



Indigenous Community Infrastructure Initiative

Advancing Indigenous
Reconciliation and Addressing the
Indigenous Infrastructure Deficit

August 2022

Innovative and Impactful Investment





What is the Canada Infrastructure Bank?

- The Canada Infrastructure Bank (the “**CIB**”) is an impact investor deploying \$35 billion to develop the next generation of infrastructure Canadians need. We deliver outcomes such as Indigenous reconciliation, sustainable economic growth, connected communities and climate change action.
- The CIB aims to get more infrastructure built that is in the public interest by partnering with private and institutional investors, Indigenous communities and governments across Canada.

What is the Canada Infrastructure Bank?

- Within its \$35 billion mandate, the CIB is executing on a \$10 billion, three-year Growth Plan that will strengthen Canada's economic growth and accelerate Canada's transition to the low carbon economy by focusing investment in five priority sectors:
 - Green infrastructure;
 - Clean power;
 - Public transit;
 - Trade and transportation; and
 - Broadband infrastructure

Indigenous Community Infrastructure Initiative Overview

- The Indigenous Community Infrastructure Initiative (ICII) is a lending solution to accelerate community-level infrastructure investments through by providing low-cost and long-term loans to Indigenous communities to fund projects across the CIB's priority sectors
- The two primary differences between the ICII and broader CIB investments in bigger projects, showing how the CIB is aiming to be responsive to community priorities and needs, are:

1. Investment amount: Scaled to support community-sized projects

- The ICII targets loan requests of \$5 million to \$100 million while the mainstream CIB investment framework typically looks at requests greater than \$100 million






2. Sources of repayment: Flexible to adapt to community context

- ICII projects must be revenue generating, but can also have alternative sources of revenue assigned for loan repayment

Eligibility Criteria for an ICII Investment

- Through the ICII, the CIB invests in community projects, which must:
 - Be in at least one of CIB priority sectors and located in Canada
 - Be revenue generating
 - Represent new infrastructure and/or significant upgrade to existing infrastructure
 - Have an economic, commercial or structural lending gap
 - Provide direct benefit to an Indigenous community
 - Represent CIB investment between \$5–100M and not more than 80% of project costs

Eligible Project Categories

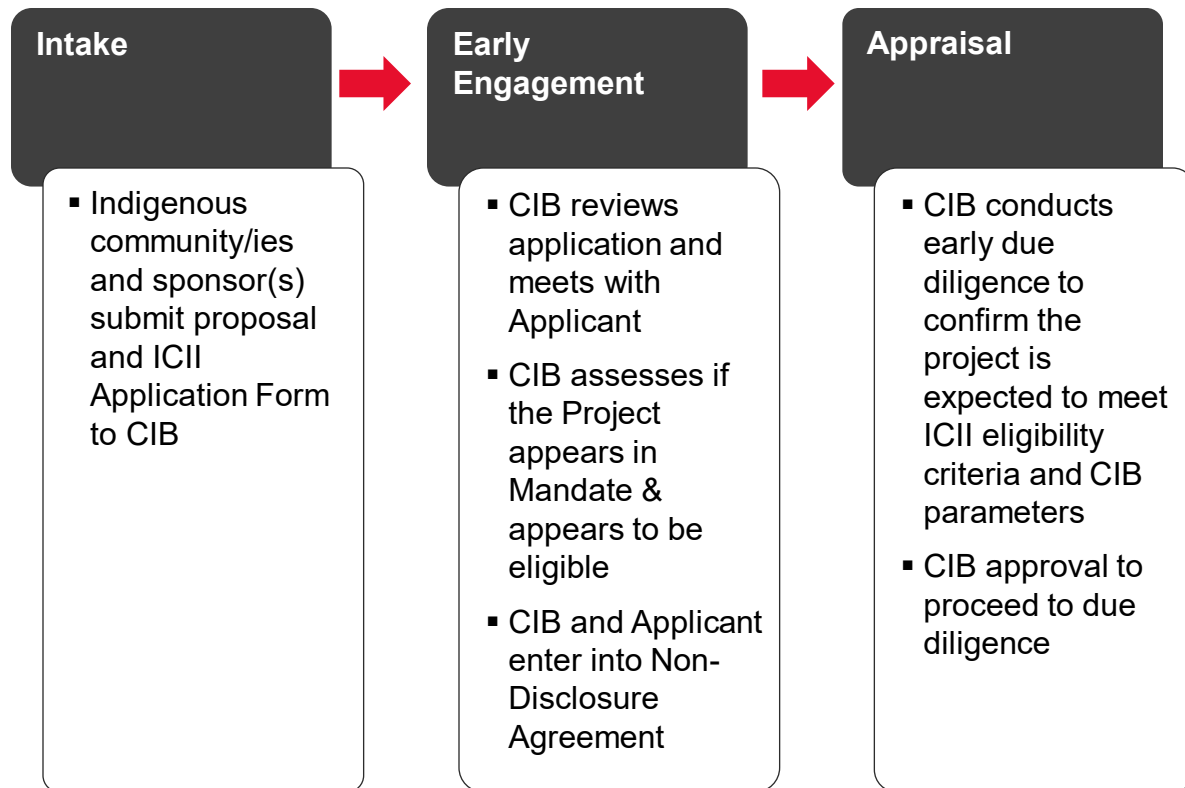
CIB Priority Sector		ICII Project Category
	Clean Power	<ul style="list-style-type: none"> ▪ Development of renewable energy-powered microgrids and storage systems ▪ Development of renewable energy, including solar, wind, small-scale hydro, tidal, biomass, and geothermal infrastructure ▪ District energy systems ▪ Transmission installation and upgrades to improve access and reliability of access to electricity
	Green Infrastructure	<ul style="list-style-type: none"> ▪ Investments that transition communities off diesel generators to renewable energy sources and lower carbon intensive sources of generation ▪ Investment in retrofits of buildings to improve energy efficiency ▪ Investments that provide a long-term, reliable source of clean drinking water ▪ Improvement of environmental performance of water and wastewater management systems
	Trade & Transportation	<ul style="list-style-type: none"> ▪ Development of transportation infrastructure for remote or rural communities including ports, roads, bridges, rail, airports, etc. ▪ Agriculture-related infrastructure for communities ▪ Infrastructure to enable community development, such as roadworks and connectivity to utilities ▪ Charging infrastructure for zero-emission vehicle (ZEV)
	Public Transit	<ul style="list-style-type: none"> ▪ Regional bus systems, zero-emission buses (ZEBs), light rail transit, bus rapid transit, subways, transit-oriented development and more
	Broadband	<ul style="list-style-type: none"> ▪ Development of broadband infrastructure for underserved communities

First Steps to Engage with CIB on ICII Projects Opportunities

- The CIB has a standard form for projects that meet the criteria of the ICII. This form can be found on the CIB website.
- To support the CIB's investment due diligence, the type of information required from Sponsors / Proponents includes:
 - Detailed project description
 - Proposed ownership
 - Sources & uses of capital
 - Details of the project team, including all partners, contractors and advisors
 - Engineering and feasibility studies
 - Permits, licenses and approvals
 - Documentation for revenue sources
 - Project financial model
- The CIB encourages prospective applicants to reach out to the dedicated ICII team at indigenous@cib-bic.ca

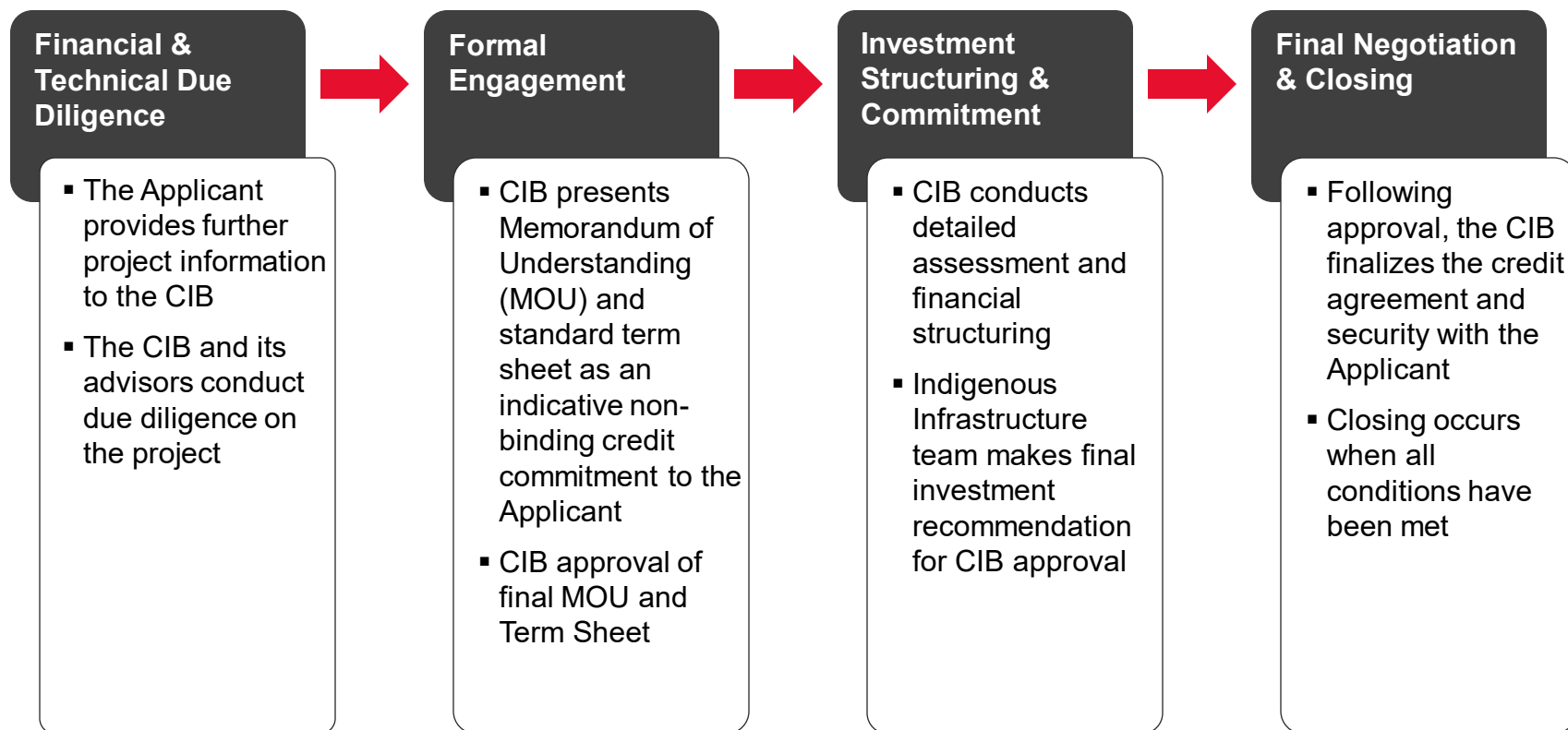
ICII Project Assessment Process – Intake to Appraisal

- The CIB has a dedicated Indigenous Infrastructure team to work with the Indigenous community/ies and sponsor(s) (the “Applicant”) through all stages of the Project



ICII Project Assessment Process – Structuring to Financial Close

- The CIB Management Investment Committee and the Investment Committee of the CIB Board of Directors oversee Project assessment decision-making, with ultimate investment approval resting with the CIB Board of Directors



Appendix A: Summary of Standardized ICII Deal Structure

Standardized ICII Deal Structure

Criteria	Details
CIB Investment	<ul style="list-style-type: none">▪ Senior Debt (“The Facility”)
Investment Size	<ul style="list-style-type: none">▪ From \$5-100M CIB investment (larger projects can flow to regular CIB stream)▪ Debt is sized based on the lesser of:<ul style="list-style-type: none">▪ Up to 80% of the cost of the Project net of grants – remaining cost of project could be provided by the community and/or private sector – additional private capital could be invested in the future to reduce the CIB portion▪ Amortization profile supporting a forward DSCR, determined based on project sector
Pricing	<ul style="list-style-type: none">▪ Interest rate: Varies based on use of the infrastructure and whether there are private sector equity owners
Term	<ul style="list-style-type: none">▪ Maximum of Construction+35 years. The Maturity Date will typically be 1 year before the earlier of (i) the expiry of the Material Project Contract(s), or (ii) the expiry of the useful economic life of the project.
Repayment	<ul style="list-style-type: none">▪ Interest-only during the Construction Period▪ Quarterly repayments during the Operating Period only
Security	<ul style="list-style-type: none">▪ Secured against revenues of the project or other revenue sources available to the community (from other community assets/businesses)▪ As is typical in project finance transactions, non-recourse to the community

Standardized ICII Deal Structure (Continued)

Criteria	Details
Governance	<ul style="list-style-type: none">▪ As with all CIB projects, the preference (wherever practical) is for the project to sit within a special purpose entity and be ring fenced from other community assets▪ Decision making must reside with a board of directors or management team – investment, rate setting decisions must be independent of elected members
Appropriate Risk Transfers to Contractors & Operators	<ul style="list-style-type: none">▪ The Borrower will be required to enter into fixed-price, date certain construction contracts and operating contracts (or have an operations plan and risk mitigation strategy) that are otherwise satisfactory to the Lender
Equity Contribution	<ul style="list-style-type: none">▪ At least 20% of total Project Cost net of grants. An equity L/C, or the full of amount of the equity must be deposited in a blocked account at Financial Close
Project Accounts	<ul style="list-style-type: none">▪ Proceeds Account, Debt Service Reserve Account (“DSRA”), Major Maintenance Service Reserve Account (“MMRA”), Equity Lock-Up Account
Use of Third Party Advisor Reports	<ul style="list-style-type: none">▪ The CIB will benefit from the expertise and opinions of independent advisors to assess technical, resource, & insurance risks specific to projects

Appendix B: ICII Partnerships

Arrow Technology Group Broadband

\$10M investment commitment

- Increased **broadband access** for 17 Indigenous and one rural community in Alberta
- Investment **fills a structural lending gap**, allowing Arrow to deliver much needed broadband infrastructure
- Providing **access to high-speed Internet is a critical part of our daily lives** and allows everyone living in Canada the **opportunity to participate in the digital economy**
- Through the Indigenous Community Infrastructure Initiative, **community-based projects will provide a direct benefit to Indigenous Peoples** and close an infrastructure gap



Atlin Hydroelectric Expansion

Up to \$80M investment commitment

- New hydroelectric facility and transmission line to **deliver clean, reliable power** to the Yukon microgrid
- Will **reduce GHG emissions** by approximately **29,500 tonnes** annually
- Led by Tlingit Homeland Energy Limited Partnership, fully owned by the **Taku River Tlingit First Nation**
- Supports **closing an infrastructure gap** for 10 First Nation communities and 7 municipalities



Georgina Island Fixed Link



Memorandum of Understanding

- Examining the feasibility of a **proposed bridge** linking Georgina Island to the mainland
- Expected to deliver numerous **Indigenous social benefits**
- Replacing un-safe and un-reliable diesel-fueled ferry service and ice road
- Commitment supports our **mandate to advise on trade and transportation projects**



Kahkewistahaw Landing Infrastructure

\$15.4M investment (financial close)

- First project in **Saskatchewan**
- **Multi-use gathering place** for community, sport and business activities **on designated urban reserve land**
- Investment used for enabling infrastructure such as **road work, utilities and broadband connectivity**
- **Second investment** commitment as part of **Indigenous Community Infrastructure Initiative**



Kivalliq Hydro-Fibre Link



Memorandum of Understanding

- **First** opportunity in **Nunavut**
- Connecting **two** jurisdictions – Nunavut and Manitoba – and **two** priority sectors – **green infrastructure and broadband**
- Proposed construction of a **new** 1,200-kilometre, 150-megawatt **clean energy** hydroelectric line between Nunavut and Manitoba
- Consistent with our target to invest \$1 billion, in total, in **Indigenous infrastructure** across all priority sectors



Oneida Energy Storage

\$170M investment commitment

- **First** opportunity in sustainable **energy storage**
- 250 megawatt / 1000 megawatt-hour energy storage facility will be **the largest infrastructure of its kind** in Canada
- Contributes to future capacity needs as Ontario moves towards **low-carbon energy** sources
- Supports the **Growth Plan's \$2.5 billion** Clean Power initiative
- Consistent with our target to invest \$1 billion, in total, in **Indigenous infrastructure** across all priority sectors



Tshiuetin Railway

\$50M investment (financial close)

- First indigenous-owned railway in Canada, **only accessible link connecting three First Nations communities**
- Investment to **maintain and upgrade railway**
- Increase **mobility efficiency, safety** as well as **comfort of passengers**; improve **capacity** and **efficiency of freight services**
- **Reduce GHG emissions**
- **First investment commitment as part of ICII**





Thank you

Contact us at indigenous@cib-bic.ca

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