

# Nisga'a Lisims Government Executive

## Resolution 2008/87

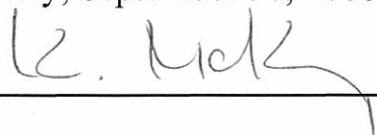
CONSIDERING THAT the Nisga'a Business Development Fund Regulation requires the Executive to develop policies with respect to business development funding;

MOVED THAT the Executive approve the Nisga'a Lisims Government Lending and Contribution Policy Consideration, made under the Nisga'a Business Development Fund Act and attached to this motion as Appendix "A".

This Resolution may be signed by the Chairperson.

Adopted Tuesday, September 30, 2008

Signed

  
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Appendix 'A' to NLHER 2008/87

**NISGA'A LISIMS GOVERNMENT**

**Lending and Contribution Policy Consideration**

**made under the**

***Nisga'a Business Development Fund Act***

**Revised July 20, 2008**

# Nisga'a Lisims Government's ("NLG") Nisga'a Business Development Fund Act (the "Act")

## OVERVIEW

### Purpose of the Act

The Act (established on March 31, 2008) was created out of the realization that many Nisga'a businesses require specialized access to "bridge the financial gap" as well as financial technical assistance.

The Act provides Nisga'a businesses with an alternative source of business development funds. The business development funds are intended to assist small business leverage funds from lending institutions and or other equity programs including:

- Aboriginal Business Canada;
- Nisga'a Village Governments;
- Nisga'a Urban Societies;
- 16-37 Community Futures;
- Aboriginal Capital Corporations;
- First Citizens Loan Program;
- Skeena Native Development Society;
- other lending institutions.

The objective of the Act is to provide an administrative infrastructure that will enable loans, contributions or grants for business projects that leverage funds from other sources of funds.

In addition to "bridging" the financing and collateral gaps between financial institutions and Nisga'a Businesses by attracting outside capital, the Act also provides funds for business support and capacity building.

### Types of financial assistance available

- **Loans** (Start up Capital, business expansion)
  - To be administered by Designated Business Development Office/s.
  - To follow the lending policies of the Designated Business Development Office/s.
- **Contributions**
  - For feasibility and/or other specified development costs.
  - For capital investments for business infrastructure.
  - For developing business skills and management assistance.

- Will be made pursuant to a Contribution Agreement that is a legal and binding commitment by the recipient to undertake a specific project within a defined time frame. General terms and conditions for a contribution shall be specified within a Contribution Agreement. Specific terms and conditions will vary according to the nature of the contribution and the project or activity being supported.
- **Grants**
  - When an applicant receives a contribution and adheres to the terms and conditions and some or all of the contribution becomes non-repayable, it is considered a “grant”.

## **ELIGIBILITY CRITERIA**

### Eligible Applicants

The Act provides the authorization to make loans and/or contributions and/or grants to:

- Nisga’a Citizens;
- Corporations (except corporations where shares are publicly traded), societies, partnerships or trusts in which Nisga’a Citizens hold a controlling interest as shareholders, members, partners or beneficiaries;
- Nisga’a Villages;
- Nisga’a Corporations;
- Nisga’a Urban Locals; or
- any other persons authorized by regulations enacted under the Act.

### Types of Eligible Activities

- Business proposals which demonstrate net benefit to the community which outweighs any potential market disruption, replaces imports or generates exports may be considered. Assistance may be provided for:
  - Industry development;
  - One time assistance for costs associated with planning, engineering, and other developmental costs for pilot or demonstration projects.
- Business creation, expansion or investment assistance may be provided for the acquisition or development of capital assets, and startup working capital.
- Market and Product Development
  - Assistance may be provided for new market or product development designed to increase sales of Nass Area products, to promote the Nass Area as a travel destination, to participate in trade shows and to develop or maintain contacts in the Nass Area and export markets. Assistance may also be provided for the marketing of existing tourism operators as well as

ancillary operators to tourism, arts and crafts and renewable resource products.

- Pilot or demonstration projects.
- Pre-commercial activity designed to test, develop or substantiate innovative products, processes and technology.
- Business management assistance may be provided to provide access to training to increase business skills and capabilities to:
  - identify problems;
  - develop a recovery or restructuring plan.

### Ineligible Costs

- Contributions will not be provided to assist with the acquisition or purchase of:
  - assets previously acquired by the applicant, shareholder or partner in the project, or by an associated business;
  - the applicant's internal costs not directly related to the project, and non-arms length transactions, including payments made to shareholders or members of their immediate family, or businesses related by common effective control and co-operative businesses;
  - raw land for speculative purposes;
  - assets previously purchased with the assistance of any government (NLG, Federal, Provincial), in which case the amount of the previous contribution will be deducted from the fair market value of the asset to arrive at the eligible cost of the asset;
  - the cost of inventory, goodwill, patents, other intangibles, shares of publicly traded companies, marketable securities.

## **APPLICATION PROCESS**

The application process for funding depends on the type of financial assistance being applied for:

### Loans

1. To separate commercial lending functions from government programs and services, applications for commercial loans, other than fisheries loans, are addressed to and assessed by a business service office designated by NLG ("Designated Business Development Office") which, using its usual lending policies, has authority to approve or makes recommendation to NLG in accordance with the approval levels set out below.
2. Applications for fisheries loans are to be addressed to and assessed by the Designated Business Development Office specified for those loans, which, using its usual lending policies, has authority to approve these loans.

3. NLG will ensure that the Designated Business Development Office is aware of the business development landscape within Nisga'a Lands or the Nass Area.
4. Nisga'a businesses within an urban setting will conform to business laws in that jurisdiction.
5. Information about the appropriate Designated Business Development Office may be obtained from the Economic Development Coordinator.

#### Application Documentation

Applications for loans, must be accompanied by a business plan and any other documentation required by the applicable Designated Business Development Office.

Applications for contributions or grants must be accompanied by documentation satisfactory to the Economic Development Coordinator.

#### Contributions or Grants

Contribution and or grants are addressed to and assessed by the Economic Development Coordinator who has authority to make recommendations to NLG in accordance with approval levels set out below.

#### Contribution or Grant Approval Authorities

The following approval authorities have been delegated:

- For contribution or grant requests, the Economic Development Coordinator will make recommendations for approval to:
  - Director of Finance, who has authority to sign off up to \$50,000;
  - Director of Finance and the Chief Executive Officer, who have authority to sign off from \$50,000.01 to \$100,000;
  - Nisga'a Finance Committee, which has authority to sign off from \$100,000.01 to \$150,000;
  - NLG Executive, which has authority to sign off over \$150,000.00.

#### Loan Approval Authorities

The following approval authorities have been delegated:

- Designated Business Development Office may approve financial assistance up to \$25,000;
- For all financial assistance over \$25,000, the Designated Business Development Office will make recommendations for approval to:
  - Director of Finance, who has authority to sign off from \$25,000.01 to \$50,000;

- Director of Finance and the Chief Executive Officer, who have authority to sign off from \$50,000.01 to \$100,000;
- Nisga'a Finance Committee, which has authority to sign off from \$100,000.01 to \$150,000;
- NLG Executive, which has authority to sign off over \$150,000.00.

## **EVALUATION CRITERIA**

Each business development proposal will be assessed on its own viability and merits, based on short term and longer term benefits and costs, taking into account:

- the purpose of the Act;
- the proposal's viability and feasibility;
- the amount of uncommitted funding remaining under the Act;
- potential alternate sources of financing available to the proponent;
- for loan proposals, the lending policy of the Designated Business Development Office considering the proposal;
- whether the following minimum cash equity has been satisfied:
  - 20 % for Nisga'a Corporations, Partnerships or trusts in which Nisga'a Citizens hold a controlling interest as shareholders, members, partners or beneficiaries;
  - 10 % for Nisga'a Citizens;
  - 5 % for Nisga'a Youth;
  - 20 % for Nisga'a Societies, Nisga'a Villages, Nisga'a Urban Locals.

Remaining project financing may be made up through debt or equity investments.

- For projects located between Nisga'a communities or benefiting more than one community, the minimum equity will be determined using a weighted average of the above rates based on employment and purchasing benefits in those communities.

## **RIGHT OF REVIEW**

Applicants, whose proposal for a loan is rejected may, within 15 days of being notified of the decision, request that the decision be reviewed in accordance with the following:

- A request for review may only be made if there is relevant information or material that was not provided in the initial application.
- The request for review must
  - identify the decision that is the subject of the request for review,
  - state the date that the applicant was notified of the decision,

- indicate the nature, and include a copy, of the additional information or material that is the basis for the request for review, and
  - give the name of the applicant, an address to which documents may be delivered to the applicant and a telephone number where the applicant may be contacted.
- Reviews will be conducted by the following decision makers:

<b>Initial Decision Maker</b>	<b>Decision Maker Reviewing Decision</b>
Designated Business Development Office	Director of Finance
Director of Finance	Nisga'a Finance Committee
Director of Finance and Chief Executive Officer	Nisga'a Finance Committee
Nisga'a Finance Committee	NLG Executive
NLG Executive	No review

- The applicant will be notified in writing of the result of the review as soon as practicable.

## **GENERAL CONDITIONS**

- The meeting of eligibility criteria as set out in this Policy, in and of itself, does not guarantee subsequent approval of financial support. Financial assistance will be provided to those projects that provide the greatest economic business benefit and adds to the vision of the Nation.
- Contributions will only be provided where the applicant can demonstrate a need for additional capital to allow the business an opportunity to achieve viability.
- All recipients of contribution assistance must agree to public disclosure and to allowing agents of NLG access to the project site or premises, to inspect all books and other financial statements, and to obtain any other information necessary to evaluating the success of the project.
- Applicants, who fail to meet their commitments, as outlined in the Contribution Agreement, will be required to repay contribution assistance.
- Applicants applying for assistance from other lending or other federal or provincial assistance must provide proof to the Designated Business Development Office.