

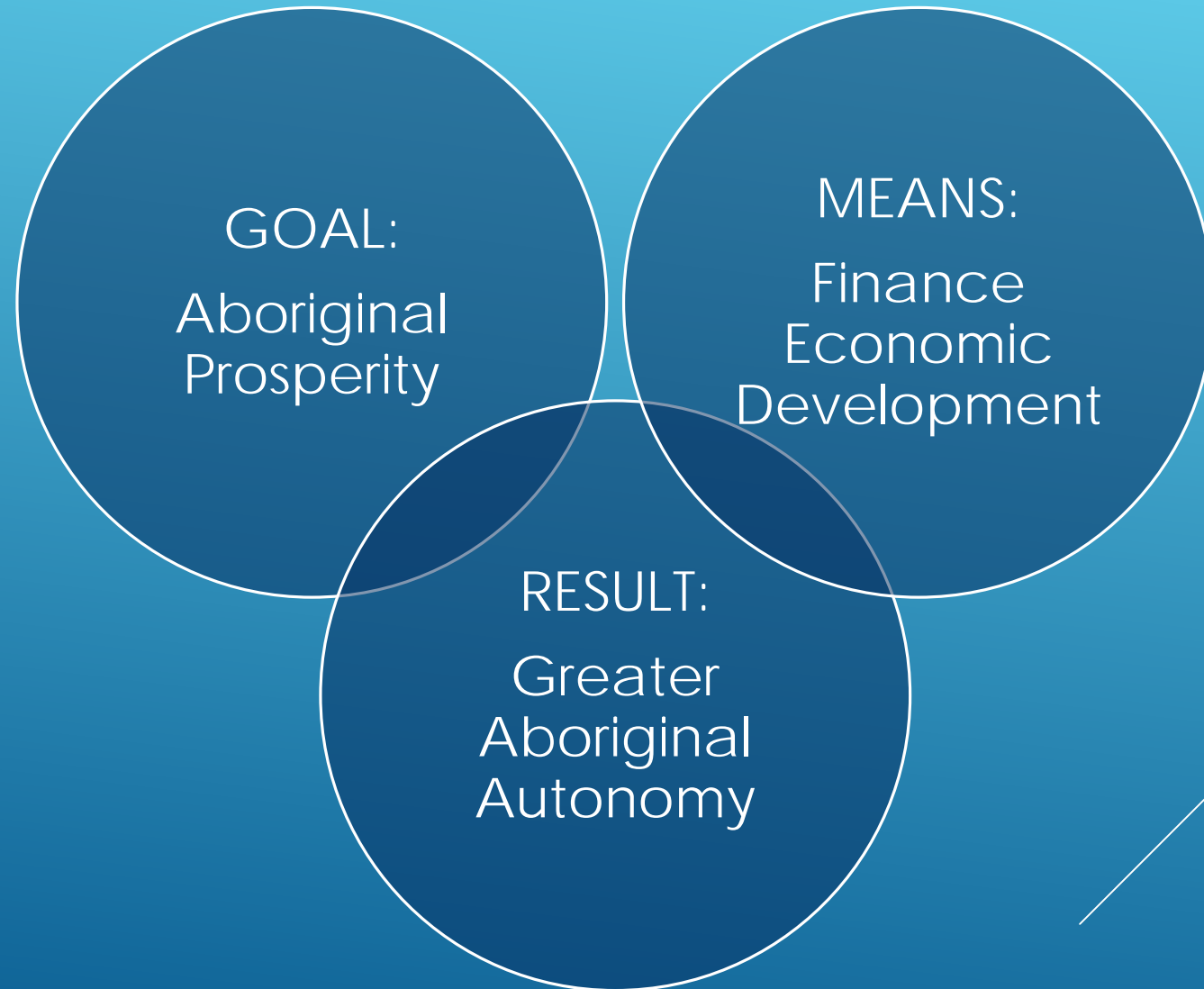


CAPITAL POOL

for Aboriginal Sub-Contractors

February 2019

ROLE OF THE NADF



30 years of experience
\$11 million in O/S loans
Default rate: <5.8%
\$1.2 million in annual grants

OBJECTIVES OF THE STUDY

Sizing of
Market
Demand

Lender
Appetite and
Requirements

NADF
Capacity and
Delivery



RESPONDENT CATEGORIES

Market Demand

Economic Dev. Corps.

Project Sponsors

Consultants

Lenders

Private Equity

Pension Funds

Banks

Lifecos

Aboriginal FIs

Foundations

Government

Federal

Provincial

SIZE OF THE OPPORTUNITY

Project	Set Aside (\$ millions)	Financing Requirement (\$ millions)
Wataynekinyap Power	240	24 – 40
East-West Tie	130	13 – 26
All-Season Roads	9	9

EXAMPLE CONTRACTS

Available to Aboriginal Enterprises



FEATURES OF THE PROPOSED POOL

Feature	Specs	Feature	Specs
Pool Amount	\$100 Million	Borrower Rate	10 – 12%
Loan Amounts	\$1 – 10 Million	Investor Return ¹	8 – 10%
LTV Ratio	60 – 85%	Fees	1 – 2%
Equity Required	15 – 40%	Terms	Up to 3 years
DSCR	1.1x	Amortization	Self-amortizing over the contract term ²

1. Lower under a government guarantee
2. Exception: Capital investment such as heavy equipment

LENDER INTEREST

Public/Private Partnership Model

Leverage government support with private capital

Exceptions to Government Involvement

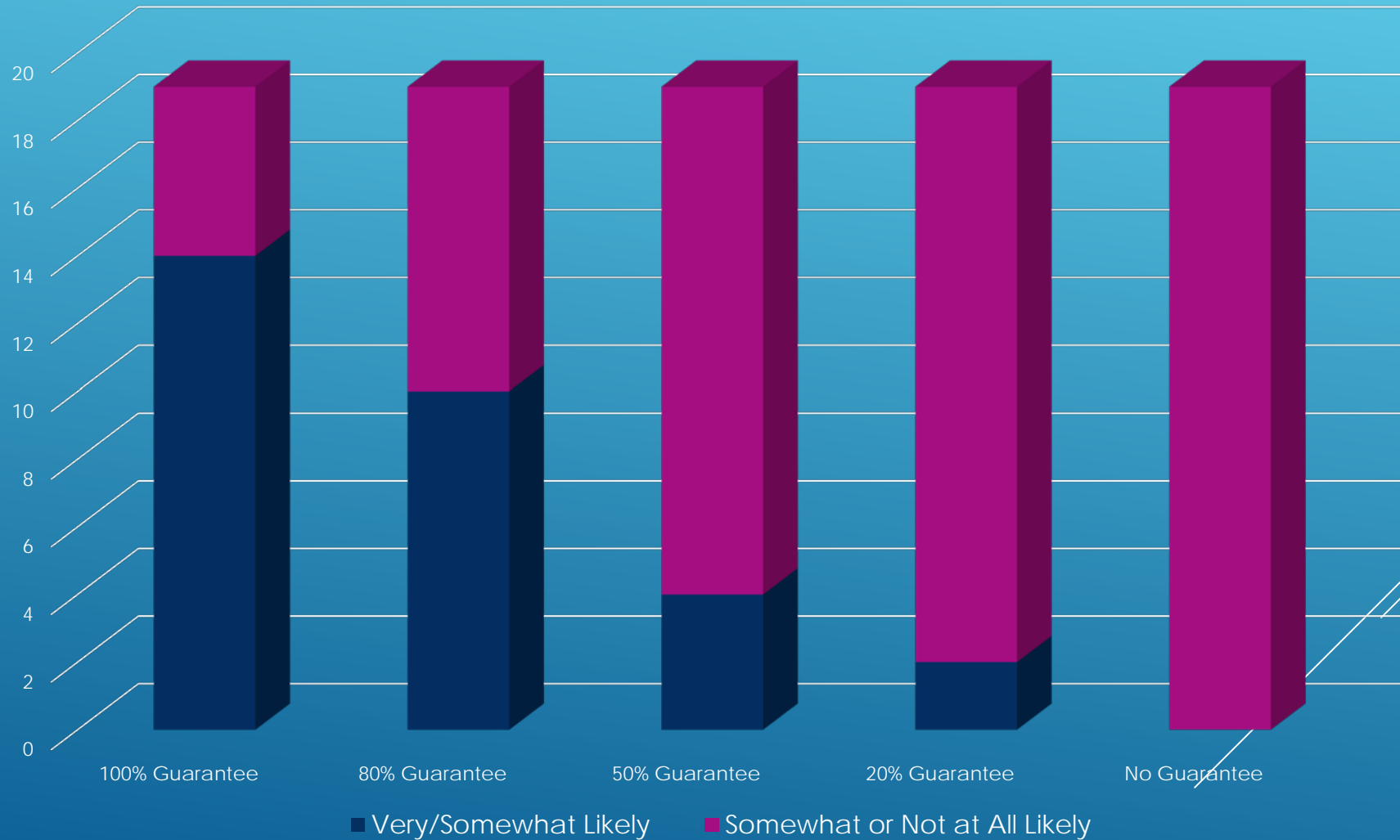
Private equity firms, pension funds and foundations prefer equity positions only

Generally...

Of those who would participate as lenders, their level of interest correlates directly with level of government support

LIKELIHOOD OF PARTICIPATING

Contingent on Government Support



SECURITY DOCUMENTATION



NADF BORROWER SUPPORT

Business Readiness Program

- Business plan development
- Navigate procurement process
- Pre-qualification: insurance, bonding, WSIB
- Identify staffing/equipment needs
- Training/workshops

Aftercare Responsibilities

- Loan monitoring
- Lender/government reporting
- Early-warning remediation
- Operational/management assistance
- Coaching/mentoring
- Mitigation of operational risk
- Debtor-in-possession, business/asset sale

IMPORTANCE OF GOVERNMENT SUPPORT

Legislative approach

- Fractional reserve lending.
- Indigenous Business Development Bank of Canada.

Legislative support to AFIs

- Remain non-for-profit
- Legislative authority granted to AFIs to do fractional reserve lending.

Benefits

- Builds on existing client relationships.
- Strategic focus on the indigenous economy.
- Supports high risk capital.

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