



**TAHLTAN
HERITAGE
TRUST**

**2022 TAHLTAN AGA
REPORT TO TAHLTAN
MEMBERSHIP**

JULY 4, 2022

AGENDA

- Trust Overview
- Financials Overview
- Distribution
- Introduction to the Proposed New Trust
- New Trust Website



ABOUT THE TRUST

- Established in January 2007 with the initial funds coming from the Novagold Participation Agreement
- Expanded to include funds from IBAs
 - Currently receiving the AltaGas, BC Hydro, Province of BC, Red Chris & Seabridge funds
 - Targeted to receive funds from Bruce Jack and Silvertip once they start to flow
- Invests funds to ensure long-term stable revenues for the Tahltan Nation
 - Currently invested with BMO-Nesbitt Burns and Northwest Hydro Project (Manulife-Axium)

ABOUT THE TRUST

- **Beneficiaries:**

- Tahltan membership as recognized by the Iskut Band, Tahltan Band and Tahltan Central Government

- **Parameters:**

- No per capita distribution
- Funds managed by Trustees
- Spending power of the investment capital must be preserved
- Prudent long-term investment rules
- Distributions for education, training, capacity development, housing, health, education and economic development

RATIONALE FOR TRUST CREATION



We estimate \$200 million is needed to become self sufficient
($\$200,000,000 \times 5\% \text{ Net ROI}^* = \$10,000,000$)

**Return on Investment*

TRUSTEES

Current Trustees:

- Bill Adsit
- Garry Merkel
- Third position is currently vacant
- Seeking qualified Tahltan Trustees

Trustee Duties:

- Engage an Investment Manager
- Develop / follow trust agreement and investment policies
- Approve annual income distributions
- Monitor financial performance & conduct annual audit
- Prepare Annual Report, including financial statements
- Annual reporting to Tahltan Membership
- Hold regular Trustee meetings
- Implement Policy and Operations Manual

**Trustees are not responsible for
program delivery from Trust income**

FINANCIALS OVERVIEW



INCOME STATEMENT 2021

INCOME STATEMENT YEAR ENDED DECEMBER 31

INCOME	2021 \$	2020 \$
Investment	1,045,232	365,246
Coast Mountain Hydro	2,750,339	2,238,112
Galore Creek Mining	320,027	309,535
Newcrest Red Chris Mining	<u>3,057,620</u>	<u>423,969</u>
TOTAL INCOME	<u>7,173,620</u>	<u>3,336,862</u>
EXPENSES		
Advisor fees and bank charges	81,614	32,647
Contribution to TCG Education program	510,000	200,000
Professional and management services	<u>115,126</u>	<u>284,689</u>
TOTAL EXPENSES	<u>706,740</u>	<u>517,336</u>
NET INCOME	<u>6,466,478</u>	<u>2,819,526</u>

BALANCE SHEET 2021

BALANCE SHEET DECEMBER 31 ASSETS

CURRENT	2021 \$	2020 \$
Cash	2,066,909	6,237,817
Marketable securities	18,057,903	23,745,596
Accounts receivable	<u>1,496,500</u>	<u>1,499,899</u>
	<u>21,621,312</u>	<u>31,483,312</u>
OTHER		
Northwest Hydro LP Investment*	<u>25,715,025</u>	<u>25,386,047</u>
TOTAL ASSETS**	<u>47,336,337</u>	<u>56,869,359</u>

*Fair market value of \$38,182,027 (2020: \$35,982,077)

**The Trust's actual capital increased but the decrease from 2020 is due to returning the \$16,000,000 Economic Development Fund to TCG

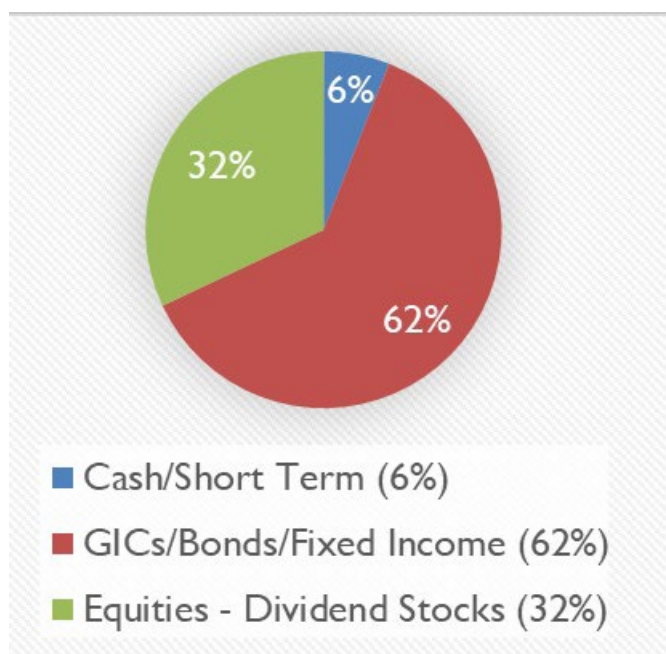
BALANCE SHEET 2021

BALANCE SHEET DECEMBER 31 LIABILITIES AND EQUITY

CURRENT	2021 \$	2020 \$
Accounts payable and accruals	<u>7,000</u>	<u>16,006,500</u>
EQUITY		
Opening balance	40,862,859	37,743,333
Net Income	6,466,478	2,819,526
Contribution	<u>-</u>	<u>300,000</u>
Closing balance	<u>47,329,337</u>	<u>40,862,859</u>
TOTAL LIABILITIES & EQUITIES	<u>47,336,337</u>	<u>56,869,359</u>

ASSET MIX – TRANSITION SINCE 2018

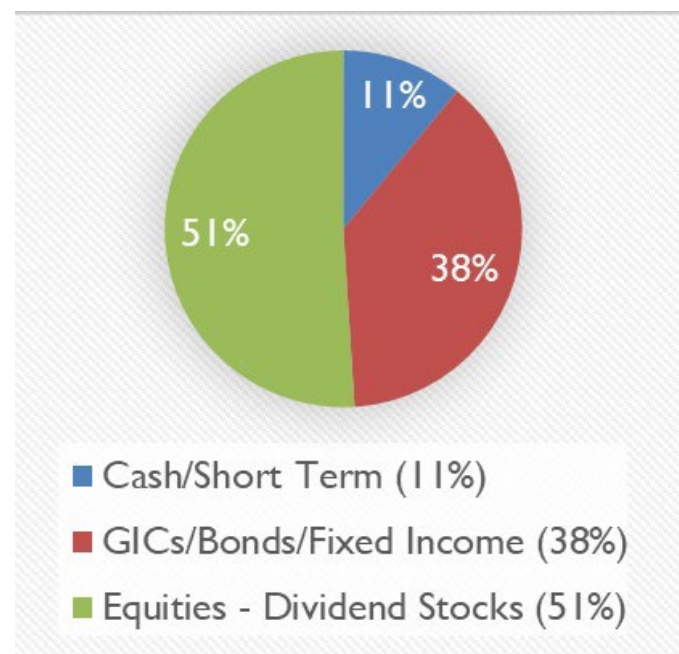
June 2018



Investment Objective:

Moderate Balanced Account. Increase equities to approximately 1/3. Dividend stocks such as CIBC, Royal Bank, Telus, Microsoft and McDonalds. Slightly more risk but increased rate of income (dividends) and potential capital gains.

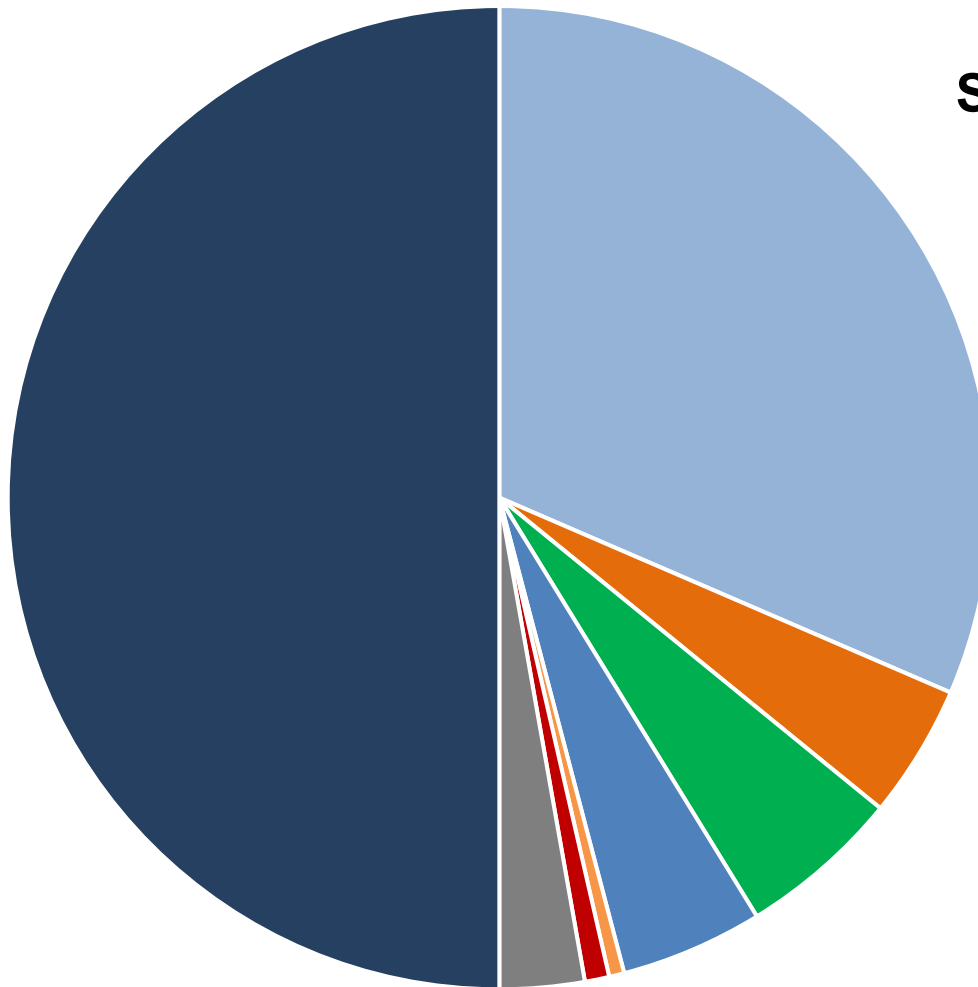
Dec 2021



Investment Objective:

Moderate Balanced Account. Increase equities to 50% and reduce Fixed Income/GICs/Bonds to 38% and Cash/Less-than-1- Year-GICs to 12%. Half in equities for growth and half in Fixed Income/Cash for safety.

2021 SOURCES OF CAPITAL & INCOME

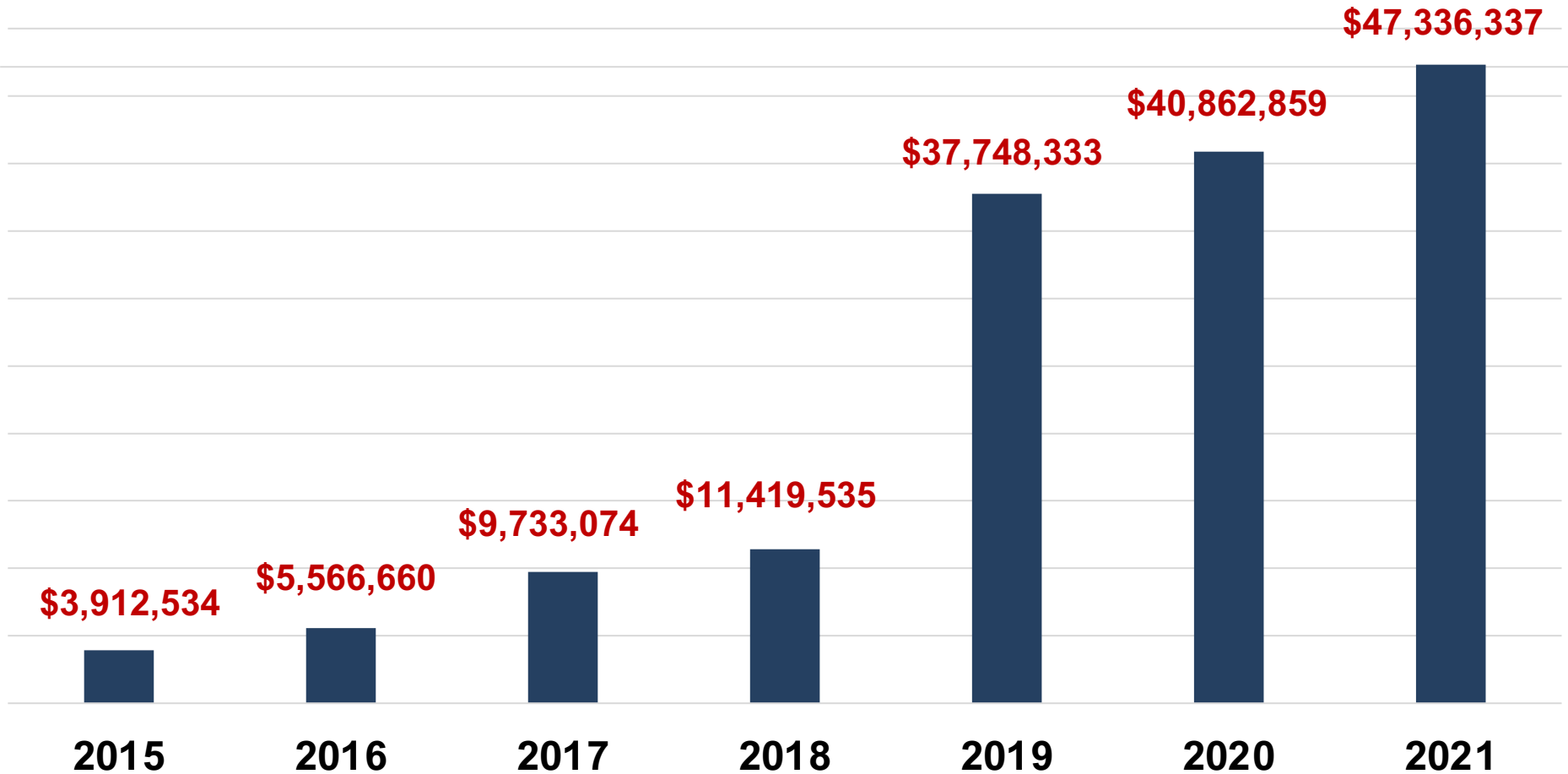


SOURCES OF INCOME \$50,044,913

Coast Mtn (AltaGas)	--	\$31.5 M
BC Hydro	--	\$ 4.4 M
Red Chris	--	\$ 5.3 M
Nova Gold/Teck	--	\$4.7 M
Province of BC	--	\$500 K
Seabridge Gold	--	\$803 K
Investments	--	\$2.8 M

PORTFOLIO VALUE GROWTH 2015-2021

Portfolio Value Growth



DISTRIBUTION POLICY (FORMULA)

THE FORMULA FOR FUNDS AVAILABLE FOR DISTRIBUTION:


$$=$$

$$-$$

$$-$$


FUNDS AVAILABLE
FOR DISTRIBUTION

INCOME EARNED IN
PREVIOUS YEAR*

EXPENSES IN
PREVIOUS YEARS

INFLATION INDEX
(2% OF TRUST FUND)

* INCOME EARNED FROM VARIOUS SOURCES, INCLUDING INTEREST AND RETURNS ON INVESTMENTS

THE PRINCIPLE AND ITS SPENDING POWER WILL BE PROTECTED TO ENSURE
EQUAL OR GREATER VALUE FOR FUTURE GENERATIONS.

2022 DISTRIBUTION

2022 FUNDS AVAILABLE FOR DISTRIBUTION

Investment Income	\$ 1,045,232
Coast Mountain Hydro Investment Earnings	\$ 839,813
Volcano Creek Investment Earnings	\$ 82,071

Total Income	\$ 1,967,116
---------------------	---------------------

Less Inflation (2%)	\$ (864,965)
Less Expenses	\$ (196,840)

Total Deductions	<u>\$ 1,061,805</u>
-------------------------	----------------------------

Funds Available for Distribution:	<u>\$ 905,311</u>
--	--------------------------

DISTRIBUTION HISTORY

- Limited distributions during the first 11 years to foster growth
- First distribution was \$100,000 in 2016 to establish the Tahltan Education Fund (managed by TCG)
- Subsequent distributions to the Tahltan Education Fund totalling **\$910,000**:
 - \$100,000 in 2017
 - \$100,000 in 2018
 - \$200,000 in 2019
 - \$200,000 for 2020
 - \$310,000 for 2021

INTRODUCTION TO THE NEW TRUST



2022 TRUST AMENDMENTS

- After 14 years of operations, the Trustees are recommending amendments to the original Trust Indenture
- These amendments will ensure the Tahltan Heritage Trust will continue to benefit Tahltan members into the future
- Keeps the THT structure current with the last 15 years in Indigenous trusts which have resulted in much more robust structures

2022 TAHLTAN HERITAGE TRUST CREATION

- To enact the required amendments, the original Tahltan Heritage Trust will be replaced with a new trust – the 2022 Tahltan Heritage Trust
- Key changes include:
 - Revised purpose
 - Distribution mandate changed
 - Revised trustee model
 - Improved trust operations
- Tahltan Legacy Corporation (current trustee) will transfer all the current Trust's property to the new 2022 Trust
- The Trustees accept the transfer and the 2022 Trust is created
- The Tahltan Legacy Corporation will be dissolved, as it no longer serves any purpose

CHANGE IN TRUST PURPOSE

2007 TRUST

- The Trust has been settled to manage the Trust Property for the overall improvement of the cultural, communal and economic well-being of the Tahltan Nation and more particularly, the Beneficiaries and their lands

2022 TRUST

- This Trust has been settled for the purpose of:
 - a) Assisting the Tahltan Nation in achieving long-term financial independence and economic self-sufficiency
 - b) Ensuring that a financial legacy is established from the extraction of finite natural resources and other sources of revenue from Tahltan Territory
 - c) Providing for professional management and investment of trust property

REVISED TRUST PURPOSE

- Clearer statement of why the Trust is needed
- Better reflects the future needs of the Tahltan Nation
- Expresses the desire for economic autonomy and self-reliance
- Illustrates and acknowledges that resource extraction activities do not go on forever
- Emphasizes that professional management is a key element to creating an enduring financial legacy

CHANGE IN TRUSTEES

2007 TRUST

- A corporate trustee was used – the Tahltan Legacy Corporation
- Individuals were not trustees but directors of the corporate trustee

2022 TRUST

- Corporate trustee replaced with 3-5 individual trustees (to be appointed jointly by the Iskut Band, Tahltan Band and Tahltan Central Government)

**This will simplify the appointment and replacement of trustees
and eliminate the need to maintain a corporate trustee**

DISTRIBUTIONS

2007 TRUST

Section 4.1

- Trustees have the discretion to make distributions of Trust income and Trust property to any one or more of the Beneficiaries

2022 TRUST

- Trustees continue to have the discretion to make distributions of Trust income and Trust property to any one or more of the Beneficiaries
- By policy, the Trustees will make distributions to a Tahltan Community Foundation (once it is created)
- Distributions will be made according to a formula agreed upon by Tahltan members

2022 TRUST REVISED DISTRIBUTION SYSTEM

- Streamlines the operations of the Trust (formula used)
- The Trustees will focus on managing the Trust portfolio and the Tahltan Heritage Foundation is proposed to focus on distributions
- Separates the “growth” aspects of the Trust from the “giving” aspects

TAHLTAN GOVERNMENT RESOLUTIONS

- Certain decision-making functions require approval from all 3 Tahltan Governments, including:
 - Appointment of trustees
 - Appointment of additional trustees
 - Replacement of trustees
 - Major amendments to the Trust Agreement
- Tahltan Government Resolutions may be:
 - Unanimous approval by all 3 governments; or
 - A majority vote of all Tahltan Government Voters

TRUSTEE APPOINTMENT

- The Tahltan Legacy Corporation, as settlor of the 2022 Trust, will appoint 3 original trustees
- Original trustees will serve 4 year terms
- Tahltan Governments will reappoint or replace trustees for future terms
- No restriction on reappointing Trustees
- If desired, Tahltan Governments can appoint 2 additional trustees, to a maximum of 5

TRUSTEE QUALIFICATIONS

- Willingness to adhere to a Trustee Code of Conduct:
 - As developed by the Original Trustees in consultation with the Tahltan Governments
 - Such Code of Conduct to be reviewed by the Trustees, in consultation with the Tahltan Governments, at least once in every 5-year period commencing on the date of execution of this Agreement
- Record of honesty, integrity and a commitment to the Tahltan Nation and its people
- Evidence of leadership, including collaborative leadership experience

TRUSTEE QUALIFICATIONS

- Previous Director or fiduciary experience
- Knowledge and understanding of business, financial and legal issues
- Willingness to regularly attend trustee meetings and community meetings, as required
- Professional and educational achievement
- Ability to communicate effectively, both orally and in writing

TRUSTEE PROHIBITIONS

A Trustee Cannot Be:

- A Chief or other member of a Council of a Band
- A Director of the Tahltan Central Government
- Bankrupt
- Legally found to be incapable of managing his or her affairs
- Convicted of:
 - An indictable offence (except for an indictable offence arising from the actions of the Trustee in respect of an act of civil disobedience in support of aboriginal rights and title, which actions the Tahltan Governments have determined are not inconsistent with the Trustee's obligations to act honestly, in good faith and in the best interest of the Beneficiaries under this Trust)
 - Any offence involving property held as a trustee or fiduciary

A Trustee must be a Tahltan member

UNCOOPERATIVE TRUSTEE

An Uncooperative Trustee

A Trustee who, in the opinion of the majority of the other Trustees, has acted incompetently, or is unwilling, unable or unreasonably refuses to act cooperatively with the other Trustees or whose conduct hampers the efficient administration of the Trust

**An Uncooperative Trustee may be removed by
a majority decision of the remaining trustees.**

**There will also be a process for Tahltan Governments to jointly
express their issues to consider a trustee for removal**

TRUSTEES' ROLES/RESPONSIBILITIES

- Efficient operation of the Trust
- Investment of Trust Property, including appointment and oversight of investment managers
- Distributions proposed to made to the Tahltan Community Foundation
- Annual reporting to the Beneficiaries

BENEFICIARIES APPOINTMENT AND REMOVAL

- The Trustees may, in consultation with the Tahltan Governments, appoint additional beneficiaries to the Trust
- The Trustees may, in consultation with the Tahltan Governments, remove beneficiaries from the Trust

FUTURE TRUST AMENDMENT

- The Trustees have the power to make limited, administrative changes to the terms of the 2022 Trust Agreement including:
 1. Ensuring that the Trust complies with applicable laws
 2. Removing or curing inconsistencies between provisions of the Trust Agreement
 3. Correcting any ambiguities, defective or inconsistent provisions of the Trust Agreement provided that the Beneficiaries are not prejudiced
- Any substantive changes to the Trust must be approved by Tahltan Government Resolution

TRUST LAW

Even-handedness

- In accordance with trust law, the Trustees are not required to treat all beneficiaries the same
- The actions of the Trustees may positively or negatively impact different beneficiaries

RECAP

- The existing Tahltan Heritage Trust will be replaced by the Tahltan Heritage Trust (2022)
- Beneficiaries are unchanged
- Distributions are expected to flow through the Tahltan Community Foundation once it is created:
 - Completed 2 rounds of community outreach
 - Follow up meetings will take place in the near future to finalize
 - Trust articles will be amended to incorporate the Community Foundation once there is agreement
- Trustees will focus on wealth preservation and investment

NEW TAHLTAN HERITAGE TRUST WEBSITE



[ABOUT](#) ▾ [ASSETS](#) ▾ [FOUNDATION](#) ▾ [ENGAGEMENT](#) ▾ [NEWS](#) [RESOURCES](#) ▾ [FINANCIALS](#)

[HISTORICAL](#)

[PRESENTATIONS](#)

[FAQS](#)

[CONTACT US](#)

A wide-angle landscape photograph showing a calm river or lake in the foreground, surrounded by dense green forests on rolling hills. In the distance, more hills are visible under a cloudy sky. A vibrant rainbow arches across the sky, its colors reflecting on the water's surface.

INVESTING FOR FUTURE GENERATIONS

www.tahltanheritagetrust.com



NEW TAHLTAN HERITAGE TRUST WEBSITE

- Source of news and resources for Tahltans about the Trust
- Overview of the Trust, History, Trustees, Assets and Distributions, the Tahltan Community Foundation, News and Tahltan Engagement
- Resources include historical documents, presentations, frequently asked questions, and financials
- Financials are password protected: TahltanStrong
- Questions: info@tahlthanheritagetrust.com

**Join our mailing list to stay up to date!
Email or fill out a form.**



Tahltan
HERITAGE TRUST

**TAHLTAN
HERITAGE
TRUST**

QUESTIONS?

www.tahltanheritagetrust.com

Photos courtesy of Kathy Merkel