

SCHEDULE “3” to the Dehcho First Nations Trust Agreement

Community Development Investment Policy

1. Community Development Investment Policy:

1.1. The Trust Agreement allows the Investment Management Board, on the advice of a council of Elders to authorize use of some of the Trust Income for Community Development Investments. The purpose of the Policy is to establish a policy binding on the Investment Management Board for the receiving of proposals, the consultation process with a council of Elders, and the approval of Community Development Investments.

1.2. The Policy will follow certain key principles:

1.2.1. Transparency

The Policy will set out, in clear language, the process which the Investment Management Board will follow in making Community Development Investment decisions.

1.2.2 Accountability

The Policy will set out a process for reporting to Members to ensure Members will have confidence in the integrity of the decision making process and responsible use of Trust Income.

1.2.3 Sustainability

The Policy will promote the development of capacity both in the infrastructure of the Dehcho Communities and in its people.

Definitions

2. For the purposes of this Policy, the following definitions will apply:

2.1 “a council of Elders” means an ad hoc council of three or more Elders as chosen by Leadership from time to time;

2.2 “Policy” means this Community Development Investment Policy;

2.3 “Dehcho First Nations Community Entity” means a society, not for profit corporation, or other business organization which is controlled by Members or one or more Dehcho First Nations and which has as its purpose, the development of economic capabilities through community owned enterprises and ventures which will provide, employment, training and business experience to members, and development of permanent facilities for the benefit of the community;

- 2.4 “Elder” means a Member who is held in regard and respected by the Leadership and generally by the membership of the Dehcho First Nation of which the Elder is a Member.
- 2.5 “Family Member” means the Investment Management Board Member’s spouse, immediate family member, or someone who resides with the Investment Management Board Member;
- 2.6 “Investment Management Board Resolution” means a resolution of the Investment Management Board duly passed in accordance with the Trust Agreement;
- 2.7 “Community Development” means a Dehcho First Nations Community Entity or Dehcho First Nations owned enterprise or venture, which will provide employment, training, and business experience to Members, and develop permanent facilities for the benefit of the Dehcho First Nations community;
- 2.8 “Community Development Account” means the Account established pursuant to clause 4.25 of the Trust.
- 2.9 “Community Development Investment” means financial assistance to a Dehcho First Nations Community Entity or one or more Dehcho First Nations for a Community Development, that is not an Authorized Investment as contemplated by the Trust Agreement, and may include loans and loan guarantees;
- 2.10 “Trust Agreement” means the Dehcho First Nations Master Trust Agreement; and
- 2.11 “Trust Income” means income and capital gains from investment of the Trust Fund specifically made available for Community Development Investments in accordance with the Trust Agreement.
3. Terms defined in the Trust Agreement have the same meaning in the Policy.
- 4. Community Development Investments**
- 4.1 The Trust Agreement provides that some of the Trust Income can be used for Community Development Investments as directed by the Investment Management Board pursuant to this Policy.
- 4.2 Amounts taken out for Community Development Investments (other than grants) upon being repaid shall be returned to the Community Development Account to allow for further Community Development Investments to be made.
- 5. Submitting Proposals for Community Development Investments**
- 5.1 Any Dehcho First Nations Community Entity or any one or more Dehcho First Nations may make a proposal for a Community Development Investment.
- 5.2 All Community Development Investment proposals must be submitted with a comprehensive business plan.

- 5.3 The business plan must contain the following:
- 5.4.1. an executive summary;
 - 5.4.2. a description of all members of the management team, principals, and key employees, including each person's:
 - 5.4.2.1. education;
 - 5.4.2.2. work experience;
 - 5.4.2.3. experience relevant to the Community Development;
 - 5.4.2.4. representations as to whether the person or any Community Development in which they participated as a member of a management team, principal or key employee became bankrupt or was placed into receivership or creditor protection arrangements;
 - 5.4.2.5. whether the person or any Community Development in which they participated as a member of a management team, principal or key employee has any unsatisfied judgments or writs of enforcement against him, her or it, as the case may be;
 - 5.4.3. a description of the nature of the Community Development being proposed;
 - 5.4.4. a description of the marketing program, if any, used to market products of the Community Development and a review of the success of that marketing program;
 - 5.4.5. a description of the operations of the Community Development;
 - 5.4.6. the location of the Community Development premises and whether the premises are, or will be, owned, mortgaged, or leased;
 - 5.4.7. the number of employees or independent contractors engaged by the Community Development;
 - 5.4.8. for a new Community Development, the extent to which other funds have been secured for start up and operation;
 - 5.4.9. for existing Community Developments, a copy of the most recent audited financial statements, including the amount of any compensation paid to directors, officers, senior management, and key employees;
 - 5.4.10. representations as to the financial projections, including cash flow statements, for the Community Development for a three (3) year period and the factual basis upon which the financial projections are based; and

5.4.11. other information as may be required by the Investment Management Board.

5.5. In the case of a proposal for a Community Development Investment in the nature of a loan, the applicant must, in addition to submitting a business plan, complete the prescribed loan application form.

6. Evaluating Proposals for Community Development Investments

6.1. The Investment Management Board, having due regard for its fiduciary obligations and the need to ensure responsible use of Trust Funds, shall consider any proposed Community Development Investment having regard for the following factors:

6.1.1. the total amount of the proposed Community Development Investment having regard for the limits on Community Development Investments set out in the Trust Agreement and how much of the available Community Development Account is already held in Community Development Investments;

6.1.2. the business plan and the overall strength, reliability, and promise of the proposed venture or use of funds;

6.1.3. whether the management team, principals, and key employees involved in the project have a proven ability to effectively manage a Community Development or have the required knowledge and skills to manage a Community Development;

6.1.4. the overall viability of the proposal including a realistic assessment of the potential to produce income sufficient to cover operating costs, repayment of loans, and sustain long term viability of the Community Development;

6.1.5. the extent to which the Community Development Investment involves more than one Dehcho First Nation;

6.1.6. the extent to which employment opportunities will accrue to Members;

6.1.7. the nature and extent of any subsequent and spin off economic and social benefits of the proposed Community Development Investment;

6.1.8. the credit worthiness of any loan applicant and availability of sufficient security to repay any proposed loan; and

6.1.9. the advice and recommendations of a council of Elders.

6.2. The Investment Management Board may, where it considers it advisable to do so, seek the advice of independent consultants or Members to evaluate the merits of any proposed Community Development Investment greater than \$50,000.00. All applications for Community Development Investments exceeding \$100,000.00 shall require independent analysis of the business plan by a consultant selected by the Investment Management Board and the applicant, by

mutual agreement. One half of the cost of the consultant will be the responsibility of the applicant which shall be paid prior to any application being considered. The threshold requiring independent analysis of a proposed Community Development Investment will be reviewed by the Investment Management Board every three (3) years.

- 6.3 The Investment Management Board shall abide by its conflicts of interest guidelines as set out in section 10 herein, when evaluating proposals for Community Development Investments.
- 6.4 The Investment Management Board has no obligation to give consideration to any proposal for a Community Development Investment and any proposal which does not include the information required by this Policy may be rejected by the Investment Management Board.
- 6.5 In the event a proposed Community Development Investment is rejected the Investment Management Board shall return the application and all materials submitted by the proponent along with a brief written explanation of the reasons the proposal was rejected.

7. Approval of Community Development Investments and Obtaining Proceeds Out of the Community Development Account

- 7.1. The Investment Management Board shall document approval of any Community Development Investment, including any terms and conditions, in writing and the approval document shall include brief commentary on the Investment Management Board's assessment of the factors set out in paragraph 6 above (Evaluating Proposals for Community Development Investments).
- 7.2. The Investment Management Board shall forward an Investment Management Board Resolution to the Trustee indicating approval of a Community Development Investment, directing the disposition of the funds or the setting aside a reserve of funds required for the Community Development Investment, and appending copies of:
 - 7.2.1. the approval document described in this Policy;
 - 7.2.2. the business plan;
 - 7.2.3. the application documents;
 - 7.2.4. the specific terms and conditions governing the Community Development Investment; and
 - 7.2.5. the recommendation of a council of Elders.
- 7.3. The Trustee shall determine if sufficient funds are available for the Community Development Investment and, if so, shall deliver or set aside funds for the Community Development Investment as directed in the Investment Management Board Resolution.

- 7.4. Prior to release of funds to the applicant, the Trustee shall enter into an agreement with the applicant which shall document the obligation for the recipients, including financial reporting and other terms and conditions as may be required by the Trustee and the Investment Management Board.
- 7.5. The Investment Management Board shall undertake all reasonable due diligence to ensure that loans are repaid in accordance with any loan agreements and, if commercially reasonable, may require that loans are secured by mortgages, personal property security agreements, personal guarantees, or such other security as may be required by the Investment Management Board in its absolute discretion.

8. Disclosure to Trustee

- 8.1. The Investment Management Board shall, ensure the following information is provided to the Trustee for purposes of inclusion in the Trustee's annual report:
 - 8.1.1. the recipient of any Community Development Investment;
 - 8.1.2. the total amount invested in Community Development Investments and the breakdown of how much is invested in loans, loan guarantees or equity investments; and
 - 8.1.3. the total amount remaining in the Community Development Account available for investment in Community Development Investments.
- 8.2. The Investment Management Board shall ensure that information sufficient to prepare year end reporting on the performance of any Community Development Investment is forwarded to the Trustee within a reasonable time such that the Trustee may include that information in the Trustee's annual report and financial statements.
- 8.3. The Trustee shall not be required to certify any financial information respecting a Community Development Investment.
- 8.4. The Investment Management Board shall ensure that copies of all documents and records of approved Community Development Investments shall be maintained at the office of the Trustee until the loan or loan guarantee has been retired or the investment has been sold.
- 8.5. The Investment Management Board shall ensure that the Trustee's annual report is presented to the Members each year.

9. Amending Procedure

- 9.1. In addition to the amending procedures contained in the Trust, the Investment Management Board, from time to time, may amend this Policy in whole or in part as follows:

- 9.1.1. The Investment Management Board approves, in principle, proposed amendments to the Policy;
 - 9.1.2. The Investment Management Board gives notice to Members, by such means as the Investment Management Board may consider appropriate in all of the circumstances, of an intent to amend the Policy;
 - 9.1.3. Proposed amendments are presented at an Leadership meeting at which Members are afforded an opportunity to express any concerns and ask questions; and
 - 9.1.4. The Leadership may enact the amendments by Dehcho First Nation Resolution.
- 9.2. Amendments that have not followed the required procedures are of no force or effect.
 - 9.3. Nothing in the amending procedure or in this Policy may have the effect of amending or altering any requirement of the Trust Agreement.

10. Conflict of Interest Guidelines

- 10.1. Duty to Disclose: An Investment Management Board Member who or whose Family Member:
 - a) is a member of a Dehcho First Nation proposing a Community Development Investment or is a party to a material contract, or proposed material contract with a Dehcho First Nation proposing the Community Development Investment; or
 - b) is a member, director or an officer of a Dehcho First Nation Community Entity that is a proponent of a Community Development Investment or is a party to a material contract or proposed material contract with a proponent of an Community Development Investment;

will disclose in writing to the other Investment Management Board Members or will request to have entered in the minutes of meetings of the Investment Management Board, the nature and extent of such Member's or their Family Member's relationship and extent of his or her interest.
- 10.2. Timing of Disclosure: The disclosure required of an Investment Management Board Member by paragraph 10.1 of the Policy will be made:
 - a) at the meeting at which a proposed Community Development Investment is first considered by the Investment Management Board;
 - b) if the Investment Management Board Member or their Family Member was not then interested in a proposed Community Development Investment, at the first meeting after he or she becomes so interested;

- c) if the Investment Management Board Member or their Family Member becomes interested after a Community Development Investment is made, at the first meeting after he or she becomes so interested; or
 - d) if a person who is interested in a Community Development Investment becomes an Investment Management Board Member subsequent to approval thereof, at the first meeting after he or she becomes an Investment Management Board Member.
- 10.3. Exclusion of Discussion: An Investment Management Board Member who has an interest or where Family Member has an interest as described in paragraph 10.1 of the Policy will not take part in discussions or deliberations concerning any such proposed Community Development Investment, nor will they participate or vote on any resolution dealing with such Investment Economic Development.
- 10.4. Method of Disclosure: For purposes of section 10 a general notice to the Investment Management Board by an Investment Management Board Member declaring that he or she has an interest as described in paragraph 10.1 herein, and is to be regarded as interested in any proposed Community Development Investment made with the proponent, is a sufficient declaration of interest in relation to any Community Development Investment so made.
- 10.5. In the event the application of s.10.3 above results in a majority of Investment Management Board being disqualified from voting on a resolution with respect to proposed Community Development Investment, the remaining Board Member(s) shall refer the decision to a panel made up of the non-conflicted Board Member(s) and as many additional persons as are needed to equal a majority of the Investment Management Board to be selected from a list of persons with past Investment Management Board or business experience which list shall be established by the Investment Management Board from time to time.