

**RESOLUTION 75-01**

**THE MINNESOTA CHIPPEWA TRIBE**

**FINANCIAL CONTROLS AND INVESTMENT ORDINANCE NO. 1**

**WHEREAS**, the Constitution of the Minnesota Chippewa Tribe was adopted to promote the general welfare of the members of the constituent Bands of the Tribe (Article 1, Section 3); and,

**WHEREAS**, the Constitution of the Minnesota Chippewa Tribe, gives the Tribal Executive Committee the power “to administer any funds within the control of the Tribe.” (Article 3. Section 1(d)); and,

**WHEREAS**, the Minnesota Chippewa Tribe has, from time to time, funds of such amount as to warrant and require investment in the best interests and to promote the general welfare of the tribe; and

**WHEREAS**, Good and prudent government practices require procedures and controls for the investment of such funds as may become available from time to time for investment; and

**WHEREAS**, the Constitution of the Minnesota Chippewa Tribe gives the Tribal Executive Committee the power to delegate its authorities to such persons as it sees fit. (Article 5. Section 1(i)).

**NOW THEREFORE BE IT RESOLVED**, that the following Tribal Financial Controls Ordinance is hereby adopted and shall govern matters and procedures regarding the investment of tribal funds.

Section 1. Investment Board – Investment decisions shall be vested in an Investment Board consisting of the members of the Tribal Executive Committee, Legislative Subcommittee. Decisions shall be made by majority vote of the Board, and the signature of at least two members is required for authorization of any transaction. The Tribal Treasurer will serve as Chairman of the Investment Board.

Section 2. Powers and Responsibilities of the Investment Board – The Investment Board shall have the following powers:

- A. To select such agents, brokers and consultants as are required to assist and enable the Investment Board to execute such investments as are allowed under the terms of this Ordinance.
- B. To make such investments as may be considered necessary and prudent under the terms of this Ordinance.
- C. Monitor on an ongoing basis, and report to the Tribal Executive Committee (TEC) at each regularly scheduled meeting of the TEC, the status and performance of such investments as may be made pursuant to this Ordinance.
- D. To establish such accounts as are necessary and prudent to manage the funds available for investment.

Section 3. Investment Standard – The Investment Board shall have a fiduciary duty to the MCT over funds invested pursuant to this Ordinance, and shall do so under the “Prudent Investor” standard. This standard means that the Investment Board must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. This standard is to be applied to specific investments limited to some or all the following categories and instruments:

A. Types of Permissible Assets. All assets selected for investment must have a readily ascertainable market value, and must be readily marketable. The following types of investments are permissible, subject to the limitations of subsection (B) of this section:

1. United States Government and Agency Securities (U.S. Treasury bills, notes and bonds);
2. Government money market funds;
3. Collateralized certificates of deposit; and
4. Corporate bonds rated “A” or better.

B. Limitation on permissible investments. The permissible investments identified under subsection A. are subject to the following limitations:

1. Fixed income investments:

- a. Quality: Marketable bonds at the time of purchase must be rated “A” or better
- b. Concentration by issuer: No limitations are placed on investments in United States Government-guaranteed obligations (including fully guaranteed federal agencies).
- c. Maturity: No fixed income security should have a maturity of longer than ten years at the time of purchase.

2. Commercial Paper:

- a. Quality: Must have a rating of not less than A1 by Standard & Poor’s or P1 by Moody’s.
- b. Concentration by Issuer: Investment in any one issuer shall not exceed 5% of total assets at the time of purchase.

3. Certificates of deposit which are collateralized to the full extent of the market value of the instrument.

C. Prohibited Investments. The following types of assets or transactions are expressly prohibited:

1. Equities;
2. Commodities;
3. Futures;
4. Unrestricted letter stock;
5. Foreign securities other than those listed on the New York Stock Exchange;
6. Private placements;
7. Warrants;

8. Purchasing of securities on margin;
9. Selling short;
10. Real Property;
11. Any other investments that exceed the risk tolerance level expressed in this Ordinance;  
and,
12. Initial public offerings.

D. Asset Allocation. It is the policy of the Investment Board to invest assets in accordance with the maximum and minimum range for each category as stated below:

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy</u>	<u>Maximum</u>
Common Stocks	0%	0%	0%
Fixed Income	80%	90%	100%
Short-Term Investments	0%	10%	20%

The Asset Mix Policy and acceptable minimum and maximum ranges established by the Investment Board represent a long-term view. As such, rapid and significant market movements may cause the actual asset mix to occasionally fall outside the policy range, but it is expected that any divergence will be of a short-term nature.

Section 4. Conflicts of Interest –

- A. The Investment Board may not authorize investment in any entity in which any Board member, member of the TEC, or member of a Band RBC, or any person having a first-degree blood or spousal relationship with such member, or member of the person's household, has a direct financial interest in excess of 1%. No person included under the terms of this Section shall act as agent, broker or consultant under Section 2. A. of this Ordinance, nor directly benefit, except by virtue of their membership in the Minnesota Chippewa Tribe, from any investment made pursuant to this Ordinance.
- B. The investment Board may not authorize an investment in any business venture owned in excess of 1% by any Band of the MCT. Accounts bearing interest may be established at any bank or other financial institution chartered by the federal government, including those owned in whole or in part by a Band of the MCT. The Investment Board may employ or contract as agent, broker or consultant, a federally chartered and regulated financial services corporation including those owned in whole or in part by a MCT Band or Band entity.

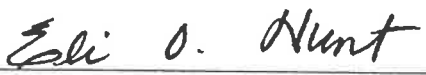
Section 5. Enforcement – any breach of this agreement shall be grounds for action against the offending party under Article 10 of the Constitution of the Minnesota Chippewa Tribe, or, where relevant, the personnel policies of the MCT. Any party who receives any benefit from investments made in violation of Sec. 4 of this Ordinance shall be dismissed, held responsible for disgorgement and repayment of such benefit, and subject to prosecution to the full extent of the law for any relevant and material criminal sanctions. The terms of this Section are enforceable through civil or criminal action commenced by the Tribe or the federal government in any court of competent jurisdiction.

Section 6. Sovereign Immunity – Nothing in this Ordinance waives the sovereign immunity of the Minnesota Chippewa Tribe, nor of any Constituent Band's thereof.

Section 7. Interpretation – This Ordinance is to be interpreted consistent with the terms and provisions of the Uniform Fiduciaries Act. Providing, the Investment Board is to act consistent with the requirements of fiduciary to the benefit of the MCT under the terms of the Uniform Act.

We do hereby certify that the foregoing Resolution was duly presented and acted upon by a vote of 11 For, 0 Against, 0 Silent, at a Regular Meeting of the Minnesota Chippewa Tribal Executive Committee, a quorum present, held on January 25, 2001, at Onamia, Minnesota.

  
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Peter J. DeLoe, President  
THE MINNESOTA CHIPPEWA TRIBE

  
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Eli O. Hunt, Secretary  
THE MINNESOTA CHIPPEWA TRIBE