



**TAHLTAN
HERITAGE
TRUST**

2024 TAHLTAN AGA

**REPORT TO
MEMBERSHIP**

JULY 5, 2024

AGENDA

- Financials Overview
- Annual Distribution
- Trust Overview Recap
- What's New
- New Trust Introduction
- Trust Website



FINANCIALS OVERVIEW



INCOME STATEMENT 2023

INCOME STATEMENT -- YEAR ENDED DECEMBER 31

INCOME	2023 \$	2022 \$
Investment	860,048	412,841
Gain (Loss) on sale of investments	(9,233)	(407,644)
Coast Mountain Hydro	2,835,263	2,582,930
Galore Creek Mining	356,752	341,697
Newcrest Red Chris Mining	3,529,660	4,120,977
Skeena Resources Limited	—	1,547,225
TOTAL INCOME	<u>7,572,490</u>	<u>8,598,026</u>
EXPENSES		
Advisor fees and bank charges	143,456	159,274
Distribution to TCG	3,288,886	—
Professional and management services	<u>183,271</u>	<u>126,602</u>
TOTAL EXPENSES	<u>3,615,613</u>	<u>258,876</u>
NET INCOME	<u>3,956,877</u>	<u>8,312,150</u>

BALANCE SHEET 2023

BALANCE SHEET DECEMBER 31 ASSETS

CURRENT	2023 \$	2022 \$
Cash	6,509,453	1,559,269
Marketable securities	24,374,957	22,755,671
Accounts receivable	<u>3,206,493</u>	<u>5,847,539</u>
	34,090,903	30,162,479
OTHER		
Northwest Hydro LP Investment*	<u>25,516,961</u>	<u>25,486,008</u>
TOTAL ASSETS**	<u>59,607,864</u>	<u>55,648,487</u>

*Fair market value of \$45,733,741 (2022: \$44,565,658)

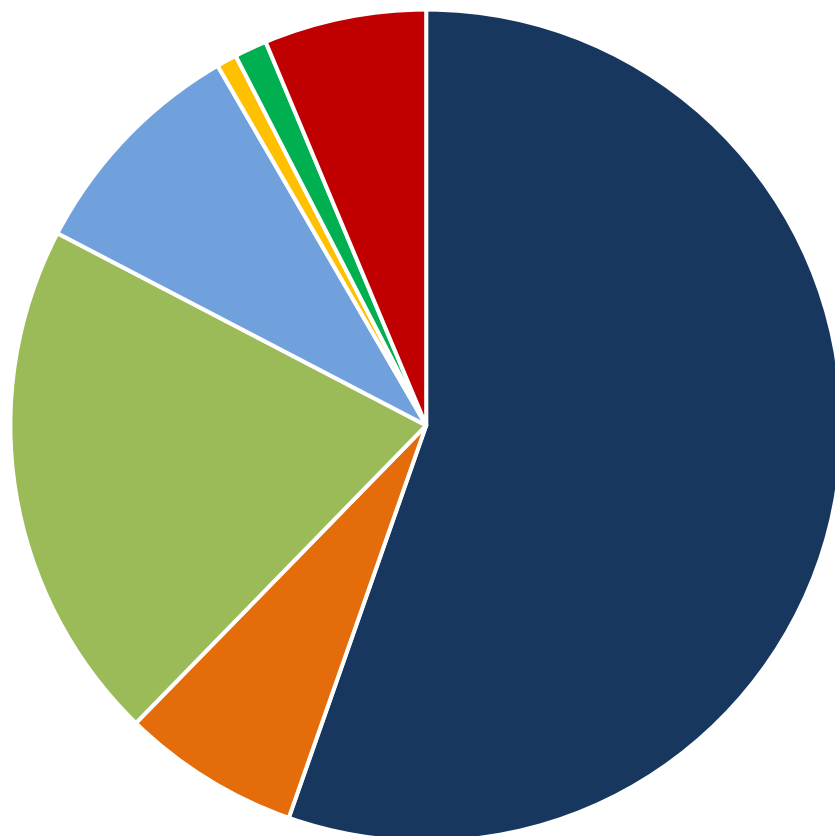
BALANCE SHEET 2023

BALANCE SHEET DECEMBER 31 LIABILITIES AND EQUITY

CURRENT	2023	2022
Accounts payable & accrued liabilities	\$ <u>9,500</u>	\$ <u>7,000</u>
EQUITY		
Opening balance	55,641,487	47,329,337
Net Income	<u>3,956,877</u>	<u>8,312,150</u>
	<u>59,598,364</u>	<u>55,641,487</u>
TOTAL LIABILITIES & EQUITIES	<u>\$59,607,864</u>	<u>\$55,648,487</u>

2023 SOURCES OF CAPITAL & INCOME

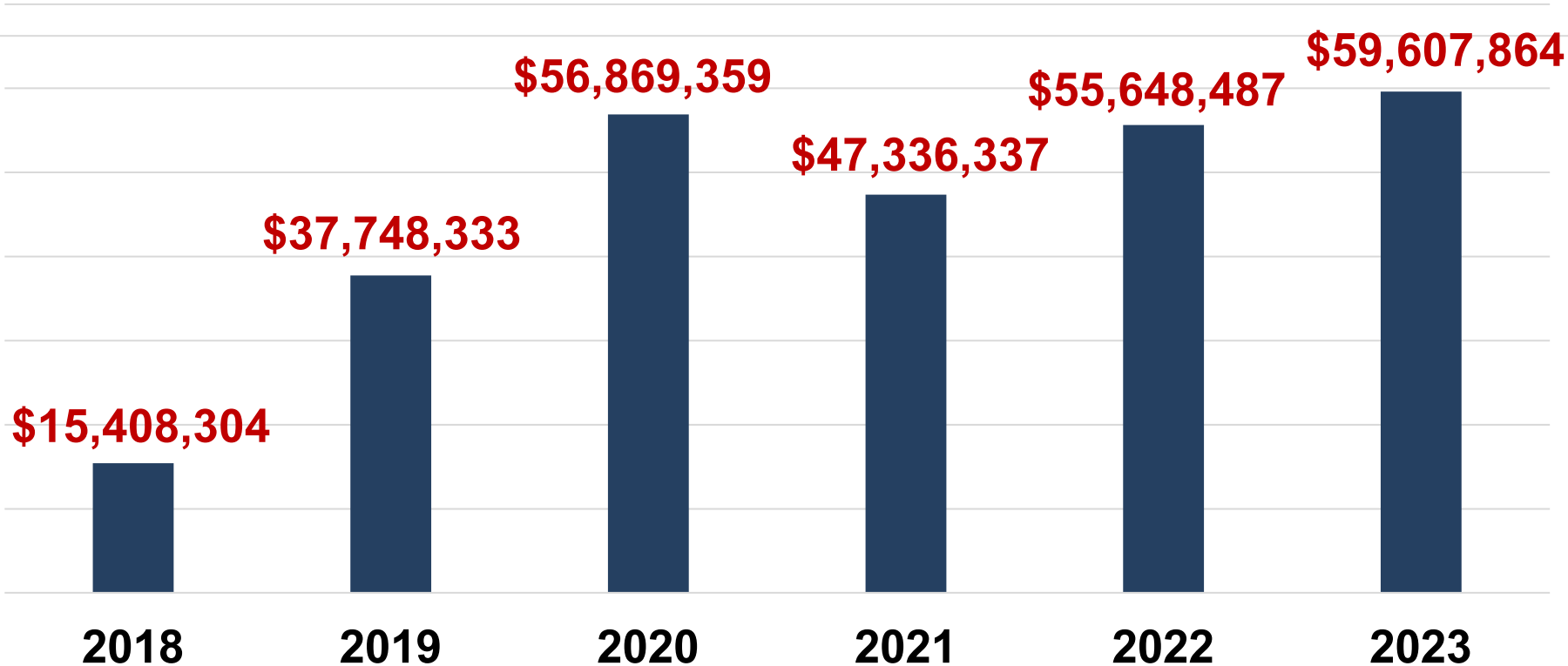
2023 Income: \$63.4 M



■ Coast Mtn (AltaGas)	--	\$35.1 M
■ BC Hydro	--	\$ 4.4 M
■ Red Chris	--	\$ 5.3 M
■ NovaGold (Teck)	--	\$5.7 M
■ Province of BC	--	\$500 K
■ Seabridge Gold	--	\$803 K
■ Investments	--	\$2.8 M

PORTFOLIO VALUE GROWTH 2018-2023

Portfolio Value Growth*



* Book value \$80.5 million including Northwest Power Project equity



DISTRIBUTION FORMULA

THE FORMULA FOR FUNDS AVAILABLE FOR DISTRIBUTION:



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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.

THREE YEAR DISTRIBUTION

$$\begin{array}{ccccccc} \text{NEXT} & & \text{ACCUMULATED} & & \text{PROJECTED} & & \text{CONTINGENCY} \\ \text{3 YEARS} & & \text{SURPLUS FROM} & & \text{INCOME FOR THE} & & \text{(LOSSES,} \\ \text{ANNUAL} & \text{=} & \text{THE LAST 3 YEARS} & \text{+} & \text{NEXT 3 YEARS} & \text{-} & \text{PROJECTIONS, ETC.)} \\ \text{DISTRIBUTION} & & & & & & \\ & & & & \text{3 (YEARS)} & & \end{array}$$

- Current funding model has problems
 - Highly variable each year (may even be nothing)
 - Delivery providers cannot plan ahead
- The Trustees have adopted a more stable model that fixes distributions for the next 3 years

2024-2026 Annual Funds for Distribution = \$700,000 per year

2023 DISTRIBUTION CALCULATION

Investment Income	\$ 860,048
Coast Mountain Hydro Investment Earnings	\$ 73,694
Volcano Creek Investment Earnings	<u>\$ 428,609</u>
Total Income	\$ 1,362,351
Less Inflation (2%)	\$ (610,019)
Less Expenses	<u>\$ (326,727)</u>
Total Deductions	\$ 936,746
Annual Funds Available for Distribution	<u>\$425,605</u>

**See page 6 of the Financial Statements
for detailed calculation**

2023 DISTRIBUTION CALCULATION

Cumulative funds for distribution at start of 2023	\$2,296,731
2023 Annual funds available for distribution	\$ 425,605
2023 Distribution to TCG	<u>(\$3,288,886)</u>
Total Available for Distribution	<u>(\$566,550)</u>
Committed annual distribution for 2023	<u>\$700,000</u>
Balance Owing for 2023:	<u>\$133,450</u>

**See page 6 of the Financial Statements
for detailed calculation**

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 **\$4,198,886**:
 - \$100,000 in 2017
 - \$100,000 in 2018
 - \$200,000 in 2019
 - \$200,000 for 2020
 - \$310,000 for 2021
 - \$3,288,886 for 2023

TRUST
OVERVIEW
RECAP



TRUST HISTORY

- **Established:** 2007
- **Beneficiaries:**
 - Tahltan Central Government, Tahltan Band, Iskut First Nation
- **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 need at least \$200 million to become self sufficient
(\$200,000,000 x 5% Net ROI* = \$10,000,000)

**Return on Investment*

TRUSTEE QUALIFICATIONS/REQUIREMENTS

- Record of honesty, integrity and a commitment to the Tahltan Nation
- Previous Director or fiduciary experience
- Knowledge and understanding of business, financial and legal issues
- Professional and educational achievement
- Evidence of leadership and collaborative experience
- Ability to communicate effectively, both orally and in writing
- Willingness to adhere to a Trustee Code of Conduct
- Willingness to attend trustee meetings and community meetings

A Trustee must be a Tahltan member

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 in defence of Aboriginal rights & title
- Convicted of any offence involving property held as a Trustee or fiduciary

TRUSTEES 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**

WHAT'S NEW



SINCE THE 2023 AGA

- Reset relationship with Tahltan Leadership
- Renegotiated New Agreement with TCG lawyers
- Settled outstanding funds
- Distributed the balance of the accumulated surplus available for distribution to Tahltan leadership for current priorities
- Audited Financial statement are now being provided
- Appointment of 3 new Trustees:
 - Otis Hiltz
 - Kody Penner
 - Andrew Smit

INTRODUCTION TO NEW TRUST



RATIONALE FOR NEW TRUST AGREEMENT

- Settlor Elizabeth Edzerza passed
- Tahltan Legacy Corporation is no longer needed
- Indigenous trust agreements have evolved over the years
- Original Trust agreement gave full control to TCG
- New Agreement includes TB and IFN in all decisions
- Clearer rationale for the Trust
- Funds Available for Distribution implemented

KEY CHANGES OF NEW TRUST

- Corporate & Trustee structure
- Revised Trust purpose
- Distribution mandate
- Tahltan Governments Resolutions
- Beneficiaries addition / removal requirements

**Beneficiaries & Trustee roles / responsibilities
remain the same**

CORPORATE STRUCTURE CHANGE

2007 TRUST

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

2024 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, eliminate the need to maintain a corporate trustee and maintain a higher level of accountability while maintaining the Trust and Trustee's independence.

TRUSTEE APPOINTMENTS

- The Tahltan Legacy Corporation, as settlor of the 2024 Trust, will appoint the 2 original trustees
- Previously, TCG had sole authority for appointment of Trustees
- Now all 3 Tahltan Governments will reappoint or replace Trustees for future terms
- No restriction on reappointing Trustees
- If desired, Tahltan Governments can appoint additional Trustees, to a maximum of 5

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 concerns and require that a trustee be reviewed and considered for removal.

REVISED TRUST PURPOSE

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

DISTRIBUTION MANDATE

2007 TRUST

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

2024 TRUST

- Trustees continue to have the discretion to make distributions of Trust income and Trust property to any one or more of the Beneficiaries
- Separates the “growth” aspects of the Trust from the “giving” aspects

TAHLTAN GOVERNMENT RESOLUTIONS

- All 3 Tahltan Governments & Tahltan Heritage Trust Trustees need to consult on the appointment, addition and removal of new Trustees
- All 3 Tahltan Governments must agree on major amendments to the Trust Agreement
- Tahltan Government Resolutions may be made by unanimous approval by each of the 3 Tahltan governments or a majority vote of the collective of elected Tahltan Government representatives at a duly called meeting

FUTURE TRUST AMENDMENTS

- The Trustees have the power to make limited, administrative changes to the terms of the 2024 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

2024 AGREEMENT NEXT STEPS

- To enact the required amendments, the original Tahltan Heritage Trust will be replaced with a new trust – the 2024 Tahltan Heritage Trust
- Tahltan Legacy Corporation (current trustee) will transfer all the current Trust's property to the new 2024 Trust
- The Trustees accept the transfer and the 2024 Trust is created
- The Tahltan Legacy Corporation will be dissolved, as it no longer serves any purpose

TAHLTAN HERITAGE TRUST WEBSITE



ABOUT ▾ ASSETS ▾ FOUNDATION ▾ ENGAGEMENT ▾ NEWS RESOURCES ▾ FINANCIALS

HISTORICAL
PRESENTATIONS
FAQS
CONTACT US

A wide-angle landscape photograph of a river valley. The foreground shows a wide, light-colored riverbank. The middle ground is a lush green forested valley. In the background, rolling hills and mountains are visible under a blue sky with scattered clouds. A vibrant rainbow arches across the sky from the left side of the frame.

**INVESTING FOR
FUTURE GENERATIONS**

www.tahltanheritagetrust.com



TAHLTAN HERITAGE TRUST WEBSITE

- Source of news and resources about the Trust
- Overview, History, Trustees, Assets and Distributions, Distribution Model options, News
- Resources – historical documents, presentations, frequently asked questions
- Financials are password protected: TahltanStrong
- Questions: info@tahltanheritagetrust.com

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QUESTIONS?

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