
METIS SETTLEMENTS GENERAL COUNCIL

BUSINESS ACTIVITIES POLICY

(Metis Settlements Act)

Policy GC-P9802
Adopted June 4, 1998

PART 1 CONTEXT

1.1 Background

The Metis Settlements Act gives each settlement corporation the rights, powers and privileges of a natural person. However, the settlement council cannot carry out commercial, financial and investment activities unless it is authorized by a General Council Policy and permitted by a settlement by-law or the activity is approved under a regulation.¹

1.2 Purpose

The purpose of this Policy is to provide authority to carry out activities under section 3 of the Act and to provide a model by-law which enables the settlements to carry out these activities in all of the settlement areas.

1.3 Definitions

In this Policy *Act* means the *Metis Settlements Act* and terms defined in the *Act*, or regulations made under it, have the same meaning when used in this Policy, unless the context makes such an interpretation unreasonable

1.4 Authorization

Every settlement council may carry out any or all of the following activities:

- (a) engage in commercial activities,
- (b) make investments other than those described in Schedule 2 of the *Act*,
- (c) lend money,
- (d) borrow money,
- (e) guarantee the repayment of a loan by a lender to someone other than the settlement, or
- (f) guarantee the payment of interest on a loan by a lender to someone other than the settlement.

PART 2 - GENERAL

2.1 Replacement of Previous Policy

This Policy rescinds and replaces General Council Policy GC 90005i and General Council Policy GC-P9702.

¹ For reference see sections 3 and 222(1)(f) and Schedule 1, section 19(f) of the *Metis Settlements Act*

2.2 Application of Model By-law

The model by-law included with this Policy as Schedule A applies to each settlement area until amended or repealed by settlement council.

Business Activities Policy

Schedule A

BUSINESS ACTIVITIES BYLAW (*Business Activities Policy Model Bylaw*)

PART 1 - CONTEXT

1.1 Background

The Metis Settlements General Council *Business Activities Policy* authorizes the settlement to carry out commercial, financial and investment activities. Under the *Metis Settlements Act* the settlement can make by-laws to implement the Policy and a General Council Policy can contain a model by-law that applies to settlement areas as if it were made by the settlement council.¹

1.2 Purpose and Application

The purpose of this model by-law is to enable the settlement to carry out the commercial, financial and investment activities authorized by the Business Activities Policy.

1.3 Definitions

In this By-law

- (a) *Act* means the *Metis Settlements Act*;
- (b) *business project* means any corporate or other structure or any agreement, arrangement or other method entered into or used to engage in commercial, financial or investment activity for the purpose of making a profit;
- (c) *commercial activity* means the buying, selling or dealing with goods or services, but does not include **non-commercial activities**;
- (d) *financial activity* means lending money, borrowing money, or guaranteeing the repayment of a loan or interest on a loan to someone other than the settlement;
- (e) *investment activity* means an expenditure to acquire property or other assets for the purpose of making a profit;
- (f) *non-commercial activity* means an activity listed in the attached Schedule of Non-Commercial Activities which
 - (i) provides goods or services within the geographical boundaries of the settlement or other settlements, and
 - (ii) is for the purpose of generating revenue but not profit;
- (g) *security* means a share or a debt obligation of a corporation or a certificate evidencing such a share or debt obligation, a bond, debenture, trust certificate, guaranteed investment certificate or receipt, certificate of deposit, deposit receipt, bill, note and mortgage of real estate or leasehold, unit or share of a mutual or pooled fund or real estate investment trust and includes a right or interest in respect of a security;

and terms defined in the *Act*, or regulations made under it, have the same meaning when used in this By-law, unless the context makes such an interpretation unreasonable.

1.4 Footnotes

The footnotes in this By-law are part of the By-law and are included to help with interpretation.

¹For reference see the *Metis Settlements Act* s.3(2), s.222(1)(f), s. 228 and s. 19(f), Schedule 1.

PART 2 - BUSINESS ACTIVITIES

2.1 Permission To Carry Out Activities

- (1) Subject to this by-law, the settlement council may carry out any or all of the following activities:
 - (a) engage in commercial activities,
 - (b) make investments other than those described in Schedule 2 of the *Act*,
 - (c) lend money,
 - (d) borrow money,
 - (e) guarantee the repayment of a loan by a lender to someone other than the settlement, or
 - (f) guarantee the payment of interest on a loan by a lender to someone other than the settlement.
- (2) The settlement council may engage in financial activities in support of non-commercial activities if it does so in accordance with this by-law.

2.2 Business Investments²

- (1) A settlement council can participate in a business project only if the council has
 - (a) decided that the project represents a reasonable balance of risk and potential return,
 - (b) considered whether the project is consistent with the settlement business plan, if any is in effect,
 - (c) considered or applied any other criteria for evaluating business projects established by the council or by settlement by-law, and
 - (d) provided public notice of the project to settlement members specifying:
 - (i) the purpose of the project,
 - (ii) the amount of settlement funds to be committed initially and that may be required to be committed in the future,
 - (iii) other estimated potential costs of the project to the settlement in the future, and
 - (iv) how funds will be obtained and used to meet the present and future obligations of the settlement relating to the project.
- (2) A settlement council is said to participate in a business project if it causes the settlement to participate in the ownership, control or operation of the project by
 - (a) being a partner in the project,
 - (b) directly or indirectly owning shares in the project,
 - (c) lending the project money,
 - (d) guaranteeing payment of a loan or interest on a loan made by a lender to the project, or
 - (e) entering into any other agreement or arrangement under which financial responsibility is accepted in whole or in part with respect to the project.
- (3) At the annual meeting of residents called under section 5 of the *Act*, the council must report on the financial and business condition of all of the business projects in which the settlement is then participating. Council must advise of the condition of each project as it stood at the end of the immediately preceding financial year.

²In addition to the requirements under this by-law for use of the settlement fund for participation in a business project, s. 159 of the *Act* requires any expenditure from the fund to be in accordance with a settlement budget by-law or an amendment to that by-law.

PART 3 - FINANCIAL ACTIVITIES³

3.1 Requirements For Loans and Guarantees

- (1) The settlement council may only lend money or guarantee the repayment of a loan if
 - (a) the council considers that the money loaned or money obtained under the loan that is guaranteed will be used for a purpose that will benefit the settlement, and
 - (b) the council applies the criteria, if any, established by the council or by settlement by-law for making decisions on loans or guarantees.
- (2) In the case of loans, the council must provide public notice to settlement members that sets out
 - (a) the amount of money to be loaned,
 - (b) the purpose(s) for which the money that is loaned is to be used,
 - (c) the minimum rate of interest, the term and the terms of repayment of the loan, and
 - (d) the source(s) of the money to be loaned.
- (3) In the case of guarantees, the council must provide public notice to settlement members that sets out
 - (a) the amount of money to be borrowed under the loan to be guaranteed,
 - (b) the purpose(s) for which the money is borrowed,
 - (c) the rate of interest under the loan or how the rate is calculated, the term and the terms of repayment of the loan, and
 - (d) the source(s) of money to be used to pay the principal and interest owing under the loan if the settlement is required to make such payments under the guarantee.

3.2 Requirements For Borrowing

- (1) The settlement council may only make a borrowing if the council provides public notice to settlement members that sets out
 - (a) the amount of money to be borrowed,
 - (b) the purpose(s) for which the money is borrowed,
 - (c) the maximum rate of interest, the term and the terms of repayment of the borrowing, and
 - (d) the source(s) of the money to be used to pay the principal and interest owing under the borrowing.
- (2) Council must ensure that the money obtained by a settlement under a borrowing is used for the purpose(s) for which it is borrowed.
- (3) The term of a borrowing made for the purpose of financing a capital property may not exceed the probable lifetime of the capital property.

3.3 Requirement for Securities and Investments

The settlement council may invest in securities or investments other than those invested in under section 2.2 of this bylaw or those described in Schedule 2 of the Act if the security or investment has been recommended by a qualified professional financial advisor of the settlement as a low risk investment.

³In addition to the requirements under this Part for financial activities, s. 159 of the Act requires any expenditure from the settlement fund, including expenditures that may be required to make payments under a loan guarantee, to be in accordance with a settlement budget by-law or amendment to that by-law.