



Members Information Package: Regarding Haisla People's Trust (Own Source Revenue/ Gúkwelut People's Trust) on proposed changes to the Trust Documentation

In preparation for Community Consultation
Released September 2023

BACKGROUND AND PROJECT APPROACH

In **September 2021** BDO was engaged by the Haisla Nation to review the Haisla's People Trust Framework and to continue the work that Deloitte (2020) had begun in creating a trust governance framework for Haisla's Own Source Revenue. Initially, the scope of work included:

- 1) A review of the existing draft trust framework,
- 2) A review of various options for trust governance models,
- 3) Trust governance recommendations, and
- 4) A revision to the draft trust agreement.

In order to complete this scope of work, community consultation and professional resources, such as legal and financial expertise, were identified as pivotal to the projects' success. A key deliverable of this project was ensuring that all Haisla Members understood the process involved in creating a trust agreement and to develop a plan for per capital distribution payments.

As the Trust working group nears completion of the trust agreement, we will be engaging in another community consultation process.

The information to be shared at the community consultations includes:

1. The purpose of the trust,
2. An explanation of how these funds will benefit current and future generations, and
3. A recommendation for the Haisla Trust governance structure (management of the trust).

Community consultations have been scheduled for the week of **October 15th, 2023**.

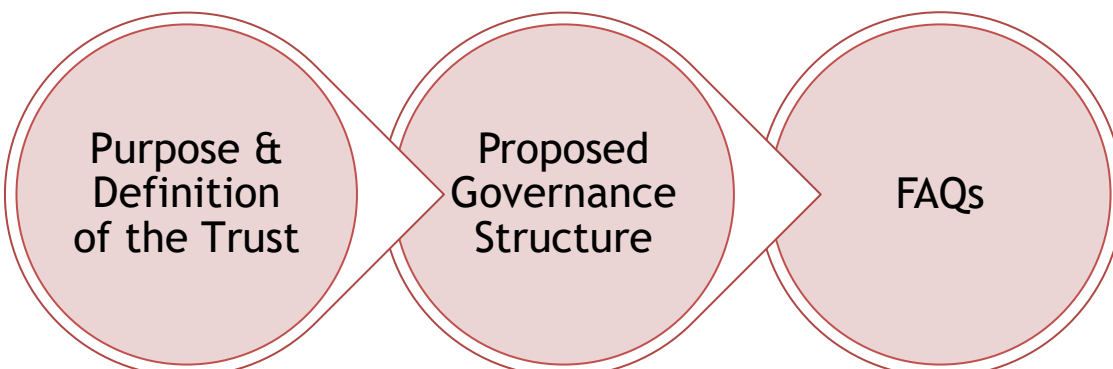
During the community consultation process, community members will have an opportunity to ask any questions or express any comments they have about the proposed changes to the trust agreement and or the committees' recommendations.

Haisla Nation has also created an email at trust@haisla.ca in order to reply to any questions that community members may have.

Trust Information

Governance Structure

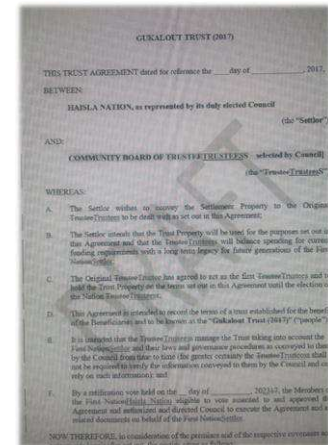
Frequently Asked Questions



Trust Information

What is a Trust?

- A Trust is a legal agreement in which a group of individuals (Trustees) are responsible for looking after assets for another group (Beneficiaries).
- A Trust must align with the unique values, needs and goals of the community, including managing how the trust funds are invested and spent, over the long term.
- Trust structures are commonly used to safeguard Trust Funds for current needs and for future generations.
- In simple terms a trust can be defined as an investment or savings holding account that earns annual revenue (monies) from investments (capital) over time.



What is a Trustee?

- A trustee is someone given the legal responsibility to look after the financial affairs of a trust.
- In the case of this proposed trust, in the long term, our recommendation is that a select number of qualified Haisla members will be trusted the responsibility of being Trustees of the Haisla Trust; to manage the funds flowing to and from the trust that is intended to benefit the Haisla.
- These Trustees may be elected by the membership or appointed by the council.

What is the current value in our savings account (investment accounts)? Where did the money come from?

- The total amount of in our savings account (investment accounts) is approximately \$290 Million.
- That money was generated or came from:
 - LNG, and
 - Rio Tinto Legacy Funds.

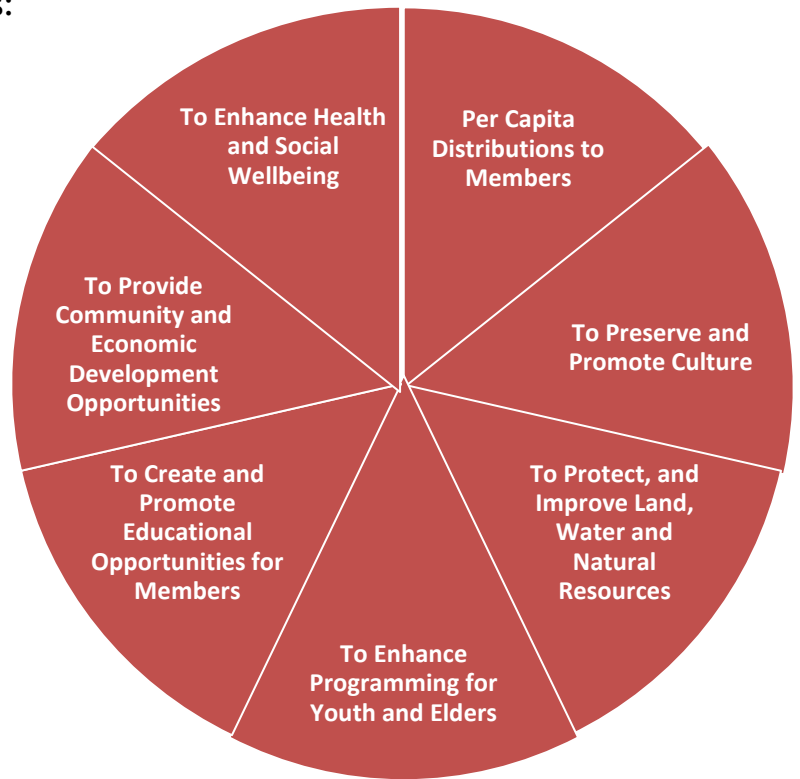
How much money will be invested into the trust yearly? Where will that money come from?

- The total amount of money invested yearly will be between \$30 and \$100 million depending on the market and returns.
- That money will be generated from or will come from:
 - Leasing, and
 - Business income including Cedar.

What is the Purpose of our Trust?

The purpose of the trust will be highlighted in the trust agreement and can be found in full form on the last page of this document. The Trust will be established for distribution to beneficiaries and for any one or more of the following objects or purposes:

1. Per Capita Distribution to members,
2. To preserve and promote culture,
3. To protect and improve Land, Water and Natural Resources,
4. To enhance programming,
5. To create and promote educational opportunities for members,
6. To provide community and economic development opportunities, and
7. To enhance health and social wellbeing of members.



How will the trust grow?

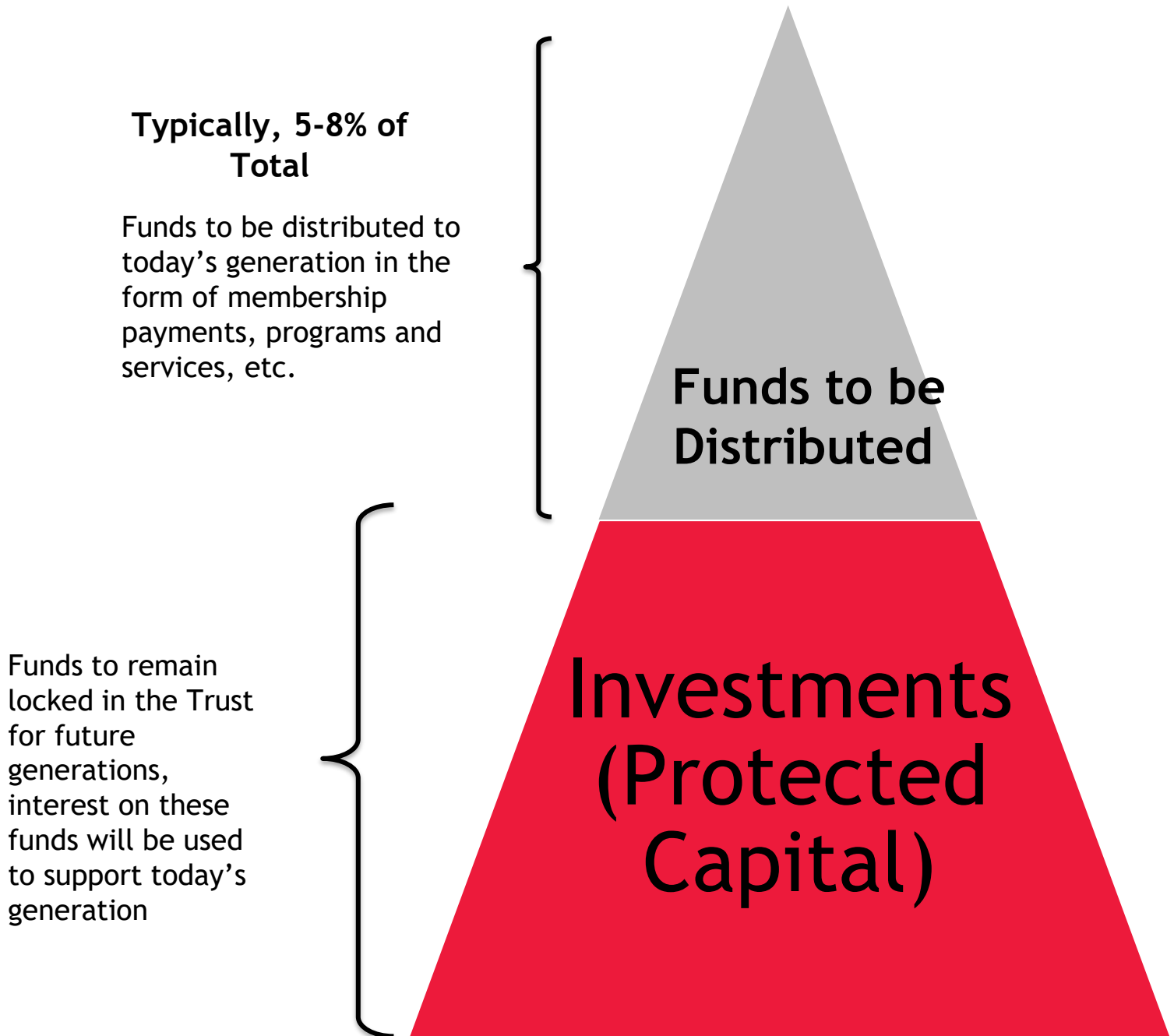
The trust will grow from a combination of interest income (money from the capital) and future revenues such as LNG revenues. The visual below highlights monies that would go into the trust for future generations and monies available for today’s generations in the form of membership payments, programs & services and/or administration.



How will funds be distributed ?

The visual below aligns to the amount of money that will typically be disbursed on an annual basis (5-8%).

The Trust



Governance of the Trust

What does a Trust Governance Structure mean?

Governance simply means the act or process of overseeing and controlling the direction of something. In this case, it means **HOW** and **WHO** will manage the trust (monies).

What are our options for Governance of the Trust?

The trust can be managed by a corporate/administrative or elected board of trustees. Below you will a simplified definition of each type of trustee board including advantages and disadvantages associated with each type of trustee.

Corporate or Administrative Trustees

- A bank hired or a professional financial institution to manage the trust's affairs for the benefit of the beneficiaries.

Elected Trustees

- Individuals are elected based on a set of pre-determined rules and criteria to manage the trust.

	Advantages	Disadvantages
Corporate Trustees	<ul style="list-style-type: none"> • Neutral and independent • Trustees are experienced in finance and trust management • Likelihood of higher returns • Helps to protect the trust and ensure it is sustainable • Limited liability and risk 	<ul style="list-style-type: none"> • External trustees • Potential disconnect to Haisla values
Elected Trustees	<ul style="list-style-type: none"> • Trustees can be internal or external • Trustees are chosen through an election • Ability to set rules and criteria regarding elected trustees 	<ul style="list-style-type: none"> • High risk and high level of liability • Low stability given the turnover in trustees • Trustees may not possess finance background or experience in trust management • Potential for neutrality and independence risks

What are the Costs associated with Different Types of Trustees?

Professional Corporate or Administrative Trustee: Generally, charge their standard hourly rates \$200-250 per hour. Alternatively, it is customary for some trustees to charge a fee equivalent to 1% to 1.5% of the value of the trust assets per year. Fees rise depending on use of services.

Elected Trustee Cost: Elected trustees are compensated on an honorarium basis aligned to the role and any risks associated with management.

How will our trust be governed?

It is **recommended** that the trust be governed by:

- A Hybrid Model, which is where the trust is governed by a corporate trustee or Administrative trustee and qualified Haisla elected trustees.
- Our Governance hybrid model will also include a sunset clause where eventually all trustees will be qualified elected Haisla members. Meaning in the future the Haisla will not need an Administrative or Corporate trustee and be governed by fully elected qualified Haisla members.
- Training and development will be provided for Haisla members to help build up resources to assist in the transition from a hybrid model to a fully elected model.

Rational: The above recommendations were developed from the reoccurring responses collected through previous community consultations. They also support Haisla Nation in developing capacity and self-determination.

How would the hybrid trustee model be structured?

The proposed hybrid trustee model will be composed of:

- A corporate/administrative trustee
- Elected Haisla Trustees: Four (4) elected Haisla Nation Trustees, One (1) appointed Trustee by Haisla Council and one (1) youth and one (1) Elder advisor. The youth and Elder advisors shall not have a vote.

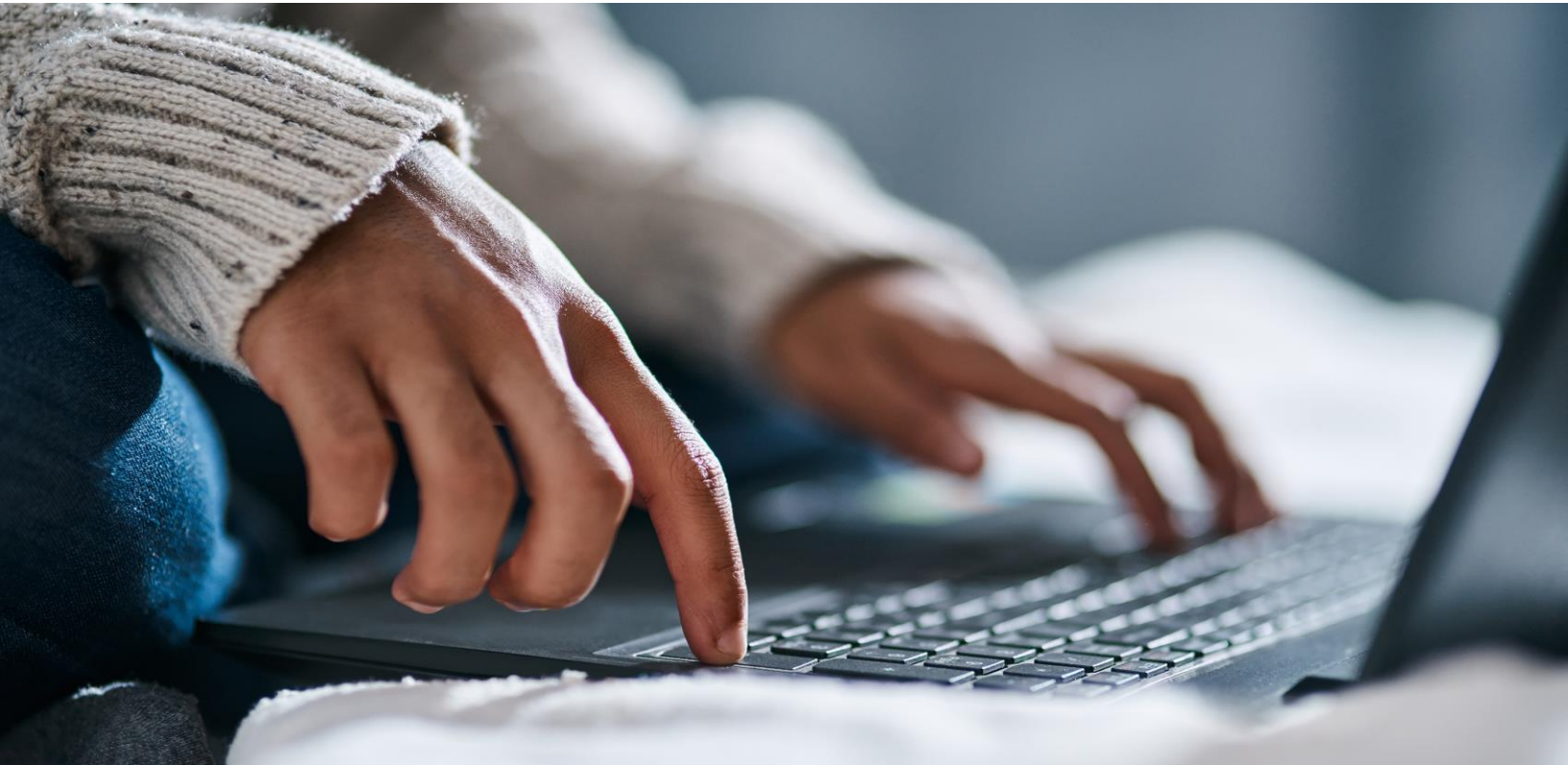
What are the minimum qualifications required to be a Haisla elected trustee?

In order to qualify to serve as a Haisla Nation Elected Trustee, an individual must:

- Meet the eligibility requirements provided for in the Haisla Nation Election Code, as amended from time to time;
- Not be a member of Council;
- Present a clear criminal record check;
- Successfully complete a Trustee training course (The National Aboriginal Trust Officers Association (NATOA)) within nine (9) months of being selected as Trustee
- Execute a Consent to Act as Trustee, including accepting and agreeing to observe and carry out the obligations of a Trustee.

What are the desired qualities of a Haisla Nation Trustee?

- 1) The ability to understand financial information;
- 2) Trustworthiness;
- 3) Reliable;
- 4) Committed to diligently performing the duties of a Trustee.



Peoples Trust Gúk^welut

Other Frequently Asked Questions and Answers

1) What does Own Source Revenue mean?

Own Source Revenue is a term used to refer to income generated by Haisla that is not government funding or funds directed for a specific purpose by another party. (e.g. Rio Tinto Legacy funds)

2) What is the difference between LNG Funds, the Gúk^welut Peoples Trust, and OSR?

At this point all three are interwoven. LNG Funds generated represent a type of Own Source Revenue, the Trust Revenues refer to revenues generated after the creation of the trust.

3) What is my share?

The monies represent the wealth of all Haisla. The plan of the Trust is to ensure a balanced approach between members getting their share and benefits today and monies to benefit future generations.

4) I don't live on reserve, what benefits do I receive?

All registered members, regardless of their location, are eligible for membership payments. All Haisla members are benefiting from cultural enhancement and preservation of language. Additionally, Own Source Revenue funds are being allocated towards member services such as, but not limited to, the Supplemental Health Fund, Haisla Entrepreneur Loan Program, Food Fish and Distribution Program, and the Education and Training Fund.

5) What is the current per capita distribution plan?

The current per capita distribution plan that has been voted on and approved is four (4) payments of \$2,500 per year, per Haisla Nation Member, for the next three (3) years.

What is the Purpose of the Trust?

Purposes of the Trust: The Settlor and the Trustees acknowledge and agree that the Trust is established for distribution from time to time to any one or more of the Beneficiaries, including without in any way limiting the generality of the foregoing Members, for any one or more of the following objects and purposes:

1	To preserve and promote the culture and practices, heritage, language, traditional knowledge, events and celebrations of the Haisla Nation;
2	To provide for and or enhance Haisla Nation health and/or social wellbeing programs to benefit Members;
3	To provide programs to benefit youth and Elder Members;
4	To fund community development efforts and economic development for the benefit of Members of the Haisla Nation;
5	To sustain, protect, restore and improve Haisla Nation lands and waters and the natural resources associated with such lands, as well as fisheries preservation and enhancement projects and programs;
6	To fund the Haisla Nation land acquisition needs, including fee simple and leased lands, as well as ongoing ownership, management and maintenance expenses of all lands including reserve lands of the Haisla Nation;
7	To establish, equip and operate one or more educational facilities for Members, and to provide educational activities and programs for Members;
8	To create and promote educational opportunities for Members including but not limited to providing scholarships, fellowships, bursaries, travel expenses and financial assistance to Members for educational purposes;
9	To provide career counseling, employment and business development programs and training programs and facilities for Members;
10	To establish, equip and operate facilities for Members and to provide recreational, social and cultural activities and programs for Members;
11	To establish and maintain First Nation infrastructure, on reserve;
12	To establish and maintain Haisla Nation governance, administration, (including any costs of Council the Council's members or administration) and facilities;
13	To provide Council owned businesses with economic development loans;
14	Per capita distributions to Eligible Members;
15	Legal expenditures, including sums reasonably required for settlement or to pay damage awards, of the Haisla Nation as agreed upon by the Trustees and Council;
16	Any other expenditure as agreed upon by the Trustees and Council to benefit the members of the Haisla Nation, except: <ul style="list-style-type: none"> • loans to the Haisla Nation or Members other than where such loans are to fund ongoing programming consistent with the purposes listed above; and • funding for deficits or bills in arrears .