

F N F A



First Nations Finance Authority

1998 Annual Report

**First Nations
Finance Authority**

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

1998 ANNUAL REPORT

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MEMBERS AND OFFICERS 1998

MEMBERS

Adams Lake Indian Band

Chawathil Indian Band

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

Songhees Indian Band

Songhees Indian Band & Esquimalt
First Nation Trust

Sliammon Taxation Authority

Squiala First Nation

St. Mary's Band

Sto:lo Nation Investment

Te'mexw Treaty Association

Tsawout First Nation

Tsawwassen First Nation

Tzeachten Band Taxation

Westbank First Nation

Westbank First Nation Taxation

DIRECTORS



President
Deanna Hamilton



Secretary/Treasurer
Chief Joe Hall



Director
Chief Manny Jules



Director
Robert Louie

CONSULTANTS

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

AUDITORS

KPMG
Victoria, B.C.

SOLICITORS

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

SENIOR POLICY ADVISOR

Dr. Tim Raybould
Westbank, B.C.

President's Report 1998

To the Members of the First Nations Finance Authority

Like all governments, first nations' governments need to borrow to provide affordable infrastructure in their communities. The FNFA continues to develop a borrowing structure to provide access to cost effective capital through first nations' debentures in the national and international markets. Infrastructure is necessary to promote and encourage economic development that in turn produces employment and economic opportunity on reserve lands. Affordable capital is needed to support the financial objectives of first nations; particularly as first nations move towards greater self-government.

The FNFA was federally incorporated in 1995 and is an organization of national scope that is by and for first nations' governments. There is an all aboriginal board of directors that appoints officers. The board has grown from three to four directors with the addition of Chief "Manny" Jules. It is expected that the board and the ownership base will expand further in 1999. The current year has been a very busy year as we pursue the development of FNFA legislation and first nations' bonds. As well we have been active in promoting the FNFA to first nations at national conferences.

There has been continued and favorable support for the FNFA from the Assembly of First Nations, the Department of Finance, the Department of Indian Affairs and Northern Development (DIAND), the Indian Taxation Advisory Board and the Municipal Finance Authority of British Columbia (MFA), in addition to the ongoing support from our members. Technical and financial support from DIAND assisted our developmental work over the year. The FNFA legislation is essential to facilitate the issuing of first nations' bonds. A proper legislative structure will lend comfort to participants and investors alike. It will ensure a strong credit rating for the FNFA and consequently lower interest rates on first nations' debt issues. As part of the credit rating process the FNFA made a presentation to Moody's Investors Service in New York which was very well received. The board is optimistic that future credit presentations will result in a strong credit rating for the FNFA.

The pooled investment funds, established by the FNFA for its members in 1996, continue to do well. There are two investment funds available, the Money Market Fund and the Intermediate Fund. The objectives of the funds are to preserve capital, ensure high liquidity and keep management fees to a minimum. There is over seven million on deposit by the various first nations' governments in these funds. To achieve the economies of scale needed to produce attractive returns and low management fees, the FNFA funds are pooled under contract with the investment funds of the MFA. The total pooled investment funds exceeded one billion dollars in July of 1998. The advantage of size and effective investing strategies meant our funds achieved greater one and three year rates of return than all the chartered bank mutual funds of similar type. Phillips, Hager and North Ltd. our professional investment managers performed well, posing the following returns as of December 1998:

	1998	Since inception
Money Market Fund	5.2 %	6.21%
Intermediate Fund	4.85%	4.87%

Thanks to the directors and staff of the FNFA for a successful and progressive year. Thanks also goes to the MFA trustees and in particular Chairman Mr. Len Traboulay and Executive Director, Mr. Jim Craven for their continued consulting services and valuable support as we continue to develop the FNFA. We look forward to a busy and productive year in 1999.



DIRECTORS' PROFILES



DEANNA HAMILTON, Director, President

After attending the University of British Columbia, Deanna directed her career towards the management /supervisory positions of business administration. Deanna is a member of the Westbank First Nation, and upon her return to Westbank

lands in 1990 has been active in the Band administration and governance. 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, the First Nations Tax Administrators' Institute, and past representative Kelowna Chamber of Commerce (1996), Westbank Towne Centre Planning, Chairperson of Westbank First Nation Treaty Main Table, Director of nine corporate boards and Director of ANTCO.

It was as Chairperson of the Public Financing for First Nations' Governments that she coordinated three national conferences to establish the need for long term debt financing for First Nation Governments. Her commitment to this goal was instrumental in the development of the First Nations Finance Authority. As Director and President of the FNFA she continues to coordinate the development of the FNFA and oversees the day to day administration of the FNFA head office. Speaking engagements and presentations comprise a good part of the initiative.



JOE HALL, Director, 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:

*Councillor for Tzeachten First Nation;
Chairman of the Sto:lo Development Corporation
Investment Committee;*

*Chairman of the Tale'awtxw Economic
Development Association;*

Director of the First Nations Finance Authority;

*Member of the Sto:lo Nation Development
Corporation Board.*

Joe is married with two sons and is a very active participant and coach, over 30 years, in community sports (baseball, hockey, and soccer).



CHIEF CLARENCE (MANNY) JULES, Director

Manny is the eldest of nine brothers and sisters. He was born and raised on the Kamloops Indian Reserve by his parents Clarence and Delores. Although his legal name is Clarence, his grandmother nicknamed him

Manny when he was a baby. He is married and has two children - Sarah, 22 and Clarence, 2. Because of his first-hand involvement in numerous local, provincial and national initiatives, Manny is invited to speak at more than 40 conferences and workshops annually. His audience includes politicians, academics, lawyers, municipalities, the financial community, schools, bands and native organizations.

Community Leadership:

Kamloops Indian Band Council, 1974 - 1984

Kamloops Indian Band Chief, 1984 - present

*Founding member of the Shuswap Nation Tribal
Council, 1981 - present*

*Statement of Political Relationship between the
Kamloops Indian Band and the City of Kamloops,
1991*

*Scheidam Flats Land Claims Settlement, 1995
Heritage and Culture*

Kamloops Indian Band Heritage Policy, 1996

*Founding Director, Secwepemc Cultural Education
Society, 1984 - 1989*

Continued on page 6



Ninstints, UNESCO World Heritage Site, Gwaii Haanas



DIRECTORS' PROFILES

Chief Jules continued from page 6

Past Member, Project Pride Task Force, 1987
Founding Chair, First Nations Heritage, Language and Culture Advisory Committee, 1989 - 1991

National Initiatives:

Bill C-115, 1988

Founding Chairman, Indian Taxation Advisory Board, 1988 - present

Past Co-Chair, Assembly of First Nations Chiefs Committee on Claims, 1990 - 1991

Past Co-Chair, AFN/Government of Canada Joint Working Group on Specific Claims Policy, 1991 - 1993

Vice-Chair, Centre for Indigenous Environmental Resources, 1995 - present

Chair, Sub-Committee on Taxation Incentive, National Aboriginal Financing Task Force, 1995 - present

The Centre for Municipal-Aboriginal Relations, June 1996

The First Nations Gazette, June 1997



ROBERT LOUIE, **Director**

After receiving his Business Administration Diploma and completion of University Commerce Courses at Okanagan University College, Robert continued his education through the Native Law

Program at the University of Saskatchewan and received his Bachelor of Law degree from the University of Victoria in 1982.

In addition to the ownership and development of four personal business enterprises, Robert currently holds the following positions:

Elected Task Group Member, B.C. First Nations Summit, 1996 - present

Chairman, First Nations Lands Advisory Board, 1988 - present

Director, Peace Hills Trust, 1996 - present

Director & Executive Board Member, National Aboriginal Economic Development Board (Aboriginal Business Canada) 1996 - present

Director & President, First Nations Finance Authority Inc., 1995 - present

Past professional experience includes:

Chief, Westbank First Nation 1986 - 1996

Director & President, 12 Westbank First Nation corporate entities, 1986 - 1996

Member of (B.C.) Premier's Advisory Council of Aboriginal Affairs, 1989 - 1991

Director, All Nations Trust Company, 1988 - 1991

Director, Kelowna Chamber of Commerce, 1986 - 1987

Practicing Lawyer, Sigalet Maquire & Co. (Vernon, B.C.) 1983 - 1986

Instructor, Native Law Program, University of Saskatchewan, 1986

Director, United Native Friendship Society (Vernon, B.C.), 1985 - 1986

Administrator (Interim), Okanagan Tribal Council (Penticton, B.C.), 1981

Researcher (Land Claims), Westbank First Nation, 1980

Heavy Duty Equipment Operator, Louis Bros. Logging (part time) 1978 - 1979

General Manager, Westbank Indian Band Development Company, 1975 - 1977

Councillor (elected), Westbank Indian Band, 1974 - 1976

Director (founding member), Central Okanagan Indian Friendship Society, 1971 - 1973

Equipment operator, pipe layer and labour, pre 1973

Robert was awarded the Commemorative Medal for the 125th Anniversary of the Confederation of Canada (in recognition of significant contribution of compatriots, community and to Canada) and was also the recipient of the B.C. Academic Scholarship Award.

DR. TIM RAYBOULD, **Senior Policy Advisor**

Tim was educated at the University of Cambridge, receiving his Ph.D. in 1993. His research has centred on aboriginal land rights and self-government. He is currently the Director of Inter-governmental 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 Pooled Investments Fund of the **First Nations Finance Authority Inc.** (the "FNFA") as at December 31, 1998, and the statement of operations and unitholders' equity 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 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 the Pooled Investments Fund of the FNFA as at December 31, 1998, and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles as described in note 1 to the financial statements.

KPMG LLP

Chartered Accountants

Victoria, Canada
March 20, 1999

POOLED INVESTMENTS

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments Balance Sheet

December 31, 1998, with comparative figures for 1997

	Combined		Money Market Fund		Intermediate Fund	
	1998	1997	1998	1997	1998	1997
ASSETS						
Cash	\$ 32,992	\$ 1,190	\$ 32,579	\$ 373	\$ 413	\$ 817
Investments (note 4)	6,834,307	6,937,052	2,602,278	2,668,259	4,232,029	4,268,793
Unitholder receivable	62,334	42,037	13,474	42,037	48,860	-
	\$6,929,633	\$6,980,279	\$2,648,331	\$2,710,669	\$4,281,302	\$4,296,610
LIABILITIES						
Accrued management fees	\$ 1,087	\$ 1,189	\$ 354	\$ 394	\$ 733	\$ 795
Unitholder payable	30	3,167	30	3,167	-	-
	1,117	4,356	384	3,561	733	795
UNITHOLDERS' EQUITY	6,928,516	6,975,923	2,647,947	2,707,108	4,280,569	4,268,815
Year 2000 Issue (note 3)						
	\$6,929,633	\$6,980,279	\$2,648,331	\$2,710,669	\$4,281,302	\$4,269,610

See accompanying notes to financial statements.



Director

FIRST NATIONS FINANCE AUTHORITY INC.

**Pooled Investments
Statement of Operations and Unitholders' Equity**

December 31, 1998, with comparative figures for 1997

	Combined		Money Market Fund		Intermediate Fund	
	1998	1997	1998	1997	1998	1997
INVESTMENT INCOME						
Interest income	\$384,949	\$265,293	\$131,758	\$ 85,657	\$253,191	\$179,636
Less management fees	12,403	10,139	3,954	3,763	8,449	6,376
	372,546	255,154	127,804	81,894	244,742	173,260
GAIN ON INVESTMENTS						
Net realized loss	(72,430)	(41,027)	(6)	(109)	(72,424)	(40,918)
Net unrealized gain (loss)	42,530	(33,529)	-	-	42,530	(33,529)
Net loss on investments	(29,900)	(74,556)	(6)	(109)	(29,894)	(74,447)
NET EARNINGS DISTRIBUTED	\$342,646	\$180,598	\$127,798	\$81,785	\$214,848	\$98,813
UNITHOLDERS' EQUITY						
Units outstanding, beginning of the year	6,975,923	4,380,427	2,707,108	1,542,186	4,268,815	2,838,241
Units subscribed	499,385	5,118,028	399,385	3,092,440	100,000	2,025,588
Distributions reinvested	342,646	180,598	127,798	81,785	214,848	98,813
Units redeemed	(889,438)	(2,703,130)	(586,344)	(2,009,303)	(303,094)	(693,827)
Units outstanding, end of the year	\$6,928,516	\$6,975,923	\$2,647,947	\$2,707,108	\$4,280,569	\$4,268,815

See accompanying notes to financial statements.

POOLED INVESTMENTS

FIRST NATIONS FINANCE AUTHORITY INC.

Pooled Investments Notes To Financial Statements

Year ended December 31, 1998

1. OVERVIEW

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.

2. 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

- Investments are comprised of Money Market instruments with maturities of 366 days or less.
- 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.
- Interest income is recognized as earned.
- Management fees are accrued daily at the rate of 3/20 of 1% per annum of the net assets of the fund and are paid monthly.
- Net earnings from operations are distributed to unitholders daily as additional units of the fund.

(b) Intermediate Fund

- Investments are comprised of fixed income securities with maturities of two years or less.
- Investments are carried at market values which are determined as the quoted mid-market value.
- Investment transactions are accounted for on the trade date and gains/losses from such transactions are calculated on an average cost basis.
- Interest income is recognized as earned.
- Management fees are accrued weekly and at month-end at the rate of 1/5 of 1 percent per annum of the net assets of the fund and are paid monthly.
- 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, 1998

3. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could effect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

4. 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, 1998 the Money Market Fund and Intermediate Fund of the MFA held the following securities

	1998		1997	
	Money Market Fund %	Intermediate Fund %	Money Market Fund %	Intermediate Fund %
Banker's Acceptance	22.1	—	—	—
Bearer Deposit Notes	4.9	—	—	12.2
Corporate Bonds, Coupons and Notes	3.2	16.7	—	12.3
Government of Canada:				
- Bonds	—	63.0	—	63.4
- Treasury Bills	2.3	20.3	10.7	8.1
Provincial and Provincial Guaranteed				
- Treasury Bills	9.1	—	—	—
Provincial - Bonds	16.1	—	—	2.4
Commercial Paper	42.3	—	89.3	1.6
	100	100	100	100

The investments of the FNFA unitholders represented approximately 0.6% of the Money Market Fund and 4.7% of the Intermediate Fund administered by the MFA's Pooled Investment Fund.

5. STATEMENT OF CASH FLOWS

A statement of changes in financial position has not been included as it would not provide any addition meaningful information.

POOLED INVESTMENTS (MFA)

Pooled Investments (MFA)

Money Market Fund - Schedule of Investments

(Schedule 1)

December 31, 1998

Thousands of Dollars

SHORT TERM INVESTMENTS		MATURITY	PAR	COST	%
Treasury Bills	Canada Treasury Bills	February 18, 1999	10,000	9,943	
	Ontario Provincial Treasury Bills	January 7, 1999	19,650	19,631	
	Ontario Provincial Treasury Bills	March 12, 1999	20,000	19,812	
	Ontario Provincial Treasury Bills	January 15, 1999	<u>600</u>	<u>599</u>	
			50,250	49,985	11.4
Banker's Acceptance	Bank of Nova Scotia	January 29, 1999	7,000	6,972	
	Bank of Nova Scotia	February 15, 1999	1,700	1,689	
	Canadian Imperial Bank of Commerce	February 2, 1999	22,300	22,200	
	Canadian Imperial Bank of Commerce	February 3, 1999	5,000	4,977	
	Firstbank Corp.	January 29, 1999	6,500	6,474	
	Royal Bank of Canada	January 28, 1999	31,000	30,882	
	Royal Bank of Canada	January 29, 1999	10,900	10,857	
	Toronto Dominion Bank	February 8, 1999	500	497	
	Toronto Dominion Bank	February 11, 1999	9,000	8,949	
Toronto Dominion Bank	February 12, 1999	<u>4,000</u>	<u>3,976</u>		
		97,900	97,473	22.1	
Discount Commerical Paper	Alberta Energy	January 11, 1999	4,000	3,994	
	Associate Capital Corp.	January 21, 1999	4,800	4,786	
	BC Telecom	January 6, 1999	11,000	10,991	
	BC Gas Inc.	January 8, 1999	900	899	
	BC Gas Inc.	January 26, 1999	6,200	6,176	
	BC Gas Inc.	January 6, 1999	4,000	3,997	
	BC Gas Utility Ltd.	January 5, 1999	15,000	14,989	
	BC Gas Utility Ltd.	January 28, 1999	7,800	7,768	
	BC Gas Utility Ltd.	February 4, 1999	5,000	4,975	
	British Columbia Gas	February 9, 1999	8,900	8,849	
	Colgate Palm Canada	January 29, 1999	4,000	3,984	
	Foothills Pipelines	January 21, 1999	5,000	4,985	
	Foothills Pipelines	February 17, 1999	25,000	24,833	
	Ford Credit Canada	January 26, 1999	10,000	9,963	
	GAZ Metropolitan	January 7, 1999	1,700	1,698	
	GAZ Metropolitan	February 3, 1999	20,000	19,906	
	General Electric Capital Canada Funding Co.	January 12, 1999	13,000	12,978	
	General Motors Accept Corporation Canada	February 2, 1999	2,500	2,488	
	Nova Scotia Power	February 25, 1999	9,900	9,823	
	Nova Scotia Power	March 18, 1999	5,000	4,947	
Transcanada Pipeline	February 1, 1999	5,000	4,978		
Transmountain Pipeline	February 4, 1999	8,000	7,960		
Xerox Canada Inc.	January 20, 1999	3,500	3,490		
Xerox Canada Inc.	January 29, 1999	<u>7,050</u>	<u>7,021</u>		
		187,250	186,478	42.3	
Bearer Deposit Notes	Bank of Nova Scotia	January 25, 1999	2,650	2,641	
	Bank of Nova Scotia	January 27, 1999	16,000	15,940	
	Caisse Centrale	January 12, 1999	<u>2,900</u>	<u>2,895</u>	
		21,550	21,476	4.9	
Promissory Note	Nova Scotia	February 2, 1999	14,500	14,343	
	Nova Scotia	March 30, 1999	14,000	13,833	
	Nova Scotia	March 3, 1999	10,000	9,919	
	Quebec Provincial Promissory note	January 7, 1999	3,000	2,997	
	Quebec Provincial Promissory note	January 12, 1999	<u>29,700</u>	<u>29,649</u>	
		71,200	70,832	16.1	
Interest Bearing Notes	IPL Energy Inc.	January 12, 1999	14,000	13,976	3.2
Total Investments Portfolio			\$442,150	440,220	100.0

POOLED INVESTMENTS (MFA)

**Pooled Investments (MFA)
Intermediate Fund - Schedule of Investments**

(Schedule 2)

December 31, 1998

Thousands of Dollars

SHORT TERM INVESTMENTS		MATURITY	PAR	COST	%
Treasury Bills	Canada Treasury Bills	November 10, 1999	1,475	1,417	
	Canada Treasury Bills	December 9, 1999	17,800	17,036	
			19,275	18,453	20.3
Total Short Term Investments			\$19,275	\$18,453	20.3
CANADIAN BONDS		MATURITY	PAR	COST	%
Federal Bonds	Government of Canada, 9.250%	December 1, 1999	34,000	35,906	
	Government of Canada, 8.500%	March 1, 2000	<u>21,000</u>	<u>22,111</u>	
			55,000	58,017	63.0
Corporate Bonds	Associates Capital Corporation of Canada, 5.000%	November 15, 1999	10,000	10,043	
	Chrysler Credit Canada, 5.750%	April 3, 2000	<u>5,000</u>	<u>5,163</u>	
			15,000	15,206	16.7
Total Canadian Bonds			70,000	73,223	79.7
Total Investments Portfolio			\$89,275	\$91,676	100.0

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.

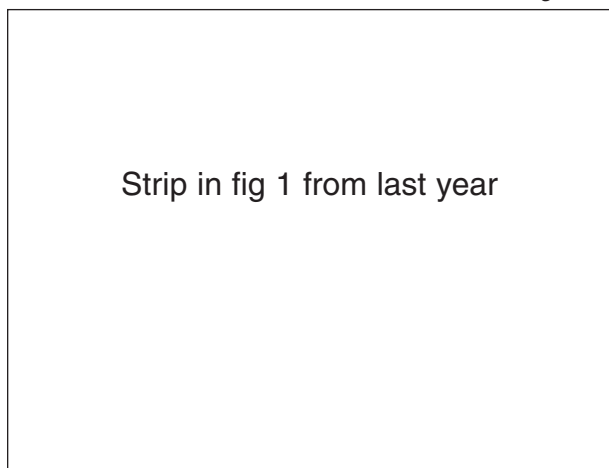
On February 23, 1995 the FNFA entered into a contract with the Municipal Finance Authority of British Columbia to provide consulting services and access to MFA investment pooling activities.

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.

Figure 1



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

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.

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 governmental 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.

You must teach your children that the ground beneath their feet is the ashes of our grandfathers. So that they will respect the land, tell your children that the earth is rich with the lives of our kin. Teach your children what we have taught our children, that the earth is our mother. Whatever befalls the earth befalls the sons and daughters of the earth.

Chief Sealth of the Duamish tribe



NAME: 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.

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.



NAME: 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.



NAME: 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.



NAME: KWAKIUTL LAICH-KWIL-TACH NATIONS TREATY SOCIETY

Location: North east area of Vancouver Island, between Comox and Port Hardy.
Member Bands: Mamaleleqala-Qwe'Qwa'Sot'Enox, Tlowitsis-Mumtagila, We Wai Kai (Cape Mudge), We Wai Kum (Campbell River) and Kwiakah.



NAME: KWAU KWAU A PILT FIRST NATION

Location: Chilliwack, British Columbia

History: Formerly part of Chilliwack Tribe.
Established May 15, 1979.
Part of Coast Salish linguistic group. Member of Sto:lo Nation.



NAME: LAKAHAHMEN FIRST NATION

Location: 12 miles east of Mission, British Columbia

History: Member of Sto:lo Nation.



NAME: 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.



NAME: MATSQUI FIRST NATION

Location: North of Abbotsford, British Columbia

History: Name comes from Halkomelem word meaning "easy portage" or "easy traveling."
Allotted on June 20, 1879.
Part of Coast Salish linguistic group. Member of Sto:lo Nation.



FNFA MEMBERS' PROFILES

NAME: **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.



NAME: **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.

NAME: **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.



NAME: **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.

NAME: **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.



NAME: **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.

NAME: **SQUIALA FIRST NATION**

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

Population: Total registered population is 115.




NAME: **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

 **NAME:** **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, Kwantlen, KwawKwawApilt, Lakahahmen, Matsquie, Popkum, Scowlitz, Seabird Island, Shxw'ow'hamel, Skwahlook, Skowkale, Skway, soowahlie, Squiala, Sumas, Tzeachten and Yakweakwioose.

Population: Total population is approximately 6,000.

NAME: **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.

 **NAME:** **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.


NAME: **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.

 **NAME:** **TZEACHTEN BAND**

Location: South of Sardis, British Columbia

History: Formerly owned by Scowkale and Yakweakwioose as a woodlot. Formal separation in 1960
Part of Salishan linguistic group. Member of Sto:lo Nation Canada.

NAME: **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: 526 members, 354 members reside on reserve, 6,000 non members reside on reserve.

Services: Some 28 services supplied by WFN.

For more information contact:

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