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File: 280-20  
124833

June 11, 2010

Margaret H. Mason  
Bull, Houser & Tupper  
3000 Royal Centre  
1065 West Georgia Street  
Vancouver, British Columbia  
V6E 3R3

Dear Margaret Mason:

**Re: Performance and Accountability Funding Agreement**

I am writing in regard to the amendments that we made pursuant to your letter of January 28, 2010 regarding outstanding questions on the interpretation and application of the Performance and Accountability Funding Agreement (PAFA).



The Society, through a telephone conversation with Dave Mannix, argues that new language, as proposed in our March 28 letter is duplicative. The province had amended the language to insert the condition that "each project receives approval from First Nations in any contiguous Traditional Territory that could possibly be reasonably affected by the project, because of geography or shared economic interest."

Mr. Mannix indicated that the Society directors already take this into consideration as part of their evaluation of the project, and that projects that would affect other FN projects in a geographic area or with a similar economic interest would not be approved. To reflect these criteria and to remove the duplicative language, we have agreed to amend wording to state that 'projects are funded on the condition that the Directors take into account any negative effects that the funding could have on another FN because of geography or economic interest. The Directors recognize and expect that in circumstances where another FN could be negatively affected mitigating conditions\options will be established.'

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Ministry of Forests  
and Range

Deputy Minister's Office

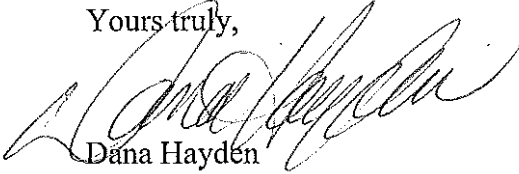
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I expect that this will resolve the issues with the wording in the PAFA agreement.

Yours truly,



Dana Hayden  
Deputy Minister

pc: Bill Pike, Legal Services Branch, Ministry of Attorney General  
Doug Foster, Director Strategic Initiatives  
Dave Mannix, Coast Opportunities Funds  
Scott Rehmus, Coast Opportunities Funds  
Kathy Chopik, Assistant Deputy Minister, Ministry of Forests and Range  
Steve Carr, President and CEO, Integrated Land Management Bureau