Month, XX, 2025

**To the attention of:**

Ernie Daniels, President and CEO

First Nations Finance Authority

202-3500 Carrington Road

Westbank, BC V4T 3C1

**Re: FNFA Loans to Special Purpose Vehicles and required amendments to the First Nations Fiscal Management Act**

Dear Mr. Daniels,

As a member of the First Nation Finance Authority (FNFA), [Name of Nation] recognizes and values FNFA’s role in providing loans to its borrowing members for any purpose that promotes economic or social development. With the introduction and recent expansion of the Indigenous Loan Guarantee Program by the Government of Canada in December 2024, as well as similar initiatives by provincial governments, [Name of Nation] is encouraged by the increasing opportunities for Indigenous groups across Canada to pool their resources and invest collectively through corporations or limited partnerships (commonly referred to as special purpose vehicles, or SPVs) using governmental loan guarantees as support.

[Name of Nation] appreciates FNFA’s initiative in expanding its capacity to finance Indigenous-owned SPVs by seeking appropriate amendments to the *First Nations Fiscal Management Act*[[1]](#footnote-1) (the “Act”). We have reviewed FNFA’s proposal and supporting documentation, and believe that by broadening its mandate, FNFA will be better positioned to serve all Indigenous groups, enhance economic participation and enable the creation of meaningful own-source revenues. This inclusive approach will foster diversification and economic resilience, empowering Indigenous communities to thrive and achieve their unique priorities now and in the future.

We have reviewed **Schedule A** attached hereto, as provided, and agree with the preliminary draft amendments found therein. We also understand that these proposed amendments may be revised, as discussions continue with the Government of Canada, relevant FMA institutions and stakeholders.

[Name of Nation] appreciates FNFA’s contribution to this important initiative. We value your leadership and engagement in the continued advancement of economic opportunities for Indigenous communities across Canada. We look forward to collaborating further with FNFA to advance this important initiative and remain available should you wish to discuss the proposed amendments further.

Best regards,

[Nation’s name]

[Address line 1]

[Address line 2]

(Ensure number of signatures required to meet quorum are present.)

[signature]

[Nation’s representative name]

[signature]

[Nation’s representative name]

[signature]

[Nation’s representative name]

[signature]

[Nation’s representative name]

**SCHEDULE A**

**FNFA Proposed Draft Language to Accommodate SPVs Under the *First Nations Fiscal Management Act***

(For discussion purpose only)

As of August 22, 2025

1. **The Act is amended by adding the following to subsection 2(1) after the definition “council”:**

*Crown corporation* has the same meaning as *Crown corporation* in section 2 of the *Financial Administration Act*. (société d’État).

1. **The Act is amended by adding the following to subsection 2(1) after the definition “property taxation law”:**

*qualified SPV* means a body corporate or limited partnership that is wholly owned, directly or indirectly, by one or more band(s) within the meaning of the *Indian Act*, First Nation(s) within the meaning of the Act, or Indigenous group(s) that is a party to a treaty, land claims agreement, self-government agreement with Canada.

1. **The Act is amended by adding the following after subsection 2(2.2):**

**Extended meaning of “borrowing member” – qualified SPV**

(2.3) For the purpose of sections 57, 59, 74, 76(1), 77, 78, 80.1, 82, 83 and 84 and paragraphs 86(1)(a) and 89(c), ***borrowing member*** also means a qualified SPV that has been accepted as a borrowing member by the Authority.

1. **The Act is amended by adding the following after subsection 74(b):**

(b.1) secure for its borrowing members that are qualified SPVs, loans for any purpose;

1. **The Act is amended by adding the following after subsection 76(1):**

(1.1) A qualified SPV may apply to the Authority to become a member.

1. **The Act is amended by adding the following after subsection 79(2):**

**Limitations — loans to qualified SPVs**

(3) The Authority shall not make a loan to a borrowing member that is a qualified SPV unless

1. the Authority is satisfied that the borrowing member has the ability to repay the loan;
2. repayment of the loan is guaranteed by His Majesty or a Crown corporation;
3. the borrowing member and the Authority have established a secured revenues trust account that is
	1. managed by a third party approved by the Authority, and
	2. subject to terms that require the third party managing the account to periodically pay to the Authority the amounts required to be paid to it under the borrowing agreement with the borrowing member, at the times set out in that agreement, before paying any remaining amount to the borrowing member; and
4. the borrowing member has required the payers of the revenues being used to secure the loan to deposit those revenues into the secured revenues trust account or an intermediate account during the period of the loan.
5. **The Act is amended by adding the following after section 80:**

**Restriction – qualified SPV**

80.1 A borrowing member that is a qualified SPV that has obtained a loan shall not subsequently obtain a loan from any other person as long as the loan from the Authority remains unpaid.

1. **The Act is amended by adding the following after section 89:**

**Statutory Tax Exemptions**

89.1(1) No tax is payable under Part I of the *Income Tax Act* on the taxable income of the Authority.

(2) For the purposes of Part IX of the *Excise Tax Act*, the Authority is a municipality.

**ADDITIONAL NOTES**: The Act would also be amended by adding the following under relevant provisions of the Act (section numbers to be determined):

No shareholder or director of an SPV that is a borrowing member with an unpaid loan from the Authority shall propose or commence any action, application, proceeding or resolution to wind-up, dissolve or liquidate the SPV without the prior written consent of the Authority.

An SPV that is a borrowing member with an unpaid loan from the Authority shall not change its ownership without the prior written consent of the Authority.

1. SC 2005, c 9. [↑](#footnote-ref-1)