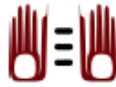


APPENDIX "B"



**Gwaii Trust Society
Gwaii Forest Charitable Trust Trustees
All Leaders Community Meeting, Minutes
Monday, October 20 2008
Tlell, Fire Hall
1:00 PM-4:00 PM**

In Attendance:

Warren Foster, Director (Q)
Rose Russ, Director (Q)
Cynthia Samuels, (Q)
Ron McKee, (Q)

R A Young, (Q)
Ian Hetman, (Q)
Jim Abbott, (Q)
John T Jones (Q)

Ken Rea, Chairperson

Michael Sacke, Lawyer
Errol Winter, Managing Administrator
Debbie Crosby, Administrative Assistant

1.0 Adoption of the Agenda

The Board made a motion to adopt the agenda as presented.
Moved by: Warren Foster
Seconded by: Jim Abbott
CARRIED

2.0 Introductions

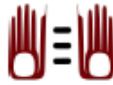
The Board of Directors, Staff and Community Leaders introduced themselves.

Community Leaders Attendance:

- | | |
|-------------------------------|--------------------------------|
| 1. Arnie Bellis, CHN | 10. Travis Glasman, Area "E" |
| 2. John Farrell, GFS | 11. Cory Delves, Port Clements |
| 3. Karen Church, GFS | 12. Michael Muller, GFS |
| 4. Anneli Rostesk, MIEDS | 13. Harold Yeltatzie, GFS |
| 5. Gladys Noddin, QCC | 14. Alex Rinfret, Observer |
| 6. Carol Kulesha, Mayor QCC | 15. Greg Martin, QCC |
| 7. Wally Cheer, Port Clements | 16. Willard Wilson, Skidegate |
| 8. Michael Racz, Lawnhill | 17. Guujaaw, CHN |
| 9. Frank Collison, Masset | 18. Eddy Russ, Skidegate |

3.0 Gwaii Forest Charitable Trust Chairman Welcomes invited guests.

Ken Rea, Gwaii Forest Charitable Trust Chairman opened the All Community Leaders meeting with introductions of all parties and welcomed the invitees, guests and Trustee members. Stating that "as Trustees we must provide the community leaders with the best options and information".



Warren Foster gave a brief overview of the Gwaii Forest Charitable Trust Deed, a definition of "Breach" and the Trustee's position regarding the Deed as to breach and the process following the steps as Trustees which they must follow to meet the deed's legal requirements and the Trustees legal obligations.

4.0 The Chairman introduced the Gwaii Forest Charitable Trust's actuary, Michael Sacke from Watson Wyatt International.

Michael Sacke provided and handed out booklets to all participants detailing Watson Wyatt's current view of the marketplace, historical trends of fund performance, and various probability charts predicting approximate future rates of return. Michael also modelled various scenarios such as changing the investment mix, converting the entire funds to bonds and staying the course, over both the medium and long term. The presentation ended with his firm's recommendation that given the level of the funds present value, current market conditions, historical trends, current investments, the time line on the recovery of the GFCT investment to prudent levels at today's current asset mix could take up to six years. It was his firm's recommendation that we stay the course with our current investment strategy and let markets return the funds to acceptable levels. *(Refer to the GT website for a copy of the report)* After this explanation to the community leaders a brief question and answer period took place.

5.0 Questions/Comments

Guujaaw What roles do we the Leaders have a say?

Errol Winter The Trustees are the ones who have the final decisions which as the Executives of Gwaii Trust and the Gwaii Forest acts as an agent to the GFCT. They oversee the operations and the budgets. We need to come up the best final decision to bring back the funds up to where we started.

Arnie Bellis: On Guujaaw question I thought we gather in the people that we appoint and we tell our reps how things are going. What are the responsibilities of the reps? How does the mother of the organizations run?

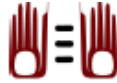
Ken Rea: Explained the Gwaii Trust's role and stated that, we (the Trustees) are the ones who make the final decision.

Arnie Bellis: Who controls the controller, the lawyers controlling the Deed.

Warren Foster: Explained the role as from the beginning, Gwaii Trust had to take what was given and what we have now is a mess and we need to change the policy. We are personally liable and if we do not follow through our personal assets are at risk and it's not right. Our lawyers stated that if we do not follow through with the recommendations from the money managers we will be in breach. This is what we have to follow.

Carol Kelshua: Could changing the investors cut down on the management fees? Would this be an option?

Errol Winter: Explained the administration costs to the leaders. No matter what we do there is a certain cost to pay.



Dale Lore: If you don't do anything ASAP 100 people will be out of work by spring. If I hear Arnie right let him help. Nothing will happen if no one stands in.

Arnie Bellis: That political muscle we could spend a million dollars on lawyers but we need better communication between the GT Reps, GF, and GFCT. We have to monitor those values because we are going to need to work together. We need an action plan.

Warren Foster: Clarified that we cannot deal with or make changes to the GFCT it is dictated to us by the government but we could change the Gwaii Trust Society.

Guujaaw: I'm not happy with the narrow of options that you have presented, we could have had invested the money in hydro, TFL. Etc. business ideas had more options.

Errol Winter: It is just one suggestion of what to do, and at the end of the day what do we do with this money must be agreed to by all, and then accepted by the Trustees. We are providing you with the options where we have the expertise available. Other alternatives will need further study, which beyond our scope.

Ken Rea: The long term of investments we have, hit a low with GFCT, and in the short term we have no capital to invest.

Carol Kelshua: I asked Errol if we could take the money and reinvest it, and if we reinvested in something on the Islands, do we have to create a new policy. Or will we have to get the same returns.

Ken Rea: Michael Sacke was instructed to produce some recommendations into the money management and the returns to these investments. With what we have asked him to do, he has provided us with information on our market investments. And this is the task that we asked him to do. Part of the Board's mandate is everyone on board has to come to an agreement. Today we are here to work with this and come up with a long term; and a short term investment solution.

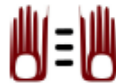
Arnie Bellis: We provided a living document and Gwaii Trust's investments have done well, then are we going to have all Island's in poverty due to the mandate of this.

Carol Kelshua: The short term is what do we do now. The long term is what do we invest in on Island. Can we look at these issues? Could we invest the fund in our self? As a short term investment, if we could go to the Credit Union. What is your investment return rate?

Michael Sacke: Our annual returns average 6.2% and we follow the investment strategy as set out by the Gwaii Trust. All communities must be in consensus no matter what approach or option we use.

Gord: Port Clements agrees to using portions of the investments locally. In regards to the forest workers, that's a global issue; it is beyond our control, it is all over.

Travis Glasman: First be responsible to our own communities. I would like to get more particulars about the GFCT in the market place. I am not satisfied with waiting and spending money. We have a community planning use that needs to be put forth, and this is the time that we should invest into our land.



Karen Church: I thought GFS's purpose was to replace logging jobs, when the park reserve was put in place. We need to talk about what it was created for. I think that buying into a tree farming license is buying into the AAC as is, and that is not ethically acceptable, nor is it the intent of the fund.

Warren Foster: Explained that the government prevents us in just doing anything with it, they have provisions. The protector requires the 24 million be covered, but it's not there. It cannot fall below the protected amount. We are here to show you that we are doing everything that we can to prevent this.

Karen Church: I had asked John Farrell at one time if there has there been any talk about Gwaii Trust funding the (GFS) projects.

Ken Rea: There has been talk about that, but there are liabilities, but even speaking more about that; the markets have not been good, so Gwaii Trust is in no position to lend to the GFCT.

Errol Winter: We have funded GFS, and have been committed to continue funding already approved GFS projects.

Warren Foster: We have already up fronted almost \$300,000 as forgivable, then loaned them (GFS) another \$800,000 we can't keep doing this."

John Farrell: GFS has their own provision and guidelines. It sounds like we are coming to a conclusion here, you explained where we are financially, now we need to follow your expertise and we will follow the process. The questions are; what could we do with the GFCT, what is our ability to change the Trust and what is the consensus needed to change the rules under which we operate.

Willard Wilson: When I got on the Board with GTS there was about 20 million in the credit union and 20 million at CIBC, then GTS hired legal staff and investment professionals. After that, the Trust grew to 60 million dollars. I really want the board to look at the local investments in with energy's investments. We need to create jobs for our local people and we need to talk with locals and our neighbours to make our views known. It is about time we need to start to invest local.

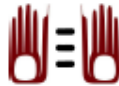
Guujaaw: I have to disagree with Carol (Kelshua); we need a time frame to come to a conclusion. Are we ready to look after our money? Do we have the political will behind us, yes we do, do we have the protocol, yes we do, and we have the GT and GF. In conclusion we need more time.

Frank Collison: We need to strategize on how to free up the money.

Carol Kelshua: If you form a corporation and it showed an investment return with 4 to 6% return and it will it meet the matching funds investment that was one option. If you show a good business plan then maybe we could do this.

John Farrell: What is our timeline right now, Yearend is December 31, all the projects will be covered till March 31, 2009.

Ken Rea: As of January 1, 2009 we will be in breach. This is our only plan and our only options in the short term but in the long term, we need a good business plan to move forward. Short term we have to recover the 1.9 million (to bring the funds beyond breach).



We need to deal with the breach, and the protector understands that, in the mean time we need to plan and you as Community Leaders need to go out into your community and see what they want. This is the legal process, and we need to deal with this in the short term. What is the short term the short term, is to try to recover the 1.9 million. The main focus is to deal with the breach, we haven't spent it into breach, but after this recovery we could sit down and plan a long term strategy. We want to keep this money long term.

Errol Winter: GFCT will be meeting in the next couple of weeks to decide on a course of action for the short term. What would the community leaders like see from us?

Carol Kelshua: Find different options in local investments pros/cons and rules around these options. Do we dissolve the trust or could we do this within this trust? We need a well thought out business plan where do we go and where do we find this?

John Farrell: What is the short term investment plan? The Gwaii Trust will not be able to fund the GFS.

Ken Rea: This is the only plan we have and we will be getting back to you with the recommendation that we have on the breach conditions.

John Farrell: A few months ago we had a lot more money, now the fund has diminished. Are we going to stop the bleeding now or just let it keep bleeding?

Ken Rea: This is the short term. This is our best option to present to the protector, and this is our only plan to get out of breach. We will be meeting in the next couple of weeks and we will follow through with the GFS projects.

Errol Winter: I would encourage the community leaders to go to the second stage, begin to look at any alternate strategies, and try to achieve a consensus among yourselves.

John Farrell: I thought we had something else in plan after speaking to some of the GT board members, If we buy a TFL we don't have a long term plan, we have to start talking about the long term. Is it up to the community or CHN to come up with this decision?

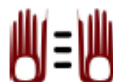
Trevor Jarvis: I need something to bring back to the community, who is going to do this business plan.

Carol Kelshua: We need to come to a consensus into what we are going to invest in, TFL or power, it is going to cost money and we are going to have to find the funding for the business plan and all the work that needs to be done. The big questions is do we have the ability to do this is?

Trevor Jarvis: I don't know how much time we have before Christmas.

Ken Rea: This is the long term plan, this is the same plan that has allowed GT to spend \$40 million in the communities, and in 2011 or 2015 GFS, will be spending that money again.

Ian Hetman: Let's get that information from John Farrell's lawyer and an opinion from our lawyer and get this moving.



Ken Rea: The investments have to be sound; the lawyer says we could do it, we need the investment to be sound.

Errol Winter: We will take the information from John Farrell's lawyer and take a look at it.

Carol Kelshua: You guys are between a rock and a hard place and you're doing a good job, and you did a tremendous job with the Gwaii Trust Society and I look forward to your reports.

6.0 Schedule of Next Meeting

The next GFCT meeting is scheduled for October 29, 2008, 2:00pm, at the Old Massett GT office.

7.0 Adjournment

The meeting adjourned at 4:15 pm.

Chairperson
Ken Rea

Managing Administrator
Errol Winter

Date

Date