



# **Peguis First Nation Trust (TLE Trust)**

## **2016 Trust Administration Report**

**Prepared by:**

**Financial Trustees: Royal Trust  
Corporation of Canada, Stephen Daniels,  
Diane Bear, Sharon Stevenson, and Carrie  
Sutherland**

**And**

**Community Fund Trustees: Lloyd Sinclair  
Ralph Sutherland, Barry Bear, and Freda  
Bear**

## **ANNUAL TRUST REPORT FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016**

### **Background**

The Peguis First Nation Trust entered into a Treaty Entitlement Agreement with Canada and the province of Manitoba whereby Peguis First Nation is entitled to select and acquire up to 166,794 acres of additional land as Reserve. To fulfil its obligations, Canada has agreed to pay Peguis First Nation the sum of \$64,425,000.

By Ratification Vote held on September 7, 2007, Peguis First Nation approved the Peguis First Nation Trust Agreement.

In 2008, \$61,397,215.00 was deposited to the Peguis First Nation Trust, of which \$56,397,215.00 was transferred to the Implementation Account and \$5,000,000.00 to the Community Fund Account.

### **Reporting**

Each year the Trustees are required to provide the Chief and Council of Peguis First Nation with financial statements for the Trust, as well as a report on the administration of the Trust. The report describes the expenditures of the Implementation Account and the Community Fund Account, as well as the investments for the Trust.

### **The Financial Trustees**

The Financial Trustees are responsible for the financial administration of the Peguis First Nation Trust, including the Implementation Account and the Community Fund Account. The Financial Trustees distribute the Trust Property in accordance with the Funding Directions issued by Council and/or the Community Fund Trustees, as the case may be. The Implementation Account is to be used to acquire land to be registered in the name of Peguis, as well as, to cover discharging expenses associated with the purchase of land and other implementation administration expenses of the Treaty Entitlement Agreement.

The Financial Trustees for the Trust are: Stephen Daniels, Sharon Stevenson, Diane Bear and Carrie Sutherland. Under the terms of the TLE Trust Agreement at least one Community Fund Trustee must be located off Reserve. There is a vacancy for this position currently.

The Trust Agreement calls for Council to appoint two additional Trustees, one of which must be either a lawyer or a Trust Company and the other Trustee a chartered accountant. Council appointed Royal Trust Corporation of Canada. Council is currently in the process of interviewing potential chartered accountants to act as Financial Trustee for the Trust.

### **The Community Fund Trustees**

The Community Fund Trustees have no responsibility for the financial administration of the Peguis First Nation Trust. The Community Fund Trustees identify and determine or recommend to Council or to Council and the Members "Expenditures Beneficial to Peguis First Nation" from the Community Fund Account. The Community Fund Account is to be used for the advancement of the interest of and quality of life of Peguis First Nation and its members through the preservation, enhancement and application of Trust property.

Freda Bear, Barry Bear, Ralph Sutherland, Lloyd Sinclair, Chair are the elected Community Fund Trustees.

Under the terms of the TLE Trust Agreement, at least one Community Fund Trustee must be located off Reserve. There is currently a vacancy for this position. There is a forthcoming election process to be called by Chief & Council to fill the position of off-reserve community fund trustee.

## The Implementation Account

### Opening Values

As at January 1, 2016, the opening value of the Trust was \$ 41,036,541.

### 2016 Income and Expense Summary

<b>Total Income Received</b>	<b>\$1,621,416</b>
<b>Less Authorized Expenses</b>	
Annual General Meeting	\$ 8,626
Trust Office	6,735
Professional Fees	12,014
TLE Implementation Budget	391,389
Investment Consulting Fees	50,545
Royal Trust Corporation, Trustee Fees	80,164
Investment Manager Fees	118,245
Professional Development	2,400
Travel	28,076
Honorarium	16,300
<b>Total Authorized Expenses</b>	<b>\$ 714,494</b>

We are pleased to confirm that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.

The Financial Trustees also distributed \$392,886 in Land Acquisition Costs

\* The amount of \$150,000 was returned to the Trust in 2016, which had been used as a deposit for a land purchase that did not proceed

### Closing Values

As at December 31, 2016, the closing value of the Implementation Account is \$ 41,550,577.

## Authorized Uses of the Implementation Account

- To purchase land for social, economic development, cultural or other purposes of interest to Peguis First Nation, including related costs
- To pay the costs of inspection, appraisal, negotiation, capital purchase, purchase transaction, holding, tax adjustment and incidental costs, including agents, representatives or trustees retained to purchase or hold title to land
- To implement the Treaty Entitlement Agreement, including required staff, equipment, travel or other administration costs pertaining to the purchase of land, monitoring and Reserve creation process
- To pay reasonable fees and honoraria, as well as, financial, investment management, legal, accounting or other education which will assist the Financial Trustees in carrying out their duties and protecting the assets of the Trust

## The Process for Paying Expenditures and the Purchasing of Entitlement Land

Chief and Council must provide the Financial Trustees with a Funding Direction, which contains the following information:

For paying implementation costs:

- A description of the implementation expense
- A description of the manner in which the funds will be applied, when and to whom the funds will be paid, the anticipated completion date, the amount and source of other funds received and a description of any charges or security arrangements
- A Council Resolution approving expenditure for implementation purposes

For purchase of Entitlement Land:

- A copy of the executed Offer to Purchase
- The name of the lawyer who will be completing the land acquisition and to whom the Financial Trustees will pay the funds to in order to close the purchase
- A Council Resolution approving the land purchase and Offer to Purchase

Unless and until the amount of land set apart as Reserve has been increased by 9,637 acres of land, the amount of capital in the Implementation Account can not be less than \$49,800,000.00 less the value of any Treaty Entitlement Land purchased by the Trust.

In the first 25 years, the Implementation Account has a "Floor Value" of \$25,000,000.00. No capital distributions, other than for the purchase of Land, can be made if such distribution should result in the value of the Implementation Account falling below \$25,000,000.00.

## The Community Fund Account

### Opening Values

As at January 1, 2016, the opening value of the Community Fund Account was \$ 6,700,068.

### 2016 Income and Expense Summary

#### Income Received

<b>Total Income Received</b>	<b>\$385,515</b>
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#### Less Authorized Expenses

Annual General Meeting	5,169
Trust Office Expenses	11,108
Salaries and Benefits	2,433
Professional Fees	3,322
Investment Consulting Fees	4,725
Royal Trust Corporation, Corporate Trustee Fee	13,109
Investment Managers Fees	22,189
Professional Development	1,500
Travel	26,135
Honorarium	<u>30,300</u>

<b>Total Authorized Expenses</b>	<b>\$119,990</b>
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The Community Fund also distributed \$260,620 in Community Distributions

We are pleased to confirm that all expenses and withdrawals from the Trust are in compliance with the Trust Agreement.

### Closing Values

As at December 31, 2016, the closing value of the Community Fund Account is \$ 6,704,973.

## Community Fund 2016 AGM Report

Peguis TLE Community Fund Trustees want to ensure that we value your input and support youth committees and young entrepreneurs. We would like to thank all applicants for submitting applications and look forward to reviewing future endeavors.

## Purpose of the Community Fund Account

The Community Fund Account is to be used for the advancement of the interest of and quality of life of Peguis First Nation and its Members through the preservation, enhancement and application of Trust property.

## Authorized Uses for Expenditures for Community Purposes

- To supplement or enhance health care related services
- To enhance or promote educational opportunities
- To support assistance to address the special needs of Peguis elders
- For community development and improvement initiatives including infrastructure, equipment or enhancement of recreation facilities
- To preserve the language and cultural heritage
- For Treaty Days, pow-wow and community gatherings
- To acquire, establish, or build a credit union or a bank or a trust company to be owned by Peguis, also known as the Peguis band.
- For Housing
- To promote or establish business or commercial operations beneficial to the members
- For any other activity, beneficial to the Peguis Community members

## The Process for Paying Expenditures for Community Purposes

The Community Fund Trustees and/ or Council may deliver a Funding Direction to the Financial Trustees, which contains the following:

- A description of the Expenditure Beneficial to the Beneficiary for Community Purposes
- A description of the manner in which the funds will be applied, when and to whom the funds will be paid, the anticipated completion date, the amount and source of other funds received and a description of any charges or security arrangements
- An Ordinary Resolution by the Community Fund Trustees approving or recommending any Expenditure Beneficial to the Beneficiary for Community Purposes

## Community Fund Approval Authorities

All funding applications are reviewed and discussed by the Community Fund Trustees or a review committee thereof. As per the terms of the Trust Agreement, the following approval authorities (increase yearly by inflation) are required to approve:

- Applications for funding up to \$59,427.40 (\$50,000.00) may be approved by the Community Fund Trustees
- Applications for funding over \$59,427.40 (\$50,000.00) and up to \$178,282.21 (\$150,000.00) must be recommended by the Community Fund Trustees and approved by Chief and Council
- Applications for funding over \$178,282.21 (\$150,000.00) must be recommended by the Community Fund Trustees with the concurrence of Chief and Council and approved by the Members at a meeting of Members.

#### **Important Dates Relating to the Funding Application Process:**

- Applications for funding can be made up to December 31<sup>st</sup> annually.
- The Community Fund Trustees will review all qualified applications by February 28th annually.
- Any applications that must be reviewed by Chief and Council and the Members will be reviewed at a meeting of Members called by no later than April 15<sup>th</sup> annually.
- Allocation of funding amounts to successful applicants will commence starting by April 30<sup>th</sup> each year to December 31 of the same year unless written extension request with valid reason is submitted.

#### **Guidelines for Grant Grading System**

- 35% of funds available will be used for business initiatives with emphasis on viable businesses that provide employment to community members.
- 30% of funds available will be used for Youth initiatives
- 20% of funds available will be used to support Community activities, organizations and clubs
- 10% of funds available will be used for Elders initiatives
- 5% of funds used for Health initiatives

#### **2016 – Expenditure Applications Approved**



In 2016, the Community Fund Trustees funded the following applications:

<b>Applicant</b>	<b>Description</b>	<b>Amount</b>
Charlene Bear	Linden McCorrister's Athletic Development	\$ 3,000.00
David Thomas	International Indigenous Architects Gathering	\$ 1,800.00
MASRC	2016 National Aboriginal Hockey Championships Peguis Athletes	\$ 10,000.00
Fairwind Truscott	Air Filtration Business	\$ 15,000.00
Peguis Two Nations Hockey Club	2nd Annual Hockey Tournament for Ice Rental	\$ 4,500.00
Walter Edward Thompson	Trucking Equipment Purchase	\$ 15,000.00
Peguis Juniors Hockey Club	Keystone Cup Final Chartered Bus	\$ 7,250.00
Peguis Training & Employment	2016 Summer Youth Work Experience Program	\$ 20,000.00
Angela Quesnel	Fishing Equipment	\$ 3,500.00
Gary Quesnel	Fishing Equipment	\$ 3,500.00
Ryan Wilson	Production Company	\$ 7,500.00
Donald Troy Flett	Contracting Tool Purchase	\$ 4,591.97
Cory & Brittany Sutherland	Elite Arm Wrestling Training/Competition for Carter Sutherland	\$ 2,000.00
Peguis Central School	Hosting 2016 PRIDE Conference	\$ 12,500.00
Peguis Multiplex	Hotdogs/Coffee/Juice Peguis Juniors Game 1 League Championships	\$ 3,437.50
Peguis Central School	2016 Student Bursaries for Highest Achievement & Most Improved Awards	\$ 2,000.00
Peguis School Board	Peguis Central School Students to attend National Conferences	\$ 13,000.00
Peguis Central School	Students & Staff Admission with Popcorn & Juice to Shrine Circus	\$ 6,690.00
Darryl P. Stevenson	Equipment to develop rasps for sale	\$ 5,000.00
Peguis Treaty Committee	2016 Peguis Treaty Days Youth & Children Events	\$ 20,000.00
Peguis Anglican Church	Riding Lawn Mower	\$ 3,345.75
Kerry Kyle Spence	DJ Equipment Purchase	\$ 4,480.36
Ken & Angela Anderson	Gravel Truck Purchase	\$ 5,000.00
Michelle Gotch	Restaurant Purchase	\$ 13,800.00
Chief Peguis Canoe Club	Treaty Days Water Purchase	\$ 100.00
Gary Freeman	Tow Truck Purchase	\$ 7,000.00

Stuart Manningway	Ayden Manningway's Athletic Development	\$ 3,000.00
Peguis TLE Implementation	Land Youth Gathering	\$ 1,000.00
Karen Stevenson	Keenan M McPherson's Athletic Development	\$ 1,500.00
Tracy Sinclair	Bryden Sinclair's Athletic Development	\$ 3,000.00
Robert John Sutherland	Contracting Tool Purchase	\$ 5,000.00
Peguis Powwow Committee	Annual Powwow Feast	\$ 3,434.00
Peguis Multiplex	Marty Stewart Ticket Draws & Advertising	\$ 2,300.00
Cheryl Bear	Colby Bear's Athletic Development	\$ 1,500.00
Peguis Development Corp	Midnight Madness Main Prize	\$ 1,000.00
Peguis Emergency Operation Centre	Flood Evacuee Christmas Dinner	\$ 3,000.00
Peguis Hunters & Gathers	2017 Annual Feast	\$ 2,000.00
Melvin Favell	Wyatt Bear's Athletic Development	\$ 3,000.00
Penny Hazel Marie Stranger	Darian Murdock's Athletic Development	\$ 1,500.00
	<b>TOTAL</b>	<b>\$225,229.58</b>

**Total Grants Approved Ending December 31, - \$951,711.65**

<b>YEAR</b>	<b>FUNDED AMOUNTS</b>
<b>2010</b>	<b>\$50,000.00</b>
<b>2011</b>	<b>\$51,303.67</b>
<b>2012</b>	<b>\$22,500.00</b>
<b>2013</b>	<b>\$115,202.00</b>
<b>2014</b>	<b>\$263,819.50</b>
<b>2015</b>	<b>\$223,656.90</b>
<b>2016</b>	<b>\$225,229.58</b>

**Professional Development**

In 2016, Freda Bear and Barry Bear attended the National Aboriginal Trust Officers Association Annual Conference on May 30 – April 1, 2016 at Toronto, Ontario

The professional development requirements aid in the continuous learning process, ensuring Trustees are aware of events that may affect the Trust, to be kept abreast of changes within the trust and investment industry and it provides an opportunity to meet with Trustees from other First Nations and discuss Trust experiences.

**Application Workshops**

TLE Community Fund Trustees held five workshops and information session on the Handbook and Guidelines for Funding Applications in January (Grade 12 Students); February (Community Workshop); September (Community Workshops, Peguis and Selkirk); October (Peguis Training & Employment Youth Mentorship Workshop).

### 2016 Highlights

Peguis TLE Community Fund Trustees partnered with Peguis Surrender Claim Trust with youth/student placements.

The following students received training placements with both trusts:

#### Peguis Training & Employment - Summer Youth Work Experience

Courtney Bear	Shannon Bear	Clayton Stevenson
Stephanie Sinclair	Rochelle Stevenson	Jessica McCorrister
Emily Bird	Aniike Stevenson-French	Benidee Stevenson
Naomi Spence		

The youth also help plan, prepare and work with the TLE Land Youth Conference held in August.

#### Peguis Development Corporation - Business Skills

Vince Stevenson

#### Peguis Training & Employment - Youth Mentorship

Becky Bear

Peguis TLE Community Fund Trustees partnered with Peguis Surrender Claim Trust with a float for the Peguis Treaty Days Parade with a cultural theme handing out rations.

Peguis TLE Trust partnered with Peguis Surrender Claim Trust to promote awareness of employment opportunities at the Peguis Career Fair

Taiga Times (Jim Wastasecoot) was hired to develop the Peguis TLE Trust website and Ryan Wilson is developing a 10 minute Peguis TLE Trust information video.

### Peguis TLE Office

Nathan McCorrister is the TLE Executive Director for TLE Implementation to assist Council with the acquisition of Entitlement Land. As Executive Director for TLE Implementation, Nathan's primary duties are:

- To ensure the successful purchase and selection of 166,794 acres of land to be converted to Reserve Land
- To develop a Strategic Plan to purchase TLE land
- To support Chief and Council;
- To ensure land selection and acquisition procedures and principals are met
- To monitor the conversion of land to Reserve status;
- To ensure Peguis First Nation meets its responsibilities and obligations under the Treaty Land Agreement;
- To provide advice and administrative support to the TLE Trust;

### The TLE Budget

Under the terms of the Trust Agreement, Council prepares an Annual Budget for the expenses relating to the implementation of the Treaty Entitlement Agreement., including required staff, equipment, travel or other administration costs pertaining to the acquisition of land, site inspections, land appraisals, general legal services, monitoring and Reserve creation process approved by the Council. For 2016, the TLE Budget was \$391,389.

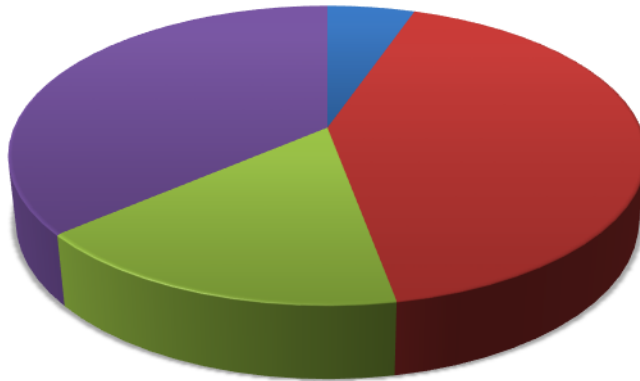
### T.E. Wealth Investment Report

If 2016 didn't confirm your belief in the unpredictability of markets we don't know what will! Most equity markets entered bear market territory in January or February for a rather depressing start to the year, followed by the beginning of an impressive rebound. Canadian equities reversed a commodity-driven slide in 2015 to lead most developed markets for 2016. The unthinkable "yes" vote to Brexit was followed by double-digit rebounds in European stocks. The surprise (to some) election of Donald Trump caused a year end stock market rally rather than the widely-feared decline. As it turned out, 2016 was a positive year for most portfolios and we had a good quarter to close it out.

With respect to the Peguis First Nation TLE Trust, we are pleased to report that the combined Trust holdings remained positive under the investment management of Beutel Goodman and Mawer Investment Management, up 4.26% (or a gain of \$1,724,493) over the last twelve months. Furthermore, over the long term and since inception of the Trust, the combined holdings have recognized an annualized return of 6.82% (or a gain of \$20,010,635) which has added value over and above the market benchmark return of 5.85% and the investment policy's average annual return target of 5.50%.

Asset Mix as at December 31, 2016

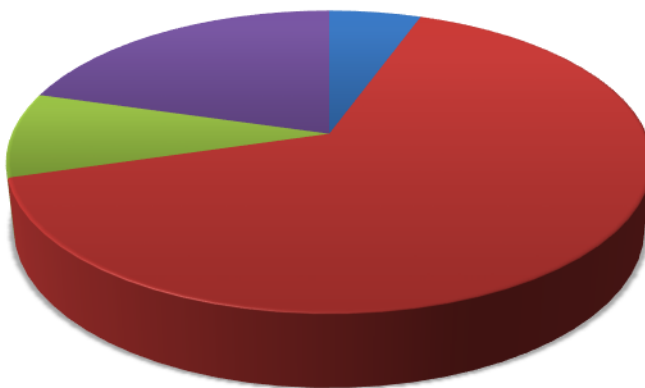
### Community Fund



- Cash & Equivalents
- Fixed Income
- Canadian Equities
- Global Equities

	Cash & Equivalents	Fixed Income	Canadian Equities	Global Equities
<b>Current</b>	5.3%	41.8%	16.6%	36.3%
<b>Target</b>	5.0%	45.0%	17.0%	33.0%
<b>Ranges</b>	0.0% - 10.0%	40.0% - 50.0%	12.0% - 22.0%	28.0% - 38.0%

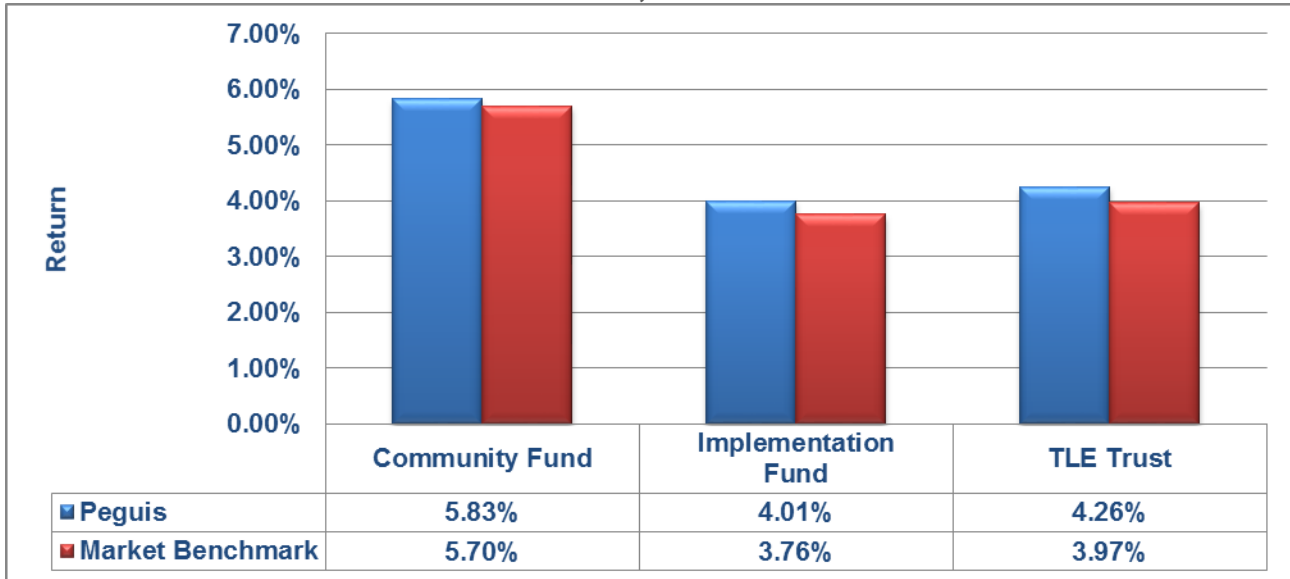
### Implementation Fund



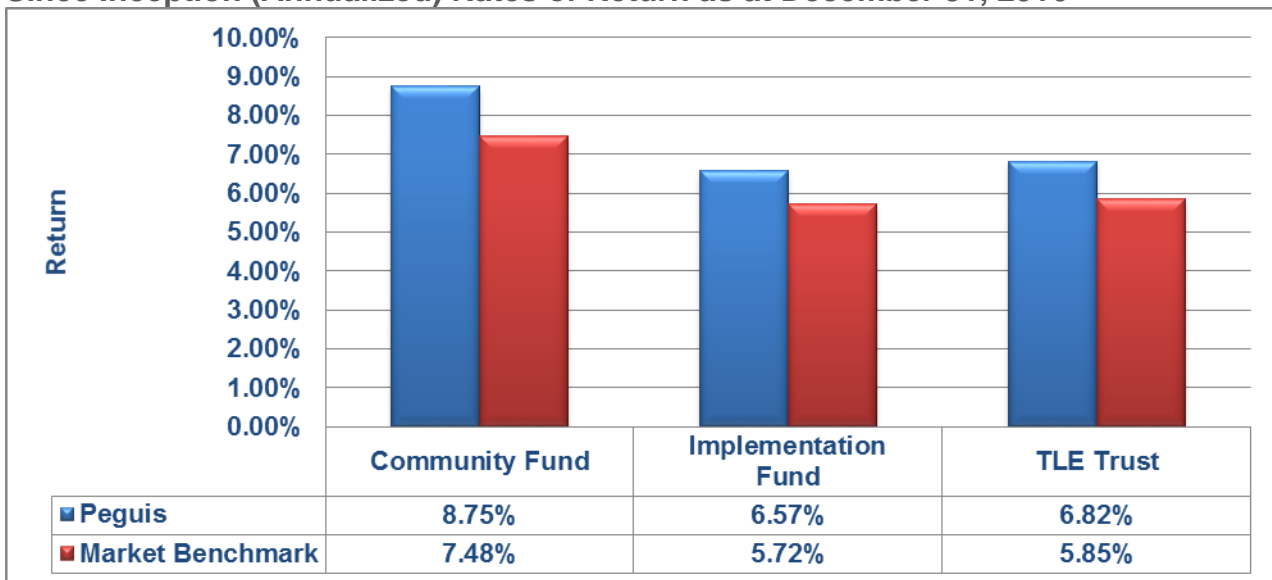
- Cash & Equivalents
- Fixed Income
- Canadian Equities
- Global Equities

	Cash & Equivalents	Fixed Income	Canadian Equities	Global Equities
<b>Current</b>	5.5%	64.9%	9.1%	20.5%
<b>Target</b>	5.0%	69.0%	9.0%	17.0%
<b>Ranges</b>	0.0% - 10.0%	64.0% - 74.0%	4.0% - 14.0%	12.0% - 22.0%

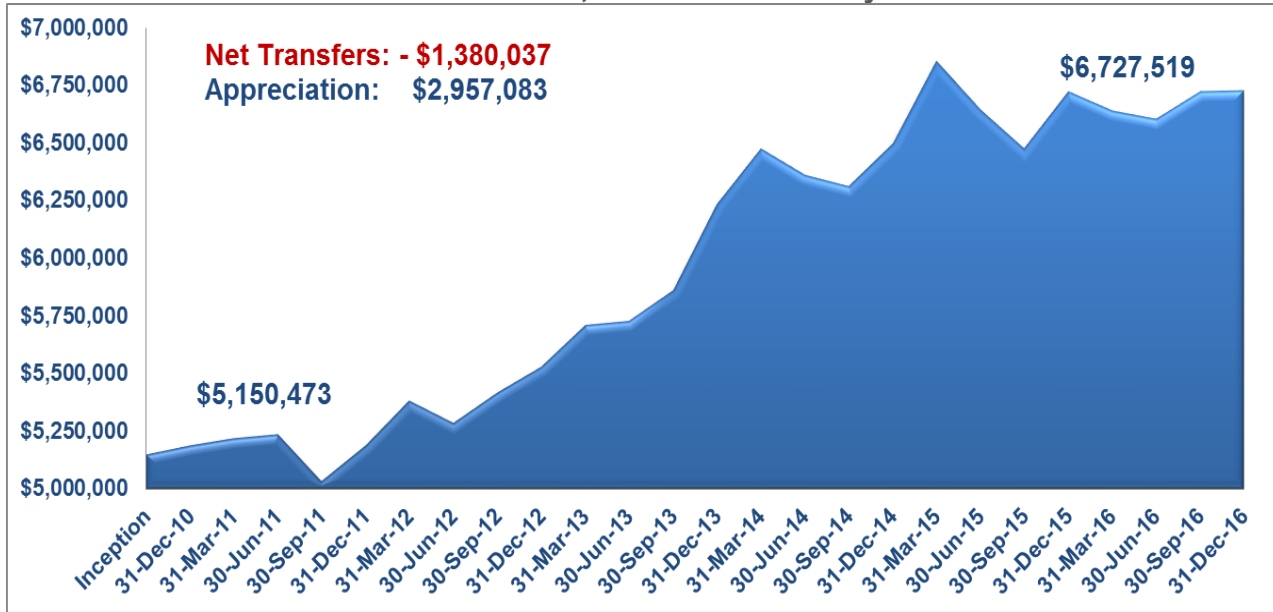
**1 Year Rates of Return as at December 31, 2016**



**Since Inception (Annualized) Rates of Return as at December 31, 2016**

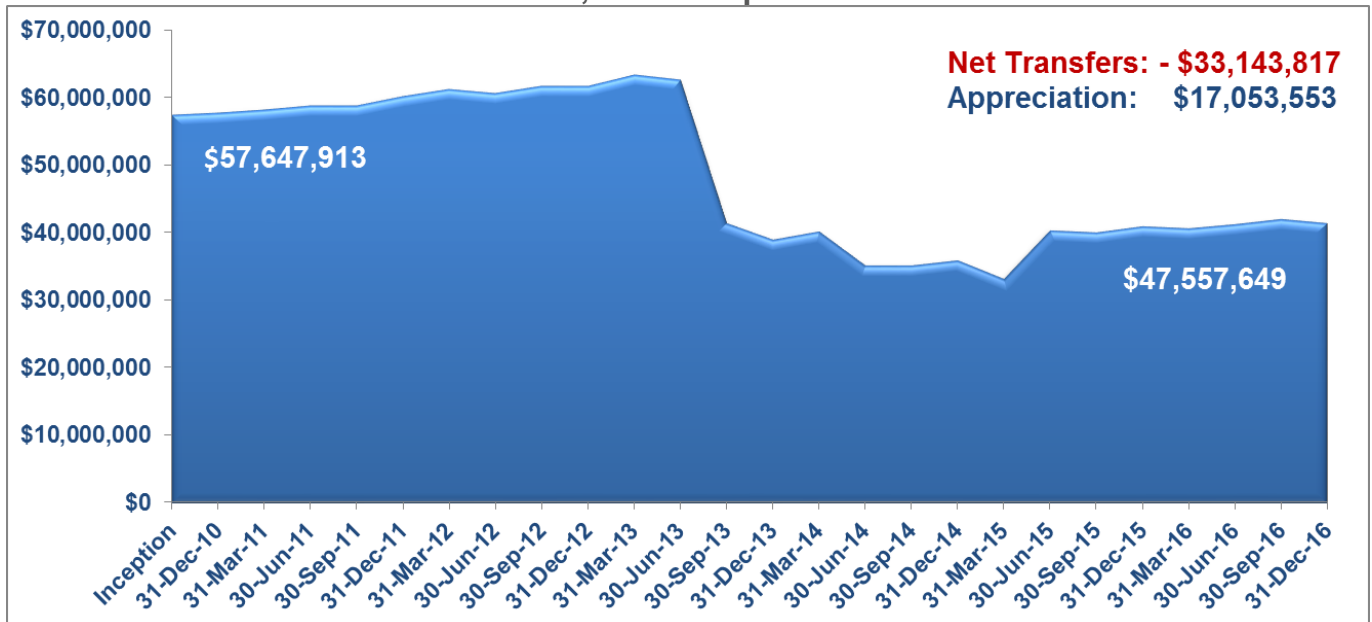


### Portfolio Valuation as at December 31, 2016 – Community Fund



\* Valuations may differ slightly to other financial reporting as a result of differences in accrual rates and foreign exchange conversion rates.

### Portfolio Valuation as at December 31, 2016 – Implementation Fund



\* Valuations may differ slightly to other financial reporting as a result of differences in accrual rates and foreign exchange conversion rates.

### Top Equity Holdings December 31, 2016



On behalf of T.E. Wealth, it remains our honor and pleasure to support Peguis First Nation. We confirm that the TLE Trust remains in compliance with the Statement of Investment Policies and Guidelines and that T.E. Wealth will continue to apply a due diligent process in monitoring the Trust portfolio relative to expectations.



## Conclusion

We are honoured to provide you with our fiduciary services in the administration of the Trust. We look forward to working for you as Trustees for Peguis First Nation TLE Trust for the benefit of the community and future generations.

Respectfully submitted,  
**Peguis First Nation TLE Trust**

### Financial Trustees

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Stephen Daniels - Chair

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Sharon Stevenson

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Carrie Sutherland

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Diane Bear

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Sangita Bhalla, Royal Trust Corporation of Canada,  
Corporate Trustee

### Community Fund Trustees

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Lloyd Sinclair - Chair

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Ralph Sutherland

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Barry Bear

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Freda Bear