

**2023 Tahltan Annual General Assembly**  
**Trustee Presentation to the Membership Minutes**  
**July 4, 2023 – 10:00 a.m. – Dease Lake Arena**

On July 4, 2023, Tahltan Heritage Trust Trustees Bill Adsit and Garry Merkel provided an update on the Trust to Tahltan membership at the Tahltan Annual General Assembly.

**Handouts:**

- 2022 Financial Statements
- 2023 AGA Presentation

**Presentation Start:** Bill Adsit opened the presentation at 10:10 a.m. Bill introduced himself, then reviewed the Agenda, and began walking through the presentation.

**Trust Overview/Background:**

- **Overview:** provided background on the Trust, noting this year they would provide a summary as detail has been shared every year. Of significance, he noted the Trust was established as a separate legal entity to ensure there is no political interference and that part 6 of the Agreement states that no beneficiary shall have any right to call for a distribution or division of any Trust property, because it belongs to Tahltan members.
- **Rationale for its creation:** Bill advised that he recently attended the NATOA (National Aboriginal Trust Officers Association) conference, at which the common purpose by other First Nations was to ensure the funds are preserved for 7 generations and decisions must be made today with their consideration.
- **Parameters:** he noted distributions are to support education, training, capacity building, housing, health, education and economic development.

*Note: Jerry Asp: clarified that creation of the Trust was voted on by membership.*

- **Trustee Duties:** In addition to explaining the duties, Bill emphasized that new Trustees are needed to support knowledge transfer for his and Garry's eventual departure, and called for new Trustees. He also noted they have had challenges getting new Trustees.

## Financials:

- **Income Statement:** reviewed the Income Statement and explained how the funds are invested.
- **Balance Sheet:** reviewed the Assets and provided an explanation of the investments in the portfolio.
- **Sources of Capital & Income:** reviewed the sources of income for 2022, explaining their percentages in the overall value.
- **Portfolio Value Growth:** a graph was presented showing the growth of the portfolio from since 2016 (\$5,566,660) to 2022 (\$55,648,487).

## Investment Portfolio Performance:

- **Investment Strategy:** during the first 10+ years, the goal was to grow and preserve the principal amount of the investment (not lose); going forward the goal is to continue to preserve and outperform inflation while striking a balance between growth and safety of the principal. The investment portfolio has achieved over \$3 million in profits since inception and the target is now 5% rate of return. Since 2018, the funds have been invested with Nesbitt Burns.

## Distribution of Benefits

Garry Merkel introduced himself. He provided clarity on Bill's comment that there were two years of losses; the funds remain intact and continue to earn money, but their market value has decreased. These types of ups and downs are common with investment funds and the Trustee's practise is to not convert or sell any portion of the fund until its market value has recovered to higher than its original value.

- **Annual Distribution Estimate Formula:** explained the formula for calculating the Funds Available for Distribution (FAD): subtracting the expenses for the year and 2% inflation (Bank of Canada target) from the income for the year, noting the principle and its spending power will be protected to ensure equal or greater value for future generations.
- **2023 Funds Available for Distribution:** walked through the 2023 FAD calculation, which totals \$348,322.
- **Three Year Distribution:** the current funding model is highly variable each year and limits the ability of the delivery providers to plan ahead. Consequently, the Trustees are adopting a new distribution model where they will assess past performance and

projections of earnings to set a 3 year guaranteed distribution amount that they can confidently meet. The result is a more stable model that fixes distributions for the next three years (now set at \$700,000 per year for 2024, 2025 and 2026).

- **Priorities & Delivery – The Question:** under the current Trust:
  - Shareholders (Tahltan Central Government, Tahltan Band and Iskut Band) appoint the Trustees but do not manage the funds or decide on delivery.
  - Role of Trustees is to manage (invest) the funds and declare the annual distribution; they don't decide how to spend the money (delivery), nor do they want to.
  - To date, Delivery has been through a resolution at an AGA. But a delivery model is needed moving forward. The Community Foundation is one option that has been discussed, but it hasn't moved forward.
- **Government Lead Priority & Delivery:** in Community Engagement Sessions the Trust held in past years, there was support for a Tahltan Government lead and managed process that sees Tahltan Community Engagement identifying 3-5 year priorities. Delivery agents would establish plans and budgets to meet those priorities, which would be approved by the Tahltan Governments, likely a committee. The Tahltan Governments would be responsible for ensuring reporting and accountability measures on delivery of the priorities, in turn reporting to the membership and the Trust.
- **To Date Trust Distributions:** 2018-2023 distributions to date totalling \$2,610,000 have been to the TCG education fund. Education will continue as the default priority for the next three years (2024-2026) but may include additional priorities once the Tahltan Governments conduct an outreach process.

### **New Trust:**

Bill provided background and rationale for creating a new Trust.

**Trust Amendments** – the most significant recommended changes include:

- Revised purpose that better defines the objectives and goal to ensure the Tahltan Heritage Trust will continue to benefit Tahltan members into the future.
- New Trustees must be recommended by the Current Trustees and approved by all three Shareholders.
- Trustees manage for growth and a new entity manages giving.
- The Tahltan Legacy Corporation be dissolved for tax purposes, replacing the Corporate trustee with 3-5 individual Trustees.
- Trustees maintain distribution discretion based on approved formula.

- Unanimous approval by three Shareholders, not just one (currently TCG), on major changes that impact all members.

Notably, Bill shared that at the NATOA conference he learned that all other Trusts are managed by external fund managers, who charge between 5% and 9%; the Tahltan Heritage Trust is the only one that is managed internally, saving significant money.

Garry pointed out that in developing the new Trust, the Trustees worked with TCG's lawyer and Chief Financial Officer to address concerns raised by TCG and remove the reference to the Community Foundation.

## LOOKING AHEAD

- **Trust Concerns:** Bill addressed several issues currently facing the Trust:
  - New Trustees are needed; multiple requests have been sent to the Shareholders without action.
  - Agreement is needed by all three Tahltan Governments on community outreach to set a process.
  - \$5.8 million of Trust Funds committed in Impact Benefit Agreements has been redirected by the TCG into a savings account.
  - Approval of the new Trust Agreement needs to be made by all three Shareholders.
  - As per the current Trust Agreement, audited financial statements will be provided for 2023 and beyond.
- **Tahltan Heritage Trust Website:** reminded the Trust has a website ([www.tahltanheritagetrust.com](http://www.tahltanheritagetrust.com)) to share news, provide background and resources (e.g. current and historical presentations, frequently asked questions, financials, etc.). Financials are password protected: TahltanStrong.
- **Mailing List:** Tahltans were reminded to join the Tahltan Heritage Trust email list to stay current on news, by completing a form.
- **NATOA Conference Key Takeaways:**
  - **Trust rationale:** echoed why First Nations Trusts are necessary.
  - **Involvement of Youth:** education & training of youth is extremely important.
  - **Evenhandedness:** funds must be available to the 7th generation.
  - **Trust Administrators:** provide daily administration, record keeping and foster knowledge sharing and succession planning.
  - **Standard management guidelines:** Expenses 1%; Distribution 3%; Inflation 2%; Growth 6%; which align with the Trust.

## QUESTIONS

Jerry Ask: questioned why TCG would take the \$5.8 million; recalls when Trust was started, it was to invest the IBA funds.

Sandra Marion (TCG Secretary-Treasurer): answered that back in 2020, they had their trust lawyer review the new documents to ensure the documents were sound; they tried to have a conversation with the Trustees since 2021; feels it isn't fair. Heather Hawkins and Sandra forged the conversation, have it documented.

Chad Day (TCG President): have had trouble going back to 2018 to get the Trust to provide stable funds for education; were told no for multiple years. As Sandra explains, they had concerns that weren't addressed, prompting the decision not to send the funds to the Trust until a new Trust document is in place. The new TCG Board didn't feel right; no funds owed. In January, the Board had an intense meeting. Half the board felt the need to pay the education distribution; the other half felt a different way, which resulted in a 6:6 tie. When conflict started, they had their lawyer look into the IBAs and found the AltaGas agreement doesn't state the funds are to go to the Trust. Speaking to the old TCG Board, the goal was to get a best practices Trust. TCG has these redirected funds in a separate account earning interest until the matter is resolved. He has sent emails to the Bands advising (although TCG doesn't legally have to) and does not believe anything was unethical.

Garry Merkel: replied we're not here to debate governance. What he hears makes him hopeful. The Trust couldn't touch the capital so couldn't distribute more than it earned; however, it recognizes that delivery agents (currently TCG) couldn't plan on stable funding. The Trust has now stabilized distributions and committed \$700,000 annually for the next three years. The Trustees have also worked with TCG representatives and revised the proposed Trust agreement to address the concerns that were raised – we are close to completion and he believes we can work to finalize it.

Gaylene Day:

- Parties need to work out these issues internally before heading to the members. Has concerns that \$1.4 million is too much for Education and \$700,000/year is also too high.
- Has heard comments in the community that Bill and Garry, as Trustees, could liquify the funds without Tahltan government approval. Please clarify.

Bill Adsit: when Trustees are appointed, they must be qualified and trustworthy to assume the responsibility for investing the funds on behalf of the Tahltan membership.

Garry Merkel: explained that while Trustees could dissolve the Trust, the balance of the fund goes to the Beneficiaries (three Tahltan Governments). The Trustees are also bound by policies to not spend the capital; need to protect it for the future.

Sandra Marion: confirmed it was her comment that, by the way the legal document is written, at the Trustees' discretion they may be able to dissolve the funds.

Rhiannon Ball: it sounds like TCG is rounding dollars from Education, with the growth in staff of the Tahltan Central Government, the Trust dollars are an easy grab. Her family has experienced abuse; did not select Tahltan women. Something changed in the past 4-6 years that the abuse has been increasing.

Chad Day:

- Responds to the comment the redirected funds have been invested in a high interest savings account.
- The goal of the Trust restructure is to reflect best practices; the issue is how it has been structured; legal/lawyers have lots of work to restructure.

Ken Edzerza: the TCG government is doing what it needs to be accountable and the Trust is doing what it needs to be accountable. The conversation needs to be halted. Each side has concerns; they need to come to a resolution that ensures the Trust is protected.

Colleen Parker (Stikine Claw Family Representative): provided clarity on how the vote divided. There is misinformation. The minutes state those that voted against the withholding of the funds don't support education – this is incorrect. She reviewed past TCG board minutes and put all the resolutions into a table; there was a past resolution related to the Trust in which Ken Edzerza and Ann Ball (who are first cousins of Garry Merkel) voted.

Member comment:

- Impressed with the amount of money in funds and supports education; accessed it last year. But feels we have other priorities, such as Dease Lake elders' housing that should have access.
- Wants to hear from other Family Reps at the AGA on what they are doing. They are here to represent all families and Tahltans.

Ramona Quock: following up on Ken's words, hearing what's happening in the Board is reminiscent of a 2008/09 meeting in Vancouver; the Board came together and did a healing circle. Please bring someone in to do a healing circle to resolve personal issues.