



## INVESTMENT MANAGEMENT BOARD

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### 2015 DEHCHO WINTER LEADERSHIP UPDATE

*Good Afternoon all respected Leaders, Elders and Delegates*

#### **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

- The Trustee is CIBC Trust Corporation (The Trustee)
- The Investment Management Board (The IMB) is a board established under the terms of the Trust.
- The Investment Advisor is CIBC Wood Gundy, The Wooding Group – Tom Wooding ( The Investment Advisor.”

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.

Under the terms of the Trust Agreement, the Trust funds are audited along with year-end financial statements by Dole and Company, an Independent Auditor out of Edmonton.

The IMB is an advisor body responsible for the management of the Trust funds as well as administration and distributions under the terms of the Trust Agreement. The IMB acts as a liaison between the Dehcho First Nations and the Investment Trustee. 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



## INVESTMENT MANAGEMENT BOARD

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and balances at every point when money is withdrawn or distributed to ensure accountability of the Trust monies.

The Trustee provides oversight according to the Master Trust Agreement. Also provides authorizations payments and expenditures of the Trust. He insures that the Investment Management Board complies to the Master Trust.

The role of our Investment Advisor, The Wooding Group, is to serve as the Trust's investment advisor/consultant 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.

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.

### **INVESTMENT MANAGEMENT BOARD**

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:

- Michael McLeod, Chairperson
- Kathy Tsetso, Vice-Chairperson
- Pearl Leishman, Secretary Treasurer
- Nellie Hardisty, Director at Large
- Misty Ireland, Director at Large

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



## INVESTMENT MANAGEMENT BOARD

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### TRUST ACCOUNTS - 7 ACCOUNTS

#### **Master Trust Account: (a combination of all accounts).**

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

#### **Immediate Opportunities Account:**

The initial investment was 40% of the first fifteen million dollars. \$135,000 was deposited into this account this past year. 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.

#### **Economic Development Account:**

The initial investment was 17.5% of the first fifteen million dollars. This account is intended to foster development in the area of economic capabilities. I.e. Utility companies, toll roads,

No monies has been spent from this account to-date.

#### **Community Development Account:**

The initial investment was 17.5% of the first fifteen million dollars. This account is intended to foster development of economic community owned ventures. I.e. Women shelters, health clinics, schools.

Projects must benefit community members. No monies has been spend from this account to-date.

#### **Elders Heritage Account:**

The purpose of the Elder Heritage account, are as follows:

- To foster the development of the Dehcho First Nations culture through the promotion and support of the role of Elders in their traditional ways of teaching members and youth.
- To provide programs, facilities and projects for the benefit, support and advancement of the Elders.
- This Fund is viewed as an investment in the Dehcho First Nations culture future.

Nahacho is to be established formally. During the IMB's face-to-face meeting in December 2014, a letter dated November 18, 2014 regarding the Elders' Trust Fund and DFN Resolution #3 was discussed. Duncan Craig LLP, the IMB's legal counsel, was asked to clarify the payment mechanism available for benefits under the Elders Heritage Fund.



## INVESTMENT MANAGEMENT BOARD

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According to our legal advisors the money is not to be paid to the Council of Elders. The Council of Elders does not decide which project is to be supported or how the money is to be spent. The role of the Council of the Elders is to make the decision as to which project to support and how the money is to be spent.

Elder's council is required to submit proposal to IMB with instruction for investment.

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.

The IMB will be reviewing the draft Elders' Heritage Investment Policy (Schedule 4) at the next face-to-face meeting in early March 2015.

### **Education Account:**

This account is intended to advance education of the Dehcho people. The funding is provided annually to DFN. CIBC (The Wooding Group) sends funds directly to Dehcho First Nations scholarship program. In 2013, the amount was \$28,983.00, the amount is decided as per formula in the trust. The IMB can recommend other education investment as required.

### **Land Acquisition Account:**

In accordance with the Master Trust dated March 8<sup>th</sup>, 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 allocated every twenty five (**25**) years.

### **Business Ventures Account:**

Allows for investment to business entities. Has not been used since 2011. \$39,000 disbursed. Criteria needs to be developed.

### **ADVANCE TAX RULING**

When the Dehcho Master Trust was approved and signed by all First Nations in 2006, the Minister of DIAND agreed to pay fifteen million dollars to DFN to be settled in a Trust. A Dehcho First Nation Trust was rushed through to completion, so monies could be received and invested immediately.



## INVESTMENT MANAGEMENT BOARD

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Note Clause 4.3 of the Trust which reads as follows:

The Settlers will see an Advance Tax Ruling from Canada Revenue Agency that all income earned in the Replacement Trust is not subject to income tax, and that the Dehcho First Nations is a public body performing a function of government in Canada for the purpose of paragraph 149 (1)(c) of the Income Tax Act. Upon receipt of such favourable Advance Tax Ruling, the Trustee shall distribute the Trust Fund to the Dehcho First Nations which shall settle the Replacement Trust on terms substantially the same as the Mater Trust, and shall settle all of the Trust Fund on the Replacement Trust.

Following the approval of the Master Trust, a new Replacement Dehcho First Nations Trust was developed. The Replacement Trust was approved by the Dehcho First Nation at an annual assembly. An Advance Tax Ruling from Canada Revenue Agency was applied for, unfortunately our lawyers were unable to obtain all appropriate documents from respective Dehcho First Nations, which demonstrated that each was a public body performing a function of government in Canada.

The net result is that the IMB has continued to operate under the Master Trust Agreement. There are a number of remaining schedules to the Master Trust that need to be adopted. There is nothing preventing the current IMB operating under the Master Trust Agreement from adopting these schedules and having them approved by the leadership and assembly.

### **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.

### **COMMUNITY VISITS**

In the past year the IMB has accomplished a number of outstanding issues; streamlined operations, minimized expenses, improved efficiencies, and maintained effectiveness. The IMB adopted a Policy and Procedures Manual for Board members, developed Quarterly Plans, and continued to develop a Loan Guarantee Policy. In May 2014 an Open House was held in Fort Providence. In June 2014 an Open House was held in West Point. In August 2014 an Open House was held at the Hay River Reserve. The IMB will continue to schedule community visits throughout the region.



## INVESTMENT MANAGEMENT BOARD

### NEXT STEPS

- IMB needs to formulate a disbursement policy for appropriate accounts.
- Organize internal meeting for all parties of interest to the Master Trust. (IMB, Law Firm, CIBC Trustee, CIBC Investment Advisors, DFN, Executive Committee.)
- Develop a Corporate strategic plan.
- Need to discuss relationship with Dehcho Regional Corporation.
- Review Master Trust Agreement and update appropriate schedules for approval consideration

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,

Michael McLeod, Chair

Dehcho Investment Management Board

<b>INVESTMENTS &amp; MARKET VALUES AS OF:</b>	<b>DECEMBER 31, 2013</b>	<b>MAY 31, 2014</b>	<b>JANUARY 31, 2015</b>
Master Trust Account	\$17,429,956.24	\$18,023,476.25	\$18,406,000
Community Development Fund	\$2,970,774.23	\$ 3,078,640.10	\$3,179,269
Economic Development Fund	\$2,733,335.47	\$ 2,831,874.37	\$2,909,761
Elder's Heritage Fund	\$883,970.24	\$ 923,375.37	\$906,901
Education Fund	\$1,670,946.54	\$1,737,913.93	\$1,747,597
Immediate Opportunities Fund	\$6,353,985.56	\$6,554,511.36	\$6,451,622
Land Acquisition Fund	\$1,833,257.02	\$1,908,332.50	\$1,965,929

<b>FUNDS AVAILABLE FOR USE BY THE IMB AS OF:</b>	<b>DECEMBER 31, 2013</b>	<b>MAY 31, 2014</b>	<b>JANUARY 31, 2015</b>
Community Development Account	\$70,883.63	\$71,253.39	\$71,853
Economic Development Account	\$260,028.88	\$261,035.36	\$263,586
Elder's Heritage Account	\$33,362.26	\$33,536.29	\$71,246
Business Ventures Account	\$602,622.41	\$605,766.06	\$610,867



## INVESTMENT MANAGEMENT BOARD

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### Additional Notes:

- On the Dehcho First Nations website [www.dehcho.org/dehcho\\_trust.htm](http://www.dehcho.org/dehcho_trust.htm) you will find updated Consolidated Asset Summaries.

### Attachments:

- Master Trust Settlement Agreement
- Schedule 1, as amended February 2014
- Letter of Response, dated January 16, 2015
- Draft Schedule 4, Elders' Heritage Investment Policy