

FOND DU LAC RESERVATION BUSINESS COMMITTEE
ORDINANCE #03/98, AMENDED
INVESTMENT POLICY & STATEMENT OF AUTHORITY

Adopted by Resolution #1083/98 of the Fond du Lac Reservation Business Committee on March 26, 1998.
Amended by Ordinance #02/02 adopted by Resolution #1227/02 of the Fond du Lac Reservation Business Committee on June 6, 2002.

Amended by Ordinance #02/05 adopted by Resolution #1042/05 of the Fond du Lac Reservation Business Committee on February 15, 2005.

Amended by Ordinance #07/05 adopted by Resolution #1340/05 of the Fond du Lac Reservation Business Committee on November 18, 2005.

Amended by Ordinance #09/10 adopted by Resolution #1401/10 of the Fond du Lac Reservation Business Committee on November 9, 2010.

Amended by Resolution #1109/12 of the Fond du Lac Reservation Business Committee on April 11, 2012.

Amended by Resolution #1032/15 of the Fond du Lac Reservation Business Committee on February 11, 2015.

Amended by Resolution #1206/17 of the Fond du Lac Reservation Business Committee on June 6, 2017.

Amended by Resolution #1045/18 of the Fond du Lac Reservation Business Committee on February 20, 2018.

FOND DU LAC RESERVATION BUSINESS COMMITTEE

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INVESTMENT POLICY & STATEMENT OF AUTHORITY

CHAPTER 1

AUTHORITY, PURPOSE AND INTERPRETATION

Section 101 Authority

This Ordinance is enacted pursuant to the inherent sovereign authority of the Fond du Lac Reservation Business Committee, as the governing body of the Fond du Lac Band of Lake Superior Chippewa, as recognized under Section 16 of the Indian Reorganization Act of 1934, 25 U.S.C. § 476, Section 201(2) of the Indian Civil Rights Act of 1968, 25 U.S.C. § 1302 (2), Article VI of the Revised Constitution of the Minnesota Chippewa Tribe, and under the common law of the United States of America.

Section 102 Findings, Scope and Purpose

- a. The Reservation Business committee finds that, in order to satisfy its fiduciary responsibilities to the people of the Fond du Lac Band in its management of the assets of the Band, it is necessary to establish this Investment Policy & Statement of Authority to govern the manner in which the assets of the Band are managed and invested.
- b. Towards that objective, the standards and procedures established under this Ordinance shall be binding upon the Reservation Business Committee, its officers, and all employees or agents of the Fond du Lac Band whose duties involve the custody, management or investment of assets which are owned or controlled by the Band, the Reservation Business Committee, or any subdivision, corporation or enterprise of the Band.
- c. The Investment Policy & Statement of Authority ("IPSA") established under this Ordinance is intended to provide a clear statement of the standard of care and the investment objectives and policies of the Fond du Lac Band in order to assure that Band assets are prudently managed and that the officers, employees and agents of the Band whose duties involve the custody, management or investment of Band assets

are provided with authoritative direction as to the proper management of those assets.

Section 103 Reservation of Rights; Interpretation

Nothing in this Ordinance, nor any action in pursuit thereof, shall operate as, or authorize, a waiver of the sovereign immunity of the Fond du Lac Band or as a consent to jurisdiction by any court or agency for any matter arising under law or equity. The provisions of this Ordinance shall be construed and implemented in a manner which is consistent with the laws and regulations of the Fond du Lac Band, and with those laws and regulations of the United States which have been determined by the Reservation Business Committee to be specifically applicable to a program or enterprise of the Band, or to a transaction to which the Band is a party.

CHAPTER 2
DEFINITIONS

The following definitions shall apply in the meanings and interpretation of the provisions of this Ordinance:

Section 201 “Band”

“Band” shall mean the Fond du Lac Band of Lake Superior Chippewa.

Section 202 “Band assets”

“Band assets” shall mean all assets and property which is owned or controlled by the Fond du Lac Band, the Reservation Business Committee, and any program or corporate subdivision of the Band.

Section 203 “Fiduciary duty”

“Fiduciary duty” shall mean the duty of care owed to the Fond du Lac Band by any officer, employee or agent of the Band whose duties involve the custody, management or investment of Band assets and for the purposes of this Ordinance shall include the following duties:

- a. The duty to act in good faith, with proper authorization and without personal interest in any transaction;
- b. The duty to act in the best interests of the Fond du Lac Band, as defined by the Reservation Business Committee;
- c. The duty to exercise prudence and due care in all actions, and to be reasonably informed before acting.

For the purposes of this Ordinance, the fiduciary duty required of any officer, employee or agent of the Band whose duties involve the custody, management or investment of Band assets includes the “prudent investor” standard, which requires that those with responsibility to invest money of others should act with prudence, discretion, intelligence, and regard for the safety of capital, growth of capital, as well as income.

Section 204 “Investment Account”

“Investment Account” shall refer to any account established under the direction of the Reservation Business Committee which is described under Sections 601 and 602

Section 205 “Investment Policy Guidelines”

Investment Policy Guidelines shall be developed under Section 602 for each Investment Account described under Section 601 setting forth the context, investment objectives and constraints, asset allocation policy, guidelines for diversification and quality, and review procedures.

Section 206 “Investment Time Horizon”

The length of time a sum of money is expected to be invested. An investment horizon depends on when and how much money will be needed, and the horizon influences the optimal investment strategy. In general, the shorter the investor’s horizon, the less risk the investor should be willing to accept.

Section 207 “Reservation Business Committee”

“Reservation Business Committee” shall mean the duly elected governing body of the Fond du Lac Band.

Section 208 “Secretary/Treasurer”

“Secretary/Treasurer” shall mean the individual who is duly elected to hold the office of Secretary/Treasurer of the Fond du Lac Band.

Section 209 “FDL Investment Advisory Committee”

Shall mean the advisory committee comprised of individuals appointed by the Reservation Business Committee in accordance with FDL Investment Advisory Committee Bylaws.

Section 210 “Short Term Investment Account”

Shall refer to any investment account which is designated by the Reservation Business Committee as having an Investment Time Horizon of twenty four months or less.

CHAPTER 3

INVESTMENT PRINCIPLES AND AUTHORITY

Section 301 Principles of Investment

The following principles shall apply to all actions involving the custody, management or investment of assets of the Fond du Lac Band:

- a. Duty of care. All assets shall be managed at all times in accordance with the standard of fiduciary duty as defined under Section 203 of this Ordinance.
- b. Band as exclusive beneficiary. The management of assets shall be for the exclusive benefit of the members of the Fond du Lac Band.
- c. Investment selection and diversification. All investments shall be selected and diversified in accordance with the standard of fiduciary duty as defined under Section 203 of this Ordinance and in accordance with any Investment Policy Guidelines under Section 602.
- d. Conflict of interest. No officer, employee or agent of the Fond du Lac Band whose duties involve the custody, management or investment of Band assets shall solicit or accept any gift, gratuity, fee stipend or other consideration from any individual or entity with which the Band, the Reservation Business Committee, or any program or corporate subdivision or enterprise of the Band has any relationship involving the custody, management or investment of Band assets. For the purposes of this section, gifts or gratuities of minimal financial value shall not constitute a conflict.

Section 302 Authority and Functions of the Reservation Business Committee

- a. The selection of any professional advisor, consultant or custodian to oversee the management or investment of Band assets shall be subject to the approval of the Reservation Business Committee, and any document which operates to authorize the custody or control of Band assets shall require the specific approval by Resolution of the Reservation Business Committee.
- b. The Reservation Business Committee shall approve the establishment of any Investment Account described under Section 601 and the Investment Policy Guidelines for any Investment Account in accordance with Section 602.
- c. The Reservation Business Committee shall approve Bylaws for the FDL Investment Advisory Committee.

- d. The Reservation Business Committee shall receive quarterly reports from the Secretary/Treasurer as specified under Section 303 (a) (2) of this Ordinance.
- e. The Reservation Business Committee shall monitor and evaluate the performance of all accounts and investments as necessary to assure that the policies set forth under this Ordinance are being adhered to and the objectives are being met.
- f. The Reservation Business Committee shall delegate such administrative responsibilities and functions to the Fond du Lac Secretary/Treasurer respecting the custody and management of Band assets as are set forth under Section 303, which shall be interpreted consistently with the Bylaws of the Fond du Lac Band, FDL Ord. #01/64.
- g. The Reservation Business Committee shall review the policies, standards and procedures under this Ordinance from time to time to ensure that the IPSA continues to reflect the expectations, objectives and consensus of the Reservation Business Committee regarding the management and investment of Band assets.

Section 303 Responsibilities of the Fond du Lac Secretary/Treasurer

- a. Delegation. The Reservation Business Committee has, pursuant to the Bylaws of the Fond du Lac Band, FDL Ord. #01/64, and further by the provisions of this section, delegates the following responsibilities and functions respecting the exercise of custody or management of Band assets, to the Fond du Lac Secretary/Treasurer:
 - 1. Duty of care. The Secretary/Treasurer shall act in all matters in accordance with the standard of fiduciary duty as defined under Section 203 of this Ordinance.
 - 2. Reporting requirements. The Secretary/Treasurer will provide written reports to the Reservation Business Committee as follows:
 - (a) Quarterly reports. The Secretary/Treasurer shall no later than the thirtieth day of the months of January, April, July and October provide a report of the previous calendar quarter which includes the following:
 - (1) The status of all Band assets and accounts as of the last day of the preceding quarter;
 - (2) A summary of all investment decisions made during the previous quarter, whether by the Secretary/Treasurer or other custodian of Band assets; and

- (3) A Summary of all transaction made during the previous calendar month involving the investment of Band assets, whether by the Secretary/Treasurer or other custodian of Band assets.
 - (4) An evaluation of investment performance in accordance with the standards set forth under Chapter 5 of this Ordinance, and which shall include a description of any major changes in investment outlook, investment strategy, asset allocation, and other matters relevant to the investment policies or objectives of the Reservation Business Committee.
 - (5) Affirmation of compliance of each Investment Account with the IPSA.
 - (6) An analysis of investment fees and expenses incurred for each Investment Account.
3. Advisory responsibility. Whenever the Secretary/Treasurer believes that any particular investment strategy, or standard or policy contained in this Ordinance should be altered or deleted, it will be the Secretary/Treasurer's responsibility to initiate written communications with the Reservation Business Committee expressing his or her views and recommendations.
 4. Use of staff. In performing the functions delegated under this section, the Secretary/Treasurer shall consider the recommendations of the FDL Investment Advisory Committee and utilize and direct the appropriate staff of the Reservation Business Committee.
 5. Chair of FDL Investment Advisory Committee. The Secretary/Treasurer shall serve as the Chairperson of the FDL Investment Advisory Committee unless the role of Chair is delegated by the Secretary/Treasurer to the Vice-Chairperson.

Section 304 Authority and responsibility of the Fond du Lac Insurance Company Board.

The Fond du Lac Insurance Company Board shall approve the Investment Policy Guidelines for the "Insurance Reserves Account" under sections 601 and 602.

Section 305 Authority and responsibility of the FDL Investment Advisory Committee.

Members of the FDL Investment Advisory Committee shall act in all matters in accordance with the standard of fiduciary duty as defined under Section 203 of this Ordinance. The responsibility of the FDL Investment Advisory Committee includes:

- a. Recommend to the Reservation Business Committee any amendments for adding new Investment Accounts or deleting existing investment accounts described under Section 601.
- b. In consultation with a professional adviser, establish and recommend to the Reservation Business Committee the Investment Policy Guidelines as provided under Section 602 including guidelines for quality, diversification and performance benchmarks.
- c. Recommend to the Reservation Business Committee designation of any Investment Account established under Section 601 as "Short Term Investment Account" based upon the Investment Time Horizon or other criteria that may be appropriate.
- d. In consultation with a professional adviser, conduct a quarterly review in satisfaction of Section 501 including:
 1. Performance evaluation of each Investment Account under Section 601 against the criteria and benchmarks established in the IPSA and the respective Investment Policy Guidelines under Section 602.
 2. Compliance of any Investment Accounts under 601 with Investment Policy Guidelines under 602.
 3. Evaluation of investment fees and expenses for reasonableness
- e. Provide a summary report to the Reservation Business Council of the quarterly investment review including any recommendations.
- f. Annually, in consultation with a professional adviser, review and confirm any capital markets assumptions set forth in the Investment Policy Guidelines, asset allocation guidelines and authorized investments.
- g. Recommend to the Reservation Business Committee for approval the following:
 1. Adoption of, or amendment(s) to, the IPSA and Investment Policy Guidelines.
 2. Selection or termination of qualified investment professionals, including Investment Manager(s), Custodian(s) and Investment Consultant(s).
 3. Operational procedures or Bylaws for the FDL Investment Advisory Committee.

CHAPTER 4

STANDARD OF CARE AND INVESTMENT PRINCIPLES

Section 401 STANDARD OF CARE

- a. Findings. The Reservation Business Committee recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), the possibility of loss in purchasing power (due to inflation), and sustainability (i.e. corporate governance and responsible corporate practices towards employees, consumers, community and environment), are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, as evidenced by high volatility and low quality rated securities, the assumption of risk that may be entailed in the investments permitted for any Investment Accounts described under Section 601 is warranted as necessary to the achievement of objectives and fiduciary responsibilities set forth under this Ordinance.

- b. Fiduciary duty; prudent investor standard. Any action involving the custody, management or investment of Band assets is subject to the standards of fiduciary duty set forth under Section 203 of this Ordinance, and to the prudent investor standard as incorporated therein. Further, A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise.

CHAPTER 5

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Section 501 Evaluation of Investment Performance and Policy Compliance

The Investment Accounts shall be evaluated by the Secretary/Treasurer on a quarterly basis, except as provided under subsection (c) of this section, in accordance with the following criteria:

- a. Total investment performance of each Investment Account will be measured against a benchmark established under the Investment Policy Guidelines for each Investment Account.
- b. The performance of any manager or investment fund will be measured against an appropriate market index as defined in the Investment Policy Guidelines for each Investment Account. Performance may also be measured against a peer group of managers or investment funds with similar objectives.
- c. The quarterly investment evaluation shall include the extent to which policies, standards, guidelines, and procedures set forth in this Ordinance, and as well as in the Investment Policy Guidelines for each Investment Account, have been complied with.
- d. The Reservation Business Committee may direct the Secretary/Treasurer to provide a special evaluation of investments at any time if the Reservation Business Committee determines that there has been:
 1. An unacceptable justification for poor results;
 2. Failure to comply with the Investment Policy Guidelines established in the IPS for each Investment Account; or
 3. Failure to meet any of the fiduciary or procedural requirements set forth in this Ordinance.

Section 502 Inclusion of Investment Performance Evaluation in Secretary/Treasurer's Quarterly Report

The quarterly evaluation performed by the Secretary/Treasurer under Section 501 shall be included in the Secretary/Treasurer's quarterly report to the Reservation Business Committee as provided under Section 303 (a) (2) of this Ordinance.

CHAPTER 6

INVESTMENT ACCOUNTS

Section 601 The Investment Accounts determined by the Reservation Business Committee to be governed by this IPSA are as follows:

- a. Short Term Investment Accounts (Any account which is determined to have an Investment Time Horizon under twenty four months or so designated by the Reservation Business Committee);
- b. Long Term Investment Account (Chippewa A);
- c. Minors' Distribution Account;
- d. Insurance Reserves Account;
- e. Solar Maintenance Account;
- f. Account for Adults under Legal Guardianship;
- g. Supportive Housing and Veterans Supportive Housing Loan Repayment Account;
- h. Fond du Lac Makak Investment Accounts:
 1. Fond du Lac Makak Short Term Account;
 2. Fond du Lac Makak Long Term Account; and
 3. Fond du Lac Makak Endowment Portfolio Account.

Section 602 The Reservation Business Committee shall approve a statement of Investment Policy Guidelines for each Investment Account (above) establishing the purpose, investment objectives, asset allocation policy, diversification and quality guidelines, which will be incorporated under this IPSA by reference.

CHAPTER 7

AMENDMENT & RESCISSION

Section 701 Amendment and Rescission

The provisions of this Ordinance shall only be amended by resolution of the Reservation Business Committee.

CERTIFICATION

We do hereby certify that the foregoing Ordinance #03/98 was duly presented and adopted by Resolution #1083/98 by a vote of 3 for, 0 against, 0 silent, with a quorum of 4 being present at a Special Meeting of the Fond du Lac Reservation Business Committee held on March 26, 1998 on the Fond du Lac Reservation, and subsequently amended as follows: by Ordinance #02/02 adopted by Resolution #1227/02 on June 6, 2002; by Ordinance #02/05 adopted by Resolution #1042/05 on February 15, 2005; by Ordinance #07/05 adopted by Resolution #1340/05 on November 18, 2005; by Ordinance #09/10 adopted by Resolution #1401/10 on November 9, 2010; by Resolution #1109/12 on April 11, 2012 by Ordinance #09/10 adopted by Resolution #1401/10 on November 9, 2010; by Resolution #1032/15 on February 11, 2015; Resolution #1206/17 on June 6, 2017; and by Resolution #1045/18 on February 20, 2018.



Kevin R. Dupuis, Sr.
Chairman



Ferdinand Martineau, Jr.
Secretary/Treasurer