



TAHLTAN HERITAGE TRUST

2019 TAHLTAN NATION ENGAGEMENT TOUR

TAHLTAN LEGACY CORPORATION – HISTORY & OVERVIEW

Agenda

1. What is a Trust?
2. Background to Tahltan Heritage Trust (Trust)
3. Overview of Tahltan Heritage Trust (THT)
4. Restrictions of Beneficiaries
5. Trustees' Powers
6. Recommendations



What is a Trust?

- Established when an entity (TCG) transfers property to another entity (THT) to hold for the benefit of beneficiaries
- Is a fiduciary legal relationship – trustees are custodians of property for the beneficiaries
- Income Tax Act treats trust relationship as a separate legal entity
- Trustees are responsible for custodianship of the trust property – ongoing obligation to administer the trust in accordance with terms of the trust indenture

Purpose of the Trust

The Trust invests funds to generate long-term stable revenues to support the Tahltan Nation

Background (1)

- Participation Agreement (Galore Creek Mine) Feb. 2006
 - Between NovaGold and Tahltan Central Council (TCC)
 - \$250,000 per year (Consumer Price Indexed)
 - Up to 10 years (if no mine built)
 - Priority payments for Participation Agreement (PA) related costs – implementing, monitoring, enforcing PA, environmental rehabilitation and habitat enhancement

Background (2)

- PA sets Minimum Parameters of Trust
 - Fair allocation to entire Tahltan Nation, including Telegraph, Iskut and Dease Lake communities
 - Fair and clear allocation process
 - No per capita distributions
 - An independent and corporate trustee
 - Prudent, long term investments
 - Distributions for education, training, capacity development, housing, health education, economic development
 - Annual reporting and accounting

Arms Length – Trust Protection

- To avoid subsection 75(2) from applying, it is usually required that the creator of the trust (i.e., the settlor) not be able to make decisions related to the trust (i.e., is not a trustee) or cannot benefit from the trust property (i.e., is not a beneficiary)

Restrictions of Beneficiaries

- Cannot call for a distribution of any trust property
- Cannot interfere or give directions to the Trustees with respect to the affairs of the trust
- Legal ownership of the trust and right to conduct business are vested exclusively in the Trustees
- No beneficiary has or is deemed to have any right of ownership in any of the trust property

Overview of Tahltan Heritage Trust

- Participation Agreement Funds
 - Payments started in 2007
 - Payments made annually
 - Assets to December 31, 2011: \$1,904,538.00
 - Assets to December 31, 2018: \$14,669,820

Overview of Tahltan Heritage Trust

- **Trust Terms**

- **Settlor:** Elizabeth Edzerza
- **Settled Property:** Jewelry
- **Trustee:** Tahltan Legacy Corporation
- **Beneficiaries:** TCG; IB; TB: Persons appointed by Trustees; Corporations controlled by TCG and any charity designated by Trustees
- **Trust Termination:** can be terminated by Trustees (s. 2.1 (e) (ii) and s. 5.1 and s.5.2)

THT Trustees' Powers (1)

- Have all the same powers as a natural person acting as the beneficial owner in relation to Trust property
- Convert Trust Property into money or other property
- Trustees may invest in any form of property or security in which a prudent investor might invest
- Pay costs, fees and expenses associated with foregoing activities
- May incorporate a company or society for the purpose of investing

THT Trustees' Powers (2)

- Trustees may borrow on behalf of the Trust any monies deemed necessary
- Trustees may vote of the election of a Trustee to any board, office or committee
- Trustees may consent to a reconstruction, reorganization, amalgamation, consolidation, readjustment, or liquidation of any entity the securities which form part of the Trust.
- Trustees may lend money to any person with or without interest

Recommendations for Changes (1)

- **Creating a New Trust**

- **Settlor:** Tahltan Central Government
- **Beneficiary:** Tahltan Nation with clear and fixed definition, without room for uncertainty or changes
- **Clear use of funds**
 - Participation Agreements related costs
 - Environmental priority
 - Fair allocation of benefit to all communities and to on and off reserve members

Recommendations for Changes (2)

- No Per Capita Distributions
- Independent trustees
- Long term prudent investments
- Focus on “Governance and Community Development” (s.8.8.3(h), PA)
- Annual reporting and accounting
- Ensure tax planning completed

Recommendations for Changes (3)

- Allow for new participation agreements or other revenue
- Procedure for vote to collapse or amend trust
- Change of trustee by Tahltan Central Government
- Provisions for investment policy (adapted over time – not fixed)
- Tax related provisions (take advantage of potential tax status of TCG and the two Bands (do S.149 (i)(c) Advanced Tax Ruling, if possible)

2019 THT COMMUNITY ENGAGEMENT QUESTIONS?