



INVESTMENT MANAGEMENT BOARD

2014 DEHCHO ANNUAL ASSEMBLY REPORT *Good Afternoon respected Leaders, Elders and Delegates of the 22nd Dehcho Annual Assembly*

BACKGROUND INFORMATION:

The Master Trust came into effect on August 21, 2006, after the Settlement Agreement was signed and processed with Canada and Dehcho First Nations. The amount received was \$15,000,000.00.

CIBC Trust Corporation of Canada (CIBC Trust) acts as a Corporate Trustee for the Trust. On March 27, 2012, a five year agreement was signed with CIBC Trust Corporation in accordance with the Trust Agreement.

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 from the Trust Accounts are properly authorized and documented.

Within 120 days of the end of each fiscal year, the Trustee is required to prepare an Annual Report. This report is presented to the Dehcho First Nations' Annual Assembly. Annual reports for 2013 and 2014 are available for review.

Under the terms of the Trust Agreement, the Trust funds are audited along with year-end financial statements by McKay & Partner's, an Independent Auditor out of Yellowknife, NT. The Audited Financial Statements for the Period ending December 31, 2013 are now available for review.

The Investment Management Board (IMB) is required to provide a report twice a year to the Dehcho Annual Assembly and to the Winter Leadership.

The IMB is responsible for the management of the Trust funds as well as administration and distributions under the terms of the Trust Agreement. The IMB members accept the obligation to perform certain significant duties. The Board undertakes responsibilities in relation to the administration of the Trust funds, to preserve and protect the benefits of the Dehcho First Nations' future generations of our membership.

The Trust has been uniquely set up and the first of its kind in Canada. It was established to bring learning and understanding to the members of the Dehcho First Nations. With the guidance of the Trust Officers, the Board makes decisions for the Trust following the rules of the Trust Agreement. This is in line with the Dehcho Process where Dehcho First Nations members determine their own future. There are checks and balances at every point when money is withdrawn or distributed to ensure accountability of the Trust monies.



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The role of our Investment Advisor, The Wooding Group, is to serve as a consultant/advisor to provide objective, professional advice, assist with the creation and maintenance of the Investment Policy Statement, provide asset allocation and rebalancing services, undertake Manager searches, ongoing monitoring, and communication with the Wooding Group, to assisting the Dehcho First Nations' with meeting our fiduciary requirements. The Investment Advisor provides discretionary management of the portfolio, ensures due diligence, and provides objective and clinical hiring and firing of multiple and independent investment managers. The Investment Advisor also prepares reports, provides custodianship, trading, and consolidating services as well.

"We think it is extremely valuable to focus on the fact that Dehcho has ownership in businesses rather than the stock market. Over the long-term ownership of high quality businesses is a critical component to Dehcho's financial success" Tom Wooding, The Wooding Group

On a yearly basis a Service Agreement with the DFN is signed for administrative support to the IMB. Sara McLeod provides administrative support on a part-time basis. We are pleased and appreciative for Sara's assistance.

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The Dehcho Annual Assembly, by way of a resolution appoints the members of the IMB. There are currently 5 appointees to the IMB. At our face to face meeting held December 2014, the board elected the following three members as the Investment Management Board Executive:

- Karen Felker, Chairperson
- Nellie Hardisty, Vice-Chairperson
- Pearl Leishman, Secretary
- Eric Menicoche, Board Member
- Misty Ireland, Board Member

Members are appointed annually to the Executive to increase experience, understanding and to develop good working relationships for all that are involved.

TRUST ACCOUNTS

Master Trust Account:

This account receives all the capital of the settlement funds and any other distributions.

Immediate Opportunities Account:

The funds in this account are invested to produce income; the income from this trust account is distributed out of the Trust to the Business Ventures Account, which is governed by the terms of the Trust agreement.



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Economic Development Account:

The income from this Trust account is distributed out of the Trust to the Economic Account, which is an account governed by the terms of the Trust agreement.

Community Development Account:

The funds invested in this account are invested to produce income. The income from this Trust account is distributed out to the Community Development Account, which is governed by the terms of the Trust agreement.

Elders Heritage Account:

The income from this Trust account is distributed out of the trust to the Elder's Heritage Account, which is governed by terms of the Trust agreement.

As of January 01, 2013, funds from the Elder's Heritage Fund became available for distribution. These funds will be available every 5 years. The amount that is now available is \$63,800.

The IMB has contacted the Dehcho Regional Office (DFN) in regards to the establishment of the Dehcho Elder's Council. The funds can only be distributed to an Elder's Council of Dehcho First Nations but it must be used for community projects. The IMB, on the advice of the Elder's Council will process all projects approved for funding. Schedule "1" provides the details for releasing funds. Community Level projects including the Acho Dene First Nation and the Katlodeeche First Nation would be reviewed and approved by the Elder's Council. Notification of project approval would be submitted to the IMB. The IMB would submit a request for the Trustee to transfer funds.

Education Account:

The income from this Trust account is distributed out to the Education Account, which is governed by the terms of the Trust agreement.

From the Education Trust fund, the Dehcho Regional Office received in 2011/2012 an amount of \$ 28,983.14 for the Scholarship fund.

It is important to note that the IMB may consider allocating a portion of the Education Account to other regional training initiatives, as they arise.



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Land Acquisition Account:

In accordance with the Master Trust dated March 8th, 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 value of the fund is to be allocated every twenty five (**25**) years.

ADVANCE TAX RULING

Since the inception of the Trust in 2006, the IMB continues to operate under the DFN Master Trust. Upon review and in the best interest of Dehcho First Nations (DFN), it was decided to develop a "Replacement Trust" as defined by Clause 43 of the Master Trust Agreement. The rationale for this decision was due to taxes being paid on the Master Trust. As allowed under Clause 43 of the Master Trust Agreement the "Replacement Trust" is a working document on hold until we receive an Advance Tax Ruling from Canada Revenue Agency.

During the December 2013 face to face meeting, the IMB learned that Dehcho First Nations' does not require a tax shelter at this time because the interest earned is transferred to DFN to be reinvested into the Trust fund. This reinvestment process will continue until DFN signs a Settlement Agreement. Recent estimates indicate a cost of \$5,000 to \$10,000, for the IMB to obtain a tax ruling.

INVESTMENT POLICY STATEMENT

The Trust and all sub components must be managed according to the: Prudent Investor's 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.

DEADLINES FOR: APPLICATIONS / BUSINESS PLANS:

During the June 2014 Face-to-Face meeting, IMB members indicated that the draft Loan and Loan Guarantee Policy and application guidelines will need to be vetted by an independent consultant, then reviewed by Legal Counsel and the Trustee. It was also identified that IMB may need to consider hiring a loan officer to administer loans and service agreements. The IMB will need to explore funding options, as it may be possible to fund the position with funding from the Economic Development Fund.

Loan Applications will not be accepted in 2014 however, it is anticipated that in the future, the annual application deadline will remain as September 30.

The IMB would like to request clarification from the Assembly on how they wish to establish the "Power to Enforce" loans that the Loans Administrator would be overseeing.



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COMMUNITY VISITS

In the past year, we have accomplished a number of outstanding issues; The IMB streamlined operations, cut down on costs, and maintained effectiveness; adopted a Policy and Procedures Manual for Board members, developed Quarterly Plans, continued development of a Loan Policy to ensure loans follow the Trust guidelines. In May 2014 an Open House was held in Fort Providence. In June 2014 an Open House was held in West Point. The IMB will continue to schedule community visits throughout the region.

At this time, I like thank my fellow colleagues for all the work we have accomplished to date. As a closing note, it has been our pleasure to work on behalf of the all Dehcho First Nations members and wish you all success in your Leadership deliberations.

Respectfully,

Karen Felker, Chair of the Investment Management Board

INVESTMENTS & MARKET VALUES AS OF:	MAY 31, 2013	DECEMBER 31, 2013	May 31, 2014
Master Trust Account	\$16,642,852.62	\$ 17,429,965.24	\$18,023,476.25
Community Development Fund	\$2,835,428.63	\$ 2,970,774.23	\$ 3,078,640.10
Economic Development Fund	\$2,610,380.66	\$ 2,733,335.47	\$ 2,831.874.37
Elder's Heritage Fund	\$824,808.49	\$ 883,970.24	\$ 923,375.89
Education Fund	\$1,596,090.40	\$ 1,670,946.54	\$1,737,913.93
Immediate Opportunities Fund	\$6,118,603.55	\$ 6,353,985.56	\$6,554.511.36
Land Acquisition Fund	\$1,680,976.84	\$ 1,833,257.02	\$1,908.332.50

FUNDS AVAILABLE FOR USE BY THE IMB AS OF:	DECEMBER 31, 2013	May 31, 2014
Community Development Account	\$70,883.63	\$ 71,253.39
Economic Development Account	\$260,028.88	\$ 261,35.36
Elder's Heritage Account	\$33,362.26	\$ 33,536.29
Business Ventures Account	\$602,622.41	\$ 605,766.06



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Additional Notes:

- On the Dehcho First Nations website www.dehcho.org/dehcho_trust.htm you will find updated Consolidate Asset Summaries.

Attachments:

1. IMB Timeline of Events July 2013-June 2014
2. Master Trust Settlement Agreement
3. Schedule 1, as amended February 2014
4. Audited Financial Report for 2013
5. Trustee Annual Reports for 2013 and 2014
6. Advertisement for IMB nominations



Timeline of Events July 2013 to June 2014

July 2013

- 2 new members join the IMB
- IMB budget adjusted based on recommendations arising from the 21st Annual Assembly in Fort Providence, June 2013
- Loan Application process suspended until draft IMB lending policies and procedures can be reviewed, edited, and adopted.

September 2013

- Face to Face meeting, Fort Simpson
- Draft IMB Policy and Procedures Manual reviewed and edited
- Draft Loan Policy reviewed
- Reviewed proposed Loan program and prepared recommendations for Fall Leadership to review. IMB recommended Loan Guarantee Policy vs. Loan Policy
- Reviewed quarterly plans

December 2013

- Mandatory meeting requirements with Investment Manager and Legal Counsel were met
- Orientation for New Board Members
- Executive Elected
- IMB Policy and Procedures Manual adopted
- Consultant networking
- Reviewed Tax Ruling Requirements with Legal Counsel
- Webpage Content Review
- Reviewed proposed Loan and Guaranteed Loan Policy and began reworking draft documents
- Financial Year End, December 31, 2013

February 2014

- Shared sponsorship for DFN/IMB administrative employee to attend the AFOA Conference
- Schedule 1 amendments adopted by Winter Leadership

April 2014

- Face to Face meeting, Fort Providence
- Continued work on Loan and Loan Guarantee Policy
- Draft Budget Reviewed
- First IMB Open House was held in Fort Providence
- Webpage Content Review continues



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May 2014

- IMB presentation to Elder's Council regarding Trust Funds
- 2 participant attended 10th Annual Aboriginal Trust and Investment Workshop
- Advertising posted for nominations to the IMB in November 2014

June 2014

- Face to Face meeting, West Point
- Second IMB Open House was held in West Point
- Annual Budget Review
- Annual Assembly reporting requirements reviewed
- Quarterly Plan reviewed