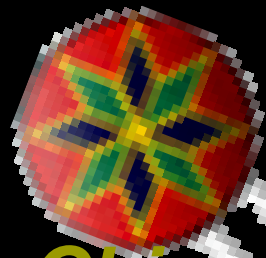


A "FOUNDATION" FOR SUCCESS



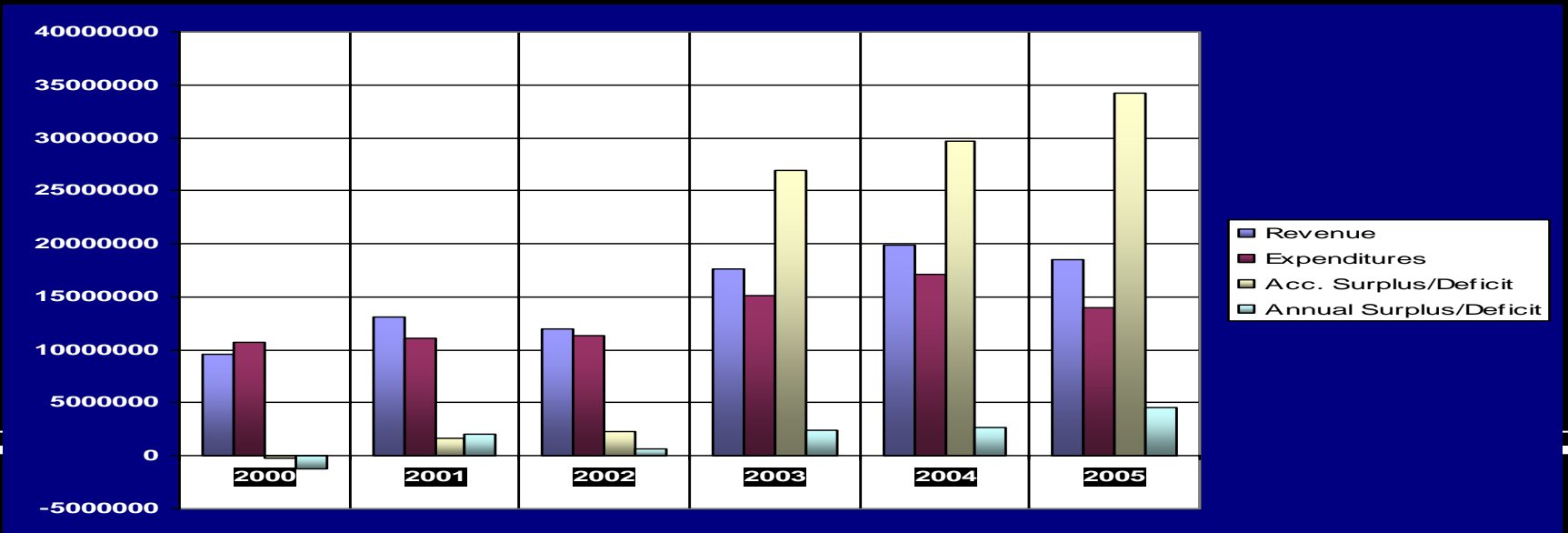
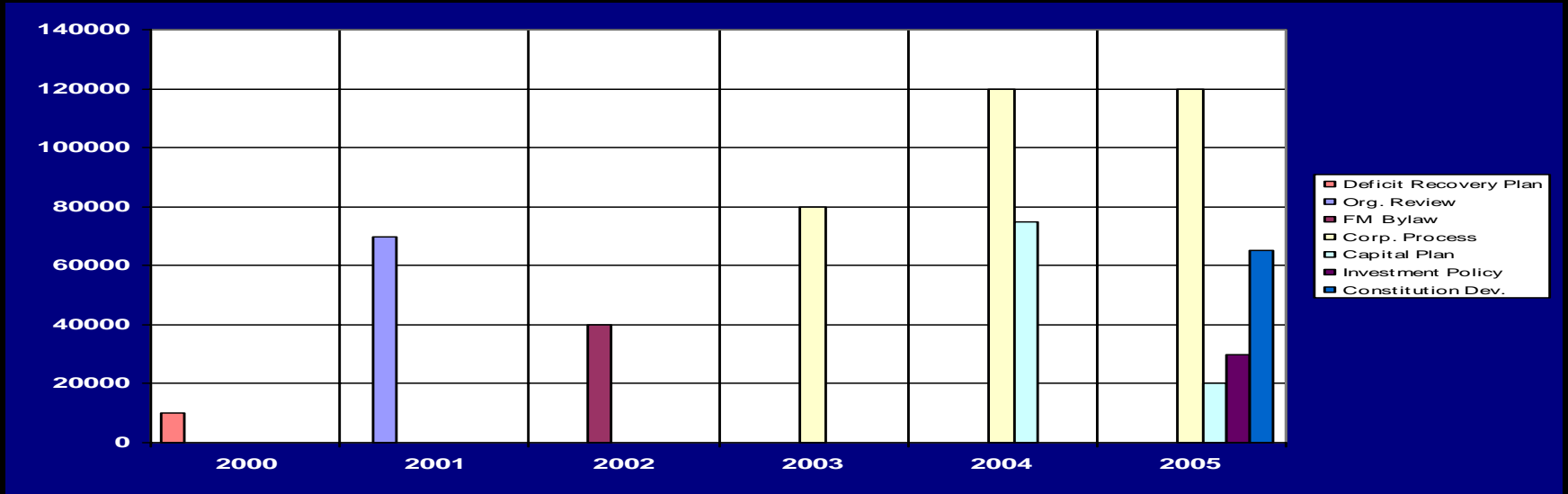
*Chippewas of Kettle & Stony Point
First Nation*

Chief Thomas Bressette

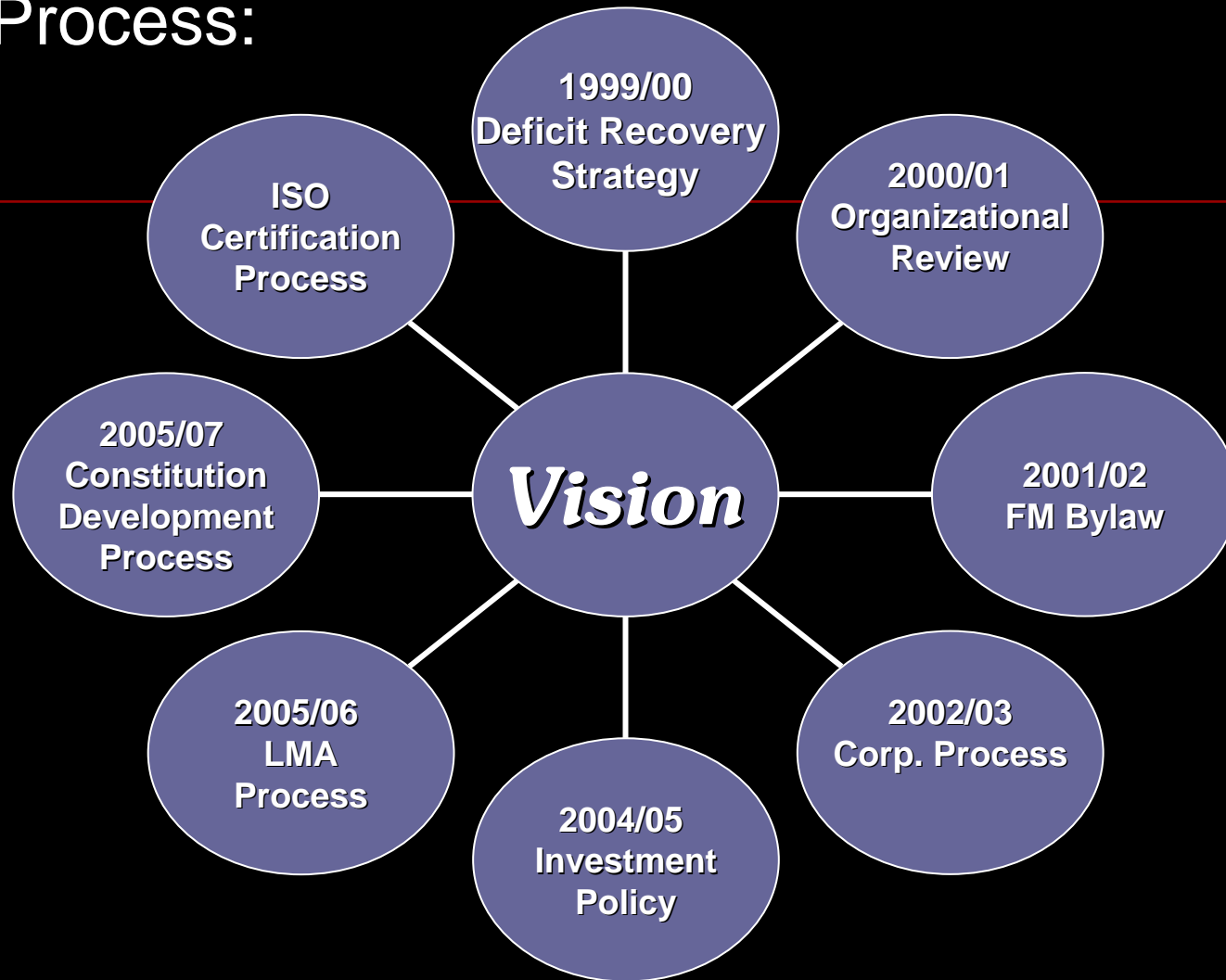
&

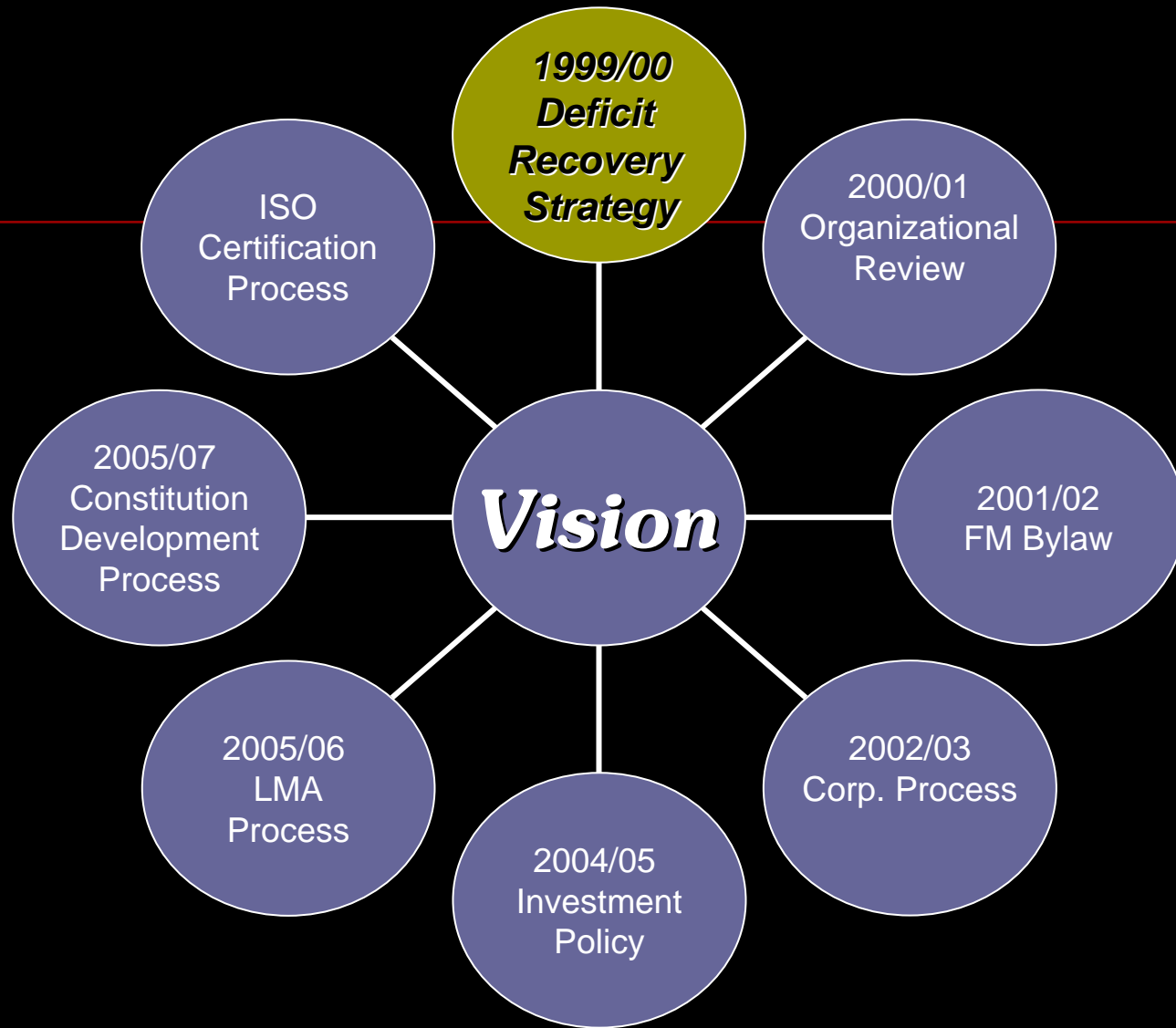
*Lorraine George, C.I.M., P. Mgr.,
First Nations Manager/CEO*

“The Journey – the Results”



The Process:

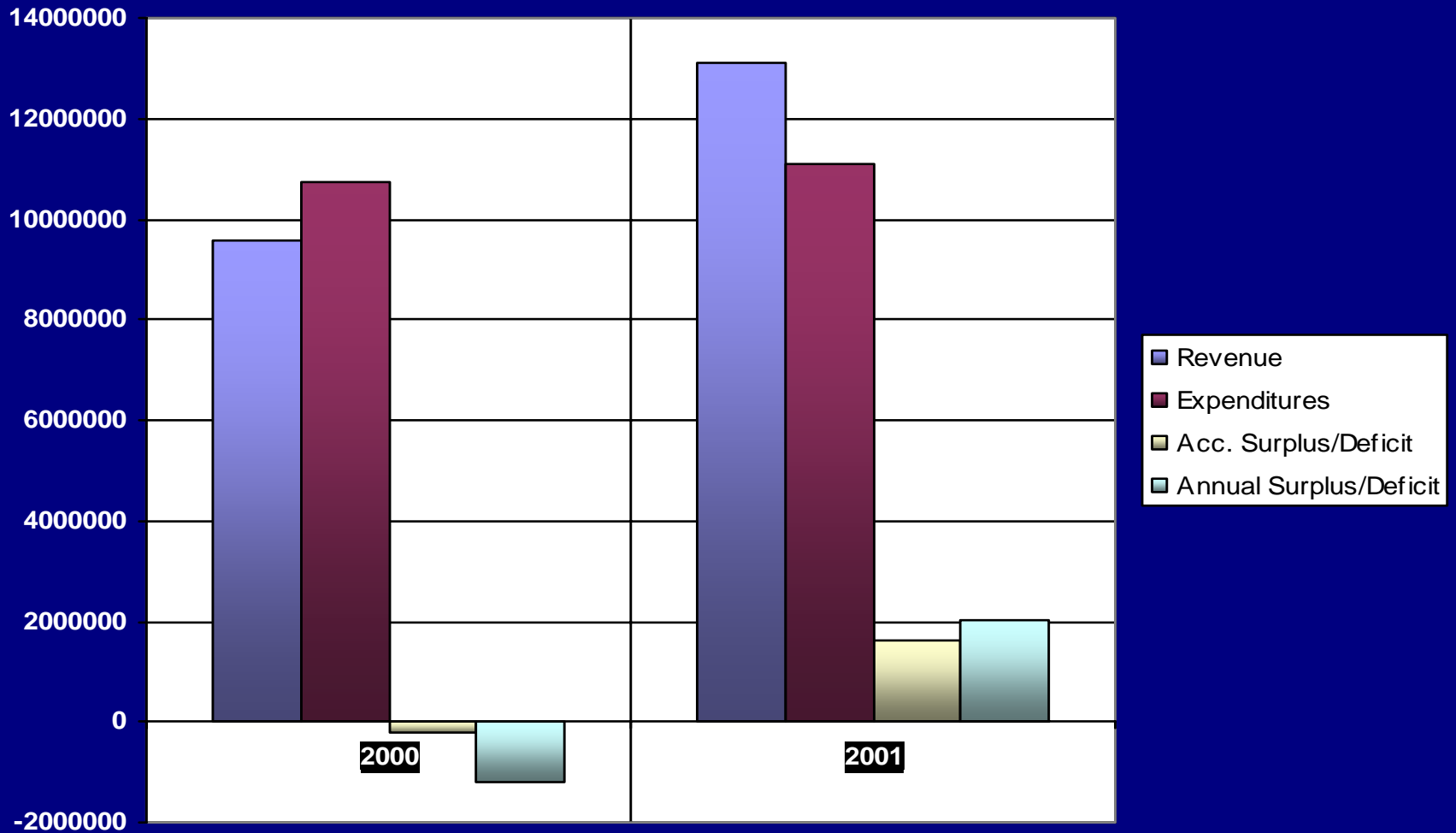


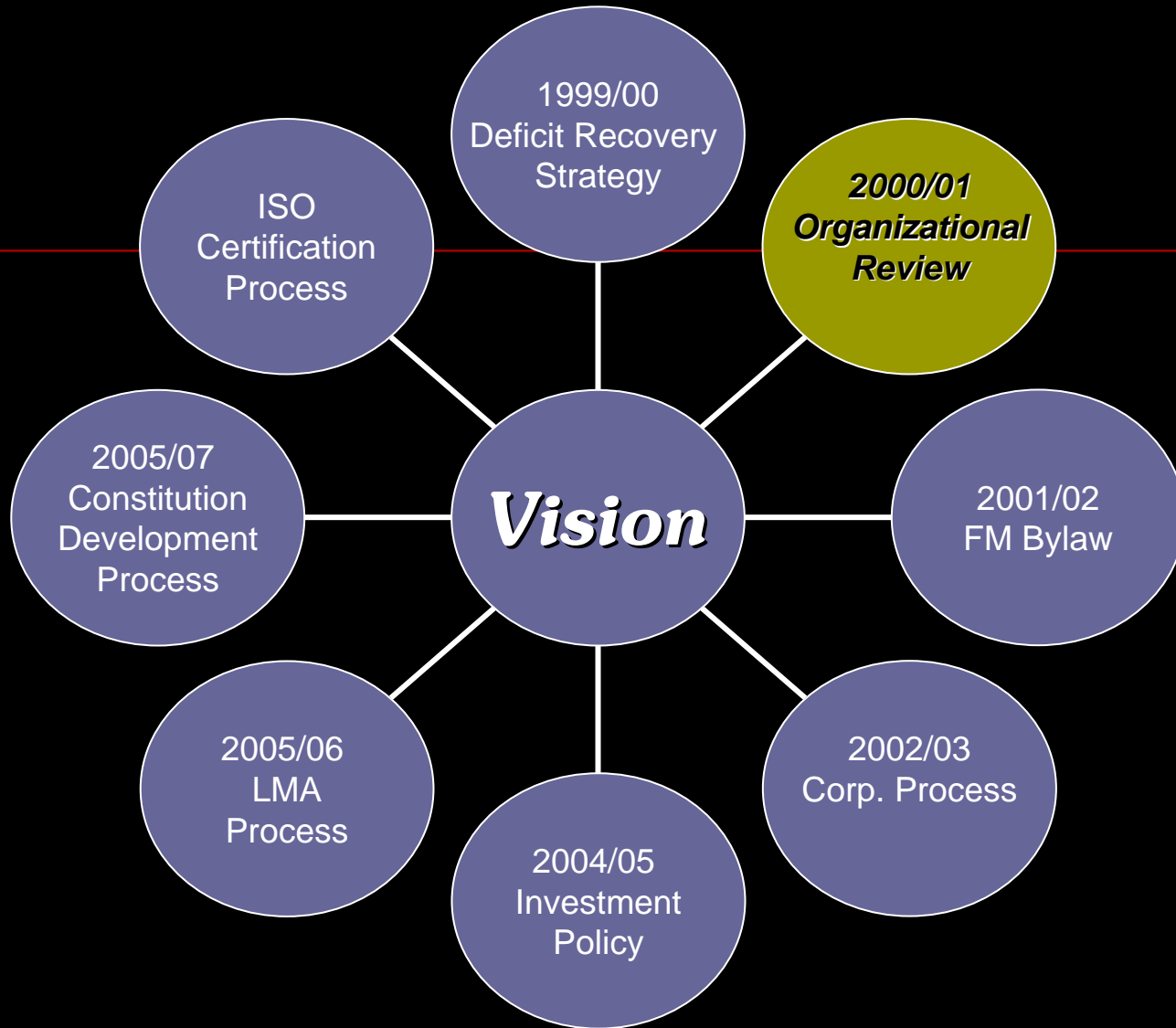


1999/00 Deficit Recovery Strategy

- **Accumulated deficit of over \$1M**
- **Significant cash flow issues**
- **Recovery strategy developed to address both the deficit and the cash flow concerns**
- **All program areas required to adhere to plan**
- **Plan ranged from immediate freeze on discretionary spending, salary adjustments, etc., to long term sustainable strategies such as an analysis of the benefits of in-house legal counsel vs. contracting on an as needed basis; contribution agreement analysis of multi year vs. single year options; budgeting process, etc.**

Financial Impact:





2000/01 Organizational Review

- **Conducted 2001/2002**
- **Two fold purpose:**
 - **To determine how well the FN is positioned to manage the Financial Management Bylaw and its governing body and regulations; AND**
 - **To determine how well the FN is positioned to manage proceeds that may arise as the result of settling land/other claims on behalf of the First Nation**

Organizational Review (continued)

Resulting recommendations guided the FN in creating a framework for self-governance that allowed the FN to focus on community needs for services and infrastructure, economic development and social harmony, rather than simply following funding criteria, and developing guiding principles focused on three major areas:

- ***Improving Financial Mgmt. & Control***
- ***Investing in & developing Human Capital***
- ***Chief and Council/Community Vision***

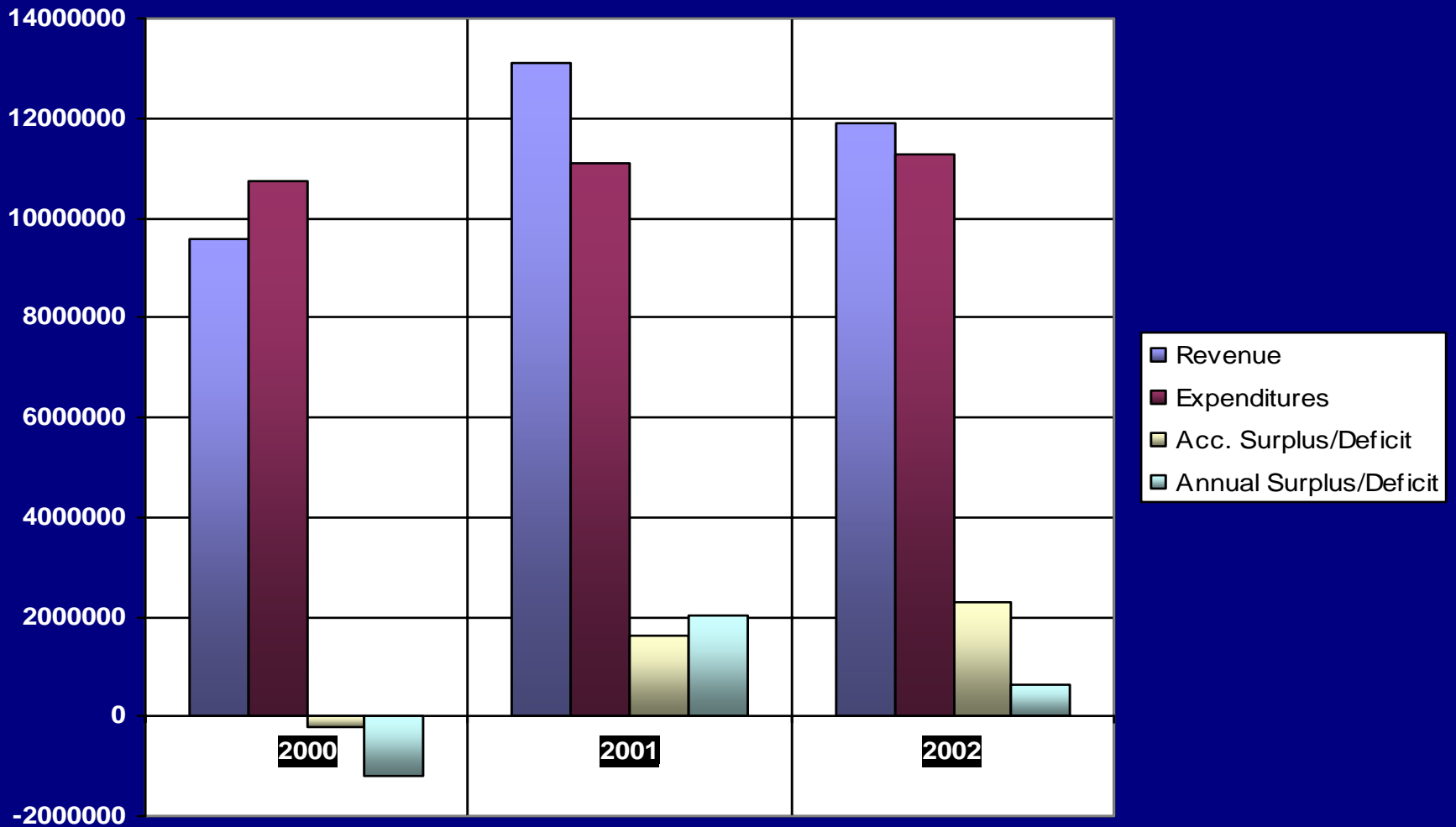
Organizational Review (continued)

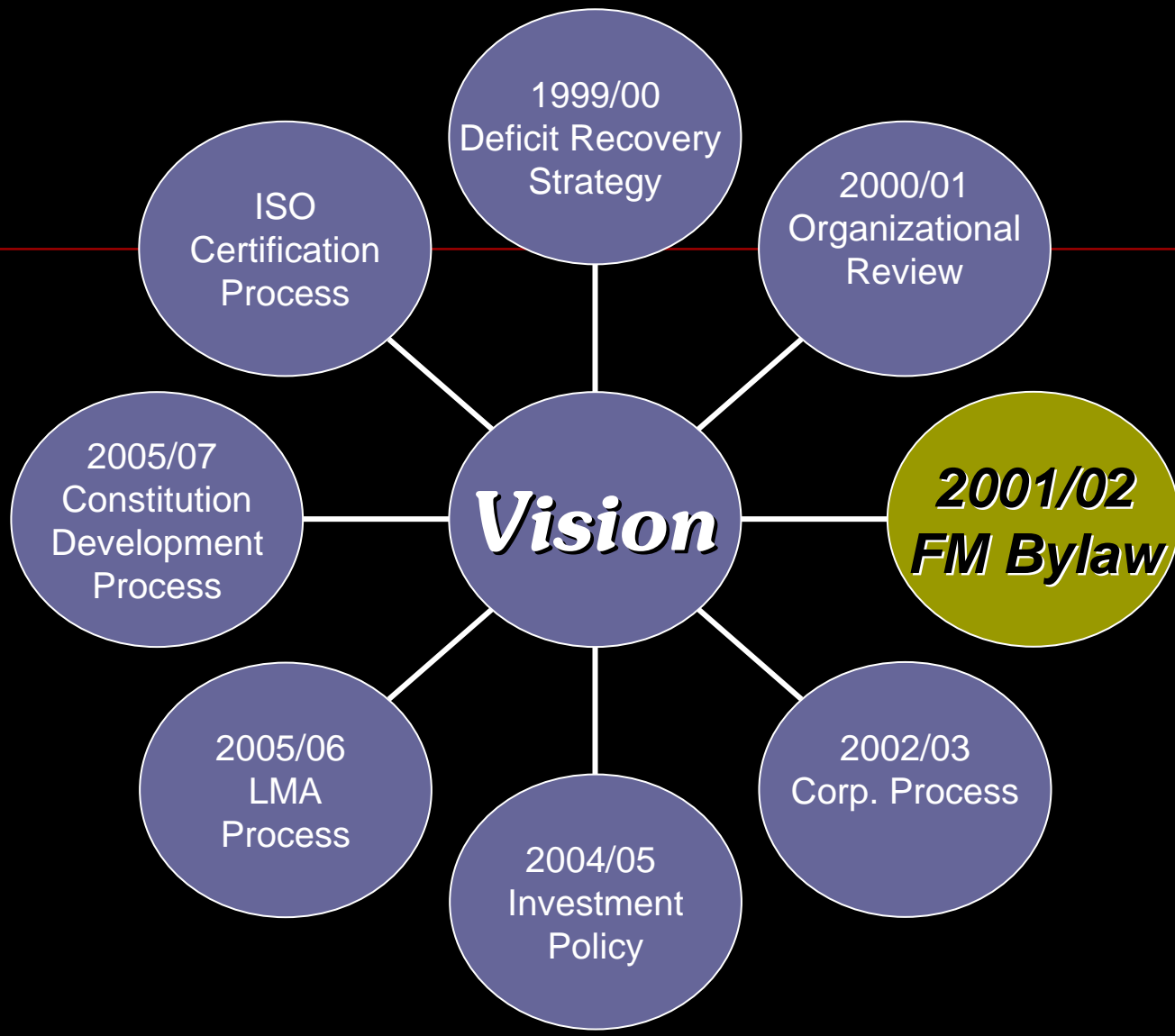
- **Improving Financial Mgmt. & Control:**
to become more effective in the administration of services and management of resources to meet the needs of the community, now and into the future.
 - ***ACTION: Annual capital & operating budgeting process & budget adherence policies – Implemented 2003***
 - ***ACTION: Amalgamation of roads, water, waste mgmt. areas for cost efficiencies and effectiveness of dept – Implemented 2002***
 - ***On-going reviews for efficiency improvements***

Organizational Review (continued)

- **Investing in & developing Human Capital:**
 - *to develop the capabilities of the FN's Human Resources through training, education, skills enhancement, measurement and review.*
 - ***ACTION: Updated Employment Policies & Procedures Manual; updated Job Descriptions; implementation of PAR and Salary Grid systems – Implemented 2002/03***
- **Chief and Council/Community Vision:**
 - *to develop a process to create a long-range vision for the community, based upon needs, and to plan for its attainment for the current and future members of the community.*
 - ***ACTION: Annual strategic current & 5-20 yr. planning & review processes – Implemented 2002/03.***
 - *Updated for each Council term and reviewed mid-term for progress report and updated review*
 - *Development of Council's "Vision" 2002/04 Term – updated each Term*

Financial Impact





Financial Management Bylaw

- **Developed 2001 - Approved and implemented Nov. 28,2002**

By-Law # 2002-01: A By-law to regulate the receipt, management, expenditure, control and recording of the Chippewas of Kettle & Stony Point First Nation funds and establish the administrative structure of the Chippewas of Kettle & Stony Point First Nation which manages the funds.

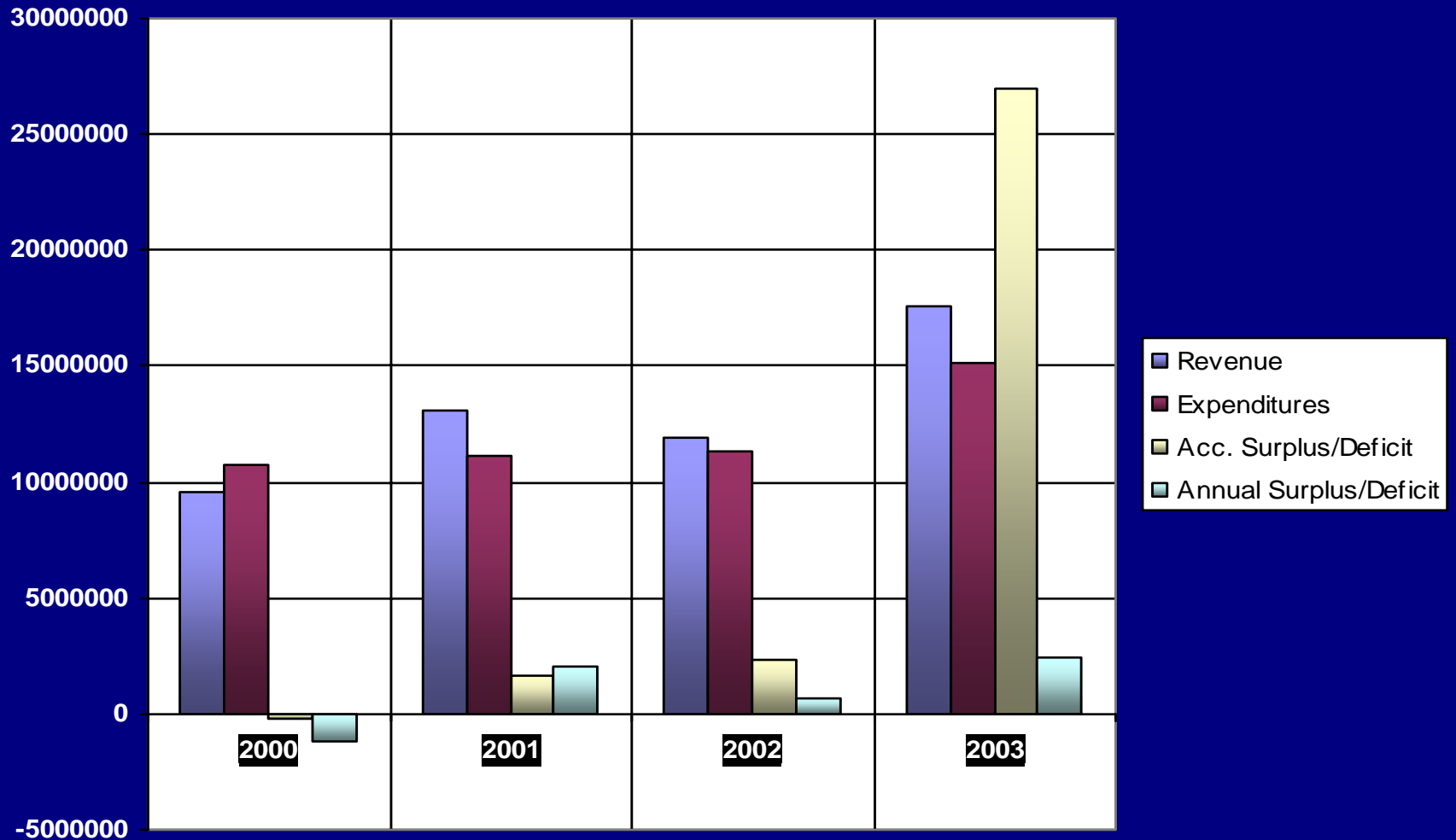
Implementation Process:

- Community information flyer distributed and community meetings held for membership input
- ITAB review for input and approval
- Minister approval prior to implementation
- Includes an amendment and appeal process
- Includes a Conflict of Interest Policy
- Board appointed to oversee the financial accountability for the FN, ensuring adherence to the FM Bylaw, its regulations and policies

Financial Management Bylaw (con't)

- Regulations developed to oversee the implementation and on-going monitoring and effectiveness of the Financial Mgmt. Bylaw.
- Policies and Procedures Manual developed to define the operational policies and procedures to be used in the implementation of the Financial Mgmt. Bylaw:
 - Includes financial processes and procedures for conducting and recording the daily transactions or bookkeeping for the FN's financial records
 - Includes internal controls to ensure compliance with the FM Bylaw
 - Includes reporting requirements for Program Managers, Comptroller, First Nation Manager to the Financial Management Board and Council

Financial Impact



1999/00
Deficit Recovery
Strategy

2000/01
Organizational
Review

ISO Certification
Process

2001/02
FM Bylaw

Vision

2005/07
Constitution
Development
Process

***2002/04
Corp.
Process***

2005/06
LMA
Process

2004/05
Investment
Policy

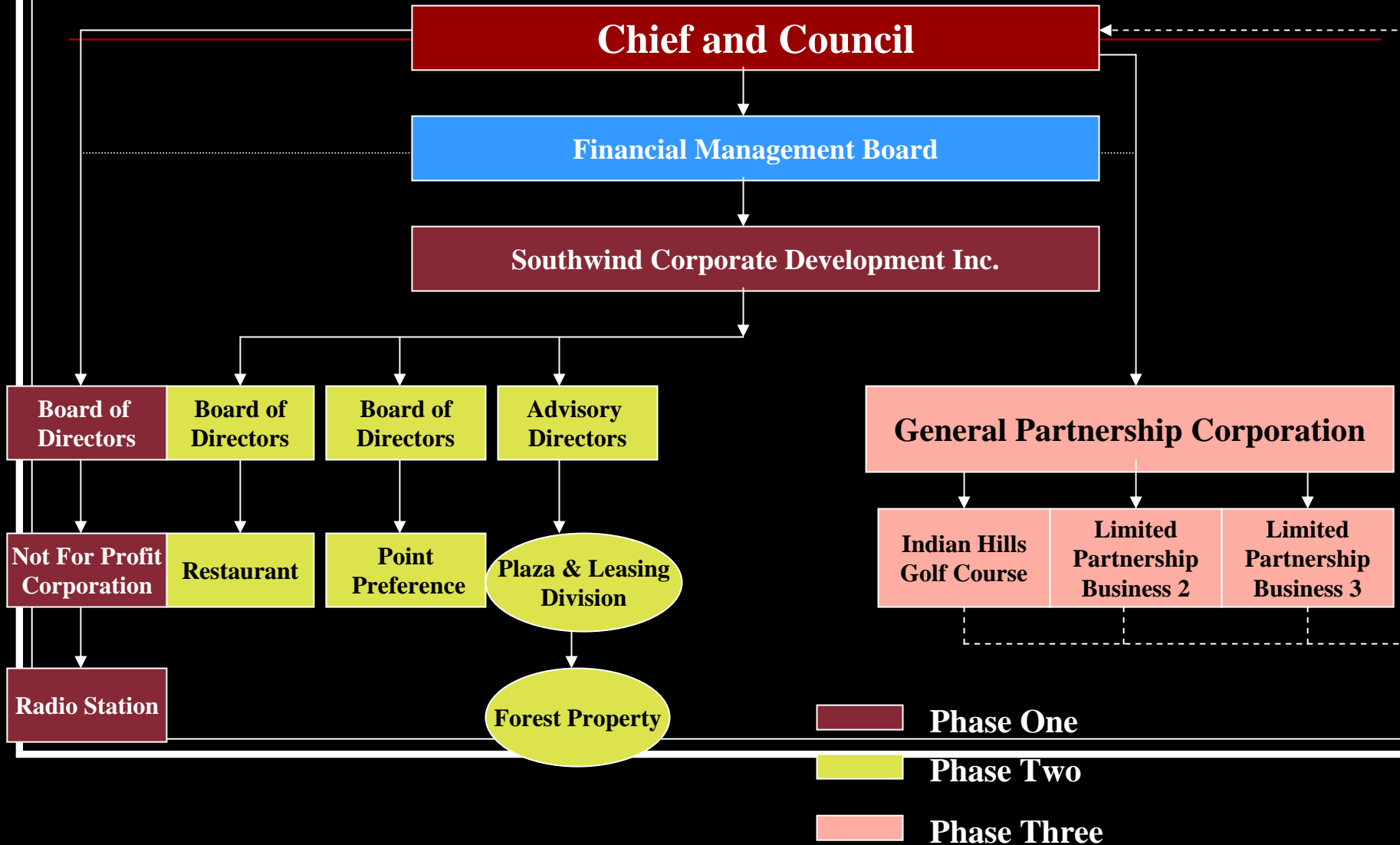
Corporate Model

- In 2003 Council mandated Restructuring for the Businesses and Corporations of the First Nation as they saw a need to realign the current structure. Prior to this process, the businesses of the First Nation were working in silos, operating apart from the overall vision of the Council.
- Also, the corporate affairs of the business needed review and streamlining, as there was a duplication of effort on the part of leadership, management and human resources.
- After over one year, the First Nation brought in a Corporate Development Officer to oversee this process.
- The restructuring has been completed including Council reviewing and approving corporate by-laws, policies and procedures for all companies and businesses within the First Nation.

Corporate Process

- **Corporate Structure –**
 - **Phased Corporate Modeling:**
 - **Phase I - Management Company Modeling**
 - **Incorporating business management company: Southwind Corporate Development Inc.**
 - **Phase II - On-Reserve Modeling**
 - **Phase III – Off-Reserve Modeling**
 - **Corporate Development Officer contracted to develop and oversee process**
 - **Advance tax ruling completed, submitted and approved**
 - **Redundant corporations dissolved**
 - **First Nation owned businesses re-organized and incorporated**
 - **Corporate bylaws, Boards and structure completed**
 - **Business park development lands - ATR application approved**
 - **Business Park Development Study complete**

Corporate Structuring



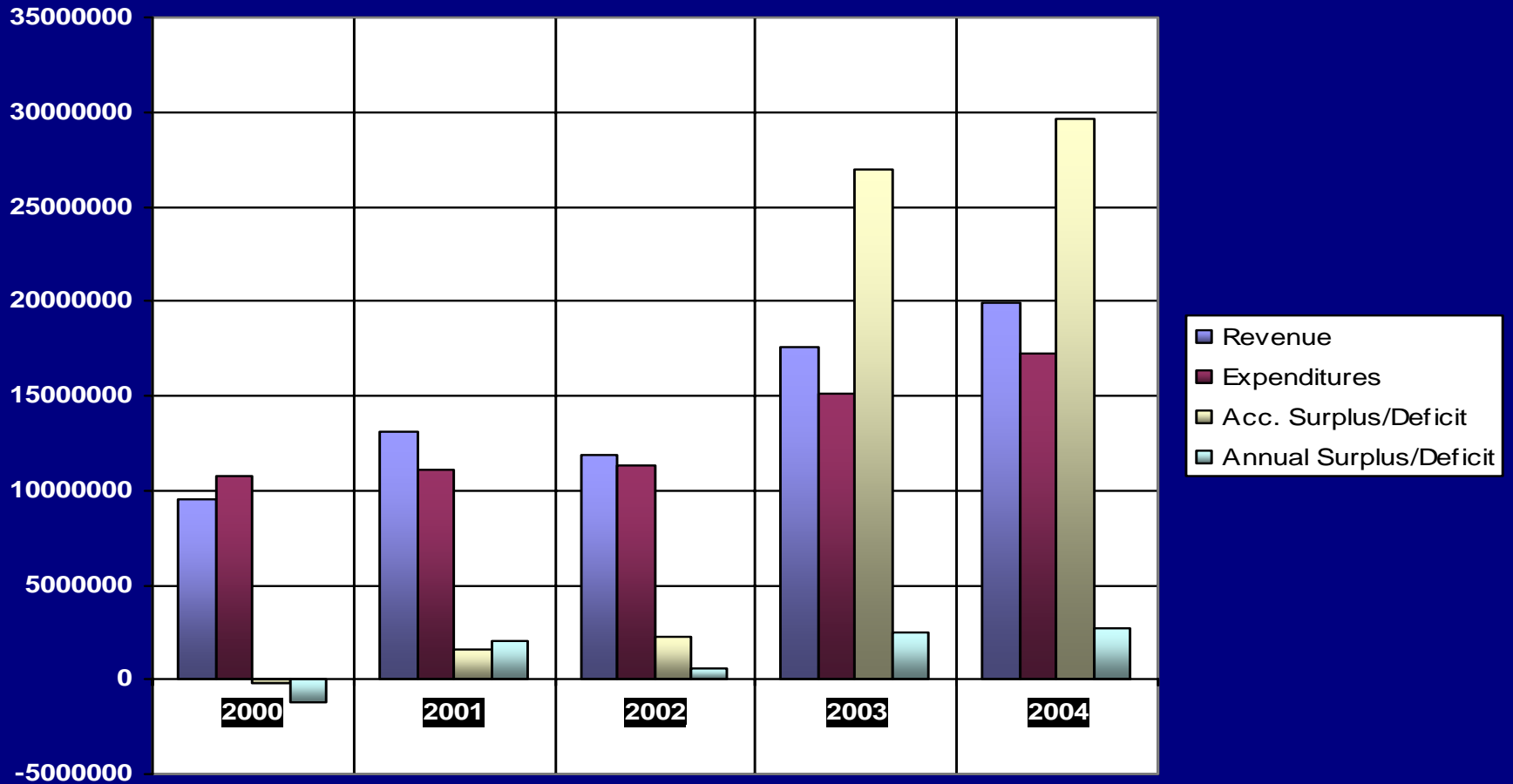
Advance Tax Ruling

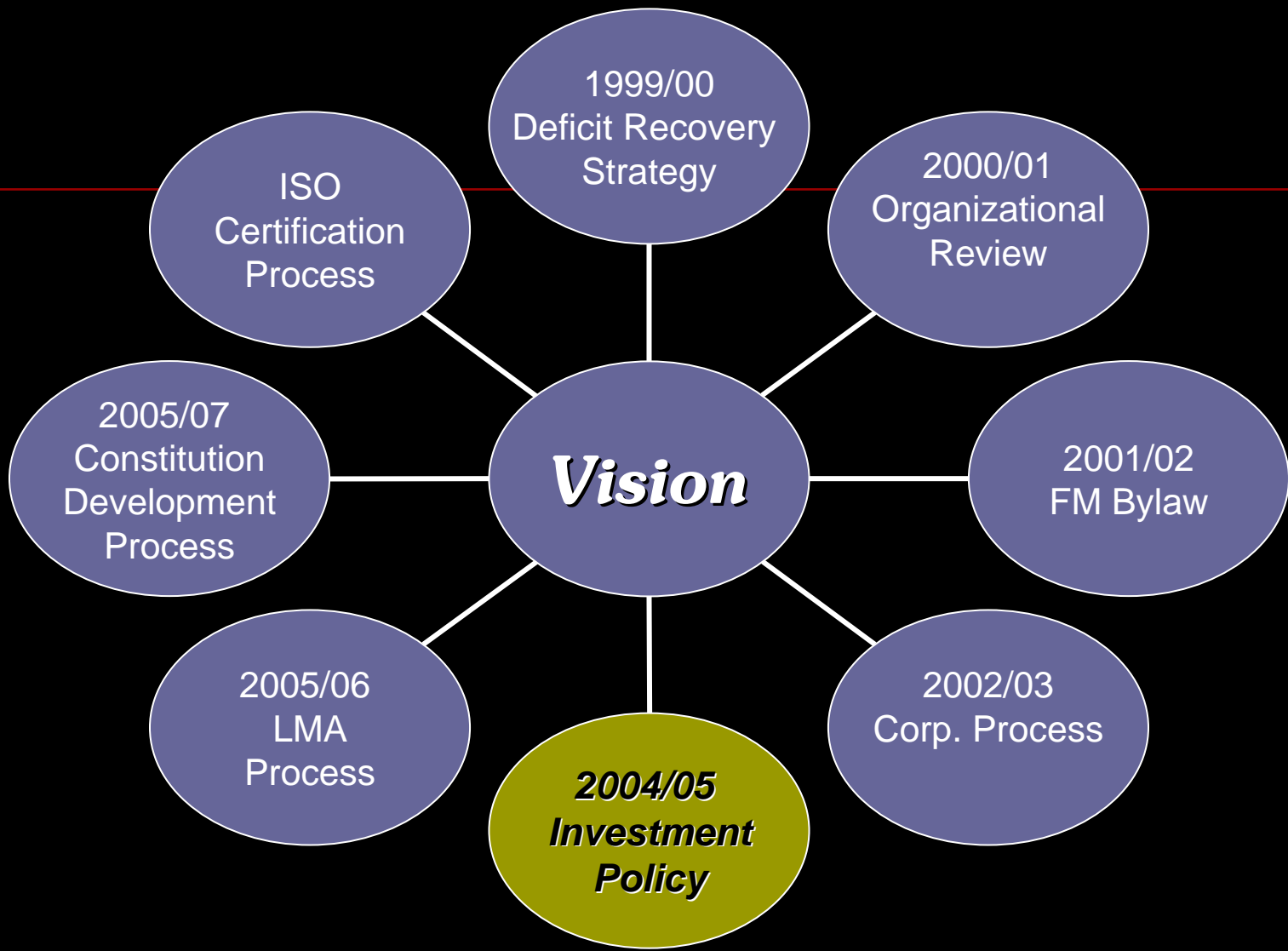
- Chief and Council contracted KPMG LLP in 2003 to oversee the First Nations' application to Canada Customs and Revenue Agency for an Advance Tax Ruling.
- This application was submitted to CCRA on December 2003 and on March 2004, CCRA ruled the ***“First Nation will be considered a public body performing a function of government in Canada within the meaning of paragraph 149 (1) (c) of the Act, and accordingly no tax will be payable under Part 1 of the Act by the First Nation on the income described in 42 or 44.”***
- The significance: As part of its re-structuring process, this ruling applies to all of the First Nation's entities, including on-reserve and off-reserve businesses/organizations as a ***tax protection mechanism for corporate income tax.***

Business Park Development

- Alternative to natural resource development
 - Very little natural resources available in southern Ontario
- Compliments the governance building, corporate restructuring and economic initiatives
- Addition to Reserve (ATR) land designation granted in 2005
- Infrastructure funding proposals awaiting confirmation
- Marketing through NABA and other vehicles commenced in 2004
- Process utilized “top-down” approach:
 - Advanced governance processes
 - Corporate model development
 - Implementation through business acquisition/development

Financial Impact

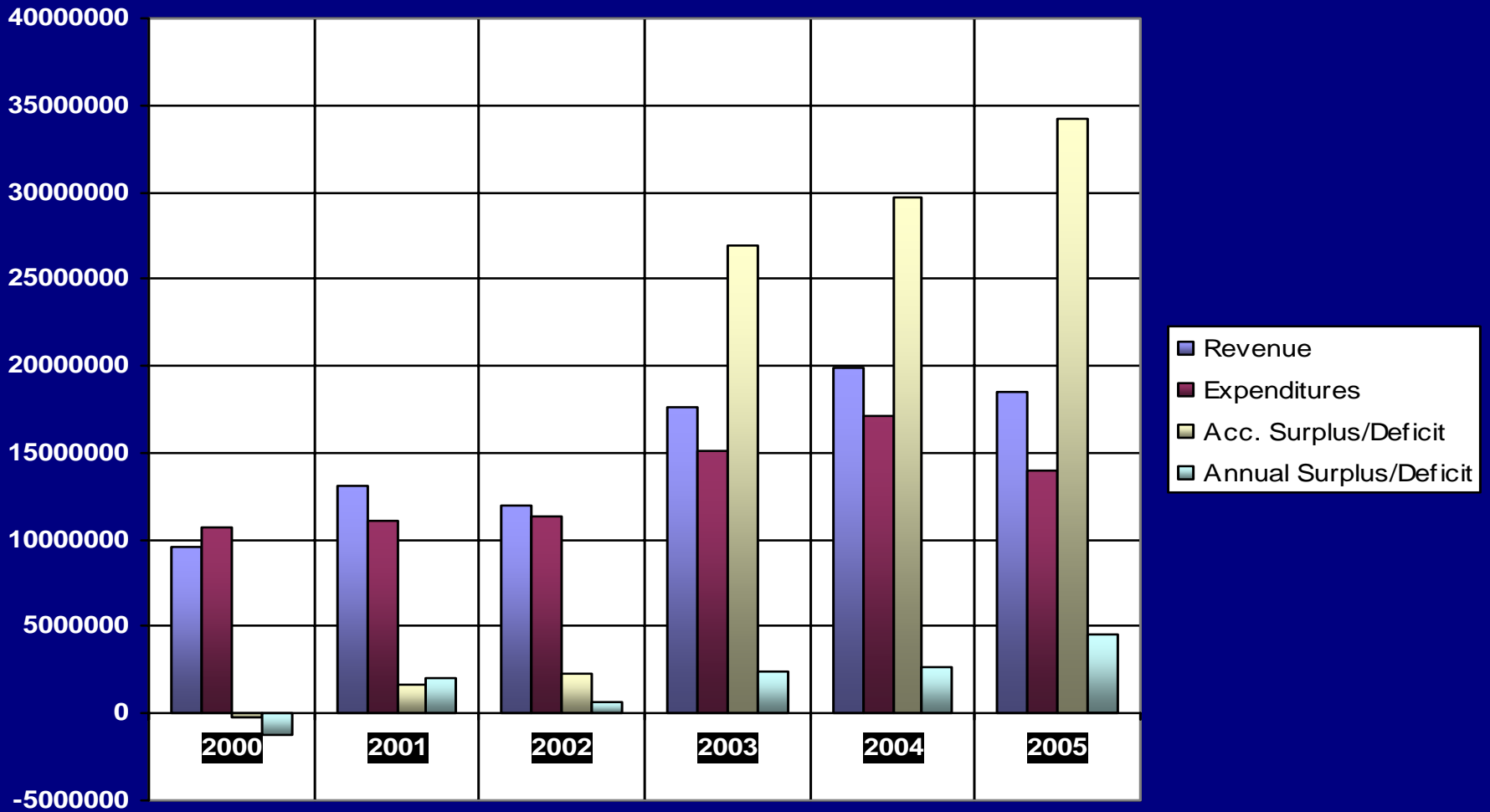


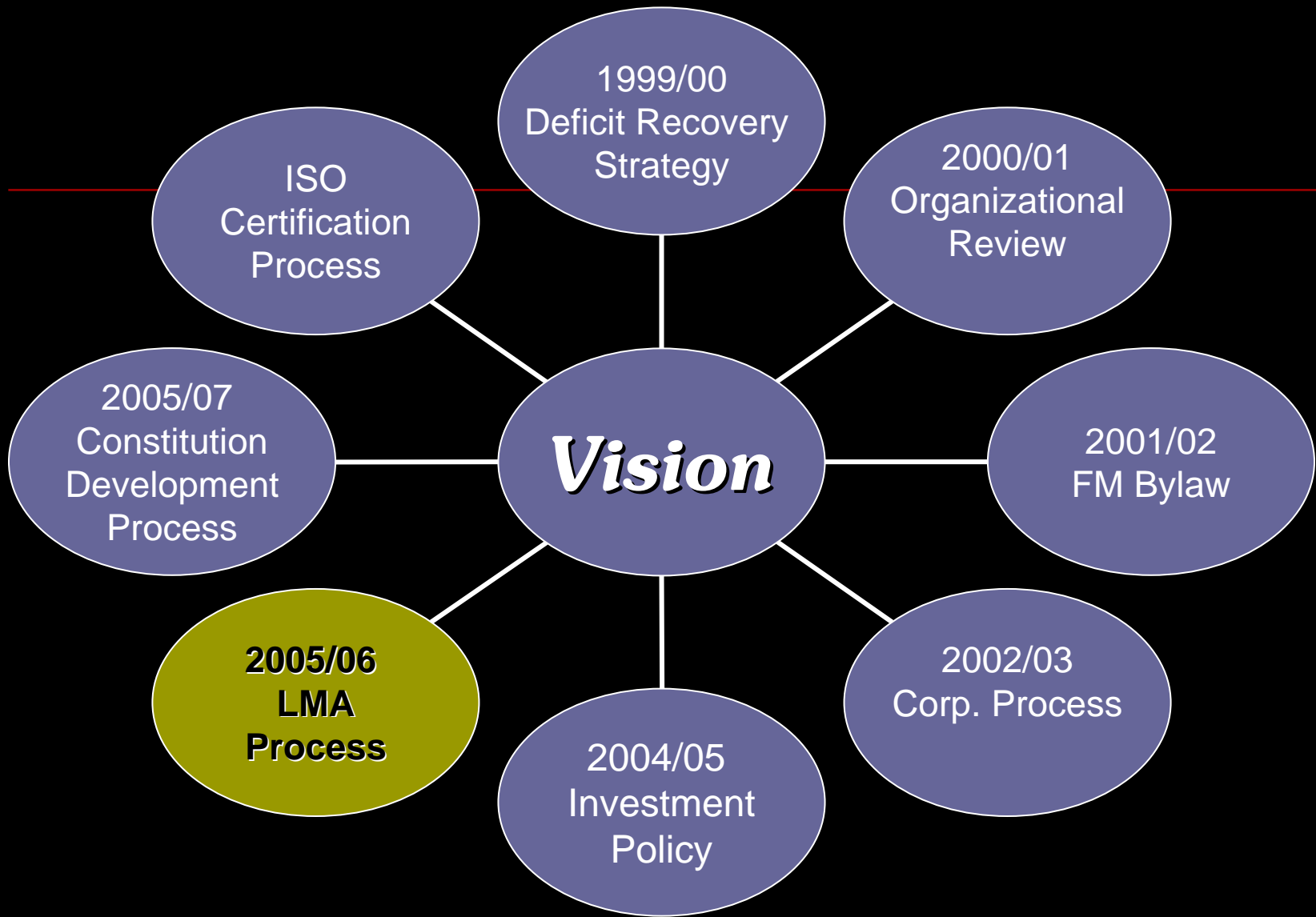


Investment Policy

- **Developed and approved for implementation in 2005**
- **Includes adherence to the controls and accountability measures of the FM Bylaw**
- **Based on preservation of principal**
- **Stated Investment Objectives based on priorities established by Council and reviewed annually**
- **Includes Return on Investment (ROI) objectives for three funds:**
 - **Heritage Fund**
 - **Projects Fund**
 - **Short Term Holdings**
- **Includes criteria for contracting Investment Manager/Investment Custodian**
- **Includes stated performance standards and investment management guidelines**
- **Is managed by the FM Board with reporting requirements to Chief and Council, and accountability/transparencies requirements as outlined in the FM Bylaw.**

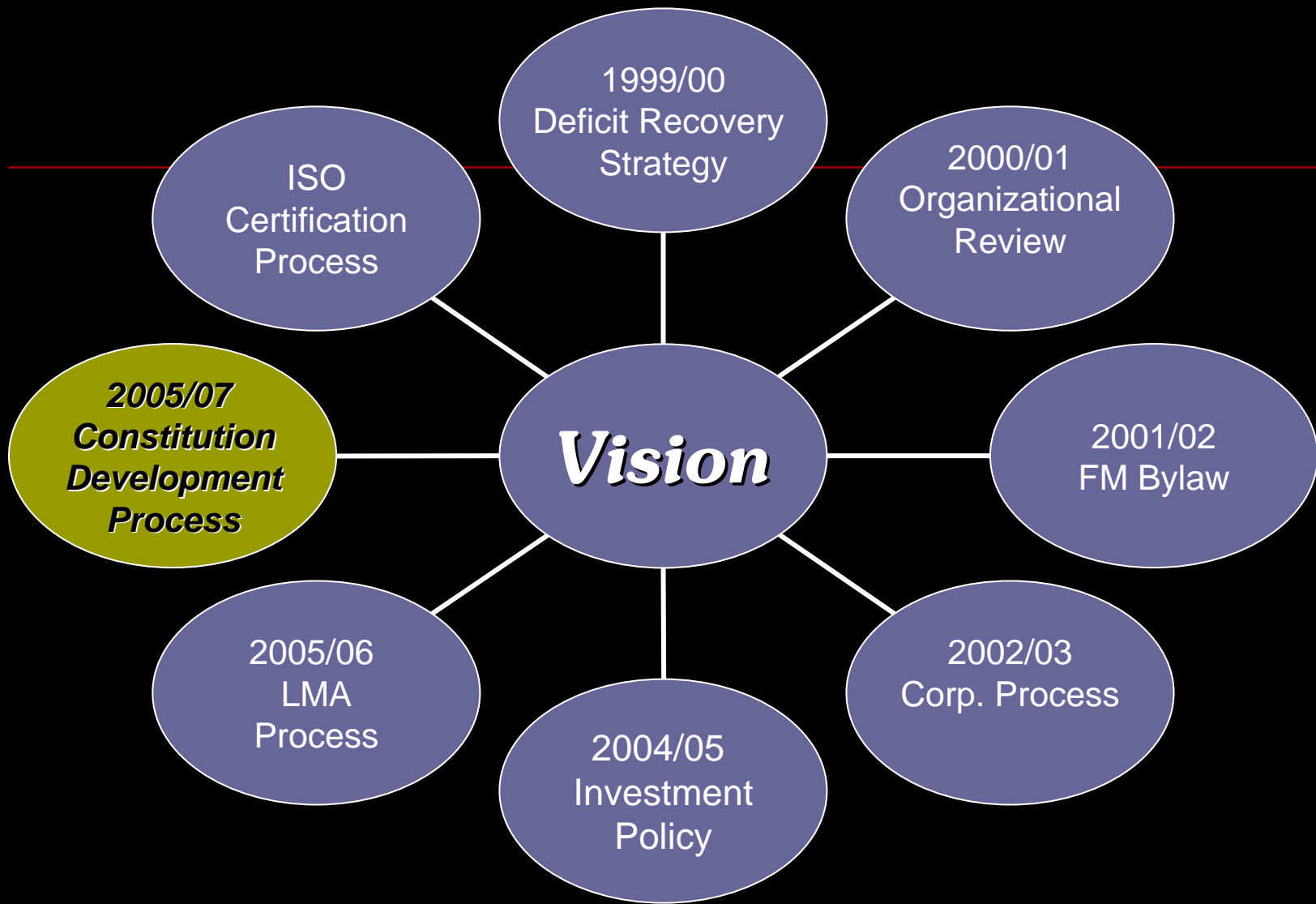
Financial Impact





Land Mgmt. Act Process

- Kettle and Stony Point First Nation is one of the first signatories to the First Nations Lands Management Act, a legislation that allows First Nations the flexibility to manage their own lands and resources and to proceed in the process of moving toward a community driven and managed Land Management Act.
- The overall benefit will fit with the focus of **self-governance** and will become part of the **Community Constitution Development Process.**

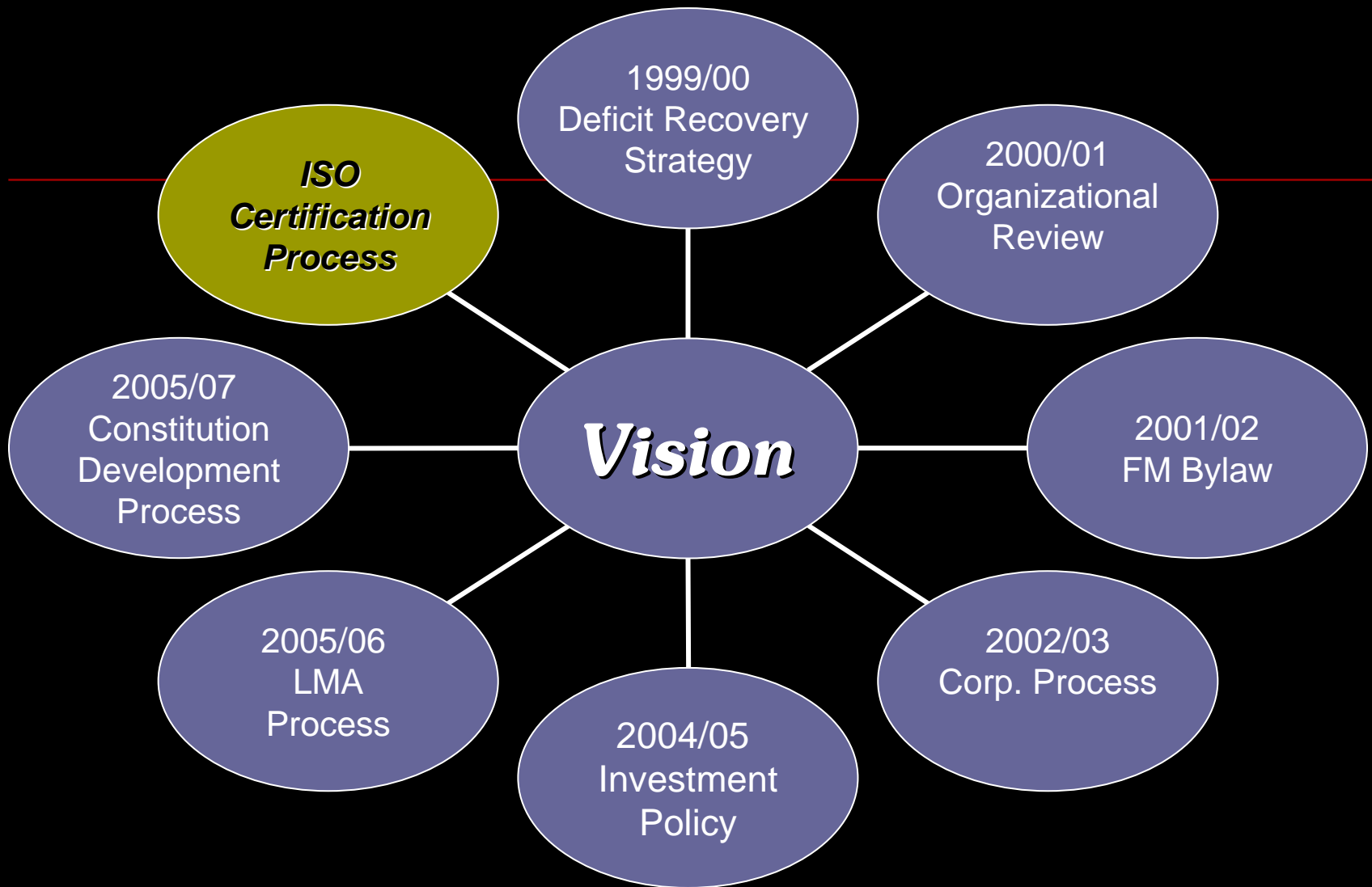


Constitution Development Process 2005/07

- Intended to identify the essential components of a Community Constitution that will guide the community, its leadership and administration into the next seven generations with the underlying principles embedded in Council's ***Vision of Financial Stability and Sustainability for the First Nation, and Accountability and Transparency to the community and its members;***
- *The process documented and evaluated the elements the First Nation has in place as a foundation; and is currently developing a phased plan to complete the components that have been identified and recognized by the community as essential for a final Constitution or a set of laws and principles applicable to the First Nation.*
- With the accountability, sustainability, and transparency principles of the Community Constitution, the community as a whole benefits by being empowered as a ***"Nation"***, and by the stability of a set of laws and principles that can only be changed or rejected by the community members themselves.

A Community Constitution “Vision Statement”

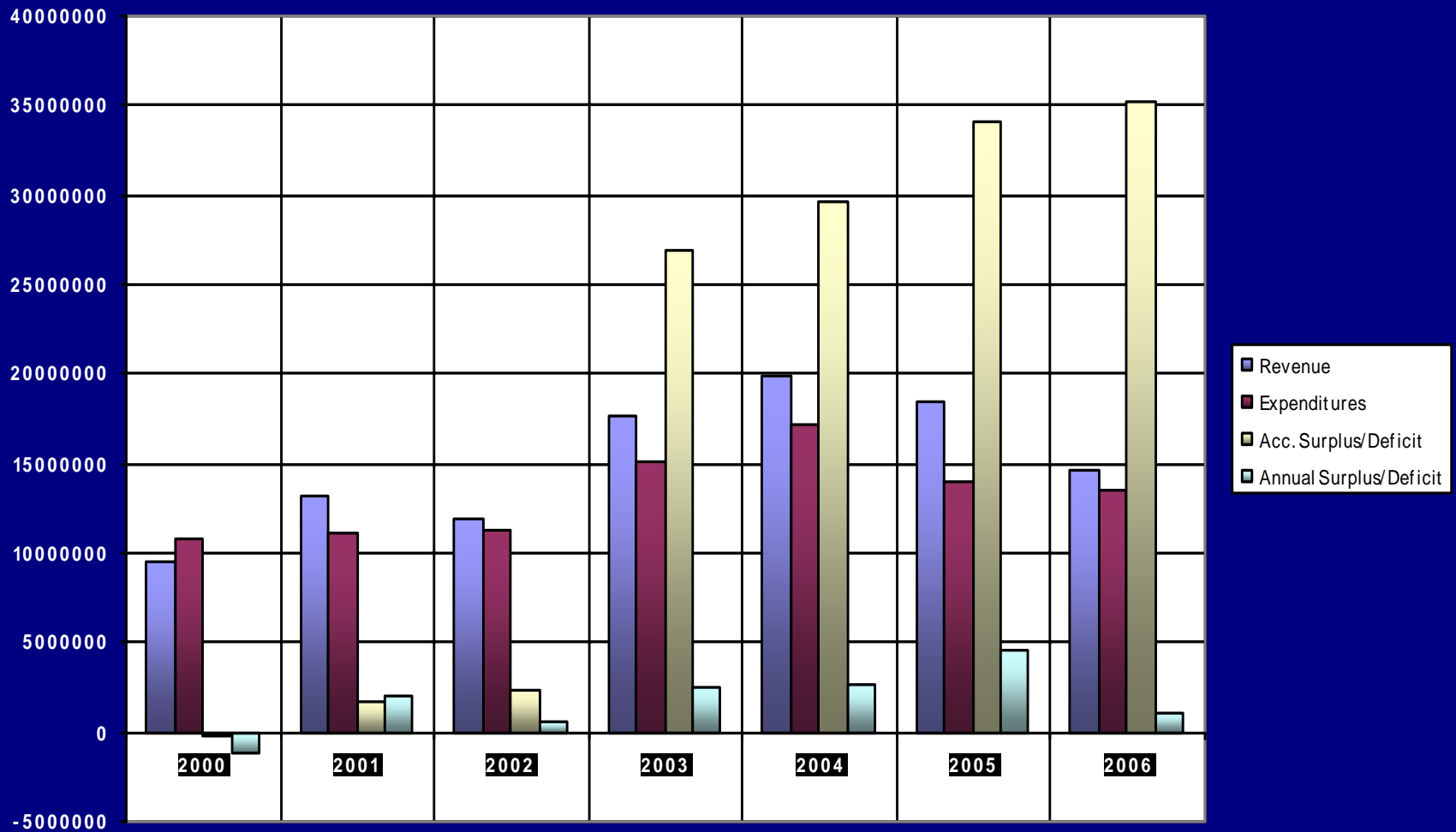
**“ A foundation for Community
governance
which protects our language and
the teachings of our Ancestors;
guides the social, economic, political and
Community development of the Nation
and its territory;
protects the rights of individual members;
and fosters the creation of our own
Justice System.**



ISO Certification Process

- Chief and Council gave direction to continue its progressive management of community business by mandating an ISO registration process.
- The First Nation has adopted a Governance code that will encompass guiding principles including:
 - accountability, transparency, empowerment and sustainability.
- The First Nation has in the past few years adopted codes, by-laws and practices that encompass the same principals, including:
 - By-Laws/Policies, Justice Review Committee, Consultation Processes, Financial Management By-Law, On-Reserve Mortgage Housing Program, Corporate Restructuring of local business and its' management structure, and Advance Tax Ruling.
- Currently, the First Nation is working on a Comprehensive Capital Planning Strategy and Human Resources Strategy.
- To tie it all together, the First Nation considers ISO Registration/Certification as a natural process flowing from the accountability, management and governance processes implemented to date.
- ***Part of the uniqueness is that the Certification will cover all Program and Service areas as well as all businesses and industry.***

Financial Impact



Recent Updates:



Indian Hills Golf Course



- Purchase closed Feb. 22/06
- CEO hired
- Leaseholds on-going
- Strategic plan:
 - Hotel/conference centre development
 - Condominium development
 - Casino development

Council's Vision

In September 2006, Council, as part of its Strategic Planning Session for its new term, redefined its Vision to capture a holistic focus:

**Community Wellness,
Development and Financial
Stability & Sustainability**

**for the First Nation, and Accountability & Transparency
to the community and its members –**

“Wealth Creation” focused on creating an economy for the community and its members to provide for basic and advanced needs – shelter, education, recreation and identity.

Business Park:

- In January 2007, a Corporate Retreat resulted in a focus for the Business Park development:
 - Businesses/Industry based on respect for the environment:
 - i.e. solar/wind energy, organic/natural product industries, Native focused spas, services, etc.
 - Professional services
 - i.e. banking, financial services, service agencies, support services (computer technology, legal, etc.)

New Ventures:

- In January 2007, approvals were received for the following developments:
 - Add a gas bar and variety store component to the First Nation owned on-reserve restaurant for May/07;
 - Finalize a “due diligence” process for a partnership venture with a computer technology firm;
 - Develop a Multi-Agency facility as a leasing venture to house Ontario Works, Job Connect, Four Winds Business & Training Centre, Community Library, Adult Learning Centre, Youth Recreation Centre, and Tourism Centre;
- Develop and submit a bid to develop a Child & Family Service Agency facility as a leasing venture;
- Develop a Heritage Centre as part of the Indian Hills Golf Course Hotel and Conference Centre development;
- Develop a Tourism and Marketing Strategy for the First Nation and its business ventures.

Summary

- What have we learned?
 - **“Vision” and Team work are essential – Council, Community, Management and Staff, and roles must be defined and separated i.e. political vs. administration**
 - **Results must be measurable and tracked and include *financial accountability.***
 - **Community Constitution and ISO Certification are the key end results to capture and commit the process for generations to come**



Summary – Funding/Resource Partners



■ What have we learned?

- INAC has supported the First Nation with financial contributions throughout the process since 2000/01 through various governance/capacity building windows.
- Council has also supported its own process financially and in-kind, with both INAC and Council recognizing the end benefits of “Self Governance” including its focus of building a sustainable economy, and empowering the community and its members to strive for self-identity; self sufficiency; and self governing processes and authority. To achieve and maintain this support:
 - Results must be measurable and tracked and include *financial accountability*;
 - *There must be a high level of community involvement and ownership.*
- Council has recognized the need for outside resources at various stages throughout the process, and has accessed firms such as KPMG, Corporate Legal Services, and outside Investment and Financial resources to ensure the results identified are achieved.
- Various components of the process have been achievable in-house, which has the benefit of both maximizing resources and achieving the objective of sustainability.

Müigwetch!