

Northern Housing Trust

Funding Agreement

THIS AGREEMENT made as of its Effective Date February 6, 2007.

BETWEEN:

The Government of Yukon as represented by the Premier as the Minister of Executive Council Office (the "Yukon")

AND:

The Kluane First Nation (the "First Nation")
being collectively the parties (the "Parties") to this Funding Agreement (this "Agreement")

WHEREAS the Government of Canada has established the Northern Housing Trust, under which \$50,000,000 (Fifty Million) dollars (the "Northern Housing Trust funds") are allocated to the Yukon Territory to provide funding to increase the supply of affordable housing, including rental, transitional and supportive housing;

AND WHEREAS Yukon and Yukon First Nations have agreed that \$32,500,000 (Thirty Two Million Five Hundred Thousand) of the Northern Housing Trust funds will be allocated to Yukon First Nations to address their affordable housing needs;

AND WHEREAS the Yukon First Nations have allocated the said \$32,500,000 among themselves;

AND WHEREAS Yukon wishes to enter into this Agreement with the First Nation to provide funding in the First Nation's agreed allocation amount of one million six hundred and sixty-six thousand five hundred and forty one dollars and eighty-two cents (\$1,666,541.82);

NOW THEREFORE in consideration of the mutual promises contained in this Agreement, the Parties agree as follows:

1.0 The Agreement

1.1 This Agreement, including the attached Schedule "A", shall constitute the whole Agreement between the Parties.

2.0 Definitions

2.1 In this Agreement,

“affordable housing” means single, family, public/social and specialized (seniors/Elders, transition and supportive) housing;

“Eligible Project or Initiatives” means one or more of the Eligible Investments set in schedule “A”

“fiscal year” means the period of twelve months commencing on the 1st day of April and ending on the 31st day of March next following;

“Allocated Housing Funds” means **\$1,666,541.82**, being that portion of the Northern Housing Trust funds allocated to the First Nation as aforesaid;

3.0 Eligible Projects and Initiatives

3.1 The First Nation agrees to expend the Allocated Housing Funds for the purposes of Eligible Projects and Initiatives.

3.2 The First Nation has identified the following Eligible Projects and Initiatives as its affordable housing priorities:

1. Upgrade, renovation, replacement and new construction projects that increase the supply of safe, adequate, affordable housing by addressing:
 - (a) immediate needs; (\$278,541.82 for 2006-07) Dept’s #910,940; (\$350,000.000 for 2007-08) Dept. #910
 - (c) health and safety issues - air quality/ventilation, mould problems, suitability for persons with special needs, major defects; for single, family, and specialized (seniors/Elders) units. (\$206,000.00 for 2007-08) Dept. #900
2. Initiatives to improve capacity, effectiveness and efficiency in the supply of affordable housing on a sustainable basis, while enabling communities to benefit from economic development opportunities, including initiatives to:
 - (a) facilitate transitions to occupant responsibility/ownership in FN communities; (\$20,000.00 for 2006-07) Dept. #901; (\$20,000.00 for 2007-08) Dept. #901
 - (c) increase awareness and adoption of housing technologies suitable for northern conditions; (\$24,000.00 for 2006-07) Dept. # 910 Planning
 - (f) enhance or facilitate access to financing for the supply of affordable housing. (\$768,000.00 for 2006-07) Dept #925

3.3 The Parties acknowledge that the priorities described in 3.2 may change in accordance with determinations by the First Nation of its immediate needs and circumstances.

3.4 The First Nation may use Allocated Housing Funds in partnership, coordination or other collaborative arrangements with other Yukon First Nations, the Yukon or other parties to undertake Eligible Projects and Initiatives and will consider opportunities and ways to maximize the overall economic benefit to be obtained from its expenditures where practicable.

3.5 The Parties agree that the Allocated Housing Funds are intended to add to, and not to duplicate or replace, funding already committed to their respective housing initiatives.

4.0 Provision of Allocated Housing Funds

4.1 Subject to the terms and conditions of this Agreement, Yukon shall provide the Allocated Housing Funds to the First Nation as a grant as authorized by **Kluane First Nation**.

4.2 The Allocated Housing Funds shall be paid as follows:

(as per the First Nation's schedule)

in fiscal year 2006/07:	\$1,090,541.82
in fiscal year 2007/08:	\$ 576,000.00

4.3 Yukon's obligation to provide the Allocated Housing Funds is subject to the following:

- 4.3.1 the Yukon *Financial Administration Act*; and
- 4.3.2 money being appropriated by the Legislature for the purpose of this Agreement.

5.0 Financial Accountability

5.1 The Allocated Housing Funds shall be recorded and reported by the First Nation on a segregated basis for accounting and audit purposes.

5.2 For each fiscal year during which the First Nation expends Allocated Housing Funds for Eligible Projects and Initiatives, the First Nation shall provide to Yukon a copy of the First Nation's annual audit of the account it has maintained under 5.1.

5.3 In the event that Yukon believes that the Allocated Housing Funds provided under this Agreement are not being used for the purposes of this Agreement:

5.3.1 Yukon shall give the First Nation written notice of its concern;

5.3.2 the Parties will discuss uses which can be made of the Allocated Housing Funds for the purposes set out in Schedule "A" in the circumstances for the benefit of the First Nation;

5.3.3 failing agreement under 5.3.2, any Allocated Housing Funds that have been provided to the First Nation that are not expended shall be returned to Yukon and shall be allocated to other Yukon First Nations, pro rata in accordance with the allocation which the Yukon First Nations have otherwise determined, to be used for Eligible Projects and Initiatives;

5.3.4 any Allocated Housing Funds not advanced to the First Nation shall be allocated to other Yukon First Nations, pro rata in accordance with the allocation which the Yukon First Nations have otherwise determined, to be used for Eligible Projects and Initiatives.

5.4 If the Allocated Housing Funds are reallocated to other Yukon First Nations under 5.3.3 or 5.3.4, this Agreement shall be terminated.

6.0 Legal Relationship

6.1 Nothing in this Agreement shall create the relationship of principal and agent, employer and employee, partnership, or joint venture between the Parties.

7.0 Term

7.1 This Agreement shall come into force and have effect upon signing by the Parties, and, if signed by the Parties, respectively, on different dates, on the later of those dates (the "Effective Date") and shall expire on the last day of latest fiscal year set out in 4.2.

8.0 Amendment

8.1 Any amendments to this Agreement shall be made in writing and executed by both Parties.

9.0 Termination

9.1 Nothing in this Agreement is intended to disentitle Yukon from any remedy to which it may at law be entitled in the event of a breach by the First Nation of the provisions hereof.

9.2 Any outstanding obligations of the First Nation shall survive the termination or expiry of this Agreement.

10.0 Notices

10.1 Any written communication, report, or notice required pursuant to this Agreement may be given by personal delivery to the undersigned, or by fax, or by prepaid post mail to the addresses set out below. A notice shall be deemed considered to be received if delivered personally, on the date of delivery; if delivered by fax two business days after transmission; or if delivered by post mail, three business days after posting mailing.

If to the First Nation:
Chief Robert Dickson
Kluane First Nation
P.O. Box 20
Burwash Landing, Yukon
Y0B 1V0
fax: 867-841-5900

If to Yukon:
Michael Hale
Executive Council Office,
Government of Yukon
P.O. Box 2703
Whitehorse, Yukon
Y1A 2C6
fax:

11.0 Signing of this Agreement

11.1 Each Party represents and warrants that it has full power and authority to enter into, perform, and execute this Agreement, and that the person signing this Agreement on behalf of a Party has been properly authorized to do so.

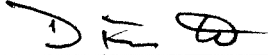
11.2 This Agreement may be executed in counterparts, each of which will be deemed considered as an original, and all of which will constitute one and the same document.

12.0 Application of Laws

12.1 This Agreement shall be interpreted and Eligible Projects and Initiatives shall be carried out in accordance with applicable territorial, federal, and municipal laws.


IN WITNESS WHEREOF the Parties have executed this Agreement by their duly authorized representatives on the dates noted below.

Government of Yukon

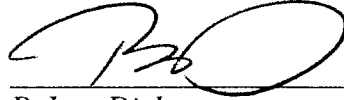


Dennis Fentie
Premier

21.02.07
date


Witness

The Kluane First Nation



Robert Dickson
Chief Kluane First Nation

Feb 6/07
date


Witness

Schedule A

Northern Housing Trust

Investment Plan **(As approved by the Yukon Forum)**

NORTHERN HOUSING TRUST

ORIGINS and AUTHORITY

In Budget 2006, the Government of Canada allocated \$300 Million for Affordable Housing in the Territories (Nunavut, NWT and Yukon). The budget plan states:

“The pressures on housing in the territories, where many Aboriginal Canadians live, are particularly acute. In order to help address short-term affordable housing pressures, the Government is providing a one-time payment of \$300 million, to be paid into a third-party trust, contingent on sufficient funds from the 2005-06 surplus in excess of \$2 billion. The Northern Housing Trust will support investments to increase the supply of affordable housing, including rental, transitional and supportive housing in the territories.

“...funding will be notionally allocated over three years and distributed among the three territories as follows: \$50 million each for the Yukon, the Northwest Territories and Nunavut, plus an additional \$150 million for urgent needs in Nunavut.”

Following approval of the budget by Parliament, a Trust was set up to hold and disburse the funds.

The principles of the Trust include an acknowledgement of the importance of stable, affordable and good quality housing, and the contribution that such housing can make to improve the lives of individuals and families, as well as to strengthen communities.

Also included is acknowledgement that northerners often face unique, difficult housing conditions in terms of safety, adequacy and affordability, conditions that can be further complicated by a short construction season and high construction costs.

The Trust provides for investments in housing according to the different needs and priorities of the different territories. It is not intended to replace territorial investment in affordable housing.

To successfully respond to affordable housing pressures, governments are encouraged to enhance collaboration and partnerships among all levels of government, communities, non-profit organizations, the private sector and individuals. Territories are also encouraged to report directly to citizens on the expenditures financed through the Trust.

THE HOUSING TRUST FOR YUKON

At the Yukon Forum held May 12, 2006, First Nations and Yukon discussed the \$50 million Northern Housing Trust allocation for the Yukon. The Chiefs and the Premier agreed that the Northern Housing Trust presents a unique opportunity to address the affordable housing needs and to make lasting improvements to the quality of affordable housing in Yukon. Of particular importance, it would allow for quick action to be taken to address some of the most serious problem areas such as mould and other air quality issues. They also agreed that the Northern Housing Trust presents many economic opportunities as well as opportunities for capacity building and training. It was also recognized that there could be opportunities for collaborative and partnership arrangements on affordable housing projects and initiatives.

The Forum agreed to work in partnership to establish an allocation of the Trust between Yukon and Yukon First Nations, and to prepare a joint investment plan to guide how the trust funds would be used. A working group was established. It held several meetings over the summer, with officials reporting back to their respective leaderships from time to time.

It was determined by a majority of the Yukon Forum members that the allocation should be \$32.5 million to Yukon First Nations and \$17.5 million to Yukon. The Yukon First Nations will determine how their portion of the Trust proceeds will be allocated amongst themselves. It was also agreed that the Yukon Government and Yukon First Nations would be guided by the Investment Plan set out below.

Based on the agreement reached, Yukon provided for a First Nation allocation of \$32.5 million in the Supplementary Budget (for the Executive Council Office) tabled November 23, 2006 in the Yukon Legislative Assembly. Once the Supplementary Budget is approved and the allocation to each Yukon First Nation has been determined, the Yukon Government and each Yukon First Nation will enter into a funding agreement which will provide for the delivery of funds for the eligible projects and initiatives that First Nations choose to undertake.

INVESTMENT PLAN

Eligible Investments:

1. Upgrade, renovation, replacement and new construction projects that increase the supply of safe, adequate, affordable housing by addressing:
 - (a) immediate needs;
 - (b) ongoing needs; and
 - (c) health and safety issues - air quality/ventilation, mould problems, suitability for persons with special needs, major defects; for single, family, public/social and specialized (seniors/Elders, transition and supportive) units.

2. Initiatives to improve capacity, effectiveness and efficiency in the supply of affordable housing on a sustainable basis, while enabling communities to benefit from economic development opportunities, including initiatives to:
 - (a) facilitate transitions to occupant responsibility/ownership in FN communities;
 - (b) increase efficiency in the purchasing and delivery of building materials and services;

- (c) increase awareness and adoption of housing technologies suitable for northern conditions;
- (d) strengthen the on-going skills base in the communities for the management of housing programs and projects, in the building trades and for housing inspections;
- (e) improve occupant knowledge for housing care and maintenance; and
- (f) enhance or facilitate access to financing for the supply of affordable housing.

Participants:

Each of the Self-Governing Yukon First Nations and Yukon Indian Bands (together, the "First Nations") and the Government of Yukon.

General Principles:

1. Trust funds may be directed by a Participant, individually or in co-ordination with any other Participant(s), toward any of the Eligible Investments by way of single units or multi-units and for the benefit of any mix of components of affordable housing demand.
2. Each Participant, within its responsibility, is the most appropriate judge of the housing needs of its constituency, and the best ways to meet those needs. Each Participant will have the flexibility to direct its allocation of Trust funds to any of the Eligible Investments as it may deem appropriate in its circumstances and as its priorities may dictate.
3. Participants should consider opportunities and ways to maximize the overall economic benefit to be obtained from expenditures for Eligible Investments and, to this end, should seek to co-ordinate their activities where possible.
4. Trust funds should not duplicate or replace funding already committed to established programs and initiatives. Participants should seek complementary program funding for their Investment activities where available.
5. Projects to improve or add to the housing stock should first take advantage of existing infrastructure before involving locations which require new infrastructure. Subject to that principle, infrastructure, land assembly and lot servicing costs, where incidental to achievement of the housing objective, will be eligible costs. Costs for operation and maintenance will not be eligible costs.

ALLOCATION OF TRUST FUNDS

As between Yukon and the First Nations:

\$32.5 million to the First Nations

\$17.5 million to Yukon

As among the First Nations:

As the First Nations may agree among themselves.

ADMINISTRATION

Trust Distributions:

The Trustee will distribute the funds to the Yukon Government when requested to do so by the Department of Finance. All funds in the Trust must be withdrawn by March 31, 2009

Mechanism for transfer of Funds:

Each First Nation and Yukon will enter into a funding agreement under which Yukon will provide the First Nation, as a grant, the funds that Yukon withdraws from the Trust for that First Nation's account. The funds will be provided in accordance with a schedule prepared by each First Nation and set out in the funding agreement. The agreement will stipulate that the funds are to be used for the delivery of affordable housing and are to be treated on a segregated basis for accounting and audit purposes.

Accountability:

As a government, each Participant will be accountable to its constituency for its activities and expenditures under the Investment Plan.

Review:

The Yukon Forum will annually review the collective achievements of its members under this Investment Plan and may agree to pursue initiatives, activities and projects which contribute to the continued success of the Investment Plan.