

Monetization & the Sts'ailes Vision

First Nations people are at an unprecedented time for community development.

The Capital Infrastructure Gap is considerable and solutions to funding the gap developing the projects identified is halted by the federal funding system's inadequacy to implement this change. Canada must address this call to action to change the funding mechanisms to recognize this stage of growth for First Nations financing to respond with the same abilities of the Provincial and Federal governments.

Our solutions to colonialism, extinguishment and the Indian Act have been many but consistent. Sts'ailes continued to press Canada and British Columbia to recognize Sts'ailes Traditional Law, Its Strength of Claim to the Land and our willingness and capacity to take back governance and return Traditional Lands to Sts'ailes.

Canada and BC did not plan for effective management or administration for First Nations. Extinguishment and Assimilation did not follow normal strategies for good governance. This is clear as we explain the barriers and phenomenal gaps, we encountered with developing our current projects.

Canada has marked the \$20 Billion Community infrastructure Gap with several strategies with out any success. The GAP is now \$30 Billion and lacks resources, money, and an effective fiscal framework. ISC requested FN's to work on a 10 year estimate, and Sts'ailes 10 year FNIIP is now **\$229,782,134.** Government mandates talk a lot about commitment to solving issues such as the OPIOD and Mental Health Crisis without addressing the necessary changes to the system or achieving milestones to step in motion lead projects.

The paternalistic Indian Act has a history of insufficient funding for projects, deliberate and planned underfunding of Operations and Maintenance, underfunding (and or ignoring) First Nations Project Management needs and not planning for FNs self governance and Self Determination.

The province had ignored effective capital and program funding for First Nations claiming that we were the responsibility of the Federal Government. 30 years ago, the common understanding of provincial services was that BC on came onto reserves to arrest you or apprehend your children. This is why the system is unprepared to implement federal and provincial mandates to address the social crisis on reserve. It also explains some of the duplication of services such as Mental Health and Addictions the lack of accountability to first Nations.

The First Nations Accountability Act has developed layers of bureaucracy and barriers. CIRNAC, ISC, Health Canada and other ministries have an accountability to Treasury Board first. New Revenue and Capital Funding must follow existing funding requirements. A Monetization Strategy can not fund the Capital Funding Gap. The individual ministries have pre-existing funding limitations. The Annual Budgets and Costs for Monetization need to identify Communities, exact budgets, and be written in a program funding language.

Canada needs a Lead Project

The Challenge to demonstrate to Canada, ISC, CIRNAC and Health Canada a path for Monetization that is sustainable and shovel ready with a First Nations that has the Capacity deliver the results. The plans for such an innovative model that closes the gap at a fraction of the one-time funding and can be duplicated.

- Sts'ailes has Borrowing Capacity to initiate project.
- Project Management Capacity
- Governance Plan
- Management Plan
- Finance Plan
- Facility Project Plan
- Available Land

Government Funding ... Sustainable Funding

People often say that capital funding is the easy part and projects really require ongoing program funding. Governments in Health require detailed plans to acquire ongoing program funding

- Service Plans
- Management Plans
- Operating Plans

Treasury Board requirements for funding

- Identifies the project in Program funding definitions.
- Program funding identified in Federal Ministry
- Exact funding provided
- Schedule for program funding
- First Nation or entity name

Sts'ailes done lots of homework over the past 5 years to identify and eliminate risks. We have taken clear steps to address

- Project Management Capacity
- Construction Management Capacity
- Professional Program Expertise
- HR Planning
- Professional Development and Education
- IMIT Planning
- Stakeholder mapping
- Feasibility Planning
- Civil work master planning
- Project Bundling

- Lifetime Asset Planning for Operations and Maintenance

Sts'ailes Model

The Sts'ailes Monetization Plan is a simple one. Sts'ailes will use its borrowing capacity to cash flow the design and construction stages of the underfunded capital projects and off set this with program funding for building maintenance for the corresponding project. The funding agreement needs to match the annual cost of the Principle plus interest and the term of Sts'ailes loan.

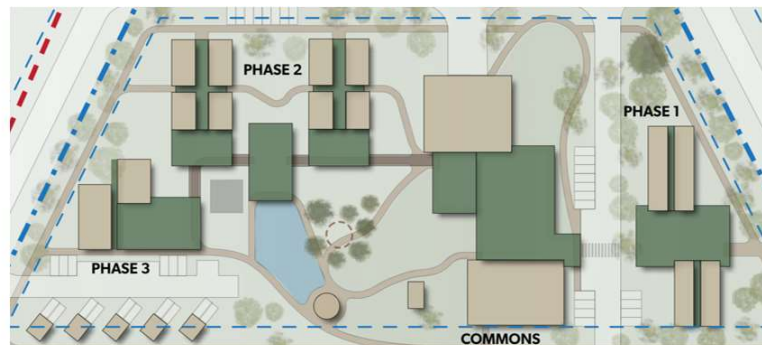
We have approximately 30 years of guaranteed revenue from several energy projects. The longer the time it takes to establish the new Monetization strategy the less time is available for the energy purchase agreements for out energy projects.

Sts'ailes target project for Monetization

Telmexwawtexw Healing Center

Project Update

The centre includes the following phases based on the treatment programming:



Phase 3: Reconnection

Stage 1: 10 bed multiplex
Stage 2: 5 cabins

Phase 2: Healing

23 beds for adults & couples, residential

Commons: Programming for all phases

Longhouse + Gathering
Kitchen + Dining
Administration + Operations
Covered Outdoor

Phase 1: Stabilization (Detox Centre)

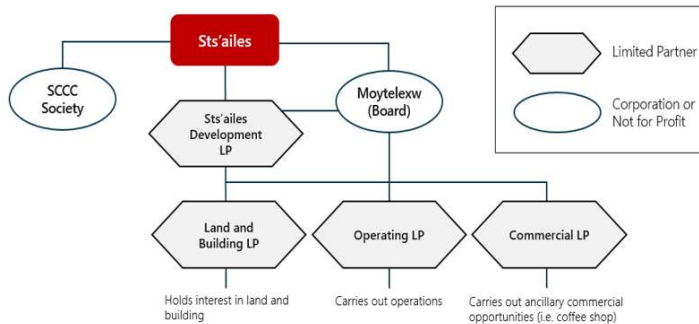
8 Cultural Medicinal Beds
2 Clinical beds

Sts'ailes has already established a society and Building and Maintenance LP to manage a First Nation Led Primary Care Facility currently under construction.

Below is the intended structure to developing the Telmexwawtexw Healing Centre, which is planned to funded differently for each service phase.

Telmexwawtexw Healing Center

Phase 1: Governance Structure

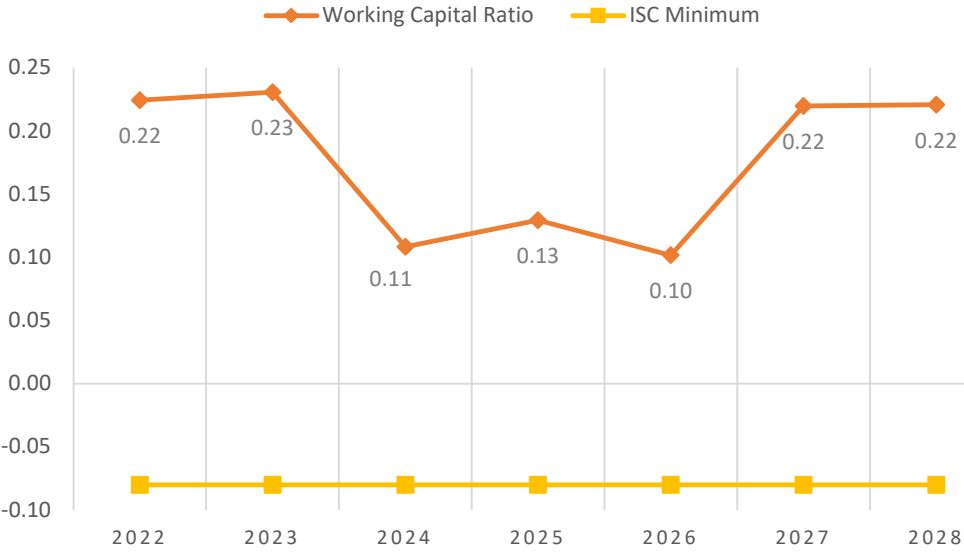


- Phase 1, Stabilization (Detox Centre), will be operated by the *Land and Building LP*, a *Moytelexw* company that holds interest in Sts'ailes lands and infrastructure.
- *Moytelexw*, the Sts'ailes Development LP's Managing Board, is a General Partner responsible for the management of the *Land and Building LP*.
- Phase 3 Housing will be a housing rental company which takes referrals from Phase 1 Stabilization and Phase 2 Healing. Rental agreements will be formed for those moving from Phase 2 Healing to the Phase 3 multiplex or cabin.

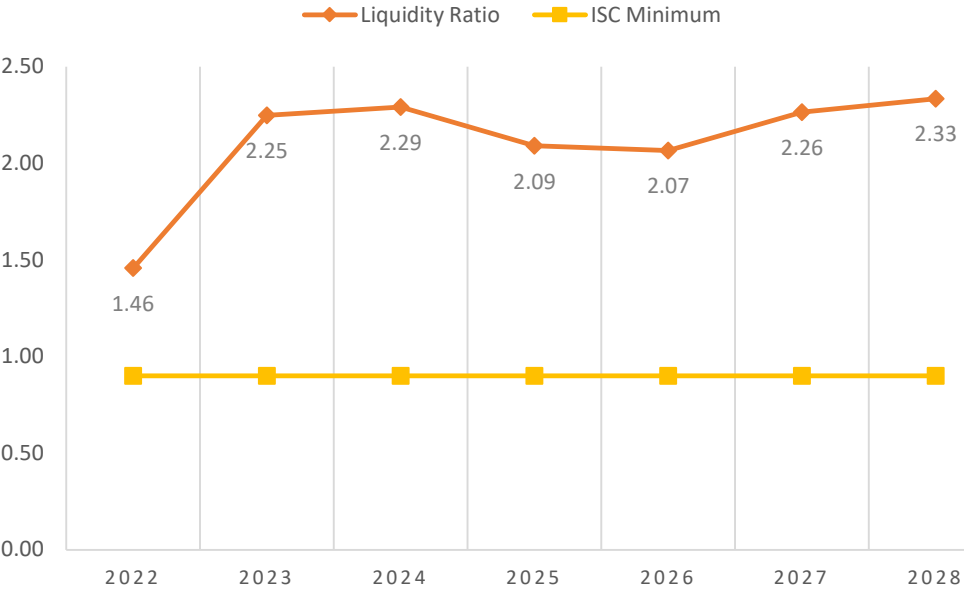
Sts'ailes Capacity has been a product of several years of dedication to a vision for the traditional territory, the Sts'ailes Culture & Traditions, Economic Self-Sufficiency. We pay attention to our accountability and our capacity. We pursue Self – Governance and look at the tools the Federal and Provincial Governments use to fund major capital initiatives. We know that using the bond – markets to borrowing investment capital over long periods of time supports long term capital projects.

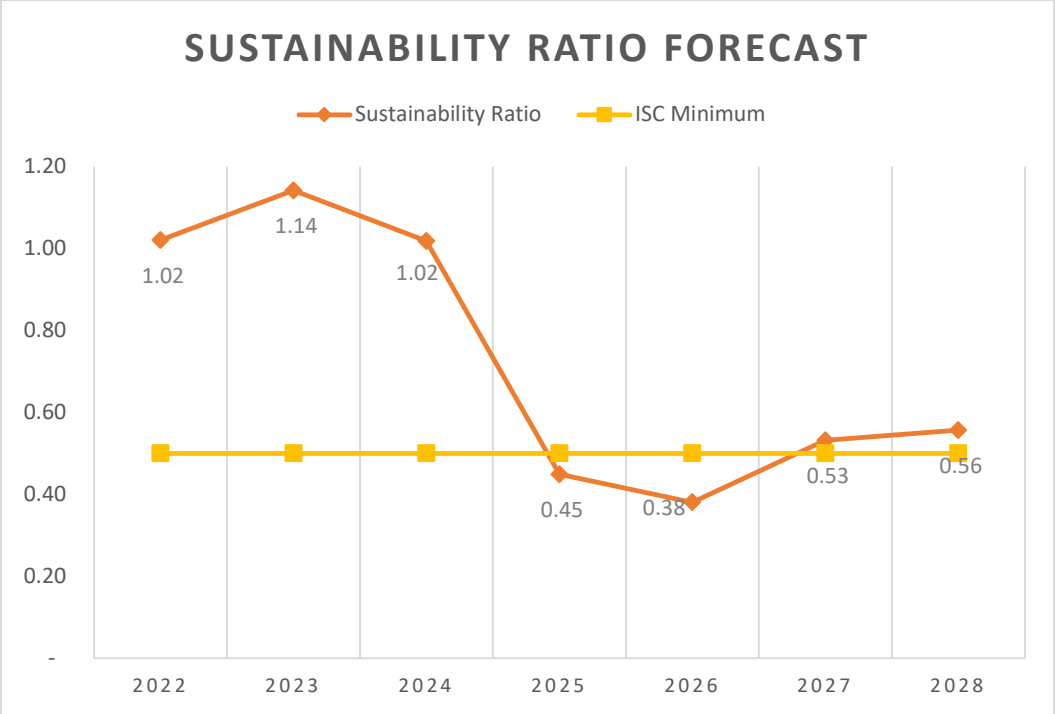
So we studied the projected impact of borrowing for the major projects we are planning. We asked MNP to forecast our Working Capital to Revenue Ratio, Liquidity Ratio and our Sustainability ratios by holding constant many of our budgets so that we could isolate the impact of Monetization. We had different borrowing scenarios, and these 3 graphs show the effects of the most probable project development plan.

WORKING CAPITAL TO REVENUE RATIO FORECAST



LIQUIDITY RATIO FORECAST





Sts'ailes has the liquidity and the working capital to manage the debt load of the most probable outcome with relative certainty over funding expectations.

Sustainability ratio will be adverse which could be problematic when dealing with credits and fundings, however the favourability of the liquidity and working capital ratios does negate some concern over long-term insolvency.

The collective result of this analysis provides comfort over Sts'ailes ability to take on these projects under the aggressive timeline proposed, with the expected funding previously identified.

There will be a substantial shift from a net asset position to a net debt position. This shift means Sts'ailes immediate liabilities will far exceed its immediate financial assets, as considerable long-term debt and assets will be utilized to invest in non-financial assets, being the tangible capital assets.

The timeline of net debt repayment under each scenario is outlined below, with the net debt position commencing in 25 years.

Conclusion

Monetization is a self determination step and long-term borrowing for strategic investment in capital is a function of government.

First Nations with capacity in project management, financial management and business development need access to directed funding for monetization. Federal Ministries are allocated specific funding for specific purposes that are defined in program allocation methods.

Further support for project management needs to be put in place as capital development on reserve should accelerate by 11 times and greater due to access to bond markets. First Nations will expand their roles and responsibilities to project management. Strong Project management skills in project plannings, Financial Analyst, Construction Management and Life-cycle Asset Planning.

These steps will open the doors to the Asset Management. First Nations want control of their Assets and will also be adding engineers to their teams both for project management and asset management. These will develop reserve funds for maintenance and replacement of assets.