



**Summary of Minutes
Trustee Meetings
2014 February 05 & 06
Sekw'elw'as (Cayoosh Creek) Administration Office**

Trustees' Meeting - 2014 February 05

The meeting started at 9:15 a.m. The new Trustee for Xaxli'p introduced herself. The Trust will provide a Trustee to train the new Trustee.

The 2013 Feb 05 meeting agenda and minutes from the 2013 Sept 10 and Dec 03 meetings were reviewed and approved.

A letter will be sent to those communities holding a large amount of money in a bank account outlining the risks of doing so.

The Trustees were updated on the communities' audits. One community still has to submit their audit and several others have a few questions that require follow up with each community.

The annual review and sign off of the Trustees' Code of Conduct was completed. Trustees' terms of office were reviewed with a note made that five Trustees have their terms ending in 2015. It was decided to bring this item to the Chief's meeting. Trustees' contact information was reviewed and updated with a copy going to the Chiefs should they wish it. Trustees' honorarium information was reviewed for T4 purposes.

The status of the Trust funds was reviewed. The Legacy fund cash flow was reviewed showing the minimum protected amount balance of \$11.6M at the end of year two which includes unrealized gains. The forecast for the minimum protected indicates that we should meet the MPA requirement by the required date of 2017 March 01.

A review was completed of the 2013 budget to actual and the Administrative Trustee invoices which were found to be in order. The 2014 budget was prepared, reviewed and approved by the Trustees.

A discussion was held regarding the need for additional meetings in 2014 to assist with the training of the Chiefs, Councils, Administrators, Finance and community members on the Trust. Although it is the responsibility of Chief and Council to seek information and assistance from their Trustee as needed and to inform their community of Trust matters, the Trustees know it is not something communities do regularly so felt holding a meeting in each community would be beneficial. A proposed meeting schedule was prepared and referred to the meeting with the Chiefs for further discussion. The Annual General Meeting will be held in one of the southern St'at'imc communities since feedback from the 2012 AGM indicated that people wanted to alternate between the north and south. The next Trustees' meeting will be 2014 March 20.

The KNV Auditor Engagement Letter was reviewed with a couple of amendments noted. The Trustees approved the auditor appointment with the amendments.

The Trustees had agreed to review annually whether they felt that a second investment manager should be hired. It was decided that this was not necessary at this time.

Two requests for payment were received. One request was referred to a later meeting due to further audit clarification being required and the second request, which was an amendment of a previous request, was approved.

The proposed timeline for quarterly payments from the third anniversary nation annual payments and the program payments was reviewed. This information will be sent to each community detailing Trust requirements, timing of payments and paperwork along with a cover letter outlining the community's amount available now and indicating that the next payment will be in May.

The correspondence received from EcoPlan International, Inc. requires no further action by the Trustees.

Meeting adjourned 2:30 pm.

Joint Trustees /St'at'imc Chiefs Council Meeting - 2014 February 06

The meeting started at 9:10 am. Members of the St'at'imc Chiefs Council (SCC) and some community councillors were in attendance. Chief Don Harris of Douglas was introduced as the new SCC Chair and Chief Robert Shintah of Ts'kw'aylaxw as the Vice Chair. Chief Harris indicated that was looking for greater coordination between communities and improved communications. He indicated his appreciation for this joint meeting as the Trustees are an important component in the communication and education of community members.

The agenda was reviewed and further details were provided on the Trustee's desired outcomes from the meeting.

The investment consultant, TE Wealth, made their report on the performance and compliance with the Trust's Statement of Investment Policy Guidelines (SIPG) by the investment manager, Barrantagh. The money invested with Barrantagh is the Legacy Fund, the 40% of the BC Hydro payments which is not available to the communities. It was confirmed that the investment manager had followed the SPIG and outperformed the market during 2013 and that the Trust's return was 7% over the market for the year. The SCC was advised that the communities can also use Barrantagh for investing. The communities would get the benefit of the Trust's investment resulting in the communities being charged lower fees due to the amount invested by the Trust. The SCC was also reminded that although Barrantagh had done well during the year, markets will shift and is not an indication of future success, however this is an opportunity communities should consider.

The investment manager, Barrantagh, then made their presentation. Barrantagh is a value manager which means they will buy stocks when they feel a stock is undervalued and will have growth potential. Barrantagh confirmed that they only purchase investment grade bonds, no high yield or junk bonds. They purchase based on cash flow, both historical results and projected, as this is something which is tangible and can be monitored. Barrantagh believes there is still room for growth in 2014, although January markets were down, but maybe not at the 2013 levels. The 2013 highlights were reviewed and confirmation was made that the Enbridge shares had been sold. Barrantagh

explained the reason for selling Enbridge was that they were stretched on their valuation and although there was potential for more increase it was felt that it was a good time to sell. It was also indicated that as there was a mix of views amongst the Chiefs on whether from a socially responsible perspective Enbridge should be held, Barrantagh decided to take the profit and sell.

The Minimum Protected Amount schedule was reviewed. It was confirmed that this is the 40% from the BC Hydro payments which are held by the Trust. There was \$1.87M in unrealized gains at 2013 December 31 which were explained as paper gains as they are not a cash amount but is based on increase in share price. The problem with the 5 year MPA requirement set by BC Hydro for the Trust to hold \$15M, inflation adjusted, is that the markets change and there is no guarantee that on a specific date the markets will be in a positive position. For the purpose of projection, the historical inflation percentage (Consumer Price Index (CPI)) of 2% has been used and the projected interest rate which the investments will receive was set at 5%. Barrantagh has exceeded this percentage this year. It was discussed that it is anticipated that the Trust will achieve the required MPA, that the Trustees will review the calculation and schedule annually and will discuss with the SCC at the joint Trust/SCC meeting. The Chiefs' intent in the negotiations with BC Hydro and their intent to hold the Legacy Fund for long term was explained to the Trustees. There is a separate agreement by all communities to not use the Legacy Funds for ten years at which time they will revisit this arrangement and maybe consider increasing the 40%. At this point the 60%/40% could continue as it appears the MPA will be achieved within the required time frame.

The Trustees terms of office were reviewed with the Chiefs. Five of the Trustees' terms expire on 2015 July 15 and given the complexities of the Trust it is hoped that all five will not be seeking to resign or be replaced by their communities. The Chiefs felt it would be helpful for additional communication with the community Trustees, such as presenting to Council and the community. The Trustees had previously discussed this and it was agreed that each Trustee would be paid by the Trust to present to their Council or community up to 10 hours a year, in minimum one hour increments but the Council need to invite the Trustee to attend meetings and provide updates. The Chiefs felt it would be beneficial if the Trustees created a report and presented it to each Chief & Council and their administration staff, finance staff and community members. It will be left with the Chiefs to decide who should attend. This is what the Trustees had proposed to do and the following meeting date schedule was developed:

March 20	Trust Meeting during day T'it'q'et meeting at 5pm with Chief & Council, Administration, Finance
April 22	Ts'kw'aylaxw meeting at 1pm with Chief & Council, Administration, Finance
May ?	N'Quatqua meeting (TBD)
June 5	Trust Meeting during day AGM in South at night (location TBD) (possibly Whistler)
June 6 am	Douglas meeting at 9am with Chief & Council, Administration, Finance
June 6 pm	Skatin & Samahquam meeting at 1pm with Chief & Council, Administration, Finance
June 7	Douglas meeting at 10am with Community
September 4	Trust Meeting during morning Xaxli'p meeting at 1pm with Chief & Council, Administration, Finance
October 6	Tsal'alh (Seton) meeting at 1pm with Chief & Council, Administration, Finance Tsal'alh meeting at 4pm with Community
November 8	Cayoose Creek at 1pm meeting with Chief & Council, Administration, Finance, Community
November 9	Bridge River at 12pm meeting with Chief & Council, Administration, Finance, Community
December 5	Regular Trust meeting – Conference Call

A discussion occurred around privacy matters and information which is shared by the Trust with the SCC. Some communities had council members at the meeting to assist them to understand the Trust and aid them in educating their community about the Trust. The Chiefs were asked what level of comfort they had in sharing this information. The information does not disclose which communities are, or are not, in compliance with their audits nor does it disclose what communities use their drawn funds for. As all communities were involved in the negotiations and know the sharing formula the Chiefs felt it would be beneficial to share information with all communities

The Trust Fund Balances Schedule was reviewed. It was suggested that any community with a balance over \$1.0M should consider their options to use or invest their funds as currently the GIC's are earning less than 1%. While the Legacy Funds are invested and earning a good return, the Trustees do not have any authority to invest each community's available funds. The Chiefs were encouraged to work with TE Wealth to develop a Statement of Investment Policy Guideline (SIPG) as it is a service the Trust is currently paying for and is required if funds are going to be invested. It was noted that the communities have an excellent opportunity to invest their money with Barrantagh whether through the Trust or separately with their own source revenue, which they otherwise would not have as a minimum balance estimated at \$3.0M is needed to use Barrantagh's services. Barrantagh has opened up their services to the communities and will charge a lower rate than if the community invested on their own.

A Chief asked whether it was cost effective for the Trust to continue to use TE Wealth to monitor the investment manager as the fees increase as the Legacy Fund increases. The Trustees had discussed this and decided that the Trust would continue with the TE Wealth contract for this year as the Trustees want the communities to use TE Wealth's services to develop a SIPG. The Trustees had reviewed the cost to determine if the Trust was getting value from the contract for the past year and determined that it had. If the communities do not engage TE Wealth the value will no longer be there and the contract can be cancelled on 30 days' notice if required. The Trust will always need a monitor to ensure that the investment manager is complying with the Trust's SIPG.

A discussion regarding AANDC , Trust and Health Canada funds and reporting requirements in audits ensued. Communities were advised to never mix own source revenue with AANDC and Health Canada funds, and keep them fully separate. Trustees felt that funds which are available to be requested by a community would need to be reported in the audit; however the community's share of Legacy Fund/MPA amount may not have to be as the community doesn't have control or use of it. This would have to be discussed with each community's auditor.

Chief Adolph explained his community's application process for requesting Trust funds.

Meeting adjourned at 2 pm.