

THIS AGREEMENT MADE IN QUADRUPLICATE THIS 11<sup>th</sup> DAY OF JUNE, 2002

BETWEEN:

**THE SASKATCHEWAN LIQUOR AND GAMING AUTHORITY**  
(hereinafter referred to as "SLGA")

OF THE FIRST PART

AND:

**SASKATCHEWAN INDIAN GAMING LICENSING INC.**  
(hereinafter referred to as "SIGL")

OF THE SECOND PART

### SIGL REGULATORY AGREEMENT

**WHEREAS** subsection 35(1) of the *Constitution Act, 1982* recognizes and affirms the existing aboriginal and Treaty rights of the aboriginal peoples of Canada;

**AND WHEREAS** it is the position of the Federation of Saskatchewan Indian Nations (hereinafter referred to as "FSIN") and its members, without it being the intention of the Government of Saskatchewan (hereinafter referred to as the "Government") or SLGA in any way to confirm such position by this Agreement, that they enjoy an existing inherent right of self-government, confirmed by the six Treaties in Saskatchewan, and have the necessary authority to enact laws on matters of concern to all First Nations in the Province of Saskatchewan (hereinafter referred to as "Province") who are signatories to the *FSIN Convention* based on an exercise of that right, including in relation to gaming;

**AND WHEREAS** by Agreements dated February 10, 1995, (hereinafter referred to as the "1995 Framework Agreement") March 31, 2000, (hereinafter referred to as the "Amending Agreement") and June 11, 2002 (hereinafter referred to as the "2002 Framework Agreement"), an agreement was negotiated between the Government and the FSIN, consistent with the requirements of the *Criminal Code*, R.S.C. 1985, c. C-46 for a consensual and orderly process for a First Nations entity to license charitable lottery schemes on Reserve;

**AND WHEREAS** the First Nations of Saskatchewan have, through the FSIN Legislative Assembly passed the *First Nations Gaming Act* pursuant to which the First Nations of Saskatchewan have established SIGL for the purpose of, among other things, exercising on Reserve the licensing and regulatory functions hereinafter referred to and have established the Saskatchewan Indian Gaming Authority Inc. (hereinafter referred to as "SIGA") for the purpose of serving as the proponent and operator of casinos established pursuant to the 1995 Framework Agreement and the 2002 Framework Agreement;

**AND WHEREAS** SIGL and SIGA have been incorporated pursuant *The Non-profit Corporations Act, 1995*, S.S. 1995, c. N-4.2 for the purposes of carrying out their functions;

**AND WHEREAS** the 1995 Framework Agreement, Amending Agreement and 2002 Framework Agreement contemplated that SIGL would be an entity specified pursuant to subsection 207(1)(b) of the *Criminal Code* as an authority authorized to issue licenses to charitable and religious organizations to conduct and manage charitable lottery schemes on Reserve, in the Province;

**AND WHEREAS** subsection 207(1)(b) of the *Criminal Code* provides that the Lieutenant Governor in Council of the Province may specify a licensing authority to permit a charitable or religious organization to conduct and manage a charitable lottery scheme in the Province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;

**AND WHEREAS** section 2.1 of the 1995 Framework Agreement and Part 2 of the 2002 Framework Agreement provide that the Government and the FSIN would work together to develop and present to the Government of Canada proposals which would allow First Nations full jurisdiction in relation to all forms of gaming on Reserve, either through amendments to the *Criminal Code* or new federal legislation, which commitment is not expanded nor limited by this Agreement;

**AND WHEREAS** it is the desire of SIGL and SLGA to ensure that the monitoring and enforcement of terms and conditions of charitable lottery schemes and other gaming activities within the Province be performed in a consistent manner;

**AND WHEREAS** the 2002 Framework Agreement makes reference to the desire of the Government and the FSIN to develop the capacity of SIGL to undertake various functions involved in the licensing and regulation of gaming operations conducted on Reserve within the Province;

**AND WHEREAS** SLGA has been appointed as the Government's agent for the purpose of entering into this Agreement;

**AND WHEREAS** it is the desire of SIGL and SLGA to outline in this Agreement the process upon which such capacity building and delegation of licensing and regulatory authority over gaming functions will be undertaken and implemented;

**NOW THEREFORE** in consideration of the terms and conditions hereinafter set forth, SIGL and SLGA agree as follows:

## 1. DEFINITIONS

1.01 In this Agreement the following terms shall have the meanings ascribed to them, namely:

- (a) **"1995 Framework Agreement"** means the agreement dated February 10, 1995 between Her Majesty the Queen in right of the Province of Saskatchewan as represented by the Minister responsible for the Liquor and Gaming Authority and the Indian and Metis Affairs Secretariat and the Federation of Saskatchewan Indian Nations on its own behalf and on behalf of First Nations Bands and Tribal Councils in the Province of Saskatchewan;
- (b) **"2002 Framework Agreement"** means the agreement dated June 11, 2002 between Her Majesty the Queen in right of the Province of Saskatchewan as represented by the Minister responsible for the Liquor and Gaming Authority and the Federation of Saskatchewan Indian Nations on its own behalf and on behalf of First Nations Bands and Tribal Councils in the Province of Saskatchewan;
- (c) **"Amending Agreement"** means the agreement dated March 31, 2000 between Her Majesty the Queen in right of the Province of Saskatchewan, as represented by the Minister responsible for the Liquor and Gaming Authority and the Federation of Saskatchewan Indian Nations on its own behalf and on behalf of First Nations Bands and Tribal Councils in the Province of Saskatchewan;
- (d) **"Budget Review Committee"** means the committee established pursuant to the provisions of section 6.01 of this Agreement;
- (e) **"Casino Operating Agreement"** means the agreement dated June 11, 2002 between SIGA and SLGA;
- (f) **"Fiscal Year"** means the period April 1<sup>st</sup> to March 31<sup>st</sup>;
- (g) **"Licensed Games"** means table games which may be licensed pursuant to subsection 207(1)(b) of the *Criminal Code*;
- (h) **"Reserve"** or **"Reserves"** means a "reserve" as defined in the *Indian Act*, R.S.C. 1985, c. I-5 as amended from time to time and includes designated lands as defined therein and which are located in Saskatchewan; and
- (i) **"SIGA"** means the Saskatchewan Indian Gaming Authority Inc.

2. DELEGATION OF REGULATORY FUNCTIONS

2.01 In accordance with the provisions of this Agreement and the 2002 Framework Agreement, SLGA shall recommend to the Government that SIGL be delegated authority to:

*Phase 1*

(a) license and regulate charitable lottery schemes on Reserves, or at such other locations as agreed to between SIGL and SLGA, including bingos, breakopens, raffles and Licensed Games offered for play at SIGA casinos and any other charitable lottery schemes as agreed to between SIGL and SLGA from time to time;

*Phase 2*

(b) register gaming employees who provide gaming services and other services at gaming establishments licensed by SIGL;

*Phase 3*

(c) register gaming suppliers who provide gaming services and other services at gaming establishments licensed by SIGL; and

(d) perform any other gaming related functions as may be agreed to between SIGL and SLGA.

3. PROCESS FOR SIGL CAPACITY ASSESSMENT

3.01 Not later than 90 days following execution of this Agreement, SIGL and SLGA shall define the criteria upon which SIGL's initial capacity assessment will be conducted and select the third party to complete the assessment. The first of the capacity assessments to be conducted shall involve SIGL's capacity to regulate on Reserve charitable gaming including bingos, breakopens, raffles and Licensed Games offered for play at SIGA casinos.

3.02 For the purpose of demonstrating SIGL's capacity to perform the functions to be delegated to it, the following shall apply:

(a) in accordance with section 3.01, SIGL and SLGA shall jointly select a third party individual or organization whose responsibility it shall be to assess SIGL's capacity to perform the functions(s) to be delegated to it according to the criteria as established by SIGL and SLGA. The assessment shall commence not later than 30 days following receipt by SLGA of notice from SIGL requesting the assessment. The assessment shall identify and assess the following:

- (i) SIGL's capacity to assume licensing and regulatory authority over the function(s) assessed; and
- (ii) where applicable, any deficiencies that, in the opinion of the third party, may prevent SIGL from assuming licensing and regulatory authority over the function(s) to be delegated to it.

All reasonable efforts shall be made to complete the assessment not later than 90 days following its commencement;

- (b) where the third party assessment identifies deficiencies that may prevent SIGL from performing the licensing and regulatory functions to be delegated to it, SIGL and SLGA shall within 30 days following the completion of the assessment agree on an action plan to remedy the deficiencies. SLGA shall, where applicable, provide technical assistance including training options to allow SIGL to undertake the agreed upon actions. The action plan shall be completed within a time frame determined by SIGL;
- (c) when the action plan identified in subsection 3.02(b) has been completed then, upon SIGL's request, the third party shall undertake a reassessment or, as the case may be, subsequent reassessments to determine whether the deficiencies previously identified have been remedied. The reassessment(s) shall be completed not later than 30 days following their commencement;
- (d) if no deficiencies are identified in the initial assessment, or upon reassessment it is determined that all deficiencies previously identified by the third party have been remedied, SLGA shall in accordance with the terms of this Agreement and the 2002 Framework Agreement recommend to the Lieutenant Governor in Council that SIGL be delegated licensing and regulatory authority over the functions assessed. SLGA shall use its best efforts to recommend to the Lieutenant Governor in Council the delegation to SIGL of licensing and regulatory authority over the functions assessed not later than 60 days following completion of the items referred to in this subsection;
- (e) at the end of the first year of operations following delegation, an operational assessment shall be undertaken on SIGL's operations by the third party performing the initial assessment or such other party as may be agreed to by SIGL and SLGA. The operational assessment shall be conducted in accordance with criteria established by SIGL and SLGA. This assessment shall be used to identify, where applicable, any deficiencies in SIGL's operations that may occur after delegation. All reasonable efforts shall be made to complete the operational assessment not later than 60 days following its commencement;

- (f) if the operational assessment conducted pursuant to subsection 3.02(e) identifies deficiencies in SIGL's operations, the parties shall follow the process set out in subsection 3.02(b) along with any other provisions as referenced in the licensing and regulatory agreement(s) negotiated pursuant to section 4.02;
- (g) at any time following the delegation of licensing and regulatory authority pursuant to subsection 3.02(d) for the initial charitable gaming functions as identified in section 3.01, SIGL may request that further capacity assessments be undertaken with respect to the registration of gaming employees and/or suppliers and/or any other gaming regulatory function(s) as may be agreed to by SIGL and SLGA. The process contained in section 3.02 shall then commence for the requested function(s) identified by SIGL.

3.03 All costs associated with conducting the third party assessments provided for under this Agreement shall be shared equally between SIGL and SLGA.

3.04 Notwithstanding any other provision contained herein, SIGL and SLGA may by mutual agreement extend or reduce the time frame(s) for completion and implementation of any of the steps outlined in this Part.

#### 4. NEGOTIATION OF LICENSING AND REGULATORY AGREEMENTS

4.01 Prior to the delegation of licensing and regulatory authority, SIGL and SLGA shall negotiate a licensing and regulatory agreement with respect to each area specified in section 2.01 which is to be delegated.

4.02 The licensing and regulatory agreement(s) shall, where applicable, contain provisions respecting the following:

- (a) the regulatory duties and functions to be delegated to SIGL consistent with the capacity assessments conducted in accordance with this Agreement including identification of applicable terms, conditions and policies to be used with respect to the regulation of activities;
- (b) the fixing and retaining of application, licensing and registration fees by SIGL;
- (c) the sharing and exchange of information between SIGL and SLGA regarding licensing and regulatory functions;

- (d) the identification and, if necessary, completion of any Provincial statutory amendments as may be required to accommodate the delegation of regulatory authority to SIGL;
- (e) the identification of Reserves on which SIGL's licensing and regulatory authority will have application;
- (f) the process by which SIGL's licensing and regulatory operations will be periodically reviewed by SLGA or a third party;
- (g) the circumstances under which the Government may withdraw any delegation of regulatory authority from SIGL;
- (h) default and termination of the agreement by SIGL or SLGA; and
- (i) the termination of the agreement which may result from the processes that are developed and implemented respecting jurisdiction under Part 2 of the 2002 Framework Agreement.

4.03 SIGL and SLGA shall use their best efforts to complete the negotiations on the initial licensing and regulatory agreement to be applied with respect to bingos, breakopens, raffles and Licensed Games offered for play at SIGA casinos not later than 6 months following the date of execution of this Agreement.

4.04 Upon completion of any licensing and regulatory agreements referenced in section 4.01, SLGA shall recommend execution of the agreement(s) to the Lieutenant Governor in Council. Such recommendation(s) shall be made not later than 60 days following the completion of negotiation of the agreement(s).

## 5. APPEAL MECHANISMS

5.01 Appeals of SIGL's licensing and regulatory decisions shall be governed by the appeal mechanisms established pursuant to the 2002 Framework Agreement which provides that the Government and the FSIN shall use their best efforts to establish, within a period of 2 years from the date of execution of the 2002 Framework Agreement, an appeal body specifically mandated to hear appeals from SIGL's licensing and regulatory decisions. As an interim measure, the Government shall place expeditiously before the Legislative Assembly of Saskatchewan, legislative proposals to amend *The Alcohol and Gaming Regulation Act*, S.S. 1988 – 1989 c. A-18 to allow the Liquor and Gaming Licensing Commission to hear appeals from SIGL's licensing and regulatory decisions.

6. DETERMINATION OF SIGL'S OPERATING BUDGET

- 6.01 Not later than 30 days following execution of this Agreement, SIGL and SLGA shall establish a Budget Review Committee.
- 6.02 The Budget Review Committee shall consist of two representatives appointed by SLGA, two representatives appointed by SIGL and one independent representative as selected by SIGL and SLGA who shall act as the chairperson of the Budget Review Committee. The chairperson:
- (a) shall possess a professional designation in the accounting field;
  - (b) shall not either alone or in conjunction with any other firm, corporation or entity have an existing relationship with either SIGL, SLGA, SIGA, FSIN, the Saskatchewan Gaming Corporation, or any entity owned, operated or controlled by such organizations; and
  - (c) shall possess mediation skills.
- 6.03 SIGL and SLGA may by mutual agreement waive any of the chairperson's qualifications or restrictions specified in section 6.02.
- 6.04 The mandate of the Budget Review Committee shall be to review and approve prior to the beginning of each Fiscal Year SIGL's proposed operating budget together with any amendments that may be made throughout the course of each Fiscal Year. The Committee shall have the sole and exclusive authority to approve SIGL's operating budget and any amendments, and no further approvals with respect to SIGL's budget shall be required.
- 6.05 SIGL's operating budget shall be determined as follows:
- (a) on or before September 1<sup>st</sup> of each year SIGL management shall present to the Budget Review Committee SIGL's proposed operating budget and supporting work plan for the ensuing Fiscal Year;
  - (b) SIGL and the Budget Review Committee shall exchange any information as may be necessary to allow the Budget Review Committee to assess SIGL's proposed operating budget;

- (c) the Budget Review Committee shall review the proposed budget and issue its decision with respect to approval or denial of SIGL's budget or any portion or portions thereof;
- (d) in the event the Budget Review Committee intends to deny approval of any portion or portions of the budget submitted by SIGL it shall provide a report to SIGL outlining the proposed reasons for denial. The Budget Review Committee shall then allow SIGL an opportunity to attend before the Budget Review Committee to make further representations or submissions on the proposed budget prior to the Budget Review Committee making its final decision;
- (e) the Budget Review Committee shall use its best efforts to issue its final decision with respect to approval or denial of SIGL's budget within 60 days following submission of SIGL's proposed budget and work plan;
- (f) The Budget Review Committee shall provide its final decision in writing to both SIGL and SLGA; and
- (g) at any time during the course of a Fiscal Year, SIGL may apply to the Budget Review Committee for an amendment to its approved operating budget. The procedures outlined in this section shall apply to any proposed amendments.

6.06 Funding for the Budget Review Committee shall be shared equally between SIGL and SLGA.

6.07 SIGL's operating budget, including any amendments, shall be paid to SIGL as follows:

- (a) within 15 days following receipt of the Budget Review Committee's final decision, SLGA shall direct SIGA to pay the approved amount in accordance with the terms of the Casino Operating Agreement;
- (b) SLGA shall not allow any changes to the Casino Operating Agreement that would reduce or eliminate SIGA's contractual obligations to pay SIGL's approved budget; and
- (b) in the event the Casino Operating Agreement is terminated as a result of a SIGA Event of Default as defined in the Casino Operating Agreement, SIGL and SLGA shall negotiate a new arrangement for the funding of SIGL's approved budget.

- 6.08 For the 2001/02 and 2002/03 Fiscal Years, SIGL's budget shall be determined and processed in accordance with the 2002 Framework Agreement which provides that the Government shall, subject to necessary appropriations, pay to SIGL:
- (a) within 14 days following execution of the 2002 Framework Agreement the amount of \$725,000.00 being the balance of SIGL's budget requirement for the 2001/02 Fiscal Year. SIGL shall pay to the FSIN the actual amounts disbursed by FSIN for SIGL during the 2001/02 Fiscal Year plus associated carrying costs and may keep the remainder for use in its operations; and
  - (b) within 14 days following execution of the 2002 Framework Agreement and on or before July 1, 2002, October 1, 2002 and January 1, 2003 in equal installments, a base operating budget of \$875,000.00 for the 2002/03 Fiscal Year plus any other budget amounts for SIGL as approved by the Budget Review Committee in accordance with the terms of this Agreement.

7. EXCHANGE OF INFORMATION BETWEEN THE PARTIES

- 7.01 SIGL and SLGA acknowledge their desire to ensure that the monitoring and enforcement of terms and conditions of charitable lotteries and other gaming activities within the Province be performed in a consistent manner. To that end, SIGL and SLGA shall exchange information, policies and documentation relating to the licensing and regulation of gaming activities.

8. RELATIONSHIP OF CAPACITY BUILDING PROVISIONS WITH PART 2 OF 2002 FRAMEWORK AGREEMENT

- 8.01 The parties agree that the capacity building provisions are an integral part of the development of the proposals regarding First Nations jurisdiction under Part 2 of the 2002 Framework Agreement. As a consequence, SIGL and SLGA shall use their best efforts to complete the delegation of licensing and regulatory authorities to SIGL as provided for in this Agreement so as to assist in the development of the proposals identified in Part 2 of the 2002 Framework Agreement.

9. MISCELLANEOUS PROVISIONS

- 9.01 ADDRESS FOR SERVICE: The following addresses of the of the parties or such other address as either party may from time to time advise the other by notice in writing shall serve throughout the term of the Agreement as the appropriate address for service of any notices contemplated under this Agreement or otherwise and shall be deemed to have

been received the day following posting of such notice or other documentation, as the case may be:

(a) SLGA: 900 - 2500 Victoria Avenue  
Regina, Saskatchewan  
S4P 3M3

(b) SIGL: 400 - 203 Packham Avenue  
Saskatoon, Saskatchewan  
S7N 4K4

9.02 NOTICE: All notices required by this Agreement shall be in writing.

9.03 HEADINGS: The headings of any articles, section or part thereof are inserted for purposes of convenience only and do not form part hereof.

9.04 2002 FRAMEWORK AGREEMENT TO SURVIVE: If any provision of this Agreement shall in any material aspect conflict with any provision of the 2002 Framework Agreement, the provision of the 2002 Framework Agreement shall prevail.

9.05 SEVERABILITY: If any covenant or provision of this Agreement is determined to be void or unenforceable in whole or in part, it shall not be deemed to effect or impair the validity of any other covenant or provisions contained within this Agreement. In such event, the particular provision or part of the provision so effected shall be deemed to be severed from the remainder of the Agreement and all other provisions of the Agreement shall remain in full force and effect.

9.06 WAIVER: The failure by either party to enforce at any time whether in a single incidence or repeatedly any of the provisions of this Agreement shall not be construed as a waiver of such provision or a waiver of the right of the party thereafter to enforce each and every such provision. Further, no express waiver of any provision of performance hereunder or of any default by either party shall be construed as a waiver of any other provision or future performance or default.

9.07 AMENDMENT: The provisions of this Agreement may be amended from time to time by mutual agreement of the parties, provided that all such amendments shall be executed with the same formality as this Agreement.

- 9.08 SUCCESSORS AND ASSIGNS: This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of each party hereto. This Agreement shall not be assigned by SIGL without the prior written consent of SLGA, which consent may be arbitrarily withheld.
- 9.09 TIME OF ESSENCE: Time shall in all respects be of the essence hereof, provided, however, that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by SIGL and SLGA.
- 9.10 APPROVALS: Unless otherwise provided, wherever the provisions of this Agreement contemplate an approval of, consent to or a decision with respect to any action, person, document or plan by either party, this Agreement shall be deemed to provide that:
- (a) such request or approval, consent or decision shall:
    - (i) clearly set forth the matter in respect of which such approval, consent or decision is being sought;
    - (ii) form the sole subject of the matter of the correspondence containing such request for approval, consent or decision; and
    - (iii) clearly state that such approval, consent or decision is being sought;otherwise such request shall be deemed never to have been made;
  - (b) such approval, consent or decision shall be in writing;
  - (c) such approval, consent or decision shall not be unreasonably withheld or delayed;
  - (d) the party whose approval or consent is requested shall, within 15 business days after receipt of such request, advise the other party by notice in writing either that it consents or approves, or that it withholds its consent or approval and in the latter case it shall set forth, in reasonable detail, its reasons for withholding its consent or approval; and
  - (e) in the case of SLGA, an approval, consent or decision hereunder shall not have been effectively given unless given by a member of the senior management staff of SLGA.

9.11 COOPERATION OF THE PARTIES: The parties agree to use their reasonable efforts to cooperate with each other in the performance of their respective obligations under this Agreement provided that the failure of any party to provide such cooperation shall in no event relieve any other party hereto from performance or observation of its obligation hereunder.

9.12 JURISDICTION OF COURTS OF SASKATCHEWAN: Strictly for the purposes of this Agreement the parties agree that each party irrevocably and unconditionally submits to the jurisdiction of the courts of Saskatchewan and all courts competent to hear appeals therefrom.

9.13 ACKNOWLEDGEMENT: The parties acknowledge and agree that nothing in this Agreement, including the agreement as to the applicability of any particular law, or the implementation of this Agreement is intended to:

- (a) confirm, deny, expand or limit any existing Aboriginal or Treaty Rights or jurisdiction of any First Nation; or
- (b) confirm, deny, expand or limit the jurisdiction of the Government; or
- (c) be used as an interpretive aid or be used or admitted in evidence in a court of law or other tribunal to determine such rights or jurisdiction or the extent thereof.

IN WITNESS WHEREOF the parties have affixed their seals by the hands of their proper officers on the same year and date as set out above.

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY

Per: Sandra Morgan

SASKATCHEWAN INDIAN GAMING LICENSING INC.

Per: \_\_\_\_\_  
Per: \_\_\_\_\_

