

BYLAW & POLICY MANUAL

NORTHERN DEVELOPMENT INITIATIVE TRUST

February 2018

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Section 1.0

Bylaws

DEFINITIONS

“Act” means the Northern Development Initiative Trust Act and Amended Act (2004 and 2005)

“Board” means the Northern Development Initiative Trust Board of Directors

“Bylaw” means a set of rules adopted by the Board of Directors to regulate the governance and proceedings of the Northern Development Initiative Trust

“Director” means a member of the Northern Development Initiative Trust Board of Directors as determined by the Act

“Executive Coordinator” means the staff member responsible for the administrative work that supports the board, regional advisory committees and CEO

“Northern Development” means the Northern Development Initiative Trust

“Northern Development Initiative Trust” means the Northern Development Initiative Trust established under section 5 (1) of the Act

“Policy” means an operational convention or procedures adopted by the Board to regulate the operations of the Northern Development Initiative Trust within the Bylaw(s) established by the Board of Directors

“Regional Advisory Committee” means the elected officials who comprise either the Prince George, Northeast, Northwest or Cariboo-Chilcotin/Lillooet Regional Advisory Committees as determined by the Act and Regulation

“The Corporation” means the Northern Development Initiative Trust

1.0 BYLAWS

1.1 Bylaw No. 7

Being a bylaw to regulate the proceedings of the Northern Development Initiative Trust Bylaw No. 6 dated November 18, 2009 is hereby revoked.

1.2 Membership of the Northern Development Initiative Trust (Northern Development)

1. Appointment of Directors

Directors of the Northern Development Initiative Trust must be appointed or elected in accordance with the enabling legislation, and consists of thirteen individuals of whom:

- a. Eight are to be elected by the Regional Advisory Committees, with each of the four Regional Advisory Committees electing two of their number as Directors; and
- b. Five are to be appointed by the Lieutenant Governor in Council.

Recommendations for potential candidates are made by the Board of Directors with consideration to the Board Competency Matrix and consultation with appropriate Regional Advisory Committees.

The term of office of a Director of the Northern Development Initiative Trust is:

- a. Two years for Directors elected by a Regional Advisory Committee, and
- b. Three years for Directors appointed by the Lieutenant Governor in Council.

An individual who is a member of the Legislative Assembly is not eligible for appointment as a Director of the Northern Development Initiative Trust.

2. Vacancies among the Directors

A Director of the Northern Development Initiative Trust ceases to hold office when:

- a. The Director's term of office expires,
- b. The Director ceases to be a member of the Regional Advisory Committee by which he or she was elected; or
- c. The Director dies, resigns or is removed from office.

If a Director of the Northern Development Initiative Trust ceases to hold office, a replacement for that Director shall be appointed or elected in the same manner as the previous Director. In the instance of a Director elected by a Regional Advisory Committee, a new Director will be elected to join the Board at the next duly convened Regional Advisory Committee meeting.

A replacement Director holds office until the end of the term of the Director he or she replaces.

A Director may be reappointed or re-elected at the end of their term either by the Regional Advisory Committee or the Lieutenant Governor in Council.

3. Removal of Directors

A Regional Advisory Committee may remove and replace, in accordance with any procedures it has established for that purpose, any Director it has elected to the Northern Development Initiative Trust. The term of office of the replacement Director is the remainder of the term of the Director he or she replaces.

The Lieutenant Governor in Council may remove and replace any individual the Lieutenant Governor in Council has appointed as a Director of the Northern Development Initiative Trust.

If a Director is removed and replaced, the Regional Advisory Committee or the Lieutenant Governor in Council, as the case may be, must promptly notify the Directors of the Northern Development Initiative Trust of the replacement.

A Director of the Northern Development Initiative Trust may also be removed as, and ceases to be a Director of, the Northern Development Initiative Trust on the passing of a resolution to that effect by two-thirds of the remaining Directors.

When a Director is removed from office, the Board shall evaluate the existing composition of the Board, and recommend any competencies and skill sets that should be considered by the appropriate Regional Advisory Committee or the Lieutenant Governor in Council in the selection of Directors.

4. Remuneration of Directors

A Director of the Northern Development Initiative Trust must not be remunerated by The Corporation other than for reasonable travelling and out of pocket expenses necessarily incurred by the Director in discharging his or her duties.

1.3 Meetings

1. Meetings

The Board of Directors of Northern Development Initiative Trust has the following types of meetings:

- a. Regular Board Meetings
- b. Special Board Meetings
- c. Committee Meetings

There will be a minimum of four regular board meetings held each year. The meetings will take place at quarterly intervals to align with funding intakes and will be held in the City of Prince George, or at such times and places as the Chair may determine. The Chair may choose to hold one regular board meeting per year in a community outside of Prince George.

Regular board meetings may be held by teleconference. Regular board meetings and special board meetings require an agenda, minutes, and follow standard rules of order.

Special board meetings may be held at such times and places as the Chair may determine to discuss issues or time sensitive topics that need a Board decision before the next regular board meeting. Special board meetings may be held in person or by teleconference call. Resolutions may be passed at special board meetings.

The Directors may determine that a resolution can be passed following a regular or special board meeting via email or digital poll.

Issues identified by the Chair or Chief Executive Officer that are of a time sensitive nature may be decided via email or digital poll between meetings. Resulting decision and actions must be presented to the Board for ratification and inclusion in the minutes at the next duly convened Board meeting.

Any seven Directors of Northern Development may at any time, by notice in writing directed to the Chair, request a meeting. The Chair shall, within two weeks of receipt of notice, set a date for a meeting which shall be held no later than thirty days from the date of such notice directed to the Chair.

Committee meetings will be held in such times and places the committee chair determines, but do not require a formal agenda or meeting procedures.

Northern Development board meetings shall not be open to the public but may receive presentations during the day of the meeting subject to notice and approval by the Chair.

2. Annual General Meeting

The Annual General Meeting must be held no later than April 30th of each year. The Annual General Meeting will be open to the general public and will be advertised on the Northern Development website. The Chair and the Chief Executive Officer shall highlight the previous year's outcomes and the annual financial statements will be presented.

At the Annual General Meeting, the Directors of Northern Development shall elect one of their numbers as Chair and one of their numbers as Vice Chair.

A Nominating Chair and Committee will be struck prior to the Annual General Meeting. Directors may choose to nominate themselves or a fellow Director for the position of Chair or Vice Chair ahead of the meeting. Advance nominations must be submitted in writing to the Nominating Chair no later than April 1st each year. Directors may also nominate themselves or another Director at the Annual General Meeting.

Prior to Annual General Meeting election voting, the Executive Coordinator shall confirm that nominees are willing to stand for the position. Advance voting will not be permitted. Election voting will occur by secret ballot at the Annual General Meeting. Directors attending the meeting via teleconference can submit their vote to the Executive Coordinator via text or email.

At the Annual General Meeting, the Board of Directors shall also elect a Finance Committee composed of three Directors. The Chief Executive Officer and Chief Financial Officer will be Ex Officio members of the Finance Committee. Nominations and voting procedures shall follow the same process as election of Chair and Vice Chair.

The Board of Directors shall establish an Executive Committee consisting of the Chair, Vice Chair, Finance Committee Chair, and one additional member elected by the Board at the Annual General Meeting. The Chief Executive Officer will be an Ex Officio member of the Executive Committee. Nominations and voting procedures will follow the same process as election of Chair and Vice Chair.

The Auditor's Report and the Annual Report will be received at the Annual General Meeting.

3. Quorum

A majority of the Directors (seven) constitute a quorum for the transaction of the business of Northern Development.

Resolutions of Northern Development shall be decided by a majority of the votes of the Directors who are at the meeting and entitled to vote.

Tie votes will be deemed defeated.

4. Minutes

The minutes of all meetings of Northern Development will be entered in a book to be kept for that purpose. Minutes will be circulated for review and adopted at the next regular meeting. Minutes will be available for inspection by the Directors at all reasonable times.

5. Opening Proceedings

Call to Order: As soon after the time appointed for the meeting as a quorum is present, the Chair shall call the meeting to order.

Non-Attendance of Chair: In the event the Chair or Vice Chair does not attend within fifteen minutes after the time appointed for the meeting, the Directors present shall choose a Chair to preside during the meeting or until the arrival of the Chair or Vice Chair.

No Quorum: If within 30 minutes from the time appointed for a meeting a quorum is not present, the Executive Coordinator shall record the names of the Directors present and the meeting will be adjourned.

6. Duties of the Chair and Vice Chair

The Chair, if present, shall preside at all meetings of Northern Development and shall have voting rights. In the absence of the Chair, the Vice Chair shall assume these duties.

7. Agenda

The Executive Coordinator to the Board shall distribute, prior to each meeting, an agenda developed by the Chief Executive Officer, in consultation with the Chair, outlining the business to be transacted at the meeting.

Each Regular Board Meeting agenda shall include at minimum: the minutes from the previous meeting, a Chair's Report, a Chief Executive Officer's Report, a Finance Committee Report and an Investment Portfolio Update.

8. Resolutions

Resolutions shall be moved and seconded, and decided by majority vote.

A resolution that is approved in writing or by telephone, video conferencing or electronic mail by a majority of the Directors is as valid as if it were passed at a properly called and constituted meeting of the Directors. Telephone or video conferenced meetings must include Minutes. Resolutions passed in

writing, via email, or by electronic poll must be ratified and recorded in the minutes at the next duly convened meeting of the Board.

Every Director present when the question is called shall vote. Any Director who abstains from voting shall be deemed to have voted in the affirmative.

If a Director disagrees with a particular course of action and is not content to have the record imply a consensus on the matter, that Director may request that his or her dissent should be recorded in the minutes.

In the event of a motion to approve multiple items in an agenda as a block, any item included in the block may be removed from the block at the request of a Director. The item removed will require an individual resolution for approval.

1.4 Review of the Northern Development Initiative Trust Act

Every five years from the establishment of the Northern Development Initiative Trust Act, the Directors must appoint a committee of external qualified individuals to review the Act and evaluate how it is functioning (see Section 23.1 (1) (2) (3) of the Act for additional information).

1.5 Bylaw Amendment

These bylaws shall not be altered or amended except by resolution passed at a regular meeting of Northern Development pursuant to the notice in writing in the agenda package of the meeting. The proposed change(s) to the bylaw must be circulated to the Directors 30 days ahead of the next regularly scheduled meeting.

Adopted: February 21, 2018

Section 2.0

Governance Policies

2.0 GOVERNANCE POLICIES

2.1 Governance and Board Composition

1. Governance Model

The Board is a governance board. The Board develops policy as a whole and has a Finance and Executive Committee with defined mandates. (see Officers and Committees). The Chief Executive Officer is responsible for the implementation of board policy, day to day operations, and management of the Northern Development Initiative Trust.

2. Due Diligence

Board members shall exercise due diligence in carrying out their responsibilities.

Board members shall:

- Ensure that practices and decisions are without suspicion and influence, while avoiding any appearance of impropriety, which might raise concerns within the organization or external to the organization. Board members must sign and commit to the Conflict of Interest and Confidentiality Agreement.
- Be informed on the incorporating legislation, bylaws, mission and all policies.
- Ensure that there are effective internal systems in all areas of corporate activity, particularly accounting.
- Be informed on board activities and general trends in community economic development.
- Attend all regular board meetings in person, commit to serve on a committee(s) and contribute to the work of the Board.
- Exercise care, diligence and skill that a prudent person would show in similar circumstances.
- Offer personal perspectives on issues, but not represent any community or business interest, but rather the interests of Northern Development area as a whole.
- Remain unified with fellow Directors in support of a decision that has been made.
- Respect and separate roles of Board and staff.

3. Fiduciary Duty

Directors have a fiduciary duty to Northern Development Initiative Trust. The legal rationale for characterizing the Director's relationship with Northern Development as fiduciary stems from the need for public confidence that the Board will not manipulate Northern Development Initiative Trust for their own benefit.

Directors must act honestly and in good faith to represent the best interests of The Corporation over those of another person or constituency. Directors must not disclose confidential information regarding Northern Development Initiative Trust.

Northern Development will not insure or indemnify a Director for legal and other costs if a Director breaches his or her fiduciary duty.

4. Director Competencies

The Board as a whole should possess all of the following core competencies, with each Director contributing knowledge and experience in at least one domain;

- a. Leadership – previous senior roles
- b. Accounting and finance
- c. Investment management
- d. Legal
- e. Information technology
- f. Marketing and Communications
- g. Previous board experience – corporate boards
- h. Previous board experience – not-for-profit boards
- i. Resource sector experience
- j. Local government experience
- k. Board governance training
- l. First Nations economic development
- m. Community economic development

Adopted: February 21, 2018

2.2 Officers and Committees

1. Board Officers

Board officers are considered to be in the service of the Board and shall only act in place of the Board when acting together as an Executive Committee in accordance with the bylaws and as delegated by the Board through policy. Board officers include: Chair, Vice Chair, and Finance Committee Chair.

2. Board Chair

The role of the Chair is to ensure the integrity of the Board processes through the following actions:

- a. Leadership of the Board, ensuring that the Board is properly informed about the operations of Northern Development and has the information and opportunity necessary to make decisions on matters within its purview;
- b. Providing feedback to the Chief Executive Officer regarding board decisions and to ensure the provision of accurate, timely and clear information in the board packages to Directors, ensuring that they can operate effectively at board meeting;
- c. Setting agendas for meetings collaboratively with the Chief Executive Officer and the Executive Committee. The Chair shall schedule board meetings in conjunction with the Chief Executive Officer. The Chair shall ensure that the Board follows corporation bylaws and policies and shall manage meetings through appropriate meeting administration practices. The Chair does not have the authority to make decisions outside the bylaws or the parameters of policies created by resolution of the Board;
- d. Monitoring meeting attendance. The Chair will discuss capacity and strategy for effective participation on the Board with any board member that does not attend at least three regular meeting (75%) per year;
- e. Communicate with the public in conjunction with the Chief Executive Officer; representing the Board's decisions at funding announcements and in media interviews. The Chair is the only board member authorized to speak for the Board, unless the Chair specifically delegates this duty to another board member;
- f. Representing Northern Development to the public, government and other organizations in conjunction with the Chief Executive Officer, and apprising the Board of the content and results of discussions;
- g. Arranging the regular evaluation of the performance of the Board, its committees and individual Directors, and the Chief Executive Officer, as well as feedback on the effectiveness of the Chair;
- h. Setting a positive tone in the relationship between the Board and staff; and
- i. Ensuring separation and "perception of separation" between the role of the Chair and that of the Chief Executive Officer. The Chief Executive Officer is responsible for the day to day operations and management of the Northern Development Initiative Trust.

3. Vice Chair

The role of the Vice Chair is to assume the duties of the Chair during his/her absence.

4. Executive Committee

The Executive Committee consists of the Chair, Vice Chair, Finance Committee Chair, and one other Director elected by the Board. The Chief Executive Officer is an Ex Officio member of the Executive Committee. The Board Chair is also Chair of the Executive Committee.

The mandate of the Executive Committee is to be the Board's primary liaison with the Chief Executive Officer. The Chief Executive Officer is responsible for the execution of board policy and directives, and for determining the means, organizational structure and management processes necessary to achieve Northern Development's objectives.

The Executive Committee has discretion to:

- a. Review draft meeting agendas and provide operations advice to the Chief Executive Officer when requested by the Chief Executive Officer;
- b. Review Trust public communications materials;
- c. Deal with matters referred from time to time by the Board;
- d. Monitor and review the Chief Executive Officer's performance annually;
- e. Authorize increases to the annual operating budget of less than 10% per annum with supporting documentation provided by the Chief Executive Officer, providing the Board is informed at the next meeting;
- f. Deal with issues referred by the Chief Executive Officer that are of a politically sensitive or time sensitive nature. Resulting decision and actions will be presented to the Board for ratification at the next duly convened board meeting.
- g. Approve Director and Regional Advisory Committee member expense claims that are not within expense policy of the Board.

5. Finance Committee

The Finance Committee consists of three Directors elected by the Board. The Chief Executive Officer and Chief Financial Officer are Ex Officio members of the Finance Committee. The Board will elect the Finance Committee Chair at the Annual General Meeting. The Finance Committee Chair will report to the Board at each meeting on recommendations and results of committee deliberations. Requests for organizational resources or staff time will be directed through the Chief Executive Officer.

The mandate of the Finance Committee is to be the Board's primary liaison with the Chief Financial Officer, Auditors, and Investment Manager(s):

The Finance Committee has discretion to:

- a. Draft and recommend investment policy to the Board. The Finance Committee shall develop Investment Policy Statements in collaboration with staff and the appointed Investment Manager(s);
- b. Recommend Investment Manager(s) to the Board and advise the Chief Executive Officer on the general terms of a contract. The Finance Committee and Executive Staff will conduct a search for Investment Manager(s) and report to the Board on the results, and any contract that the Chair of the Finance Committee and the Chief Executive Officer enter into with clarity on fee structure, duration, and services provide by the Manager(s);
- c. Be actively involved in selecting the Chief Financial Officer;
- d. Ensure that “Directors and Officers Liability” and “Omissions Insurance” are kept in good standing by The Corporation;
- e. The committee shall not be involved in operational aspects of Northern Development, and shall not exercise authority over staff, but shall advise and be informed by the Chief Executive Officer
- f. The Committee acts only under the authority and direction of the Board;
- g. Recommend an audit consultant who is authorized to be an auditor of a company under section 205 of the *Business Corporations Act* to audit the accounts, transactions and financial statements of Northern Development, and advise the Chief Executive Officer on the general terms of a contract; review recommendations for the appointment and compensation of the external auditor;
- h. Receive the auditor’s report. Review the financial information that will be provided to government and other stakeholders, and ensure that this information accurately represents the business activities of the organization;
- i. Review the systems of risk management and the internal controls established by management to:
 - I. ensure the organization’s sound financial performance;
 - II. ensure that the organization’s internal controls have integrity and will lead to the production of accurate financial statements and performance reports;
 - III. ensure that appropriate systems are in place to identify and manage risk;
 - IV. prevent financial mismanagement; and
 - V. evaluate internal controls and make recommendations to the Board on their effectiveness.

The Finance Committee shall identify education required by the committee on investment risk, strategic economic trends, new asset classes and investment instruments. The Chief Executive Officer shall ensure access to education as identified. The Directors of the Finance Committee must be able to read and understand fundamental financial statements, including the corporation’s balance sheet, income statement and cash flow statement (or be able to do so within a reasonable period of time after appointment to the Finance Committee).

Adopted: February 21, 2018

2.3 Financial Accountability

Northern Development's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and the legal requirements of provincial and federal statutes and regulators.

The annual financial report (Annual Report) will be factual and accurate in all material respects. The Annual Report will be prepared using generally accepted accounting principles (GAAP) and standards established by the Chartered Professional Accountants of Canada in all material respects.

The Annual Report will disclose:

- a. A complete set of financial statements including a balance sheet, income and expenses, project disbursements, cash flow and notes to the financial statements;
- b. Operational expenses as a percentage of the average assets during the operating year; and
- c. Approved projects and measurable economic benefits.

Adopted: February 21, 2018

2.4 Conflict of Interest and Confidentiality

“Pecuniary interest” means any interest in a matter that could monetarily affect the person either directly or indirectly, unless that interest is one that the person has in common with the general public. The pecuniary interest of a spouse or of a parent or child of the employee is, if known to the employee, deemed to be the interest of the employee.

“Personal interest” includes any interest in a matter that could benefit the person in his or her relationships with other persons or organizations or in his or her private activities, unless that interest is one that the person has in common with the general public.

1. Conflict of Interest

Board members, Regional Advisory Committee members, staff, and any consultants, must be informed and have expertise in Northern Development’s field of interest. Therefore, it is anticipated that they may be associated with organizations that, from time to time, may apply for funding.

Board members, Regional Advisory Committee members, staff, and consultants, having a direct or indirect interest in an applicant organization, or who may, directly or indirectly, benefit from a decision of the Board or the Regional Advisory Committee shall declare their interest and absent themselves from any discussion concerning the application.

Conflict of Interest also includes being the author of an application or being on the board, an elected official, or an employee of the organization applying for funding.

While it is recognized that Directors and Regional Advisory Committee members work for or have associations with organizations relevant to the work of Northern Development, Board Directors and Regional Advisory Committee members are elected/appointed to represent the interests of the entire Trust area, and not as representatives of other organizations, or specific local governments.

Board members, Regional Advisory Committee members, staff, and consultants, must not use information obtained in the performance of duties and that is not available to the general public to further individual pecuniary or personal interest, or for any purpose other than for the performance of their duties.

Board members, Regional Advisory Committee members, staff, and consultants shall notify the Chief Executive Officer of any pecuniary or personal interest, in any enterprise which proposes to transact business with Northern Development or of any pecuniary or personal interest in any property that will be, or is the subject of, an application to Northern Development.

Board Directors and Regional Advisory Committee members shall avoid any situation which could impair judgement in the performance of duties or which could compromise the ability to perform these duties impartially or fairly.

The "Conflict of Interest Declaration" must be completed by all Board and Regional Advisory Committee members, staff and consultants. This declaration identifies associations with other organizations that may be related to either the investment or funding activities of the Northern Development.

2. Confidentiality

Directors shall hold in strictest confidence all matters addressed by the Board during in-camera meetings and matters relating to personnel. The duty of confidentiality continues indefinitely after a Director has left the Board. A confidentiality agreement will be signed by all Directors, staff and consultants of Northern Development. All Regional Advisory Committee members shall also sign this policy.

Applications are submitted to the Northern Development to allow staff, consultants, Regional Advisory Committees and the Board to determine the qualifications of the applicant organization and the project for which funds are requested. This information must remain confidential.

Regional Advisory Committee and Board members who receive copies of applications in advance of the committee or board meetings may make enquiries about the applicant organization through their own contacts. However, the submitted application materials must not be shown to a reference, nor should specifics be quoted, without the permission of the applicant.

Board members shall not disclose the committee's deliberations or the recommended outcome prior to the authorization of the Board and Chief Executive Officer after board decision meetings. The outcome of the funding application will be communicated by the Chief Executive Officer.

3. Freedom of Information and Protection of Privacy Act

The Board and staff of the Northern Development are required to comply with the provincial *Freedom of Information and Protection of Privacy Act*. All requests for information from the public must be directed to the Executive Coordinator. The Coordinator shall work with the Chief Executive Officer to ensure that informal requests are compiled within a timely manner (within 30 days), and in accordance with the Act and regulations and this policy. Care will be taken in the handling of public information requests to ensure that staff is responsive, and more formal written requests including the Freedom of Information Commissioner and legal processes are not the norm. Where information cannot be released in keeping with the Act and generally for one of the reasons below, the Chief Executive Officer will communicate in writing with the party requesting the information.

Board meeting minutes other than those from “in-camera” meetings will be released on request after the Board has approved the draft minutes by resolution. This is generally done at the next scheduled board meeting and after the meeting decisions are made public by the Northern Development newsletter.

Regional Advisory Committees are part of Northern Development Initiative Trust structure by legislation, and their minutes are also subject to release if a request is received after the Regional Advisory Committee has approved them. All Board and Regional Advisory Committee minutes shall reflect decisions only, and not discussion.

The cost of information requests that require more than minimal staff time for data assembly will be billed to the requestor, consistent with Provincial legislation.

Adopted: February 21, 2018

2.5 Code of Conduct

Board members are expected to:

- a. Attend all regular board meetings in person;
 - I. Regrets are to be communicated to the Chair;
 - II. Telephone conferencing will be available for board members unable to attend a regular board meeting, special board meeting, or committee meeting in person
- b. Know the corporate mandate; its mission, vision and objectives; its operations; and its by-laws;
- c. Act objectively and in the best interest of the corporation;
- d. Prepare for board meetings and committee meetings by reviewing all agenda material including reports;
- e. Keep careful notes at meetings, and review all meeting minutes;
- f. Act consistently with policy to avoid conflict of interest, and maintain board confidentiality;
- g. Value collaboration, consensus building, respect for others, and principle based behaviour;
- h. Ensure that the Board communicates with one voice and based on formal board decisions only;
and
- i. Ensure that all board discussions remain confidential.

Adopted: February 21, 2018

2.6 Risk Management

1. Bylaws

Bylaws and Governance Policies will be reviewed every two years and will be distributed to all Directors with orientation of new Directors.

2. Insurance

Northern Development will maintain a \$5 million policy for “Directors and Officers Liabilities” and “Omissions Insurance”.

Northern Development will maintain a \$1 million fidelity bond.

Northern Development will maintain a minimum of \$200,000 property and \$2 million general liability insurance.

Vehicles used by Directors or staff for the business of Northern Development will maintain a minimum of \$5 million in general liability insurance.

3. Criminal Records Check

Northern Development will maintain on file a criminal records check for all staff and all Directors with signing authority, which detail whether there have been any investigations or convictions for criminal activity.

4. Compliance with Statutory and Regulatory Requirements

All annual and strategic plan reporting required by the Northern Development Initiative Trust Act, Canada Revenue Agency, Companies Act, Freedom of Information and Protection of Privacy Act, and Business Corporations Act will be filed by the Chief Executive Officer and reported to the Board.

5. Corporate Records

The following corporate records will be maintained by the Corporation:

- a. Charter documents (Act and Regulations)
- b. Bylaws;
- c. Register of addresses, dates of election, appointment/resignation of Directors;
- d. Directors and officers;
- e. Duplicate filed copies of all government filings;
- f. Copies of annual meeting calendar or notice of meetings;
- g. Minutes of the Board organized in date order including:

- I. Appointment, resignation and removal of Directors and Officers;
- II. Appointment of the auditor;
- III. Approval of all corporate resolutions;
- h. Policies; and
- i. Copies of financial statements and tax returns.

7. Business Continuity Plan

Staff shall maintain a business continuity plan to protect against computerized or paper records loss, computer hacking, and the event of fire or earthquake.

Adopted: February 21, 2018

2.7 Planning

1. Strategic Plan

The Board, with the assistance of staff, shall develop a minimum of a rolling three-year strategic plan for all accounts (see section 12.1 (1) (2) (3) of the Act). The recommendations of the Regional Advisory Committees will be duly considered by the Board in Regional Development Account strategic planning.

The three-year strategic plan will be submitted to the provincial Minister responsible for the Trust and posted on Northern Development's website by December 31st of each year.

2. Annual Operating Plan

The Chief Executive Office, and staff, shall develop an annual operating plan based on the strategic plan, board policies, and investment financial returns.

The annual operating plan must contain specific objectives, expected results, operational budget, and a general disbursement plan based on the guidance provided by the strategic plan. Targets set in the operating plan will be used annually to measure the benefits of Northern Development to the economy of Northern Development area.

The Chief Executive Officer shall present the annual operating plan to the Board for review, amendment and approval at the first meeting of the year.

3. Annual Report

The Chief Executive Officer shall develop the Annual Report for the previous calendar year and have it adopted by the Board by April 30th of each year. The Annual Report will include the following:

- Goals set by the annual operating plan for the preceding fiscal year, indicating how those goals have been met and how those achievements met the intent of the purposes identified in section 18 of the Northern Development Initiative Trust Act;
- A comparison of actual results with the expected results for the preceding fiscal year; and
- Audited financial statements.

A copy of the Annual Report will be provided to each of the Regional Advisory Committees, and will also be posted on the website for the public (see section 12.2 (1) (2) of the Act).

Adopted: February 21, 2018

2.8 Chief Executive Officer

1. Appointment and Performance Management

Recruitment, selection, contract negotiation, and recommendation of a candidate's appointment as Chief Executive Officer is the responsibility of the Board, but may be delegated to a task group of the Board. The Board shall endorse an appointment by resolution prior to the position being offered to a candidate.

The Executive Committee shall conduct annual performance monitoring of the Chief Executive Officer in collaboration with the Chief Executive Officer. The Executive Committee is responsible for negotiating increments to salary.

Performance Monitoring Procedure:

The Chief Executive Officer is the sole official link between the Board of Directors and the organization that it governs. The responsibilities of the Chief Executive Officer lie in the exercise of delegated authority and compliance within parameters established by board policy and directives.

At the beginning of each fiscal year, the Chief Executive Officer will draft the objectives for that year and present them to the Board.

After the end of each fiscal year, the Executive Committee will undertake a formal evaluation of the performance of the Chief Executive Officer. This evaluation may include the following submissions: a written self-evaluation of performance by the Chief Executive Officer summarizing the achievement of annual objectives, as well as feedback on the Chief Executive Officer's performance solicited from staff, board members and stakeholders. The Executive Committee will prepare a written evaluation and will meet with the Chief Executive Officer to discuss the same.

The process of evaluation needs to occur in a manner that is fair and transparent. In this way, the Board of Directors will also demonstrate their commitment to accountability.

2. Termination

The Board as a whole is responsible for terminating the employment contract of the Chief Executive Officer. Dismissal requires two-thirds approval of the Director positions normally filled, regardless of vacancies, at a meeting duly called to consider such action.

3. Executive Authority

The Board delegates responsibility for execution of board policies to the Chief Executive Officer. The Chief Executive Officer is responsible within the parameters established by the Board for determining the methods by which the Board's directions and policies will be executed and the desired outcomes achieved.

The Chief Executive Officer is authorized to speak on behalf of Northern Development. This authority can be delegated to the Director of Marketing and Communications or staff of Northern Development.

All board responsibilities delegated to staff and consultants will be delegated through the Chief Executive Officer so that the authority and accountability of staff derives from the authority and accountability of the Chief Executive Officer.

The Chief Executive Officer or the Chief Financial Officer shall sign correspondence regarding Northern Development programs or projects. The Chair, if available, shall review correspondence to senior provincial and federal politicians and sign the correspondence via electronic signature. The Chair may delegate the signature block to the Chief Executive Officer, so that enquiries of a technical nature are handled by the Chief Executive Officer.

The Board of Directors as a group, rather than individual Directors, Officers, or Committees, are responsible for providing direction to the Chief Executive Officer through board policies and resolutions.

The Chief Executive Officer is responsible for all recruitment, salary and contract negotiation for staff within the parameters of the annual operating budget. The Chief Executive Officer is responsible for ensuring that annual performance evaluations are completed with all staff.

The Chief Executive Officer is responsible for the delivery of programs. Administrative costs will not exceed the annual operating budget (including any increases authorized by the Executive Committee). The Board will be updated with a financial summary on the operating budget at each meeting.

The Chief Executive Officer shall respond to all media enquiries from press conferences, e-news distribution or program announcements unless they are delegated to the Director of Communications. If there is a media enquiry that appears to be of a controversial nature, the Chief Executive Officer shall brief the Chair and seek the advice of the Chair on the response. If the media is insistent on speaking with the Chair, the Chair will be fully briefed on all background by the Chief Executive Officer prior to the interview. When possible, Northern Development staff shall arrange the interview time and location on behalf of the Chair.

The Board delegates approval authority to the Chief Executive Officer for a set of Northern Development funding programs that limit the maximum grant amount, as well as Northern Development's business incentives. The Chief Executive Officer has been delegated authority to approve applications to these projects only when the following conditions are met:

- a. The scorecard assessment resulting from staff due diligence qualifies the project based on the proposed job creation, revenue generation, and economic outcomes of the project.
- b. The appropriate Regional Advisory Committee has provided a resolution of support for the project, where it is required by policy.

In instances where the Regional Advisory Committee has supported an application that is not qualified by the scorecard assessment, or where a loan is requested, the application must be reviewed by the Board to secure funding approval.

<i>Funding program or business Incentive</i>	<i>Maximum grant per project</i>
Business Façade Improvement	\$20,000
Capital Investment Analysis	\$10,000
Community Foundation Matching Grants	\$50,000
Community Halls and Recreation Facilities	\$30,000
Competitiveness Consulting Rebate	\$30,000
Economic Development Capacity Building	\$50,000
Fabulous Festivals and Events	\$5,000
Grant Writing Support	\$8,000
Internships	\$40,000
Marketing Initiatives	\$20,000
Innovation Fund	\$50,000
Connecting British Columbia	Project dependent
Love Northern B.C.	Approvals within the annual program budget as approved by the Board

Adopted: February 21, 2018

2.9 Appointment of the Chief Financial Officer

The recruitment, selection and appointment of the Chief Financial Officer are the responsibility of the Chief Executive Officer in consultation with the Finance Committee. The Board shall endorse the appointment by resolution at the next regularly scheduled meeting. Endorsement is not required before the Chief Financial Officer commences employment and the probationary period.

Adopted: February 21, 2018

2.10 In-Camera Meetings

1. With Management Present

The Board is considered a 'local public body' and may meet in-camera if they are dealing with matters related to:

- a. Personal information about an identifiable individual who holds or is being considered for a position as a Director or employee;
- b. Labour relations or other employee relations;
- c. The acquisition or disposition of land or improvements by an applicant or the Northern Development Initiative Trust Corporation;
- d. Litigation or potential litigation affecting the Northern Development Initiative Trust;
- e. The receipt of advice that is subject to solicitor-client privilege;
- f. Information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the Freedom of Information and Protection of Privacy Act;
- g. Discussions with executive and employees regarding Trust objectives, measures and progress reports for the purposes of preparing an annual report;
- h. The consideration of applications for funding and information received and held in confidence relating to negotiations between Northern Development and an applicant or any level of government, or between a level of government and a third party; and
- i. Any material which may present potential harm to Northern Development or an applicant if the substance of deliberations is revealed before, or too soon after, the issues were considered or revealed prior to being ready for public review. The Chair under Section 12(3) of the Act, has the discretion to refuse to disclose information that would reveal draft resolutions, the substance of deliberations of an in-camera meeting, staff recommendations to the Board, or records that would be an unreasonable invasion of a third party's privacy or business interests. The Chair may also refuse to disclose information that is subject to solicitor client privilege.

2. Without Management Present

It is a practice for members of a board to have an opportunity to meet without the Chief Executive Officer or other management representatives in attendance.

At the end of each meeting, the Chair may enter into an in-camera board meeting without management to discuss board performance and interaction. The Chair shall inform the Chief Executive Officer of the content and results of the discussion as it pertains to regular Trust business.

Adopted: February 21, 2018

2.11 Policy Development Process

Northern Development sets policy through resolution of the whole board.

The Chief Executive Officer shall be directed by the vision, mandate and legislation, to draft operational policy and procedures that contribute to achieving the Board's vision.

The Board as a whole may also direct the development of specific policies with suggested content to the Chief Executive Officer.

The Chief Executive Officer shall work with the staff, subject matter experts, and individual board members with relevant expertise, in researching and drafting the policy. Draft policy will be circulated in the meeting agenda package. The Board has three choices:

- a. Adopt the policy, with or without direction for minor revisions;
- b. Refer the policy back to the Chief Executive Officer with guidance for further development of the policy; or
- c. Defeat the policy draft. In this case, there will be open board discussion that provides reasons and concerns.

Adopted: February 21, 2018

Section 3.0

Financial Management Policies

3.0 FINANCIAL MANAGEMENT POLICIES

3.1 Investment Policy

The goal of the investment policy is to:

- a. Outline Northern Development's investment principles
- b. Provide guidelines to maximize return on investment in a prudent and diversified manner
- c. Provide adequate income and ensure distribution and investment priorities outlined in the strategic plan are achieved

The investment policy shall also ensure that Northern Development conforms to the requirements of applicable federal and provincial statutes and legislation, the Income Tax Act and the Trustee Act. As such, the Northern Development Board, in carrying out its duties and responsibilities, agrees to exercise such competence and skill as may be expected of careful and diligent investment management.

3.2 Roles and Responsibilities - Financial

1. Board of Directors

The Board of Directors shall elect the Finance Committee and appoint the Investment Manager. The Board shall review and approve the Statement of Investment Policies and Procedures (SIPP), Investment Manager performance, and the results of any new Investment Manager search by the Finance Committee and executive staff. Negotiation of a contract for investment management will be delegated to the Finance Committee and executive staff. The Finance Committee shall present the proposed contract and an overview of the search process to the Board for ratification.

The Board of Directors shall monitor the results of the market investments quarterly and ensure compliance with the SIPP bi-annually, based on the report of the Finance Committee.

2. Role of the Investment Manager(s)

The Investment Manager(s) shall invest assets of Northern Development according to the Trustee Act and the approved SIPP of Northern Development.

The Investment Manager(s) shall participate in the development of the SIPP with the Finance Committee and executive staff, and shall remain fully aware of amendments to the investment policy. The Investment Manager(s) shall provide a review of fund/account performance as well as the expectations on the economic and financial market outlook and related investment strategies at least four times annually. Reports on income and disbursements from each account will be tracked by the Chief Financial Officer and will be available to the Board, and Regional Advisory Committees, if requested.

The Investment Manager(s) shall be responsible for ensuring that the Finance Committee is knowledgeable about new asset classes or investment instruments and their impact on Northern Development's asset management objectives.

The Investment Manager(s) shall provide a letter to the Board confirming compliance and/or detailing any guideline that has been breached.

3. Oversight of the Investment Manager(s)

As required, the Finance Committee in consultation with the Chief Executive Officer may engage the services of an independent investment consultant to review the performance of the Investment Manager(s) relative to appropriate indexes and peer performance. The consultant may also make recommendations on the value in the “fee structure” charged for investment management, and make other recommendations designed to inform the Finance Committee and demonstrate due diligence and fiduciary responsibility by the Committee and the Board.

Adopted: February 21, 2018

3.3 Economic Development Loan Risk Policy

Northern Development supports community economic development projects that contain inherent risks and are often not considered commercially bankable. Northern Development recognizes that there is risk that some of its loans and loan guarantee funds will inevitably be unrecoverable. This is an expected outcome when loans and loan guarantees are made for the purposes of economic development.

Northern Development shall endeavour to collect loan principal repayment along with any interest amount owed through commercially reasonable means, and shall exercise its right to security where applicable. It is recognized and accepted, however, that loans and loan guarantees may effectively become grants in exceptional cases, and are not intended to fully replace a financial return on market investments.

Adopted: February 21, 2018

3.4 Financial Operations

1. Authorized Signatories and Accounts Payable:

The Chief Executive Officer and the Chief Financial Officer shall be the primary signatories on all accounts payable cheques. If one of those two signatures are unavailable and time is of the essence, a local Board Director with signing authority shall sign after reviewing the supporting documentation.

These authorizations remain in place for all values of banking documents, consistent with the annual operating budget or approved project spending previously ratified by the Board.

Two signatures will be required on all cheques.

All cheques must have supporting invoices, claim cover sheets, or other information attached for review before signing.

All blank cheques will be secured in a locked fire safe cabinet when not in use.

The Chair's signature is required on CEO expense forms and electronic fund transfers where operational bills are not paid via cheque.

2. Financial Statements

The Finance Committee and the Chief Financial Officer shall present year to date financial statements (unaudited) to the Board at each meeting.

The statements will reflect year to date activity (actual to budget) to the period one quarter previous to the current month. Material variances from budget will be explained.

3. Authorization Limit

The Chief Executive Officer is authorized to purchase or order items within Northern Development's approved annual operating budget. This authorization may be delegated to staff, but the Chief Executive Officer will review and sign receipts for purchases exceeding \$1500.

The Chief Executive Officer or the Chief Financial Officer are authorized to approve the transfer of funds from the Operating Endowment investment account to Northern Development's general operating account as per approved budget requirements.

The Executive Committee is authorized to approve Director and Regional Advisory Committee member expense claims which are not within the expense policy of the Board, but must provide a rationale for records.

4. Contract Authorization

The Chief Executive Officer is authorized to sign and enter into contracts for services within Northern Development's approved annual operating budget. The Chief Executive Officer may delegate this authority to the Chief Financial Officer.

The Chief Executive Officer and the Chief Financial Officer are authorized to enter into contracts consistent with board resolutions and project approvals. If the Chief Executive Officer and Chief Financial Officer are unavailable and time is of the essence, the Chair may sign the contract.

5. Year End Audit

Northern Development's fiscal year end is December 31st.

All materials, adjustments and reconciliations required for the year-end audit must be completed forty-five days following the year end for presentation to Northern Development's auditor.

The audited financial statements will be presented to the Directors as soon as possible following the annual audit. This will generally occur at the spring Annual General Meeting of Northern Development.

The audited financial statements will be presented to the Auditor General of B.C. by April 30th each year.

3.5 Expense Reimbursement

Expense claims (and associated receipts) must be received by Northern Development office a maximum of thirty days following the meeting date. In the event of extenuating circumstances while traveling, claims must provide a brief explanation for any costs in excess of the normal charges.

Board members and Regional Advisory Committee members may claim the following expenses:

1. Hotel:

Due to lengthy travel distances in some regions, a hotel stay may be required to facilitate members' attendance at meetings. Board members and Regional Advisory Committee members that are elected local government officials are eligible for the municipal rate when booking rooms and that rate should be requested at the time of booking. Miscellaneous charges for mini-bar, movies, or alcoholic beverages, etc. will not be reimbursed.

2. Airfare:

Return airfare costs may be incurred to attend meetings. These expenses should be the most direct flight option available and will be paid upon receipt of the paid invoice.

3. Mileage:

This expense is for use of a personal vehicle to attend meetings. Return mileage from the member's home location to the meeting location is claimable at a rate of \$0.53 per kilometre.

4. Meals and Per Diem:

The per diem allowance is designed to cover all meal and gratuity costs for the member to attend the meeting. Members of the Board and Regional Advisory Committee are entitled to claim \$100.00 per diem for each meeting day in lieu of out of pocket expenses. Where travel is required, if the member leaves prior to 12:00 noon to travel to the meeting, he/she is entitled to claim \$100.00 full day per diem. If the member leaves after 12:00 noon, he/she is entitled to claim a ½ day per diem of \$50.00. Members who attend meetings via conference call are entitled to claim \$75.00 per diem for out of pocket expenses.

5. Miscellaneous Expenses:

Incidental expenses incurred in the normal course of attending a meeting (e.g. taxi, parking, and/or telephone charges) may be claimed. All receipts must be attached. Northern Development will not accept claims for fines or dues.

3.6 Monetary Donations in Memory of Deceased Directors and Staff

In the event that an active Director on the Northern Development board or an employee of Northern Development should pass away, a donation from the Northern Development board in memory of that person in the amount of \$1,000 will be made to a trust fund, scholarship fund or other fund as directed by the family of the deceased.