INTRODUCTION & PROJECT OVERVIEW

In collaboration with Curve Lake’s Economic Development Committee, MNP has developed an Economic Development Strategy that will provide guidance for developing and improving all aspects of Economic Development within the community over the next decade.

In order to promote positive community engagement and inform leadership on members’ opinions and aspirations, an online survey and ‘live vote’ community consultation were utilized. This is a fundamental part of the economic development process and the first step in establishing a comprehensive, holistic understanding of the community. The results from these sessions informed MNP’s strategic analysis and will assist the Economic Development Committee in making fiscal decisions in both the short-and long-term. This also ensures that future economic development is in keeping with the community’s goals and values, while expanding awareness and understanding of the assets within the community and the internal economic development challenges it faces.

To supplement the findings from the questionnaire and community consultation, market studies, feasibility analysis and discussions with respective industry professionals were leveraged to develop the strategic catalog of economic development opportunities here within. This catalog will assist the community with capturing future economic opportunities and provides an achievable road map that outlines initiatives best suited to assist the community with supporting business and economic activity.
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DEMOGRAPHIC SUMMARY

Peterborough and the County of Peterborough

The Greater Peterborough Area (GPA) is a unique community known for its exceptional quality of life and beautiful setting in the Kawarthas tourism region. Peterborough itself is located on the Trent-Severn Waterway in the heart of the Kawarthas. With a population of approximately 135,000 (increasing substantially in the summer season) the GPA is the regional center for East Central Ontario and draws from a market population of 350,000, with 6 million people residing within a 320km radius. Peterborough’s proximity to major markets in Canada and the northeastern United States, combined with an effective transportation system that includes the largest commercial airport between Toronto and Ottawa, and four-lane access to the Greater Toronto Area, makes Peterborough an unparalleled setting as a business location. The area benefits from a multitude of recreational opportunities, a diverse industrial, commercial and agricultural base, quality health care and excellent schools - including two post-secondary institutions. Peterborough is just one hour from the Greater Toronto Area (GTA).

Peterborough is home to a range of successful international, national and local companies, including:
- Pepsico Foods (Quaker);
- General Electric;
- FisherCast Ltd.;
- Siemens Milltronics; and
- Minute Maid.

The overall population of Peterborough is anticipated to increase 9.2% by 2024. The population is relatively older compared to other municipalities in southern Ontario. This includes cases where older people are even moving to the area to retire. 19.4% of people in the Peterborough Census Metropolitan Area - the city and the surrounding four townships - are over 65 years old, the highest percentage in the 33 largest urban centres in the country, according to a Statistics Canada estimate.

The Curve Lake First Nation

Curve Lake First Nation (CLFN) is an Ojibway community located 25 km northwest of Peterborough, Ontario. It has a diverse population of 2,500, which include members and non-members alike residing on territorial lands. There are approximately 2,177 registered members (1,409 off reserve and 768 on reserve). The territory has a communal land base of 900 hectares, which consists of a mainland peninsula, a large island (Fox Island) and several other smaller islands located throughout the Trent Severn Waterway system. Members reside in the 500 plus homes located throughout the First Nation, of which some are leased out to non-First Nation citizens. The Nations’ housing portfolio is a combination of homeownership and rental units.

Through the hard work and determination of Curve Lake’s ancestors, Curve Lake is proud to be home to:
- The very first Anishnaabe Kwe O’gimaa (Native Woman Chief) in Canada – Elsie Knott;
- World renowned artisans Norman Knott, Alice Williams and David Johnson; and
- The famous Whetung’s Art Gallery.

Within the CLFN community there is expected to be population increases across all categories. In order to sustain this growth additional job and food security will be crucial. Further to this it is essential that in evaluating all economic development opportunities the CLFN Council, Committees and population take into account the needs of their community for the next twenty years. As noted in the CLFN Comprehensive Community Plan, the small number of children under the age of ten is related to those demographic factors that produce an aging population and a declining family size. It is also a reflection of status extinguishment due to Bill C-31, and to late registrations. It is estimated that there are 27 people on reserve who are eligible for Indian Status who have not yet been registered in these numbers.
CLFN Population Breakdown 2008-2028

CLFN’s total workforce (ages 20-49) will peak at 340, come 2018. This represents a 1.07% increase from 2008.

CLFN’s secondary population (ages 15-19) will peak at 73 in 2028. As these individuals transition into the workforce, it will create a large demand for employment opportunities in the near future.

Average increase in CLFN’s population year over year to 2028

Average increase in Peterborough’s population year over year to 2024

Projected Peterborough Population**

Total estimated population 2013: 82,705
Census population 2011: 78,698
Projected population 2019: 86,668
Projected population 2024: 90,282

*CLFN Community Comprehensive Plan (2009)
**Via Manifold Data Mining Inc. (2013)
SWOT ANALYSIS

STRENGTHS

- Population growth within the community is trending upward
- The Economic Development Committee, Council and Chief are dedicated to achieving economic independence and are fully committed to supporting development ventures
- CLFN benefits from a plethora of natural resources, including waterways, forests, lake-fish and other wildlife
- CLFN also benefits from financial resources reserved for economic development ventures
- CLFN is situated in the Peterborough and Kawartha “cottage country” – the community can benefit significantly from the surrounding seasonal population boom over the summer months
- CLFN has the ability to leverage government funding and tax incentives
- An Economic Development Corporation has been established
- Community members are interested in a variety of roles and positions
- Community pride and passion is strong
- Existing land zoned for economic development (approx. 40 hectares)

WEAKNESSES

- Current decision making structure may sometimes deter decisions from being made in a timely or opportunistic manner
- Communication between departments, programs, and administration has been identified as an area for improvement
- There is a lack of thriving band owned businesses
- Barriers to access funding remains an issue for CLFN, business owners, and entrepreneurs
- There is little entrepreneurship training available
- Lack of supporting staff to assist in the development of opportunities (i.e. project managers).

OPPORTUNITIES

- An economic leakage study would reveal the impact of the dollars being spent off reserve and how to improve current conditions while providing valuable insight into additional business opportunities
- Leverage the flourishing tourism market, specifically water-based tourism (fishing, boat tours, canoeing etc.)
- Various large multi-national companies operating in the greater Peterborough area, which offers potential partnership opportunities
- Close proximity to Petroglyphs Provincial Park provides potential partnership opportunities
- Culture of wanting to do business is well-developed and continues to grow within CLFN
- Surrounding communities are also experiencing significant population growth, this will lend itself to supporting new business and potential partnerships
- CLFN already has some established businesses on reserve (i.e. Whetung’s Ojibwa Centre, Gas Stations etc.)
- Local artists and craftsmen are gaining recognition in mainstream marketplace
- Increasing number of members specializing in a specific trades
- CLFN can incorporate culture and tradition into economic development opportunities where possible
- The Community cares about the environment and is interested in undertaking a ‘green energy’ initiative
- Possibility to mortgage off reserve assets to raise capital

THREATS

- Municipalities and regional planning without consulting CLFN
- Fractioning of the community may not allow others to prosper from opportunities that require support from the membership
- Dependency on government funding, direction and influence
- Change in government at the local (every two years), provincial and federal level threatens long term planning abilities
- Misconceptions about economic development and what it will bring to the community
- Potential lack of community support for development opportunities
- The off-reserve population is becoming more vocal and being awarded some authority to direct activities in CLFN
- Competitive businesses seizing similar markets with similar products and services
- Slow reaction to potential development opportunities
- Limited land base and less than ideal land quality, marsh etc. in certain development areas
- Limited communication to the membership

Note: Content is partially informed by the Economic Development Strategic Plan 2004
COMMUNITY CONSULTATION

CONSULTATION PROCESS
During the consultation phase of the Economic Development Project MNP had developed two questionnaires, one issued to the economic development committee and one administered to the broader Community. The broader Community consultation was both online and during an interactive voting session at the CLFN Community Centre. The questionnaire was a fundamental step in the economic development process and the first step in establishing a comprehensive, holistic understanding of the Community. The questions were designed to reveal the underlying ideologies and aspirations of the Community pertaining to economic development. Further to this the opportunity identification process aims to promote positive community engagement and informs leadership about members’ opinions.

CONSULTATION PURPOSE
MNP’s understanding of the questionnaire results will ensure that future economic development is in line with the Community’s goals and values, while expanding our awareness and understanding of the assets within the Community and some of the internal challenges they face.

QUESTIONNAIRE FINDINGS

Summary of major findings from the community consultation process
The Community feels that the primary responsibility of the CLFN Economic Development Committee to the Community is to ‘create jobs’. The Community feels that the secondary responsibility of the CLFN Economic Development Committee to the Community is to ‘create cash flow’. Both responsibilities were very close with respect to the voting results.

Similar opinions were reflected in the belief that going forward, the most important community security will be ‘job and housing security’. It is important to note that ‘cultural security’ also received significant support. Culture and heritage should be considered in all future economic development decisions.

Respondents felt that fishing and handmade goods and arts best represent CLFN’s traditions from a business perspective. Similarly it was felt that water, hunting and fishing resources are most available and valuable to the Community. These results help identify some of the Community’s natural internal strengths.

The majority of participants felt that the Community was not taking full advantage of their resources and a near split decision was reached on whether or not current cultural and environmental resources of significance are being protected.

The majority of participants were open to the development of these resources – this reinforces the need for a sustainable approach when the time comes to further develop these resources.

With regards to a common problem facing the Community, it was identified that dependency on transfer funding was the most detrimental, while unemployment, addiction and loss of culture also received substantial votes. These issues will all be important to consider when crafting the skills inventory of opportunities. On a positive note, respondents felt strongly that economic development will contribute to solving these issues, resulting in positive change throughout the Community.

Respondents were in agreement that they are ready for new business opportunities. Voters had a positive or indifferent attitude towards economic development taking place locally. However, the majority would like to see future development take place within the designated economic development lands. This identified the need for public acceptance if significant future development is to take place outside of this zone.

In terms of opportunity exploration, respondents revealed they were very open to working with other communities on policy and program development. Further to this, results showed 60% were open to working with non-aboriginal organizations on economic development ventures. Developing a positive attitude around being “business friendly” will help
attract investment opportunities both within and outside the Community.

Results reflected the respondent’s overall comfort with tourists visiting the reserve for commercial purposes. This is key for many recreational and consumer based opportunities.

Responses indicated that the Community is not currently being informed about economic development activities and 63% felt they are not given the opportunity to provide input during the process. Better transparency and added involvement would bolster overall readiness and help familiarize the Community with the process of critically evaluating the pros and cons of an economic development opportunity.

Questions geared towards opportunity preference revealed that recreational, industrial/commercial development and renewable energy projects were among the most preferable. Notwithstanding, 17% responded with none of the above – this will be taken into account as our recommendations will span wider than the high level list incorporated in the survey.

Results showed 50% of respondents were not open to the development of a bingo business on reserve, while 25% responded unsure. It appears that gambling is an area of contention for the Community, thus we will not pursue efforts on a venture that goes against the public’s opinion.

The majority of respondents were in favour of a resort style business, with only 20% responding negatively. This indicates some significant support for this business alternative.

With regards to the prospect of a renewable energy project, 74% were in favour of this, with preference to solar or water/hydro oriented ventures. The majority of the participants felt that to date the Community itself has not been designed with environmental sustainability in mind, lending some weight to the need for a sustainable energy element.

Survey findings showed a near split decision on the notion that ‘the Community possesses a skilled labour force, with good work habits and willingness to accept all forms of employment’. It was also found that the top three job skillsets that the Community would benefit most from further developing were: trades, financial and general labour/construction. This indicates that training supporting these job categories would be highly beneficial in preparing the Community for particular trades and basic finance/accounting roles.

To date 74% of the voters felt that the quality of employment opportunities in the Community is poor to very poor.

67% felt that the Community does not promote itself and its businesses in local, national and international markets. Increasing CLFN’s exposure in this respect will help attract future economic development opportunities.

62% disagreed that local owners of business and industry are committed to working with the Community on future improvements and economic development ventures. It will be important to shift the attitude of local entrepreneurs towards one that is committed to helping better the Community at large.

Majority of respondents felt that the informal economy is somewhat active but 85% felt that revenue from community business does not stay in the Community. Supporting this, 92% of voting members shared the feeling that money leaks out into the external economy often or always. It will be important to inform the Community on the economic benefits of keeping money circulating within the reserve and promote the support of local goods and services. By maximizing linkages it minimizes leakage and lessens local economic dependence on outside factors.

**OPEN DISCUSSION FINDINGS**

Highlights and commonalities from the ‘three economic development wishes’ section and open discussion during the consultation session

Suggested economic development opportunities included:

- Industrial/commercial park
- Strip mall (containing elements such as a sporting goods store, grocery store, market or laundromat)
- Off reserve partnerships or investments

The Community will require access to funding for new startup businesses and low cost training to help develop the necessary skillsets to run future businesses (especially for women).

Select an opportunity that will boost the morale of the Community, something that everyone can take pride in.

**Ensure that economic development opportunities support ‘job, food and energy security’ and are executed in a responsible, inclusive and honorable fashion.**

Respondents would also like to see a portion of Community based revenue go towards improving the condition of the retirement homes.

Continue to leverage tax incentives where possible.

Feedback revealed the need to move forward with an initiative and stop pondering about what should be done. The Community is anxious to break ground.

Note: The full question-by-question results are contained in a supplementary document
OPPORTUNITY DISCUSSION

To date, Curve Lake First Nation has flourished as a First Nation and become a model community to surrounding First Nations. In an effort to sustain this success and ensure quality living for future generations this portion of the report will outline the economic development opportunities available to the Community.

The proposed economic development opportunities were carefully selected to reflect several important factors; cultural, aesthetic, technical, and systems considerations and how these opportunities would impact the land, the people, and their livelihoods.

While the land is the touchstone of cultural identification for most Aboriginal people, any development will be considered to be in accordance with the communities “Smart Growth” approach and the applicable zoning requirements. All the while, ensure that where possible all economic development ventures reduce the amount of land being used, minimize infrastructure costs, protect vulnerable areas, create a closer sense of community, foster better health among members and help existing businesses succeed where possible. In order to retain young CLFN members and create positive roles for them within the community, many of the opportunities discussed incorporate their interests and job preferences. The ability to retain this key labour pool will allow for a better and more self-sustaining community in the future.

When determining which opportunities may be the most attractive for the community, keep in mind that while larger scale opportunities often yield well-paying jobs, trades work and various spin-off benefits, a combination of smaller projects can yield similar results, reduce risk and often meet more than just the capital needs of the community. A primary example of this would be the breadth of jobs and income generated by the Osoyoos Band in South Okanagan. They have embraced multiple economic development opportunities that together have created substantial wealth and jobs creation for the community. These opportunities have included a golf course, spa-resort, winery, industrial park and a future provincial jail. In turn, Bell Star Hotels and Resorts has invested over $68M on the Osoyoos Band lands, a true testament to the Band’s “Doing business” philosophy.

It will be important to approach the next steps with the combined wisdom of the community and the expertise of professionals, while taking into deep consideration the thoughts, feelings, opinions, and circumstances of the people that these decisions will touch. Active engagement of both is necessary to finding the right economic opportunities to pursue.
Opportunities must reflect cultural, aesthetic, technical, and systems considerations and at the same time - how these opportunities will impact the land, the people, and their livelihoods.
Aboriginal communities stand to gain much from improving energy efficiency by taking advantage of renewable energy and contributing to the control of climate change. Not only are energy costs typically very high in First Nation communities, but the effects of climate change are likely to be more pronounced in their localities and way of life.
Over the next four years, the renewable energy industry is forecast to experience stable growth. Electricity consumption is projected to rise due to population growth and increased industrial output and business activity. This growth will, in turn, translate into greater demand for renewable power generation. In the four years to 2019, renewable power generation is expected to rise at an average annual rate of 2.0%. According to the National Energy Board, electricity prices will increase 1.7% per year on average in the four years to 2019.

Aboriginal and Northern communities across Canada have, in recent years, undertaken numerous projects involving energy efficiency and renewable energy. On July 30th 2014, the Ontario Power Authority (OPA) offered 500 new Feed-in Tariff (FIT) renewable energy contracts. These contracts represent 123.5 megawatts (MW) of power, enough to power approximately 15,000 homes. Of these contracts, 257 projects (60 MW) were with Aboriginal participation. These energy initiatives led by community people, created local solutions and generated substantial revenue for their community.

There are also multiple options in terms of which renewable energy source to pursue, each with varying advantages, drawbacks and requirements. Renewable energy sources can include; solar, bio-gas, wind, small hydro and district heating. While each entails a different sets of technologies, the methodology for implementation remains similar and is carefully outlined in the ‘steps to implementation’ section on the next page. An alternative implementation method has also been explored.

**Securities**

Renewable energy projects maintain high standards in terms of protecting air, land, water and biodiversity, while mitigating the community’s overall contribution to climate change.

Renewable energy projects create clean, affordable and dependable energy for the entire community.

In terms of job security, partnering energy developers often become a significant source of employment and spin-off business for the Community.

**Income Generation**

The cost of scale for a renewable energy project is relatively high, albeit advantageous incentive programs make this opportunity a lower cost investment. FIT Contracts with the OPA range from 15-25 years, providing the community with guaranteed long term revenue. Overall return on investment (ROI) on a typical renewable energy project can range between 8 and 20%, more attractive than conventional investment vehicles. However, as it is currently FIT 3.1 available, it is a much more competitive process and the ROI is on the lower end of this range. Industry can also contribute financially to aboriginal communities through property taxes and contracting of local businesses and trades.
There are various favorable incentives available to Aboriginal groups within the energy space.

1. **Feed-In-Tariff & Aboriginal Projects**
   - Under the new rules, Aboriginal projects get first access to available capacity for renewable projects; and
   - There is an Aboriginal price adder that makes the business case even better.

2. **Energy Partnership Program**
   - Provides support for communities considering renewable energy generation;
   - Includes funding for Community Energy Plans (up to $70k); prefeasibility studies, business cases and other soft costs (up to $20k); design & development costs (up to $250k) and regulatory approvals (up to $500k); and
   - This program has not yet re-launched but is expected to.

3. **Loan Guarantee Program**
   - Provides loan guarantees to Aboriginal communities for renewable generation/transmission projects; and
   - Recently expanded by $150M.

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**Steps to Implementation**

1. Gather and review information – with professional guidance, conduct a feasibility study to determine which renewable best suits the community from both a technical and social perspective.
2. Prepare applications for regulatory approvals and FIT contract – Regulatory requirements for renewable energy projects usually include environmental studies as well as community (aboriginal) and municipal consultations. The types of approvals and permits required will vary depending on the project.
3. Submit complete submission package and government will review applications for regulatory/contractual approval.
4. IESO reviews FIT application and issues decision on contract.
5. If successful, Government issues the required approval and permits.
6. Conduct capital raise and obtain proper financing.
7. Engage engineering and construction contractors to execute the construction.
8. Identify local trades/services and present the opportunity for them to participate.
9. Identify additional training requirements as required.
10. Initiate construction. You will need to get in touch with your local municipality for information on obtaining the required building permits for your project. Once you have received all permits and approvals, including any additional permits you may require for specific construction (e.g., roads, buildings), you may begin construction.
11. Monitor on-going construction.
12. Upon connection, ensure maintenance schedule has been prepared and is carefully followed going forward.

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**Total Contracted Generation Fourth Quarter 2014**

Generation capacity under IESO contract in the Ontario transmission and distribution grid.

*Source: IESO Power Data Report (2014)*
If a developer approaches the Community, the onus is on the developer to secure a relationship with an Aboriginal Community (AC) with a minimum (e.g. 10%) ownership (i.e. full economic interest in net revenue or income streams) in exchange for a nominal contribution. The net present value (NPV) of the increased cash flows from the adder will make this a negligible investment for the developer. The associated contract will include exclusivity and options for the aboriginal community to increase ownership to 50% through equity investment. The equity investment required is based on pre-determined valuations.

Consultants like MNP will often engage with communities to help them acquire equity for maximum participation. This can be done by identifying existing revenue streams and using those revenue streams to securitize a loan for equity investment. Consultants support negotiations with lenders and apply for existing incentives/programs on behalf of the community. All the while, addressing the communities local economic priorities and ensuring that those priorities are integrated into the contract (e.g. road construction, converting temporary construction facilities into community buildings, identifying supply chain requirements and sourcing locally, identifying skills requirements and establish local training centres, etc.)

### Risks & Considerations

**Construction and testing risk:** Risk of property damage or third-party liability arising from mishaps during building or testing of new plants.

**Business/strategic risk:** Risk affecting the viability of the business, for example, risk of technological obsolescence.

**Environmental risk:** Risk of damage to the environment caused by the power plant, and the liability arising from such damage.

**Financial risk:** Risk of insufficient access to capital at the senior (project level) or for equity investment.

**Market risk:** Risk of an increase in the price of commodities and other inputs, or decrease in the price of the electricity sold.

**Operational risk:** Risk of unplanned plant closure, for example owing to unavailability of resources, plant damage or component failure.

**Political/regulatory risk:** Risk of a change in public policy, for example subsidies policy, affecting business profitability.

**Weather-related volume risk:** Risk of a fall in volume of electricity produced owing to lack of wind or sunshine.
Between the economic downturn and the game-changing rise of online commerce, the bricks-and-mortar retail sector has taken some huge hits in recent years. But there’s a bright spot in the business of shopping that has been conveying significant benefits to commercial brokers: strip malls.
Trip malls (or mini-malls) are a common land use and are a development that concentrates retail and commercial development in a narrow band along a major street. They are an entry-level retail niche offering opportunity for independent, start-up businesses that serve a limited market.

60% of retail development taking place across the country is devoted to either the redevelopment and expansion of regional malls, or the construction of power centres. With no new strip-malls being developed, and with the majority of the existing inventory over 20 years old, it is very timely that many these type of malls are reimagined and built to fill the void in rural areas such as Curve Lake, which does not possess the market to support a power centre or regional mall. By doing so, the Community will secure a position in an underserviced area of the marketplace.

These properties provide an easy way to access the products you need every day. In order to reduce further economic leakage from within the Community, the Economic Development Corporation could construct a solely-owned commercial structure with several 1,000 square foot units with two larger units acting as anchors.

The Economic Development Corporation could negotiate and manage leases, keeping rent fixed at a reasonable rate. Those that wish to open a store in the strip-mall can present their case and have the chance to secure a store front along with (possible) partial funding for their venture. The idea is that consumers are also business owners, property shareholders, and decision makers. In this model, the building goes from being a cash cow for one entrepreneur/owner to being a source of funds for the community. Cash flows will facilitate investments and support public benefits via the guidance of the economic development corporation.

**Securities**

Each operation could yield 2-3 jobs, in addition to the roles needed for the operation and maintenance of the complex itself (i.e. grounds keeping, building maintenance, etc.).

**Income Generation**

Rental income will drive revenue for the economic development corporation. Outside of community based sales, store owners will benefit from off-reserve and tourist revenue coming from those who are closer to the Community than Peterborough. Off reserve customers will be incentivized by tax-friendly prices.

Retail capitalization rates have remained largely unchanged from 2013. In the first half of 2014, regional mall cap rates decreased by eight basis points (bps) to just above 5.4%. Power centre cap rates remained steady at 6.1%, while neighbourhood centres fell 3 bps to just below 6.4%. Strip malls also saw cap rates decrease by 11 bps to just below 6.3%. For the first half of 2014, spreads between the different retail formats remain largely unchanged.
STRIP-MALL DEVELOPMENT

Steps to Implementation

1. Hire an architect to design the proposed structure, ensure that the design is in keeping with those established in the CLFN Comprehensive Community Plan (2009).
2. Select site and obtain necessary building permits, liability and building insurance.
3. Engage a contractor to price-out and manage the construction of the building (utilizing CLFN trades where possible).
4. During construction the Economic Development Corporation should establish the terms of the proposed lease agreement. After which, design a business plan template for Community members to complete and submit.
5. Evaluate the business plan submissions and select those who will allotted a space in the building.
6. Establish service oriented contracts with community based businesses (i.e. Snow plowing, landscaping, maintenance).
7. The Economic Development Corporation shall monitor monthly rental payments and oversee that the tenant’s operations are in keeping with the conditions outlined in the lease agreement.

Additional Information

The proposed structure has the potential to become part mall, part business incubator, part cultural hub for the community. The strip-mall’s units could house a variety of operations such as:

- Coin wash or dry-cleaning operation;
- Repair shop;
- Pet shop;
- Bingo hall;
- Fitness or yoga studio;
- Seamstress or tailor;
- Hair salon;
- Grocery store;
- Burger Joint or food operation;
- Retail store (i.e. clothing, hardware, sports, technology, cosmetics); and/or
- Further to this, a storage structure could be constructed behind the complex to allow space for a boat or public storage operation.
Risks & Considerations

Construction and testing risk: Risk of property damage or third-party liability arising from mishaps during construction of the structure.

Business/strategic risk: If built on speculation, there is a substantial risk of not obtaining the leases for vacant space in a feasible amount of time. This can also be considered a financial risk if vacancy remains over a long period of time.

Environmental risk: Risk of damage to the environment caused by increased waste generated by tenant business, will require proper disposal policies.

Financial risk: Risk of insufficient access to capital to fund the project to the extent that is required, for example, not creating a visually appealing and functional mall that will draw customers from the surrounding area. Also a risk of tenants going bankrupt without notice, resulting in a temporary drop in cash flow.

Market risk: Risk of a comparable building being developed in the surrounding area could cause asking rates to drop given the relatively small number of suitable tenants in the market.

Operational risk: Risk of unexpected capital expenditures required to maintain the building and property.

Political/regulatory risk: No material political risks associated.

Weather-related risk: Risk of extreme weather damaging the building would result in unanticipated capital expenditures that the economic development corporation (the landlord) would be responsible for.

Canadian Retail Sales

Figures are in Millions of dollars and seasonally adjusted

Source: Stats Canada - Retail Trade 2015
The groundwork for pursuing a carefully planned, environmentally sustainable business / industrial park, has already been laid via CLFN’s established 53 acre commercial development zone.
The overall Greater Toronto Area (GTA) availability rate sits at just 4.5%, and has become even tighter for smaller tenants seeking lease options, for whom the new large-block product is not an option. Further to this, the GTA east, has limited availability of space over 50,000 square feet and may see new development in this market, particularly design builds. However, the market's overall lack of availability has not affected steady tenant velocity and developers are still willing to build on speculation.

Increased construction costs, rising land prices and higher development charges are driving developers to look for options outside of the GTA. Industrial developments on-reserve and in Peterborough are exempt from development charges, which is highly attractive to GTA developers who pay in the range of $40-50 per square meter of gross floor area.

The Greater Peterborough Area is already home to various recognized companies but Curve Lake has a unique advantage that other sites would not be able to offer. These advantages include; low development charges, flexible and competitive commercial terms on land leases, low cost of fuel, privacy and security and a substantial local workforce. The Curve Lake reserve also maintains suitable highway and major arteries access and a short distance to both municipal and international airports. Together making an attractive business case for developers looking to move east of the city. The result would be a more competitive and efficient industrial park.

A trend of note is the growing preference for design-build developments. Over the course of 2014, the proportion of speculative space to total space under construction has come down from 62.7% to 48.3%. This lends support to the likelihood that a tenant could be secured prior to the build.

Securities

In constructing the building, the developer could be mandated to use local trades and laborers. Following construction, future tenants will likely choose to employ those living within the community for potential tax and convenience reasons. Further to this, nearby shops and restaurants will experience associated business as a result of increased traffic around the business park.

Income Generation

Annual land leases can start as low as $9,000 per acre per year and range in size from 1 to 22 acres. Thus, revenue impact will vary depending on the size of a proposed development. If a land lease is in fact pursued, the only actual cost to the community resides in the fees to develop a formal plan around proposed industrial park. There is also the possibility that CLFN become an equity partner in a future development, doing so would allow them to receive a portion of the building’s rent revenue. For reference purposes, during Q4 2014 the Greater Toronto Area (GTA) experienced average asking net rental rates of $5.91 per square, while capitalization rates for industrial product sat at 6%. While across Canada, average rental rates have continued to move upwards, rising $0.12 quarter over quarter to an all-time high of $6.09.
LIGHT INDUSTRIAL BUSINESS PARK

**Additional Information**

In keeping with the CLFN vision, architectural principles can be established to reflect an innovative working environment with distinctive character and a strong sense of place while connecting the built form into the surrounding landscape.

**Steps to Implementation**

1. Obtain consultants to assist in the development of “design guidelines” for the park. These guidelines will act as a reference tool to guide CLFN, developers, planners, architects and engineers to the planning and design direction of any future development. Some of these specifications have already been established in the Curve Lake Comprehensive Community Plan (2009).

2. Engage a commercial real estate brokerage firm to handle the marketing of the land lease or speculative development opportunity.

3. If successful in attracting a commercial builder or tenant and dependent on CLFN’s level of involvement, CLFN will need to secure the necessary financing.

4. Consult with the brokerage firm to ensure that the conditions of the lease agreement are in the best interest of the Community.

5. If a developer takes on the onus of building the structure – ensure that local trades are utilized throughout the build, securing long term service oriented contracts where possible (i.e. snow plowing, landscaping, maintenance).

6. Once construction is complete, monitor monthly payments and oversee that the tenant’s operations are in keeping with the conditions outlined in the lease agreement.

**Risks & Considerations**

**Construction and testing risk:** Risk of property damage or third-party liability arising from mishaps during construction of the structure.

**Business/strategic risk:** If built on speculation, there is a substantial risk of not leasing-up vacant space in a feasible amount of time. This can also be considered a financial risk if vacancy remains over a long period of time.

**Environmental risk:** Risk of damage to the environment caused by increased waste generated by tenant business, will require proper disposal policies.

**Financial risk:** Risk of insufficient access to capital to fund the project to the extent that is required, for example, not adding enough shipping docks or clear height to the building will affect the buildings market appeal.

**Market risk:** Risk of a comparable building being developed in the surrounding area could cause asking rates to drop given the relatively small number of suitable tenants in the market.
Q3-2014 CA industrial vacancy rate, down 20 bps since prior quarter

Average clear height of industrial product in the GTA

Million SF year-to-date net absorption at the end of Q2-14 (GTA)

Q3-2014 CA industrial vacancy rate, down 20 bps since prior quarter

Acres of designated development land available to CLFN
The boutique hotel industry includes intimate and upscale hotel environments that feature creative design and concept. The establishments in this industry often offer food and beverage services as well as having restaurants and spas on the premises. This industry does not include chain hotels, it is an independent, unique entrepreneurial venture. These qualities lend an advantage to the unique culture and proud tradition that the Community possess.
The Boutique Hotels industry is forecast to experience aggressive revenue growth. Over the four years through 2019 revenues are anticipated to surge ahead at an average annual rate of 6.5%, reaching $8.1 billion. Travel spending is projected to increase over the next four years thanks to an improving global economy. This influx of tourist dollars will bolster revenue for boutique hotels.

Boutique hotels have successfully capitalized on their target market’s willingness to pay for a unique accommodation experience while at the same time benefiting from the lower capital costs associated with these types of hotels. The key to a successful boutique hotel is catering towards new and different experiences. The CLFN community can leverage their beautiful landscape, waterfront and cultural traditions to provide guests a unique experience. For example, the restaurant could offer a twist on local dishes and the décor could capture the traditional Curve Lake aesthetic.

Securities

Due to the high labour requirement for operating the front desk, kitchen, bar, house-keeping and activity facilitation the hotel could offer upwards of 15 direct employment opportunities. In addition, spin-off employment would take the form in trade work during the construction and maintenance of the property, additional activities like boating, fishing and hunting, the supply of consumer goods and food offerings.

Culturally a Boutique hotel offers Community members a means to express and take pride in their traditional practices and heritage. A strong sense of cultural security can benefit the health and well-being of a Community in a special way.

Income Generation

Growth will be driven by an increase in travel rates, as well as greater interest in the independent hotel experience. The continued growth of these higher-margin boutique experiences in new markets will also assist profitability and longer-term revenues for the Community. The start-up costs associated with a boutique hotel can vary in magnitude.

For CLFN, a small, intimate hotel similar to that of the Drake Devonshire would reduce start-up costs, provide quick returns and a valuable vehicle for cultural expression.

In the first half of 2014, cap rates for focused service hotels in Ontario were in the range of 8-9%. During this same period recorded transaction volume was $375 million. Of this, private Investors represented approximately 43% of total transaction volume. This signifies that private investors are realizing the attractive returns of the hotel business.

National per room pricing was reported at $67,000, well below $92,000 as reported in the first half of 2013. Eleven trades were reported at over $100,000 per room versus 16 at this time last year. Meaning CLFN could even purchase an existing hotel operation (to renovate) at a low cost and benefit from an uplift in value when market conditions improve.
BOUTIQUE HOTEL OPERATION

Additional Information

Alternatively CLFN could explore the potential for development off-reserve. For example, availability of the Burleigh Island Lodge or Birch Bank Cottages could present CLFN with an ideal opportunity to secure waterfront real-estate for the development of this opportunity. These locations may offer a more practical location with less disturbance to the CLFN community, albeit limiting to the amount of revenue generated from ancillary businesses on reserve.

An exemplary rural boutique hotel is the Drake Devonshire, an eleven-room hotel in a thoughtfully renovated, historic building, nestled on the shores of Lake Ontario in Prince Edward County. On top of lodging, the Drake Devonshire features farm-to-table dining that sources local, in-season ingredients, a variety of sporting activities and a cultural programming mandate featuring local musicians, artists and performers. Since their soft-opening in the fall of 2014 the hotel has experienced tremendous success. Even during the winter months the hotel had a waiting list for room reservations. The current rate for a standard room is approximately $350 CAD per night.

Steps to Implementation

1. Select a site or existing building to base the hotel from. The location must be optimal for leisure and recreation activities, and can be located on the mainland or Fox Island. If there are no existing eligible buildings, new construction options can be explored.

2. Hire a design firm - this will be crucial in order to establish the theme and aesthetic appeal of the hotel. They will create a marriage between bespoke hospitality and Curve Lake First Nation’s heritage. Assume that they would be involved throughout the entire construction process.

3. Prior to construction apply for the necessary permits, including building, liquor and special events licenses, keeping in mind that these licenses may take some time to acquire. At the same time, apply for the applicable business insurances required to properly protect the Community during the build and eventual operation.

4. Begin construction or renovation (utilizing CLFN trades where possible).

5. Based on the hotel vision, identify a chef whose cooking style will align. He will be responsible for designing the menu and training a Community member to be his sous chef, and run the kitchen in his absence.

6. Hire and provide necessary training to the remainder of the hotel staff, this may involve the use of a specialized hospitality advisor.

7. Establish a social media presence by registering the hotel on Facebook, Instagram, Twitter and Pinterest. These various outlets can be used to advertise the hotel’s grand opening, upcoming events or features and seasonal promotions. It will also allow the public ease of access to information regarding location, amenities, prices and reviews.

8. Ensure building and grounds are maintained to ensure cleanliness and a positive guest experience. Monitor hotel reviews, adjusting service and/or amenities as required.

Products and Service Segmentation (2015)
$8B
$8.1B annual industry revenue by 2019

Average annual rate of revenue growth in the 4 years to 2019
6.5%

Average price per room based on transactions in the first half 2014
67K

Risks & Considerations

Construction and testing risk: Risk of property damage or third-party liability arising from mishaps during building or renovation of the hotel.

Business/strategic risk: Risk affecting the viability of the business, for example, not reaching the hotel’s target market.

Environmental risk: Risk of damage to the environment caused by increased consumer/food waste generated by the hotel, will require proper disposal policies.

Financial risk: Risk of insufficient access to capital to fund the project to the extent that is required, for example, only being able to incorporate a few of the key design features versus all of them.

Market risk: Risk of an increase in competition from future boutique hotels in the vicinity or new (similar) program offerings from those that already exist.

Operational risk: Risk of unavailability of food offerings and hotel amenities or poor service could result in bad reviews that would deter new and return business.

Political/regulatory risk: No material risks associated.

Weather-related risk: Despite comparable hotel’s low-vacancy during the winter months, extreme winter weather could cause a lull in business if road conditions are unsafe.

43%
Of first half 2014 sales were represented by private investors

67K
Average price per room based on transactions in the first half 2014
During the past five years, Canada has experienced a vibrant real estate market, as a growing, aging, urbanizing and progressively wealthy Canadian population boosted residential and commercial real estate demand. Such growth has broadened operators’ potential customer base and increased the overall space available for cleaning. In addition, corporate profit is anticipated to grow significantly during the next five years, at an annualized 4.9%. Such growth will allow companies to spend more freely on cleaning services.

While the Janitorial Services industry includes some large companies with significant market share, the industry’s overall structure is fragmented, and most operators serve only a local customer base. In fact, according to Statistics Canada data, more than 54.0% of the industry’s 22,349 establishments are sole proprietorships. Because of its fragmentation, the industry is highly competitive. Furthermore, the relatively undifferentiated nature of cleaning services means that competition is largely based on price.

This industry has low barriers to entry, as initial costs can be limited to just the procurement of cleaning equipment and transportation costs. Many small operators reduce operating costs by using the owner’s home as the business office and warehouse. Profit margins in this industry are generally low as the small average enterprise size inhibits industry operators from achieving economies of scale. However, some industry operators have become integrated providers of facility solutions and offer landscaping, security, electrical and other services in addition to janitorial services. This diversification allows these industry operators to establish strategic alliances with property managers and move into more lucrative markets.

However, many operators work as franchise owners to take advantage of widespread brand recognition, for example the cost of a Jan-Pro franchise, dependent on scale, is estimated to be between $3,000 to $50,000.
Income Generation

There are a number of reasons why Janitorial Services generate high profit margins – starting with the fact that it requires very little capital to get established. Further to this, the business requires no specialized training or background. A typical contract can range from between $1,000 and $3,000 per month. Contracts can be secured by locating and soliciting those that need your services or in some cases, purchasing cleaning contracts from your competitors is also an option. For profitable firms, the average annual net profit was $44,118.2 thousand and for non-profitable firms, average net loss was $(18,218) thousand. Once a substantial clientele list is established, the high profit margins will begin to be realized. In terms of vulnerability, this type of business is in many ways recession proof. As long as there are people using offices, industrial buildings and retail shops, and retail shops, there will be need to clean those spaces.

Securities

Dependent on the ability to secure multiple contracts, a Janitorial Services business allows a large number of employment opportunities, with little to no barriers to employment. This allows those who previously were unable to qualify for employment due to lack of education or work experience, an opportunity to secure stable and rewarding employment.

Steps to Implementation

1. Develop a business plan that includes an overview of the company, planned service offerings, strategies to obtain customers and the applicable financial projections. The business plan will be utilized to secure financing.

2. Establish a commercial or residential location to base the business out of, with a designated phone line for receiving janitorial service requests.

3. Apply for business permits, get bonded and acquire liability insurance.

4. Obtain equipment and supplies for use in your business. You will need cleaning solutions, disinfectants, mops, buckets, scrub brushes, cloths and rubber gloves.

5. Create a contract you can use with your janitorial business clients. It should detail the janitorial services you will provide as well as the prices for your services. Have each client sign this contract before you proceed with work.

6. Focus initial sales efforts on developing a list of target clients in the surrounding area and develop marketing material that resonates with these prospects.

7. Hire small cleaning crew, adding new employees as the business grows.

8. Advertise your new janitorial business in newspapers, phone directories and online. Send direct-mail advertisements to businesses, schools and other organizations that may be in need of your services. Cold calling and in-person visits to businesses may prove helpful.


10. Execute the contracts.

Risks & Considerations

Business/strategic risk: Risk affecting the viability of the business, for example, unable to secure a viable amount of cleaning contracts to stay in business.

Environmental risk: Risk of damage to environment caused by disposal of cleaning supplies. Ensure that proper disposal procedures are in place.

Financial risk: Risk of insufficient access to capital for the initial investment in cleaning supplies/materials.

Market risk: Risk of an increase in the price of supplies and other inputs, or decrease in average contract prices.

Operational risk: Risk of poor performance or loss of contract.
During the next four years, the Golf Driving Ranges and Activity Centers industry will expand as industry operators specialize their product portfolio to attract particular demographics. In context for CLFN, the centre could focus on activities that reflect the community and surrounding area. The industry’s revenue growth is ultimately driven by the nearby demographics’ high discretionary income and interest in participating in driving ranges, shooting ranges, club sports and water recreation activities. This is something that the surrounding tourist and cottaging hotspots can support.

The number of these enterprises is expected to rise at an annualized rate of 1.4% to 17,139 operators during the four years to 2019. As more time-strapped households value spending leisure time as a family, demand for golf driving ranges and activity centers will increase. Moreover, as industry operators apply promotions and discount strategies to drive customer foot traffic, demand for employees will continue to increase.

The largest cost associated with Driving Ranges and similar activity based operations is the cost of acquiring land. Given that the Community possess a large land mass, the cost to get a business off the ground and running will be extremely affordable. Excluding labour and netting a simple 20 stall driving range could cost as low as $20,000. With such a low cost start-up it would be possible to upgrade certain features, including heated mats, a putting green, pro-shop or point of sale machines.

This industry is considerably competitive but Curve Lake’s location offers them a slight advantage. If the driving range was located on the reserve, there would not be another driving range within a 25 minute drive radius (there are several driving ranges outside of this radius however all are located on a golf course, where access often requires playing of the associated course). However it is important to note as per Neegan Burnside’s Golf Course Feasibility Study (2005), there are 60+ public and semi-public golf courses within a 78 kilometer radius. Further to this, the report found that there is likely not a market large enough to support an 18-hole golf course. Over the past five years, the industry has grappled with developing establishment locations in proximity to other similar leisure activities, which typically stimulates customer traffic. For instance, families are more willing to travel to a golf driving range and family fun centre within 20 minutes of their household. This would make the Curve Lake Driving Range and Activity Centre the premier and most convenient destination for nearby tourist and cottagers. Therefore, while the area may not be able to support a full 18-hole golf course, immediate proximity to this market would instill confidence that the operation would have a significant base to draw from.

The proposed facilities could offer lower rates for community members, allowing families to spend time and be active together. Often Driving Ranges offer additional facilities to draw the whole family or groups to visit. As mentioned, the possibility of opening a shooting range, volleyball court or another activity facility adjacent to the driving range would serve as a complimentary source of revenue.
Securities
Job security is the primary benefit associated with this recreational economic development opportunity.

It is estimated that a simple golf range and a complementary sporting activity could create 5 to 10 jobs. Jobs would likely include: operational staff, cashiers, and food vendors.

Income Generation
There is a diverse range of income stream opportunities for a driving range and/or activity center. A new concept in revenue production for this industry involves selling advertising space for onsite large display boards or driving range balls. Further to this, the possibility of constructing an air dome over a portion of the range could extend operations throughout the winter months, something nearby driving ranges are unable to provide. Membership offerings could also allow the business upfront cash flow to pay off any debt accrued. For example, a standard membership could cost $200 per year with an initiation fee of $50. The same could be done for any of the other activities discussed.

Steps to Implementation
1. Identify and secure a viable site for development.
2. Procure the required equipment using economic development corporation funds or access additional financing if required.
3. Begin construction or renovation (utilizing CLFN trades where possible).
4. Hire for the day-to-day operation of the facility.
5. Once construction is complete, monitor weekly revenue and make adjustments to the operations as required.

Risks & Considerations

**Construction and testing risk:** Risk of property damage or third-party liability arising from mishaps during construction of the structure.

**Business/strategic risk:** If the surrounding population does not have a high concentration of golfers or active recreational activity seekers, revenue forecasts may never realize their full potential.

**Environmental risk:** Risk of damage to the environment caused by use of pesticides. If a natural approach for grounds maintenance, there is no material environmental risk.

**Financial risk:** Inherent risk of no cash flow throughout the winter months will result in seasonal employment, leaving individuals out of work for a short period of time. However this can be remedied by allowing employees to work longer hours during summer, spring and fall, to make up for lost time during the winter.

**Market risk:** Risk of comparable offerings popping up in the near vicinity that may offer existing customers better prices or a shorter drive.

**Operational risk:** Risk of theft as these type of operations are usually cash-only. Also a risk of injury or accident due to the recreational element of the venture, albeit proper insurance would mitigate any risk in this respect.

**Weather-related risk:** Risk of extreme weather effecting total days open for business.
GREENHOUSE OPERATION

“Business as usual” in our globally interconnected food system will not bring First Nation’s food security and sustainability. Communities need to make concurrent efforts to establish climate-resilient agricultural production systems, make efficient use of resources, develop low-waste supply chains, ensure adequate nutrition and encourage healthy eating choices.

There are many ways to counter the food security problem but greenhouses in particular, have a lot of potential to not only address food security in aboriginal communities but also provide an economic development opportunity. Leveraging a for-production greenhouse can also yield valuable job opportunities and holistic skills development for community members. Together, this constitutes a sustainable food system that will continue to provide in multiple ways for future generations.

In recent years there has been a resurgence in local, accessible greenhouses used for produce distribution in fresh markets. Popularity is due to greenhouses ability to yield higher quality produce, year-round. Furthermore, growing vegetables in greenhouses allows industry operators to minimize losses that are encountered under the alternative cultivation method (open-field), where weather conditions dictate harvest yields. Adding to this, greenhouse operations have become highly refined, there are proven steps supporting the cultivation of a wide range of produce in Northern environments. The most widely grown greenhouse vegetables are tomatoes, peppers, cucumbers and lettuce or sprout seeds like mung beans and alfalfa. These enterprises can substantially cut the cost of food locally and become a source of income for the community. Overall the share of vegetable grown in greenhouses has expanded in the past five years as demand for fresh produce expanded on the back of health trends. In addition to produce, fresh flowers could also be cultivated to bolster the greenhouse’s product offerings throughout the warmer months, offsetting slower winter sales.

It is widely accepted that a market/community size of 5,000 people and/or contracts with nearby hotels, restaurants or grocers will support the operation of a moderate sized greenhouse. Primary cash flow would stem from produce being sold at local markets, established grocers and restaurants both in Curve Lake and the Greater Peterborough Area. If demand increases, the operation could easily be scaled-up. With bolstered production, the Community could further its reach and revenue by becoming a regional distributor to other First Nations and surrounding businesses.

Alternatively, CLFN could increase the size of the physical greenhouse and rent out a portion of the space to another greenhouse operation. A larger greenhouse has the potential to create more jobs than a strictly Community run operation, as there is more labour required.
Securities

There are several converging threats effecting First Nation’s food security – from climate change, population growth, unsustainable use of resources to global food prices. The food securities offered via a greenhouse operation include; overall food access and autonomy, a living science lab for educational programs, and an opportunity to contribute to individual and community wellbeing.

Jobs will be created to help manage the greenhouse and sell product both on and off-site. Out-side of the direct sale of produce, there would likely be additional economic benefits associated with spin-off businesses. For example, establishing an attached market to sell greenhouse product from could act as an outlet for other local vendors to sell their products and specialty items. Opportunities for involving local trades and laborers would also present themselves during the construction and future expansion of the greenhouse and market.

Income Generation

Growing crops in a greenhouse environment requires a substantial investment in capital and management resources. The two financial considerations regarding any such enterprise are profitability and cash flow, an enterprise budget outlining the project’s details will help determine the potential ROI. Start-up cost aside the technology involved in greenhouses and nurseries has changed significantly over the past two decades. Proven technologies will mitigate risk around the successful cultivation of produce throughout the year. While initial profit-margins may be relatively low compared to some of the other options explored in this report, the benefits associated with healthy food options and holistic skills development are considerable. Greater revenues would likely be realized as the operation scales-up and begins selling to neighboring communities and vendors.

Steps to Implementation

1. Consult an industry specialist to determine the style of structure that would work best, taking into account the weather and desired produce output.
2. Secure financing for applicable construction and start-up costs.
3. Select site and obtain necessary building permits.
4. Begin construction (utilizing CLFN trades where possible).
5. Re-engage with the specialist to help get the operation up and running and provide training (if required).
6. Establish branding and begin marketing product.
7. Secure purchasing contracts with local grocery stores, markets or community programs (both on and off reserve).
8. Determine logistical requirements and plan delivery schedules.
9. Monitor day-to-day activities and continue to market the product accordingly.

Risks & Considerations

Construction and testing risk: Risk of property damage or third-party liability arising from mishaps during building of greenhouse facility.

Business/strategic risk: Risk affecting the viability of the business, for example, risk of growing technique or plant variety obsolescence.

Environmental risk: Prolonged pesticide use could contaminate nearby water sources.

Financial risk: Risk of insufficient access to capital required to keep the greenhouse up and running during an unplanned poor-yield period.

Market risk: Risk of a decrease in produce prices at grocery stores in close proximity.

Operational risk: Risk of pests and diseases damaging or destroying produce.

Political/regulatory risk: Risk of a change in agricultural policies pertaining to the method of cultivation or operation of the greenhouse.

Weather-related volume risk: Risk of extreme weather conditions that could even cause resilient weather-resistant produce to die-off.
Given the strength and resiliency of the quick service restaurant industry, opening a franchise has become a choice investment for entrepreneurs and Aboriginal Communities across the country. A franchise provides franchisees with a certain level of independence where they can operate their business on a proven and successful platform. A franchise provides an established product or service which already enjoys widespread brand recognition, which would otherwise take years to establish. Most importantly, franchises offer important pre-opening support including; site selection, design and construction, financing, training and grand-opening program. This significantly mitigates the risks involved with opening a new business. After the fact, franchises also offer ongoing support with training, advertising, procedures, operational assistance and management support.

Quick service restaurant patrons look for speed and reliability of quality, taste and flavour. Beyond this the experience is about value; obtaining a good tasting prepared meal at a reasonable price point. These are important qualities to consider if an Aboriginal Community is interested in investing in food oriented franchise. They must also consider selecting a franchise that is well-versed in working with aboriginal groups, understanding cross-cultural differences, local aspirations and removing any possible barriers to employment. Some franchises like Tim Hortons, already focus their growth efforts on building restaurants within Aboriginal lands and encourage the inclusion of Aboriginal restaurant owners. As of mid-year 2013, Tim Hortons had 15 locations on reserve, 6 of which were Aboriginal-owned. Tim Hortons has been partnering with the Aboriginal Human Resource Council in order to identify strategies for recruitment and retention of Aboriginal Community members. This methodology has seen great success as a recent store opening in the Sagkeeng First Nation (Manitoba), resulted in several hundred visitors on opening day. Another impressive example is the Tim Hortons on the Cree Mistissini reserve in Northern Quebec, where sales figures have surpassed the predicted forecasts since opening day. Tim Hortons is a shining example of a collaborative relationship however other popular franchise candidates should include: Wendys, Pizza Pizza, Subway and McDonalds.

While opening a franchise on reserve has proven to be a successful approach, it is important to explore the potential for investing in an off reserve franchise as the market may be greater. A franchise located off reserve on a well-travelled highway or local road may allow access to a larger customer base, resulting in higher revenues and additional employment opportunities. CLFN should evaluate the local market off reserve with respect to franchises and determine what is and is not located in the immediate area and select a franchise accordingly.

In Canada, food service industry sales represented approximately 3.6% of national gross domestic product in 2012. The industry has been driven by a combination of higher consumer spending and product innovation by specialty eateries that have renewed consumer interest in quick service food offerings.
**Steps to Implementation**

1. Evaluate and determine which Franchise will best suit the community, studying carefully the earnings and operating cost projections, the royalty fees, advertising contribution, initial payment and construction cost of each franchise.
2. Secure financing for applicable fees and possible construction.
3. Select site and obtain necessary building permits.
4. Begin construction (utilizing CLFN trades where possible).
5. The Master Franchisee will provide initial management training programs to the Principal Owner of the franchise on location or at a training facility.
6. The Master Franchisee will also provide the franchisee with on-site, pre-opening and opening assistance (as required).
7. The Principal Owner, managers, and any personnel of the franchisee designated by the Master Franchisee, must attend and complete any additional or supplemental training that the Master Franchisee may from time to time require at designated locations.
8. Ensure building is maintained and follows the Master Franchisee’s operational guidelines in order to ensure optimal profitability and reliable quality.

**Securities**

Franchises remain highly labour intensive due to their service-orientated nature – labour is required throughout every aspect of the supply chain, from front-of-house service, to waiting tables, to cooking food. In addition, employment in the larger industry is projected to grow at an average annual rate of 2.2% to 420,710 workers in 2020. Thus a franchise opportunity would provide significant employment and given that the industry escaped the recent recession mostly unscathed these jobs will not be at risk in the event of another economic downturn.

**Income Generation**

The majority of franchises run from about $50,000 to about $200,000 to get started, coupled with a one-time franchise fee of usually $20,000 to $30,000. Going forward royalties of between 4% and 8% are paid on gross revenues. However, one of the advantages of choosing a franchised business is that you enter with your eyes wide open regarding startup and future costs, knowing that the bottom line will improve and grow significantly over time.

**Risks & Considerations**

**Construction and testing risk:** Risk of property damage or third-party liability arising from mishaps during building of franchise.

**Business/strategic risk:** The choice of franchise does not suit the Community’s preferences or tastes.

**Financial risk:** Risk that the full extent of potential sales are not realized, especially during the winter months when traffic levels are lower.

**Market risk:** Competing franchises open in the immediate vicinity, resulting in a loss of local market share.

**Operational risk:** Quality of food does not meet franchisors standards, resulting in lost patronage and potential repercussions via the master franchisor.

*Total number of industry workers by the year 2020*
INVESTMENT PORTFOLIO

The primary draw of traditional investment vehicles is the ability to lower the risk for the Community but still provide opportunities to grow.

By choosing this route the Community will avoid “putting all their eggs in one basket” all the while producing adequate cash flow to fund health, educational or cultural initiatives. In order to facilitate this the Economic Development Corporation will have to engage a portfolio manager to professionally manage the Community’s funds. These managers will have access to bonds and stocks in Canada, U.S, and Europe, likely opting for safe, high quality companies with consistent dividends (i.e. Kraft Foods, Royal Bank, Toyota or Imperial Oil).

From these types of investment, the corporation can expect an average return of 6% to 12%, dependent on risk tolerance and non-inclusive of broker fees and commission. The Community’s risk tolerance will determine whether or not their investments achieve higher returns than this.

Income Generation

From these types of investment, the corporation can expect an average return of 6% to 12%, dependent on risk tolerance and non-inclusive of broker fees and commission. The Community’s risk tolerance will determine whether or not their investments achieve higher returns than this.

Securities

In relation to the opportunities explored within this document, traditional investments possess significantly less risk. However, it hinders the ability for the money invested to create jobs and ties up cash-flow if CLFN wants to realize the full potential of the returns of the investment.

Income Generation

From these types of investment, the corporation can expect an average return of 6% to 12%, dependent on risk tolerance and non-inclusive of broker fees and commission. The Community’s risk tolerance will determine whether or not their investments achieve higher returns than this.

Steps to Implementation

1. Contact several investment banking groups and request that a Portfolio Manager from each come and present their service offerings to the Economic Development Committee.
2. Determine which Manager will best serve the interests of the broader community and request for a second consultation with the individual.
3. Hold preliminary discussion on average returns, the exact investment options available and suggested investment contribution.
4. The Economic Development Committee should then determine their risk tolerance, consulting Chief, Council and the Community.
5. Confirm investment goals of the Community with the Portfolio Manager and execute on a strategy.
6. Schedule bi-weekly or monthly updates with Portfolio Manager to ensure that realized returns are in line with their forecasts. As required, communicate need for forthcoming withdrawals so the Portfolio Manager can act quickly when the time comes.

Access to bonds and stocks in CA, US & EU

Withdrawals can be made in 48 hours

Business/strategic risk: Risks related to the relative lack of liquidity, dependent on the nature of the investment.

Financial risk: Risk that the full extent of returns are often not realized immediately. Traditionally these investments are meant to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.

Market risk: Risk associated with the volatility of the stock market, determining the Community’s risk threshold will aid in mitigation.

Risks & Considerations
CREATE A CULTURE OF OPENNESS TO NEW IDEAS AND NEW POSSIBILITIES
The following turnkey opportunities represent current opportunities readily-available to CLFN’s Economic Development Corporation and Committee.

**Bus Manufacturer**

Bus Manufacturer is seeking a First Nation to become an equity partner in their business and includes a seat on the company’s board of directors.

The bus manufacturer is based in Canada and operates across North America. The current customer base includes a large number of First Nations across Canada. The opportunity for investment stems from the need for equity to grow the business and implement the company's Corporate Social Responsibility (CSR) strategy.

Estimated Investment: $5,000,000 – $7,000,000

**Pre-Fab Home Company**

Pre-fabricated home manufacturer seeking equity investment.

A North American based pre-fab home manufacturer is seeking equity investment to expand their offerings to First Nation communities. The proponent’s goal is to reduce the cost of homes in First Nations communities and develop a partnership with a First Nation investor as a mutually beneficial investment.

Estimated Investment: To be determined

**Application Developer**

An Aboriginal owned technology developer focused on the development of apps for Android and Apple devices. Current offerings include gaming apps and a search engine app which is in the development phase. The company is looking for equity to grow and market to other aboriginal groups to become involved in the process.

Estimated Investment: $500,000 - $1,000,000
<table>
<thead>
<tr>
<th><strong>Hydro-Electric Project</strong></th>
<th><strong>Produce Grow Operation</strong></th>
<th><strong>Vermiculite Mining</strong></th>
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<tbody>
<tr>
<td>A proposed hydro-electric dam being developed by a First Nation group is seeking equity investors.</td>
<td>Joint venture (JV) with a Japanese company who is seeking a First Nation equity partner and potential site for operations.</td>
<td>CLFN is in the process of exploring a vermiculite mining opportunity. The subject deposit is estimated to generate $17.1 million average annual profit for 50 year mine life expectancy (Via Archibald Consulting Study). This industrial mineral deposit is a significant discovery due to its large size, the existing three largest deposits in the world control 90% of the world’s markets and carry much higher costs (distance from markets and asbestos-fiber consistency)</td>
</tr>
<tr>
<td>It is anticipated that a large number of spin-off investment opportunities will be created from this venture (i.e. battery storage).</td>
<td>The proponent is an Aboriginal owned company that has partnered with a Japanese agriculture technology company. The Japanese based company will provide their ‘red light’ technology and the aboriginal partner will be the future operator and equity partner. To date, the group has had success with supplying low cost produce to Northern First Nations and non-First Nations communities. Federal funding is available.</td>
<td>A profit of 70% to 86% can be realised if the vermiculite is sold in a local market (Montreal and Toronto respectively). By becoming an equity or strategic partner in the mining project CLFN can ensure the environment is respected and protect while exposing themselves to a new employment and revenue generating opportunities. Employment opportunities may come in the form of the following:</td>
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<tr>
<td>Estimated Investment:</td>
<td>Estimated Investment:</td>
<td>Estimated Investment:</td>
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<tr>
<td>Dependent on the total approved megawatts (MWs) of the facility</td>
<td>$500,000 – $5,000,000 (Dependent on scale of operation)</td>
<td>To be determined</td>
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<tr>
<th><strong>Bio-Waste Plant</strong></th>
<th><strong>LED Assembly &amp; Install</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A proposed bio-waste operation is seeking First Nation equity investors to support the development of a large scale bio-waste plant. The total cost is approximately $400 Million, however a large portion of this will be financed by a combination of municipal, provincial and federal funds. The equity investment and ownership percentage will be subject to negotiations with the proponent.</td>
<td>Joint venture (JV) with a Japanese company who is seeking a First Nation equity partner and potential site for operations.</td>
</tr>
<tr>
<td>Estimated Investment:</td>
<td>Estimated Investment:</td>
</tr>
<tr>
<td>Up to $400,000,000 (FN investment to cover a portion)</td>
<td>$500,000 – $1,000,000</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>Voiceover IP &amp; IP TV</strong></th>
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</thead>
<tbody>
<tr>
<td>Proponent is seeking an equity investment to support their growing business operations. The proponent holds strong relationships with Bell, Rogers and Telus. The focus on the business expansion is the northern market, and their expansion would welcome a joint venture with a First Nation.</td>
</tr>
<tr>
<td>Estimated Investment:</td>
</tr>
<tr>
<td>To be determined</td>
</tr>
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</table>

Note: Vermiculite would be extracted at surface level, not using an open pit or mine-shaft method. This process returns the topsoil and avoids trees. In addition, no hazardous minerals were found in the vermiculite samples.
In order for CLFN to fully implement the economic development strategy, the Economic Development Committee and Chief and Council will have to define the type of venture developed, and which tax structure is best fit for CLFN. Tax structures may differ due to a number of factors. Key differentiating factors include:

- As a starting point, any business venture that is entirely on reserve can be set up essentially without any business structure, although in most cases, a corporation is used. If a corporation is used, as long as the First Nation is considered to be a “public body performing a function of government” (as CLFN is), the company would be exempt from income tax, as a municipal corporation under s. 149(1) d.5) of the Income Tax Act (ITA).

- Where the corporation has some activities on reserve, and some off reserve, the corporation becomes taxable on all income, once its off-reserve income exceeds 10%. Also, once a corporation is taxable, it cannot revert back to being exempt, even if the corporation no longer has any off-reserve income.

- In situations where you expect to have some off-reserve sources of income (i.e. business is performed and income is earned off reserve), the alternative structure is a Limited Partnership (LP), where the LP units are held by CLFN directly, or in some cases, a trust is used to hold the units. A trust is not necessary if the First Nation is exempt from income tax, but in some cases, if CLFN prefers to use a trust, this would segregate the control from Chief and Council. Those units cannot be held in a corporation, since that would then not be exempt from tax.

- If a third party is going to hold some of the units in the LP, this scenario is more complicated. CLFN will have to be mindful of the Specified Investment Flow Through rules (or SIFT rules), which would make the partnership subject to income tax directly. One common situation is where the third party is a publicly traded entity.

- If the LP does not fall under the SIFT rules, the LP is fine. If, however, the LP falls under the SIFT rules, CLFN will have to set up the business as a joint venture (JV), not as a LP. CLFN can then hold its interest in the JV through its own LP, which it owns 100%. That allows for its share of the JV income to flow to its own LP, and then to the FN, hopefully without any taxes. This is a more complicated structure, since it involves both a JV and a LP, both of which have to be distinct and separate. This scenario would CLFN up to additional legal and operational considerations.

There are four types of structures which fit the initiatives identified in the CLFN Economic Development Strategy:

1. Band Owned (On Reserve Business);
2. Corporation Owned (On Reserve Business);
3. Limited Partnership (Off Reserve Business); and
4. Joint Venture (Short-to-medium term project).

### #1 BAND OWNED

The most basic and simple form of business ownership for on reserve ventures is the band owned structure. CLFN would own and operate each business, with income flowing directly to the band. The income would not be taxable, but the band would be subject to any liabilities the business may incur. In addition, if the business is not performing, CLFN may face the decision to either discontinue or subsidize the business. For this structure, it is recommended that a project manager or business manager be appointed to manage the operations of the business and report to the Economic Development Coordinator and Chief & Council.

### #2 CORPORATION OWNED

A corporation is a legal body that is set up under the laws of the Province of Ontario or Canada. It is separate and apart from CLFN. A corporation has all the powers of a person and can enter into contracts/agreements, go into debt, own, buy and sell assets and sue or be sued. A corporation incorporated by a First Nation is not an “Indian” person under the Indian Act and is not exempt from paying taxes. Ownership interests in a corporation can usually be easily changed. CLFN can sell shares without affecting the corporation’s operations.

A corporation can exist forever. However, in the event that a Corporation fails to file certain documents with the government as required on a regular basis, the corporation can be struck from the corporate registry and if this happens it will no longer exist.

The key advantages of a corporation include:

- To separate the business interests of the First Nation from those of the corporation;
- Separate financial liability of the corporation from the First Nation so that the First Nation will not suffer financial liability if the business suffers financial losses.
- However, Chief and Council can agree to a guarantee to a loan and bring liability to the First Nation but only to the amount of the guarantee;
- No individual person, including band members, can be held liable for debts of the corporation (unless the individual has signed a personal guarantee which is unlikely);
- If key personnel leave the business such as the Band Administrator or Economic Development Officer (EDO), the business can continue with new people;
- Some banks and other financial institutions
prefer to provide loans to a corporation rather than the First Nation.

- In the event of a default on a loan, the financial institution can seize the assets of the corporation. They cannot seize the assets of a First Nation.
- A corporation can be set up to minimize tax exposure.

The key disadvantages of a corporation include:

- There are many laws and regulations the corporation must be in compliance with;
- The corporation has to follow its incorporation documents; and
- Must keep records of meetings and file documents with the government and its shareholders yearly or the corporation could be struck off the corporate register.

As the corporation is a separate entity from the First Nation, members do not have a formal role in the decision making of the Board of Directors or its day-to-day operational process. If one of the First Nations companies is put on the agenda of a band/community meeting, it would be in a reporting capacity only. First Nations cannot pass motions at a community meeting that can affect a corporation of the First Nation as the only decision makers for the corporation are the Board of Directors at a duly convened meeting of the board.

One exception may be if the Chief and Council are recommending the First Nation sell their share in the company or increase their share in the company. This could be decided at a community meeting. This is because the shares of the First Nation belong to the First Nation and are within the control of the First Nation.

Members can be involved in the businesses of the First Nation by involving themselves in the planning meetings and/or putting in place an Economic Development Plan and Strategy. This could include the kinds of businesses you want your First Nations to be involved in and what the objectives of economic development are. For example is the corporation goal the creation of jobs or upholding high environmental standards? Or is the goal making a profit?

If the corporation structure is selected, it is recommended that CLFN define policies and procedures for how the Corporation is managed, Chief & Council’s involvement in the management and decision making of the corporation, and any how income will be managed.

As a limited partner, you can enter into a business venture and not have a say in the control or management of the business, and would be liable for the debts of the partnership up to the amount of money you put into the partnership. Every Limited Partnership must have at least one General Partner that runs the business.

#3 JOINT VENTURE
A joint venture is a contractual arrangement between two parties that is undertaken to complete a specific task whereas a partnership is an agreement between two parties who have agreed to undertake a business venture as co-owners and agree to share in the profits and losses of the activity undertaken. In a Joint Venture a separate entity is formed that ceases to exist on completion of the task agreed and with a partnership it continues operations until dissolved and formation of a separate entity is not necessary. The JV structure is only recommended for a short-to-medium term project with a finite life, and may be combined with the LP or Corporate structures to minimize CLFN liability.
### Structure

<table>
<thead>
<tr>
<th>STRUCTURE</th>
<th>PROS</th>
<th>CONS</th>
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<tbody>
<tr>
<td>Band Owned</td>
<td>• Easy to start;</td>
<td>• No separation of business and politics;</td>
</tr>
<tr>
<td></td>
<td>• Full management control; and</td>
<td>• Continuity risk;</td>
</tr>
<tr>
<td></td>
<td>• Non-taxable.</td>
<td>• CLFN subject to losses and liabilities;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Need to determine if this is a Chief and Council run business, or who makes the decisions for the business and who they are accountable to.</td>
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<tr>
<td>Limited Partnership</td>
<td>• Easy to start;</td>
<td>• Limited input into management decisions; and</td>
</tr>
<tr>
<td></td>
<td>• Low startup costs-shared amongst partners;</td>
<td>• Resolving conflict can sometimes be difficult.</td>
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<tr>
<td></td>
<td>• Simple to manage as an LP;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Limited liability to CLFN;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Non-taxable flow through of income to CLFN; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Partnership agreement defines roles and responsibilities.</td>
<td></td>
</tr>
<tr>
<td>Corporation</td>
<td>• Full separation of business interests of CLFN and the Corporation;</td>
<td>• There are many laws that companies have to comply;</td>
</tr>
<tr>
<td></td>
<td>• Separate financial liability of the corporation from the First Nation so that the First Nation will not suffer financial liability if the business suffers financial losses;</td>
<td>• The corporation has to follow its incorporation documents;</td>
</tr>
<tr>
<td></td>
<td>• No individual person including band members can be held liable for debts of the corporation (unless the individual has signed a personal guarantee which is unlikely);</td>
<td>• Must keep records of meetings and file documents with the government and its shareholders yearly or could be struck off the corporate register; and</td>
</tr>
<tr>
<td></td>
<td>• If key personnel leave the business such as the Chief Executive Officer (CEO), the business can continue with new people;</td>
<td>• Corporation is a taxable entity and may be subject to income tax. Tax losses are useless in most cases.</td>
</tr>
<tr>
<td></td>
<td>• A corporation can be set up to minimize tax exposure, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Some banks and other financial institutions prefer to provide loans to a corporation rather than the First Nation. In the event of a default on a loan, the financial institution can seize the assets of the corporation. They cannot seize the assets of a First Nation.</td>
<td></td>
</tr>
<tr>
<td>Joint Venture</td>
<td>• Clear terms and understanding between both parties;</td>
<td>• May be subject to tax, depending on the structure; and</td>
</tr>
<tr>
<td></td>
<td>• Various ways to structure the JV to protect CLFN; and</td>
<td>• CLFN may have limited management input.</td>
</tr>
<tr>
<td></td>
<td>• Dissolves at the end of the project.</td>
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BUSINESS DEVELOPMENT PROCESS

STARTUP BUSINESS

For the purposes of CLFN, startup businesses are any businesses which are developed and solely owned and operated by CLFN or the CLFN Economic Development Corporation. The recommended steps to develop a startup business are as follows:

1. Business Idea Conception: The process of developing and confirming the idea for a business. A business idea can be developed internally, driven from the CLFN Economic Development Strategy, or may be derived from community membership or other sources.

2. Determine Community Fit: Once the concept for a business idea is confirmed, it has to be tested against community priorities. The results of the Community Consultation (see Pages 9-10) summarize the community business priorities. This will allow CLFN to determine if the business concept is a good fit and will be supported by the community. In addition, CLFN may present the idea to the community and solicit feedback.

3. Feasibility Study: If the business concept is determined to be a fit for the community to develop, the next step is to determine feasibility of the idea. A feasibility assessment or study will determine the practicality of the proposed idea and provide analysis of CLFN’s ability to complete the project successfully, taking into account legal, economic, technological, and scheduling among other community priorities. Rather than simply diving into a project and hoping for the best, a feasibility study allows CLFN project managers to investigate the possible negative and positive outcomes of a project before investing too much time and money.

4. Business Plan: If the project is determined to be feasible, the next step is to develop a formal business plan to guide the development of the business.

A business plan is a written document that describes in detail how a new business is going to achieve its goals. A business plan will lay out a written plan from a marketing, financial and operational viewpoint. Alternatively, a business plan may be prepared for an established business that is moving in a new direction.

A business plan includes a description of the business, its services and/or products, and how the business will achieve its goals. The plan includes the overall budget, current and projected financing, a market analysis and its marketing strategy approach to attract customers. In a business plan, a business owner projects revenues and expenses for a certain period of time and describes operational activity and costs related to the business. Additionally, important aspects such as project management (who will be responsible to manage the development of the business) and project governance (who will the project manager be accountable to) will be defined in the business plan.

The idea behind putting together a business plan is to enable managers to have a more defined picture of potential costs and drawbacks to certain business decisions and to help them modify accordingly before implementing these ideas.

5. Monitoring & Reporting: Once the business has begun operations, it will be key to establish ongoing reporting and monitoring to stakeholders. Stakeholders may include Chief & Council, the CLFN Economic Development Committee, CLFN Economic Development, or other identified parties. Stakeholder and management will determine which metrics and key performance indicators (KPIs) will be reported on. KPIs should be selected as a way to determine what ‘success’ is for the business. Examples of KPIs may include net profit, number of units sold, profit margin, or number of customers.

ACQUISITION / PARTNERSHIP

A business acquisition takes place when CLFN purchases an already developed business from a third party. A business partnership occurs when a third party proposes to work alongside CLFN on a project or to develop a business idea for mutual benefit.

Business acquisition opportunities or partnerships may be sought out by CLFN or be proposed to CLFN from a 3rd party. Typically, business acquisition opportunities and partnerships presented to First Nations (as opposed to being sought out by a First Nation) bear more risk and require a higher degree of due diligence.

1. Gather Information: When a business acquisition or partnership opportunity is presented to or sought out by CLFN, it is critical to gather as much information as possible to make an informed decision. Information should be willingly presented by the third party to CLFN. In addition, it is the responsibility of CLFN to gather information and perform research on the business, the industry, and the relevant market data to ensure a comprehensive evaluation can be performed.

2. Determine Community Fit: Once the opportunity has been presented and information gathered, the opportunity has to be tested against community priorities. The results of the Community Consultation (see Pages 9-10) summarize the community business priorities. This will allow CLFN to determine if the acquisition or partnership is a good fit and will be supported by the community. In addition, CLFN may present the idea to the community and solicit feedback.

3. Due Diligence: Once all relevant information is gathered, the process of due diligence will begin. Due diligence is an investigation or audit of a potential investment. Due diligence serves to confirm all material facts in regards to a
business purchase or partnership. This includes reviewing all financial records plus anything else deemed material to the transaction. Sellers could also perform a due diligence analysis on the buyer (i.e. CLFN). Due diligence is a way of preventing unnecessary harm to either party involved in a transaction.

The theory behind due diligence holds that performing this type of investigation contributes significantly to informed decision making by enhancing the amount and quality of information available to decision makers (i.e. Council or CLFN Economic Development) and by ensuring that this information is systematically used to deliberate in a reflexive manner on the decision at hand and all its costs, benefits, and risks to the acquisition or partnership.

Due diligence evaluations and procedures should be performed on the following:

- **Financial Due Diligence** (i.e. Are the numbers legitimate or realistic? What assumptions supports the projections? Are the numbers audited? Is the business valued correctly? Is the purchase price too high/low?)

- **Operational Due Diligence** (i.e. Can the project be executed properly? Does CLFN have the capacity to operate the business? Does the partner have the ability to execute the project? Do we have the resources to execute the project? Do the parties involved have the experience to execute the project or operate the business?)

- **Due Diligence on the Seller or Partner** (i.e. What is the sellers/partners history? Are there any ‘red flags’? What is their experience? Have they been successful in the past on similar projects/businesses? Have they ever been a part of bad transactions? Why did they select CLFN as a partner or buyer?)

- **Industry Due Diligence** (i.e. What is the forecast for the relevant industry? Is there opportunity for growth? Is the industry declining? What is the competitive environment?)

The degree and scope of due diligence will be dependent on the nature of the transaction or partnership.

**Decision to Proceed:** Once due diligence has been adequately performed, CLFN will be able to make an informed decision to end the process or move forward with opportunity.

**Negotiations:** Once there has been a decision to proceed, CLFN will work with the third party to define the terms and conditions of the acquisition or partnership. Terms and conditions may be financial, operational, or involve other various characteristics to the potential transaction such as governance and ownership. It will be critical for CLFN to develop a negotiations strategy internally before beginning discussions with the third party proponent. The negotiations strategy is a predetermined approach or prepared plan of action to achieve the specific goals or objectives of a potential partnership or acquisition. This plan will identify what CLFN requires to ensure a successful transaction, what CLFN is willing to negotiate or give up, and what deal terms will cause CLFN to walk away from the transaction. The plan will also evaluate different scenarios that could potentially arise during negotiations and how CLFN will react in those situations.

Once a negotiations strategy is developed, CLFN will begin discussions with the third party to determine the terms and conditions of the acquisition or partnership.

**Financing:** During negotiations, the financial aspects of the acquisition or partnership should become more concrete. In an acquisition, this would be the purchase price. For a partnership, this may involve the cost of equity in a project or business. Once the transaction price has been established, it will be critical for CLFN to establish and confirm how the transaction will be financed. Financing may come from a wide array of sources, such as debt financing, an equity earn out, self-financing, or funding.

**Implementation Plan:** Assuming all of the prior steps are completed without issue, it will be critical for CLFN to develop an implementation plan once the transaction has been completed and the business or partnership begins operations. An implementation plan is a detailed listing of activities, costs, expected difficulties, risks, and schedules that are required to achieve the objectives of the business or partnership. This will involve determining how the business or partnership is to be managed, CLFN’s role in operations, reporting, and any elements of the business or partnership which will be transitioned to CLFN.

An effective implementation plan will ensure a seamless transition for CLFN as business operations begin.

**Monitoring and Reporting:** Once the business acquisition or partnership has been completed, it will be key to establish ongoing reporting and monitoring to stakeholders. Stakeholders may include Chief & Council, the CLFN Economic Development Committee, CLFN Economic Development, or other identified parties. Stakeholders and management will determine which metrics and key performance indicators (KPIs) will be reported on. KPIs should be selected as a way to determine what ‘success’ is for the business or partnership. Examples of KPIs may include net profit, number of units sold, profit margin, or number of customers.

For partnerships, it will be key to establish a communications plan to ensure transparency between CLFN and the partner. Successful partnership requires strong relationships, with consistent communication and transparency being key factors in achieving those relationships and preventing issues.
The following recommendations aim to support CLFN in preparation for selection and implementation of the economic development opportunities explored within this report.

- Establish a concrete process for selecting and approving initiatives. This may include elements of community consultation, economic development committee and/or community referendum. It may be useful to utilize an anonymous voting software to encourage those whose voices are not often heard in public forums to take part in the selection process.

- Once a particular economic development opportunity has been selected, conduct a feasibility study and develop a business plan to confirm the probability of success. This may require the assistance of a professional services group (i.e. consultants, engineers or valuation experts).

- Determine how projects are going to be financed. This could include bank financing, cash or a combination of both.

- Establishment of a project management process. For example, once a business is invested in or selected for development, it is important to assign a capable project manager to implement, manage and grow the business going forward.

- In order to measure success, it is critical that an evaluation metric for business performance and managers be established. This will often measure indicators such as revenue generation, number of jobs created or number of spin-off business opportunities.

- Development of policies and procedures for businesses once established. Ensuring that proper human resources, recruitment, training, and payroll policies are in place will allow for consistent and predictable operation.

- Establish an overall governance structure that outlines who management reports to. This will eliminate conflict and create clear roles and responsibilities throughout.

- Determine how economic development decisions will be made transparent to the community. It is crucial to keep the community informed and involved.

- Determine governance over own-source revenue. Once business achieve financial success, it will be vital to establish a process for how CLFN will manage unrestricted revenues. Some key questions to answer will include:
  - How will each dollar be allocated?
  - Will a trust be set up?
  - Who will manage own source revenue?
  - What internal controls will be required to be established?
  - What is the process for how revenue will be dispersed?
  - Will financial resources go towards other economic development opportunities or community initiatives?

- In order to succeed it will be important to create a culture of ‘openness to new ideas and new possibilities’. This will shift the current state of reliance on transfer payment revenue to own source revenue, in turn creating a better chance that revenue stays within the community.