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*First Nations Finance Authority*

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*1999 Annual Report*

# First Nations Finance Authority

#101 - 515 Highway 97 South, Kelowna, B.C. V1Z 3J2

## 1999 ANNUAL REPORT

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**MEMBERS**

Adams Lake Indian Band  
 Chawathil Indian Band  
 Ch-ihl-kway-uhk Tribe Society  
 Columbia Lake First Nation  
 Greater Massett Development Corporation  
 Kamloops Indian Band  
 Kwakiutl Laich-Kwil-Tach Nations Treaty Society  
 Kwaw Kwaw A Pilt Band Taxation  
 Lakahahmen Band Taxation  
 Lower Kootenay Band

Matsqui Band Taxation  
 Matsqui First Nation  
 Millbrook First Nation  
 Namgis First Nation  
 Old Massett Village Council  
 Seabird Island Indian Band  
 Skowkale Band Taxation  
 Sliammon Taxation Authority  
 Songhees Indian Band  
 Songhees Indian Band & Esquimalt First Nation Trust

Squiala First Nation  
 St. Mary's Band  
 Sto:lo Nation Investment  
 Te'mexw Treaty Association  
 Tsawout First Nation  
 Tsawwassen First Nation  
 Tzeachten Band Taxation  
 Tzeachten First Nation  
 Westbank First Nation  
 Westbank First Nation Taxation

**DIRECTORS**



Chief Ronald Derrickson  
*Chairman of the Board*



Deanna Hamilton  
*President*



Chief Manny Jules  
*Vice President*



Chief Joe Hall  
*Secretary/Treasurer*



Chief Robert Sam  
*Director*



Chief Sophie Pierre  
*Director*



Chad Paul  
*Director*

**CONSULTANTS**

Municipal Finance  
 Authority of B.C.  
 Victoria, B.C.

**AUDITORS**

KPMG  
 Chartered Accountants  
 Victoria, B.C.

**SOLICITORS**

R.T. Bryant  
 Bryant & Co.  
 Victoria, B.C.

**SENIOR POLICY  
 ADVISOR**

Dr. Tim Raybould  
 Westbank, B.C.

## President's Report 1999

*To the Members of the First Nations Finance Authority*

I am pleased to report to the members of the FNFA that we are making substantial progress towards establishing the statutory framework for public financing First Nations long-term debt. The borrowing structure will be national in scope and will provide a cost effective means for First Nations to raise capital through the issuance of debentures on the national and international markets.

During 1999 resolutions from the Assembly of First Nations (AFN) and a Special Chief's Meeting of Property Taxing First Nations endorsed the FNFA. In December of 1999, the Assembly of First Nations and Canada jointly established a National Table on Fiscal Relations which has embraced the FNFA as one of the necessary institutions of governance that needs to be established as part of a new fiscal relationship with Canada. Under the guidance of the National Table on Fiscal Relations it is anticipated that a First Nations Financial Institutions Act will be passed that, in addition to the FNFA, will include a First Nations Tax Commission replacing the existing Indian Taxation Advisory Board, a Financial Management Board and a Statistical Agency. All of these institutions will be based on recognizing and empowering First Nation governments and will provide support for these governments through regulation and administrative assistance.

It is encouraging that many First Nations are continuing to show their individual support through their membership in the FNFA. Today there are over 40 communities directly involved. Membership is currently limited to participation in our investment pools. In the future, the membership and structure of the FNFA will be determined by the legislation as the process for long term debt financing is established. At this time the existing federally incorporated FNFA will give way to the company established in the legislation. This will include the voting in of a new Board of Directors.

Until such time as the legislation is in place the operations and development of the FNFA will continue under the federal company. The federal company was established in 1995 and continues to have an all aboriginal Board. In 1999 the Board grew from 4 to 7 Directors and it is expected that the ownership base will expand further in 2000 as an interim measure prior to passage of the new legislation.

The FNFA's investment funds established in 1996 have performed well. There are two investment funds available to members; a Money Market Fund and an Intermediate Fund. Both funds are managed by professional money managers as part of a broader investment pool administered through the Municipal Finance

Authority of British Columbia (MFA). The objective of these funds is to preserve capital, ensure high liquidity and keep management fees to a minimum. The investment activities of the MFA funds are governed by the Municipal Finance Authority Act and a Charter of investment policies, objectives and guidelines.

The FNFA and the MFA have limited and no day-to-day involvement in the operations of these funds. The FNFA continues to promote and market the funds, oversee the Charter of investment policies, objectives and guidelines, monitor the investment performance and the strategy of the fund manager as well as to monitor operations to ensure the funds are managed and administered properly. Our fund managers remain Phillips Hager & North Ltd. who make the investment decisions in accordance with the asset mix, rating and term guidelines in the Charter of investment policies, objectives and guidelines.

There is currently over \$7 million invested by various First Nations' government in the two investment funds and in July of 1999 the investment exceeded \$7.8 million. The total MFA pool peaked in 1999 at over \$1 billion. The advantage of such a significant pool is lower management fees and effective investment strategies which has allowed us to achieve greater 1 and 3 year rates of return than all the chartered bank funds of a similar type. Our funds posted the following return as of 1999.

	1999	Since Inception
<b>Money Market Fund</b>	4.80%	4.86%
<b>Intermediate Fund</b>	4.38%	5.83%

The on-going success of the FNFA as a borrowing institution for First Nations will in a large part be determined by the credit rating the FNFA receives for its securities. The FNFA is being structured around the model of the MFA which has over the years increased its credit rating with Moody's of New York to a Triple A. While it is unlikely the FNFA will receive a triple A rating in its early years our initial discussions with Moody's indicate that a single A or perhaps a double A is achievable. The Directors and staff of the FNFA with the support of the MFA have made three presentations to Moody's and we are optimistic that ongoing credit presentations will result in a strong rating for the FNFA.

Thanks to the Directors and staff of the FNFA for an outstanding year. Thanks also goes to the MFA trustees and in particular Chairman, Len Traboulay and Executive Director, Mr. Jim Craven for their continued support. And last but not least thanks for the continued support of the members of the FNFA as we continue to develop our organization.



The FNFA is governed by an all aboriginal Board made up of political leaders representing the participating First Nations. The current Board is:



**Chief Ronald M. Derrickson**  
*Chairman of the Board*

Chief Derrickson was elected Chief of the Westbank First Nation, B.C. in September of 1998. A former Chief of the Band between 1976 and 1986, Ron Derrickson is a successful business-

man and entrepreneur. From 1968 to 1978 he operated the Derrickson and Salmon River cattle ranches. He is the sole owner of the RMD Group of Companies, which consists of 29 companies primarily involved in real estate leasing and development. Chief Derrickson has been responsible for developing a number of projects on the reserves of the Westbank First Nation, including Old McDonald's Farm, Shelter Bay Marina, the Pier Marine Pub and the Westbank Shopping Centre. He was a former Director of a Schedule A bank and is currently a Director of All Nations Trust. Chief Derrickson has been instrumental in concluding the Westbank First Nation self-government agreement and is Westbank's Chief Treaty Negotiator.



**Deanna Hamilton**  
*President*

After attending the University of British Columbia, Deanna directed her career towards the management/supervisory positions of business administration. She has successfully operated her own

development companies. A member of the Westbank First Nation she has been active in Band administration and governance since her return to her community in 1990. In 1991 she was appointed Surveyor of Taxes and elected as Band Councillor for a two-year term from 1996 to 1998. In addition, Deanna is a member of the Westbank First Nation Self-government Steering Committee, past Chairperson of the Westbank First Nation Treaty Negotiation Table and the President of the First Nation Tax Administrators' Association, a non-profit society. She is past representative on the Kelowna Chamber of Commerce (1996), the Westbank Town Centre Planning, and has sat as Director for a number of Westbank First Nation Corporations, as a Director of All Nations Trust Company and Director of

BCAA. As the founding Director and President of the FNFA, Deanna continues to coordinate the development of the FNFA and oversees the day-to-day administration of the FNFA head office.



**Chief Joe Hall**  
*Secretary/Treasurer*

Joe graduated from Sardis Secondary School in 1973. After working eleven years with Genstar Development Company as a Civil Engineer Technician, where he was mainly involved in land

development, Joe came home to work with the Sto:lo Nation in 1986. As Executive Director of Community Development, his department includes the following services: Business Advisory, Capital Management, Education, Employment, First Nations Government, Human Resource Development, Property Management, Planning and Property Taxation. Joe is also the Chief for Tzeachten First Nation, Chairman of the Sto:lo Development Corporation Investment Committee, Chairman of the Tale'awtxw Economic Development Association and a member of the Sto:lo Nation Development Corporation Board.



**Chief Clarence (Manny) Jules**  
*Vice President*

Chief Jules was born and raised on the Kamloops Indian Reserve. He was first elected to the Kamloops Indian Band Council in 1974 as a Councillor, a position he held until 1984 when he was

first elected Chief. He has been Chief of Kamloops ever since. Chief Jules was a founding member of the Shuswap Nation Tribal Council (1981) and continues in this role. He was also a founding director of the Secwepemc Cultural Education Society (1984-1989) and the Founding Chair for the First Nations Heritage, Language and Culture Advisory Committee (1989-1991). As Chief of his Band he was responsible for the Statement of Political Relationship between Kamloops Indian Band and the City of Kamloops (1991) and the Scheidam Flats land Claims Settlement (1995). Chief Jules is known for his work on aboriginal governance. His national initiatives include Bill C-115 (1988) taxation amendments to the Indian Act and is the founding and continuing Chairman of the Indian Taxation Advisory Board (1988). He is the Vice-Chair for the

*Continued on page 6*







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Centre for Indigenous Environmental Resources, Chair of the Sub-committee on Taxation Incentives and member of the National Aboriginal Financing Task Force. He was a founder of the Centre for Municipal-Aboriginal Relations (1996) and the First Nations Gazette (1998). He was a past Co-chair of the Assembly of First Nations Chiefs Committee on Claims (1990-1991) and a past Co-chair of the AFN/ Government of Canada Joint Working Group on Specific Claims Policy (1991-1993).



**Chief Robert Sam**

*Director at large*

Chief Robert Sam attended residential school in Kamloops before moving to St. Louis College for Boys in Victoria. He has attended the University of Victoria. Robert Sam was elected Chief of the Songhees First Nation in June

1996 and re-elected for a second term in June 1999. He was elected Councillor numerous times since the 1960's. Chief Sam is the Chief Negotiator for the Songhees Nation for Treaty Negotiations. Chief Sam has worked in the area of economic development in Prince George for the Carrier Sekani people. As Chief of his community Robert was the driving force in developing the local government bylaws including taxation and fire protection. In addition to his duties as Chief, Chief Sam currently runs a garbage disposal business and employs local people. As a strong community member, he has been involved with the Songhees Canoe Club and owns Leburingen Chief, an eleven man War Canoe. Chief Sam is active with the Songhees Youth Group and trains the youth in canoe paddling for canoe races. Chief Sam's strong cultural beliefs guide his leadership style.



**Chief Sophie Pierre**

*Director at large*

Sophie Pierre is the elected Chief of the St. Mary's Indian Band and Administrator for the Ktunaxa/Kinbasket Tribal Council. Previously she served as Chief of the St. Mary's Indian

Band for a decade from 1978 - 1988, and Councillor 1988 - 1992. Chief Pierre has been instrumental in the quest to resolve land claims in B.C., has been involved

in the work of the British Columbia Claims Task Force, and was co-chair of the First Nations Summit. She has served on a number of Boards and committees. Currently Chief Pierre is Chairperson of the Board of Regents for the Ktunaxa Independent School System, a board member of BC Hydro Power Authority and Chairperson of the St. Eugene Mission Development Board. In the past, she has been an executive member of the First Nations Congress, a board member of the Native Courtworkers and Counselling Association, a board member of UNESCO - Decade for culture, and a board member and Chairperson of the College of the Rockies. Chief Pierre has been an associate instructor in the Administration of Aboriginal Governments Program at the University of Victoria. In June 1994, Chief Pierre was awarded the Order of British Columbia.



**Chad Paul**

*Director at large*

Chad is a member of the Okanagan Nation and is Councillor for the Westbank First Nation. He attended school in Kelowna and is a Journeyman

Carpenter. He owns and operates a construction company primarily working in the Okanagan Valley. He was elected to Council in 1998 continuing a long tradition of political participation by members of his family. A traditionalist, Chad is an accomplished powwow dancer and committed to the preservation of native culture and values. His responsibilities as Councillor include working with the Okanagan Nation Alliance on various initiatives including child welfare, land use planning, emergency services and natural resources. He lives in Westbank with his wife.

**Dr. Tim Raybould**

*Senior Policy Advisor*

Tim was educated at the University of Cambridge, receiving his Ph.D. in 1993. His research has centered on aboriginal land rights and self-government. He is currently the Director of Intergovernmental Affairs and Chief Treaty Negotiator for Westbank First Nation. He has acted as an advisor to aboriginal communities participating in political negotiations, including Canadian Constitutional talks.

Auditor's Report to the Members of the  
**First Nations Finance Authority Inc.**

We have audited the balance sheet of the Money Market Fund and the Intermediate Fund of the **First Nations Finance Authority Inc.** (the "FNFA") and the combined balance sheet of these funds as at December 31, 1999, and the statements of operations and unitholders' equity of each of these funds and the combined statements of operations and unitholders' equity of these funds for the year then ended. These financial statements are the responsibility of the FNFA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of these funds as at December 31, 1999, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles as described in note 1 to the financial statements.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The letters are stylized and slanted to the right.

Chartered Accountants

Victoria, Canada

March 17, 2000



**FIRST NATIONS FINANCE AUTHORITY INC.**  
**Pooled Investments - Balance Sheet**

December 31, 1999, with comparative figures for 1998

	<b>Combined</b>		<b>Money Market Fund</b>		<b>Intermediate Fund</b>	
	1999	1998	1999	1998	1999	1998
<b>ASSETS</b>						
Cash	\$ 37,976	\$ 32,992	\$ 37,976	\$ 32,579	\$ -	\$ 413
Investments (note 2)	7,420,783	6,834,307	2,384,038	2,602,278	5,036,745	4,232,029
Unitholder receivable	26,176	62,334	11,866	13,474	14,310	48,860
	\$7,484,935	\$6,929,633	\$2,433,880	\$2,648,331	\$5,051,055	\$4,281,302
<b>LIABILITIES</b>						
Bank Indebtedness	\$ 178,688	\$ -	\$ -	\$ -	\$ 178,688	\$ -
Accrued management fees	1,231	1,087	337	354	894	733
Unitholder payable	324	30	324	30	-	-
	180,243	1,117	661	384	179,582	733
<b>UNITHOLDERS' EQUITY</b>	7,304,692	6,928,516	2,433,219	2,647,947	4,871,473	4,280,569
Year 2000 Issue (note 3)						
	\$7,484,935	\$6,929,633	\$2,433,880	\$2,648,331	\$5,051,055	\$4,281,302

See accompanying notes to financial statements.

Approved by the Director



**FIRST NATIONS FINANCE AUTHORITY INC.**  
**Pooled Investments - Statement of Operations and Unitholders' Equity**

December 31, 1999, with comparative figures for 1998

	<b>Combined</b>		<b>Money Market Fund</b>		<b>Intermediate Fund</b>	
	1999	1998	1999	1998	1999	1998
<b>INVESTMENT INCOME</b>						
Interest income	\$408,763	\$384,949	\$126,453	\$131,758	\$282,310	\$253,191
Less management fees	13,261	12,403	3,897	3,954	9,364	8,449
	395,502	372,546	122,556	127,804	272,946	244,742
<b>GAIN (LOSS) ON INVESTMENTS</b>						
Net realized (loss)	(99,429)	(72,430)	-	(6)	(99,429)	(72,424)
Net unrealized gain	23,992	42,500	-	-	23,992	42,530
Net (loss) on investments	(75,437)	(29,900)	-	(6)	(75,437)	(29,894)
<b>NET EARNINGS DISTRIBUTED</b>	<b>\$320,065</b>	<b>\$342,646</b>	<b>\$122,556</b>	<b>\$127,798</b>	<b>\$197,509</b>	<b>\$214,848</b>
<b>UNITHOLDERS' EQUITY</b>						
Units outstanding, beginning of the year	\$6,928,516	\$6,975,923	\$2,647,947	\$2,707,108	\$4,280,569	\$4,268,815
Units subscribed	2,534,117	499,385	2,140,722	399,385	393,395	100,000
Distributions reinvested	320,065	342,646	122,556	127,798	197,509	214,848
Units redeemed	(2,478,006)	(889,438)	(2,478,006)	(586,344)	-	(303,094)
<b>Units outstanding, end of the year</b>	<b>\$7,304,692</b>	<b>\$6,928,516</b>	<b>\$2,433,219</b>	<b>\$2,647,947</b>	<b>\$4,871,473</b>	<b>\$4,280,569</b>

See accompanying notes to financial statements.

**FIRST NATIONS FINANCE AUTHORITY INC.**  
**Pooled Investments - Notes To Financial Statements**

Year ended December 31, 1999

First Nations Finance Authority Inc. (the FNFA) was incorporated February 13, 1995 under the Canada Business Corporation Act and operates as a federally incorporated entity to provide investment pooling arrangements and develop borrowing capacity for First Nations governments. The FNFA, through an agreement with the Municipal Finance Authority of British Columbia (the MFA), acts as a non-assignable corporate investment vehicle contracting with the MFA for the provision of investment services for FNFA unitholders. The operations of the funds are monitored by a FNFA Investment Committee appointed from various First Nations' governments.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The FNFA invests monies received from unitholders in two pooled investment funds administered by the MFA:

- Money Market Fund; and
- Intermediate Fund.

These funds are authorized to issue an unlimited number of units, each of which represents an equal undivided interest in the net assets of the respective funds, pro rata, with all other units from time to time issued and outstanding. Units are issued or redeemed at \$1,000 per unit.

The financial statements have been prepared by management in accordance with accounting and reporting requirements that are considered appropriate and include the following policies.

**(a) Money Market Fund**

- (i) Investments are comprised of Money Market instruments with maturities of 366 days or less.
- (ii) Investments are carried at amortized cost which approximates market value. The investments may be marked to market value at the discretion of the MFA Board of Trustees should the yield on the net assets of the fund vary by more than 100 basis points from the market yield on Government of Canada 30-day treasury bills.
- (iii) Interest income is recognized as earned.
- (iv) Management fees are accrued daily at the rate of 3/20 of one percent per annum of the net assets of the fund and are paid monthly.
- (v) Net earnings from operations are distributed to unitholders daily as additional units of the fund.

**(b) Intermediate Fund**

- (i) Investments are comprised of fixed income securities with maturities of two years or less.
- (ii) Investments are carried at market values which are determined as the quoted mid-market value.
- (iii) Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- (iv) Interest income is recognized as earned.
- (v) Management fees are accrued weekly and at month-end at the rate of 1/5 of one percent per annum of the net assets of the fund and are paid monthly.
- (vi) Net earnings from operations are distributed to unitholders weekly and at month-end as additional units of the fund.

**FIRST NATIONS FINANCE AUTHORITY INC.**  
**Pooled Investments - Notes To Financial Statements**

Year ended December 31, 1999

**2. INVESTMENTS**

The investments held by the FNFA represent their unitholders proportionate share of securities invested in the Money Market Fund and Intermediate Fund administered by the MFA's Pooled Investment Fund.

As at December 31, 1999 the Money Market Fund and Intermediate Fund of the MFA held the following securities:

	1999		1998	
	Money Market Fund %	Intermediate Fund %	Money Market Fund %	Intermediate Fund %
Bankers' acceptance	7.4	-	22.1	-
Bearer deposit notes	8.7	5.6	4.9	-
Corporate bonds, coupons and notes	-	-	3.2	16.7
Government of Canada:				
- Bonds	-	68.8	-	63.0
- Treasury bills	14.9	25.6	2.3	20.3
Provincial and provincial guaranteed				
- Treasury bills	-	-	9.1	-
Provincial - bonds	-	-	16.1	-
Commercial paper	69.0	-	42.3	-
	100	100	100	100

The investments of the FNFA unitholders represented approximately 0.5% of the Money Market Fund and 9.2% of the Intermediate Fund administered by the MFA's Pooled Investment Fund.



**Money Market Fund - Schedule of Investments - (Schedule 1)**

December 31, 1999

Thousands of Dollars

	MATURITY DATE	PAR	COST	% OF TOTAL
<b>SHORT TERM INVESTMENTS:</b>				
<b>Treasury Bills</b>				
Canada Treasury Bills	January 20, 2000	43,650	43,541	
Canada Treasury Bills	February 17, 2000	<u>27,025</u>	<u>26,861</u>	
		70,675	70,402	14.9
<b>Bankers' Acceptance</b>				
Royal Bank of Canada	January 21, 2000	11,400	11,368	
Toronto Dominion Bank	January 28, 2000	<u>23,500</u>	<u>23,412</u>	
		34,900	34,780	7.4
<b>Bearer Deposit Notes</b>				
Alberta Treasury Branch	February 3, 2000	5,000	4,978	
Bank of Nova Scotia	January 25, 2000	17,100	17,042	
Canada Trust Co.	January 21, 2000	16,250	16,203	
Canada Trust Co.	January 25, 2000	<u>3,000</u>	<u>2,990</u>	
		41,350	41,213	8.7
<b>Discount Commercial Paper</b>				
Associates Capital	January 26, 2000	7,000	6,975	
Associates Capital	January 21, 2000	4,200	4,188	
Associates Capital	January 25, 2000	10,000	9,965	
Associates Capital	February 4, 2000	2,300	2,288	
BC Gas Inc.	January 21, 2000	9,100	9,074	
BC Gas Utility	February 1, 2000	4,900	4,878	
Credit Union Center of BC	January 28, 2000	23,500	23,410	
CU Inc.	January 31, 2000	16,350	16,281	
DaimlerChrysler Canada	January 21, 2000	7,000	6,979	
DaimlerChrysler Canada	January 24, 2000	10,000	9,966	
DaimlerChrysler Canada	February 10, 2000	6,500	6,463	
Enbridge Inc.	January 26, 2000	10,000	9,964	
Export Development Corp.	January 21, 2000	10,450	10,422	
Export Development Corp.	January 26, 2000	1,200	1,196	
Foothills Pipelines	February 22, 2000	7,750	7,692	
Foothills Pipelines	February 3, 2000	6,400	6,370	
Ford Credit Canada Ltd.	January 26, 2000	5,000	4,982	
Ford Credit Canada Ltd.	January 25, 2000	5,000	4,983	
Ford Credit Canada Ltd.	January 27, 2000	10,000	9,962	
Gaz Metropolitan	January 31, 2000	14,000	13,940	
General Electric Canada Enterprises Co.	February 7, 2000	4,000	3,979	
General Electric Capital Canada Funding Co.	January 24, 2000	5,300	5,283	
General Electric Capital Canada Funding Co.	January 26, 2000	10,000	9,964	
General Electric Capital Canada Funding Co.	February 16, 2000	4,400	4,371	
General Motors Acceptance Corp.	January 21, 2000	13,200	13,162	
George Weston	January 31, 2000	6,800	6,771	
George Weston	February 2, 2000	7,500	7,464	
Inglis Ltd.	January 24, 2000	4,400	4,385	
John Deere Credit Inc.	February 2, 2000	11,400	11,348	
John Deere Ltd.	January 18, 2000	7,000	6,982	
John Deere Ltd.	January 24, 2000	5,000	4,982	
Loblaws Companies	January 31, 2000	9,600	9,557	
Nova Scotia Power	February 2, 2000	10,000	9,954	
Toyota Credit Canada	January 25, 2000	7,000	6,975	
Toyota Credit Canada	February 16, 2000	4,900	4,868	
Trans Mountain Pipe	February 1, 2000	10,950	10,902	
Union Gas Ltd.	February 1, 2000	14,000	13,938	
Westcoast Energy	January 21, 2000	10,000	9,969	
Xerox Canada Inc.	January 26, 2000	5,000	4,982	
Xerox Canada Inc.	February 10, 2000	<u>5,000</u>	<u>4,971</u>	
		326,100	324,785	69.0
<b>TOTAL INVESTMENTS PORTFOLIO</b>		<b>\$473,025</b>	<b>471,180</b>	<b>100.0</b>

**Intermediate Fund - Schedule of Investments - (Schedule 2)**

December 31, 1999

Thousands of Dollars

	MATURITY DATE	PAR	MARKET	% OF TOTAL
<b>SHORT TERM INVESTMENTS:</b>				
<b>Treasury Bills</b>				
Canada Treasury Bills	January 6, 2000	2,000	1,999	
Canada Treasury Bills	February 17, 2000	50	50	
Canada Treasury Bills	October 17, 2000	<u>12,550</u>	<u>12,027</u>	
		14,600	14,076	25.6
<b>Bearer Deposit Notes</b>				
Hongkong Bank of Canada	October 6, 2000	3,200	3,066	5.6
<b>Total Short Term Investments</b>		17,800	17,142	31.2
<b>CANADIAN BONDS:</b>				
<b>Federal Bonds</b>				
Government of Canada	December 1, 2000	37,900	37,835	68.8
<b>TOTAL INVESTMENTS PORTFOLIO</b>		<b>\$ 55,700</b>	<b>54,977</b>	<b>100.0</b>

**INCORPORATION**

Federally incorporated February 13, 1995, the First Nations Finance Authority (the Authority) is governed by an all aboriginal Board of Directors. The corporation is authorized to issue unlimited class A (voting) and class B (non-voting) shares. The beneficial interests in the shares can only be owned by First Nation governments. Articles of Incorporation restrict the sale, transfer or disposal of shares without consent by resolution of the Board of Directors.

On February 23, 1995 the FNFA entered into a contract with the Municipal Finance Authority of British Columbia to provide consulting services and access to MFA investment pooling activities.

**POOLED INVESTMENTS**

**Organization**

The First Nations Finance Authority has by contract arranged to participate in the MFA short to intermediate term investment pool. These funds are the Money Market Fund and the Intermediate Fund. Both of these funds offer flexibility of subscription and redemption with ease of electronic access.

**Investment Activities**

By contract the investment activities of the funds are governed by the Municipal Finance Authority Act and a charter of investment policies, objectives and guidelines.

The operation of the Funds is monitored by the FNFA Investment Committee who coordinates with the Fund Manager to review investment performance and proposed strategy. The custodian reports annually on the Funds' administration, reporting and custodial system.

**FUTURE ACTIVITIES**

**Funding**

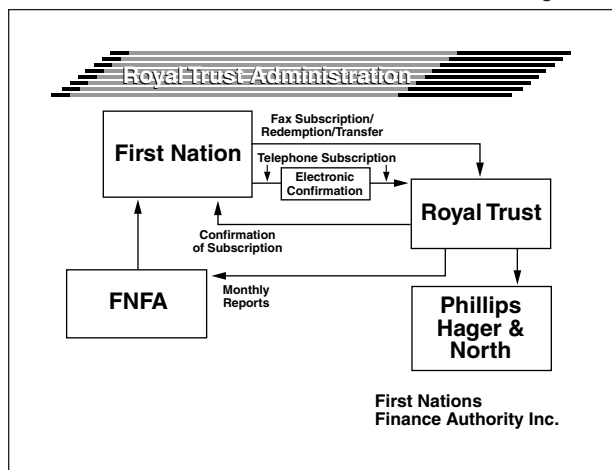
Once legislation has been enacted it is proposed that participating First Nations, either through their tribal councils or on their own behalf, wishing to finance capital projects, will present their approved requests to the Authority.

Taking into account market and economic conditions, the members of the Authority may authorize the issue and sale of securities in an amount sufficient to meet the requests.

Securities of the Authority, the proceeds of which would not exceed the amount authorized, may then be issued at such rates and pursuant to such terms and conditions and in such markets and currencies as the Directors may determine. The Authority would have the power to provide for the creation, management and application of reserve sinking funds or other means of securing the repayment of securities issued by the Authority.

A separate account would be maintained for each sinking fund that could not be immediately applied toward paying the debt or discharging the obligation and would be in the highest quality money market instruments.

Figure 1



The diagram above shows how the Funds are managed: (Fig. 1)

## PROTECTION FOR INVESTORS

The future federal legislation would establish the terms and conditions for securities of the Authority providing protection of investors. In the Authority, the combined credit of all the participants would stand behind the Authority's obligations.

In addition, the Authority would establish a debt reserve fund into which each participating member shares in the proceeds of a securities issue having a term to maturity of five years or over must contribute an amount equal to one-half the average annual installment of principal and interest for repayment of the issue; such amount would be payable to the Authority at the time of issue either in full or in an amount equal to five percent of the principal amount borrowed with the balance secured by a non-interest bearing demand note of the participating member issued to the Authority. Moneys paid into the debt reserve fund, and interest earned thereon, would be obligations of the Authority to the member and would be refunded to them when the final installments of their loans have been repaid.

If at any time the Authority lacked sufficient funds to meet the principal, interest or sinking fund payments due on its obligations, it would utilize the debt reserve fund, all or any part of which is available to satisfy the Authority's obligations, regardless of the sources of the moneys in the fund. In the event that payments were ever made from the debt reserve fund, the Authority would be able to recover such payments from the member involved in order to restore the debt reserve fund. If the Directors were of the opinion that payments made from the debt reserve fund would not be recovered within a reasonable period, they would be able to levy upon all taxable land or other improvements of the participants a tax or charge sufficient to restore the fund to its required amount. It would be mandatory for the Directors to levy such a charge or tax when the balance in the debt reserve fund is less than fifty percent of the amount that would have been in the fund had no such payments been made. The Directors' power to impose taxes or charges would not require the permission or approval of any other gov-

ernmental authority. Pending the receipt of such taxes or charges, the Authority would be able to borrow an equivalent amount to meet its obligations. It is anticipated that there will be a legislated governing body that will assure the debt reserve fund will be maintained in accordance with the legislation.

Moneys in the debt reserve fund would be invested primarily in the highest quality money market investments.

It may be required that investments mature or be callable within a specific time and that a percentage of the fund be callable within a limited time frame.

### Additional Protection for Investors

Participating First Nations will be required to meet specific borrowing standards to ensure safeguards on indebtedness are retained. Such safeguards will include the requirement that the debt and user charges, if any, are sufficient to service the debt.

The total indebtedness which a First Nation would be able to contract would be limited to a percentage of the assessed value for general governmental purposes of the taxable land and improvements within their First Nation and the value of the utility system and other First Nation government enterprise.

## YEAR 2000 PREPAREDNESS

The First Nations Finance Authority has endeavored to take all reasonable and responsible steps to prepare for the impact of the year 2000 on our computer systems. We anticipate no internal problems within our day to day administration. All financial services are contracted and those business partners have responded with statement letters outlining their efforts to ensure year 2000 compliance. It is not possible to be certain that all aspects of the Year 2000 issue affecting the FNFA including those related to the efforts of customers, suppliers, or other third parties will be fully resolved.







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### ADAMS LAKE BAND

**Location:** Adam Lake Band consists of seven (7) parcels of individual reserves located along the shores of Little Shuswap, Shuswap and Adams Lake, British Columbia. Total acreage of all seven (7) parcels is 7,271.2 acres.

**Description:** Adams Lake Band has an independent school which has a Secwepmectsin Immersion Program, a Health Center that provides a wide range of services to the Community, a year around Day Care and Youth Center, an Adult Education Center, a Volunteer Fire Department and Band Security. The Adams Lake Band also has an Economic Development Corporation, two campgrounds and several commercial developments in the Salmon Arm area.

**Population:** Total population of the Adams Lake Band is 641.



### CHAWATHIL FIRST NATION

**Location:** West of Hope, British Columbia.

**History:** Formerly part of the Hope Band. Consists of 5 reserves on 614 hectares. Part of Coast Salish linguistic group. Member of Sto:lo Nation.

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### COLUMBIA LAKE FIRST NATION

**Location:** Approximately 3,272 hectares. East Kootenay District, on the Columbia Valley, on Windemere Lake.

**Population:** Total population of the Columbia Lake Band is 241.



### KAMLOOPS INDIAN BAND

**Description:** The Kamloops Indian Band is a community of Shuswap people who live at the junction of the North and South Thompson rivers in British Columbia. Kamloops means “Where the rivers meet”.

**Population:** There are 860 band members living on the 13,400 hectare reserve.

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### KWAKIUTL LAICH-KWIL-TACH NATIONS TREATY SOCIETY

**Location:** North east area of Vancouver Island, between Comox and Port Hardy.

**Member Bands:** Mamaleqala-Qwe'Qwa'Sot'Enox, Tlowitsis-Mumtagila, We Wai Kai (Cape Mudge), We Wai Kum (Campbell River) and Kwiahah.



### KWAW KWAW APILT FIRST NATION (OR QWEQWE'OPELHP)

**Location:** An important village site on Koquapilt Slough, near the outlet of the Chilliwack River.

**Description:** The Kwaw Kwaw Apilt First Nation consists of 62.7 hectares on two sections of land, the largest being Kwakwawapilt, and a very small section called Skumalsph. The work qweqwe'phelhp means “place where crab apples grow”.

**Population:** Total population of the Kwaw Kwaw Apilt First Nation is 41.

### LAKAHAHMEN FIRST NATION (OR LEQ'QMEL)

**Location:** The Nicomen Tribe of the Upper Sto:lo Territory live along the north side of the Fraser from Squakum Lake to Dewdney Slough. They held all of Nicomen Island except the south-west corner which was Sumas Territory. Their main villages were Leq'amel on the north side of the Nicomen Slough new Deroche (now Sumas I.R.11), and Skwiyo:m (Skweahm), opposite the above on Nicomen Island (now Sumas I.R. 10).



**Description:** The Lakahahmen First Nation consists of 489.7 hectares. Where Lakahahmen is now, was once an important gathering place. The word Leq'amel means, "visiting one another".

**Population:** Total population of the Lakahahmen First Nation is 298.

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### LOWER KOOTENAY BAND



**Location:** Consists of 7 reserves of approximately 2,369 hectares, located 4 miles north of the international boundary line, near Creston British Columbia.

**Population:** Total registered population of 190.

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### MATSQUI FIRST NATION (OR MATHZWI)

**Location:** On the river, they held the south bank from Sumas Mountain to Crescent Island, they held the area between Abbotsford and Aldergrove and south to Nooksack Territory. Their main village inland at Clayburn (Matsqui I.R. #1)



**Description:** The Matsqui First Nation consists of 395.1 hectares on three section of land. The word Mathxwi means "Easy travelling" and refers to the ease with which these people could ascend the creeks and drag their canoes over to tributaries of the Nooksack.

**Population:** Total population of the Matsqui First Nation is 198.

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### MILLBROOK FIRST NATION



**Location:** Truro, Nova Scotia

**Description:** A Mi'kmaq Community (pronounced Mig Mog) consisting of four individual reserve lands, one in Truro, one in Halifax, and two on the Eastern Shore.

**Population:** Total population is 1,082. On reserve population is 900 including non-band members.

**Key Goals:** Expand current economic development ventures and take greater advantage of the Truro and Halifax location for commercial development.

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### NAMGIS FIRST NATION

**Location:** Cormorant Island/Alert Bay (Northern Vancouver Island), British Columbia.

**Description:** The Namgis are part of the Kwakwaka'wakw (Kwakwala speaking peoples) tribes. A full-service health centre, daycare, elementary/junior high school, safe house, youth centre, teen centre, treatment centre and elder's centre serve the on-reserve population in Alert Bay. A large housing program, new salmon hatchery, small campground, and the maintenance and upgrading of the existing village infrastructure round out the main areas of operations.



**Population:** Approximately 800 members live on Cormorant Island and 600 live elsewhere.

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### OLD MASSETT VILLAGE COUNCIL



**Location:** Consists of 26 reserves of approximately 906 hectares, located near Old Masset, British Columbia in the Queen Charlotte Islands.

**Population:** Total registered population - 2,388.

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### SEABIRD ISLAND FIRST NATION

**Location:** Seabird Island consist of 4,000 acres of land situated along the Fraser River in Agassiz, British Columbia

**Description:** Seabird Island operates a multitude of businesses within the community. These businesses include a Sheep Farm, Cattle Ranch, Café/Truck Stop Inn, Hazel Nut Farm, an Independent School offering grades Nursery to Grade 12, Forestry and Silva Culture Programs. Seabird Island also provides a wide range of services to the community through the Band Administration Office. Seabird Island First Nation is a member of the Sto:lo Nation.

**Population:** Total population of the Seabird Island First Nation is 639.



### SLIAMMON FIRST NATION

**Location:** Consists of 6 reserves of approximately 1,907 hectares, located on the Strait of Georgia near Powell River British Columbia.

**Description:** Part of the Northern Coast Salish cultural group.

**Population:** Total registered population is 853.



### SONGHEES FIRST NATION

**Location:** Victoria, British Columbia, South Vancouver Island

**Description:** Relocated from one of the original village sites in what is now called downtown Victoria in 1911 to existing reserve located in Esquimalt District (160 acres) and two islands located off Oak Bay Municipality; Original territory 10 Mile Point on east side of Vancouver Island to Albert Head on west side of Vancouver Island; Part of the Coast Salish linguistic group.

**Population:** 362 members, 220 members reside on reserve, 1,200 non-members reside on reserve.

**Services:** Approximately 15 services provided.



### SQUIALA FIRST NATION

**Location:** Consists of 3 reserves of approximately 596 hectares, located near Chilliwack BC.

**Population:** Total registered population is 115.



### SKOWKALE (OR SQ'EWQEYL)

**Location:** A main village at the bend in Chilliwack River, a mile above Suqwema'y (where birch trees grow). This village was built on both sides of the river, on site now marked Skowkale I.R. 10 and 11.

**Description:** The Skowkale First Nation consists of 68.4 hectares on two sections of land. The word Sq'ewqeyl means "A turn at the Head" (of Chilliwack River) or "Going around a turn".

**Population:** Total population of the Skowkale First Nation is 190.



### ST. MARY' INDIAN BAND

**Location:** 4 miles outside of the City of Cranbrook in the East Kootenays region of British Columbia.

**Description:** St. Mary's Indian Band four reserves total roughly 18,420 acres or 7,461 hectares. The Band is a member of the Ktunaxa/Kinbasket Tribal Council.

**Population:** Total population of the St. Mary's Indian Band is 272





### STO:LO NATION

**Location:** Chilliwack, British Columbia

**Description:** Sto:lo Nation is a tribal agency which provides services to member First Nations. Governed by the Lalems Ye Sto:lo Si:ya:m (the government house) and consists of the following Sto:lo First Nations: Aitchelitz, Chawathil, Cheam, Chehalis, Katzie, Kwantlen, KwawKwawApilt, Lakahahmen, Matsqui, Peters, Popkum, Scowlitz, Seabird Island, Shxw'ow'hamel, Skwahlook, Skowkale, Skwah, Skway, Soowahlie, Squiala, Sumas, Tzeachten, Union Bay, Yakweakwioose, and Yale.

**Population:** Total population is approximately 6,000.



### TE'MEXW TREATY ASSOCIATION

**Location:** Southern Vancouver Island, British Columbia

Te'mexw Treaty Association members are Beecher Bay, Malahat, Nanoose, Sooke, and Songhees First Nations.



### TSAWOUT FIRST NATION

**Location:** Consists of 6 reserves on approximately 419 hectares located near Saanichton on the south eastern tip of Vancouver Island.

**Population:** Total population of the Tsawout First Nation is 624.



### TSAWWASSEN FIRST NATION

**Location:** Located on the south coast overlooking the Strait of Georgia near the Tsawwassen Ferry Terminal, within the Municipal boundary of Delta.

**Description:** The Reserve consists of 750 acres of which 450 acres are arable land. The remaining 300 acres are ocean foreshore or marshland. The Tsawwassen First Nation is a Coast Salish Nation whose original dialect was Henqimenum.

**Population:** The on Reserve population is 158 with an additional 96 living off reserve.

**Services:** The Tsawwassen First Nation provides a full range of services to its membership including, Fisheries, Health and Social Development, and Public Maintenance. The Tsawwassen First Nation maintains its own tertiary treatment plant for producing water and processing sewage for residents of the First Nation Reserve.



### TZEACHTEN FIRST NATION (OR CH'YIAQTEL)

**Location:** Includes lands between Sardis and Vedder Crossing.

**Description:** Tzeachten reserve consists of 282.1 hectares on one section of land. The word Ch'yiaqtel means "the place of the fish weir". Long ago when the Chilliwack River ran strong and free through the land called Tzeachten, fish weirs could be seen set up all along the river's edge. Later, the Chilliwack River then became shallow and dried out when the Province rerouted the rivers water into the Vedder Canal as part of the Sumas Lake Drainage Project during the 1920's. This left a number of reserves along the old Chilliwack River without a good fishing river.

**Population:** Total population of the Tzeachten First Nation is 315.



### WESTBANK FIRST NATION

**Location:** Central Okanagan, British Columbia

**Description:** Named by the Post Office in 1902. Allotted by Commissioner O'Reilly in 1890. Part of the Salish linguistic group and the Okanagan Nation.

**Population:** 573 members, 8,000 non members reside on reserve.

**Services:** Some 28 services supplied by WFN.



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