the "Chief" or the "Old Man" to travel the land, and "put it right" for St'át'imc, metamorphosing evil animals and people, while providing fish, game, plants and medicines.

¹ Schedule A to this Information Package is a map of the Territory, which shows BC Hydro Generation and Transmission Systems existing within the Territory (the Facilities).

² Our Story, written by the St'át'imc in 2005



There have been many changes since the arrival of settlers over the last 150 years which has been the cause of much disagreement and conflict within the Territory. On May 10, 1911 the Chiefs of the St'át'imc Communities joined together and signed the Declaration of the Lillooet Tribe putting the Crown on written notice of the injustice and illegality of Crown activities within the Territory.

A copy of the 1911 Declaration of the Lillooet Tribe is attached as Schedule B.

One of the significant and irreparable changes in the Territory has been the construction and operation of dams and other infrastructure related to the generation, transmission and distribution of electricity by British Columbia Hydro and Power Authority ("BC Hydro")³ including:

- Terzaghi Dam on the Bridge River, which created Carpenter Reservoir (originally built as the Mission Dam in 1948; replaced by the higher Terzaghi Dam in 1960);
- Bridge River 1 powerhouse at Tsalalh (Seton Lake) (completed in 1934);
- Bridge River 2 powerhouse at Tsalalh (Seton Lake) (completed in 1949);
- Tunnels diverting water from Carpenter Reservoir through Mission Mountain to the Bridge River powerhouses at Seton Lake
- Seton Dam, canal, and powerhouse near Lillooet (completed in 1956);
- La Joie Dam and powerhouse near Gold Bridge (completed in 1957) which created Downton Reservoir and Downton Reservoir;
- Cayoose Diversion tunnel;
- Daisey Lake Dam and Intake Tunnels; and
- more than 850 km of transmission lines (in 425 km of transmission line corridors) and the Bridge River Switchyard (BRT) and associated distribution lines.

History of the Negotiations

BC Hydro's Facilities were constructed and operate within the Territory without our consent, and without adequate compensation for the impacts we have suffered resulting from construction and operation of the Facilities. BC Hydro, as a Crown Corporation, and the Province of British Columbia (the "Province") as its shareholder, have used the water from the Territory for the production of hydroelectricity and land in the Territory for the transmission and distribution of such electricity.

The wide range of impacts resulting from the Facilities are real and have been felt, seen, touched and endured by our families and communities whose day to day lives and culture have been in some cases irreparably, and in all cases undoubtedly, affected.

³ BC Hydro is used throughout this document to include all of its predecessors Bridge River Power Co. began exploration activities in the Territory in 1911.



ST'ÁT'IMC HYDRO AGREEMENT

In 1993 BC Hydro and St'át'imc entered into a negotiating protocol that committed to a process that would identify the past grievances and impacts, study the land and resource use issues and then enter into negotiations with the intention of reaching an agreement that resolved these historic and ongoing grievances resulting from the Facilities.

For almost two decades we gathered information from all of our 11 St'át'imc Communities regarding the past grievances and impacts in our Territory and on our Reserves, and after much work and numerous studies, negotiations with BC Hydro became more fruitful from 2005 onward, and more recently the Province joined the negotiations.

In December 2010, the St'át'imc Chiefs Council and all 11 Communities reached a place where they were satisfied with the proposed settlement and prepared to recommend it to our membership. We signed a Ratification Agreement with the Province and BC Hydro which sets out our commitment to hold a vote on the proposed settlement by all the St'át'imc Communities. The settlement will be approved by St'át'imc if a majority (50% plus one vote) of the eligible voters in each Community vote "yes".

Through out these negotiations our leaders, through the St'át'imc Chiefs Council (the SCC) and the St'át'imc Nation Hydro (the SNH), have sought on behalf of past, present and future generations to:

- a. minimize on-going impacts through changes in how BC Hydro operates and through fisheries, wildlife and other mitigation measures;
- b. obtain compensation for past and on-going impacts; and
- c. develop a new working relationship with the Province and BC Hydro.

Only with such changes could we find a path towards reconciliation that effectively promotes the necessary resolution of the past, and provides effective measures for moving into a more thriving, certain and satisfactory future.

The St'át'imc Chiefs Council, comprised of the Chiefs of all 11 Communities, recommend the St'át'imc Settlement Agreement and have approved the Agreements going to vote by St'át'imc.



Impacts

Significant effort was taken to understand the nature of the impacts that the Facilities have had on the Territory and our people, including the unique impacts on the Reserves of the 11 St'át'imc Communities. The impacts caused by the Facilities in the Territory are far ranging and include impacts to:

- fisheries,
- wildlife hunting,
- gathering, including medicinal plants,
- health, employment,
- forestry, mining, agriculture,
- tourism, recreation and economic development,
- cultural continuity and cumulative impacts, including socio-economic impacts.

Our core values, responsibilities and way of being, while similar to other indigenous societies, are unique to the Territory. Understanding the consequences of BC Hydro's presence within the Territory includes knowing:

- We are placed here by the Creator. Our principles and values are taught through legends and stories, which are important to the human social structure. These legends include: the origin of St'át'imc and our communities; the origin of plants and animals including their names and uses; how the land was transformed to benefit St'át'imc; and our connections with the sun, moon and stars and all other parts of nature, energy and material existence.
- We accept the responsibility given to us by the Creator for the stewardship of the land and resources of the Territory, and the passing on of the knowledge that is integral to ensuring the sustainability of the land, the resources and the people. This stewardship was placed with all of us, each Community has unique contributions and experts that oversee and manage specific activities.
- Our earlier Community structure included the Chief, the hunters and fishermen, the food-gatherers, makers of tools and weaponry, and of basketry. Each Community and family group had a strict division of labour. Every person had a role in the Community as preparations were made for the harvest and storage of food and the building and maintenance of shelter. Maintaining healthy families and Communities is a fundamental component of our future.
- Our culture is holistic; all the parts are interconnected. Different aspects of living are not normally separated out and viewed in isolation from the others. For example, life activities such as fishing, hunting, employment, food and medicinal gathering, mining, and agriculture are all part of our way of life and inherently include stewardship and spirituality.



St'át'imc – BC Hydro Settlement Agreement

Summary of the Agreements

What is being settled?

All past, present and future impacts, grievances and claims of St'át'imc in the Territory, including on our Reserves, related to the planning, acquisition of rights, authorizations, access to, design, development construction, operation, maintenance, repair, alteration, upgrade, closure, removal or replacement of any existing BC Hydro Facilities except any New Facilities. There is no extinguishment of St'át'imc title and rights to the Territory through this settlement. The Settlement Agreement is made up of a number of agreements which are summarized below.

Which BC Hydro Facilities?

All facilities in St'át'imc Territory used or held for use, in connection with the Electricity Business, by BC Hydro at the time of signing the Settlement Agreement including:

- Generation
- Transmission Lines and Substations
- Distribution
- Communication
- Recreation
- Other Facilities

The Agreements

For each Community the Settlement Agreement is a package which includes:

- Settlement Agreement (Territory)
- Certainty Provisions Agreement
- Relations Agreement
- Community Agreement (On-Reserve)

There are also two Implementation Agreements and a Trust Agreement which are internal agreements amongst the St'át'imc Chiefs Council and the Communities.

Each of these Agreements is briefly described below.



1. St'át'imc (PC) Settlement Agreement (applies to the Territory)

This Agreement is between BC Hydro, the Province, and St'át'imc Chiefs Council (SCC) and the St'át'imc Participating Communities (PC) being:

- | | |
|----------------|-------------|
| - N'Quatqua | - Samahquam |
| - Sekw'elw'as | - Skatin |
| - T'it'q'et | - Tsal'alh |
| - Ts'kw'aylaxw | - Xaxli'p |
| - Xa'xtsa | - Xwisten |

The financial payments are:

- One time Nation Payment paid upfront of **\$16.0 million** (shared amongst the 10 St'át'imc Participating Communities).
- Annual Nation Payments of **\$5.775 million per year for 50 years** (shared amongst the 10 St'át'imc Participating Communities).
- Annual Nation Payments for the following programs to be delivered by the SCC for the Participating Communities:
 - a. Environment & Natural Resource - **\$440,000 per year for 99 years**
 - b. Heritage & Culture - 5 annual payments totaling **@\$5 million**
 - c. Education & Training – 5 annual payments totaling **@\$2 million**
 - d. Administration Fund - **\$440,000 per year for 99 years**
- New Transmission Line Payments (\$9 million upfront to 3 Communities who will be granting new right of way across Reserves; and \$3 million paid to the St'át'imc (PC) when the line proceeds)
- All of the annual payments are adjusted each year for inflation
- All of the payments under the St'át'imc (PC) Settlement are made to the St'át'imc (PC) Trust (see below)
- St'át'imc may also participate in any future provincial benefits sharing programs, policies and initiatives of general application and any present or on-going BC Hydro Programs which are similar to the program payments, including the Community Development Fund.



Changes in how BC Hydro operates the Facilities include:

- BC Hydro's Operating Regime for Bridge Seton Generation System will be adapted to include the "St'át'imc Conditions" for
 - Seton Sockeye Smolt Protection (see section 5.2)
 - Seton Lake Levels (s. 5.3)
 - Adult Fish Passage (s. 5.4)
 - Lower Bridge River Flows (s. 5.5)
- These St'át'imc Conditions are now part of the Bridge River Water Use Plan. BC Hydro and St'át'imc will work together to implement the Water Use Plan, including developing a Watershed Strategic Plan. (s. 5.6)
- The southern communities of Samaquam, Skatin and Xa'xtsa are now connected to BC Hydro's transmission system through the construction of two substations and distribution lines to their reserve communities. (s.6)
- Parts of the 60L20 Transmission Line will be relocated away from archaeological and cultural sites affecting Xaxli'p and Xwisten. (s.7)

2. Certainty Provisions Agreement

- This Agreement is between the Province, BC Hydro, the SCC & all 11 St'át'imc Communities and provides legal certainty for all parties regarding BC Hydro's continued operation and maintenance of the existing Facilities in the Territory (including the new transmission line from Kelly Lake to Cheekeye along 5L42).
- All 11 Communities and their members provide releases of all claims against BC Hydro and the Province for the past, present and future impacts caused by BC Hydro's Facilities in the Territory. There a number of claims NOT being settled (see section 3 of the Agreement and below)

What is not included in the Settlement Agreement and not being settled?

- Any claims for adverse human health impacts caused or contributed to by the Facilities as a result of electric magnetic fields or electricity
- Future trespasses or personal injury or death caused by BC Hydro
- New Facilities: any new generation or transmission facility work or structure proposed to be constructed, or installed, by BC Hydro after the settlement agreements which requires a new water license or transmission line easement or material amendment to existing water license or easement, except:
 - New Transmission Line 5L43 (a 500 Kv Line from Kelly Lake to Cheekeye)
 - Southern Communities Grid Connection
 - Partial Relocation of 60L20 Transmission Line
- New Authorizations: any new authorization applied for by BC Hydro after the settlement agreements are signed except:
 - amendments that do not qualify as a New Facility
 - amendments that do not result in a material change in operation of the Generation Facilities
- Permanent Closures of the Facilities.



3. Relations Agreement

- This Agreement is between BC Hydro, the SCC & all 11 St'at'imc Communities with the goal of building a respectful, effective and evolving relationship.
- The Agreement provides for various on-going processes for St'at'imc and BC Hydro to work together on such things as:
 - Information Sharing (s. 4)
 - Operations Updates (s. 7);
 - Emergencies & Unplanned or Unforeseen Events (s. 5);
 - Business Contracting through Direct Awards & Other Opportunities (s. 8 & schedule B);
 - Employment, Education & Training Plan (s. 8.11);
 - Protection of Cultural Heritage (s. 10); and
 - Environmental Management & Protection (s. 13)
- There are processes for proposals for any material changes to the Bridge River and Cheakamus Facilities, for any New Facilities (s. 15), New Transmission Line (s.16), Removal or Closure of Facilities (s. 17) and Surplus Lands (s.18).
- The Business, Employment and Training opportunities include:
 - Direct award contracts for vegetation management (\$2 million minimum over 10 years), Bridge River WUP Programs (\$4 million over 10 years), and general contracting (\$2 million over 15 years);
 - Contracting opportunities for the New Transmission Line (\$1 million minimum contracting opportunities), the movement of 60L20, Southern Grid Connection (\$1.2 million contracting opportunities - completed); and
 - a multi-year Education and Training Program (20 year joint program –St'at'imc / BC Hydro).

4. Community Agreements (On-reserve)

- Each Community has its own Community Agreement that resolves all on-reserve grievances and claims against BC Hydro and the Province and provides full and final releases related to BC Hydro's Facilities located on reserve, including road access to the Facilities, and BC Hydro's continued operations.(see sections 6.1-6.3, 9.13)
- Any historic claims against Canada remain outstanding.
- ~~Each Community Agreement provides for the replacement of BC Hydro's permits to BC Hydro for:~~
- Scheduled to each Community Agreement are replacement permits to BC Hydro for:
 - Distribution and Road Access Permits (s.28)
 - Transmission Line Easement (s. 35)
 - Flowage Easement (Tsal'alh and T'it'q'et only)
 - Lawful Possessor Agreements related to Transmission line Easements (Tsal'alh, Xaxlip, Sekw'wel'as and T'it'q'et only)



5. Summary of Internal Agreements Amongst the SCC and the Communities:

A. Two Implementation Agreements

- One St'át'imc Implementation Agreement will be amongst all 11 Communities and will assist in the implementation of the Relations Agreement and the Certainty Provisions. A second St'át'imc (PC) Implementation Agreement amongst the 10 St'át'imc (PC) Communities will assist in the implementation of the St'át'imc (PC) Settlement Agreement and the Trust, including the sharing formula which sets out the percentage of the compensation payments received by each Participating Community.

B. St'át'imc (PC) 2011 Trust Agreement⁴

- It was the decision of the SCC to recommend to the Communities the use of a trust, and it is a condition of the St'át'imc (PC) Agreement. The 10 St'át'imc (PC) Communities will together create the St'át'imc (PC) 2011 Trust.
- The Trust will receive, invest and administer all of the payments made under the St'át'imc (PC) Settlement Agreement, and be responsible for distributing these payments to the 10 St'át'imc (PC) Communities and the SCC.
- Trust monies can be used for a broad range of purposes including: education and training, culture and heritage, social and spiritual well being, aboriginal title, rights and responsibilities, health, economic development and well being, infrastructure and programming, recreation and sport, administration and governance.
- Each Community will appoint a Trustee to govern the Trust who is not a chief or councillor. An Administrative Trustee will also be appointed to assist and oversee the management and distribution of trust funds, including regular reporting to the Communities and the SCC.
- The Trustees, after consultation with the SCC and the Administrative Trustee will choose Investment Manager(s) who are responsible for investing the trust funds.
- Each Participating Community receives monies from the Trust in proportion to the sharing formula and use these monies for purposes that benefit their Community. No per capita payments are allowed.
- The SCC receives monies from the Trust based on submitted budgets which are approved by the SCC and are for the Programs and purposes approved by the SCC that benefit the Participating Communities. No per capita payments are allowed.
- As part of the St'át'imc (PC) Settlement Agreement the Participating Communities have agreed that in 5 years there will be a minimum of \$15 Million built up in the Trust which will be invested until the end of the Trust.
- A Trust must be in place until all of the Facilities in the Territory are closed or 99 years.

⁴ Deloitte & Touche LLP provided an indepth financial analysis regarding the potential financial benefits of using a Trust for the administration of this Settlement which is available at the Information Meetings or on request.



What is required to approve the Settlement Agreement?

Upon approval by vote of the 11 St'át'imc Communities, the Settlement Agreement will be deemed to have been ratified by St'át'imc and each of the 11 Communities. In the case of each Community, the vote will be approved if a majority (50% plus one vote) of the Eligible Voters of each Community vote "Yes".

What happens if the Settlement Agreement is not approved?

This Settlement Agreement is the product of 17 years of negotiations and represents the best agreement that is available by negotiations with the Province and BC Hydro at this time. There is no commitment by the Province or BC Hydro to continue negotiations if this Settlement Agreement is not approved by St'át'imc.



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ST'ÁT'IMC HYDRO AGREEMENT

IMPACT RECONCILIATION

IMPACTS TO FISH

- Salmon runs and habitat destruction caused by construction of dams and flooding of land
- Destruction of habitat relied on by wildlife caused reduction in wildlife abundance

SETTLEMENT APPROACH

- Bridge Coastal Restoration Project (BCRP) continues (Cert Agrmt. S4.2, 4.4)
- BCH Operational Changes:
 - a) Seton sockeye smolt protection (SPC 5.2)
 - b) Adult fish passage (SPC 5.4)
 - c) Lower Bridge Flows (SPC 5.5)
- Environment and Natural Resource payment (SPC 2.5 \$440K/99 yrs)
- Fish Habitat protection & enhancement (WUP 7.3)
- Wildlife Habitat (WUP 7.4)

IMPACTS TO LAND

- Loss of reserve land due to transmission, distribution and generation of electricity
- Loss of land in territory due to transmission, distribution and generation of electricity

SETTLEMENT APPROACH

- Family settlements (Community Agrmt)
- Replacement Lands (Community Agrmt)
- Relocation of 60L20 (SPC 7)
- Relocation of Transmission poles (Cayoose) and Distribution Lines (Xwisten)
- Surplus Lands (Relations 18)
- SLEMP (SPC 5.3(b))

IMPACT TO PEOPLE

- Dislocation of people from homes
- Lost opportunity – opportunity cost
- Continuity and practice of culture
- Health
- Socio-economic

SETTLEMENT APPROACH

- Family settlements
- Compensation to community (community agreement s.2)
- Compensation to Trust (SPC s2/ Trust Indenture / SPC s.3)
- Business/Employment/Training opportunities (Relations s.8; community Agrmt)
- Culture & Heritage Protection and Payment (Relations s.10 / SPC s.2.6 /Trust sch. B)
- Revenue Sharing /Provincial programs (CA s4.3)
- Emergency Planning (Relations s.5)

IMPACT TO WATER

- Seton Watershed
- Bridge River Watershed

SETTLEMENT APPROACH

- Seton Lake levels (SPC s5.3)
- Water Use Plan (WUP / Relations s.8.3)
- Bridge River Flows (SPC s.5.5)
- New Facility Process (Relations s.15)
- Closure of Facilities (Relations s.17)
- Bridge Seton Watershed Strategic Plan (Relations s.12)
- Environmental Management Plans & Environmental (Relations s.13)

This Pamphlet

This pamphlet summarizes the impacts of Hydro on Xaxli'ip, and covers questions and comments we've heard from Xaxli'ip members so far.

Impacts on Xaxli'ip

- Lines and development
- CP Holder Impacts
- Impact to water supply
- Impact on territory and lands
- No electricity for some homes
- Impact on Culture and Heritage
- Loss of economic opportunities

Xaxli'ip lost lands to BC Hydro operations and suffered damages to the territory as a result of transmission line construction.

Unique concerns to Xaxli'ip include loss of land use for housing development and reduced economic opportunities, pesticide spraying on the lines, and loss of reserve lands to BC Hydro, and agricultural impacts.

For More Information

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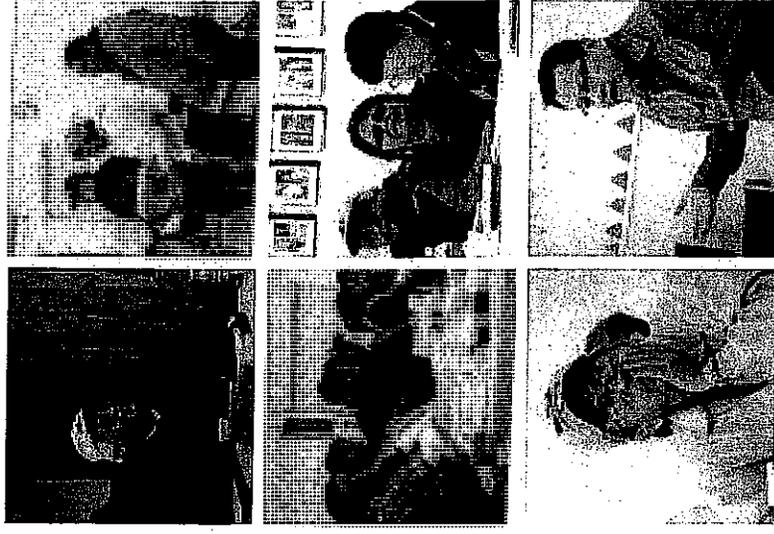
Community Coordinator

- Isaac Adolph

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STATIMC HYDRO AGREEMENT



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Health • Prosperity • Happiness

Xaxli'ip

(Fountain)

Xaxl'ip Questions

What happens if we vote "No?"

An expedited second vote may be carried out subject to agreement among the Parties. Neither the Province or BC Hydro have a mandate to negotiate beyond what is presently offered in the agreement.

When will the benefits kick in/ When will I see things happen?

Once the agreements are signed, the benefits will begin to flow; in some instances, 60 days after the agreement is signed. The settlement structure will provide payments for 50 years for some purposes, and up to 99 years for others.

How can members who live out-of-province participate?

Members who are unable to attend information sessions in the community should visit Youtube where videos that answer questions are being posted regularly. Members can also visit the Facebook page to ask questions and have them answered. The Facebook also features summaries of each of the community meetings. A mailing voting package will also be sent to the member if their mailing address is known.

What is an administrative trustee?

The administrative trustee will be a company that has a track record of successfully managing trusts. They will work with the trustees to ensure the trust is being managed in the best possible way.

How will the communities pick a trustee?

A Band Council Resolution is required to confirm the trustee appointment. How a community selects a trustee will be determined by each community. Councillors and non-members are ineligible to become trustees.

Did every community get the same deal?

Settlement funds are based on impacts, meaning the most heavily impacted communities receive a larger portion of the settlement funds. The Chiefs believe that this was the fairest way to address the impacts and distribution of settlement funds.

How does this agreement help us today, and in the future?

It will reduce the impacts from hydro development on our fish, wildlife, and water; specifically our water use and water availability. This benefits to everyone that depends on salmon in the Fraser system.

Looking Forward: From Xaxl'ip Members

Top Values Listed by Xaxl'ip Members in the Survey:

1. Children and Families
2. Language and Culture
3. Care for Environment

Top Goals from Xaxl'ip Members:

1. Create more jobs for members
2. Strengthen language and culture
3. More education

"Great way to communicate with the people through these informations sessions, hope more come out and raise their concerns before the BIG day of decision comes!"

"The benefits from the Hydro Agreement, will give out children, grandchildren a better future, without the struggles that our ancestors had."

"Knowledge is power, without it there is doubt. Agreement will benefit today and the future."

-Xaxl'ip Members

ST'ÁT'IMC HYDRO AGREEMENT

Xaxli'p

3rd Information Session

March 27, 2011

11:00 am-3:00 pm

Nuk'wa'yih Hall

Agenda

Opening Prayer

Introductions Open comments from:

- Community Chief (5 min)
- (SCC Chair) Mike Leach (5 min) Presentation

Meal

Please join us for a meal (Meal Starts at: 11am on Weekends / 5pm on Weekdays)

Slide show

With history, summary of agreements with legal counsel, governance overview, and presentation on the trust.

Chief wrap up presentation

Hand out survey

Closing Prayer

Door Prizes

Key Themes of the Third Round

- Understanding the agreements • Discussion around governance and the trust

Key Changes from Round 2

Will have an in-depth presentation on the agreements, governance, and the trust