



## Peguis First Nation Surrender Claim Trust

### REPORT on 2012 \$3.5M SUSTAINABLE HOUSING PROGRAM

This report is being presented to the Beneficiaries of the Peguis First Nation Surrender Claim Trust by the Community Fund Trustees to address serious concerns surrounding the community-approved housing proposal of \$3.5 million for a sustainable housing program.

Chief and Council and the Peguis Housing Authority are responsible for the administration and reporting of the program. No report has been received to date that satisfied the reporting requirements of the Surrender Claim Trust. The Trustees felt that full disclosure by Chief and Council and Peguis Housing Authority would not be forthcoming and decided to report to the beneficiary on information that was accessible. Accountability and transparency are the expectation of the Beneficiaries regarding how the Trust operates and the Trustees take that responsibility seriously.

The Trustees understand the significance of what this report will reveal and are hopeful that the beneficiary will have all the information necessary to understand what has transpired regarding the housing program. The Trustees are doing their due diligence in protecting the resources and integrity of the Surrender Claim Trust on behalf of the beneficiaries by reporting on issues that concern them.

The Trustees and trust administration gathered information that is available to the SCT through the application process, PFN audits and from reports provided to the Trust.

On **Feb 25, 2012**, Peguis First Nation Surrender Claim Trust (PFNSCT) beneficiaries approved \$3.5 million from the Trust for a 5-year sustainable housing program. The proposal was submitted by the Peguis Housing Authority (PHA) to the PFNSCT Community Fund Trustees (CFT), subsequently approved and recommended to Peguis Council (C&C) Chief Glenn Hudson, Councillors Darlene Bird, Mike Sutherland, Tyler (Bear) Sutherland, Louis J. Stevenson who supported the proposal by providing a Band Council Resolution and recommending for approval for a Community Vote.

The proposal presented is as follows:

- **Trust allocation of \$3.5 million**
- **\$3.5 million will leverage bank loans for housing**
- **Partner with a banking institution to manage investment**
- **Build 100 homes immediately**
- **Peguis will hire & train workers to build houses & create jobs**
- **Sustainability from mortgage payments and rents on houses**
- **Commit 40 individual grants each year up to \$15,000 for individual mortgages**



A 5-year strategic plan to build 375 homes was presented as follows:

Annual Housing Plan	5 Year Projection
Mortgages On-Reserve 20/yr.	100
Mortgages Off-Reserve 20/yr.	100
5-10 Unit Apartment Blocks/yr. Affordable Rentals	50
2-4 Unit Plex Rentals/yr.	40
13 CMHC Social/Low Income/yr.	65
4 Elder/Handi-Cap Units/yr.	20
TOTAL	375

Peguis Chief and Council and the Peguis Housing Authority, as proponents are responsible for providing the necessary information and reports to satisfy the Beneficiary that the monies were utilized as approved by the Beneficiaries.

The incident that convinced the Trustees to take appropriate action happened at a duly convened CFT meeting. In 2019 Council members attended a CFT meeting and raised concerns about a potential breach of trust by the CFT. This was regarding \$500,000 that was allocated to assist beneficiaries in obtaining a mortgage. The \$500,000 was part of the \$3.5 million approved by the beneficiaries. Up to \$15,000, was to be made available to members who qualified for mortgages on and off-reserve as a down payment. This would have assisted up to 40 members who desired to own their own homes yearly for 5 years which would have created ownership of 200 homes over that time.

C & C were seeking answers to which members received mortgage assistance and wanted a report on this part of the program from the CFT as they were under the assumption that the CFT was responsible for the distribution and accountability of the \$500,000. As per the Trust Agreement, once the monies leave the Trust it becomes the responsibility of C&C and the PHA to ensure that the funds are to be used as indicated in the proposal and approved by the Beneficiaries. This was concerning to the CFT as the mortgage program was supposed to be operational since 2014. It appeared that the PHA was not reporting to C & C on the mortgage portion of the program.

It is the responsibility of the PHA to report to the CFT on the project and usage of the Trust funds. In this case, C&C was seeking accountability for the distribution of the funding which was received by the PHA. The onus is on the applicant that the funds are being used as approved.

Another issue was the reporting of how the project was proceeding. The CFT was not satisfied with the reports being presented to date, which focussed on the 37-unit RTM housing project and no mention of the mortgage down payments, which did not fully explain the status of the program.

There were also concerns about the \$3.5 million BMO housing treasury account that was to be used to leverage any loans to satisfy the requirement of the housing project. The PFN annual audits



showed a withdrawal of funds not associated with the original proposal which needed to be addressed by the CFT.

Fund balance in BMO Housing Treasury account according to annual PFN audits

2013: \$3.2 million	2014: \$3.3 million
2015: \$3.2 million	2016: \$1 million
2017: \$1 million	2018: \$1 million
2019: \$100 thousand	2020: \$5 thousand
2021: \$5 thousand	

**The following are the details that are available to the CFT regarding the 3.5-million-dollar proposal from inception to the date of this report.**

**January 21, 2012:** Peguis Housing and Development Board submit the proposal for 3.5 million to Peguis Surrender Trust for a sustainable housing program. The proposal was developed by the Peguis Housing Board under the guidance of Housing Director Tina McCorrister.

**January 21, 2012, CFT Motion #14/12** to approve and recommend the proposal for a sustainable housing program for \$3.5 million by the Surrender Claim Community Fund Trustees: Hal Sutherland, Katina Cochrane, and Robert Delorme. Lloyd Sinclair declares a conflict of interest as a sitting member of the Peguis Housing Board.

Chief and Council support is also required as the proposal is over the authority levels of the CFT. C&C provides support and approval for the \$3.5M housing project.

**February 25, 2012:** General Meeting of Beneficiaries called by PFNSCT Financial Trustees to vote on the \$3.5 million sustainable housing project.

**March 3, 2013,** \$3.5M Funds were transferred to Peguis Housing Authority and BCR signed on March 6, 2013, to move monies of \$3.5 million to a BMO Housing Treasury account

**December 1, 2014,** PHA letter to PFNSCT stating \$3.5M to leverage monies for a loan of \$9.2M to accommodate new housing infrastructure costs and to extend the homeownership program from \$2M to \$4M. This letter was to support the leveraging of the housing project through BMO and to include a mortgage component.

**November 3, 2015:** SCT Community Fund Motion #80-15: To approve the preliminary report on the \$3.5M Sustainable Housing Project. The report was accepted as the monies were being held in a BMO Housing Treasury account. The Trustees were satisfied that the funds were still being held to leverage loans to complete the housing project.

**April 25, 2017:** Report submitted by Glenn Fleetwood, Chief Financial Officer, on behalf of PFN regarding the \$3.5 million sustainable housing project. The report indicated monies were being held to leverage a \$9.2 million loan. The report was incomplete due to the lack of details on the approved project of obtaining 375 homes and was not accepted.



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**January 21, 2019:** Chief Glenn Hudson and Councillors Annette Spence-Meeches and Wade Sutherland raised concerns that monies intended for down payments for mortgages were not used as approved in the sustainable housing project. It was alleged that there was a breach of trust by the CFTs concerning the housing project.

Chief & Council were reminded that it is the responsibility of the applicant, namely PHA & C&C to ensure the funds were being used as intended and any breach would be on the proponents of the proposal who had received the monies for a specific project as approved by the Beneficiaries.

It was recommended by the Trustees that Council seek answers from PHA and PFN Finance to confirm the use of funds as approved by the Beneficiaries.

The PFNSCT would also request a report from PHA and PFN Finance on the \$3.5M Sustainable Housing Project as approved by the Beneficiaries.

**December 2, 2019,** Glenn Fleetwood, PFN CFO & A/COO provides a letter to the PFNSCT that the C&C changed the focus of the 2012 Sustainable Housing Project to repairs, rebuilding, and remediation of the 37-unit RTM housing project. and that the \$500K for mortgage down payments was applied to current mortgage defaults and outstanding mortgage payments for members. This report was unacceptable to the PFNSCT CFT as the changes to the \$3.5M Sustainable Housing Project were not approved by the CFT nor by the Beneficiaries.

To date, **August 2022** the PFNSCT has not received an acceptable report from PHA or C&C regarding how the \$3.5M funding was utilized as approved by the Beneficiaries in the original proposal.

The PFNSCT CFT require a report regarding the unauthorized use of the SCT funds for a program change not approved by the Beneficiaries. At no time did C&C or PHA approach the CFT or the Beneficiaries to request a change in the \$3.5M proposal to a 37-unit RTM housing project that exhausted all the funding and to pay mortgage defaults or outstanding mortgage payments of members. These actions are in violation of the people's trust and the trust regulations regarding paying existing debt.

As per the Surrender Claim Trust agreement, the proponent (PHA & C&C) is responsible for the \$3.5M Sustainable Housing Project as approved by the Beneficiaries and need to be accountable and transparent to the membership as the Trust belongs to them.

Respectfully submitted,

**PEGUIS FIRST NATION SURRENDER CLAIM TRUST  
COMMUNITY FUND TRUSTEES**



**Co-Chair Lloyd Sinclair**



**Co-Chair Hal Sutherland**

**August 10, 2022**