

# 2014 Annual Report To the Membership of Yellow Quill First Nation



5th Annual Report

May 26, 2014

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## Message from the Board

In 2013, Yellow Quill TLE moved various parcels of TLE land to reserve status. Around the main reserve, approximately 431 acres of TLE land transferred to reserve with only 900 acres remaining as TLE. Other properties in transition to reserve include the Saskatoon parking lot and Archerwill property. Reserve creation for Saskatoon is anticipated in July and for Archerwill in late fall. The reserve creation process for the Sas-

toon parking lot was very complex due to the nature of the office project. This complexity required more time than the usual reserve creation file.

In 2013, Yellow Quill Holdings continued its marketing and promotion of the new office building in downtown Saskatoon. For the project to move forward, pre-leasing from prospective tenants must be secured. Pre-leasing builds certainty to the project and de-risks it from a finan-

cial perspective during pre-construction through to project completion and long-term occupancy.

Yellow Quill Holdings has to be comfortable in the decisions it makes and that such decisions are responsible, informed and collectively in the best interests of Yellow Quill. The Board will continue to ensure accountability remains at the forefront in the work we do in serving both membership and leadership.

## Year in Review:

In 2013, Yellow Quill TLE investment bonds made a full recovery and are performing well. And despite the loss of agriculture revenues as a result of reserve creation, Yellow Quill Holdings financial position remains strong.

### Yellow Quill Holdings

The Holding company has minimal agriculture lands which are situated in the RM of Corman Park near Saskatoon; RM of Caledonia near Regina; and small tracts of land near the main reserve. Lease rates are consistent to the local market and soil quality.

Despite little agriculture revenue - revenue from the Sas-

katoon parking lot and First Nations Bank building remain high.

### Yellow Quill TLE Trust

In July 2011, the TLE principal of \$11,074,430 was invested to the Canadian bond market via Ridgewood Capital Asset Management.

As of March 31, 2014, the Book Value of TLE Bonds is \$11,698,631 and Market Value is \$12,216,407. An Investment Schedule (First Quarter 2014) is appended to this Annual Report.

For the most part, current world financial markets and economic conditions are stable. But the interconnected-

ness of global economies mean a financial crisis in one country may have an adverse and varying effect on others including their markets.

### Accountabilities

The 2013 Financial Statements for Yellow Quill Holdings and 2013 Audit for Yellow Quill TLE are not yet complete. We expect their completion in June and will be available at the Band office and Urban offices in Saskatoon and Regina.

This Annual Report and reports for previous years are posted on [www.yqfn.ca](http://www.yqfn.ca) for viewing and printing.

## Yellow Quill Holdings: Investments to Membership

### Yellow Quill Elders

Fifteen Band members qualified (i.e. having reached the age of 60 years) for the \$5,000 Elder payment this year with payment issued on Treaty Day of May 26, 2014.

Since Treaty Day last year, additional Elder payments (seven) were required to be issued to new members aged 60 years and older and whom were added to the official Yellow Quill band list in early 2013. To ensure the Elder payment is protected and preserved for current and future generations of Yellow Quill band members, Yellow Quill Holdings drafted a Band Membership Code in December 2013. The Code was approved in principle by Chief and Council in January 2014.

Each December, Holdings provides a Christmas payment to each Elder in the amount of \$250. Holdings will continue this payment.

### Yellow Quill Youth

#### **Awards for K-12: On-Reserve**

Yellow Quill Holdings once again remains committed to recognizing excellence among on-reserve Yellow Quill students. As such, the following awards will be provided to one NEC student for each grade:

- K to 6: Good marks merits a 'Slip and Slide' for each of K-2, and bike & helmet for each grade of 3-6;
- Grades 7 to 9: Good marks merit a camera for each grade; and
- Grades 10 to 12: Good marks merit a laptop for each grade.

#### **Awards for Gr.12: Off-Reserve**

Holdings continues to provide a \$400 payment for each off-reserve Yellow Quill Band member who successfully completes high school.

#### **Post-Secondary Awards**

As acknowledgement of their accomplishments, Holdings provides a payment of \$700 to each Yellow Quill Band member who successfully

complete post-secondary studies with an under-graduate degree or graduate degree.

These education initiatives will be an on-going annual occurrence.

### Yellow Quill Holdings Scholarship

In memory of Kaydance and Santana Pauchay, Holdings provides two scholarships per fall and winter semester for Yellow Quill students enrolled in post secondary studies.

In Fall 2013, the Kaydance and Santana Pauchay Scholarships were awarded to Terri Peequaquat and Valene Smokyday.

Mrs. Peequaquat is enrolled at SIIT under the Addictions Program, which is a two year course and this being her second year, when she is complete she will have a diploma. Terri strives to make a better life for herself and her two children, and this scholarship will help her do just that.

Mrs. Smokyday is currently in her fourth year at the First Nations University campus in Prince Albert taking Indian Social Work, which she intends to use to help her people in a counseling capacity. Valene will use this scholarship to help her commute from Yellow Quill to Prince Albert to continue her studies.

In Winter 2014, the Kaydance and Santana Pauchay Scholarships were awarded to Ashley Fontaine and Cody Peeace.

Mrs. Fontaine is obtaining a bachelor's of Indian Social Work degree. Her future goal is to continue on with her education by either getting an education degree or her masters in Indian Social Work. After obtaining her degree, Ashley plans on working in a profession that feels like home and not just your everyday typical job.

Mr. Peeace has both his first and second year of Heavy Duty Mechan-

ics under his belt and will strive to get his journeyman's by 2015, in which he hopes to make a better life for his 2-year-old daughter. With this scholarship, Cody will buy better tools to assist him in moving forward in his trade.

Congratulations to each of the recipients awarded the Kaydance and Santana Pauchay Scholarships for Fall 2013 and Winter 2014.

### Urban Specific Initiatives

#### **Christmas Support**

Each December, Holdings provides gift cards (\$50 value) to urban members, gifts to children, and hosts the annual Christmas dinner for families in Saskatoon and Regina.

#### **Saskatoon Urban Office**

Holdings is supportive to the Saskatoon Urban office through leasing of 410 Avenue N South. On occasion, Holdings also provides funding for skills training as requested by the Saskatoon office. Holdings is in process of gathering workforce requirements from contractors to the new Saskatchewan Children's Hospital - information will be shared with the Saskatoon urban office.

#### **Regina Urban Office**

Holdings is supportive to the Regina Urban office through leasing of 1246 Albert Street. As may be requested, Holdings provides funding for governance and capacity building initiatives. Holdings is in process of gathering workforce requirements from contractors to the new Regina Stadium Project - information will be shared with Regina urban office.

### Band Hall Renovations

In late 2013, Holdings funded certain interior renovations to the Yellow Quill Band Hall. All work was completed by tradespeople from Yellow Quill.

### Computers for School Program

In April, Yellow Quill Holdings through the Government of Saskatchewan Computers for School Program was awarded 100 computers and 19 printers for NEC School at Yellow Quill.

This donation of computers and equipment will allow students and youth to more easily embrace technology as part of their learning environment.

## Yellow Quill Holdings: Program/Service Transfer to Band Administration

### **Funds Transfer: January 1 to December 31, 2014**

Yellow Quill Holdings intends to continue its usual monthly funds transfer to the Band Administration for certain programs and services formally delivered by Holdings to Band membership. This includes:

- On-reserve New Housing;
- Health and Safety (water cisterns, garbage collection, and sewer service); and
- Band Member Assistance (wakes, funerals, emergencies, sports and recreation, and workforce assistance).

The following table depicts the projected fund transfer from January 1 to December 31, 2014 to Band Administration assuming the delivery of programs/services:

New Housing	\$200,000
Health & Safety	\$24,000
Band Membership Assistance	\$219,084
Administration & Management Fee	\$30,000
Total Projected 2014 Transfer to Band	\$473,084

Holdings in conjunction with Yellow Quill Chief and Council will conduct a mid-year and end of year reviews to determine the effectiveness of its delivery.

In addition to program/service transfers, Holdings will allocate certain funds to Band member specific on-reserve training initiatives.

### **On-Reserve Training**

Once again, Holdings will work closely with the Band's Active Measures program to support various training programs that may be provided from time to time and on-reserve at Yellow Quill.

### **Welding Program 2.0**

In 2014, Holdings in collaboration with the Band are considering a Production Line Welding (PLW) program to be delivered by SIAST and Carlton Trail Regional College.

The program is considered an "Applied Certificate" from SIAST. Entrance requirement is a minimum of Grade 10 education. The PLW program would include workplace essential skills (5 weeks), production line welding (8

weeks), safety training (1 week), resume workshop and job interview skills (2 days), and work placement (2 weeks).

It is the intention of Yellow Quill Holdings to provide welding helmets, gloves, coveralls, boots, transportation to and from training facility, and training allowance.

As per the previous welding program, Holdings will support the program as much as needed to ensure successful outcomes for trainees involved.

Additional training information will be released at a later date.

### **Other Training Programs**

In an effort to support need within the community, Holdings will again provide financial support to the on-reserve essential skills program or any related training program that is of interest and benefit to securing employment by band membership.

### **Off-reserve Employment Centre**

At the request of Chief and Council, Yellow Quill Holdings is working with the band's active measure program to provide an off-reserve employment centre whose office will be located at 320 Centre Street in the town of Rose Valley - a vacant lot owned by Yellow Quill Holdings.

In developing the site location, Yellow Quill Holdings will continue its discussions with officials from the Saskatchewan Ministry of the Economy. We are requesting from the government of Saskatchewan and Aboriginal Affairs and Northern Development a financial contribution that will help offset total costs.

The Yellow Quill employment office will assist band members in finding employment, accessing training programs and creating linkages to education opportunities that can aid in the transition to workforce opportunities.

### **Provincial Investments**

Yellow Quill Holdings continues to lobby the provincial government for on-reserve training at Yellow Quill. Specifically, we are working with the Ministry of the Economy, Labour Market Services to develop strategy that allows for improved access to training and employment opportunities by Yellow Quill membership.

### **Reporting Requirements**

Yellow Quill Holdings will continue to work with the Band Administration to ensure compliance for reporting requirements of consolidated audit by Indian and Northern Affairs Canada.

## Yellow Quill Holdings: Asset Portfolio

Asset portfolio for Yellow Quill Holdings remains unchanged and includes:

- First Nations Bank Building;
- Agriculture Lands;
- Saskatoon Parking Lot; and
- Archerwill Property.

Yellow Quill Holdings aspires to ensure the greatest financial return is realized for all assets administered under its authority. Solid financial returns equate to additional and increased community investments.

It is the ambition of Holdings to further grow and diversify the asset portfolio for Yellow Quill.

### First Nations Bank Building

Yellow Quill's First Nations Bank Building (FNBB) is fully occupied with the following tenants:

- First Nations Bank of Canada;
- Claude Resources;
- Shore Gold;
- MPE Engineering Ltd.;
- Merchant Law Group;
- 49 North Resources;
- MGI Securities;
- BEC International;
- Ministry of Government Services (Family Law, Crown Prosecutor, Court

of Queens Bench);  
-Nova-Tek Innovations; and  
-Quon Ferguson

In recent years, leases were renewed at rates that are reflective to fair market value for Class B office space in Saskatoon. To ensure the Yellow Quill property remains competitive, upgrades were made including new water mainline, installation of energy efficient T3 lighting, motion sensor lighting in washrooms on all floors, new ceiling tiles and grids on most

floors, new signage throughout building, upgraded front entrance and new doors to the back of the building, and new security features for after hours access to building and floors.

In 2013, SaskTel installed Infinet (i.e. fibre optic lines) to enhance tenant connection for download/ upload speeds.

This summer, FNBB will attain BOMA Best certification for environmental and efficiency upgrades.

### Agriculture Lands

Remaining TLE lands for the purposes of agriculture leasing and hay production is roughly 1100 acres. These lands are situated in the RM of Corman Park near Saskatoon, RMs of Kelving-

ton and Porcupine near main reserve, and RM of Caledonia south of Regina. All agriculture leases are at fair market value and with local farmers to the area. Yellow Quill TLE hopes

to expand the Yellow Quill land base in the coming years and with resource opportunities in mind.

### Saskatoon Parking Lot - 240 4th Avenue South

The parking lot in Saskatoon has, in recent years, realized excellent returns via leasing with Imperial Parking Canada (Impark). In light of the proposed new office tower, the lease agreement

with Impark was terminated as to not impede or prevent reserve creation. And to ensure the property continues to generate revenue up to the date of construction of the new building,

Holdings engaged Impark to lease the premises on a month-to-month basis at a rate of \$12,000 per month.

### Archerwill Property

#### Leasing by One Earth Farms

As of March 31, 2014, the lease of the Archerwill facility by One Earth Farms has ended. We do not anticipate re-leasing but await reserve creation to explore manufacturing opportunities.

#### Welding Program

In addition to leasing, the property also serves as an instructional facility. We anticipate delivery of another welding program in Production Line Welding (PLW) which will be jointly funded via Aboriginal Affairs and

Northern Development Canada, Yellow Quill Holdings and potentially Saskatchewan Ministry of Advanced Education. The PLW program will be held in 2014 and in the next few months, the community will be canvassed for participants. Entry requirements include a minimum of grade 10 education and interviews to gauge suitability.

The ambition of Yellow Quill Holdings is to manufacture product - to do so, we need the property to transition to reserve allowing us to realize our competitive advantage.

## Looking Forward:

### Yellow Quill Treaty Land Entitlement:

Over the next couple of months, Yellow Quill TLE will focus on assisting the Band in developing the First Nations Land Management Act and implementing laws of taxation and property assessment for the new office tower. We will also continue our work on reserve creation for

remaining TLE lands in the RMs of Kelvington and Porcupine as well as the Saskatoon parking lot and Archerwill property.

TLE will also explore potential land acquisitions with opportunities of resources and agriculture leasing in mind.

Prior to any land being purchased will require consultation and agreement by both membership and leadership of Yellow Quill. A potential land acquisition, should it occur, will not take place until 2015 or possibly earlier.

### Property Taxation Law and Property Assessment Law

Revenue laws of Yellow Quill Property Taxation Law (PTL) and Yellow Quill Property Assessment Law (PAL) were developed only for the new office tower in Saskatoon and **will not** apply to any other reserve lands of Yellow Quill First Nation.

Both PTL and PAL will be imple-

mented prior to the Saskatoon parking lot moving to reserve. This will ensure the Band is seen as occupying the field of taxation. In short, Yellow Quill will have authority to tax tenants of the proposed new building at rates that are equivalent to the School Board portion of City

of Saskatoon property tax.

PTL and PAL would direct new revenue dollars to fund various on-reserve infrastructure needs and initiatives at Yellow Quill.

Both PTL and PAL will come into effect in late June.

### Reserve Creation

#### TLE lands in RM of Kelvington and RM of Porcupine

With local TLE selections moving to reserve status - the only concern to be addressed is remediation of the blue stone pit. In 2013, TLE engaged Pinter and Associates to identify solutions to remedy contaminated soil as per AANDC environmental regulations. The soil remains to be further homogenized with added testing to be done.

Remaining TLE lands around the main reserve are roughly 900 acres.

#### TLE land in Village of Archerwill

At the time of purchase, title to the Archerwill property included a caveat placed by the Government of Saskatchewan (GOS) in 1991. The concern of Ministry of Highways is that of vehicle safety and preservation of a "sight triangle" as it relates to traffic coming from the adjacent grid road heading west to highway #35. GOS has offered to buy the sight triangle (i.e. 0.507 acres) from Yellow Quill Holdings for \$2,000.

Yellow Quill rejected the offer by GOS and are working with provincial

and federal governments in drafting an Easement Agreement that satisfies the interests of GOS with Yellow Quill retaining ownership. It is anticipated the Easement will allow reserve creation to be realized in 2014.

#### TLE Land in Saskatoon

Prior to the Saskatoon parking lot moving to reserve - the Yellow Quill laws of Property Taxation and Property Assessment must first be approved by leadership and First Nations Tax Commission.

On May 9, 2014, the Minister of Aboriginal Affairs and Northern Development Canada, Bernard Valcourt signed the Agreement in Principle for the Treaty Land Entitlement Ministerial Order submission for the Yellow Quill urban reserve creation.

The only remaining items to be completed include implementing of Yellow Quill Property Taxation Law and Yellow Quill Property Assessment Law. These revenue laws when finalized in late June will

prompt the reserve creation jacket to be signed by AANDC Minister Valcourt shortly after.

#### TLE Land Freeze

In December 2013, Yellow Quill Holdings via Yellow Quill Resources signed a Cooperation Agreement with a Saskatoon based exploration company to collaborate in the exploration and eventual development of a potash project in west central Saskatchewan. To facilitate the project, Yellow Quill initiated a TLE land freeze of subsurface crown minerals in an area encompassing 33,700 acres. The TLE land freeze was accepted by Government of Saskatchewan and granted to Yellow Quill an 18 month period from April 3, 2014 to October 10, 2015 wherein surface must be acquired. Acquisition will be completed by the project and its investment partner. Lands within the project area may be as little as 5,000 acres and supported by proven geology.



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ENTITLEMENT**

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## Looking Forward:

### Yellow Quill Holdings

#### Library at NEC

To restock the school library at NEC, Yellow Quill Holdings has secured \$20,000 from the Government of Saskatchewan and \$5,000 from BHP Billiton. United Library Services estimates the cost of restocking to be as much as \$50,000. Yellow Quill Holdings will also be making a significant financial contribution to the library restocking project.

#### Canadian Industrial Paramedics

Yellow Quill signed a partnership agreement with Edmonton based Canadian Industrial Paramedics on January 23, 2014. The intent of this partnership is to create a joint venture in providing emergency medical services and other supporting business activities within Saskatchewan and primarily targeting sites of interest in oil, gas, construction, mining, and other related industries.

#### Aboriginal Business Match

Yellow Quill Holdings will participate in this year's Aboriginal Business Match (ABM) to be held in Saskatoon on June 16-19.

ABM is an Aboriginal-driven business development tradeshow that connects Aboriginal communities with the private sector to create opportunities for business.

#### New Office Building

The most daunting challenge with respect to the new office building is securing pre-lease commitments to occupy sufficient rentable floor space. To date, the only party that has signed a pre-lease agreement is First Nations Bank of Canada (FNBC). FNBC expresses a desire to lease a minimum of 20,700 sq. ft. or roughly 27% of the original five story rendering of 75,000 sq. ft. of rentable floor space. Fortunately, commercial lending rates remain low and are not expected to increase until at least 2015.

If, Yellow Quill Holdings is unable to secure additional tenants, we may have to consider construction of a much smaller building. FNBC have made it clear in their pre-lease agreement and in our discussions that on-reserve operations is integral to their business model. If Yellow Quill is unable to provide a building situated on-reserve - FNBC will relocate to another on-reserve property and possibly out of province. FNBC have been flexible, accommodating and extremely patient - Yellow Quill Holdings does not want to jeopardize our long lasting business relationship with FNBC.

The office project in the past few months has a renewed sense of optimism in that two companies are expressing a serious desire to pre-lease the new building - space that is above that of FNBC needs. Timing is everything and as it stands, the interest by these two companies is contingent on their respective decision makers agreeing to a pre-lease and that occupancy time frames are compatible to their current lease agreements which are set to expire in 2017.

#### Next Steps

A construction decision for the building scope and scale will not be made quite yet - marketing and promotion will continue in an effort to secure additional tenants.

It should be noted that Yellow Quill Holdings in its discussions with various lender is mindful that construction financing for new buildings including that for commercial mortgages typically requires debt service coverage of 1.1 to 1.25 times cashflow. What this ultimately means is that more debt being placed on the new building requires a much higher pre-lease of rentable floor space. If our recent discussions with prospective interested parties results in pre-lease agreements being signed - we will

be in a favorable position to secure financing and advance the project.

And when these additional tenants are secured - Yellow Quill Holdings will resume the construction documents and specifications (CDS) phase of architectural work. Essentially, CDS was put on pause in 2013 in an effort to build pre-lease interests and reduce project costs. Upon completion of CDS, the Bid phase and Approval and Award will immediately follow.

In the interim, Holdings will collect additional term sheets provided by prospective lenders and evaluate the best possible lending options available.

Yellow Quill Holdings will continue to seek funds from AANDC as well. In March this year, the Yellow Quill office project was short-listed by Ottawa for a \$1.0 million CEOP request.

Yellow Quill Holdings will continue to exercise its patience and move forward only when the timing and opportunity is right for Yellow Quill.



**Yellow Quill**  
HOLDINGS