



# **LITTLE RED RIVER CREE NATION TREATY 8 AGRICULTURAL BENEFITS SPECIFIC CLAIM SETTLEMENT AGREEMENT**

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# **LITTLE RED RIVER CREE NATION SOVEREIGN WEALTH FUND**

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## **TO LITTLE RED RIVER CREE NATION MEMBERS:**

This document summarizes the contents of the Little Red River Cree Nation Treaty 8 Agricultural Benefits Settlement Agreement (“Settlement Agreement”) and the Little Red River Cree Nation Sovereign Wealth Fund (the “LRRCN Sovereign Wealth Fund” or the “Trust Agreement”). Chief and Council encourage you to review this document, to read the Settlement and Trust Agreements, and to participate in the Information Meetings scheduled in Garden River, Fox Lake, John D’Or Prairie, High Level, Peerless/Trout Lake, Edmonton and Grand Prairie during the weeks of August 13 and 20. Advance Polls and electronic voting will be available for Members to cast their votes, and the final Voting Day is scheduled to take place on August 25 in John D’Or Prairie.

This information package sets out the historical and legal basis for the Claim, a summary of the proposed Settlement Agreement and Trust Agreement, and provides answers to some frequently asked questions.

Information Meetings will be held at the times and locations set out in the Notice of Ratification Vote, which is included in this information package. These Information Meetings will involve presentations from Chief and Council, our legal counsel, and our financial advisor regarding the Treaty 8 Agricultural Benefits Claim, the Settlement Agreement, and the Trust Agreement. Members will be given an opportunity to ask questions in advance of eligible voters voting on whether to accept or reject the proposed Settlement Agreement and Trust Agreement.

### **Historical Summary of the Treaty 8 Agricultural Benefits Claim**

**June 21, 1899** – The Little Red River Cree (“LRRC” or “Little Red River”) entered into Treaty 8 with the Crown. The Crown promised to provide cattle, seed, and farming implements to assist the Treaty 8 Indians’ transition from hunting, fishing and trapping to an agricultural economy when Members had settled on reserve and were ready to “break the soil” (“Agricultural Benefits”).

**1899 – Today:** None of the Agricultural Benefits promised to Little Red River as required under the terms of Treaty 8 were provided by the Crown.

### **HISTORY OF THE SPECIFIC CLAIM PROCESS – 24 YEARS IN THE SYSTEM**

- **1994** – Little Red River submitted a claim under Canada’s Specific Claims Policy on the basis that the Crown had not provided any of the Agricultural Benefits promised under Treaty 8 (the “Claim”).
- **1999-2004** – Negotiations with the Crown didn’t really begin until early 1999. In 2004, Canada tabled a copy of a valuation report prepared for other specific claims that recommended unreasonably low estimates of the value of the treaty benefits in issue (approximately one third of the valuation provided in the February 2017 settlement offer). Little Red River and four other Treaty 8 First Nations advancing Agricultural Benefits claims (collectively, the “Treaty 8 Claimants”) objected to Canada’s proposal to use the 2004 Report in settlement negotiations. Ultimately, the federal negotiator agreed that the 2004 Report would not be relied upon by Canada for the purposes of concluding a negotiated settlement.
- **2008** – The Treaty 8 Claimants commissioned three separate and independent valuation reports from respected agricultural economists. Canada’s own expert reviewed all of the First Nations’ reports, met with their authors, and agreed that the assessments contained in the First Nations’ reports were reasonable and fair. Based on these reports, the Treaty 8 Claimants tabled a detailed submission proposing a fair and equitable compensation.
- **2009** – The Specific Claims Branch reverted to the position that Canada’s settlement offer would be based on the 2004 Report. The Treaty 8 Claimants alleged that this constituted “bad faith” and lobbied then-Minister of Aboriginal Affairs Chuck Strahl and other MPs, seeking a fair and just settlement of their claims. In an effort to resolve the impasse, Minister Strahl offered to appoint an independent third party agricultural economist to make recommendations regarding an appropriate compensation model for settlement of the claims. The parties agreed to appoint agricultural economist Bob Thompson to undertake a joint study (the “Thompson Report”). Canada’s negotiator at the time advised that Canada would accept the recommendation of the independent expert as the basis for Canada’s settlement offer.
- **2010** – The Thompson Report assumes that all of the lands provided to Treaty 8 First Nations were suitable for agriculture, and recommended that compensation should be based on the 2017 cost of starting a mid-sized farming operation. This amounted to \$210,870 for a hypothetical square mile (640 acres) farm in Treaty 8 Territory. Minister Strahl committed to use the valuation from the Thompson Report as the basis for settlement. Canada advised that the appointment of a new Minister, John Duncan, would have “no effect on the settlement amount approved by Minister Strahl.”
- **2012** – The Specific Claims Branch advised it was seeking a financial mandate for the purposes of making a final settlement offer to the Treaty 8 Claimants by July 2012. This deadline came and

went without a settlement offer from Canada, and without any indication as to when an offer of settlement might be made by Canada and on what terms. At this point, negotiations stalled.

- **October 2015** – Following the election a new federal government, the Treaty 8 Claimants wrote to the newly-appointed Minister of Justice and Minister of Indigenous Affairs to provide a briefing on the history of bad faith conduct by the Crown and to encourage Canada to resume negotiations in the spirit of reconciliation.
- **January 2016** – Canada convened a meeting with all of the Claimant First Nations (now 23 in total). Specific Claims Branch representatives made a written offer to each of the First Nations in attendance.
- **February 2016** – Canada formally offered to negotiate a settlement of the Little Red River Cree Nation Treaty 8 Agricultural Benefits Specific Claim under the Specific Claims Policy. The Specific Claims Branch stated that the offer was only a starting point and that they were open to further discussion. Put another way, this was a gesture that the Crown was open to returning to the table, which is exactly what happened. Over the next few months of negotiations, the Crown agreed to retain Bob Thompson update his valuation to 2017 dollars and use the current population of the First Nations to determine compensation.
- **Summer 2016** – Bob Thompson estimated the cost of starting a farm in the Treaty 8 area as at January 1, 2018, at \$287,500 based on each family of five and a farm of one square mile. Based on the updated Thompson valuation, the Crown sought approval from Cabinet for an updated mandate to settle.
- **April 17, 2017** – By way of letter, the Crown offered to settle the Little Red River Cree Nation Treaty 8 Agricultural Benefits Specific Claim for \$239,422,052. Little Red River instructed legal counsel to draft the technical documents such as the Settlement Agreement and a Trust Agreement to be presented to Membership for a referendum vote.

## **SUMMARY OF THE SETTLEMENT AGREEMENT**

The Settlement Agreement is just that – an *agreement to settle the Agricultural Benefits claim*. The agreement is between Canada and Little Red River. Canada proposed the Settlement Agreement as an offer, and Little Red River Members must now decide whether to accept or reject the offer. If it is approved by a majority of the Little Red River Members in the referendum vote, the Chief and Council and the Minister are authorized and directed to sign the Settlement Agreement. When the Settlement Agreement is fully executed, it is binding on both Canada and the Nation and the Claim would be settled once and for all upon payment of the Compensation by Canada.

The full Settlement Agreement is included in this information package for your review. It is a complex legal document written by lawyers. As such, the following is a summary of the key terms and an explanation of what each section of the Settlement Agreement means. This can be used as a guide to better understand the Settlement Agreement.

### ***Recitals (“Whereas” Section)***

- The recitals (or “Whereas” section) of a legal document explains the wider context of the agreement. The Recitals state that the Settlement Agreement is a full and final settlement of the Agricultural Benefits Claim. In other words, once it is signed by Little Red River and Canada, Little Red River cannot pursue *this* Claim against Canada again.
- Some Members have asked whether accepting this Settlement Agreement would prevent Little Red River from pursuing other claims against the federal Crown. The answer is no: this Settlement Agreement relates *only* to the Agricultural Benefits provisions of the treaty – the so-called “cows and ploughs” – and Canada’s failure to provide these *specific* treaty benefits to Little Red River in breach of Treaty 8. Other legal claims related to other breaches of treaty or other laws or agreements between the Crown and Little Red River are still being pursued.

### ***Article 1: Definitions and Schedules***

- This section explains the meaning of capitalized, defined terms in the Settlement Agreement.

### ***Article 2: Compensation***

- The total amount of Compensation to be paid by Canada to Little Red River is **\$239,422,052**.
- The Negotiation Loan Funding provided by Canada (which is funding that Canada provided to Little Red River to cover some of Little Red River’s costs of negotiating the Claim) in the amount of **\$573,636** will be deducted from the Compensation.
- The Compensation funds are not “Indian moneys,” meaning that the restrictive provisions of the *Indian Act* relating to management of First Nation moneys will not apply to these funds.

### ***Article 3: Release***

- By accepting the Settlement Agreement, Little Red River is forever releasing Canada from any liability regarding this Claim. As noted above, however, Little Red River can still advance any and every other claim against Canada in relation to breaches of other treaty promises in the future.
- To be clear, the Settlement Agreement *does not* prevent Little Red River from pursuing other claims against Canada based on the Crown’s breaches of any other treaty promises or any other

laws. The only thing the Settlement Agreement *does* prevent is another claim against the Crown for its failure to provide the same Agricultural Benefits to Little Red River.

#### ***Article 4: Indemnity***

- Little Red River agrees to indemnify Canada if the First Nation or a member later tries to commence the same claim for Agricultural Benefits against Canada by Little Red River. That means if Little Red River or a member of Little Red River later brings a claim against Canada for anything that is agreed to and settled by this Settlement Agreement (Agricultural Benefits), and Little Red River does not participate in defending the claim, Canada could, theoretically, seek reimbursement for costs (indemnity) from Little Red River.

#### ***Article 5: Dismissal of Proceedings***

- Because the Agricultural Benefits Claim is being fully and finally settled by this Settlement Agreement, Little Red River must terminate this Claim in the courts, where it is currently in abeyance (“on pause”) pending the outcome of settlement negotiations.

#### ***Article 6: Ratification***

- A successful ratification requires 50% of eligible voters to cast votes, and a majority of the votes cast must be in favour of the Settlement Agreement and the Trust Agreement.
- If fewer than 50% of eligible voters vote, but a majority of votes cast are in favour of the Settlement Agreement and the Trust Agreement, a second ratification vote can be held.
- If a second vote occurs, at least 25% (+1) of eligible voters must cast votes, and a majority of the votes cast must be in favour of the Settlement Agreement and the Trust Agreement.
- If a majority of voters vote “no” on either the first or second vote, neither the Settlement Agreement nor the Trust Agreement are valid. This would mean there is no settlement of the Agricultural Benefits Claim and Canada would not be obligated to pay any Compensation to Little Red River.

#### ***Article 7: Conditions Precedent to Execution by Canada***

- Little Red River must take certain steps before Canada will move forward with concluding the Settlement Agreement and paying Compensation. This includes putting the ballot question to Members (and having it approved), notifying the Minister of the Settlement Agreement signed by Chief and Council, setting up the Trust Account as set out in the Trust Agreement and directing Canada to pay the Compensation into the Trust Account, signing certificates of independent legal and financial advice, and providing additional technical documents to Canada.

#### ***Articles 8 and 9: Execution/Effective Date of Settlement Agreement***

- The Settlement Agreement comes into effect and is binding on the Parties only when it is “fully executed” by Chief and Council on behalf of Little Red River and by the Minister of Indigenous Affairs on behalf of Canada.

#### ***Article 10: Representations and Warranties***

- **10.1(a): Little Red River represents and warrants that it will use the Compensation for the long-term use and benefit of the Nation. In other words, by signing this Agreement, Little Red River has undertaken not to distribute 100% of the Compensation.**

- The LRRCN Sovereign Wealth Fund is the mechanism by which Little Red River will ensure that this settlement is there to assist our Members, our community, and future generations, in perpetuity. As is discussed in detail below, the LRRCN Sovereign Wealth Fund has been designed to protect, invest and grow our Compensation for the long-term use and benefit of the Nation.
- Little Red River also represents and warrants that it has held Information Meetings, retained independent legal advice and financial advice regarding the Settlement Agreement, the Trust Agreement, and the management and administration of the Compensation for the long-term benefit of Little Red River.

***Article 11: Programs and Services***

- This clarifies that payment of the Compensation by Canada will not disqualify Little Red River from receiving or being entitled to its usual funding for programs and services from Canada.

***Article 12: Dispute Resolution***

- If the Settlement Agreement is ratified and a dispute arises respecting the interpretation of the Agreement, Little Red River and Canada must try to resolve it through dispute resolution before going to court.

***Article 13: Amendments***

- The Settlement Agreement can only be amended by way of referendum of Little Red River Members, however, administrative amendments (like typos or other minor issues) can be made by way of agreement between the parties.

***Articles 14 And 15: Notice and General Provisions***

- Includes contact information for the parties and principles to assist in interpretation of the Settlement Agreement.

***Schedules***

- The remaining attachments to the Settlement Agreement set out the Voting Guidelines, certificates of independent legal and financial advice, and the form of documents such as the Ballot Question, the Band Council Resolution and Direction to Pay, and the Band Council Resolution for settlement of the Claim.

## **SUMMARY OF THE LITTLE RED RIVER CREE NATION SOVEREIGN WEALTH FUND**

The Little Red River Cree Nation Sovereign Wealth Fund (the “LRRCN Sovereign Wealth Fund” or the “Trust Agreement”) is just that: a fund that will be protected, invested and grown to increase and ensure the sovereignty of our Nation.

At its core, the LRRCN Sovereign Wealth Fund is an agreement between Little Red River and the Trustee. If the Settlement Agreement and Trust Agreement are ratified, all of the Compensation will be deposited into the LRRCN Sovereign Wealth Fund and the independent corporate Trustee is responsible for managing and protecting the monies in the LRRCN Sovereign Wealth Fund (the “Trust Property”) in accordance with the rules set out in the Trust Agreement.

Developed by the Little Red River with the benefit of experienced legal and financial advisors and input from Members, the Trust Agreement is designed to ensure that present and future generations of Little Red River Members will benefit from the settlement of the Claim.

The main objective of the LRRCN Sovereign Wealth Fund is to **preserve, protect, and grow** the Compensation received from settlement of the Claim so that it can be invested to generate a sustainable source of income for the long-term use and benefit of the Nation (as is required under Article 10(1)(a) of the Settlement Agreement). By retaining top-notch Investment Managers, Little Red River expects to generate an average return of approximately 6-7% per year on the money it deposits into the LRRCN Sovereign Wealth Fund. This income can be used to provide enhanced programs, services, and other benefits to Members for generations to come. In order to achieve this objective, the Trust Agreement does not allow any encroachment on the Trust Property, except as required for the purposes of repaying Authorized Loans.

The ability for the Nation to access Authorized Loans is an important feature of the LRRCN Sovereign Wealth Fund. Under the Trust Agreement, the LRRCN Sovereign Wealth Fund may be used as security to take out Authorized Loans (at or around the prime interest rate, which is currently 3.7%) of up to \$119 million of the Trust Property on the condition that the Annual Income flowing from the LRRCN Sovereign Wealth Fund to the Nation’s Revenue Account is sufficient to make the Authorized Loan Payments at the time the Authorized Loan is secured. The Annual Income is equivalent to 4% of the value of the Trust Property.

By using the LRRCN Sovereign Wealth Fund as security to take out Authorized Loans while simultaneously investing LRRCN Sovereign Wealth Fund monies, the LRRCN Sovereign Wealth Fund can grow over time but also give Little Red River the ability to access up to half of the value of the LRRCN Sovereign Wealth Fund at any given time.

The Authorized Loans are only available for certain purposes, including to pay for distributions to Members, to pay for the building of 100-200 new homes, to pay the costs of settlement, and other Permitted Uses as set out in the *Little Red River Cree Nation Financial Administration Law* (the “*Financial Law*”). The *Financial Law* is discussed in greater detail below.

Put simply, the LRRCN Sovereign Wealth Fund is intended to allow Little Red River to “set it and forget it”, while providing the Nation with a predictable and sustainable source of revenue that can be leveraged to allow the Nation to plan and execute significant and ongoing economic development projects. Under this structure, Little Red River will deposit the Compensation (and other source revenues) into the LRRCN Sovereign Wealth Fund and provide instructions to an independent Trustee for the management of the Trust Property. Little Red River would then receive a specific and

predictable amount of income each year (4% of the 5-year average market value of the LRRCN Sovereign Wealth Fund) from the investment of the Trust Property.

Think of the LRRCN Sovereign Wealth Fund as the “golden goose” – you don’t want to kill and eat the goose (the LRRCN Sovereign Wealth Fund), but instead, grow the goose and live off the eggs (Annual Income). As the LRRCN Sovereign Wealth Fund grows, so will the Annual Income to Little Red River and the amount of money that can be used for community development and other permitted uses as set out under the *Financial Law*.



The following are key features of the Trust Agreement:

- There are two parties to the Trust Agreement – the Little Red River Cree Nation which is the “Settlor” or party who has created the LRRCN Sovereign Wealth Fund and a corporate trustee, which is independent from Little Red River. The trustee holds legal title to the Trust Property as the initial “Trustee” for the first 5-year term of the Trust. Chief and Council are presently interviewing several trust companies and will select and appoint the independent corporate Trustee to hold and safeguard the Trust Property in accordance with the duties and obligations set out in the Trust Agreement.
- The “Beneficiary” of the LRRCN Sovereign Wealth Fund is Little Red River, which acts on behalf of and represents all present and future Members.
- The Government of Canada is not a party to the Trust Agreement. Canada’s role is limited to paying the Compensation into the LRRCN Sovereign Wealth Fund for the long-term use and benefit of the Nation.
- The Trust Property is fully protected. Only the Trustee can access the Trust Property, and the Trustee is bound by law to follow the terms of the Trust Agreement at all times. **No one else, including Chief and Council can access the Trust Property at any time, for any reason.**
- If the proposed Settlement and Trust Agreements are ratified by Membership, the Compensation owing by Canada will be deposited to the LRRCN Sovereign Wealth Fund within 45 days after the Settlement Agreement is signed by the Minister.
- Upon payment of the Compensation into the LRRCN Sovereign Wealth Fund, all of the funds in the LRRCN Sovereign Wealth Fund will be invested by the Trustee via qualified Investment Managers with expertise and experience in the discretionary management of investment



portfolios. The Investment Managers will invest in stocks and bonds in accordance with an investment policy, which will provide for a diversified portfolio of investments designed to generate a reliable source of income for the long-term use and benefit of our community. Given the need to protect and preserve the Trust Property under the terms of the Trust Agreement, a substantial part of the portfolio will likely be invested in “safe” investments such as government, municipal, and high rated corporate bonds to ensure that the capital is never lost as a result of poor investments or downturns in the economy.

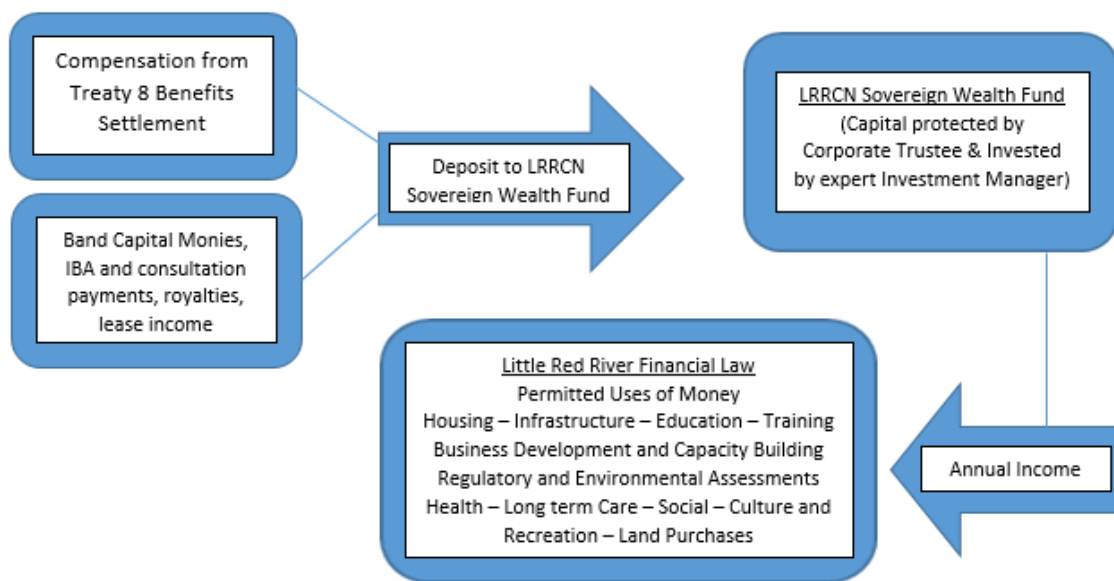
- The Trustee and Investment Managers are required to provide regular reports to Little Red River and such reports shall be made available to the Membership. In addition, the Trustee is required to attend community information meetings to present the annual report and financial statements for the LRRCN Sovereign Wealth Fund to Council and Membership.
- In order to preserve and protect all of the Compensation and other monies deposited to the LRRCN Sovereign Wealth Fund for the purpose of investment, we will make arrangements with the bank to take out an Authorized Loan to pay for, among other costs related to the settlement of the Claim, a substantial Distribution to each member as follows:
  - Each Little Red River voter who is alive on the date of the Ratification Vote entitled to receive a one-time lump sum payment of twenty thousand dollars (\$20,000); and
  - Each Little Red River Minor who is alive on the date of the Ratification Vote and was less than 18 years of age or older shall be entitled to receive a one-time lump sum payment of twenty thousand (\$20,000) plus accrued interest of 4% compounded annually from the Compensation Date when said Minor turns 18.
- Because Minors will reach the age of 18 at different times, the dollar amount of the actual distribution will be different depending on how many years from the Compensation Date it took until they turned 18. The following chart shows how much this payment would be for a Minor depending on their age at the time of the Ratification vote:

| Age on Ratification Date | Amount of Lump Sum | Age on Ratification Date | Amount of Lump Sum | Age on Ratification Date | Amount of Lump Sum |
|--------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|
| 18                       | \$ 20,000.00       | 12                       | \$ 25,306.38       | 6                        | \$ 32,020.64       |
| 17                       | \$ 20,800.00       | 11                       | \$ 26,318.64       | 5                        | \$ 33,301.47       |
| 16                       | \$ 21,632.00       | 10                       | \$ 27,371.38       | 4                        | \$ 34,633.53       |
| 15                       | \$ 22,497.28       | 9                        | \$ 28,466.24       | 3                        | \$ 36,018.87       |
| 14                       | \$ 23,397.17       | 8                        | \$ 29,604.89       | 2                        | \$ 37,459.62       |
| 13                       | \$ 24,333.06       | 7                        | \$ 30,789.08       | 1                        | \$ 38,958.01       |
|                          |                    |                          |                    | Newborn                  | \$ 40,516.33       |

- The power to borrow on the LRRCN Sovereign Wealth Fund is subject to three key limitations:
  - any Authorized Loan must be paid within a maximum period of 25 years;
  - all Authorized Loan Payments cannot exceed 80% of the Little Red River Annual Income (e.g. if the Nation receives \$9.5 million in Annual Income, the payments for principal and interest cannot exceed 80% of that amount, or \$7.6 million per year); and

- the Trustee shall not permit the total amount of all outstanding Authorized Loans to exceed 50% of the closing market value of the Trust Property as of December 31 of the preceding Fiscal Year.
- The Trust Agreement provides for the distribution of an Annual Income to Little Red River, which is fixed at 4% of the average market value of the Trust Property over the previous 5 fiscal years (over \$9.5 million per year at the outset based on a trust value of around \$239 million, which will grow over time as the LRRCN Sovereign Wealth Fund does). This Annual Income is intended to provide a reliable source of income for Little Red River to be included in annual budgets for various community purposes, such as capital improvements and infrastructure, education and training, housing, economic development, recreation, cultural and traditional programs, and other programs or services for the Members.
- The *Financial Law* provides rules regarding transparency and permitted uses of the Annual Income and Authorized Loans to ensure accountability in relation to monies received in Annual Income.
  - The *Financial Law* sets out permitted uses for Annual Income, which include investments in housing, economic development, land purchases, infrastructure, capacity building, training, long term care. Other permitted uses include funding for necessary social, cultural, and educational programs, services, and benefits to Little Red River Members today and into the future. Any monies remaining in the Revenue Account at the end of the Fiscal Year may either remain in the Revenue Account to be used in the future, or be returned to the LRRCN Sovereign Wealth Fund to continue to grow.
  - Any Authorized Loans obtained in accordance with the Trust Agreement are subject to the terms of the *Financial Law*. An Authorized Loan cannot exceed 50% of the value of the Trust Property at the time the Authorized Loan is taken out, and the amount of the Authorized Loan Payments in each Fiscal Year cannot exceed 80% of the projected Annual Income for the Fiscal Year. The idea is to ensure that the Trust Property that is being used as collateral to take out an Authorized Loan is not over-leveraged, requiring the Trustee to use Trust Property to make Authorized Loan Payments.
  - To ensure accountability, the *Financial Law* requires the preparation of an Annual Plan and Budget setting out the Authorized Expenditures and permitted uses of the Annual Income and Authorized Loans. Once the Annual Plan and Budget is approved, copies must be posted at administrative offices and be available for Members to review. Members are entitled receive a copy of the Annual Plan and Budget upon request.
  - Further, within 120 of the end of each Fiscal Year, an audited financial statement must be generated, detailing the expenditures made from the Revenue Account. Within 15 days of approving the financial statement, copies must be posted at administrative offices, and must be provided copies to Members upon request.
  - Finally, each Fiscal Year, Council must hold a community meeting to go over the audited financial statement for the previous Fiscal Year with Membership, and compare the actual expenditures from the Revenue Account with the approved Annual Plan and Budget for that Fiscal Year.

- As an added level of protection, it is critical to note that once passed, the *Financial Law* may only be amended by Council Resolution following a referendum that requires the approval of at least 51% of Members in a referendum vote called for that purpose.
- Copies of the *Financial Law* are available at the Band Office upon the request of Members.
- The income that the LRRCN Sovereign Wealth Fund generates will pay off Authorized Loans while the LRRCN Sovereign Wealth Fund continues to grow from investment income and the deposit of own-source income. By borrowing money to accomplish the goals of Little Red River, the Compensation received by Little Red River remains safe and protected, growing in the LRRCN Sovereign Wealth Fund, and paying out a larger and larger Annual Income to Little Red River each year. Annual Income would grow larger yet by consolidating Little Red River’s existing trusts, and by assigning own-source revenues generated from Little Red River business ventures to the LRRCN Sovereign Wealth Fund.
- The following graphic shows how the Compensation will be paid into the LRRCN Sovereign Wealth Fund and how Annual Income will be used to provide long-term benefits for Nation.



- Another main advantage of placing the Compensation into the LRRCN Sovereign Wealth Fund is that such funds will not be “Indian moneys” as defined in the *Indian Act*. This means that the funds held in trust are not subject to the control and restrictions of Indian Affairs and the income generated from the LRRCN Sovereign Wealth Fund is exempt from taxation as long as it is paid or deemed to be paid to Little Red River as the beneficiary at the end of each year.
- To ensure that the Trust Property is preserved and protected for the long-term use and benefit of Little Red River, no amendments are allowed under any circumstances to any sections of the Trust Agreement that would have the effect of allowing any encroachment upon, distribution, or reduction of the Trust Property, except to the extent it is otherwise specifically permitted in the Trust Agreement. Other provisions of the Trust Agreement can only be amended with the approval of a majority of all Electors of the Nation in a referendum vote held for that purpose.
- The LRRCN Sovereign Wealth Fund is intended to last forever and to continue to grow over time.

## **FREQUENTLY ASKED QUESTIONS**

This section will address frequently asked questions that Chief and Council anticipate Membership will have.

### ***What happens if Little Red River Members vote “yes”?***

If a majority of Little Red River eligible voters vote “yes”, it means that you are accepting the Compensation offered by Canada as a full and final settlement of the Agricultural Benefits claim. It also means you agree to deposit the Compensation to the LRRCN Sovereign Wealth Fund, which is designed to provide a Distribution of \$20,000 to each of our Members, and yet still allow for every dollar of the Compensation to be protected and invested to help us build a secure and prosperous future for future generations of the Little Red River Cree Nation.

### ***Can I vote “Yes” to the Settlement Agreement and vote “No” on the Trust Agreement?***

No, the Settlement Agreement and Trust Agreement are a package deal and you are being asked if you agree and approve both documents. By voting “yes”, you are agreeing to the terms and conditions set out in both the Settlement Agreement and the Trust Agreement, and you are directing and authorizing the Chief and Council to sign and give effect to those Agreements. There is no way to vote “yes” to the Settlement Agreement and “no” or the Trust Agreement, or vice versa. If you disagree with one or both of the Agreements, your option is to vote “no” to both.

### ***What happens if Little Red River votes “no”?***

If a majority of Little Red River adults vote “no” to the Settlement Agreement and the Trust Agreement, Canada’s offer would be withdrawn and we essentially have to start over from where we left off before the courts. It is extremely unlikely Canada would be willing to start over at the negotiation table because the Compensation offered to Little Red River is consistent with the formula offered to 22 other First Nations in Treaty 8 with Agricultural Benefits claims. Legal counsel has advised Little Red River that Canada’s offer to settle is fair, and it is very unlikely Little Red River would receive a better offer from Canada if we started from the beginning in negotiations or proceeded to litigation. If the claim is litigated in the courts or the Specific Claims Tribunal, there may be no financial, economic or social benefits from the litigation for 5 to 10 years and it is possible that even if the First Nation were successful the damages awarded could be substantially less than the Compensation offered by Canada in this negotiated settlement (especially if the claim were to be litigated in the Specific Claims Tribunal, where the monetary cap for Compensation is \$150 million).

Whether the Agricultural Benefits Claim is pursued in court or through the Specific Claims Process, it will continue to pose serious risks, uncertainties and costs for Little Red River. *For each year of delay in implementing this settlement, the cost to Little Red River Cree is estimated to be more than **\$9.5 million** in annual income that could be generated from the investment of the Compensation paid by Canada if the Settlement Agreement and Trust Agreement are approved.*

### ***Will the PCD Affect My Eligibility for Social Assistance?***

Members who are currently receiving or wish to apply for income support through the provincial government do not run the risk of losing their eligibility or benefits under the Income Support and Assured Income for the Severely Handicapped programs by accepting their PCD payments. Such payments are considered exempt as income under these programs in Alberta.

***What happens if I don't vote?***

For the referendum to validly approve and assent to the Settlement Agreement and the Trust Agreement, a majority of eligible voters must cast ballots in the referendum. If the required quorum (50% +1) of eligible voters don't vote on the first ballot, it can go to a second vote. If the required quorum of 25% + 1 don't cast ballots on the second vote, the Settlement Agreement and Trust Agreement are not approved, even if the majority of ballots cast voted "yes". Therefore, it is important for all eligible voters to vote.

Whether the Agricultural Benefits Claim is pursued in court or through the Specific Claims Process, it will continue to pose serious risks, uncertainties and costs for Little Red River. *For each year of delay in implementing this settlement, the cost to Little Red River Cree is estimated to be more than \$9.5 million in annual income that could be generated from the investment of the Compensation paid by Canada if the Settlement Agreement and Trust Agreement are approved.*

***How can we tell if this is a good deal that is fair to the Nation?***

In the opinion of Chief and Council and our advisors, the proposed Settlement Agreement meets the legal, political, and financial goals of Little Red River and it also compares very favourably with other specific claim settlements entered into between First Nations with Canada over the last several years. It is also the view of Chief and Council that Little Red River will be better off with this proposed Settlement Agreement than without it, and that the benefits from the proposed Settlement Agreement far outweigh the risks of litigation and the benefits even if Little Red River were successful in court.

Although we recommend that Little Red River ratify and approve the Settlement Agreement and the Trust Agreement, it is just as important for individual Members to become fully informed regarding the terms of those agreements and to make their own decision about whether the Agreements are in the best interests of Little Red River. To that end, it is recommended that Members read the Agreements and take the opportunity to attend the information meetings scheduled in our key communities so Members can ask questions regarding the terms and conditions of the proposed Settlement Agreement and Trust Agreement.

***When will I receive my Distribution if Little Red River votes “yes”?***

Little Red River will take immediate steps to sign the Settlement Agreement and complete any other conditions and forward the Settlement Agreement to Minister Carolyn Bennett to be signed on behalf of Canada. We can't say for certain when the Minister will sign the Settlement Agreement but it usually takes between 3 and 6 months to complete all of the other necessary steps. Canada will pay the Compensation in full to the LRRCN Sovereign Wealth Fund within 45 days after the Minister signs the Settlement Agreement. The plan would be to issue Distribution payments within a couple weeks after the Compensation is paid into the LRRCN Sovereign Wealth Fund.

***Will this proposed Settlement Agreement affect our Aboriginal and treaty rights?***

No, the release does not otherwise affect any of Little Red River's existing Aboriginal, treaty or other claims against Canada. Little Red River can still pursue any other specific claims not settled in the proposed Settlement Agreement. It can also go to court to seek validation and enforcement of any other treaty and Aboriginal rights that it believes have not been recognized and affirmed by the federal government.

***Will this proposed Settlement Agreement affect programs or services from Canada?***

No, there is a specific clause in the Settlement Agreement which makes it clear that eligibility for federal programs and services, and the level of those programs and services, will not be affected by the Settlement Agreement or payment of Compensation into the LRRCN Sovereign Wealth Fund.

## **Questions Regarding the Trust Agreement**

### ***Why set up a trust?***

The Settlement Agreement requires Little Red River to use the Compensation “for the long term use and benefit of the First Nation and its Members... and to take such actions as it deems necessary or advisable to give effect to that intent.” In other words, Little Red River has the freedom to decide what to do with the Compensation, however, the Compensation must be used to benefit *current and future* Members of Little Red River.

The LRRCN Sovereign Wealth Fund was structured to achieve a balance by providing a Distribution of \$20,000 to each of our present Members, while also ensuring that the Trust funds are carefully protected and invested to grow the Trust for the use and benefit of future generations of Little Red River Members.

### ***What does the proposed Trust Agreement look like?***

The Trust Agreement was drafted specifically with the needs and goals of Little Red River in mind. The objectives of the trust are:

- To preserve, protect and grow the trust funds for the long-term use and benefit of Little Red River;
- To set out specific purposes/uses for Trust funds, including financing the Distribution to our Members and payment of the Settlement Costs in a way that doesn't deplete or erode the value of the Compensation paid into the LRRCN Sovereign Wealth Fund;
- To establish transparent accountability mechanisms for use of monies from the Trust;
- To empower the Membership – the Trust Agreement can only be approved/amended by a Little Red River Membership vote and annual meetings with Membership and the Trustee are required; and
- To generate a stable and sustainable Annual Income for the use and benefit of Little Red River forever.

### ***Why should we borrow using the LRRCN Sovereign Wealth Fund as security instead of just using the money?***

Often Members ask why Little Red River would take out loans, when it could instead spend its own money. This question is usually based on the general understanding that debt is bad.

There is such a thing as “bad” debt and “good” debt. Credit card debt, for example, is “bad” debt, mainly because of the extremely high interest rate. On the other hand, low interest debt secured by a large trust that generates considerable annual income is considered “good” debt. What makes this “good” debt is the fact that Little Red River can earn more money every year from investments than it would need to pay in interest costs to service the debt. At the end of the day, Little Red River has the benefit of earning more money than it costs to borrow, without having to actually spend any of the Compensation. Again, the idea is like the golden goose: grow the goose and eat the eggs because they are sustainable. Don't eat the goose, because that can only happen once.

Put another way, investing the trust monies will generate income, and as long as Little Red River can borrow money at very low interest rates, Little Red River can generate enough income from investment to pay the loans, and still have enough left over to grow the LRRCN Sovereign Wealth Fund each and every year. This concept is illustrated in the example below:

- You have \$1 million. You invest this money and earn \$60,000 a year (6% return).
- You borrow \$1 million and pay \$37,000 in interest (assuming a 3.7% interest rate).
- The loan is getting paid off and you still earned \$23,000 more in income each year, which help Little Red River grow the Trust.
- If you do the same thing the next year, at the end of that year, you will now have \$1,023,000, in Trust and will earn interest of \$61,380 (6% return) but the interest costs on the loan are still locked in at \$37,000 per year. The difference stays in the Trust, which continues to grow and the income earned by Little Red River also increases year after year as long as the cost of borrowing is less than what you can earn from investment of your money.

This model makes sense when you consider that the average annual compounded return from 1960 to 2015 was 8.1% based on a conservative investment portfolio with 20% in Canadian and US stocks, 60% bonds, and 20% in cash.

### **Questions Regarding Electronic Voting**

#### ***Who can vote electronically?***

Every eligible Little Red River Voter can choose to cast their vote electronically rather than in person.

#### ***How can I register to vote electronically?***

Each eligible voter who wishes to vote electronically must set up an account at Little Red River's OneFeather Voting Page.

The instructions for setting up an account and voting electronically are included in the 1-page electronic voting instructions from OneFeather that is included in this package.

#### ***Can multiple voters vote from the same Computer, Phone or Tablet?***

Yes. The OneFeather platform just requires that each member sign in to their own account to vote. So, after one voter votes from their account, they can sign out and a different voter can sign in to that voter's own account to cast an electronic ballot.