

**TAHLTAN
HERITAGE
TRUST**



NEW TRUST AGREEMENT
LEADERSHIP PRESENTATION

MARCH 2024

TRUST HISTORY

- Established in January 2007 with funds from the Novagold Participation Agreement
- Expanded to include other sources (AltaGas, BC Hydro, Province of BC, Red Chris, Silvertip, Brucejack, Seabridge, Skeena)
- 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:**

- Iskut Band, Tahltan Band & Tahltan Central Government (more can be added)

- **Parameters:**

- No per capita distribution
- Funds independently 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 at least \$200 million is needed to become self-sufficient ($\$200,000,000 \times 5\% \text{ Net ROI}^* = \$10,000,000$)

**Return on Investment*

2024 TRUST AMENDMENTS

- The original Trust indenture was one of the first of its kind in Canada and much has been learned
- After 17 years of operations, the Trustees are recommending amendments to the original Trust Indenture
- These amendments will ensure the Tahltan Heritage Trust will reflect current best practises and continue to benefit Tahltan members into the future

2024 TAHLTAN HERITAGE TRUST CREATION

- To enact the required amendments, the original Tahltan Heritage Trust will be replaced with a new trust – the 2024 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 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

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

2024 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 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
- Tahltan Central Government was the sole shareholder of the Tahltan Legacy Corporation

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
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

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
- Distributions will be made in accordance with direction from membership through an engagement process led by Tahltan Governments
- Distributions will be made according to a formula developed in collaboration with Tahltan members

2024 TRUST REVISED DISTRIBUTION SYSTEM

- Streamlines the operations of the Trust (formula used)
- The Trustees will focus on managing the Trust portfolio and Tahltan Governments will focus on distributions
- Separates the “growth” aspects of the Trust fund from the “giving” aspects of income from the Trust fund

TAHLTAN GOVERNMENT RESOLUTIONS

- Certain decision-making functions require approval by Tahltan Government Resolutions from all 3 Tahltan Governments, including:
 - Appointment of additional trustees
 - Appointment of the replacement trustees
 - Major amendments to the Trust Agreement
- Unanimous approval by all 3 governments is required for Tahltan Government Resolutions
- Includes a backstop for time sensitive decisions
 - A majority vote held during a special joint meeting of a quorum of governors from Tahltan Governments

TRUSTEE APPOINTMENT

- The Tahltan Legacy Corporation, as settlor of the 2024 Trust, will appoint 3 original trustees
- Original trustees will serve 4-year terms
- Tahltan Governments, by Tahltan Government Resolution, 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

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

A Trustee must be a Tahltan member

TRUSTEE CODE OF CONDUCT

- Required in the new Trust Agreement
- Developed by the Original Trustees in consultation with the Tahltan Governments
- 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 new Trust Agreement

TRUSTEE PROHIBITIONS

A Trustee Cannot Be:

- A Chief or Councilor of a band as defined in the Indian Act (Canada) including the Tahltan Band or Iskut First Nation
- A Director of the Tahltan Central Government
- Bankrupt or subject to bankruptcy or insolvency law proceedings
- 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

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**

TRUSTEE CONDUCT REVIEW

- Any of the Tahltan Governments concerned with a Trustee's actions may by a Tahltan Government Resolution initiate a Trustee Conduct Review
- The remaining Trustees will undertake the conduct review in accordance with a policy that addresses:
 - Timelines for the review
 - Review process and procedures
 - Response from subject Trustee
 - Range of outcomes
 - Communication of outcomes to the Tahltan Governments

TRUSTEES' ROLES/RESPONSIBILITIES

- Efficient operation of the Trust
- Investment of Trust Property, including appointment and oversight of investment managers
- Distributions of Trust earnings to Beneficiaries
- Annual Audited Financial 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 2024 Trust Agreement including:
 1. Ensuring the Trust complies with applicable laws
 2. Removing 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

Uneven-handedness

- In accordance with trust law, the Trustees are not required to treat all beneficiaries the same if the Trust Agreement allows for this (which the Tahltan Heritage Trust (2024) does)”
- 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 (2024)
- Accountability and authority will shift to include a much greater role for Tahltan Governments
- Beneficiaries are unchanged
- Distributions will flow through a Tahltan Government led Distribution model that identifies community priorities through a process that engages Tahltan membership
 - The option to create a Tahltan Community Foundation may be done in the future
- Trustees will focus on wealth preservation and investment



QUESTIONS?

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