



FACT SHEET ~ RRFN SOLAR PROJECT

The purpose of this Fact Sheet is to provide information to the Membership regarding the RRFN Solar Project.

1. Have the Community Fund Trustees “recommended” the Solar Project?

Yes. The Community Fund Trustees support the Solar Project. We want the Solar Project to proceed and we believe it has the potential to provide long term benefit to our community.

On March 28, 2014, the Community Fund Trustees issued their recommendation in support of \$6 million for the Solar Project. This letter was given to the Council on March 28, 2014.

There are three (3) conditions for release of the \$6 million to the Council:

1. That there be a proper vote of Members approving the spending of \$6 million for the Solar Project. The March 1, 2014 vote does not satisfy the Trust Agreement (section 1.12(d));
2. That the Council provide finalized copies of key documents (including the bridge loan, limited partnership agreement, unanimous shareholder agreement, province of Ontario guarantee, TD bank loan and Manulife loan). This condition ensures that the Solar Project remains beneficial to the Rainy River First Nations Membership; and
3. That a final review and analysis of the finalized agreements by Deloitte on behalf of the Community Fund Trustees be completed before advancement of the \$6 million to ensure that the agreements are concluded in a fashion that demonstrates benefit to the Rainy River First Nations membership.

2. Why is a new a community vote needed?

There are three (3) main reasons why a new vote is needed.

1. The Trustees must legally follow the Trust Agreement. There are rules that must be followed. The Trust Agreement requires **recommendation** of the Solar Project by the Community Fund Trustees before a community vote. This recommendation was not given when the March 1, 2014 vote was held. At that time, the Community Fund Trustees were still completing their review (called due diligence review) of the Solar Project. The March 1, 2014 vote, in other words, does not meet the requirements of the Trust Agreement.
2. There was a lot of confusion about the March 1, 2014 vote. The Trust Office has received calls from band members saying they did not vote because of the notice released by the Trust Office stating that it was non-binding and had no force. As a result, the legitimacy of the March 1, 2014 vote has been questioned by Members. This is a serious concern. The Trustees know that \$6 million is a lot of money, we want to make sure that Membership approves it. To do this, the rules set out in the Trust Agreement must be followed.
3. If the March 1, 2014 vote is used, the Trustees will be breaching the Trust Agreement. The Trustees will also be breaching their legal responsibilities as Trustees.

3. Are the Community Fund Trustees delaying the Solar Project?

No. Any delay has not been caused by the Community Fund Trustees.

The fact is that funding for the Solar Project is not yet complete. The First Nations and its partner Cedarvale are actively working to finish all necessary arrangements but some outstanding items remain:

- Updated key agreements were provided for review on Tuesday April 8, 2014 (this includes the agreement for the \$16 million bridge loan required in the short term to fund the First Nations share of ownership in the Solar Project, the limited

partnership agreement and unanimous shareholders agreement that describe the role of First Nations in the development and management of the Solar Project), with a further updated Bridge Loan agreement provided on Friday April 11, 2014.

- Agreement with respect to funding from the senior lenders for the Solar Project is still not finalized. Manulife is expected to provide its commitment April 14, 2014 and Sun Life its commitment on April 16, 2014.
- The Council has not given the required two (2) weeks' notice for the community vote. We believe the Council should have given this notice to the Membership on March 28, 2014 when the Solar Project was first recommended by the Community Fund Trustees. This would have avoided unnecessary delay.

Therefore, to suggest or to blame the Community Fund Trustees for delaying or for "killing the project" is wrong. This is simply not true.

4. Benefits and issues related to the Bridge Loan

The Community Fund Trustees understand that the bridge loan for \$16 million allows Council to make its investment in the Solar Project on a basis that does not delay the start of construction this spring. The Members should understand that while the bridge loan offers some real benefits in terms of a timely start to construction and avoidance of any costs that a delay, there are potential problems related to the repayment of the bridge loan that must be considered:

- The First Nations expect to repay the \$16 million bridge loan by getting a loan from the TD Bank guaranteed by the Province of Ontario. The TD Bank cannot provide the loan without the provincial guarantee which is not yet in place. Discussions with the Ontario Finance Authority about the loan guarantee are well under way but not finalized. While Council expects that negotiations with the Province will be successfully concluded within the next few months, the Ontario Finance Authority cannot say when it will make a recommendation to proceed and on what basis such a recommendation will be made. The guarantee requires Order-In-Council approval which adds further uncertainty that the Community should be aware of.
- Although the bridge loan has recently been amended to give the First Nations (i) much greater flexibility with respect to the repayment of the bridge loan and (ii) a significant reduction in repayment costs, the bridge loan for \$16 million must still be repaid by the Council within 90 days after the Solar Project begins (this means within 90 day of the commercial operations of the Solar Projects beginning). If the Council does not repay this amount within 90 days, the First Nations could lose ownership in the Solar Project.
- While the expectation is that an alternative to the TD Bank can be found prior to the repayment date and the First Nations will benefit from 51% ownership of the Solar Projects, the Community should understand that this is not a sure thing. We will not know what the First Nations will end up owning in the Solar Project or what the real benefit to our community will be until after we know with certainty when and how the bridge loan will be repaid.
- The business case for Community involvement in the Solar Project was originally based on the availability of the TD Bank loan guaranteed by the Province. If the TD Bank loan or a suitable replacement financing is not available, the expected benefits to the Community in terms of cash return and ownership in the Solar Project may be significantly reduced. The Community must understand this.

5. Have the Community Fund Trustees provided the Council with an opportunity to be heard?

Yes.

The Community Fund Trustees noted in our correspondence to Leadership that should there be any questions, concerns or need for further discussion on the Project, a meeting request could be made through the Trust Office. The Trust Office is responsible for contact with and coordination of Trustees for meetings and Trust purposes. This process has been in place to ensure that the files are maintained on meetings and decisions.

If you have any questions pertaining to the processes of the Rainy River First Nations Trust, please feel free to contact the Trust Office at 807-482-2158 or via email at administrator@rainyriverfirstnationstrust.ca.