

Roles & Responsibilities





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Alberta Indigenous Opportunities Corporation (AIOC)

provides loan guarantees to help Indigenous nations and groups access capital that otherwise would not be available, and at lower rates compared to capital without the loan guarantee. AIOC facilitates investments in medium to large-scale, cashflow generating projects.

What is a Loan Guarantee?

Indigenous nations and groups seeking to pursue investment in a project apply for a loan from a financial institution. The AIOC Loan Guarantee is then used to secure the loan. If the Indigenous nation or group is unable to repay the loan, AIOC steps in to cover the repayment (subject to the terms and conditions of the guarantee).

AIOC also offers a capacity grant program,

which provides non-repayable grants to Indigenous nations and groups to access third-party expertise and services to navigate assessment, negotiation and closing of a project. [Capacity grants](#) are primarily focused on advancing projects with a high likelihood of achieving AIOC's loan guarantee mandate.



The loan guarantees and capacity grants are for First Nations, Metis Settlements and other Indigenous groups approved by a ministerial order.

Purpose

The purpose of this document is to serve as a general guide for Indigenous nations and groups investing in a project.

By clearly defining some of the key roles required throughout the various phases of an investment process and fostering a collaborative environment, we aim to create successful partnerships that benefit both the nation, or group and the project. We also acknowledge that each investment opportunity is unique and while this document is meant to highlight the key roles and responsibilities it is not exhaustive for every type of investment process.

Typically, linear projects, like transmission lines and pipelines, tend to involve more Indigenous nations and groups, while sole site projects or smaller investments may be limited to a single or smaller number of Indigenous nations and groups.



This document is intended for projects that have multiple Indigenous nations and groups participating in a project. For a single community leading an investment, only certain segments of the process will be relevant.



Roles

Some of the key roles are identified below:



Industry partner

The company who owns the existing project or is proposing the project.



Indigenous nations and groups

All proposed Indigenous nations and groups that are evaluating the project, regardless of whether they are involved in the negotiations; their input helps assess the project's importance to the Indigenous nation or group.

Negotiation committee

The party negotiating on behalf of the Indigenous nations and groups, comprised of select nation or group representatives.

Advisors

The negotiation committee engages advisors with expertise in the areas of legal, tax, engineering, environment and valuation/finance.

Lenders

The financial institutions lending to the Indigenous nations and groups that are pursuing investment.



A crown corporation that provides loan guarantees to the lenders to help Indigenous nations and groups access capital that otherwise would not be accessible.

Process

Often, but not always, the process begins when an industry partner approaches Indigenous nations and groups with an investment opportunity.

Alternatively, a group of nations, settlements, or communities may identify and bring forward an investment opportunity. The following material will outline the steps from opportunity identification to post deal, and highlight the responsibilities of the investing nations, or groups and their negotiating committee. The process is different for each project and can typically range from six months to a year.

The key phases are listed below:





6. During Negotiations

The parties involved negotiate the terms of the deal. This includes the price, the ownership interest, commercial terms, and the covenants, rights, and obligations of each party. Once agreed, the deal terms are formalized into legal contracts. During this step, the legal entities are set up and administrative agents or services are decided.



8. Closing

An investment closes when the legal documents are signed and the financing is completed, often simultaneously, signifying the deal is officially completed.



7. Financing

The financing phase of a deal involves securing the necessary funds to complete the transaction.



9. Post Closing - Active Partnership Phase

The post deal closing phase focuses on ensuring financial and regulatory reporting and compliance are operating smoothly. This phase also focuses on arrangement for ongoing communications between industry, the board of directors of the limited partnership (LP) and the members of the Indigenous nations and groups.



Opportunity Screening: Questions to Ask

At the opportunity screening phase, the following questions may help Indigenous nations and groups assess opportunities that are presented by potential industry partners. This list is far from exhaustive and is meant to serve as a starting point for a discussion:

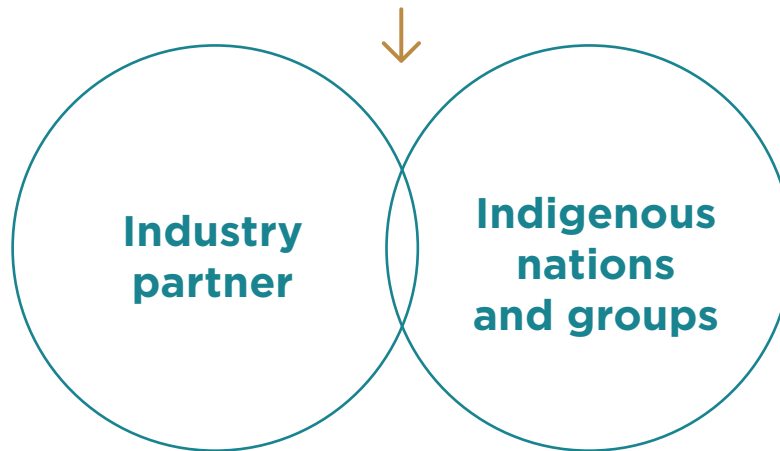


- What is your company's history of partnering with Indigenous groups?
- Why are you interested in partnering with us specifically on this opportunity?
- Why are you selling an ownership interest in the asset?
- Can your organization finance this project without us? If yes, how?
- What other investors have you spoken to and what were their responses?
- Do you have other debt and/or equity financing secured?
- Have you spoken to large Alberta/Canadian institutional investors? (pension funds, endowment funds, private equity, banks etc.) What did they say?
- Has your organization built/operated projects like this before?
- Are we being offered equity on the same terms as other investors?
- On a preliminary basis, subject to due diligence, what is the unlevered after-tax internal rate of return the Indigenous groups are expected to receive?
- What total cash distributions are the Indigenous groups expected to receive per year in the first few years, in aggregate and per Indigenous group?
- Have you explored the opportunity with AIOC, or have you in the past, to understand what their risk tolerance is and if this project would be a potential fit?

Introduction

This phase is the introduction of the project to proposed Indigenous nations and groups, to gauge initial interest to participate in the process.

Who is Involved

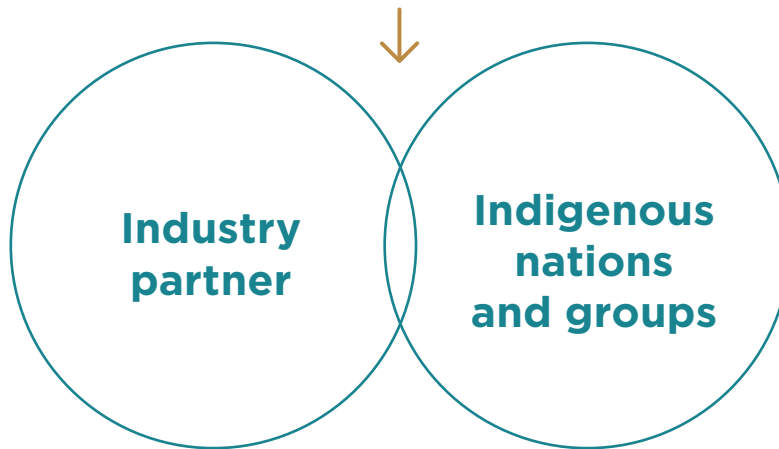


Role	Responsibility
Industry partner	<ul style="list-style-type: none">• Connect with Indigenous nations and groups to align on a long-term partnership vision and to identify investment opportunities• Facilitate a “letter of intent” process• Extend an invitation to a kick off meeting
Indigenous nations and groups	<ul style="list-style-type: none">• Understand high level project description, location and purpose, overview of the investment opportunity• If interested in participating in the process, sign the letter of intent• Identify preferred business contact and representative for the project• Ensure representation at initial kick off meetings• Often, an expression of interest and/or non-disclosure agreement is signed by the Indigenous group during this stage to enter the kick off stage

Kick Off

The kick off indicates the formal launch of the process. Typically, the industry partner will organize a kick off meeting/event inviting all proposed Indigenous nations and groups. There are certain questions and protocols that need to be finalized by proposed Indigenous nations and groups prior to the official project kickoff.

Who is Involved



Role	Responsibility
Indigenous nations and groups	<ol style="list-style-type: none">Alignment<ul style="list-style-type: none">Some projects/deals may include a high number of proposed Indigenous nations and groups. Each group may have a different perspective about goals and what they want the deal /negotiations to achieve. Seek alignment on goals and objectives early on.Identify members who may be elected to the negotiation committee to act on behalf of the collective.<ul style="list-style-type: none">One of the key decisions is who will take part in the negotiation committee. An effective negotiation team will have several skills and access to significant technical, financial and legal resources. The team needs to understand all aspects of the business of the project including how the project makes money, potential project risks, how the project is financed, and the interests of both parties.When considering the makeup and dynamics of the negotiation committee, consider conducting a skills analysis to ensure all the skills necessary to negotiate a large complex transaction are present.Positions on the negotiation committee involve a considerable time commitment, at some stages of the deal it could be close to a full-time role. Determine the amount of time and effort required by your representative up front to ensure they have capacity to lead the communities they represent through the entire process.



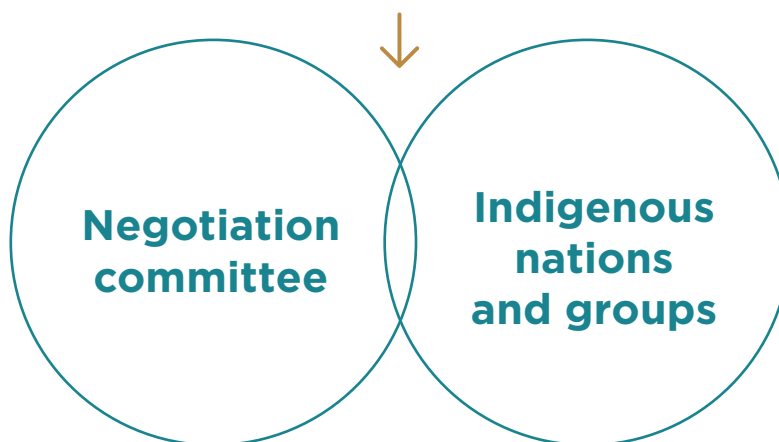
The formal launch of the process

Role	Responsibility
Indigenous nations and groups <i>(continued)</i>	<ul style="list-style-type: none">• Participation, attendance and ability to ask and answer questions is paramount for the entire process. <p>The members of the negotiation committee act on behalf of the collective participating nations and groups, not individual nations and groups.</p> <p>3. Transaction Costs</p> <ul style="list-style-type: none">• Who will fund the costs of the transaction is to be negotiated with the industry partner. There may also be a need to determine if the negotiation committee representatives require capacity funding (to be compensated for time, travel, accommodations) throughout the investment process.• Nations can apply for some AIOC capacity funding to support the hiring of external advisors to assist with assessing, negotiating and closing on a project. <p>4. Communications</p> <ul style="list-style-type: none">• Establish a clear communications protocol to ensure that all necessary participants receive timely and accurate information regarding milestones and material updates. This can be in the form of emails, newsletters, and regular meetings. All Indigenous nations and groups should agree on the cadence and format of the desired communication. It will be important that all parties to a transaction remain up to date along the process with respect to negotiation progress.• Create a point of contact or process for participating Indigenous nations and groups to reach out to if they require additional information or have any questions. <p>5. Confidentiality</p> <ul style="list-style-type: none">• While it is important to keep the nation and groups updated, there may be limited information due to the confidential nature of the transaction being considered.• Some of the industry partners have public security obligations they must adhere to which may reduce the flow of information beyond the negotiating committee.• For example, if the industry partner is a publicly traded company, it is subject to the strict information disclosure rules of the respective stock exchanges.• Generally, Indigenous nations and groups have signed non-disclosure agreements to attend the kick off meeting. Work with your legal counsel to determine how to balance the need for transparency and confidentiality during this process.

Formalizing the Negotiation Committee

Once negotiation committee members have been appointed, roles and responsibilities need to be outlined and work commenced.

Who is Involved



Role	Responsibility
Negotiation committee	<p>Establish Terms of Reference (TOR) for the committee that outlines the roles, responsibilities, and expectations of all parties involved in the negotiation and approval process.</p> <p>This includes:</p> <ul style="list-style-type: none">• Selection of a Chair and Vice Chair• Who does the negotiating team report to?• Outline primary contact for AIOC, and the corporate partner• Assign signing authority and responsibility to review and approve invoices for advisors and capacity funding agreement for AIOC• Develop alignment on objectives and goals of the Committee to ensure a unified group where possible• Determine how elected leaders and non-elected leaders will interact• Determine how decisions are made by the committee during and after negotiations if consensus cannot be achieved. For example, will it be a two-thirds majority or will a simple majority vote be utilized? Consider when advice from participating Indigenous nations and groups is required

Role	Responsibility
Negotiation committee <i>(continued)</i>	<ul style="list-style-type: none"> • Assign responsibility to someone to facilitate summary notes, action item log, etc. • Establish a clear communications protocol to ensure that all participating nations receive timely and accurate information regarding milestones and material updates. • Assign a coordinator to facilitate timely communication and updates.
Indigenous nations and groups	<ul style="list-style-type: none"> • Indigenous nations and groups need to determine what authority the negotiation committee representatives have and what decisions leadership of participating Indigenous nations would have input on. <ul style="list-style-type: none"> • For example, the negotiation committee often negotiates on behalf of the proposed Indigenous nations and groups regarding: <ul style="list-style-type: none"> - Preconditions to negotiations? - Advisor selection? - Equity and terms? - Loan guarantee fees? - When to formally request loan guarantee approval? - Financing? • Leadership or the appropriate representative should review the TOR to understand the committee's role in negotiating the transaction as well as what and when information should and can be shared with Leadership.

Well-defined decision-making roles contribute to a smoother and more efficient process.

Selecting Advisors

Who is Involved



Once advisors are finalized the names and roles should be communicated to the Indigenous nations and groups.

Role	Responsibility
Negotiation committee	<ul style="list-style-type: none">• Select legal, tax, financial advisors and others as required to support the negotiation process and ensure informed decision-making.• These advisors help to conduct financial analysis, due diligence and evaluate the viability and commercial reasonableness of the deal, as well as financing strategies.• Key themes to consider during advisor selection:<ul style="list-style-type: none">• Skill and experience to complete the transaction being discussed (e.g. valuation experience, financing experience, scale/complexity of transaction)• Independence relative to the industry partner; ask for any conflicts of interest (e.g. do they do other work for the industry partner; how much work has been done for the industry partner in the past 24 months?)• Recent deal experience with industry, loan guarantee programs, Indigenous nations and groups, or other similar assets that make them the best fit• Estimated costs and format (generally, legal fees are payable regardless of deal success, while financial advisory fees and financing fees are often contingent on deal success)• Once advisors are selected, communicate their names, roles and scopes of work to all Indigenous nations and groups involved in the deal.



Role	Responsibility
Indigenous nations and groups	<ul style="list-style-type: none">• Typically, advisor selection would be handled by the negotiating committee, but community members can help identify any priorities or conflicts of interest the negotiation committee may not be aware of to ensure the best advisors for the transaction are selected.• Selected advisors and the agreed upon scope of their work should be communicated to all participating Indigenous nations and groups.
Other	<ul style="list-style-type: none">• AIOC often requires observer status during advisor selection and the ability to suggest additional advisors for consideration.• The industry partner may provide certain selection criteria (e.g. proven ability to execute transactions similar in scale/complexity as the investment opportunity).



Due Diligence

The due diligence process in a financial deal involves a comprehensive assessment of the asset before finalizing a transaction. It ensures that the buyer understands the risks, opportunities, and financial health of the project.

Who is Involved



AIOC conducts its own due diligence process in parallel with the negotiation committee.



Ensuring the buyer understands the risks, opportunities, and financial health of the project.



Role	Responsibility
Negotiation committee	<ul style="list-style-type: none">• As the buyer of an asset or project, it is vital to gain an understanding of the key risks (project and market risks) and the variability of cashflows.• Key pieces to go through can include:<ul style="list-style-type: none">• Advisors legal and financial summary analysis• Data room, the Confidential Info Memorandum (CIM and management presentation(s))• Any independent advisor reports on the project or market• A thorough due diligence process helps mitigate risks and ensures informed decision-making in financial transactions.
AIOC	<ul style="list-style-type: none">• AIOC has a comprehensive due diligence process for each project, often conducted in parallel with the negotiation committee to minimize cost and delays.

Negotiations

The parties involved negotiate the terms of the deal. This includes, but is not limited to, the price, ownership interest, payment terms, deal structure, covenants, rights, and obligations. Once agreed, the deal terms are formalized into a legal contract.

Who is Involved



AIOC assesses the loan guarantee request, and Indigenous nations and groups are informed at this stage.

The parties involved negotiate the terms of the deal.

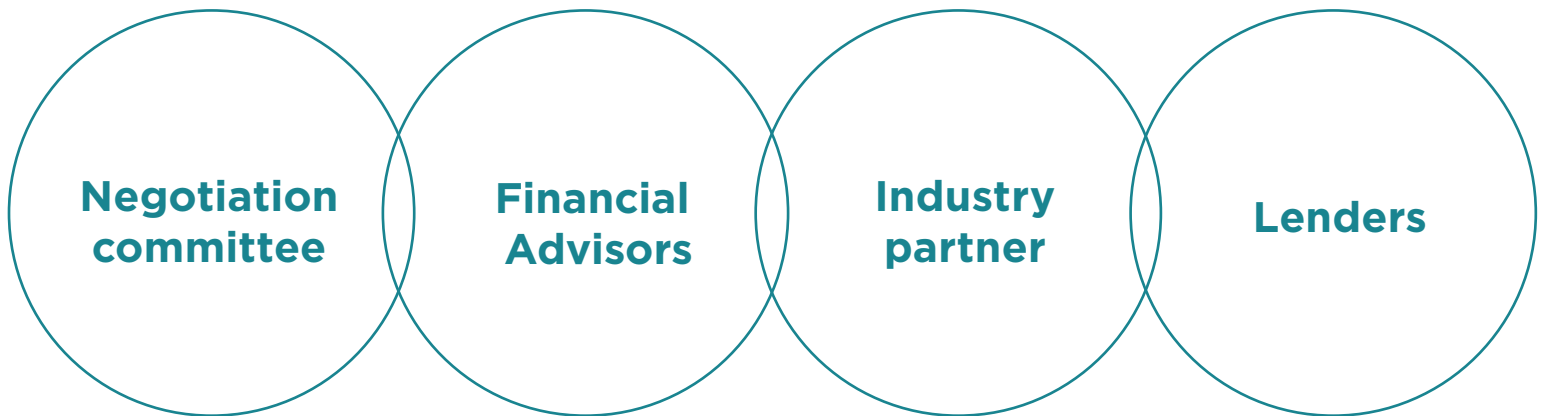
Role	Responsibility
Negotiation committee	<ul style="list-style-type: none">• The negotiation committee is responsible for leading the negotiations with the support of engaged advisors.• Alignment and solidarity amongst the members of the committee can also assist in negotiations.• However, it is possible, that not all members of the negotiating committee will agree on terms and conditions of the deal. In this circumstance, the decision protocol identified in the TOR will be followed to conduct a vote for the negotiating committee (for example, a two-thirds majority in favour is required for approval).
AIOC	<ul style="list-style-type: none">• AIOC assesses the loan guarantee request, which requires due diligence, market terms and credit review. This is an extensive review process, similar to that of a senior lender.• AIOC advocates for a fair market value transaction. As a result, AIOC provides transparent advice and feedback to all parties at appropriate times to help move towards a fair market value transaction.• AIOC seeks to maintain a trusted relationship with all parties to the transaction.• Depending on the project AIOC may provide considerations for structuring to help derisk AIOC as well as Indigenous nations and groups.
Indigenous nations and groups	<p>1. Communication and Confidentiality</p> <ul style="list-style-type: none">• The assigned business contact project representative for participating nations and groups should commit to staying up to date on the project updates and share relevant project information and material updates with and leadership. If receiving timely information is a struggle, protocols in the Negotiation Terms of Reference should be included to navigate where and how to address this matter.• Confidentiality and conflicts of interest are important during negotiations. Updates and deal terms cannot be shared with those that have not signed NDAs.• Unauthorized disclosure of transaction information and real or perceived conflicts of interest can jeopardize a transaction. <p>2. Decision to participate</p> <ul style="list-style-type: none">• Regardless of whether or not AIOC approves the loan guarantee, each Indigenous nation and group can decide whether or not to participate in the investment. <p>The AIOC capacity funding is a pool for discretionary funds available to help provide access to third-party professional services, expertise and support that can build their capacity to participate in qualified project opportunities.</p>

Financing

The financing phase of a deal involves securing the necessary funds to complete the transaction. In most cases, the Indigenous nations and groups that have decided to participate in the investment have to secure a loan from a financial institution to complete the transaction.

AIOC guarantees this loan. The AIOC loan guarantee means that if something unexpected happens, such as a change in the economy, and the loan can't be fully repaid, AIOC takes on that risk and makes the payment. This guarantee lowers borrowing costs, makes it easier to get financing, and ensures the Indigenous nations and groups can participate in major economic opportunities.

Who is Involved



AIOC guarantees the loan at this stage.



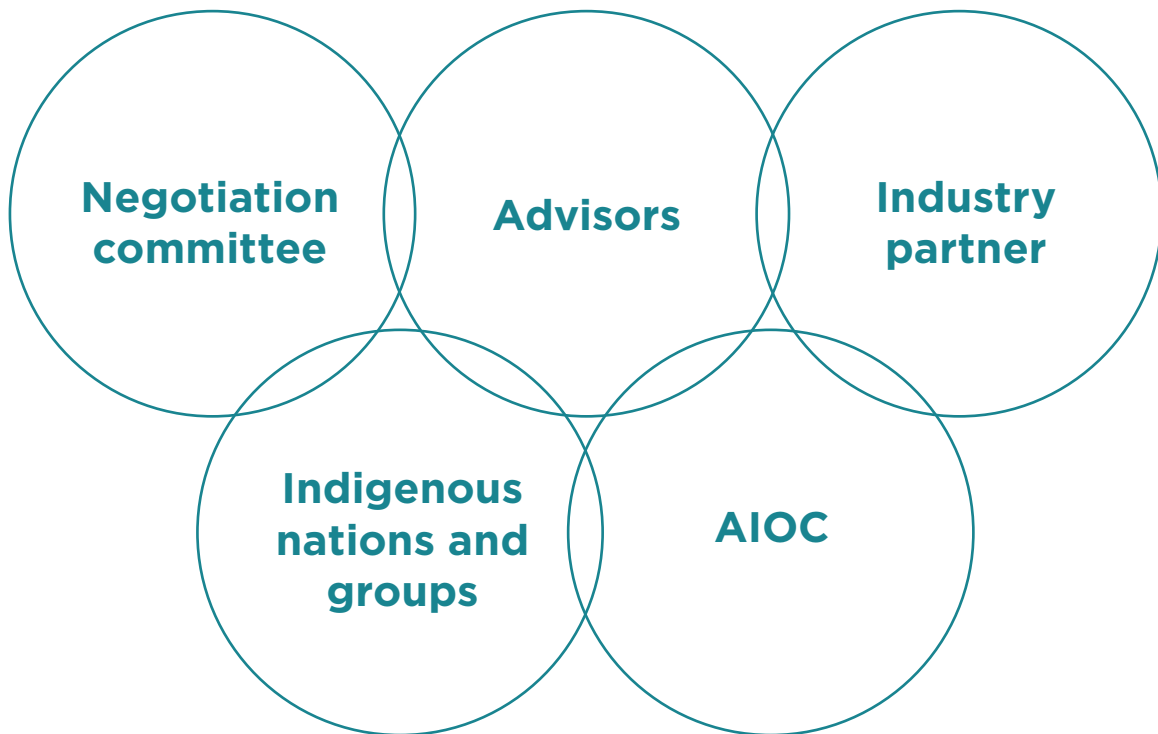


Role	Responsibility
Advisors	<ul style="list-style-type: none">• The financial advisors will advise the negotiation committee on how to source the financing.
Negotiation committee	<ul style="list-style-type: none">• Review the financing materials (including debt terms, interest rates, repayment schedule etc.), advisor reports and participate in the process.• If Indigenous nations and groups are leading the financing process, seek multiple financing options to get the best terms.

Closing

The closing of a financial deal is the final step in a transaction process where all the terms and conditions are agreed upon and the partnership is officially in effect.

Who is Involved





The final step of the transaction process!

Role	Responsibility
All	<ul style="list-style-type: none">• The parties involved prepare all necessary closing documents. This includes legal agreements, disclosures, certifications, and any regulatory filings that may be required.• Both parties (and their legal advisors) sign the documents to confirm their agreement to the terms and conditions.• Industry partner and Indigenous nations and groups acquire units in the various Limited Partnerships (LPs) to commensurate ownership.
Negotiation committee	<ul style="list-style-type: none">• Ensure financial close expectations and timelines are understood by all parties.
Indigenous nations and groups	<ul style="list-style-type: none">• If participating in the investment, manage the financial close process, including legal process and getting a Band Council Resolution (BCR) or a formal resolution from council.• Indigenous nations and groups participating in the investment will acquire units in LP's.
Industry partner	<ul style="list-style-type: none">• Ensure financial close expectations and timelines are understood by all parties.• Coordinate with AIOC and partners on public announcements, and press release. Manage media relations. Additionally, consider a closing event, and celebration.

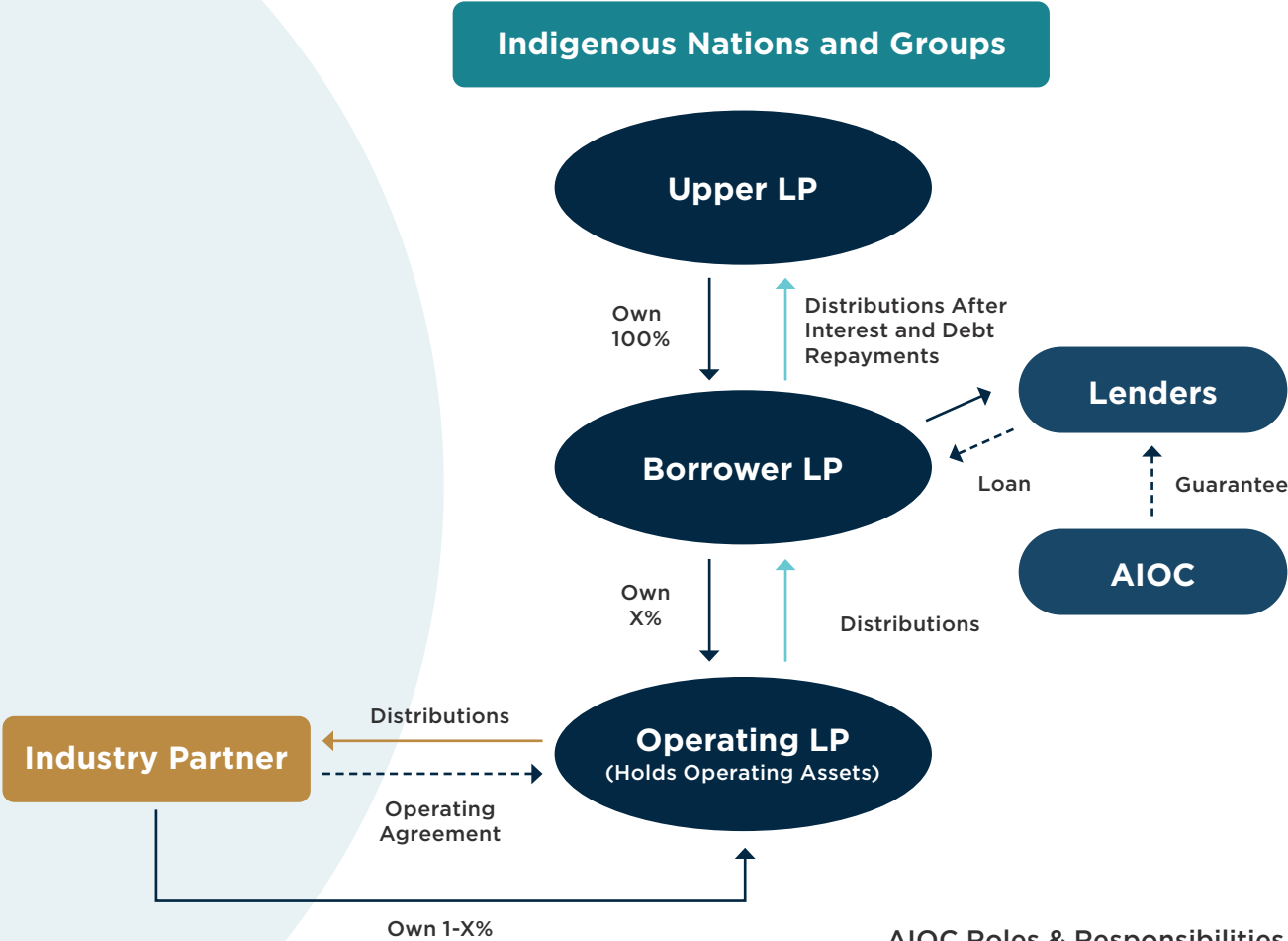
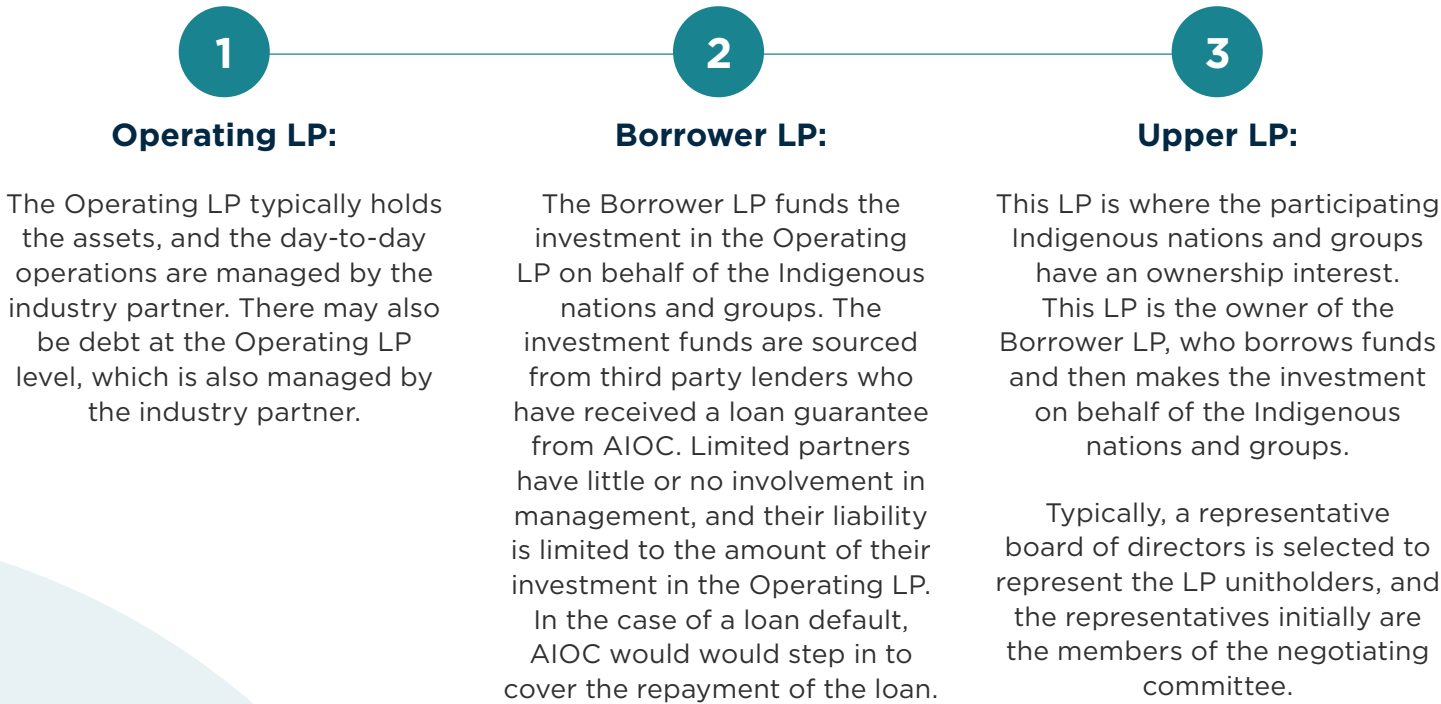


Post Closing – Active Partnership Phase

Following the successful closing of an investment transaction, the industry partner and Indigenous nations and groups have entered the **Active Partnership Phase**, marking a significant step in long-term collaboration.

The business structure for the investment often involves limited partnerships (LP). Often, there is an Operating LP, a Borrower LP, and an Upper LP.

The business structure refers to the type of legal entity chosen to hold the investment. Key considerations include selection of a representative board.



Role	Responsibility
Industry partner	<ul style="list-style-type: none"> • In collaboration with the Borrower LP board of directors, determine a post transaction engagement plan to ensure consistent communication on the performance of the assets (this could include annual general meetings, quarterly calls, email updates). • The operators of the project will generally make quarterly distributions to the LP.
Upper LP unitholders (Indigenous nations and groups)	<ol style="list-style-type: none"> 1. Setting up the Board of Directors and Communication Protocol <ul style="list-style-type: none"> • Develop a strong system for making decisions and managing governance items including the selection of the board, term length and decision-making authority. <ul style="list-style-type: none"> • The board of directors should be a representative board. • As a LP unitholder determine the frequency and type of information desired and who is responsible for analysis of the information, as well as, who updates Chief and Council/Métis leadership. Examples to consider could be: <ul style="list-style-type: none"> • Annual AGM • Monthly email updates • Quarterly financial statements and virtual meeting updates • Quarterly reporting is required as part of the credit agreement, which is also part of AIOC monitoring 2. Performance Tracking and Participation <ul style="list-style-type: none"> • The board of directors should hire a suitable administrator for the Upper LP. • It's important, at a nation level, to stay informed about the investment's performance and the condition of the asset. Track the performance of the equity investment and evaluate how well it aligns with objectives. • Participate in annual meetings, calls etc. Stay on top of email updates, if LP unitholders have questions, reach out to: <ul style="list-style-type: none"> • LP board of directors (Chair or other assigned contact) • Industry partner • If questions are still unanswered, AIOC • A fluctuation, up or down, in quarterly cash distributions, depending on the asset, should be expected. These are not guaranteed streams of cashflow, and may fluctuate for a variety of reasons, for example changes in operating revenue, planned maintenance capital expenditures.

Role	Responsibility
Borrower LP board	<ol style="list-style-type: none"> 1. Communication and Confidentiality <ul style="list-style-type: none"> • Identify a point of contact for the LP unitholders as well as the industry partner. • Determine confidentiality requirements as well as any conflicts of interest for board members. • Implement the post transaction engagement and communication plan. 2. Financial Performance and Reporting <ul style="list-style-type: none"> • It is understood that the Borrower LP (or designated representative) will have debt servicing and other obligations that need to be paid on a quarterly or semi-annual basis. • An administrator must be hired to ensure that payments are made in a timely fashion to avoid an accidental default. • The board of directors may decide it is prudent to withhold a portion of the distributions to manage future debt servicing obligations or fund capital expenditures. • Review financial performance and reporting prepared by the industry partner. • Distribute financial statements and performance updates on the investments to all Limited Partners. • Decide what cash distributions are distributed directly or indirectly to the Indigenous nations and groups who are the limited partners of the Borrower LP.





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