

Pyramid Lake Paiute Tribal Council

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RESOLUTION NO.: PL 76-18

RESOLUTION OF THE TRIBAL COUNCIL

OF THE PYRAMID LAKE PAIUTE TRIBE

NIXON, NEVADA

WHEREAS, the Pyramid Lake Paiute Tribe (“Tribe”) is organized pursuant to the provisions of Section 16 of the Indian Reorganization Act (25 U.S.C. § 476) and is federally recognized by the United States Government through the Secretary of the Interior and the Bureau of Indian Affairs; and

WHEREAS, the Pyramid Lake Paiute Tribal Council (“Tribal Council”), pursuant to Article VI. Section 1(a) of the Constitution and By-Laws of the Tribe, has the authority to enter into negotiations with federal, state, and local governments on behalf of the Tribe; and

WHEREAS, on November 16, 1990, the United States Congress enacted Public Law 101-618, Title II, the Truckee-Carson-Pyramid Lake Water Rights Settlement Act (“Settlement Act”); and

WHEREAS, Section 208(a)(3)(A) of the Settlement Act provides that the principal and interest amounts for the Pyramid Lake Paiute Economic Development Fund shall be made available to the Tribe for tribal economic development only in accordance with a plan developed in consultation with the Secretary of the Interior (“Secretary”); and

WHEREAS, the Tribal Council has approved an Economic Development Plan to comply with the Settlement Act; and

WHEREAS, the Tribal Council reviewed and assessed the need to create a trust to properly manage distributions from the Office of Special Trustee (OST); and

WHEREAS, the Tribe has created The Pyramid Lake Paiute Tribe Economic Development Fund Trust (“Fund Trust”) and The Pyramid Lake Paiute Tribe Economic Development Minors Trust (“Minors Trust”); and

WHEREAS, the Fund Trust and Minors Trust (“Trusts”) will be invested through diversified portfolios with professional Investment Managers; and

WHEREAS, an Investment Policy Statement for the Trusts has been presented to the Tribal Council for implementation by the Trustees.

NOW THEREFORE, BE IT RESOLVED BY THE TRIBE, that acting pursuant to an affirmative vote of the Tribal Council, as certified by the signatures of the Chairman and the Secretary of the Tribe, the Tribal Council hereby approves an Investment Policy Statement for the Trusts to be implemented by the Trustees.

BE IT FINALLY RESOLVED, that the Tribal Chairman or his designee is authorized to take the necessary steps and actions to effectuate the terms of this resolution.

CERTIFICATION

It is hereby certified that the foregoing resolution of the Pyramid Lake Paiute Tribal Council, governing body of the Pyramid Lake Paiute Tribe, composed of ten members, of whom seven (7) constituting a quorum were present at a meeting duly held on the 15th day of June, 2018 was adopted by the affirmative vote of six (6) FOR and zero (0) AGAINST, with zero (0) ABSTENTIONS; pursuant to the authority contained in the Constitution and By-laws of the Pyramid Lake Paiute Tribe.



Brenda A. Henry, Tribal Secretary
Pyramid Lake Paiute Tribal Council

INVESTMENT POLICY STATEMENT

The Pyramid Lake Paiute Tribe Economic Development Fund Trust & The Pyramid Lake Paiute Tribe Economic Development Minor's Trust

1. OVERVIEW / PURPOSE

This Investment Policy Statement (IPS) applies to the financial assets of The Pyramid Lake Paiute Tribe Economic Development Fund Trust and The Pyramid Lake Paiute Tribe Economic Development Minor's Trust (TRUSTS). Specifically, it refers to compensation money received from the Federal Government as a result of the Truckee-Carson-Pyramid Lake Water Rights Settlement Act, Public Law 101-618, Section 208(a)(3) (ACT).

This IPS contains investment guidelines and establishes policies and monitoring procedures so that investment objectives can be met in a prudent manner. This IPS is intended to:

- Identify responsibilities of specific entities having a fiduciary duty
- Address conflict of interests
- Articulate investment objectives
- State the investment portfolio and asset allocation framework
- Define policies regarding permitted investments, asset allocation, rebalancing and benchmarks
- Manage investment risk
- Describe voting rights and preferences
- Describe monitoring processes & considerations of fee appropriateness

The Trusts will be managed in accordance with all applicable legal requirements, including the Act, the Pyramid Lake Economic Development Plan, and the Pyramid Lake Paiute Tribe Constitution and by-laws, notwithstanding any indication to the contrary which might be construed from the IPS.

The Trusts operate on a fiscal year ending December 31, with the quarters ending March 31, June 30, September 30, December 31.

The Pyramid Lake Paiute Tribe Tribal Council members act as the trustees of the Trusts. The Trustees will approve information and reports made available to the Tribal membership and other outside parties.

The Trusts may include various sub-accounts, with specific purposes and may warrant a specific asset allocation. Any sub-account with a unique investment portfolio, may be included as an addendum to this IPS, while the sub-account has investment assets.

Note: Details regarding the custody or administration of the Trusts assets are not included.

2. RESPONSIBILITIES

The Pyramid Lake Paiute Tribe Council will act as Trustees to administer and supervise the Trusts assets in a prudent manner. The Trustees will fulfill its responsibilities with the help and guidance of independent advisors. Their responsibilities include:

- Meeting on a semi-annual basis to review discuss general investment strategies
- Confirming the Trusts comply with all governing documents
- Approving, reviewing and amending the IPS on a regular basis
- Selecting a diverse array of investment options
- Selecting qualified investment managers
- Selecting a qualified Custodian and Administrator
- Selecting an independent investment consultant who shall serve in a fiduciary capacity
- Selecting other independent advisors who may serve in a fiduciary capacity
- Providing Tribal members with sufficient access to informational materials to assist in understanding the Trusts purpose and operations
- Communicating with investment managers as needed
- Monitoring investment results via regular review and analysis
- Monitoring investment management fees and overall costs of the Trusts
- Making changes to the Trusts as necessary

The Trustees shall delegate the responsibility of selecting and transacting securities to one or more investment management firms. All managers retained must be registered with appropriate securities commissions and may use strategies that include individual holdings, pooled funds, mutual funds or Exchange Traded Funds. The Investment Managers have the following responsibilities:

- Implementing the investment strategy, as mandated by the Trustees and in accordance with general securities laws
- Delivering periodic reports on investment performance to the Trustees, including in-person meetings as required
- Providing the Trustees with prospectuses and other informational materials

The Trustees shall delegate some of its responsibilities with respect to the investment of the assets to agents and advisors. The independent investment advisor has the following responsibilities:

- Be available to meet on a semi-annual basis, and communicate as required
- Assist and provide guidance to the Trustees in the development and annual review of this Investment Policy Statement
- Assist and provide guidance to the Trustees in determining the investment choices and the ongoing monitoring of investment manager performance
- Provide insightful analysis to the Trustees on investment performance, capital market developments, and other matters that may affect the management of the Trusts activities

- Provide guidance in the replacement of investment managers that do not meet expected standards
- Provide insightful analysis on the Trusts providers, such as administration and custodial services
- Assist the Trustees with the coordination of general reporting functions for the Trusts

The Trustees shall retain the services of a custodian and administrator, and their duties include assisting in the implementation of this IPS. The custodian has the following responsibilities:

- Receiving all contributions to the Trusts and paying all expenditures as directed by the Trustees
- Investing contributions in a timely manner, according to contract
- Conducting all other transactions relating to distributions of the Trusts
- The administrator has the following responsibilities:
- Providing beneficiaries with annual statements summarizing investment performance, asset position, and participant transactions
- Providing the Trustees with monthly/quarterly statements summarizing the assets and transactions, including: summaries of distributions and beneficiaries

Any person to whom the Trustees delegate responsibilities with respect to the Trusts shall adhere to the provisions of the IPS, and should acknowledge in writing to their fiduciary duties, if any, to the Trusts Fund.

3. CONFLICT OF INTEREST

Council Members and employees of the Pyramid Lake Paiute Tribe, agents, advisors, custodians and investment consultants whose services are retained for the investment of the Trusts may be fiduciaries and, as such, are subject to the following guidelines:

- Fiduciaries shall not knowingly permit their interests to conflict with their duties and powers with respect to the Trusts.
- A conflict of interest is deemed to exist when the fiduciaries' private interests are of sufficient substance and proximity to their duties and powers with respect to the Trusts as to impair their ability to render unbiased advice or to make unbiased decisions affecting the Trusts.
- A fiduciary must disclose all actual or perceived conflicts of interest in writing as soon as possible along with all relevant details to the Trustees.

While every circumstance giving rise to possible conflicts of interest cannot be identified, fiduciaries shall disclose, among other things:

- a) material beneficial ownership of investments which the Trusts may be considering buying or divesting;
- b) compensation received from any person or corporation other than one's employer and, in particular, from the distributor, issuer or vendor of securities which the Trusts own or may be considering buying;

- c) where they are an employee of or agent for the investment consultant;
- d) consideration paid or granted to others for making a particular recommendation relating to the investment of the Trusts.

Should the Trustees be unable to determine if a conflict of interest exists, at any time in the procedure, they may call upon an independent third party to provide advice on the matter.

Where a conflict of interest is deemed to exist or if its existence is disputed, the person (people) named in the conflict shall not be entitled to vote on the issue concerning the conflict or possible conflict.

Investment Advisory firms providing services to the Trusts are expected to comply with the Code of Ethics and Standards of Professional Conduct adopted by the Association of Investment Management and Research (AIMR).

4. TRUSTS INVESTMENT OBJECTIVES

The investment objectives of the Trusts are a balance of the following:

- a) safety of principal, to ensure funds are utilized for the Economic Development Plan;
- b) assurance of stable and consistent income streams to meet the goals of the Economic Development Plan;
- c) seeking capital appreciation without undue risk such that the Trusts continue to grow over time;
- d) minimize risk through diversification; and
- e) achieve positive rates of return over the long term while also avoiding sustained negative returns.

It is the desire of the Tribe that their members become more knowledgeable about the Trusts. To that end, the Investment Advisor should be available annually to give an investment seminar to the membership. The goal of these seminars is to educate the membership in the investment process so that they understand the operation of the Trusts.

It is the desire of the Tribe to structure the Trusts so that revenue generated by the Fund remains tax free, with the exception of earnings attributable to minor's accounts. To that end, any discussion or suggestion regarding the Trusts should address the tax consequences of any decision.

It is the desire of the Tribe to have the Trusts increase as much as possible until assets are required for economic development initiatives. All returns shall be reinvested in the Trusts so as to promote maximum growth.

It is the desire of the Tribe to ensure that the funds continue to grow over time. To that end the "Principal" amount of the Act should be withdrawn after all "Interest" from the Trusts has been extinguished.

5. ASSET ALLOCATION

Each sub-account of the Trusts shall be in compliance with the specific asset allocation governing that portfolio. The target asset allocation for the Trusts and sub-accounts are outlined in the tables below.

	Cash / Equivalents & Fixed-Income	Equity (US / non US) & Alternatives
Trust	0-100%	0-80%
Fee Account	20-100%	30-80%
Adult Distribution	0-100%	0%

The Minor's Trust will be managed through age bands, with the following asset allocations:

	Cash / Equivalents & Fixed-Income	Equity (US / non US) & Alternatives
Ages 0-9	40%	60%
Ages 10-12	60%	40%
Ages 13-15	80%	20%
Ages 16-17	100%	0%
Ages 18-24	100%	0%

The target asset allocation is intended to provide younger members with more exposure to equities and along the age-band move towards a more conservative allocation. As the minor ages to the next age band, assets will be transferred in the next each quarter following their birthday.

The Trusts and sub-accounts will be periodically rebalanced in order to compensate asset allocation shifts arising from differences in rates of return on different asset classes. In addition, the portfolios will be periodically rebalanced in order to compensate for deposits and withdrawals. Should the asset allocation fall outside such normal fluctuations, the Trustees shall be advised by the Investment Advisor. The Investment Advisor will take action to correct the situation as soon as possible, taking into account the best interest of the Trusts.

All investments will have a defined benchmark for each asset class. Normal portfolio practices will be implemented to ensure the investment manager is measured in relation to their corresponding benchmark used. As investments and managers change, the corresponding benchmark should be updated.

The Trusts will not engage in the purchase of securities on margin, the direct purchase of derivatives, or providing loans to individuals or non-Tribal affiliated corporations.

6. INVESTMENT RISK & FEE APPROPRIATENESS

Diversification shall be achieved in part by placing appropriate limits on the percentage of the market value of the total portfolio invested in a single security not guaranteed by the U.S. Government. Further diversification efforts shall be made to restrict the investment in a group of equities whose returns are expected to be highly correlated.

The Trustees shall inform the Investment Advisor on a regular basis as to the liabilities and cash flow requirements of the Trusts. The Investment Advisor will ensure that the Trusts are positioned to ensure that cash flow requirements are met and to broadly match the duration of assets and liabilities of the Trusts.

All fees will be reported to the Trustees and reviewed on an ongoing basis for fee appropriateness. Investment fees are a major factor when selecting investment managers, but not the only consideration.

7. VOTING RIGHTS

When securities are held within a pooled fund, the Manager will exercise all voting rights and upon request, will report to the Trustees on their voting record. When securities are held on a segregated basis the following policies may apply to the voting rights of those securities.

The Trustees may delegate voting rights of the Trusts securities to the Investment Advisor. The Investment Advisor shall maintain a record of how the Trusts voting rights have been exercised.

When a voting right can be expected to have special significance to the Trusts or in case of doubt as to the best interests of the Trusts, the Investment Advisor shall request instructions from the Trustees and will act in accordance with such instructions.

Investments may not be selected, rejected or divested based solely on voting factors, the Trusts will give consideration to issues when reviewing or approving investments.

8. MONITORING

The Investment Advisor will be required to supply a compliance report indicating compliance with the provisions of the statement indicating, as the case may be, instances where such provisions were not followed. This report is to be included in the semi-annual report.

Each quarter the Investment Advisor shall issue a written report to the Trustees on the performance of the Trusts. The report will include information on the rates of return for the quarter and year to date. The Trustees shall evaluate the performance, focusing on the Trusts objectives and long term expected return and risk parameters.

The Investment Advisor shall meet with the Trustees at least semi-annually to:

- a) provide information concerning new developments affecting the Investment Advisor and their services;

- b) review the transactions in the latest period and the assets held at the end of the period and explain how they relate to the strategy advocated;
- c) explain the latest performances;
- d) be apprised of expected cash flow requirements;
- e) provide an economic outlook along with a strategy under such circumstances;
- f) any other relevant matters that may arise from time to time.

An agenda should outline the proceedings of such meetings, which should be recorded in writing for the Trusts files.

While the primary focus and objective of the Trustees is the long-term investment performance of the portfolio, the Trustees will evaluate the performance of the Investment Manager over shorter periods. This short-term evaluation will be made with references to the returns of the appropriate indexes through a constructed benchmark portfolio based on the target asset allocation. The Investment Manager will be expected to report on the value added to the benchmark portfolio over time frames of the quarter, one year and multi-year periods.

If the Investment Manager is in the bottom half of its peer group for four consecutive quarters they shall be notified in writing that they are being placed under review. If the Investment Manager's performance related issues are not satisfactorily resolves during the subsequent three quarters the Trustees must make a decision as to whether the firm should continue as Investment Manager or be replaced.

The Trusts may have specific long-term liabilities established for it. An independent actuarial evaluation may be performed on a periodic basis while any long-term liabilities exist for the Trusts. This evaluation will assess the ability of the Trusts to meet any long-term funding requirements that it may have.

An audit of the Trusts should be completed each year. The audit will, amongst other things, verify all transactions and the market value of the Trusts at the end of the latest period. The audit report shall be reviewed when practical by the Trustees.