

10th Annual NBF Municipal Borrowers Conference

First Nations Finance Authority – September, 2021



2021: Update (New Items)

1. C.P. Program:

- \$ 400M in size (DBRS rated) – should roll-out shortly
- Focus will be on 30-day issuances.

2. Canada Support: “Contingency Fund”

- A further \$ 32.5M provided to FNFA to offset “Senior Government actions that cause interruptions to FNFA members’ revenue streams that support loans”. i.e., mandated business shut-downs.
- This Fund provides 0% loans, and are outside the normal FNFA loan programs.
- Another positive liquidity feature for Bondholders.

3. Client base:

- 80 First Nations that have borrowed (up from 59 a year ago) – 9 Provinces and the NWT.
- 135 total FNFA members (106 a year ago) – all 10 Provinces and the NWT.
- 4.00 times Interest Coverage Ratio (4.25 a year ago)

(Revenue Intercepted VS. Annual Interest Liability)



Investor Safeguards - Recap

1. FNFA intercepts the full revenue stream(s) supporting each loan request = 4.00 Interest Coverage Ratio.
2. FNFA has mandatory sinking funds.
3. All FNFA members are "Joint & Several."
4. All NEW FNFA members must have unanimous Board approval, and are annually monitored.
5. DRF: 5% withheld on each loan request (5% exceeds current interest rates, so DRF growing quickly).
6. CEF (Credit Enhancement Fund): \$45.5M backstops the DRF.
7. **NEW**: Contingency Fund of \$ 32.5M to support annual interest obligations.



5 - YEAR RECAP : LIQUIDITY

March 31st Year-Ends (\$,000's)

	2017	2018	2019	2020	2021	2021 (Aug,31)
Debt Outstanding	<u>\$251,000</u>	<u>\$377,000</u>	<u>\$515,000</u>	<u>\$678,000</u>	<u>\$1,272,000</u>	<u>\$1,538,000</u>
Liquidity:						
Annual Interest Liability	-\$8,868	-\$12,263	-\$17,538	-\$22,932	-\$34,502	-\$40,092
Capital:						
Sinking Funds	\$10,720	\$19,101	\$34,084	\$49,500	\$73,200	\$88,244
DRF	\$16,267	\$24,495	\$32,610	\$40,800	\$68,500	\$80,402
CEF	\$20,000	\$30,000	\$30,529	\$42,500	\$45,500	\$45,500
Contingency Fund (NEW)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	<u>\$32,500</u>
Net Capital	<u>\$38,119</u>	<u>\$61,333</u>	<u>\$79,685</u>	<u>\$109,868</u>	<u>\$152,698</u>	<u>\$206,554</u>

Credit Rating:

Moody's	A2	A2	A2	Aa3	Aa3	Aa3
S&P	A ⁻	A ⁺	A ⁺	A ⁺	A ⁺	A ⁺

5 - YEAR RECAP: COVERAGE RATIOS

March 31st Year-Ends **(\$,000's)**

	2017	2018	2019	2020	2021	2021 (Aug,31)
Annual Interest Liability	-\$8,868	-\$12,263	-\$17,538	-\$22,932	-\$34,502	-\$40,092
VS.						
Revenue Intercepted	\$42,300	\$57,270	\$71,730	\$97,920	\$141,000	\$159,755
ICR's	4.77 times	4.67 times	4.09 times	4.25 times	4.09 times	4.00 times

Note: FNFA intercepts the full revenue stream(s) a member pledges to support a loan(s). This allows FNFA to calculate Borrowing Capacity for each member. The Interest Coverage Ratio fluctuates when FNFA existing clients draw down on their calculated Borrowing Capacity; or, may increase when NEW clients are approved as FNFA members, and their revenue streams start being intercepted.

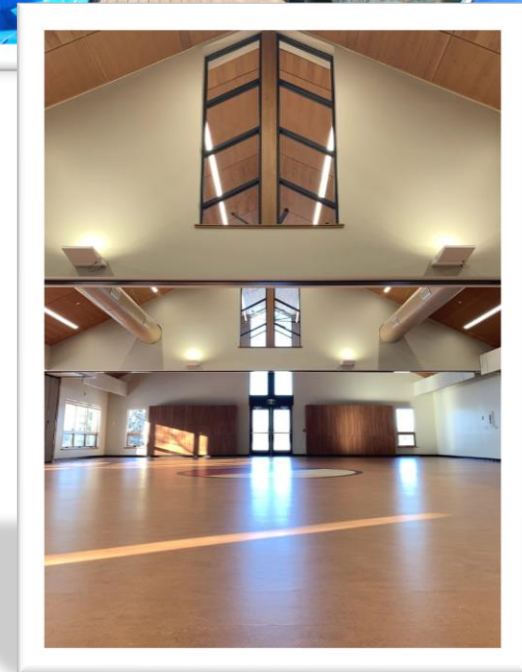
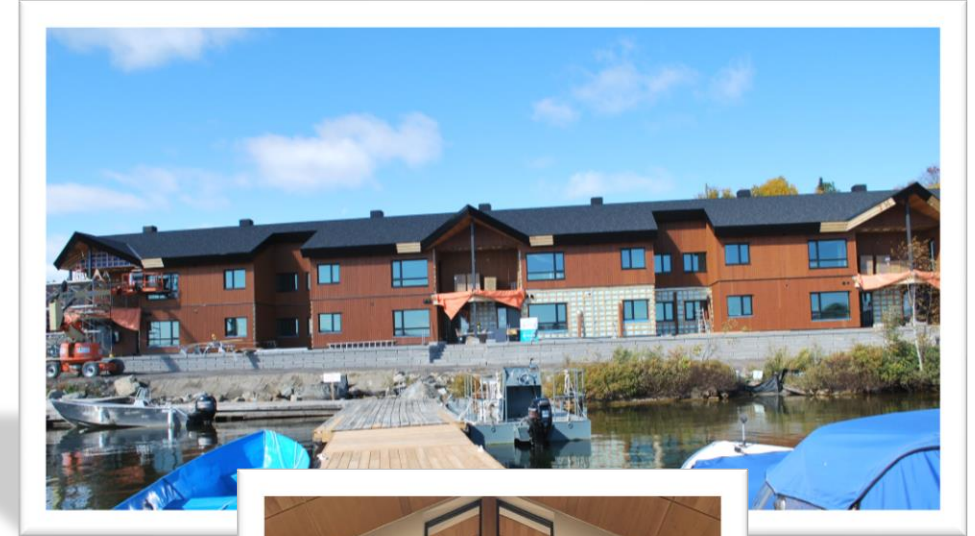
Note: 74% of Intercepted Revenues are from Federal/Provincial agreements. Remainder are established lease/business.

Next Debenture

- FNFA is projecting some client's loan requests to occur prior to calendar year-end.
- If these projected loans occur, then FNFA will consult with its banking syndicate as to the details of the next debenture.



TEMAGAMI FIRST NATION, ON



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.

Tzeachten -BC Housing Project

- *FIVE YEARS IN THE MAKING - The First Co - Project With BC Housing/FNFA*
- 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



Ocean Man First Nation

Ocean Man First Nation became a member in 2020 with the clear vision of developing sustainable power sources from their lands. They worked to connect to the power grid with SaskPower and between the two sites they are harnessing solar power to supply over 200 homes. They are working to create opportunities for self sufficiency and have more projects in the future.



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