

# 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



# 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.

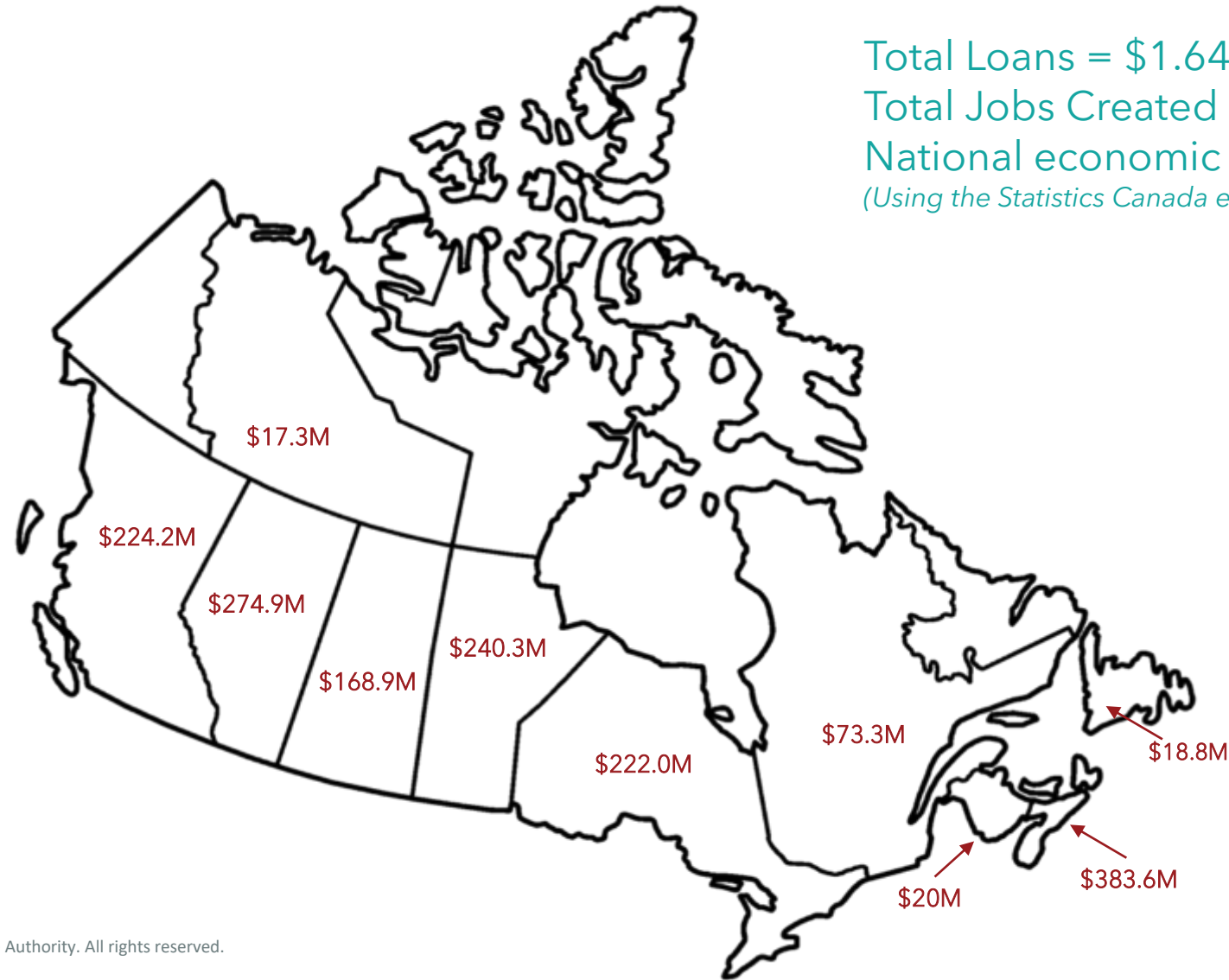
# Total Loans \$1.643 Billion as of March 7, 2022

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



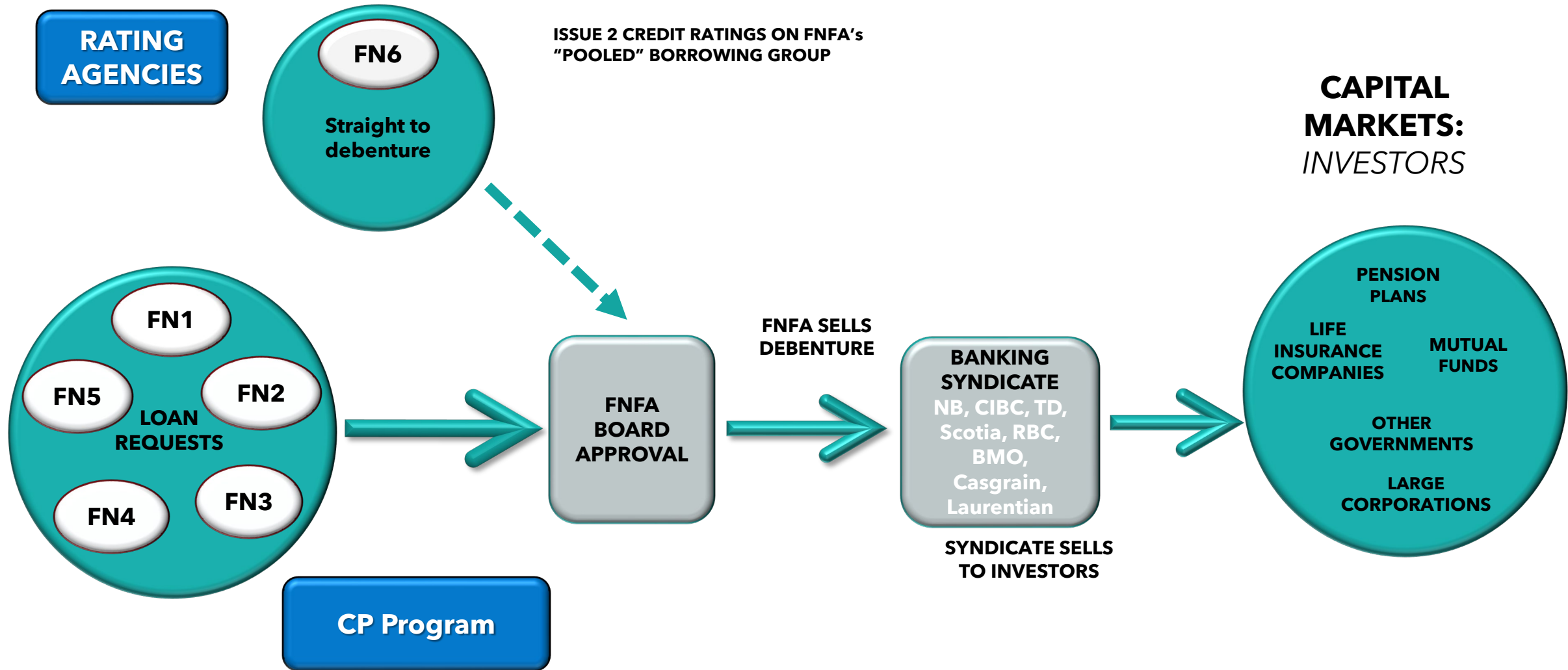
Rating Action:

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

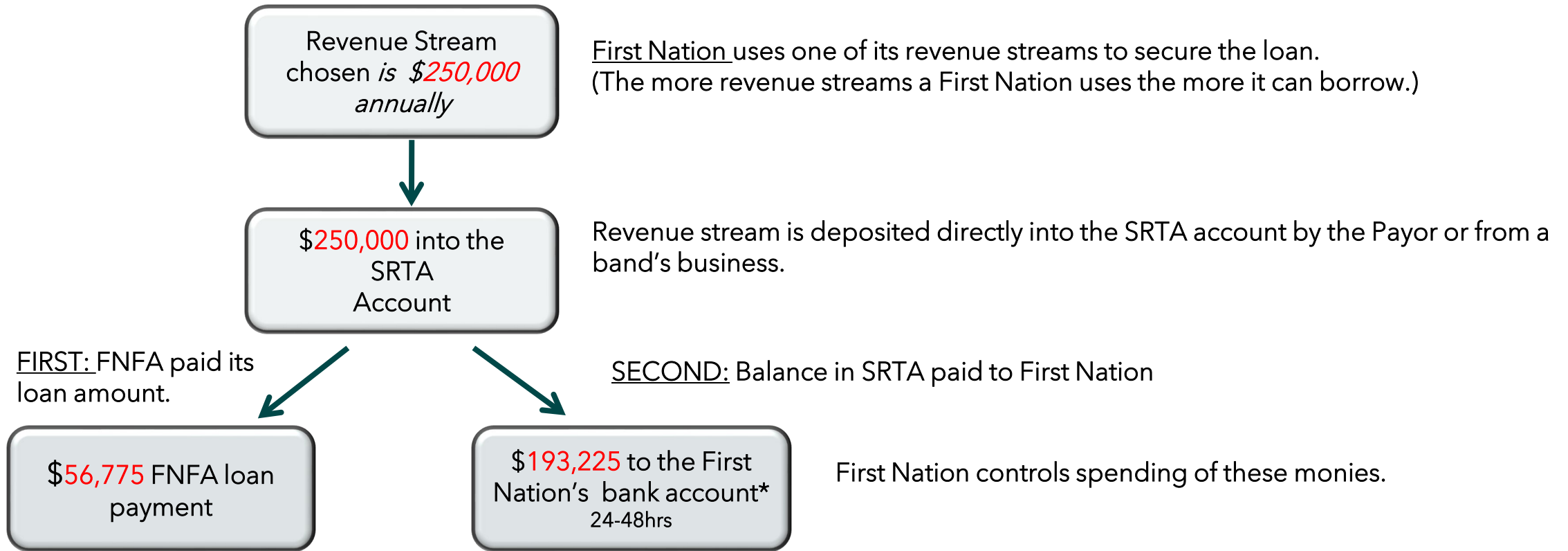
Board of Directors must unanimously approve loan requests.

4

5

Trust Account System ensures loan repayments.

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



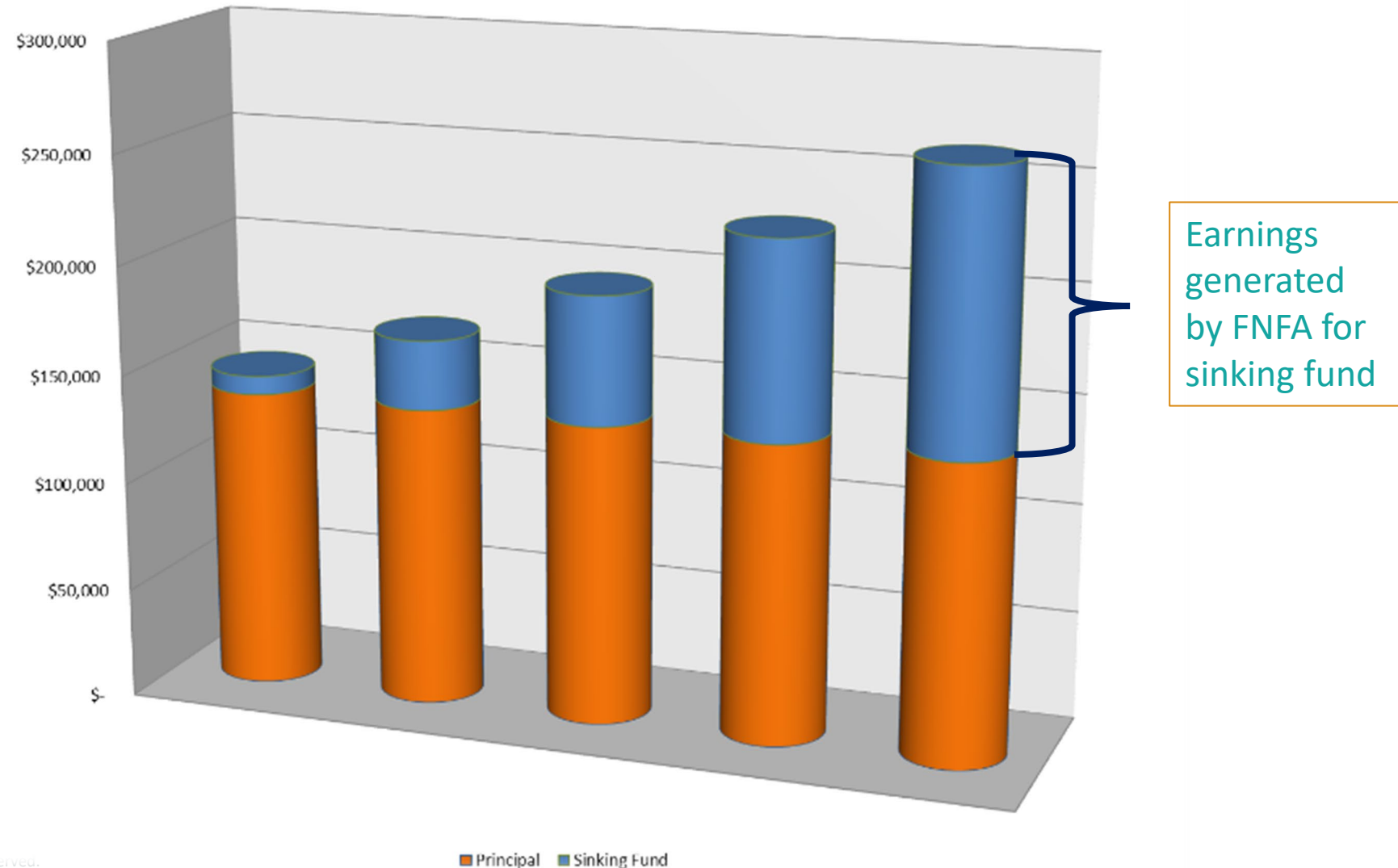
The above process is cost-free to the First Nation and provides the "comfort" needed by the Capital Markets.

# 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.





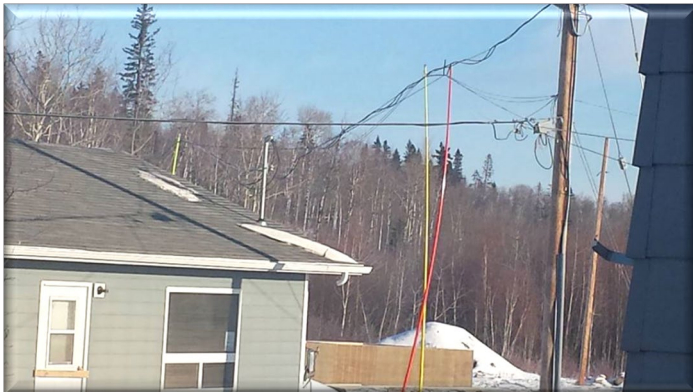
# Fisher River, Manitoba



*“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

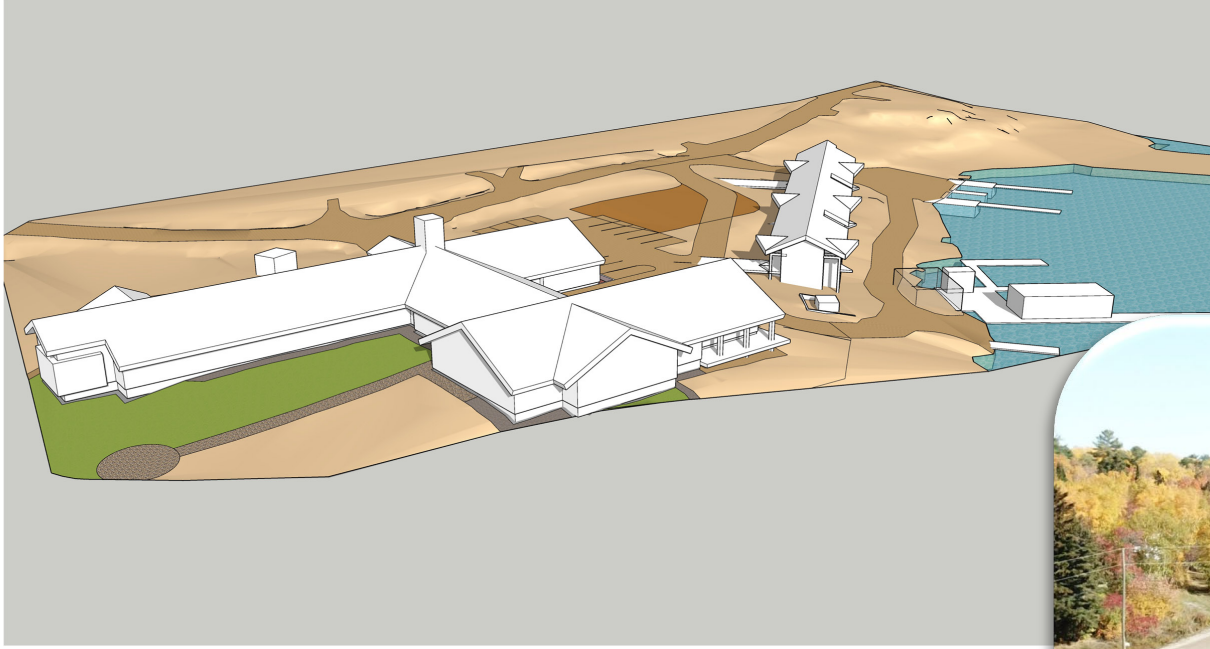
## *FIVE YEARS IN THE MAKING – The First Project With BC Housing*

- 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

©2018, LAROCQUE ELDER ARCHITECTS



# 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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