



LABRC Webinar Financing Options for First Nation Governments

First Nations Finance Authority – March 10, 2022

FNFA What Is It?

FNFA is owned by its Members:

- 🌀 FNFA's Board is elected from the Chiefs & Councilors of the communities it represents.
- 🌀 Board keeps interest rates low to benefit the Membership

FNFA parallels Provincial Treasury Departments, but exclusively for First Nation Governments in Canada

- 🌀 50% of First Nations in Canada have requested inclusion to FNFA's Act (321 First Nations; 10 Provinces and 1 Territory to date)
- 🌀 Excellent reputation with our banking syndicate and our investors.

FNFA OPERATES UNDER ONE ACT...Plus Regulations

1. *"First Nations Fiscal Management Act" - 2005*

- Established to promote internal capacity development as well as low-rate loans
- Outlines rules for loans supported by Property Tax revenues
- There are 3 institutions that operate independent of one another



2. *Financing Secured by Other Revenues Regulations" - 2011*

- Allows First Nations to leverage revenues other than local revenue (property tax)(i.e., Other Revenues)
- 98% of FNFA loans fall under this regulation.
- 634 First Nations across Canada share in Provincial and other revenues

Process to FNFA Membership

FIRST
NATION



First Nation
Government

Voluntarily schedule
to the FNFMA
via
BCR to CIRNAC



Work with FMB

Financial
Administration Law
(FAL)
Financial
Performance
Certification (FPC)



FNFA

BCR for
Membership
Borrowing capacity
Borrowing Law

FNFA
MEMBERSHIP



FNFA'S MANDATE

To provide First Nations with access to the same Capital Market opportunities that are available to other levels of government:

1. Short term loans

- Today FNFA lends @ 1.75%* interest only (compare to bank prime at 2.45%)

2. Long term loans (repayment out to 30 years)

- FNFA has issued 9 debentures since 2014
- Current long term (10 year) rate is 3.0%*

3. Investment and capital advisory services

*March 2022



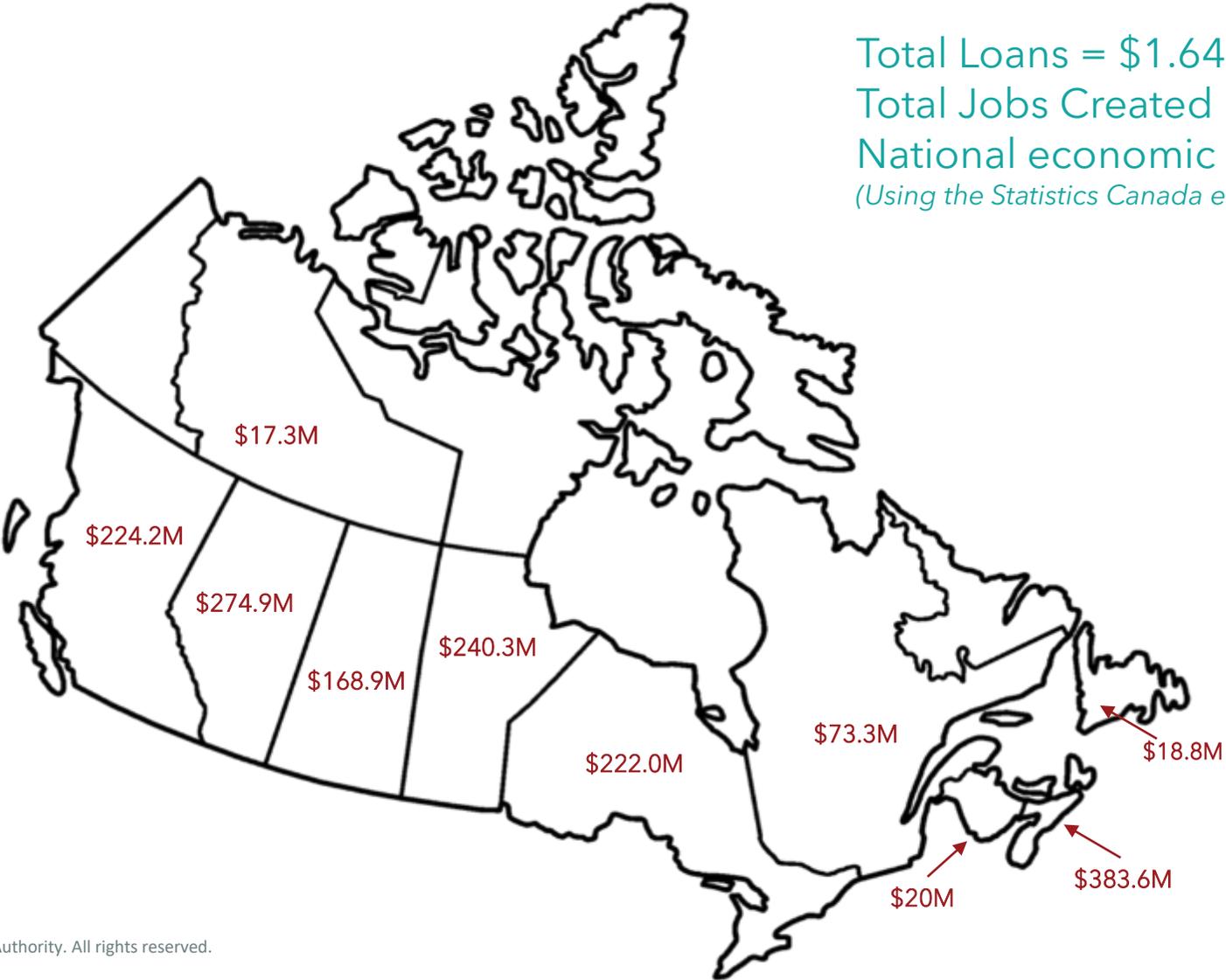
FNFA Member Projects



- \$1.643 Billion in loans to 78 First Nations since 2014
- 379 new houses built, 309 remediated
- 10 First Nations owned **“Green Energy”** projects
- Over 2260 acres of land purchased
- On-reserve schools, wellness centres, recreation centres, administration buildings, paved roads, building supply centre, hotels and grocery stores.

Total Loans \$1.643 Billion as of March 7, 2022

Total Loans = \$1.643B
Total Jobs Created = 17,335
National economic Output = \$3.487B
(Using the Statistics Canada employment multiplier formula)



How can FNFA access capital?



Rating Action:

Moody's update to FNFA's ratings to Aa3, outlook revised to stable

May 26, 2021



Research Update:

First Nations Finance Authority Ratings Affirmed at 'A+'; Outlook Stable

August 24, 2021

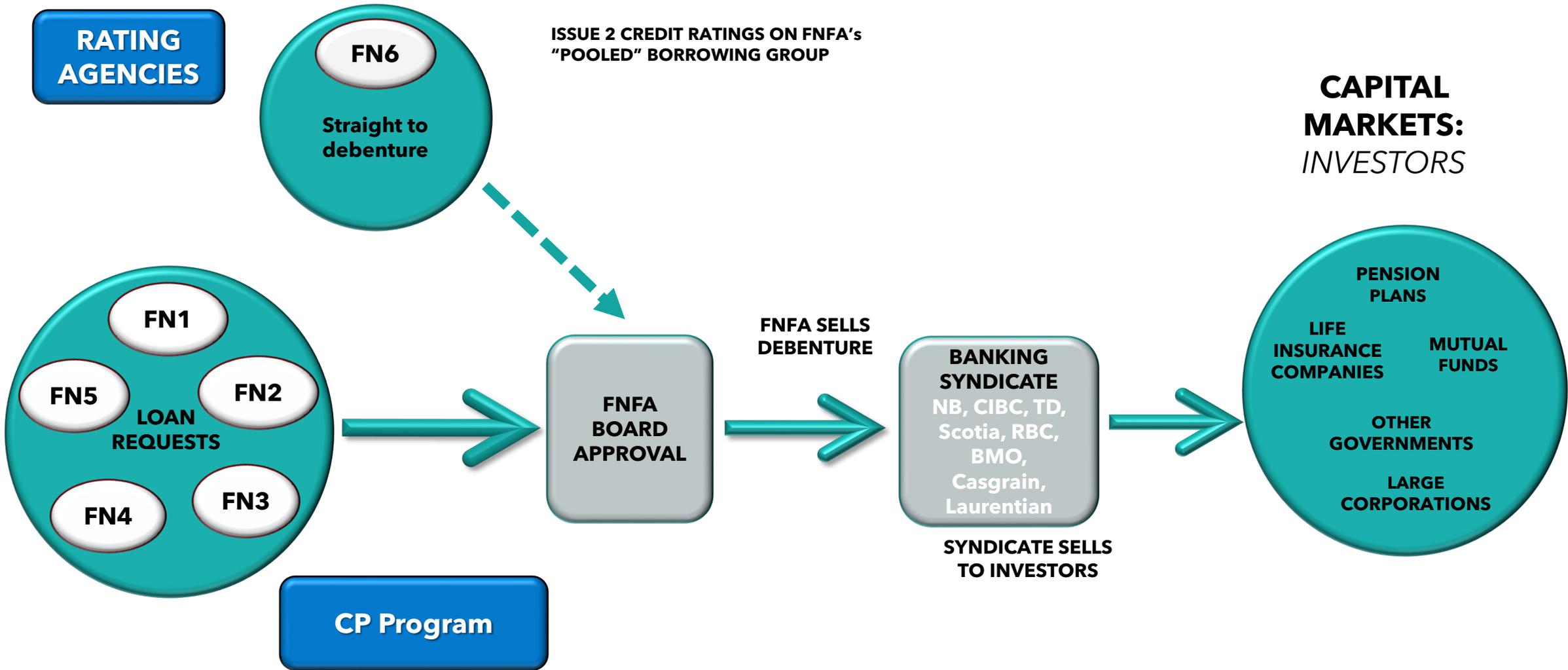


Rating Action:

DBRS Morningstar Assigns Commercial Paper Rating of R-1 (middle), Stable Trend, to First Nations Finance Authority

September 9, 2021

Debenture Process



A First Nation's Revenues Determine its Borrowing Capacity

The FNFA allows First Nations to support loans with their choice of revenue sources:

Other Revenues:

Royalties, Business revenues, Contract revenues, and Transfers from other levels of Government, IPP revenues.

or

Property Tax Revenues:

First Nations work with the FNTC. Once completion of the FNTC process has occurred, then work with the FNFA.



Safeguards required by the Capital Markets

1

First Nations Financial Management Board (FNFMB): Certification Process

Revenue leverage factors set by Capital Markets

2

3

FNFA's reserve funds: DRF, CEF

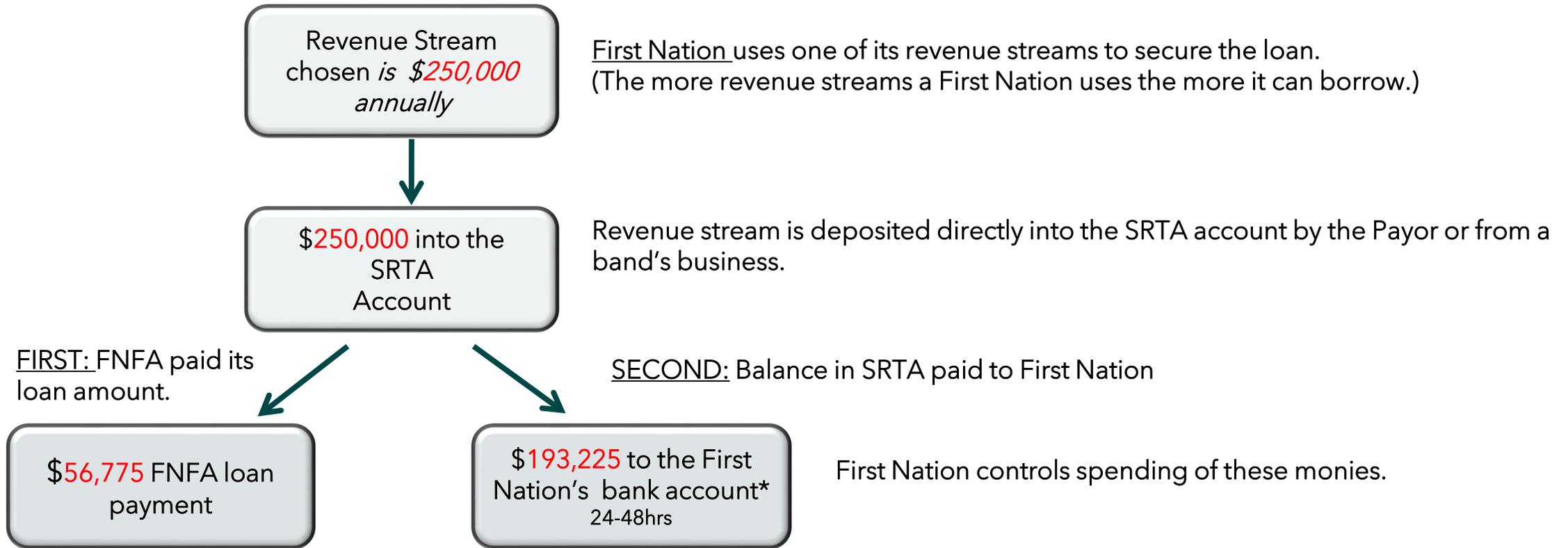
Board of Directors must unanimously approve loan requests.

4

5

Trust Account System ensures loan repayments.

i.e. FNFA LENDS \$1,000,000 TO A FIRST NATION REPAYABLE OVER 25 YEARS



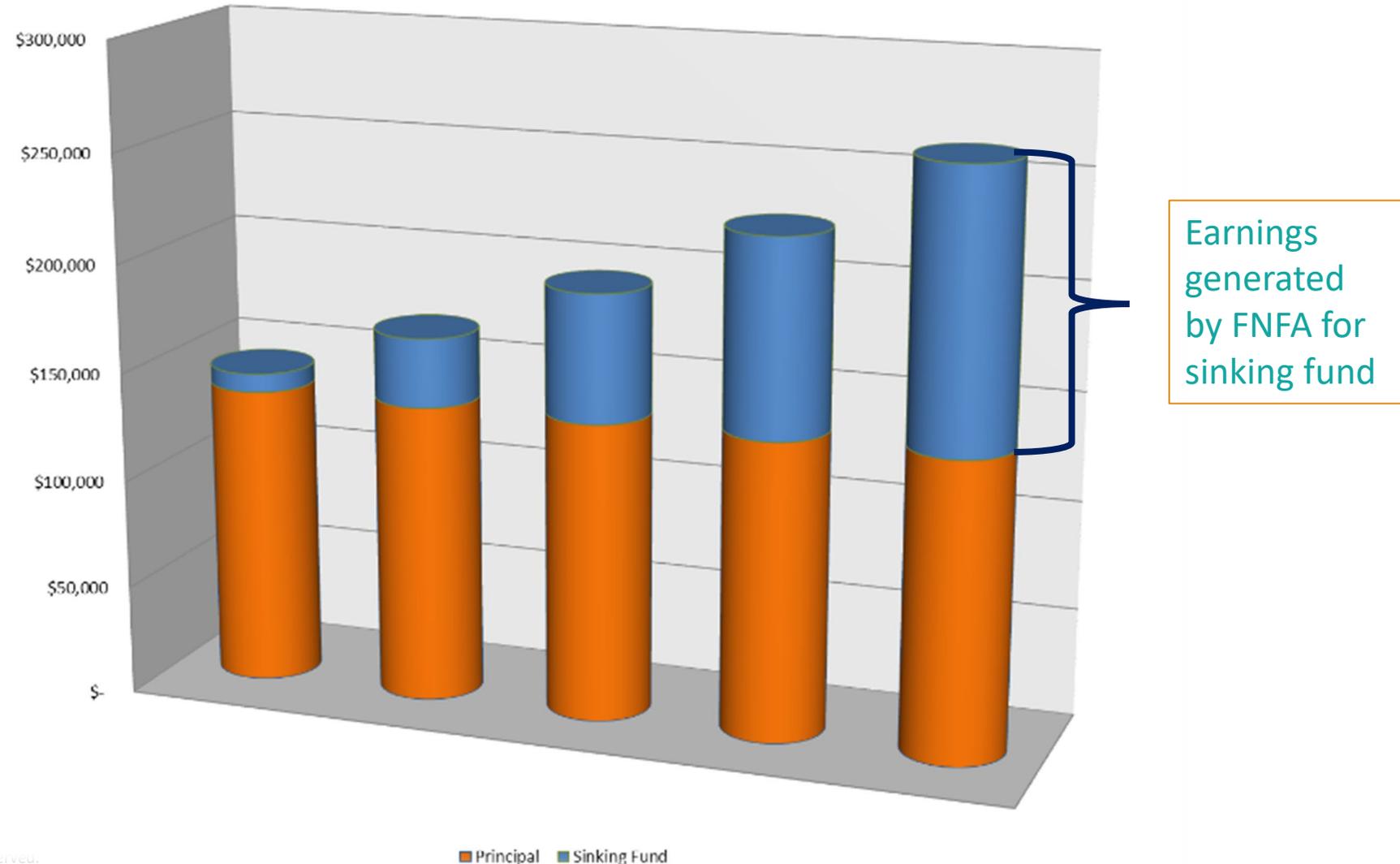
The above process is cost-free to the First Nation and provides the "comfort" needed by the Capital Markets.

Sinking Fund proceeds on 25 year, \$ 1 million FNFA loan

Sinking Fund proceeds = \$268,000
Principal Repaid = \$732,000
Loan Repaid: \$ 1,000,000

Sinking fund:

Principal payment amounts are held and invested to earn interest. Over time, the earnings are compounded and used to retire the debt when the bond matures.



What projects does FNFA lend for?

FNFA lends for Projects that are for:

-  Economic Development
-  Social Development
-  Community owned housing
-  Equity involvement (power projects, pipeline, etc.)
-  Land purchases
-  Infrastructure (water, sewer, roads etc.)
-  Vehicles & equipment (School buses, fire trucks etc.)

Fisher River, Manitoba



Grand Opening of Fisher River Grocery Mart, Castle Building Supply Centre, and subdivision of 88 Lakefront cottage lots for eco-tourism development.



Fisher River, Manitoba



“Over the years, the Fisher River Cree Nation and FNFA have share the same dedication to developing our people, strengthening our capabilities, expanding on opportunistic solutions and building trusting relationships. I am sure this will continue as we move forward.. Ekosani” ~ Chief David Crate~



Peter Ballantyne Cree Nation- Housing Project



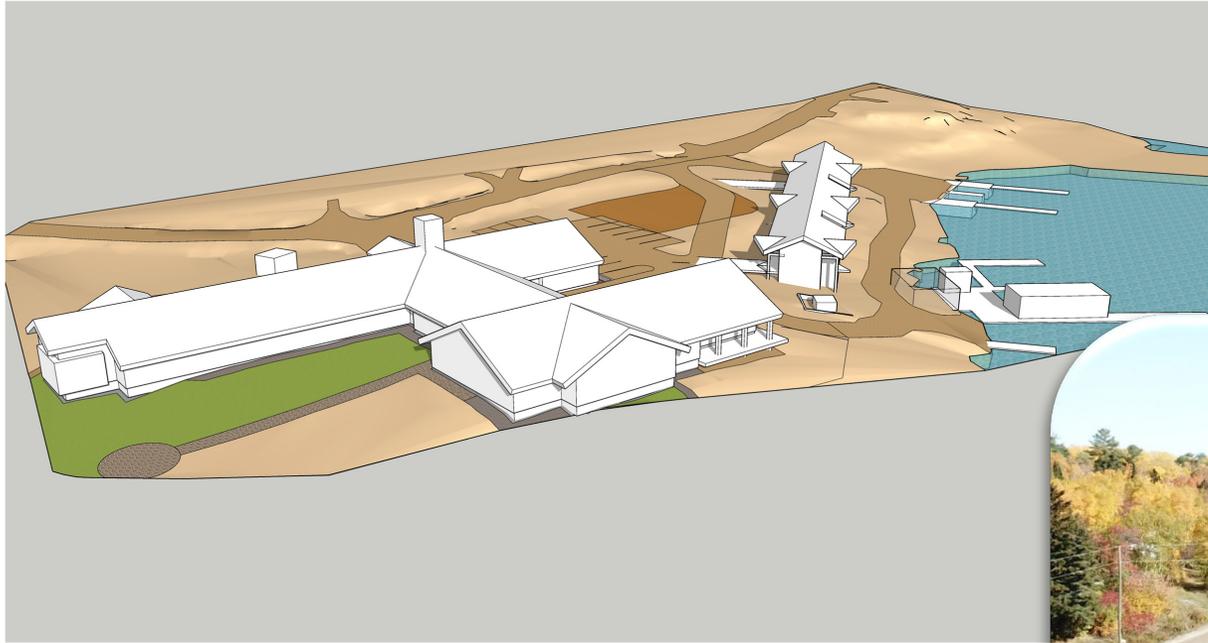
Tzeachten – BC

FIVE YEARS IN THE MAKING – The First Project With BC Housing

- 23 townhouses - combination of 1, 2 and 3 br - multi abilities design
- Common Building
- Ground-breaking end of April - infrastructure in place
- First BC Housing project on reserve & without a non-profit society (housing committee)
 - Rents will be a combination of Market price, Income based, and Subsidy.
- High Standards for energy efficiency and landscaping
- First residents are expected in the summer/fall of 2022



TEMAGAMI FIRST NATION



3D Model Studies

Temagami First Nation Housing

Bear Island, ON
January 2018

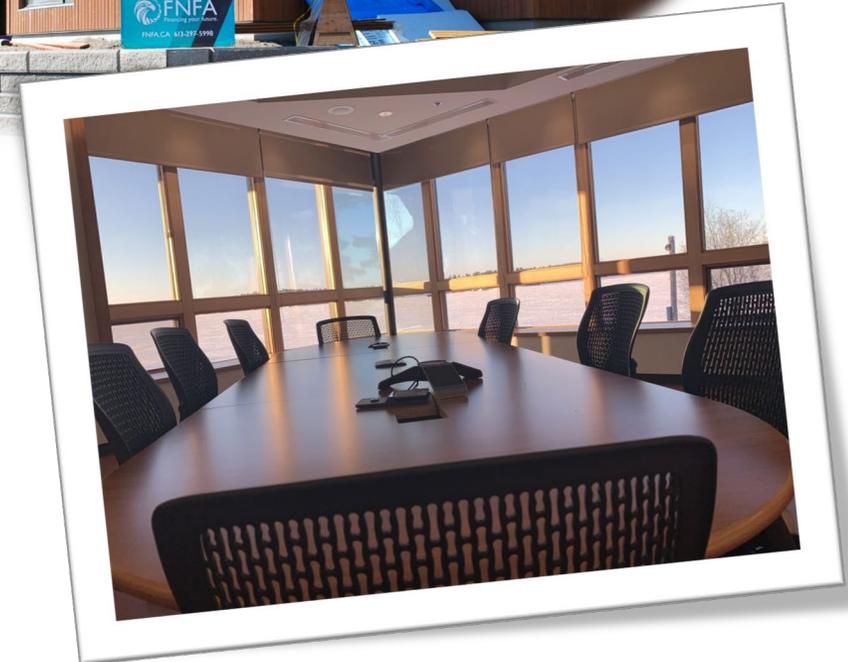
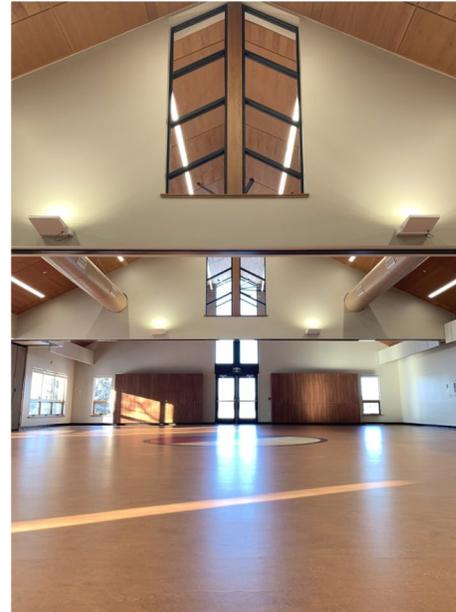


TEMAGAMI FIRST NATION



Temagami FN

- Located on an Island in Northern On.
- Built a new Multi-use facility (cultural/governance and Administration)
- Also built a 12-unit Elders complex so elders could come home and have a safe place to live.



Long Plain FN, Manitoba



75 Room Microtel by Wyndam opened December 2019 by Long Plain First Nation in Portage la Prairie.

Contact Information – fnfa.ca



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