

First Nations Enterprise Development Fund SBIC

Reservation Economic Development Investment Program

Component Manufacturing Joint Ventures
in conjunction with Formation of a Federally Chartered
Small Business Investment Company (SBIC)

COMPONENT	DESCRIPTION	ADVANTAGES
<p>■ Reservation Economic Development Business Model</p>	<p style="text-align: center;">Advanced Technology Commercialization and Subcontract Manufacturing Joint Ventures</p> <p style="text-align: center;"><i>In Partnership with</i></p> <ul style="list-style-type: none"> ▶ Technology Research Firms ▶ Emerging Growth Companies ▶ Prime Defense Contractors <p style="text-align: center;"><u>Examples:</u> Lockheed Martin Motorola TRW</p>	<ul style="list-style-type: none"> ▶ Access to Technology, Management and Industry Relationships ▶ Value Added Potential ▶ Reduced Dependence on Local Economy ▶ Provides Tribal Investment Income Through Monetization of Federal Preference Incentives ▶ Creates High Wage Manufacturing Jobs ▶ Opportunity for University Graduate Employment for Tribal Members ▶ Utilized Successfully in Emerging Markets <p style="text-align: center;"><u>Example:</u> United States - Mexico Border Germany - Poland Border Zone Israel - Jordan Border Zone</p>
<p>■ Reservation Economic and Industrial Development Finance Program</p>	<p style="text-align: center;">Federally Chartered Small Business Investment Company (SBIC)</p> <ul style="list-style-type: none"> ▶ Linked Deposits: Tribal Nations may Utilize Linked Deposits and Federal Tax Credit to Establish Program <p style="text-align: center;"><u>Example:</u></p> <p style="text-align: center;">75% Total Capital - Federal Funds 25% Total Capital - Banks / Corporations</p> <ul style="list-style-type: none"> ▶ Direct Participation: Tribal Nations may Participate Directly in Program <p style="text-align: center;"><u>Example:</u></p> <p style="text-align: center;">\$15 Million - Federal Funds \$3.5 Million - Financial Institutions \$1.5 Million - Tribal Nation</p> <p style="text-align: center;">The SBIC Program Enables Participating Tribal Nations to Commit \$20 Million to Reservation Economic Development on an Investment of \$1.5 Million</p>	<ul style="list-style-type: none"> ▶ Enables Tribal Nations to Utilize 3:1 Federal Funds and Linked Deposits to Finance Reservation Economic Development Projects ▶ SBIC Program Provides Federal Tax Credit (39%) for Investments in Businesses Located on Reservations ▶ Provides Capital Financing for Industrial Development Projects Utilizing Debt and Equity Finance ▶ Provides Conduit for Banks to Invest in Reservation Industrial Development ▶ Participating Tribal Nations may Achieve 13:1 Leverage of Financial Resources and Shift Over 90% of Investment Risk to the Federal Government and Participating Banks ▶ Access to 3:1 Federal Supplemental Funds Effectively Doubles Yield from Investments in Reservation Enterprise Development ▶ First Nations SBIC Program Enables Tribes to Finance the Formation of Joint Venture Corporations as a Vehicle with which to Monetize Federal Preference Programs, Creating High Quality Reservation Employment and Tribal Investment Income
<p>■ Federal Preference Incentives</p>	<ul style="list-style-type: none"> ▶ Hubzone Set-Aside/Price Adjustment ▶ Section 8(a) Set-Aside ▶ Minority Business Set-Aside ▶ Department of Defense Subsidy 	<ul style="list-style-type: none"> ▶ Federal Incentives Offer Tribal Nations the Opportunity to Develop a Diversified, Sustainable Economy and Achieve True Self-Determination