



## AFOA BC 2018 Best Practices Award

### Background

Musqueam Capital Corp. (“MCC”) was established in order to improve business practices separate from Chief and Council (Government).

Before MCC was incorporated, business decisions were made by the economic development department of the Musqueam Indian Band. In the past, it was managed through community consensus, which at the time was the fairest way to manage something that is owned communally, but often did not result in well-run businesses. This type of governance lacked accountability, which opens the door for problems with business operations, economic strategy and financial risk management. Economic decision-making was often driven by specific community issues rather than being focused on sustainable revenue generation. Sometimes political issues influenced economic development decisions, resulting in marginal business performance.



As with our own Musqueam history, we have learned important lessons from past experiences. We identified a few key issues that required special attention, and we concentrated on the one that impacted Government/Band business relationships. Our economic development enterprises needed to be run externally, outside of regular council government, in order to avoid political influence on economic decision-making. Secondly, it was deemed essential that we have qualified, experienced business professionals to manage our enterprises.

### Objective

The purpose of this change was to separate Business function from Community Government, in order to improve decision-making, transparency, efficiency and enterprise profitability.

Through carefully managing and developing land holdings, MCC can create a steady stream of income for our future generations by providing secure, long-term revenue to improve our community and support our members. As Musqueam Indian Band (“the Band”)’s asset manager, MCC is focused on

providing the necessary business expertise to generate long term wealth to Musqueam while creating employment, cultural, art and business opportunities and mitigating risks.

## The Process

A transitional governance structure began the process of separating economic developments from political decisions. This transitional governance included a Board of Directors, Economic Development Board, Economic Development Manager and assistance from the Band.

A business plan was developed based on the recommendations of Chief and Council, and approved by the community. This plan described the need to elaborate and establish the new corporate identity, along with a new Board of Directors and the implementation of a business charter that defines MCC's mission, vision and business philosophy, it also outlines the duties and responsibilities of the Council, as well as the Board of Directors and provides guidance through a full range of policies and procedures that include approvals for extraordinary decisions, strategic planning, profit distribution, reporting and other activities.

## MCC and our Operating Environment



MCC's Board of Directors are to govern asset management and oversee development activities. The Board also provides input and oversight on policy and procedure development, participate in significant negotiations to ensure they are consistent with the strategic objectives of Chief and Council, and those set in our Comprehensive Community Plan. There are nine directors consisting of the Chief and two elected Councillors, two Musqueam community members and four non-Musqueam members with business and real estate expertise. Members of the MCC Board of Directors also comprise other committees that govern the operation of Musqueam Capital Corp.

Aside from the Board of Directors, MCC has three different committees. The **Finance & Audit** Committee approves financial statements and reviews major business decisions before seeking board approval. We report our results per each asset under the Asset Management Agreement with the Band. Our reporting structure reflects how we manage those assets and how we classify our operations for planning and measuring performance. The **Governance** Committee ensures proper controls and policies are in place to govern its day-to-day activities, through our Business Charter. And our most recently created **Real Estate and Business Advisory** committee overlooks land development. Musqueam's wealth lies in its valuable land holdings and it is up to MCC to unlock this value by carefully managing and developing these lands to create a steady stream of income for future generations. MCC day-to-day activities are managed by ten full time employees, from which half of them are band members.

## The progress

In just a few years after its inception, MCC has been able to directly align many of the priorities included in our Comprehensive Community Plan to our goals:

- Provide business expertise
- Create long term wealth
- Manage the Band's assets
- Create employment and business opportunities
- Manage risks
- Create cultural and art opportunities
- Stewardship of lands
- Great and manage networks and partnerships

Throughout our organizational and strategic plans and using our policies as a solid guideline, we have been able to capitalize on economic opportunities, while reducing risks, and increasing value to our assets.

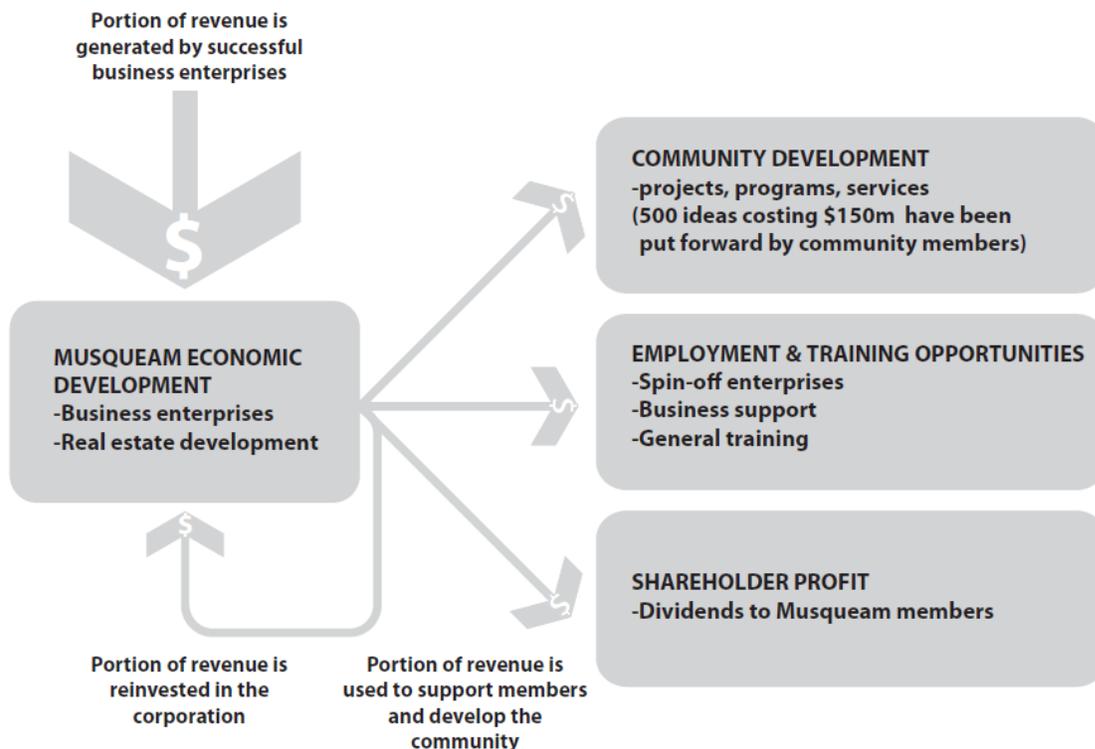
## Positive outcome

Action	Status	Details
Governance goals	Successfully Implemented	- MCC development mandate clearly defined
Incorporation of MCC (separation of business decisions from government)	Successfully Implemented	- Internal and external board members - Operating policies - Asset management Agreement
Economic Development Management Board	Successfully Implemented	- Development of Business Charter, policies and procedures - Real Estate and Business Advisory committee
Create employment and business opportunities	Successfully Implemented	- Established scholarship and contribution fund - Facilitated partnerships between Musqueam owned companies and 3 <sup>rd</sup> party organizations

## Conclusion

As proven by the Harvard business model<sup>1</sup>, separating business functions from Community Government will enhance the profitability by improved decision-making, transparency, and efficiency.

The revenue that we receive from our enterprises is carefully managed by economic development. These funds are the main source of income that our band uses to support our members and improve our community. A portion of this revenue is used to support community development, employment and training, and shareholder disbursements. The rest of the money is reinvested into our enterprises to ensure sustainable revenue streams for the future. The following diagram illustrates how capital flows in Musqueam.



The positive outcome of this important step is that today business decisions are first made by MCC with recommendations to Chief & Council to separate business decisions from the day to day operations of Musqueam. We are proud of how the initiative of implementing this best practice in our nation has provided results to our entire community, built upon the historical and traditional values of our ancestors: Respect, Pride, Inclusiveness, Honour, Shared Responsibility.

<sup>1</sup> The Harvard Project on American Indian Economic Development found that the profitability of an independent management group was four times greater than that of a council-controlled management board. (For more information, see <http://hpaied.org/>).