

FIRST NATIONS FINANCE AUTHORITY



INDIGENOUS ECONOMIC PROSPERITY FORUM

February 27, 2019



Winner of the Governor General's Innovation Award 2018



The Innovation Awards recognize and celebrate outstanding Canadian individuals, groups and organizations - those pioneers and creators who contribute to the success of our country, shape the future and inspire the next generation.



The FNFA: What is it?



- **FNFA is owned by its Members:**
 - FNFA's Board is elected from the Chiefs & Councilors
 - Board keeps interest rates low to benefit the Membership
- **FNFA parallels Provincial Treasury Departments, but strictly for First Nations across Canada**
- **42% of First Nations** in Canada have requested inclusion to FNFA's Act (266 First Nations; 10 Provinces and 1 Territory).
- Created under "*First Nations Fiscal Management Act*", and "*Financing Secured by Other Revenues Regulations*"



FNFA's MANDATE



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

1. Short term loans below bank prime

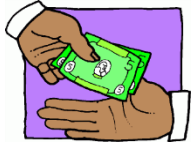
-- Today FNFA lends @ 3.75%

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

-- FNFA has issued 5 Debentures since 2014

3. Investment and capital advisory services

FNFA – QUICK FACTS



- \$623 million in loans to First Nations since 2014

- 5 First Nations' owned "Green Energy" projects



- Over 2260 acres of land purchased, water line upgrade

- 71 new houses built, 30 remediated



- 4 On-Reserve schools, wellness centres, recreation centre, admin building, paved roads, 2 hotels and 2 grocery stores!



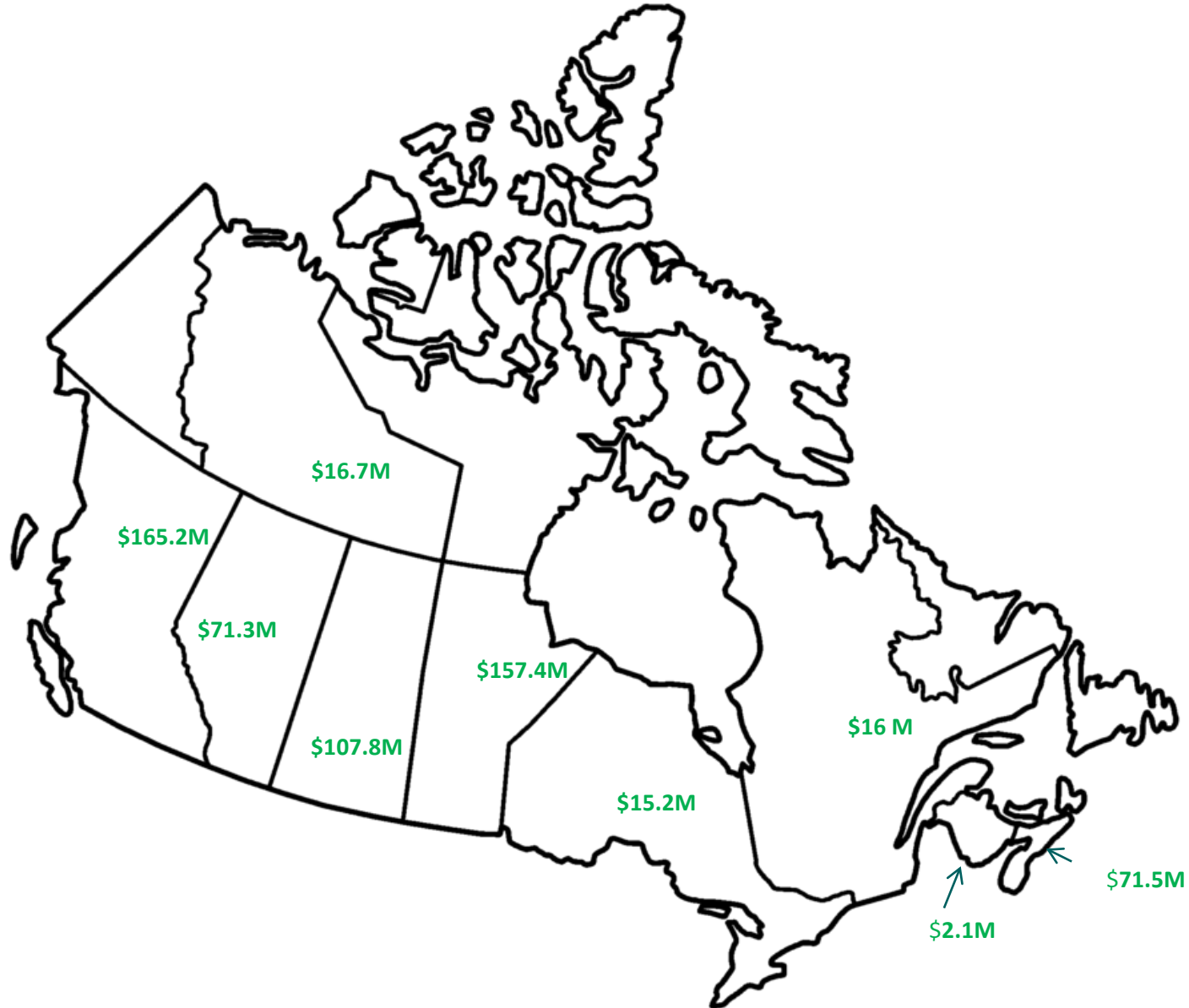
Prov.	Scheduled	FNFA Members
AB	12	5
BC	112	42
MB	31	13
NB	8	1
NS	11	6
ON	42	9
SK	34	8
QC	10	2
NWT	3	1
NL	1	0
PE	1	0
	265	87

FNFA LOAN RATES:

Interim Loans = 3.75% today

Fixed Rate Loans = 3.85% today

TOTAL LOANS \$623 Million (January 2019)



How can FNFA access capital?



MOODY'S INVESTORS SERVICE

Rating Action: **Moody's upgrades FNFA's ratings to A2, outlook revised to stable**

Global Credit Research - 17 Oct 2017

Toronto, October 17, 2017 -- Moody's Investors Service today has upgraded the long-term issuer and debt ratings to A2 from A3 of the First Nations Finance Authority (FNFA). At the same time, the outlook was changed to stable from positive. Moody's also assigned an A2 rating to FNFA's planned CAD126 million debenture.



Rating Action

On Aug. 3, 2018, S&P Global Ratings raised its long-term issuer credit and issue-level ratings on public-sector funding agency First Nations Finance Authority (FNFA) to 'A+' from 'A-'. S&P Global Ratings removed the ratings from under criteria observation (UCO), where they were placed May 22, 2018. The outlook is stable.

A First Nation's Revenues Determines its Borrowing Capacity



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

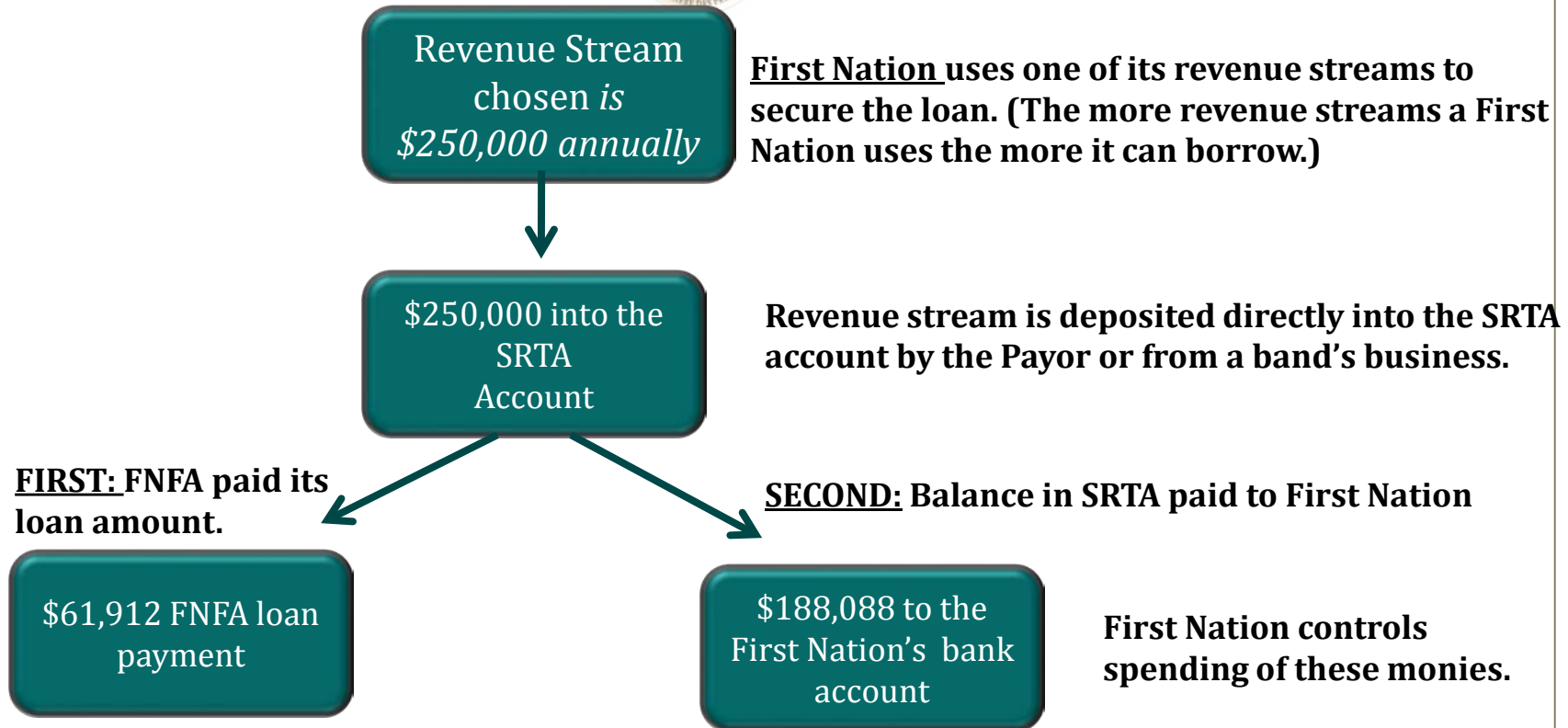
Other Revenues:

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

Property Tax Revenues:

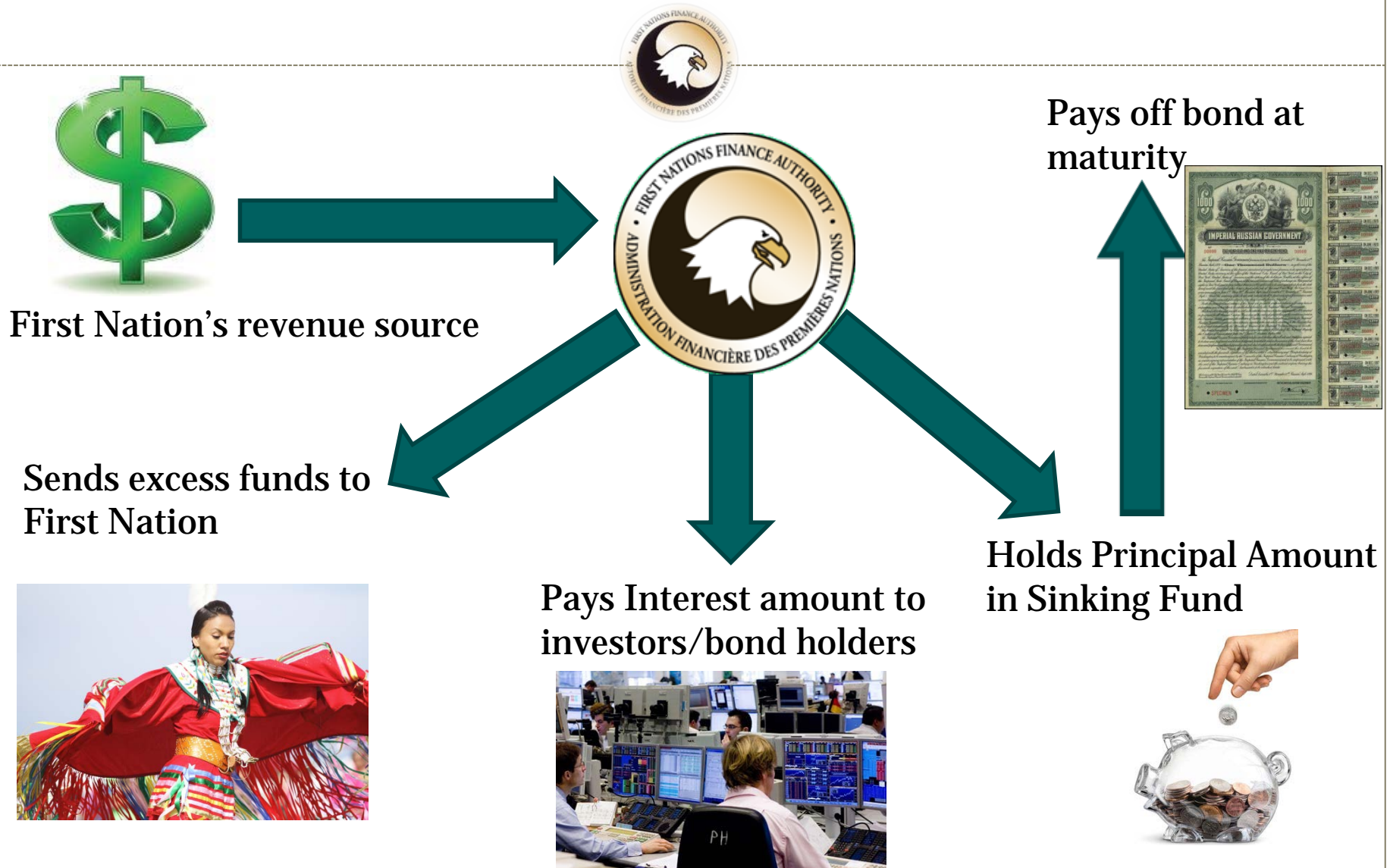
First Nations work with the FNTC. Once completion of the FNTC process has occurred, then work with the FNFA.

Example: FNFA lends \$1,000,000 to a First Nation repayable over 25 years

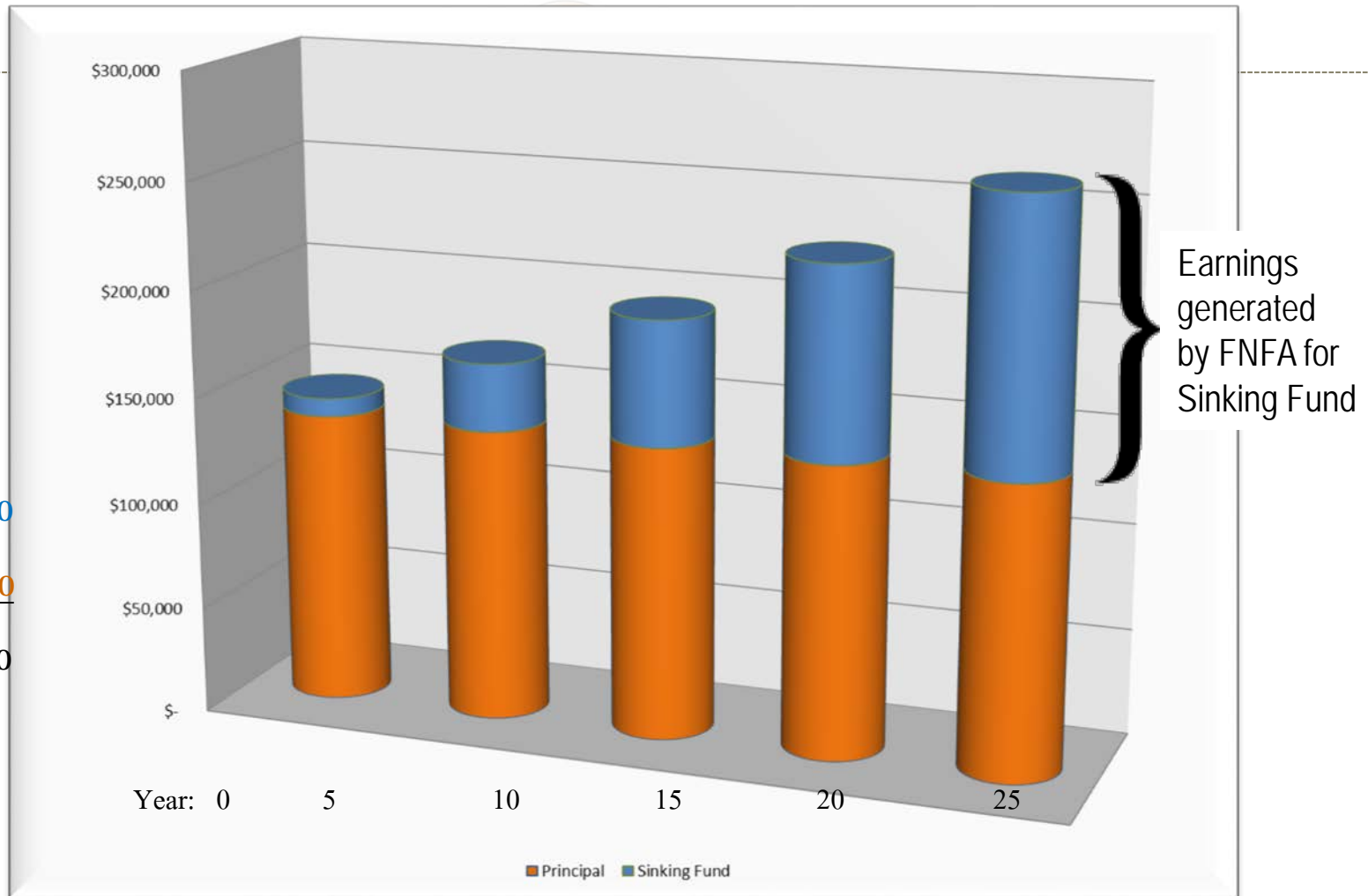


The above process is cost-free to the First Nation and provides the “comfort” needed by the Capital Markets.

Where does the money go?



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



Sinking fund
proceeds= \$399,700
Principal
Repaid= \$600,300
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.

Safeguards Required By The Capital Markets



1. Financial Management Board (FMB): Certification Process

- -- FMB's vetting process is a pre-requisite to any FNFA loans

2. Revenue Leverage Factors Set by Capital Markets:

- -- Each revenue stream has a loan leverage factor that cannot be exceeded

3. FNFA's reserve funds:

- -- Debt Reserve Fund (DRF) = 5% of loan requests withheld
 - -- One DRF for Property Tax; one DRF for Other Revenues
- -- Credit Enhancement Fund (CEF) = \$30 Million supports both DRF's

4. Borrowing Members approve other Borrowing Member's loan requests.

5. Trust Account System ensures loan repayments.

WHAT PROJECTS DOES FNFA LEND FOR?



FNFA Lends for Projects that are:

- Economic Development
- Social Development
- Community owned housing
- Equity involvement (power projects, pipelines, etc...)
- Land purchases
- Infrastructure
- Vehicles and equipment



Tzeachten Housing Project



Peter Ballantyne Cree Nation- Housing Project



Riviere-du-Moulin Wind Farm



Mashteuiatsh purchased an equity share in Canada's largest operating wind farm project.

Fisher River, Manitoba



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

Siksika Opens New Chief Crowfoot School Sept 7th 2016



STEPS TO BECOME BORROWING MEMBER



- ➔ BCR to Minister re: Being Scheduled to FMA
- ➔ Sign Letter of Co-operation with FNFMB
- ➔ Develop Financial Administration Law
- ➔ Submit 5 year Financial Statements to FNFA/FNFMB
- ➔ Earn Financial Performance Certificate
- ✓ **FNFA Borrowing Membership**
- ➔ Begin process of accessing financing

TO CALCULATE YOUR COMMUNITY'S BORROWING POWER



- Use FNFA's website: www.fnfa.ca
- Once in the website choose **“Calculators”** tab at the top of the page
- Once “Calculators” has been chosen use:
 - **“Other Rev Calculator”**

CONTACT INFORMATION



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Visit our website:

www.fnfa.ca