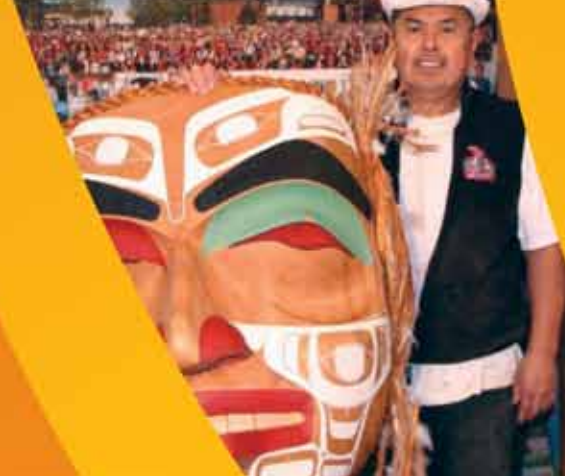




420,136  
Baldy Hughes Bioenergy  
Community Heating System  
Northern Development Initiative Trust



# Five Years of Success with Northern Development

Northern  
Development  
INITIATIVE TRUST





## Letter from Northern Development Chair Evan Saugstad

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Northern Development Initiative Trust (Northern Development) has been a strong catalyst for economic development in central and northern BC for five years, and has an outstanding approval rating from clients across the regions. In October of 2010, a poll of clients over our five year history and across the four regions, reported a 98% positive overall experience with Northern Development. Some of the more detailed results follow:

- 99% of clients agreed that Northern Development staff responded to their organization in a timely manner throughout the application process.
- 95% felt that Northern Development's program policies were clearly communicated and easy to understand.
- 93% of clients felt that Northern Development staff provided knowledgeable and helpful coaching throughout the application process.
- 92% of clients felt that the application forms were well designed and easy to complete.
- 95% agreed that financial staff responded to their organization in a timely manner during the contract development process and 96% of clients felt that staff provided knowledgeable and helpful coaching in order to receive timely disbursements.

Overall the results of the client survey vastly exceed the 90% approval rating that the CEO had set as a performance measure target, and she will be using feedback comments to continue to improve the service that our clients experience. With the active support and feedback we receive from our clients, as well as continuous improvements to our Catalyst software™, we are able to increase programs and service levels, without increasing staffing levels and overhead costs.

It is a credit to our regions that the Province of BC, through the Northern Development Initiative Trust Act established Northern Development as an independent regional economic development corporation in the fall of 2004. Although the Board was formed in the spring of 2005 and an initial contribution of \$135 million was made by the Province, the accountability amendments to the Act and the final \$50 million deposit into the total \$185 million Trust Corporation did not occur until the fall of 2005. The first announced project was a loan to the Village of Valemount to construct a Tourism Discovery Centre in late September of 2005. Since those positive beginnings five short years ago, Northern Development has approved and is administering close to 700 projects. A total of \$98.2 million is approved for those projects and \$71.5 million has been disbursed in grants and loans, creating a 39% return on the Province's investment. This does not include the over \$31 million in partnership funding that is delivered for other organizations and the federal governments Community Adjustment Fund at a low 1% administrative overhead.

Northern Development projects have acted as a key catalyst to draw \$953 million in capital investment into the region. To complete the picture, the Northern Development capital balance in both its balanced investment portfolio and loans receivable in the regions has rebounded to \$185 million, despite the tremendous outflow of financial benefits and investments into the regions. Well over 4,000 new jobs have been created through projects that Northern Development has funded, and there is substantial progress in regional economic and infrastructure development.

In his proposal to the BC Cabinet to create the Northern Development Initiative Trust, Premier Gordon Campbell stated:

***"The purpose of the Northern Development Initiative is to give Northern communities the funding, control and a mechanism to identify and pursue new opportunities for stimulating sustainable economic growth and job creation in their regions."***

To that end, and as this review will show, it has exceeded all expectations.

On April 21, 2010, thirteen people that are key influencers across many sectors of business and community in central and northern BC, and whom are independent from the Board of the Northern Development Initiative Trust, were brought together to review the first five years of Northern Development's operations as required by statute (Northern Development Initiative Trust Act).

The group brought together for the five year review focused on several topics including: what were the significant contributions that Northern Development has made to the regional economy, and why should the Trust remain sustainable for future generations; what is the level of public awareness and satisfaction; how effective is the organization; and should there be any changes to the legislation recommended to government.

The consensus was that opportunities and successes enabled by Northern Development Initiative Trust have allowed communities to move away from a competing style and become a more unified, singular region in terms of economic development and growth, policy advocacy, and influence. It has also given communities more capacity and tools to attract investment and infrastructure projects. The Chief Administrative Officer of Terrace voiced that collaboration with Northern Development is allowing Terrace to be more national and international with web based investor attraction tools, a stronger network of connections, investment readiness and industrial site marketing.

The CEO of Geoscience BC and the CEO of the Mining Association of BC have experience with Northern Development as a funding catalyst and facilitator. This has led to Geoscience BC's success and has resulted in over a million new hectares staked in the region by exploration companies as a result of geoscience knowledge projects. Northern Development has also influenced positive announcements regarding the development of the Northwest Transmission Line up the Highway 37 corridor. The result has been a vastly increased awareness of central interior and northwestern BC's potential by exploration and senior mining companies. There was a description that Northern Development, as an organization, had "Catalyzed the North."

The CEO of the Mining Association felt that Northern Development provides communities in the region with a strong voice to Victoria and Ottawa regarding issues of regional importance. The Northwest Transmission Line, environmental assessment policy and process, and public ownership of Ridley Terminal have been influenced with the coordinated voice of municipal and business leaders galvanized through Northern Development. A viewpoint of industry was that the advocacy role should continue to grow in collaboration with the North Central Local Government Association and that the Trust may be even more objective due to the cross section of business, municipal, and First Nations economic interests on the Board. The relationships built through the development of strategic and responsive programs help to build on the credibility of the Northern Development brand, has brought cross-sectoral interests together, and facilitated advocacy efforts for positive results in the north.

Other members of the group spoke to the significant contribution of the Grant Writing Support Program, Economic Development Capacity Building, economic development interns and associated training, as well as opportunities provided by Northern Development programs that are outside the general realm of municipal funding. These are especially relevant to small, rural communities with a very limited tax base and the group was pleased to see that the vast majority of projects are situated in communities with populations under 5,000. Northern Development was also perceived to play a role in removing the divide between rural and municipal local governments and how they perceived opportunities in the region.

The group praised the Board and community's strategic focus that avoids approaching funding programs with a "gold rush" mentality. One participant spoke of a view at inception that the money should just be dispersed to municipalities and they would put it to the best use. Now community leaders recognize the capacity built upon a regional scale that could not have been achieved through a simple one-time distribution of funds. Another participant said that people can no longer say "There is no hope beyond Hope." The North now has more control in driving its own destiny for the benefit of the region and the province as a whole. While the board members change periodically, the effectiveness of the organization remains high, governance processes are strong, and performance is always positively impacted by new viewpoints.

A Vice President for the Business Development Bank of Canada (BDC) spoke to the strategic leadership and responsiveness that helps to mobilize and initiate ideas and programs to benefit the regional economy. He

perceives the Northern Development Board and staff as highly cohesive groups with the ability to move quickly on programs. He admitted that this had pushed the BDC to move at a pace which, for them was almost unprecedented, and he was glad to see Northern Development focusing on the success and economic impact of small to medium size businesses.

A bio-energy company CEO remarked that it was rewarding to see the capacity built on the corporate and business side of the Trust and that the organizational capacity bodes well for next five years. His perception had been that the Trust had started out with focus on quality of life projects, but is now balancing community projects very well with programs that build business capacity and success.

***Should Northern Development continue to manage its capital in a sustainable manner for benefits over multiple generations rather than a depleting manner?***

The reviewing group suggested that inflation pressures may require policy shifts moving forward to sustain or grow capital with loans carrying an interest rate rather than 0%. They also talked of a strong desire not to let inflation erode Northern Development's capital base. It was felt that there was a need to continue to attract more capital from other sources and remain sustainable, especially with government spending going down in many programs accessed by communities.

The review group recognized that funding requests are reaching a level above the sustainable out-flow for funding and that strategies will need to be developed to deal with multiple qualified applications that there are not enough sustainable dollars to fund. This may include increasing the qualifying scores, limits per funding envelope, intake periods, and the development of ranking criteria.

Concern was voiced as to whether Northern Development has been perceived by government and perhaps some communities, to replace government funding rather than provide incremental benefits, and has taken pressure off the Province.

***Is the public appropriately aware of the Northern Development Initiative Trust? How can it increase public awareness and regional influence to further the mandate of helping communities reach their economic potential?***

The consensus was that Northern Development has a very high profile, is extremely well known throughout senior governments, local government and business, and is well respected. The Competitiveness Consulting Rebate Program, Northern Industry Expansion Program, and other innovative programs continue to raise that profile. Because Northern Development is a sustainable organization focused on being relevant to communities and business in perpetuity, it is there for businesses to access programs when they are ready, rather than have intake deadlines that are more of a 'horserace'. Businesses are doing peer to peer promotion of Northern Developments programs, but a suggestion was made to publish a business program brochure for banks, accounting offices, and law offices who are the influencers to the business community. That will be acted on in the near future.

Following the review forum, Northern Development has also undertaken a survey of all clients on their level of satisfaction with Northern Development programs and service. The overall satisfaction level of 98% affirmed the level of public appreciation for Northern Development and will create a baseline for the same survey to be delivered to future clients. Feedback through the survey will keep the culture of continuous improvement and client service strong.

Delegation of decision making that is aligned with program policy was viewed positively as very responsive. The review group supported the philosophy of the Board to minimize spending on media advertising and sponsorships, and felt that the strong relationships with economic development officers, Chambers of Commerce, local government, First Nations and business were key along with an effective website and newsletter for promoting funding opportunities. There was a concern expressed as to whether the organization can keep up with the increasing demand for programs and funding, and that the Board will have to determine how to balance demands with sustainability. This may require adapting or revising the suite of funding programs so that they are always current to community and business needs and are achieving the best results possible with limited dollars.

***Has Northern Development been effective in achieving its strategic objectives?***

It was noted by the review group that Northern Development is a highly effective organization with transparent reporting on how it is achieving strategic objectives in both a qualitative and quantitative manner. As the Chair, my experience is that Northern Development's comprehensive policies and programs have allowed the Board to go from a large amount of discussion and debate on a small number of projects, to effective discussion and debate on a large number of projects.

The review group felt that Olympic Opportunities is probably an obsolete area of the legislative mandate in a post 2010 Olympic environment and that the Community Halls and Recreation Facilities program could continue to have a positive impact on the development of northern athletes. Communities are starting to look at potential projects through a Northern Development lens that focuses on jobs and increased revenue outcomes.

A suggestion was made that Northern Development investments in business and commercializing research continue to align more toward bioenergy/clean-tech/partnerships, small business, and emerging industries in an effort to support a less carbon intensive economy.

***Should the Board remain as a group of volunteers or should Government be asked to consider honorariums consistent with other boards of similar responsibility?***

The review group felt that board governance education should continue to be made available to ensure a high performing board. Some private sector individuals on the review group raised the issue of whether the Board can attract good representation without compensation, especially given the travel time commitment, as well as business and First Nations representation that has no compensation for the volunteer commitment to the board. The review suggested that government enable the Northern Development to provide modest honorariums to board directors, consistent with the Nechako-Kitimaat Development Fund or college boards.

***Are there other economic development policies, partnerships, advocacy, programs or investments that the Northern Development Initiative Trust Board should consider for development?***

There was consensus among the group that succession planning to assist transitioning businesses in small and mid size communities is a key piece that should be supported. This is currently done through the Competitiveness Consulting Rebate program for business, but should be focused for increased communication and business awareness.

The opportunity for a collaborative project to provide video conferencing in all local government offices was seen as a cost and carbon saving opportunity that may support administrative effectiveness and regional teamwork on strategic issues in central and northern BC. Strong support was provided for continuing to keep administrative costs low in comparison to government and other funding delivery bodies and continued investments in Northern Development's proprietary Catalyst software was acknowledged as a key strategic driver to low cost, effective overhead.

The group suggested working in partnership with industry and government to develop a First Nations Equity Fund that would be accessible to resource industry processing, manufacturing and first line supplier joint ventures with the regional knowledge, low overhead and strong due diligence that are Northern Development's signature.

***What strategies could grow Northern Development's impact for the benefit of the region?***

The group strongly supported Northern Development continuing to play a facilitative and funding role in terms of increasing First Nations economic participation and interface with industry in our region. Capacity funding for First Nations youth leadership was suggested, as the New Relationship Trust is not visible in this area. Northern Development will recruit First Nations university graduates for its Economic Development Intern program and continue to promote and foster grant writer positions for post secondary students in First Nations communities.

Northern Development has invested \$9.5 million into 117 economic development projects that are funded or directly led by First Nations. However, the governance structure set up through legislation is not inclusive of First Nations at the regional advisory committee level. Much of the economic and employment growth opportunities in central and northern British Columbia are directly related to the level of participation by First Nations, but the lack of progress in treaties as well as political polarization and stalled negotiation, negates many opportunities. Communities, First Nations and business have utilized Northern Development programs to create economic partnerships and investment in a substantial number of projects that are moved forward outside of political processes and make sense in building the economy. The Board believes there is tremendous potential for discussions with government that could lead to more inclusive involvement of First Nations communities in the governance of Northern Development with a correspondingly appropriate funding contribution from BC into the Trust. This would dramatically increase the level of economic opportunities for First Nations communities, local governments, employment and revenues for senior governments.

Northern Development will continue to develop or partner in funding economic business cases for infrastructure that is important to the region. Examples of where this has been successful are the Highway 97 Economic Constraints and Opportunities Study, Northwest Powerline Business Case, Kitimat Break Bulk Port Facility Feasibility Study, and the Saa Maa Interpretative Centre Feasibility Study.

The group also suggested that there was value in promoting the Northern Development Initiative Trust funding model and business systems to industry, other geographic jurisdictions, senior government, and industry. Not only should best practices be shared, but the highly successful programs could garner other capital contributions or programs could be customized for other funders, as was done for the Federal Government with the Community Adjustment Fund program.

## Summary Recommendations

Following the conversation and viewpoints expressed in the review, the Board has met and is suggesting program policy fine tuning for consideration by its regional advisory committees.

The following recommendations are also provided to the Minister responsible for Northern Development Initiative Trust on potential changes to the Northern Development Initiative Trust Act:

1. That Olympic Opportunities be removed as a mandated area of focus in the Northern Development Initiative Trust Act.
2. That Government enable the Northern Development to provide modest honourariums to board directors, consistent with the Nechako-Kitimaat Development Fund or college boards.
3. That the Government be more explicit in the legislation that the Trust should be managed as a sustainable corporation for future generations.
4. That Government or other Trusts consider partnering with Northern Development in the establishment of a regional First Nations Equity Fund.
5. That Government enter into discussions with the Board to determine how to enable more inclusive involvement of First Nations communities in the governance of Northern Development with a correspondingly appropriate funding contribution from government into the Trust.
6. That Government consider contracting Northern Development to deliver new funding programs to realize administrative savings and efficiencies for government and the taxpayers of BC.

### Evan Saugstad

Chair

Northern Development  
Initiative Trust

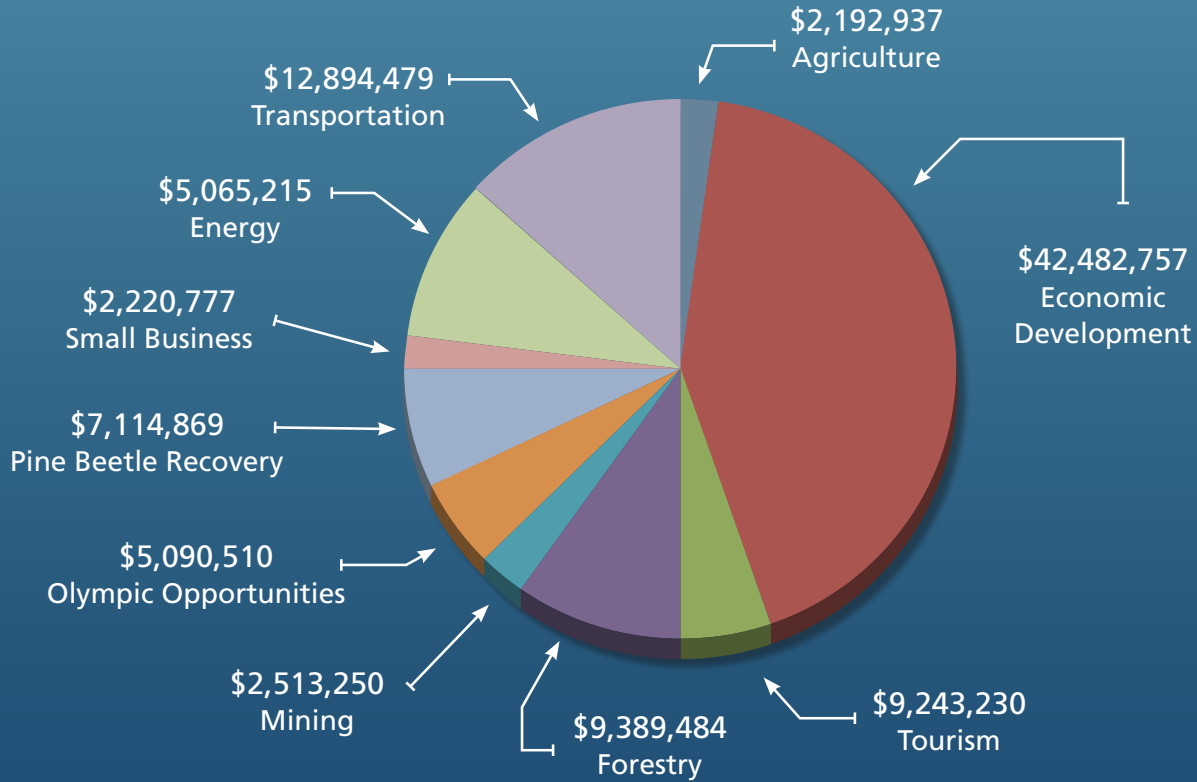






# \$98.2M in Total Approved Project Investments

## Funding by Investment Areas in Legislation



The inaugural funding application intake took place in the fall of 2005. Funding application intake has increased 700% over the first two years (2005 and 2006) combined.

Local intelligence compels strong decisions and effective resource allocation. Northern Development does not create any bureaucracy, but instead, maintains a strong focus on engaging communities as a partner to achieve mutual success.

Due diligence and funding decision time frames vary by complexity of program, ranging from a couple of days to a responsive two months.

Other agencies, such as Western Economic Diversification (Community Adjustment Fund program), and the BC Innovation Council (Young Innovator Scholarships), rely on the Trust to deliver funding based on its effectiveness and proven track record of success.

Project financial reporting is analyzed and cheques to project proponents are normally processed within ten business days. Projects continue to report on measurable statistics, such as job creation, positive economic impacts and incremental revenue increases for five years from project inception. Fund disbursement has increased rapidly over the past five years.

The Northern Development Initiative Trust Act mandates investment in self-sustaining projects covering ten areas of the economy. These areas include Energy, Forestry, Mining, Olympic Opportunities, Agriculture, Transportation, Small Business, Tourism, Pine Beetle Recovery, and Economic Development. There are no specific targets for any of these areas, and Northern Development approves projects on their impact, sustainability, and individual merit as it pertains to each individual funding program.

In partnership with the Government of Canada and Province of British Columbia, Northern Development provided an \$11 Million loan for expansion of the Prince George Airport



# Vision and Mission

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Northern Development's vision is that northern BC has world-class industries, diversified regional economies and growing, energetic communities. Northern Development's mission is to be a catalyst for northern BC to build a strong and diversified economy by stimulating economic growth through strategic and leveraged investments. Northern Development seeks to influence others to invest in economic development, to create a positive investment climate, and influence the types of growth that will be sustainable, diversify local economies, and benefit the people of the North.



# Goals and Achievements over the First Five Years

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Northern Development Initiative Trust's primary goal is to directly and through leveraged investment, bring between \$1 and \$2 billion into communities of the region to aid in realizing their economic potential by 2020, and to have a sustainable base of \$185 million to do it again every decade. From inception in 2005 through September of 2010, total project funding of \$98.2 million was approved. This has been leveraged with other funding to bring a total commitment of \$952.7 million in project funding to the region over the past five years.

**This goal entails achieving the following results by 2020 or sooner and progress will be reported annually:**

**1) Over 2,000 funding partnerships and 1,000 projects by 2020**

- There are currently 1,271 funders partnering with Northern Development to support 660 projects

**2) Creation of 10,000 jobs by 2020**

- 3,892 jobs have been created to the end of 2009, or 39% of goals to the year 2020

**3) 100% of communities engaged and positively impacted**

- As of 2008, every community had projects that provide positive impacts. Impacts are reported every year for five years after funding commences

**4) Leveraging ratio of at least \$2.50 from other sources for every \$1 invested in projects**

- Cumulative average is \$1 from Northern Development to \$9.70 from other sources

**5) Return on investment (ROI) of 4% plus Consumer Price Index, or 5.5% on invested funds**

- Return to date in 2010 is 5.70%

**6) Average Return on Investment (ROI) of 5% annualized on cash flow out to projects divided by the starting capital base of the Trust**

- Current annual average is 6.6% or 39% cumulative from January 2005 to September 30, 2010

**7) To enable the hiring and training of at least 1,000 grant writers, and provide funding support to increase capacity for forty community economic development programs annually**

- 1,246 grant writers trained to date and 167 grant writers sponsored through grants to date; 96 in communities and 71 in First Nations. 119 Community Economic Development grants of \$35,000 were issued from 2008 to 2010

**8) To facilitate the establishment of 2,000 additional hectares for industrial development**

- 4,026 ha in industrial land has been facilitated in the Prince George region with the Airport Industrial Lands removal in principle from the Agricultural Land Reserve, and the Regional District of Fraser-Fort George Industrial Land studies funded by Northern Development

**9) To streamline the “get to yes” process to less than ninety days for a complete application**

- Depending on the program, proponents receive decisions on applications within two to sixty days, 2010 upgrades to project management software will track exact dates and average time frames

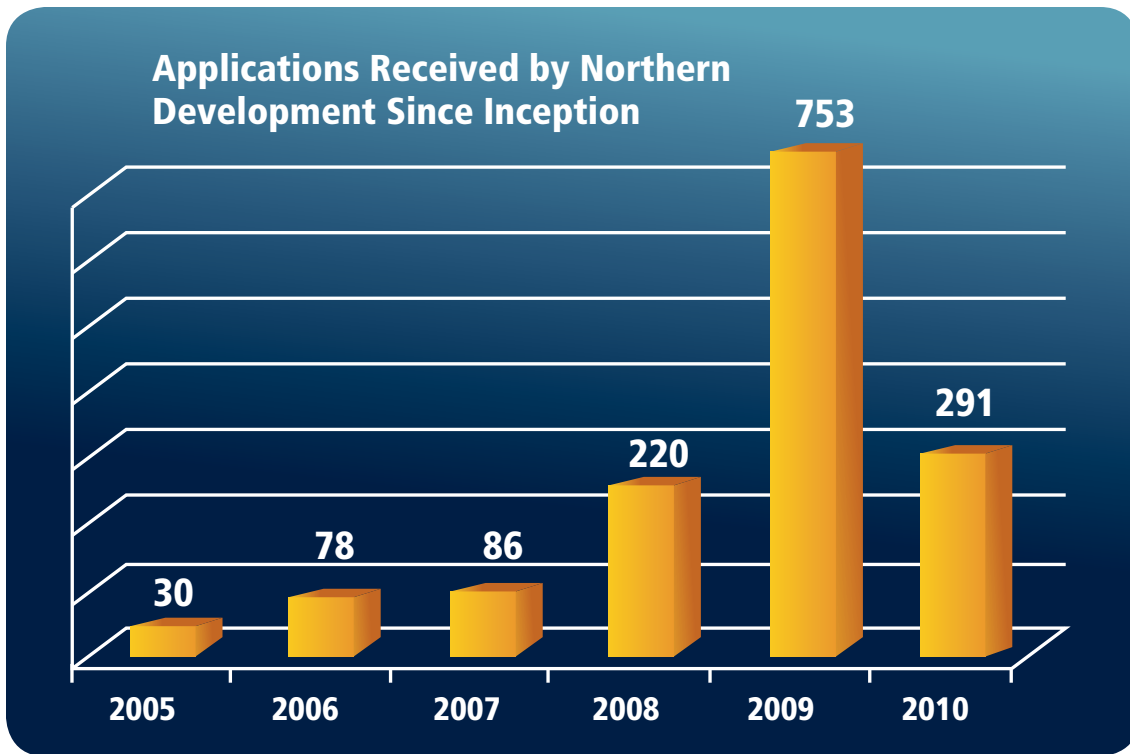
**10) To have projects in every mandated area of the legislation**

- This was achieved by 2008

**11) To engage the private sector (business/investment dollars) in over 30% of all projects**

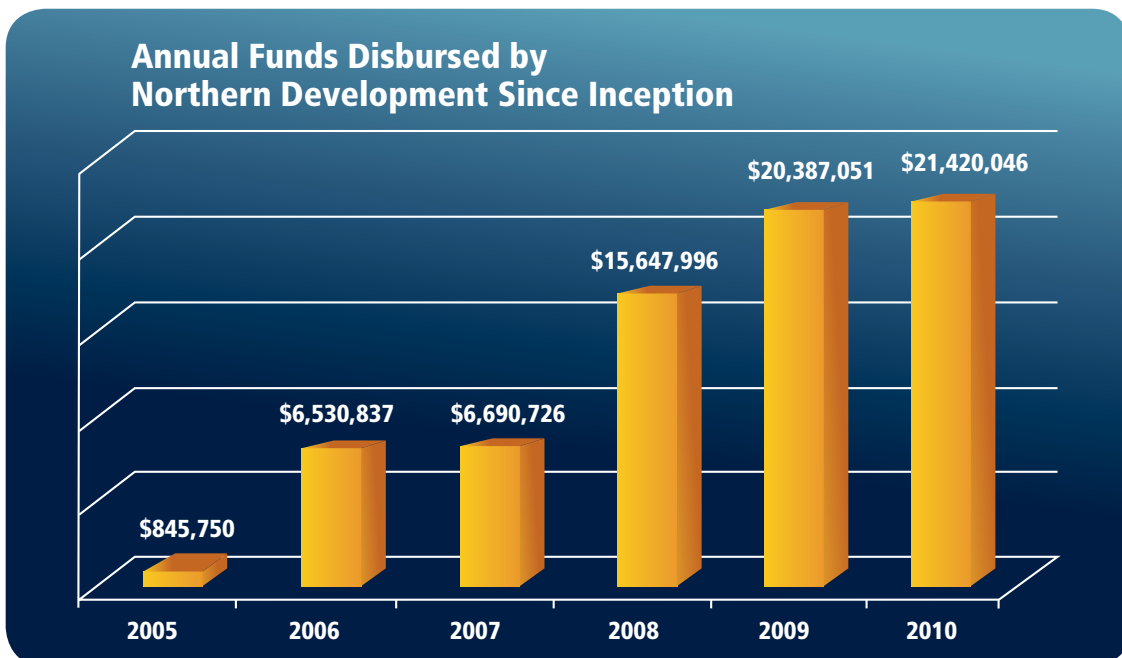
- 24% of projects have investment from business as of September 30, 2010

12) Strategic leadership and advisory/facilitation services for the region



13) To know the top economic development opportunities in each region and provide exceptional client service

- Client satisfaction surveys will be delivered annually starting in 2010 striving for a 90% approval rating
- In October of 2010, a poll of clients over the five years history and across the four regions, reported a 98% positive overall experience with Northern Development.



# Financial Structure

Northern Development is managed as an independent and sustainable regional economic development corporation. Accounts are invested in financial markets and regional projects to ensure Trust sustainability, and returns are generated to align with funding outflow.

Investment income is earned through interest and the growth of equity investments. Northern Development maintains a balanced investment policy that allows for 50% of investments in fixed income financial instruments and 50% in equities. Northern Development investment policy statements have a long term aggregate goal of achieving returns of 4% plus Consumer Price Index at 1.5%, or approximately 5.5% on invested funds.

Northern Development's investments are managed by SEI Investments Canada Co., an investment firm which employs a "manager of managers" investment strategy and

manages a total portfolio of over \$4 billion. SEI selects top investment managers in each asset class globally and gives each of them a mandate to make investment decisions within a certain style. This combination of styles enhances overall diversification and serves to reduce risk, while benefiting from the broader market performance.

Positive investment income and revaluation of long term investments from inception to September 30, 2010 is \$27 million, despite the global market collapse of late 2008. Investment income for 2010 to September 30 was \$9.1 million, with \$7.5 million in equity growth and \$1.6 million in interest earned.

## Initial Capital Infusion by the Province of British Columbia, 2005



# Governance Model

The Northern Development Initiative Trust is governed by a board of directors appointed by Regional Advisory Committees and by the Province. The Board meets quarterly in person and by telephone conference as required. The Board is composed of elected local government officials and business leaders representing all areas of central and northern British Columbia. The Board is responsible for Northern Development's strategic direction, policy decisions, and effectiveness.

**There are eight directors on the Northern Development Board appointed by the four Regional Advisory Committees:**

## Appointed by Regional Advisors



**Evan Saugstad**  
Chair  
Mayor, Chetwynd



**Lori Ackerman**  
Councillor  
Fort St. John



**David Pernarowski**  
Mayor  
Terrace



**Ted Armstrong**  
Director  
Cariboo Regional District



**Lance Hamblin**  
Director  
Regional District of  
Bulkley-Nechako



**Dan Rogers**  
Mayor  
Prince George



**Mitch Campsall**  
Mayor  
100 Mile House



**Stephanie Killam**  
Mayor  
Mackenzie

**There are five directors on the Northern Development Board appointed by the Province:**

## Appointed by the Province



**Lita Powell**  
Vice Chair  
Northeast Region



**Fred Punko**  
Prince George Region



**Gerald Wesley**  
Northwest Region

**Currently Vacant:** Cariboo Region and Northwest Region

The Northern Development Board is also advised by the four Regional Advisory Committees that each elect two directors to the Board. The four Regional Advisory Committees are comprised of sixty-four locally elected leaders from each of the regions. The current list can be found at: <http://northerndevlopment.bc.ca/our-team/regional-advisors>. The Cariboo Chilcotin/Lillooet fund is advised by eighteen elected regional advisors, the Northeast fund by twelve, the Northwest fund by twenty-two, and the Prince George fund by twelve. Regional advisors meet quarterly to review funding applications, policy recommendations, strategic plans, and to discuss regional economic development issues.

Local and regional intelligence, a low level of bureaucracy, and a strong focus on engaging communities as partners enable our highly effective funding delivery model.





Northern Development's first project investment, the Valemount Visitor Information Centre is a 3,600 sq ft facility focused on promoting local and regional tourism while also including new municipal offices.

# Economic Diversification Infrastructure



Charles Jago Northern Sport Centre, Prince George is a major capital project funded via the Economic Diversification Infrastructure program

The Economic Development Infrastructure Program supports the construction of infrastructure throughout the region that directly diversifies the economy. This program directly creates new jobs and increases revenues in the Trust region, supports the diversification of local and regional economies through infrastructure and capital investment, and is accessible to organizations throughout central and northern BC, particularly those located in small communities and rural areas.

## Five years at a glance

Approved Project Investments	89 Projects
Total Funding Invested	\$47.7 Million
Total Investment Attracted to Region	\$269 Million
40 Communities, 9 Regional Districts and 20 First Nations	



“We are extremely grateful for the funding assistance from Northern Development, whose staff and Board of Directors understand the value of the agriculture industry to Northeast BC and the challenges to reconstructing the Northeast Regional Auction Mart during difficult economic times. Without their financial support, we could not have proceeded.”

**Connie Patterson, President, Dawson Creek Exhibition Association**

# Feasibility Studies or Marketing

The Feasibility Studies or Marketing Program lays the groundwork and informs major infrastructure projects and capital investment in the region to increase revenues generated from outside central and northern BC. Up to \$20,000 can be provided to feasibility studies which identify the need and business case for future infrastructure projects, or marketing initiatives which will attract new investment and directly increase revenues in the region.

## Five years at a glance

Approved Project Investments	61 Projects
Total Funding Invested	\$1.93 Million
Leverage \$1.00 Northern Development to	\$11.22 Other Sources
Total Investments to the Region	\$20 Million



Northern Development supported commercialization of innovative “wood concrete” using pine beetle wood with 2008 funding to the University of Northern British Columbia.

“We have accomplished a great deal with the funding that Northern Development has provided us in terms of employment, skills training, raising more funds, product development, publicity and business development. Throughout the past year, the UNBC team has been very successful in accomplishing all its objectives and goals towards the commercialization of pine beetle concrete.”

**Dr. Alex Ng, Commercialization of Wood Concrete Products, University of Northern British Columbia**

# Industry Attraction

The Industry Attraction Program improves investment readiness within the region and empowers communities to take a strategic approach to targeting industry attraction with matching grants up to \$20,000. Funding aids communities in identifying local strategic advantages, understanding the needs of the target industry and how they can meet those needs, and to implement focused marketing discussions with senior executives at targeted companies.

## Five years at a glance

Approved Project Investments	8 Projects
Total Funding Invested	\$97,115
5 Communities	

“Northern Development’s annual Capacity Building program enables our municipality to permanently staff an Economic Development Officer, which is critical to our community’s ability to retain and expand local businesses, attract investors, secure funding for major infrastructure projects, and ensuring strong relationships with the private sector, non-profits, First Nations, and government agencies.”



**Mayor Gerry Thiessen,  
District of Vanderhoof**

# Economic Development Capacity Building

Economic Development Capacity Building is annual funding up to \$30,000 supporting economic development capacity in municipalities and regional districts. This incremental funding goes directly towards in-house economic development activity, with a further \$5,000 per community allocated to promote collaborative projects between communities or economic development organizations and any other partners including business.

## Five years at a glance

Approved Project Investments	119 Projects
Total Funding Invested	\$3.9 Million
40 Communities and 7 Regional Districts	

# Grant Writing Support

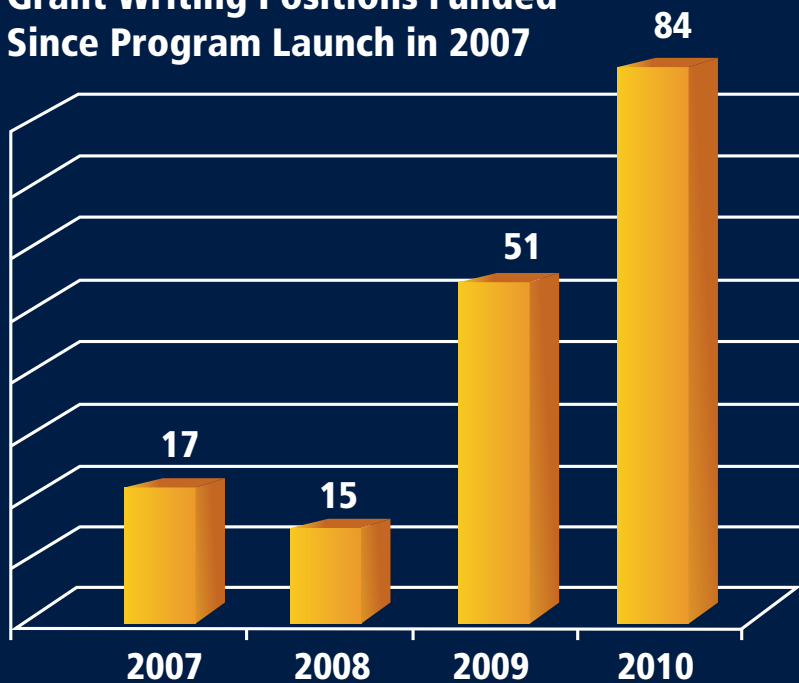
The Grant Writing Support Program supports seventy communities each year with a \$7,500 grant to hire a grant writer to increase the grant monies flowing into central and northern BC. In addition, there is a goal to train 1,000 individuals in grant writing across the province by 2020. This program adds additional capacity to respond to community priorities and non-profit requests, and dramatically increases the success communities have in applying for grants from community funding sources.



## Five years at a glance

167 grant writers sponsored to date; 96 in communities and 71 in First Nations  
 \$42 million in grants applied for  
 Over 1,246 grant writers trained

### Grant Writing Positions Funded Since Program Launch in 2007



Although community spirit drives the vision and success of many local projects, funding is a challenge when your town is so very small. This is where the Grant Writing Support program has been a great partnership with Northern Development, already bringing \$400,000 of grant money into our community. We have achieved a 91% success rate with our grant applications.

**Charlene Vandean,**  
 Grant Writer – Logan Lake



Investment in the Round Lake Community Hall in the rural community of Quick is allowing the hall to increase the numbers and types of events it hosts.

# Community Halls and Recreation Facilities

The Community Halls and Recreation Facilities Program improves the sustainability and event hosting capacity of facilities that generate revenues for non-profits and the tourism sector. This, in turn, creates revenues and improves the quality of life for local residents. This program is also accessible to all rural areas that would not usually have an opportunity to develop larger economic development infrastructure projects. Grants up to \$30,000 are provided and loans for larger amounts may be available.



Improvements to the 99 Mile Ski Trails have positioned the facility for major winter sports event hosting in 100 Mile House, BC



Northern Development Initiative Trust partnered with the City of Prince Rupert in 2009 to modernize and increase the seating in the Russell Gamble Gymnasium, the main venue for the All Native Basketball Tournament

## Five years at a glance

Approved Project Investments	70 Projects
Total Funding Invested	\$4.2 Million
Total Investment Attracted to Region	\$32.9 Million



Northern Development's \$1.65 million loan for major facility upgrades at the Sam Lindsay Aquatic Centre will return funds over the next 10 years to the District of Kitimat's Northern Development account. This will allow the community to invest in many more important initiatives in coming years and engage in further partnerships with the provincial and federal governments to support needed infrastructure in the community.



Northern Development has invested \$3 Million in funding towards upgrades at the Terrace Sportsplex which has dramatically increased the number of conventions, training events, and hospitality sector revenues in Terrace.

# Community Foundations and Matching Grants

The objective of the Community Foundations and Matching Grants Program is to assist municipalities and regional district electoral areas in Northern Development's region in establishing or growing a community foundation endowment that supports local social, cultural, environmental needs, and empowers local decision making. These investments will exist in perpetuity, and promote local decision making within the community foundation framework to meet local needs. This creates another source of long-term funding to maintain local wealth within the community and create positive economic and social outcomes.



"As a result of Northern Development's Competitiveness Consulting Rebate with the Business Development Bank of Canada, GLC Controls has identified opportunities for greater productivity and competitiveness, we have grown our business and we are successfully competing in markets that were previously inaccessible."

**Kam Ghuman, Chief Executive Officer, GLC Controls, Inc. – Prince George**

## Five years at a glance

- 19 community foundations with \$841,338 in funding matching local fundraising
- 15 new community endowments established

# Competitiveness Consulting Rebate

The Competitiveness Consulting Rebate Program was developed in partnership with the Business Development Bank of Canada. This program provides the manufacturing and resource sector supply chain with 50% rebates for management consulting expertise to expand operations and improve profitability. It helps manufacturers, processors, and their suppliers grow their businesses, implement world-class business practices and increase competitiveness in global markets. This is a customized solution to suit unique business requirements and provides access to regional and national consultants with a verified track record of expertise.

## Five years at a glance

Approved Consulting Projects for Business	72 Projects
Total Rebates to Business Invested	\$549,686
Total Invested by Business in Consulting Contracts	\$1,099,372



# Capital investment and Training Rebate

The Capital investment and Training Rebate Program incents direct job creation through support of new investment and workforce expansion within central and northern BC's manufacturing sector. This program allows manufacturers, who are the wealth creating base of our economy, to train an expanding workforce and increase productivity.



"Northern Development clearly recognizes the challenges facing businesses who are looking to hire and train new workers with their Capital Investment and Training Rebate program. This funding plays an important role in our ability to move forward with this project."

**Marcel Therrien, Director,  
Pioneer Biomass – Williams Lake**

## Five years at a glance

Approved Project Investments	20 Projects
Job Creation	846 Jobs
Total Funding Invested	\$7.8 Million
Total Investment Attracted to Region	\$128.8 Million

"The Northern BC Business Advantage program gave us the confidence and support we needed to successfully start up our sawmill."

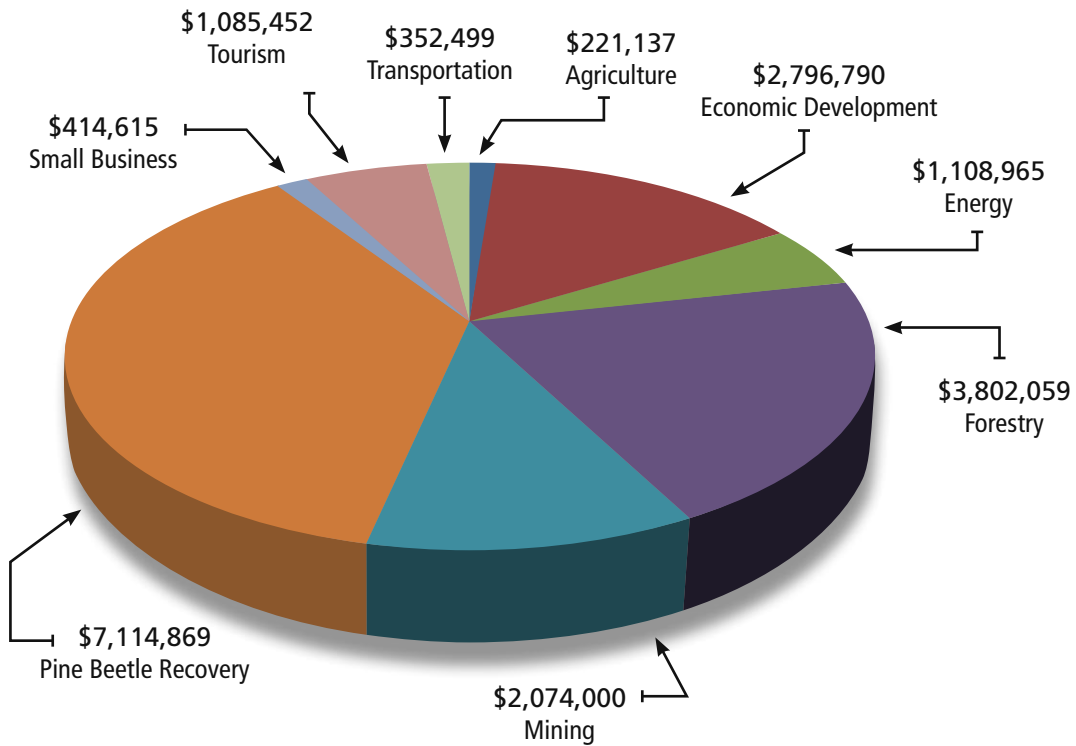
**Ken Shields, Chief Executive Officer,  
Conifex Inc. – Fort St. James**



# Pine Beetle Diversification Funding

Pine Beetle Diversification Funding ensures that resources exist for communities, First Nations and businesses to diversify economies impacted by the Mountain Pine Beetle. Priorities and strategies that have been crafted by the Cariboo-Chilcotin Beetle Action Coalition, the Omineca Beetle Action Coalition or the Southern Interior Beetle Action Coalition support the Board in decision making on applications that come forward to this Northern Development funding account.

## Pine Beetle Recovery Investment by Mandated Areas



### Five years at a glance

Approved Project Investments	64 Projects
Total Funding Invested	\$19 Million
Leverage \$1.00 Northern Development to	\$8.78 Other Sources
Total Investment Attracted To Region	\$166.8 Million



## Partnerships

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Northern Development has forged many strong partnerships with senior government, industry associations, and other economic development organizations over the past five years. Partners have been attracted to the strong performance, regional relationships, and low cost delivery offered by Northern Development.

**The Community Adjustment Fund** is a \$30 million funding delivery contract with the Government of Canada to support economic stimulus in the region. This includes \$10 million in grant money for communities and non-profit organizations, and \$20 million in five year loans to businesses. The result is a staggering 1,790 jobs immediately created in Northern Development's region. Program funding will flow into the region until March of 2011.

**The Northwest Powerline Coalition** is a \$274,250 partnership between the private sector, First Nations, communities, and non-government agencies focused on building the Northwest Powerline. This Powerline will enable future investment in the region through providing the necessary infrastructure to service up to \$15 billion in new industry investments in British Columbia's northwest.

**A \$250,000 partnership with the New Relationship Trust** has enabled Northern Development to extend the **Grant Writing Support program** to reach First Nations communities across British Columbia.

**A Partnership with the BC Innovation Council** has provided \$225,000 in scholarships through the **Young Innovators program**. This supports

innovation and entrepreneurship through \$4,000 scholarships, allowing grade 12 students with innovative ideas to pursue post-secondary education in their chosen scientific field.

**The Prince George Airport Lands Agricultural Fund** will grow over the next ten years to a fund of up to \$8 million that facilitates logistics and agricultural sector growth in the Prince George region.

Other partnerships, such as **collaborative funding delivery** with Enterprising Non-Profits, bursary collaborations with each of the five post-secondary institutions in the Northern Development region, and the **Northern Opportunities Trades Training program**, all contribute to the strategic success and economic diversification of our region.

Northern Development works directly with communities, economic development commissions, First Nations, Invest BC, BC Rural Secretariat, and the Department of Foreign Affairs and International Trade to produce economic development and investment attraction material. These include Investment-Ready Community Profiles, Industry Sector Profiles for transportation and logistics, bioenergy and mining, and Investment Opportunity Profiles.

# First Nations Involvement

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Northern Development has invested \$9.5 million into one hundred and seventeen economic development projects that are funded or directly led by First Nations. The organization also connects business directly with First Nations and incorporated communities. Northern Development is partnering with the New Relationship Trust to expand the Grant Writing Support program to aboriginal communities across all of British Columbia. In 2009 and 2010, seventy-one of the one hundred and sixty seven grant writers were placed in aboriginal communities.



Maiden voyage of the largest ever North Coast traditional canoe by Metlakatla First Nations, funded by Northern Development on behalf of the Government of Canada.

“\$2 million in loan funding and grant support from Northern Development for exhibit development at the Haida Heritage Centre at Kaay Llnagaay has enhanced the Centre as a global tourist attraction for Haida Gwaii.”

- Miles Richardson, Chair of the Haida Heritage Centre – Skidegate



# Impacts – Success to Date

Over the first five years of operations, Northern Development has approved over \$98.2 million in funding with \$71.5 million already disbursed to project proponents (to September of 2010). This has been leveraged with other funding to bring a total commitment of \$953 million in project funding to the region over the past five years.

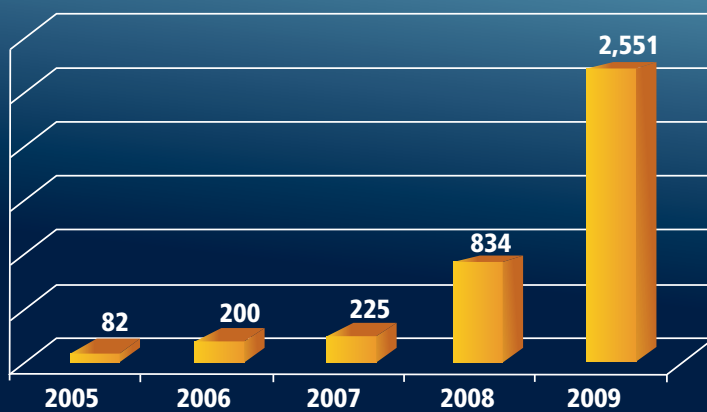
Northern Development continues to develop new partnerships, to increase the effectiveness of its programs, and to influence strategic economic growth in the region. Northern Development is almost halfway to reaching its 2020 goal of creating 10,000 jobs. Job creation is the prime motivator behind funding approvals, and statistics are reported back to Northern Development from project proponents for five years from project inception.



“Northern Development has delivered exactly what it promised our business – non-bureaucratic, responsive and business-friendly programs and investment decisions that have greatly helped our manufacturing businesses diversify and expand.”

**Keith Spencer, Director of Operations for the BID Group of Companies – Vanderhoof**

## Annual Job Creation



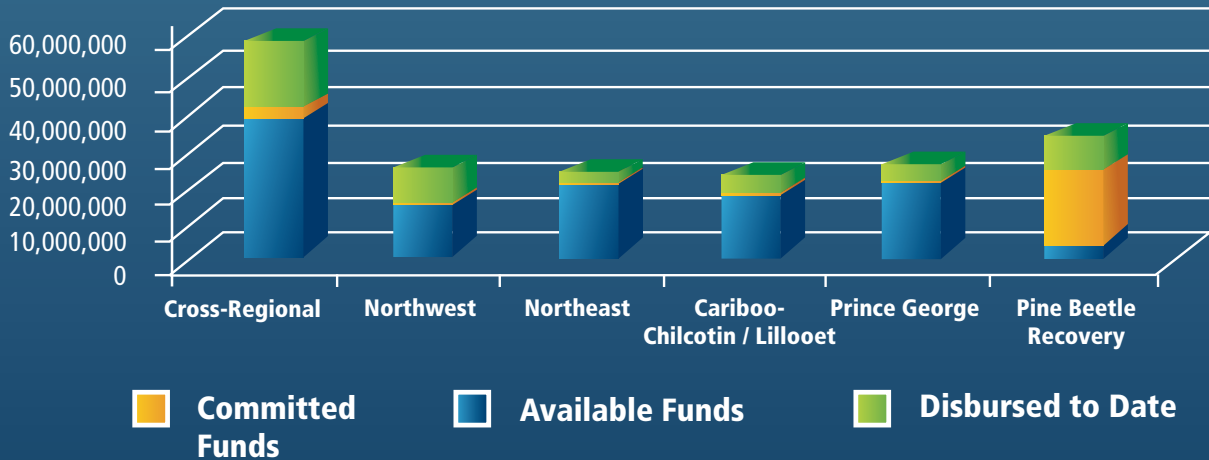
***“Northern Development’s loan funding is enabling Vanderhoof Specialty Wood Products to construct a \$5.5 million pellet plant that will utilize 100% residual waste from beetle killed forests. The project is creating sixty permanent finger-joint manufacturing jobs, twelve new permanent jobs at the pellet plant and twelve jobs during the capital construction phase.”***

**David Fehr, President,  
Northwest Wood Preservers – Vanderhoof**

# Summary by Account

The following represents the balances remaining in each of the Northern Development restricted funds at September 30, 2010. The totals include original funds invested, investment income, and loans receivable compared with project commitments to demonstrate the balance available for future funding opportunities.

## Funds Available as of September 30, 2010



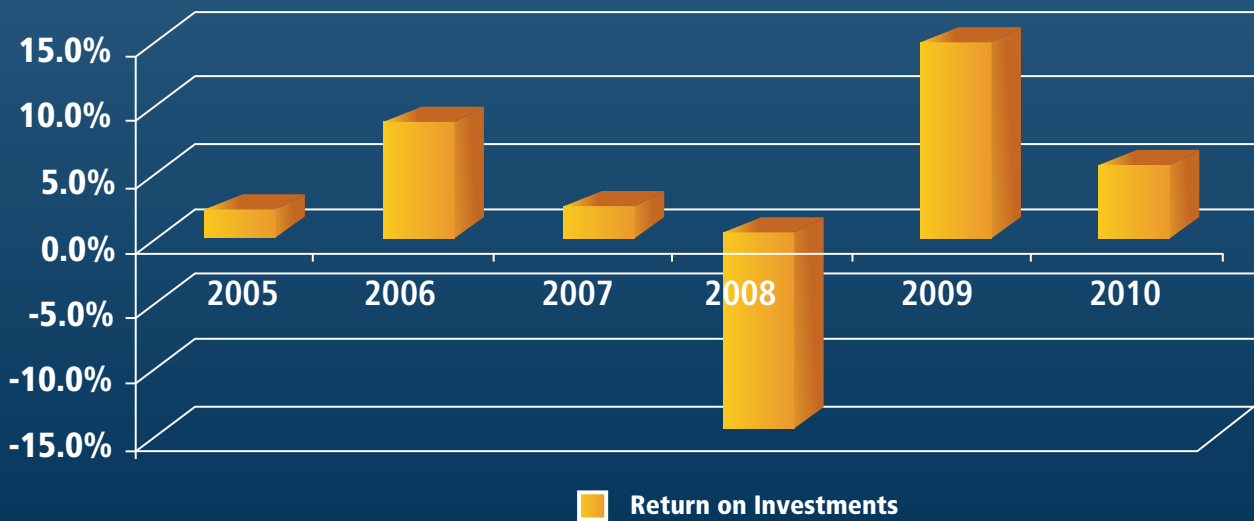
Northern Development's primary goal of directly, and through leveraged investment, to bring between \$1 and \$2 billion into communities of the region by 2020, and have \$185 million of seed money to do it again every decade, is closer every day. This entails the creation of 10,000 jobs, a return on investment of 4% plus Consumer Price Index, or approximately 5.5% on invested funds, 1,000 projects and over 2,000 funding partnerships.

# Return on Market Investment Portfolio

Northern Development remains committed to flexible and unique funding programs that serve to increase investment in central and northern BC and diversify local economies and benefit residents. With a current return on investment of 39% in terms of funding outflow divided by the initial capitalization of \$185 million and over 4,000 jobs created, Northern Development is achieving the Board's goals.

Most impressive, however, is that the current investment portfolio and loans receivable are 100% of the original fund balance after disbursement of over \$71.5 million in project funding. Northern Development is truly a catalyst for northern opportunities and demonstrates that "the best decisions for the North can responsibly be made by leaders in the North."

## Return On Market Investment Portfolio



# Northern Development Staff

<b>Janine North</b>	Chief Executive Officer
<b>Dennis Callaghan</b>	Chief Financial Officer
<b>Karen Borden</b>	Executive Coordinator
<b>Brodie Guy</b>	Economic Development Manager
<b>Dean McKinley</b>	Economic Development Manager
<b>Nadine Sharma</b>	Financial Coordinator
<b>Holly Hill</b>	Financial Analyst
<b>Jeanette Stanley</b>	Client Services Clerk

## Investment Managers

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## Auditors

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