



Indigenous Economic Development & Reconciliation Speakers Series

Presented by the First Nations Finance Authority

May 2021

fnfa.ca



Quick 101 of FNFA – Who We Are

1. “First Nations Fiscal Management Act” 2005:

- ✓ Established to promote internal capacity development as well as low-rate loans and to position First Nations to manage wealth
- ✓ There are 3 institutions that operate independent of one another
- ✓ The 3 institutions work together to ensure the integrity of the overall fiscal regime



2. “Financing Secured by Other Revenues Regulations” 2011:

- ✓ Allows First Nations to leverage revenues other than Property Tax (i.e. Other Revenues)
- ✓ 634 First Nations across Canada share in Provincial revenues
- ✓ FNFA “intercepts” from the Provinces the revenues supporting FNFA loans

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 below bank prime

🌀 Today FNFA lends @ 2.40%* interest payments only (compare to bank prime at 2.45%)

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

🌀 Current long term rate is 2.75%

3. Investment and capital advisory services

*@ May 7th, 2021



FNFA – STRONGER TOGETHER

FNFA Governance Model:

- 🌀 FNFA is governed and owned by its Membership (Chiefs & Councillors)
- 🌀 Of the 312 that are scheduled to the Act, 123 have completed the membership steps and growth continues.
- 🌀 Not-for-Profit model that ensures loans are below Bank Prime
- 🌀 FNs can amortize loans out to 30 years
- 🌀 No fees - no collateral - no staff bonus - no staff commission.
- 🌀 Recipient of Governor General Award for Innovation - 2018



2021

\$1.3 Billion in Financing



8th Debenture

354M @ 1.90% Jan 14, 2021
2nd Credit Upgrade May 2020
Moody's Investor Service Aa3 stable
Standards & Poor's A+ stable

2020



2018

Governor General Award

2018 – Innovation Award in Finance



2018

FNFA Credit Rating Upgrade

Moody's Investors Services A2 stable
Standards & Poor's A+ stable



Initial Credit Rating Report

Moody's Investors Service A3 stable +
Standards & Poor's A-stable



2014

2014



1st Debenture

2014 – 90M – 3.79%

2011

Other Revenues Regulation

2011 – Passed Through Legislation



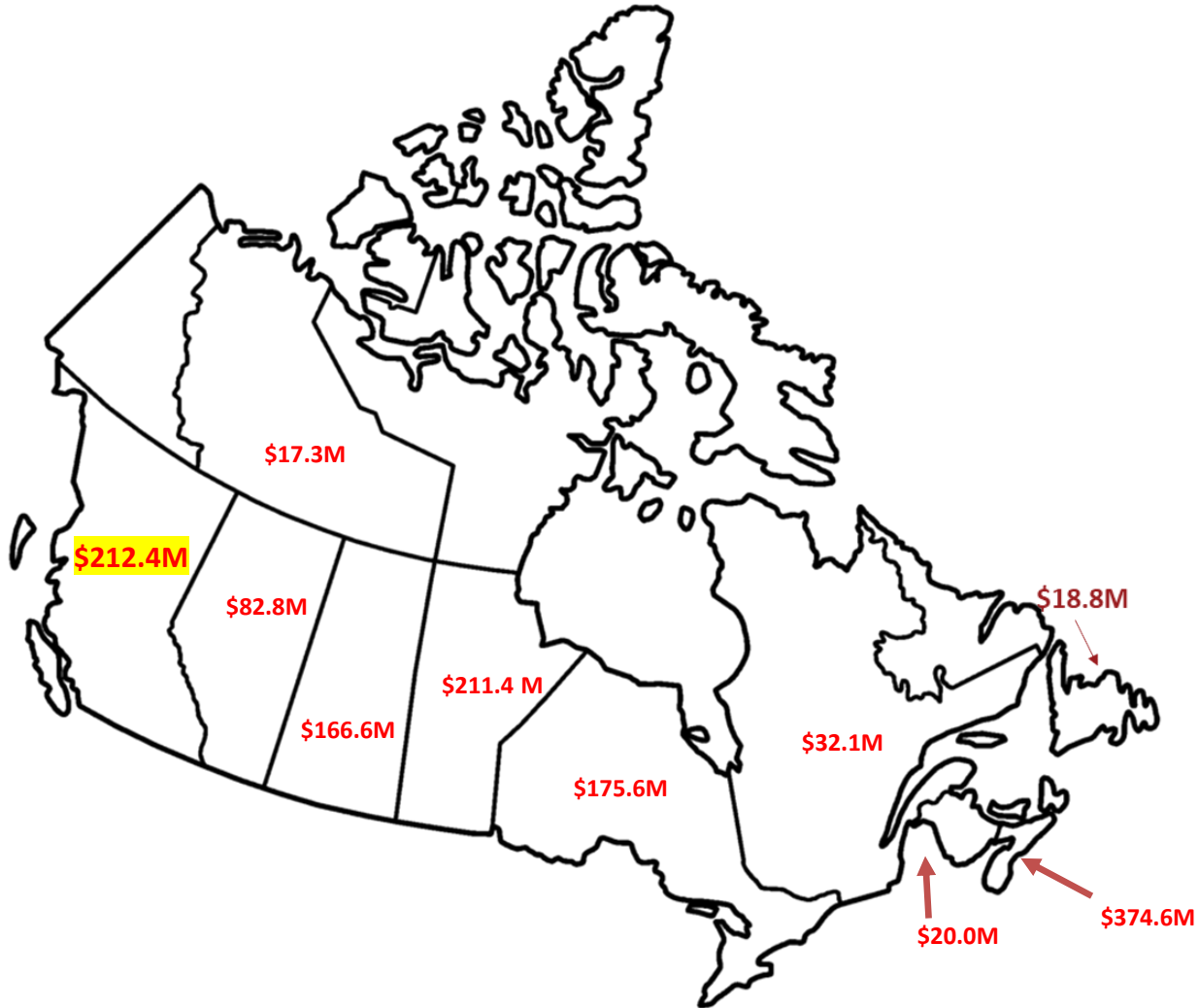
FNFMA

2005 – Received Royal Assent

2005



TOTAL LOANS \$1.3 BILLION - 2021



Prov	Scheduled	FNFA Members	FNFA Members w/Loans	Total Borrowed (\$M)	National Economic Output (\$M)	Jobs Created
AB	17	5	3	\$82.8	\$180.8	682
BC	123	47	24	\$212.4	\$452.0	2,148
MB	34	15	12	\$211.4	\$525.5	2,692
NB	10	2	2	\$20.0	\$42.7	200
NL	2	2	1	\$18.8	\$40.2	188
NS	12	10	9	\$374.6	\$797.5	4,799
ON	50	19	13	\$175.6	\$363.5	1,873
PE	1	0	0	\$0.0	\$0.0	-
SK	40	15	8	\$166.6	\$342.6	1,471
QC	13	6	3	\$32.1	\$70.0	372
NWT	6	1	1	\$17.3	\$35.1	119
	312	122	76	\$1,312	\$2,850	14,545

Total Loans = \$1,312 M
Total Jobs Created = 14,545
Economic Impact = \$2.85B
(Using the Statistics Canada employment multiplier formula)

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.)

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.



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

Borrowing Members approve other Borrowing Members' loan requests.

4

5

Trust Account System ensures loan repayments.

HOW CAN FNFA ACCESS CAPITAL?

MOODY'S
INVESTORS SERVICE

Rating Action: [Moody's upgrades FNFA's ratings to Aa3, outlook revised to stable](#)

Westbank, British Columbia (May 15, 2020) – Ernie Daniels, President & CEO, is pleased to announce that the First Nations Finance Authority (FNFA) has received a two-notch upgrade to Aa3-Stable from Moody's. Obligations rated at the Aa level are judged to be of high quality and are subject to very low credit risk.

S&P Global
Ratings

RatingsDirect®

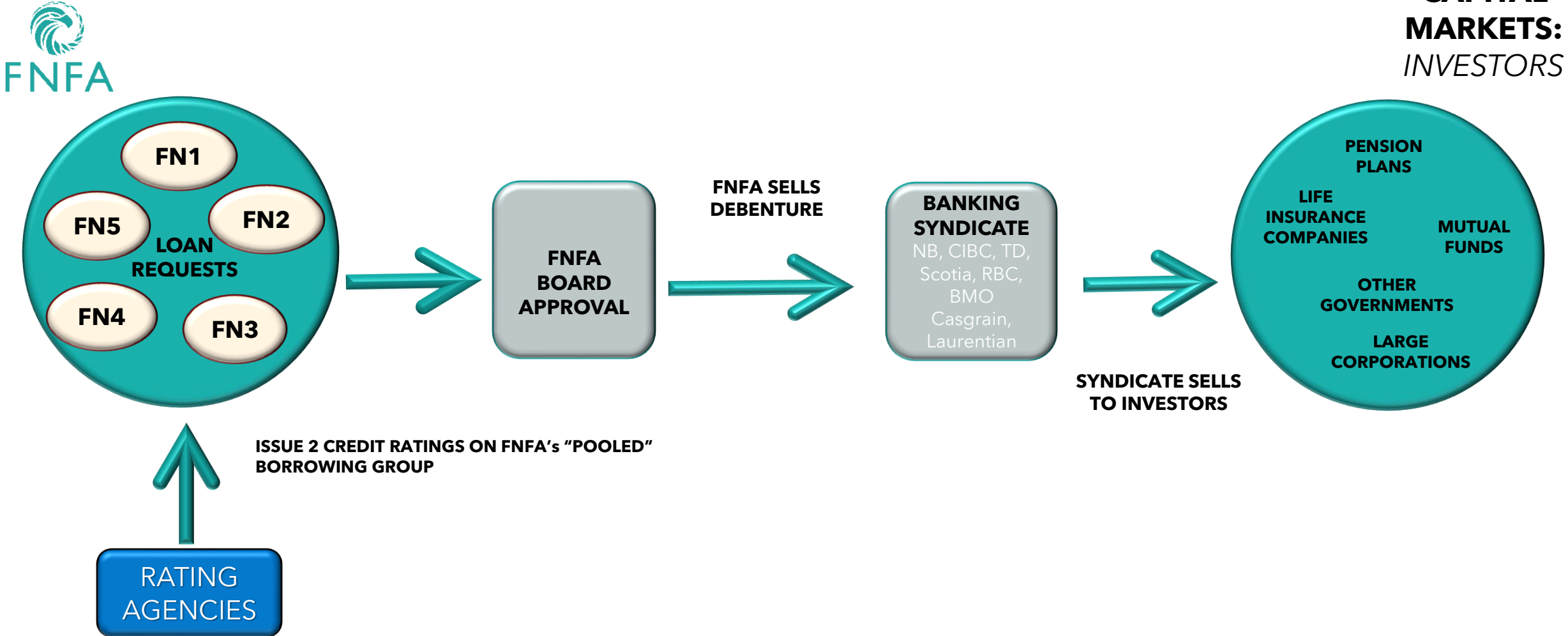
Research Update:

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

August 14, 2019



Debenture Process



FNFA BONDS: INVESTING IN SOCIAL VALUES



NON-PROFIT OPERATING MODEL



SUSTAINABLE INDIGENOUS DEVELOPMENT

MISSION
VALUES

Helping First Nation Communities Build Their Own Futures on Their Own Terms

EMPOWERMENT LEADERSHIP INTEGRITY

INFRASTRUCTURE FOR INDIGENOUS COMMUNITIES

Community Facilities	Public Infrastructure
Sustainable Power	Housing Development
Local Business	Education



MEASURABLE IMPACT

14.5K	JOBS CREATED	10.8 JOBS PER MM
\$2.85 B	ECONOMIC OUTPUT GENERATED	\$2.2 OUTPUT PER \$ LOANED
76	COMMUNITIES SUPPORTED	



AWARDS

Governor General's Innovation Award

*impact of FNFA's Loan Portfolio since 2014

FIRST NATIONS ACQUIRE CLEARWATER SEAFOODS IN \$1 BILLION DEAL

- ✓ The Mi'kmaq Coalition comprised of 7 Mi'kmaq communities from across NS and NL have become 50% owners of Clearwater Seafoods, in partnership with Premium Brands (based in BC).
- ✓ The Mi'kmaq Coalition now have 100% ownership of all Clearwater Canadian lobster fishing quotas by securing a \$250 million loan through FNFA.
- ✓ The \$1 billion deal is structured in such a way that Premium Brands, the other 50% partner has financed the remainder of the deal under a subordinated debt agreement.
- ✓ Clearwater is one of the largest fully-integrated seafood companies in North America and is now owned by the Mi'kmaq.
- ✓ This major acquisition has developed a path, through the FNFA, for groups of First Nations to participate in similar investments of this nature.



CLEARWATER SUCCESS WITH FNFA

Why was Clearwater successful in accessing FNFA funding?

- FNFA executive team were able to discuss concept in advance with Lending Syndicate identifying the quality of companies involved, and the FN abilities.
- All FN's involved became FNFA borrowing members and were able to spread risk amongst themselves.
- FN's leadership, staff and their professionals had required skills to execute transaction which allowed them to seize significant business opportunity.
- FN provided a clear, concise, professionally done proposal for all stakeholders involved to make informed decisions.



FIRST NATIONS OFFERED 10% EQUITY OF COASTAL GASLINK PIPELINE

- TC Energy offers 20 First Nations in BC 10% equity of Coastal Gaslink Pipeline (under construction).
- FNFA in discussions with The Major Projects Coalition, BC Government, TC Energy and most of the group of 20 First Nations.
- FNFA seen as the best financing opportunity for the First Nations to become owners in the Coastal Gaslink project.
- Financing to be completed once construction of the Coastal Gaslink project is completed (approximately 3 years).

Tzeachten – BC Housing Project

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*
- *Environmental protected areas for Oregon Forest snails (best kept snails)*
- *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*



“Tzeachten First Nation is honoured to partner with BC Housing to provide affordable housing to our membership,” said Chief Derek Epp, Tzeachten First Nation. “Tzeachten has contributed approximately \$4.5 million towards the project to provide an opportunity for our members to return home and continue to thrive in our community.”



FINANCING CONCEPT



- Combination of funders - CMHC, BC Housing, ISC, and Tzeachten;
- Tzeachten invested in the professionals - Engineering, General Contractors, Project management and Financial forecasters;
- Tzeachten contributed a combination of land and \$ to total \$5 million investment to ensure larger homes;
- ISC - infrastructure funding;
- CMHC and BC Housing - one-time grants.
- BC Housing to provide rent subsidies for the term of the mortgage
- Tzeachten has entered into a 60-year commitment to this affordable housing project
- FNFA has supplied a financing comfort letter that has led to BC Housing giving final approval
- Construction scheduled to start in November 2021.
- The agreement with BC Housing will be signed May 5-21 as well.

FNFA FINANCING DIFFERENT REQUESTS

This past year has seen FNFA experience different types of new loan requests from various sources. These requests can significantly impact FN financial statements positively or negatively. FNFA has been approached by the following entities;

- FN's and Tribal Councils looking to form partnerships on a variety of projects.
- Corporate Entities looking to sell parts of existing business operations and/or looking for opportunities to partner with FN's on elements of acquiring existing business or creating new businesses together.
- Consultants trying to understand FNFA process.
- Governments trying to understand FNFA process.



WHY IS FNFA EXPERIENCING THESE DIFFERENT REQUESTS



- Reconciliation recognized by Governments and also by Corporate Canada doing business in traditional territories.
- Governments, Investors recognizing FN communities are underdeveloped opportunities
- Our Clients successes are attracting all kinds of interest for FNFA. i.e. other FN's, Provincial / Federal Governments, Corporate Canada and Internationally.
- FN sharing risk as opportunities impact shared traditional territories.
- Clearwater project created huge attention to all groups previously mentioned.

FNFMA REGULATIONS UNDER DEVELOPMENT

- Section 141 Regulation to expand eligible borrowing membership to Self-government and BC Treaty First Nations - late 2021.
- Section 141 Regulation to expand eligible borrowing membership to other First Nations, Not-for-Profit organizations that provide benefit to First Nation communities - early 2022. For example: Health Centres, Education Authorities, Water Authorities, etc.



FNFMA - IMPLEMENTING UNDRIP

- As the Federal government and the provinces consider action plans to implement UNDRIP it is important that we build on our successes and not try to reinvent the wheel.
- Access to FNFA by Self-governing Indigenous groups
- Securitization of Revenue Sharing/Benefits Agreements
- Maximizing the Benefits of Pooling.
- Purchasing FNFA Bonds



Tzeachten First Nation, BC Housing Project



Taku River Tlingit, BC



- The goal of Taku River was to own 100% of the Hydro Project in their traditional area and to diversify their economic activity.
- This project was completed before FNFA's loan program was operating.
- The \$2 Million was used to take out high-rate financing for their equity requirements in the project.

Long Plain FN, Manitoba



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

Henvey Inlet First Nation, Ontario



- Henvey Inlet Windfarm - HIFN is 50% owners in this project - 300MW windfarm
- 87 turbines - largest turbines in the world
- 90km Transmission, 80km network of roads
- 2 Electrical Substations
- 110,000 homes powered with Clean Energy

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