

DEHCHO INVESTMENT MANAGEMENT BOARD (IMB)

JUNE 2012 DEHCHO ANNUAL ASSEMBLY

Background

The Dehcho First Nations Master Trust Agreement (The Trust) was effective August 21, 2006 when the first settlement proceeds were received from Canada under the terms of the Settlement Agreement. A settlement of \$15,000,000.00 was received.

CIBC Trust Corporation of Canada (CIBC Trust) acts as the Corporate Trustee for the Trust.

The Trustee is responsible for ensuring that the Trust funds are received and invested as authorized under the Trust Agreement, and that all distributions of funds out of the Trust Accounts are properly authorized and documented.

The Trust Agreement requires that the Trustee provide an Annual Report concerning receipts, expenditures and investments of the Trust. This Annual Report is to be presented annually at the Dehcho First Nations Annual Assembly.

The Investment Management Board is required to provide a report twice a year. The first report will be presented at the Dehcho First Nations Annual Assembly and the second report will be presented at the Dehcho Winter Leadership meeting.

The year-end financial statements for the Trust is audited by McKay & Partners , chartered accountants, from Yellowknife, NWT, who was jointly appointed by the Investment Management Board and the Trustee, to serve as “Independent Auditor” under the terms of the Trust Agreement.

Members of the Investment Management Board are appointed at the Dehcho First Nations Annual Assembly. The Investment Management Board members consist of a Chair, Vice-Chair, Secretary-Treasurer and Member at Large.

The Investment Management Board is responsible for the investment management of the Trust funds as well as administration and disbursement under the Terms of the Trust Agreement. The IMB board members accept the obligation to perform certain significant duties and assume board responsibilities in relation to the administration of the Trust to preserve and protect it for the benefit of the Dehcho First Nations and future generations of its membership.

The Investment Management Board is unique and the first of its kind in Canada. It was established to bring learning and understanding to the members of the Dehcho First Nations membership. This Board makes the decisions for the Trust with the oversight of Trust Officers following the rules of the Trust Agreement. This is line with the Dehcho process where Dehcho First Nations members determine their own future. There are checks and balances at every point where money is drawn out or distributed to ensure accountability of the trust monies.

INVESTMENT MANAGEMENT BOARD

The DFN Leadership appointed Eric Menicoche and Karen Felker effective November 2011 at the Fall Leadership meeting which makes for a Board of four members. At our December 19, 2011 meeting our executive to the IMB was elected as follows:

- Mavis Cli-Michaud, Chair**
- Eric Menicoche, Vice-Chair**
- Karen Felker, Secretary Treasurer**

Richard Lafferty is also on the Investment Management Board and his term ends June 2012.

The Trust Accounts

The Trust is comprised of seven (7) different Trust Accounts, each with its own set of rules regarding receipts and expenditures. The seven (7) Trust Accounts are:

- 1. The Master Trust Account – this Trust Account receives all the capital of Settlement Funds and any other contribution.**
- 2. The Immediate Opportunities Trust Account – The funds in this Trust Account are invested to produce income. The Income from this Trust Account is distributed out of the Trust to the Business Venture Account, which an account governed by the terms of the Trust Agreement.**
- 3. The Economic Development Trust Account – The income from this Trust Account is distributed out of the Trust to the Economic Development Account, which is an account governed by the terms of the Trust Agreement.**
- 4. The Community Development Trust Account- The funds in this Trust Account are invested to produce income. The income from this Trust Account is distributed out of the Trust to the Community Development Account, which is an account governed by the terms of the Trust Agreement.**
- 5. The Elders Heritage Trust Account- The income from this Trust Account is distributed out of this Trust to the Elders Heritage Account, which is an account governed by the Terms of the Trust Agreement.**
- 6. The Education Trust Account – The income from this Trust Account is distributed out the Trust to the Education Account, which is an account governed by the terms of the Trust Agreement.**
- 7. The Land Acquisition Account – in accordance with the Master Trust dated March 8m 2006. NO FUNDS are to be paid out of this account until December 31, 2031. On December 31, 2031, the Land Acquisition account is to be established and 25% of the increase in the value of the Fund allocated every twenty five (25) years.**

In 2011 disbursed funds:

The Education Trust Account – The Dehcho First Nations was paid \$28,983.14 for their Scholarship Fund.

Advance Tax Ruling

Since its inception in 2006, the Investment Management Board operated under the DFN Master Trust. Upon review, in the best interest of the DFN, it was decided to develop a “Replacement Trust” as defined by clause 43 of the Master Trust Agreement. The rationale for the decision was due to taxes being paid on the present Master Trust. As allowed under Clause 43 of the Master Trust Agreement the “Replacement Trust” is a working document until such time that we receive an Advance Tax Ruling from the Canada Revenue Agency.

Investment Policy Statement

The Trust and all sub components must be managed according to the Prudent Investor Rule. This Trust fund has a long-term outlook and no regular income distributions. This gives the ability to tolerate volatility, which has historically been rewarded by higher long-term returns.

IMB Chair's Report

Chiefs, Métis Presidents, Delegates of DFN Assembly.

In the last six months, since elected Chair of the Investment Management Board, there has been significant improvement in communication with DFN and this only ensures a good working relationship and the need to continue to focus in the best interest of the larger DFN membership.

Sara McLeod has been providing administration assistance on a part-time basis and we are very appreciative of her assistance as we move forward with the Trust. A Service Agreement has been signed with DFN for her services.

A Service agreement has been signed with DFN to handle the travel and administration expenses of the IMB.

The IMB has also renewed their Service Agreement with CIBC Trust Corporation for another five years. The continuous relationship with the CIBC Trust Corporation will ensure continuity and no disruption in the services they provide to the IMB.

The IMB had developed a Strategic Plan to help and assist us in being focused and results oriented as IMB members and to ensure responsibility and accountability to DFN.

The Audit of the Trust was done by McKay and Partners of Yellowknife and in good order. There are no deficiencies or problem uncovered in this Audit. A copy of the Audit is available at the DFN office by contacting Sara McLeod.

When Eric Menicoche and Karen Felker were appointed to the IMB at the DFN Leadership meeting, they did not determine the length of term they would hold. A resolution designating their terms would be advisable. All terms of the IMB members are for three years and end in June following the DFN Annual Assembly.

I would also like to thank Richard Lafferty for his contribution to the IMB since its inception. His term will end this month (June 30/2012).

I would like to introduce the IMB's investment financial advisor, Tom Wooding of CIBC Wood Gundy of Edmonton, Alberta. He will present an annual report on behalf of the Trustee – CIBC Trust Corporation.