

# Community Economic Development (CEDO) Policy

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Whereas there is a need to establish a detailed Policy for KZA's CEDO program;

Whereas KZA wishes to encourage business development and avoid constraints;

Whereas this Policy must ensure sound fiscal management and value for funding while allowing for proactive economic development that will create self-sustaining jobs to evolve within Kitigan Zibi Anishinabeg;

Whereas there is a need to provide all possible support for the development and enhancement of business development which will lead to sustainable employment for KZA community members;

Whereas it is the goal of the CEDO Policy to provide maximum support in a timely manner to all KZA applicants as per the conditions of this Policy;

Therefore effective immediately, the following CEDO Policy shall apply and shall replace any previously adopted policies and/or guidelines;

1. The KZA Applicant (business or potential business) seeking financial support via the CEDO Policy must be for profit and proven viable via a detailed business plan which must be submitted and reviewed by the Economic Development Sector before being considered for a loan or business subsidy.
2. The Applicant must be a registered Kitigan Zibi Anishinabeg member and have the age of majority (18) to apply for CEDO assistance.
3. CEDO assistance shall be available for business projects within Algonquin territory as defined by KZA.
4. The Kitigan Zibi Anishinabeg CEDO policy requires 51% documented ownership by a registered Kitigan Zibi Anishinabeg member for any business it assists financially.
5. No CEDO loan will be considered if the Kitigan Zibi Anishinabeg member making a request for such a loan is in default of any loans with the Kitigan Zibi Anishinabeg e.g. housing/repairs revolving loan. Consideration may also be given to past repayment history with the Band.
6. That all Kitigan Zibi Anishinabeg Applicants (business or potential business) who have developed a detailed viable business plan and if accepted for financial support under the CEDO policy, and want to move towards its' implementation

will require 10% of the total cost of the project in real personal dollars.

7. That the business plan, once submitted for a CEDO Policy loan, will be evaluated within a maximum of 21 working days by a competent authority that will issue an opinion on the viability of the business plan, e.g. ABC, independent evaluator or bank. The cost of this review shall be the responsibility of the KZA.
8. All CEDO approved loans will be subject to written and signed contractual agreements detailing the terms and conditions of the loan at all times.
9. That at no time shall CEDO funding be considered and/or made available for the purchase of a car, truck, four-wheeler, ski-doo or recreational vehicle or as a personal loan.
10. That the maximum allowable loan will be fifty thousand dollars (\$50,000) based on \$25,000 @ 1% and \$25,000 at the regular annual KZA adopted interest rates for revolving loans.
11. That CEDO loans exceeding \$3,000 shall only be considered for approval after a thorough review of the business plan which must confirm its viability and if the person making the loan has C.P. land or other goods of value that can be used for collateral to protect the loan.
12. A business grant of 5% of the total worth of the business, up to a maximum of \$15,000 in matching dollar for dollar for a viable business may be approved subject to available funding. This grant becomes available one month after the business is officially in operation.
13. As a payback incentive the Kitigan Zibi Anishinabeg will grant the final 10% of the loan, including interest, will be forgiven after 90% of the loan, including interest due, has been repaid in a timely (i.e. on time, no arrears) manner. This payback incentive would be done via a second CEDO grant.
14. The maximum value for C.P. land to use for a business loan collateral, is established at \$150 an acre for regular bush land and \$1,000 an acre for each acre adjacent to a maintained road, lake or river where such land may be used for housing or cottage purposes, e.g. average lot is sixty-five acres with four acres facing a maintained road, lake or river would be valued accordingly; four acres @ \$1,000 for land facing road, lake or river which equals  $4 \times 1,000 = 4,000$  and 61 acres @ \$150/acre = \$9,150 for a total of \$13,150 maximum allowable.
15. Certificate of Possession (CP) land confirmed and used for collateral which is transferred to the Kitigan Zibi Anishinabeg cannot be harvested or altered in any manner during the loan agreement period.
16. For those who do not have land lots to sign over as collateral KZA may consider a co-signer with land and who is willing to sign over their land for collateral. The co-signer must accept that in case of loan default, the Band can deduct from their wages; and that land held in collateral cannot be harvested or altered during the agreement period. Co-signed land can only be used as a guarantee for one loan.

17. No C.P. land where the main residence of a Band member is situated may be used as collateral for a CEDO loan.
18. All potential costs of land surveys, if required, for C.P. land to be used as collateral will be at the expense of the person requesting the CEDO loan.
19. Any business default where land is used as collateral leaves the land in the Band's name if the default is not fully repaid for six consecutive months after the default period. In such a case, the loan is forgiven and the land remains with the Band and the CEDO account adjusted accordingly.
20. Small business loans under \$2,200 to purchase a chainsaw or brush cutter, tools or essential work clothing, may be allowed without collateral provided there is written proof from an employer that he/she has insurable work for a given period exceeding 10 weeks or more.
21. Small micro-business loans of up to \$3,000 may be allowed, and will be subject to written agreements that allow deductions of 30% of all revenue from all sources until the loan is paid in full if in default. The Community Services Director must approve all small loans.
22. Where a Band member wants to borrow funds to purchase a large truck, skidder or industrial equipment, such request will require documented proof that there is work for the equipment purchased and there is proof that the applicant has the license and skills to be self-employed or that he/she has qualified operators.
23. Purchase of forestry equipment such as wood skidder, feller buncher, crawler shovel or tractor, hauling truck or other heavy industrial equipment, will require documented proof that a minimum of three prices were accessed from different dealers selling equipment of the same specifications.
24. The purchase of used equipment will require an evaluation from an accredited evaluator to ensure the sale price is in conformity with the general market value for such equipment. This evaluation will need to be submitted as part of the application. In some cases the CEDO program will oversee/engage an evaluator.
25. The maximum payback period for a small business loan under \$3,000 will not exceed twelve months. The maximum payback period for a CEDO loan between \$3,000 and \$25,000 will not exceed twenty-four months; for CEDO loans over \$25,000 and up to \$50,000 will not exceed forty-eight months. Repayment of these larger loans to begin in the second month (60 days) of the start of the business operation.
26. The CEDO program may financially assist at a cost share of 50% to a maximum of \$5,000 once the potential entrepreneur has presented written proof of his/her business interest and that personal funding is available to pay his/her 50% of the cost to develop the plan. The cost for the development of a business plan, which includes environmental, market and feasibility studies, must not exceed \$5,000. Any costs over and above this amount will be the responsibility of the potential entrepreneur.

27. The CEDO Policy may provide financial assistance in the preparation of business plans that exceed five thousand dollars providing documented or other proof is available that such a study would lead to a substantial number of jobs (10+) for KZA members that may be sustained for a long period of time(24 months or more).
28. Matching dollars for the development of a business plan must be in real funding (cash). Proof will be required that such personal funds are available.
29. Applicants must take an active role in their business planning and will be responsible to pay their 50% up front for the development of a business plan and such funding will be expended first before the CEDO program contributes its 50%. This assistance is only available to seriously, committed individuals.
30. In order for an entrepreneur to qualify for matching funding for a business plan, an entrepreneur and/or his consultant, if applicable, will first submit their work plan which must include a timeframe to complete the business plan, methodology to be used, and detailed budget for expenditures, along with a resume(s) of the consultant(s) which outlines experience directly related to the business project.
31. Band members who have their own forestry heavy equipment or other industrial machinery who experience cash flow problems to repair their machinery may request a CEDO loan not exceeding \$5,000 with collateral providing written proof is issued that there is work for the equipment.

A machinery repair CEDO loan may only be considered and possibly authorized once every three years. Requests for another loan will only be reviewed when the initial loan has been fully repaid.

All applications for repair costs must be backed by written estimates from a qualified repair shop, the repair shop will the lowest estimate will be accepted. CEDO loans to repair heavy machinery must be matched dollar for dollar by the owner paying the first 50% of the repair cost. Upon approval KZA will issue payment of the CEDO loan to the qualified repair shop upon proof that the Band member has paid their share.

32. A Band or private viable business plan that has potential to create large numbers of sustainable jobs (10 or more) that may require a CEDO loan exceeding the authority of this Policy will be subject to Band Council review and approval by a duly adopted Band Council Resolution that shall stipulate the terms and conditions of the loan.
33. The Band Council may authorize the use of CEDO funding for seasonal jobs. Such authorization will be done by Band Council Resolution after consultation with the Band's Economic Development Officer.
34. All potential businesses must comply with the Kitigan Zibi Anishinabeg

environmental directives and be subject to environmental assessments. In the absence of Band regulations, Canadian environmental protections laws will apply. This process is to ensure that no air, water or land contamination of any kind occurs within the boundaries of the KZA territory which is to help protect KZA waterways and ecosystems.

35. Economic Development funding will not be made available for any business plan that requires a land environmental assessment, without a written environmental assessment report attached to the business plan. The assessment must be conducted by certified experts in the respective field required, and the cost shall be borne by the applicant.
36. All requests for CEDO funding are subject to the availability of funds, recommended by the Economic Development Officer and approved by Band Council Resolution.
37. Whenever possible, the Applicant should make every effort to access funding from other government sources to help them succeed in their business aspirations, e.g. Aboriginal Business Canada, SOCCA, etc..
38. Annual priority of CEDO funding will always be given to those projects that create the most jobs for KZA members and/or other First Nation members and that are financially self-sustaining.
39. This Policy is subject to change by the KZA Band Council.

This CEDO Policy was duly adopted by KZA BCR # 18 on May 25, 2012.