



Membertou

MEMBERTOU
MEMBERTOU CAPITAL AND SOCIAL DEVELOPMENT 2012
(Purpose Description)

BORROWING LAW, 2012
(Other Revenues)

WHEREAS:

- A. Under section 74(b) of the *First Nations Fiscal and Statistical Management Act*, the Authority has as one of its mandates to secure for its borrowing members financing through the use of other revenues prescribed by regulation for purposes prescribed by regulation;
- B. The *Financing Secured by Other Revenues Regulations* made under section 142 of the Act prescribes other revenues and purposes for which such other revenues can be used to secure financing from the Authority and adapts and restricts the *First Nations Fiscal and Statistical Management Act* for the purposes of section 74(b);
- C. The Act provides pursuant to section 5(1)(d) that the council of a First Nation may make laws respecting the borrowing of money from the Authority;
- D. The First Nation is a borrowing member of the Authority and has entered into a Borrowing Agreement with the Authority;
- E. The First Nation is in compliance with the Borrowing Agreement and the Act;
- F. The Council of the First Nation has determined that it is in the interests of the First Nation to invest in Membertou Capital and Social Development 2012 which is a purpose prescribed under the Act;
- G. The estimated cost of undertaking the Project is \$44,650,000.
- H. The Council of the First Nation deems it necessary to borrow the sum of **\$44,650,000** from the Authority to finance all or a portion of the costs of the Projects using the Other Revenues described in the Certificate of Calculation of Borrowing Capacity attached as Schedule "A" to this Law to secure the financing from the Authority;
- I. The First Nation has enacted a financial administration law under section 9(1)(a) of the Act, which law has been approved by the First Nations Financial Management Board;
- J. The First Nation estimates that **\$ 4,738,622 per year** [based on \$44,650,000 @ 30 years fixed at 4.85% = \$2,961,638 * 1.6] will be paid into the Secured Revenues Trust Account by the Payor;
- K. The estimated amount of annual debt servicing costs in connection with the financing from

WELCOMING THE WORLD!



Membertou

the Authority is \$ 2,961,638 as certified by Mike McIntyre, CFO for the First Nation as set forth in the Certificate of Calculation of Borrowing Capacity attached as Schedule “A” to this Law;

- L. The First Nation has sufficient unutilized borrowing capacity to undertake the borrowing authorized under this Law; and
- M. The First Nation has obtained a Financial Performance Certificate from the First Nations Financial Management Board, a copy of which certificate is attached as Schedule “B” to this Law.

NOW THEREFORE the Council of the First Nation duly enacts as follows:

- 1. This Law may be cited as the *Membertou Borrowing Law – OR, 2012*, whose purpose is for Membertou Capital and Social Development 2012.

MEMBERTOU CAPITAL AND SOCIAL DEVELOPMENT 2012	
Capital Infrastructure	\$11,650,000
Land acquisitions	\$ 1,000,000
Power generation	\$ 7,000,000
Refinancing	\$15,500,000
Economic and Social development	\$ 9,500,000

- 2. In this Law (including the recitals):

“**Act**” means the *First Nations Fiscal and Statistical Management Act* and regulations as adapted by the *Financing Secured by Other Revenues Regulations* and any amendments thereto;

“**Authority**” means the First Nations Finance Authority established under the Act;

“**Borrowing Agreement**” means the borrowing agreement entered into between the Authority and the First Nation on 19/03/2012;

“**Completion** “ means in relation to the Project for which the Authority has provided financing to the First Nation, that the Authority, acting reasonably, is satisfied on the basis of documentation provided to the Authority by the First Nation that the Project has

WELCOMING THE WORLD!



Memberton

been implemented substantially as described in this Law:

“Financial Performance Certificate” means a certificate issued by the First Nations Financial Management Board under section 50(3) of the Act that the First Nation’s financial performance is in compliance with the First Nations Financial Management Board standards;

“Financing Secured by Other Revenues Regulations” means the regulation made under section 142 of the Act that prescribes other revenues and purposes for which such other revenues can be used to secure financing from the Authority and adapts and restricts the Act for the purposes of section 74(b);

“First Nation” means Membertou;

“Interim Long Term Financing” means financing provided by the Authority to the First Nation in anticipation of the inclusion and replacement of such financing in an issue of debt securities by the Authority by the earlier of (i) five years from the date on which the first advance of such Interim Long Term Financing is provided to the First Nation, or (ii) Completion of the Project;

“Law” means this borrowing law;

“Other Revenues” means the other revenues prescribed in the Act;

“Payor” means the persons, firms or corporations with obligations to make payments to the First Nation of Other Revenues as set out in the Borrowing Agreement that are used or to be used by the First Nation to secure financing from the Authority;

“Project” means the purpose for the proposed financing from the Authority generally described as:

1. Choose from the following: capital infrastructure; rolling stock (machinery and equipment); land (wholly or partly owned by First Nation); shares or ownership (power generating, waste or waste water); other economic or social development purposes)

Purpose: **Capital Infrastructure, Economic Development Purposes**

and

WELCOMING THE WORLD!



Memberton

2. Provide a description of the Project.

Membertou Capital and Social Development 2012
Capital Infrastructure; Hwy 125 Interchange, Professional Centre Phase 2, School, Sports & Wellness Centre, Sustainable Housing Project, Public Works Building, Community Road Infrastructure
Land acquisitions
Power generation; Geothermal Plan & Retrofit, Wind Projects (3comfit)
Refinancing; RBC LOC and LTD
Economic and Social development; Crab License, Children's Trust Fund, Gaming Building, Heritage Park, Market Betterments, Trade & Convention Centre Betterments, Hotel & Pedway

“Promissory Note” means a contractual promise to pay made by the First Nation to the Authority in respect of the repayment by the First Nation of money borrowed by the First Nation from the Authority, that sets out a schedule of repayment of principal and interest, in substantially the form attached as Schedule “A” to the Security Issuing Council Resolution;

“Secured Revenues Trust Account” means an account established by the Authority and the First Nation in which other revenues to be used for financing under the Act are deposited;

“Secured Revenues Trust Account Management Agreement” means the agreement under which the Secured Revenues Trust Account is managed in accordance with the Act;

“Secured Revenues Trust Account Manager” means the third party that is responsible for management of the Secured Revenues Trust Account in accordance with the Act, the Borrowing Agreement and the Secured Revenues Trust Account Management Agreement; and

“Security Issuing Council Resolution” means a Council resolution in substantially the form attached to this Law. This resolution is the formal request to drawdown the loan amount authorized in the Borrowing Law, and will be completed when the borrowing member’s loan needs arise. Drawdown requests can be all at once, or in increments over time as a project progresses.

3. Unless the context otherwise requires, words and expressions used in the Law and not otherwise defined have the same meaning as in the Act.
4. The Council is hereby authorized and empowered to borrow upon the credit of the First Nation for the Projects using the Other Revenues described in the Certificate of Calculation

WELCOMING THE WORLD!



Memberton

of Borrowing Capacity attached as Schedule "A" to this Law to secure the financing from the Authority, and the Authority is requested and authorized to finance from time to time the Project at the sole cost and on behalf of the First Nation, a sum not exceeding \$ **44,650,000** in lawful money of Canada (provided that the First Nation may borrow all or part of such amount in such currency as the Authority determines but the aggregate amount in lawful money of Canada and in Canadian dollar equivalents so borrowed must not exceed the amount set out in this clause), together with such interest and with such discounts or premiums and expenses as the Authority determines appropriate in consideration of the market and economic conditions.

5. After passage of this Law the First Nation and the Authority shall establish a Secured Revenues Trust Account in accordance with the Act and the Borrowing Agreement and **Chief Terrance Paul, CEO plus one of the following Mike McIntyre, CFO, Trevor Bernard, Executive Director, and Jennifer Deleskie, Senior Business Development Officer** are hereby authorized to execute such documents or agreements on behalf of the First Nation, when requested by the Authority, as required in relation to the Secured Revenues Trust Account and the Secured Revenues Trust Account Management Agreement.
6. When from time to time the First Nation wishes to borrow all or a portion of the amount authorized under this Law, the Council shall pass a Security Issuing Council Resolution approving the borrowing of the specified amount and requesting that the Authority either include the requested amount as part of its next issue of debt securities or provide the specified amount by way of Interim Long Term Financing.
7. On completion by the Authority of the financing undertaken pursuant to this Law and the Security Issuing Council Resolution, the First Nation:
 - (a) shall execute and deliver to the Authority such Promissory Notes as are requested by the Authority; and
 - (b) hereby authorizes and directs **Chief Terrance Paul, CEO, plus one of the following Mike McIntyre, CFO, Trevor Bernard, Executive Director, and Jennifer Deleskie, Senior Business Development Officer** to execute such Promissory Notes on behalf of the First Nation when requested by the Authority.
8. The First Nation shall in each fiscal year after a Promissory Note has been signed provide in its annual budget for payments of all amounts payable to the Authority during the fiscal year to which its annual budget applies.
9. The First Nation shall make payments to the Authority in accordance with the Act and the Borrowing Agreement.
10. The First Nation must repay the financing obtained from the issuance of debt securities by the Authority no later than **30** years from the date on which the Authority provided the first advance of such financing to the First Nation.

WELCOMING THE WORLD!



Memberton

11. Unless pre-paid by the First Nation in accordance with its borrowing agreement with the Authority, the First Nation must repay the interim long-term financing to the Authority by replacing such financing with financing obtained from the issuance of debt securities by the Authority, no later than the earlier of
 - a) five (5) years from the date on which the Authority provided the first advance of the interim long-term financing to the First Nation; or
 - b) the date of Completion of the Project.
12. Where a provision in this Law is expressed in the present tense, the provision applies to the circumstances as they arise.
13. This Law shall be construed as being remedial and shall be given such fair, large and liberal construction and interpretation as best ensures the attainment of its objectives.
14. The Schedules attached to this Law form integral parts of this Law.
15. The authority to borrow under this Law ends on the earlier of:
 - a) the date that the amount authorized by this Law has been fully borrowed by the First Nation, as evidenced by the Security Issuing Council resolutions passed by Council; and
 - b) five years from the date that this Law comes into force for any part of the amount authorized by this Law that has not been borrowed, as evidenced by Security Issuing Council Resolutions passed by Council.
16. This Law comes into force and effect on the 1st day of May, 2012.

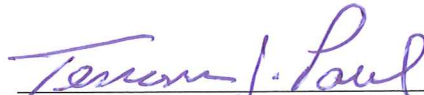
WELCOMING THE WORLD!



Membertou

THIS LAW IS HEREBY DULY ENACTED by Council on the 1st day of May,
2012, at Membertou in the Province of Nova Scotia.

A quorum of Council consists of seven (7) members of Council.


Chief Terrance Paul

Councillor Julie Christmas

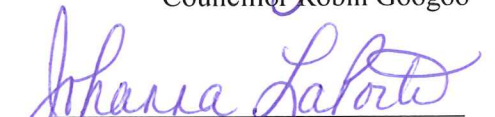

Councillor Allister Matthews


Councillor Lawrence Paul


Councillor Anthony Paul


Councillor Robin Googoo

Councillor Dean Christmas


Councillor Johanna LaPorte


Councillor Darrell Bernard


Councillor Paul MacDonald

Councillor Dan Christmas


Councillor Lee Gould


Councillor David Marshall

WELCOMING THE WORLD!