



Nova Scotia Strategic Opportunities Fund Inc.

Financing Guidelines

Background

The Nova Scotia Strategic Opportunities Fund Inc. (NSSOFI) is a corporation owned and established by the province of Nova Scotia for the purpose of receiving and managing allocations under the federal Immigrant Investor Program (IIP). The IIP is an investment program designed to deliver low cost funding to support provincial and territorial economic development and job creation priorities. Provincial allocations are repayable to the federal government within five years of receipt by the Fund on behalf of the province. The province has provided a guarantee of repayment to the federal government to secure participation in the program.

NSSOFI is governed by a Board of Directors (the "Board") comprised of the Deputy Ministers of Finance, Education, Health, Community Services, Immigration and Treasury and Policy Board. The Board is under obligation to apply prudent portfolio management techniques to mitigate risk and ensure liquidity of the Corporation. In this capacity, the Board will be assisted by the officers of the Corporation.

Benefits to borrowers:

- Facilitative process
- Flexible interest rates
- Links to other provincial programs for business and economic development
- Potential for multi-corporation and multi-sector collaboration

Eligibility and Investment Criteria

Organizational Eligibility

NSSOFI is open to government bodies as defined under the *Provincial Finance Act*, as well as external public and private sector enterprises.

Project Eligibility

Investment proposals that meet the following criteria can be considered for funding by the Board:

- are consistent with the IIP objectives of job creation and economic development
- do not contribute directly to the funding of core government programs/responsibilities

Investment Criteria

Project Eligibility Criteria are intended to act as an initial filter: investments which do not meet the Project Eligibility Criteria will not be considered for funding. Proposals which meet Eligibility Criteria and are forwarded to the Board will be considered in relation to the government's economic development plan outlined in *Opportunities for Sustainable Prosperity*, which includes the following goals:

- contributes to economic development and job creation;
- promotes export development;
- promotes the development and/or application of Information Technology;
- promotes to research and development and/or technology transfer;
- promotes the development and/or application of environmentally sustainable technologies and infrastructure, manufacturing and production, and other business practices.

Financing Terms and Conditions

Credit Considerations/Credit Review

Proposals must be supported by a complete business plan outlining the following information:

- anticipated full cost of the project and all potential sources of funding;
- cash flow projections, sources of debt repayment;
- proof of ability to support loan and ability to meet repayment obligations on a timely basis;
- unencumbered security pledged for the loan;
- co-investment by other private or public sector bodies.

Where applicable, the following organizational information should also be provided:

- management background, experience and capability of organization;
- operating and financial history;
- potential markets for any end-product;
- nature and level of shareholder and parent company investment and commitment, including willingness to provide personal guarantees;
- recommendation of outside parties regarding specific information; e.g, banking references, provincial departments with knowledge of industry and company, consultants engaged.

Loan Amounts and Advances

- Minimum: \$1,000,000.00
- Advances/Draws: Multiples of \$500,000

Types of Financing Available

Loans are to be structured to best correspond to the anticipated cash flows generated by the underlying project as determined by Liability Management and Treasury Services staff of the Department of Finance.

Loans may be for any term up to ten years from the time funds are advanced. There will be no provisions for loan forgiveness. Repayment of principal and interest will be required in full on all loans. No loans will be provided for working capital purposes.

Terms of Repayment

To the extent possible, repayment schedules will be aligned with the projected flows of the funded project.

Interest Rates

- Interest rates will be quoted inclusive of all associated fees and expenses; borrowers are also responsible for all legal and out of pocket expenses.
- Rates of interest will be determined by the Board based on the merits and risks of individual proposals.

Early Repayment of Outstanding Loans

Early repayment by borrowers of the full outstanding principal balances of loans will be permitted throughout the term each loan is outstanding. Any early repayments shall also include accrued interest, the recovery of any breakage or hedging costs and any other associated costs incurred by NSSOFI in the execution of such early repayments.

Use of Derivatives

The use of derivatives is not allowed under the terms and conditions of the program.

Reporting

Borrowers are required to provide annual reports within 60 days after the end of the fiscal year outlining the use of funds, the number of full time job equivalents created and incremental impacts on economic development. In addition, at any point in time while participating in the NSSOFI, borrowers may be required to provide information to the Corporation in order to meet federal reporting terms and conditions.

Administration

Administration

Administration with respect to the underwriting, disbursement, collection, reporting and accounting of the loans will be carried out by the Department of Economic Development. These functions are governed by the terms of a Memorandum of Understanding between NSSOFI and Economic Development.

More information on the Federal Immigrant Investor Program can be found here <http://www.ci.gc.ca/english/immigrate/business/investors/index.asp>

Application Process

Project overviews should be addressed to the Department of Economic Development, Investment Division to determine eligibility under the fund:

Nova Scotia Economic Development

Centennial Building
1660 Hollis St., Suite 600
Halifax, Nova Scotia
B3J 1V7

P.O. Box 2311
Halifax, Nova Scotia
B3J 3C8

Phone: 902-424-0377
Fax: 902-424-7008