

The Usand Group

Misipawistic Cree Nation Case Study

Financing To Build Community

ABSTRACT

This case study tells the story of how Misipawistik Cree Nation and The Usand Group worked together to strengthen the Misipawistik community through financing and housing development. It's a story of Aboriginal economic activity, and of people working together to foster economic and community development.

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INTRODUCTION

Misipawistik Cree Nation (Grand Rapids) has increased housing and infrastructure services on the reserve over a span of two years. This was made possible by their working relationship with The Usand Group, a financial solutions company based in Winnipeg, Manitoba.

The Usand Group offers innovative and customized financing designed to strengthen the economic and social wealth of First Nations, Inuit and Métis communities in Canada while reflecting their needs, vision and capabilities.

Most traditional bank and credit-union loans offer off-the-shelf products that aren't connected to any long-term plan or vision. Instead of relying on those, The Usand Group put together a customized financial package for Misipawistik Cree Nation (MCN), negotiating better terms for the community with a Canadian chartered bank. The end result was 56 new homes, as well as a new Child and Family Services building and a new church—all built within two years and without waiting for government funding.

HISTORY OF MISIPAWISTIC CREE NATION

Misipawistik Cree Nation is a Cree community located in Treaty 5 territory, about four hours north of Winnipeg, Manitoba. Historically industrious and self sufficient, Misipawistic was financially viable within the fur trade because the community is located at a critical junction among water-bound routes into the Northwest. Today, fishing is a key source of income and the

largest form of local employment and subsistence. Cree Nation laws and codes of conduct remain strong in the community.

METHODOLOGY

The Usand Group offers financing solutions that are designed to strengthen First Nations, Inuit and Métis communities. Financing and community development are separated into phases in order to prepare and build a strong financial foundation for the community. The approach includes discovering the community's vision—for addressing short-term needs and long-term goals—and creating a roadmap to achieve that vision.

In the first phase, The Usand Group usually looks at refinancing existing loans to generate financial capacity, often incorporating a specific economic or social development project that the community needs. The Usand Group also helps the community plan for future improvements such as infrastructure or long-term economic development.

The Usand Group's financing packages are tailored to communities to help them make the most of opportunities for economic development over time. Innovative financial planning can help create sustainable businesses and connect communities with existing business and professional networks to help support or launch future projects. The Usand Group can also recommend the priority of projects to align with the community's strategic plans from a financing perspective and to ensure the capital required is attainable.

100% Community Ownership

The Usand Group's mandate is to ensure that communities and organizations, whenever possible, have the opportunity to own and manage 100% of their projects through equity financing alternatives. This ensures the benefits of economic and social developments remain on reserve, with all profits going to community members and business owners. This is a key feature of The Usand Group's approach to First Nations financing.

MISIPAWISTIC CREE NATION DEVELOPMENT – PHASE 1

Like many First Nations, Misipawistik Cree Nation (MCN) wanted to complement the income they receive from the fishing industry with other forms of economic development. When they first approached The Usand Group, MCN already owned and operated several businesses, including MCN Foods (groceries and goods), MCN Telecommunications (high-speed internet) and Pelican Landing (business complex). MCN wanted their community to grow, so their greatest immediate need was new housing.

Building housing and a church to support community members was The Usand Group's starting point. First, they evaluated MCN's financial position and found their debt structure didn't foster a potential for social and economic growth. The Usand Group engineered a completely new structure and sourced a Canadian chartered bank to finance their fresh approach.

MCN's debt was refinanced as a single, cohesive package, negotiated with lower interest rates and varying amortization periods. This aligned the borrowed funds more closely with the security that supported it. MCN saved hundreds of thousands of dollars as a result, which gave them capacity to take on \$11 million in capital support for the construction of 26 new homes, a church and an additional Child and Family Services dwelling.

To build the homes as quickly as possible during Manitoba's short construction season, The Usand Group arranged for a "bridge loan" through a specialized capital corporation partner as part of the community's financing package. Families were able to move into their new homes 12 months earlier than they would have without the bridge loan. Once the buildings were complete and any construction risks settled, the chartered bank paid out the bridge loan and replaced the bridge debt with a longer-term structure and a lower interest rate.

After Phase 1 financing, MCN had a new and stable \$11 million debt structure that The Usand Group had negotiated on MCN's behalf. When a bank agrees to terms, there is usually a lengthy delay before receiving financing and starting a project. The Usand Group developed the bridge loan solution to address the gap between securing financing and starting to build. They knew that building new housing for the community was critical, that the social costs would be high if building was delayed, and that the short construction season would be a challenge. Though bridge financing wasn't a new concept in the financial world, it hadn't been previously available as an option for most First Nations communities.

Outcomes of Phase 1

- \$11 million in fresh capital
- This was one of the first bridge loans executed for a First Nations community
- Families were able to move into homes 12 months sooner (than without a bridge loan)
- After MSN first approached The Usand Group, 26 new homes, a new church and a new Child and Family Services home were all built within a little over a year

Conclusion

The Usand Group's model avoided the one-size-fits-all financing approach that's typically offered by banks to First Nations, Inuit and Métis communities. Instead, The Usand Group consulted with the MCN community, connecting them to innovative financial products with terms that were negotiated to best serve their short-term needs and long-term vision.

The MCN community received great benefit from both the short-term solution to a housing crisis and the long-term debt structure, which put them in a better position to meet economic and social targets while providing a strong financial base for future growth.

Bridge financing was a critical component of this project. It provided an opportunity to finance and respond to the community's short-term need for housing. For high-impact developments such as building community housing or creating businesses to bring in new revenue, bridge financing is an ideal way to improve the timing of economic growth for First Nations.

MISIPAWISTIC CREE NATION DEVELOPMENT – PHASE 2

After successfully completing Phase 1 financing for Misipawistik Cree Nation (MCN), The Usand Group stayed connected with the community and Band Council to make sure projects ran smoothly and to begin a second phase of development. Housing was still a major focus, so in April 2016, MCN agreed to purchase 30 homes produced by the Douglas Cardinal Housing Corporation (DCHC), a joint venture between The Usand Group and internationally renowned Anishinaabe architect Douglas Cardinal. DCHC designed these homes to address the housing crisis currently faced by many First Nations.

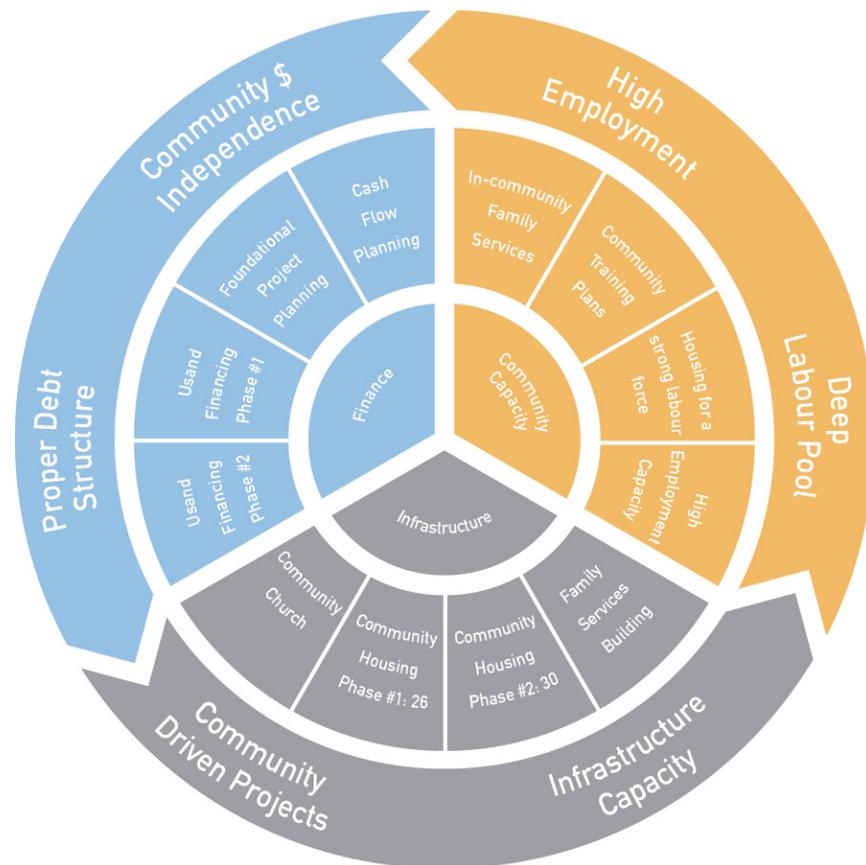
Instead of using synthetic plastics, metals and steel, DCHC builds homes using natural, solid, cross-laminated timber panels to minimize thermal gaps and eliminate mould and energy loss. Because they're modular, the homes are easy to transport and assemble wherever they're needed. Once on site, a crew—including workers hired from within the First Nations

community—erects each home within four to five days. DCHC homebuilding respects First Nations’ cultural practices by using sustainable, environmentally friendly building methods that help reduce the ecological footprint and that will last decades longer than stick-built models.

For Phase 2, The Usand Group arranged another bridge loan for MCN so construction can begin right away with DCHC while The Usand Group secures a longer-term housing loan. The new homes are now in production at DCHC and are due to start arriving on site in July. Each move-in-ready home will have a finished exterior and interior and will include all appliances, kitchen cabinets and fixtures. These fully finished, eco-friendly dwellings mirror the holistic approach that The Usand Group applies to all projects—addressing both immediate and future needs of a community and providing a strong and sustainable financial foundation upon which First Nations communities can grow.

MCN COMMUNITY DEVELOPMENT PLAN

This wheel represents The Usand Group’s multi-phased approach to financing for First Nations, Inuit and Métis communities. The illustration visually maps out the immediate and long-term goals of the community, the tools and projects to make them a reality, and the category benefits for the community in terms of finance, infrastructure and capacity.



Outcomes of Phase 2

- DCHC will provide 30 new homes, including site preparation. Each home has 3 bedrooms and can sleep up to 10 people comfortably.

- Financing for the homes will respond to a short-term need for housing, rather than making the community wait for government funding.
- A new street will contribute to the growth of MCN and make it easier for members to stay in the community or to return home.
- The growing community and economy will benefit from stable, secure housing where a skilled labour force will want to live and build their lives.

Conclusion

Misipawistic Cree Nation and The Usand Group have worked together to achieve important community-driven goals within a short time frame. This was possible because of a holistic, innovative and community-focused perspective on financing that was carefully planned and thoughtfully executed. This is a new approach to First Nations financing that can help overcome traditional barriers and limitations to community and economic development.