

## St'at'imc (PC) 2011 Trust

### Summary of Meetings to Date

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#### September 21, 2011

Opening Prayer was given.

This was the first official meeting of the Trustees for the St'at'imc (PC) 2011 Trust. Introductions and brief bios were given.

The term of office for each Trustee was discussed. The initial terms will be staggered. Five will be for four years, and five will be for five years.

The main focus of this first day was Trustee Training. Topics were:

#### What is a Trust?

- Original concept comes from the Middle Ages
- A lord would leave his property and servants to a Trusted person (Trustee) while away hunting or at war.
- This Trustee would have full control of the lord's assets until he returned.
- In modern times, trusts are used to separate and preserve assets, for a person or group of people, over a specified period of time.

#### Why use a Trust

- It is a preferred vehicle for Aboriginal Settlements.
- It is often a requirement of a Settlement Agreement.
- The property or monies held in trust is protected.
- The trust can be used as a strategic financial vehicle.

#### How a Trust Works

- A trust is an agreement between an owner of a property of asset (Settlor) and person or entity (Trustee) designated to manage the property or asset for the benefit of a third party (Beneficiary).

#### What are Trustees?

- Trustees are the caretaker of the Trust and the property or monies held within, ensure that the trust is managed in accordance with the trust agreement and are accountable to the Beneficiaries.
- Trustees are responsible for complying with the trust agreement, and must act selflessly and independently as well as be ultimately accountable for trust operations.

### Key Advisors to the Trust

- Administrative Trustee:
  - Coordinates with other key advisors to the trust (auditors, trust lawyer, investment consultant and investment manager)
  - Ensures Trustees are in compliance with the trust agreement
  - Provides accounting, training, communication and other administrative services
  - Protects the trust funds
- Investment consultant
  - Provides independent investment advice
  - Monitors the performance of the investment manager
- Investment manager
  - Manages and invests the trust funds in accordance with the investment policy developed

The terms of the Settlement agreement were presented. The flow of the settlement funds, distributions from the Trust, and other administrative matters were also discussed.

It was decided by the Trustees that the Administrative Trustee would deposit, upon receipt, the funds from Hydro into an appropriate trust bank account until a rate review is completed and/or an Investment Manager is appointed.

The Trustees instructed the Administrative Trustee, after discussion, to draft the agreed upon honorarium and expense reimbursement policy to be present to the SA for approval.

It was discussed that the first year could consist of 8-10 meetings to ensure all processes and administrative details are addressed and in place.

The 2011 Trust Operations budget was discussed. This is the annual budget for trust expenses required to run the trust. The Trustees had further discussion and accepted the budget as drafted for the year ending December 31, 2011.

The office location for the Trust was discussed. It was decided it would remain with Deloitte as this would be the most efficient and cost effective way. It will not cause tax issues for the Trustees.

### September 22, 2011

The Administrative Trustee informed the Trustees that there were still three communities that had not submitted their BCR's, therefore the Deloitte engagement letter had not been signed and the money not released. Each Trustee was asked to follow-up with their Chiefs.

The next meeting date was set for December 2, 2011 in Pemberton.

It was decided the selection of an auditor for the Trust would be postponed to a future meeting. The monies have not been received and if they are received close to year-end, it was determined that an audit would not be needed. The Administrative Trustee would confirm this at the next meeting.

The Trustees agreed to have a conference call on October 17, 2011 to finalize the RFP to be distributed for the selection of the Investment Consultant.

It was decided to retain Brenda Gaertner at Mandell Pinder as the trust lawyer. It was determined that if in the instance there was a conflict with the SA or any other community, and the Trustees, she is to declare the conflict and decline the specific requested work.

There was discussion around Trustee Alternates. No final decision was made and the Trustees were to think further on the matter and discuss it with their respective Chiefs.

The Trustees reviewed a draft Trustee Code of Conduct document. There was discussion regarding reporting requirements, format of the minutes, and once approved, it would get forwarded to the SCC, and the process for Trustees missing meetings. Nothing was formalized at this meeting .

The Trustees reviewed a draft Conflict of Interest Guidelines document. A number of different scenarios were addressed and the process to handle the situation. Another item was having community members attend Trust meetings. It was considered, but because community members do not sign confidentiality agreements like the Trustees, it could put them in an awkward situation if information of a confidential matter was discussed and was then spoken about outside the confidence of the Trust.

An updated Code of Conduct and Conflict of Interest Guidelines will be provided at the next meeting.

Closing prayer was given.

#### October 17, 2011 – Conference Call

The draft RFP for an Investment Consultant was reviewed. The deadline for submissions was set for November 18, 2011. Trustees agreed that the RFP would be sent to T.E. Wealth, Aon, and Morneau Shepell. The firms were selected as they are independent from any investment management firm. The proposals that are submitted will be emailed to the Trustees for review prior to the December 2, 2011 meeting.

#### December 2, 2011

Opening prayer was given.

The Administrative Trustee engagement letter was reviewed. Even though the letter was signed by the SCC as per the Trust Agreement, it was felt the Trustees confirm the appointment of Lisa Ethans/ Deloitte as the Administrative Trustee. The resolution was signed by all Trustees.

The Trustees reviewed and signed the authorization to pay the Administrative Trustee's fees up to the budgeted amount.

The Administrative Trustee reviewed notes from a meeting held on November 24, 2011 with the employees of the SCC and legal counsel. It was agreed that a joint meeting with the Chiefs to discuss a number of items, including reporting expectations to communities, and policies and procedures for requesting funds from the Trust, was needed. The proposed meeting date was set as January 10 and 11, 2012.

It was noted that the Chiefs decided that Trustee Alternates were not required. It would be an additional expense of the Trust. It was better to train members to become Trustees and share the knowledge in the communities.

The honorarium and travel expense policy was provided to the SCC for review and approval. No Trustee has been reimbursed for their travel as of yet. Some may be able to approach their own community for assistance.

The Trustee terms of office were provided to the SCC for review. They are as follows:

*4 year term*

Samahquam (Harold Peters)

Sekw'elw'as (Trish Andrew)

Skatin (Ernest Armann)

Xwisten (Florence Jack)

T'it'q'et and Ts'kw'aylaxw (Trustees are still to be determined).

*5 year term*

Tsalalh (Linda O'Donaghey)

Xaxli'p (Steven Doss)

N'Quatqua (Vanessa Mountain)

Xa'xtsa (Cecille Comeau)

Ernest Armann agreed to take the position of Implementation Manager for SGS. He will step down as Trustee for Skatin once the replacement has been determined prior to May, 2012. The Trustees agreed it would be beneficial for Ernest to continue to attend Trust meetings to ensure open communication and flow of information between the Trust and SGS.

A draft retainer letter was reviewed with Brenda Gaertner and the Trustees. Brenda reminded the Trustees that Mandell Pinder is legal counsel for the SCC and for some of the communities. The firm is obligated to act in the best interest of the SCC and communities she represents. The Trustees commented they also serve the communities and to act in their best interests, so there is a common goal. Brenda commented the draft retainer letter would have to be reviewed by her firm as well as the SCC. A final letter will be presented at the January meeting.

The Trustees were advised that the funds from Hydro would be transferred by mid-December.

There were a few outstanding payables that were not covered by the budget. These were discussed and it was agreed they would be paid as presented. Two of the invoices were from lawyers, Mandell Pinder

and Boughton. Each firm did not charge interest on the overdue invoices due to the fact the delay in payment was beyond the control of the Trust.

After a quick review of the payment schedule, the Trustees reviewed a draft Resolution for the PC's to submit in order to receive their portion of the One-Time Nation payment. This could be adapted to be used for future Annual payments from the Trust. A draft policy for these payments will be drafted for the meeting in January.

The proposals submitted for the RFP for Investment Consultant were discussed. The Trustees were in agreement that T.E. Wealth was the best candidate for Investment Consultant for the Trust. T. E. Wealth will be invited to present at the joint meeting in January.

A cash flow of funds to the Legacy Fund was reviewed. With the assumption the Trust would earn at least 5% on average annually and average annual trust expenses of \$400k, the Trust should be able to meet the Minimum Protected Amount by Year 5 as per the requirements of the Trust Agreement.

The Trustees reviewed a draft letter to be sent to each community's auditor requesting an audited schedule to the Trust confirming funds were used for the purposes as stated in the Resolution presented for receipt of funds. Each community will have to provide contact information for their auditor each year.

The Code of Conduct and Conflict of Interest Guidelines had a few revisions. They were then forwarded to legal counsel for review.

The next meeting will be a joint meeting with the SCC and the Trustees held on January 10 and 11, 2012. The location of the meeting was to be confirmed.

Closing prayer was given.

#### December 12, 2011 – Conference Call

The conference call was convened to review the revised draft of the Resolution that the communities will be required to submit for the One-Time Nation Payment. It was decided the revision was complete along with a schedule to outline how the funds will be used and how much. Final review of the form by Mandell Pinder is required.

It was confirmed the January meeting will be held at Cayoose. It was also discussed the Chiefs would also like to invite 2 other members from each community.

The SCC has approved the Trustees' term of office as presented. They also approved the honorarium and travel policy as presented.

There has still not been any confirmation on when the funds will be transferred from BC Hydro. The trust still has no funds.

### January 10, 2012 – Joint Meeting

Opening prayer was given.

The meeting started off with the introduction of T.E. Wealth, the investment consultants and Jack Jamieson and Lana Eagle provided some introductory training for the Trustees, Chiefs and the others present at the joint meeting. The first part of the training covered the following topics:

- Developing Measurable Priorities and Objectives
- Developing the Investment Policy Statement
- Portfolio Structure Considerations
- The Investment Manager Search and Selection Process
- Ongoing Performance Monitoring and Measurements
- Proposed Timeline for future Activities

Lana Eagle concluded the session on the importance of Effective Communications. There were a number of questions; one being whether the Return on Investment discussed was at the Nation level or Community level. It was confirmed we were only talking at the Nation level. Each community will have their own requirements that can be handled in resettlements.

After lunch, the Chiefs and Trustees reconvened in separate locations to carry on their respective meetings.

#### *Trustees meeting*

It was confirmed the monies from BC Hydro were received on December 23, 2011 and the funds were placed in a short term deposit at HSBC at a rate of 1.17% for 30 days. Honoraria and travel expenses were distributed for past meetings to the Trustees.

The terms for the Trustees had been confirmed by the Chiefs as presented.

There was further discussion around Mandell Pinder representing the Trust. It was determined that Mandell Pinder may not be able to represent the Trust and the beneficiaries. Mandell Pinder would provide a letter to the Trustees with confirmation of this issue.

It was determined there was a final copy of the Trust Agreement that was not yet received. Mandell Pinder will provide once available.

Budget and actuals for 2011 were reviewed and signed off by the Trustees.

The budget for 2012 was reviewed. A couple of minor revisions were made and was signed off by the Trustees. Included in the budget discussions was the authorization for payment for the Administrative Trustee.

Discussion around the selection process for the Investment Manager determined the Trustees would like to use a similar process as was used when they selected the Investment Consultant. This would require an RFP to be sent to a number of pre-screened Investment Managers. Investment managers would be pre-screened by the investment consultant. Written proposals would then be submitted for review by the Trustees.

The Trustees reviewed the draft policies and procedures for the One-Time Nation Payment. The policy would include timing for payments so the communities had the opportunity to take their payment in smaller amounts over the year if they wished. The first requests would need to be submitted by February 15, 2012 for payment February 29, 2012. Each community will receive a cover letter outlining the procedure and the amount available for distribution for their community. The resolution previously developed along with the schedule outlining the uses will also be included. There was also discussion on the need for a training session for the communities regarding how trust funds would impact their annual audit.

There was a comprehensive discussion around tax implications to the Trust on any funds that communities wished to resettle into the Trust. This will be figured out and a procedure put in place prior to any community's resettlement of funds.

#### January 11, 2012 – Joint Meeting

It was confirmed that the Trust would reimburse the Chiefs and 2 others to attend this 1.5 day meeting. The SCC rates would be used and an invoice for all would be sent by the SCC to the Trust.

A review of the cash flow was shared with the group for the One-Time Nation Payment. The Trustees would review the status of the Trust funds at each meeting and beneficiaries would be provided a balance at least annually. Further discussion was around the SCC not receiving 17% of the One-Time Nation Payment. This was an oversight as the SCC requires funds to continue operations. The communities will loan funds to the SCC from their One-Time Nation payments to cover the SCC's funding shortfall.

The Legacy Fund cash flow was reviewed and this was an estimate only. The assumptions made for the cash flow determined the fund would see significant growth after the first 10 years if funds were retained in trust. The Chiefs may want to think about options for retaining funds in the Trust beyond 10 years.

The Trustees proposed Raquel Kane (Ts'kw'aylaxw) be appointed as a Trustee for a 5 year term and Megan Thorne (T'it'q'et) as a Trustee for a 4 year term as these terms had not yet been decided. After

the initial term, all Trustee appointments would be for 5 years. Documents will be prepared to formally document these appointments.

There was a comprehensive discussion on the policies and procedures for the One-Time Nation Payment. The resolution for the distribution request was also reviewed. It was pointed out the communities did not need to request all the funds at once. They may resettle some funds back into the Trust. There was discussion around the policy if the Community did not use the funds as indicated in the distribution request. The Communities should inform the Trustees if there will be significant changes as to how the funds were being used. The final policies will be explained to the communities once they are confirmed.

The draft letter to the Community's auditor was reviewed. It was suggested the communities have a separate bank account for trust monies. It was noted the only amount included in this year's audit would be the February 29<sup>th</sup> One-Time Nation payment.

The revised BCR for the loan to SCC was reviewed. The loan would need to be repaid in to the Trust because the Trustees need to ensure the funds are used for Trust purposes. A loan agreement is to be prepared by SCC.

The investment selection process timeline was reviewed. Another joint meeting with the Chiefs was proposed for February 22, 2012 to discuss priorities for Trust income and the required rate of return and other investment policies. This meeting will be held in N'Quatqua and will be led by the investment managers.

It was proposed that the communities agree to establish minimum reporting requirements of a Trustee that would be a Trust expense. Any reporting over and above that would be a cost to the community.

An Annual Report on the Trust is a requirement of the Trust Agreement. There was discussion regarding the content. The SCC was asked to consider whether reporting should be to all members and the extent of the information to be provided given confidentiality considerations.

There was a request that full Trustee meeting minutes are provided to the SCC. The Trustees decided to discuss at their next meeting. In the meantime, it was decided that a Summary of the minutes would be provided for the Trustees to distribute to their Councils and communities to ensure the same message is being reported to all beneficiaries.

It was suggested the Investment Manager would provide a written report annually, meet semi-annually with the Chiefs and Trustees and the communities would be updated quarterly on the balances held in trust for them.

The Trustees will make decisions on the investment policy with input from the Chiefs. Each community can have their own investment policy which would cover any community funds resettled with the Trust.



It was suggested the Trustees contact Chiefs and Councils at least twice a year either on the phone or in person.

The resettlement into the Trust was explained. If a community had other funds of a substantial amount other than Trust funds, they could put them in the Trust. A separate form would be created for this purpose. It was suggested that the communities submit their distribution request by February 15, 2012. This will provide the Trustees information on any amounts that are being resettled and can make the best interest.

Closing prayer was given.