

Northern Ontario Grow Bonds

Ministry of Northern Development and Mines
March 2005

Northern Ontario Grow Bonds

- A key component of the government's Northern Prosperity Plan.
- Provides Northern Ontario residents an opportunity to invest in a safe and competitive savings instrument, while actively contributing to the economic future of the North.
- Launched as a pilot program.

Corporation/Board of Directors

- Corporation established to oversee Northern Ontario Grow Bonds Program.
- Interim Board announced on February 11 and includes 3 members.
- A Successor Board will be appointed prior to the review and approval of loans.

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Sale of Grow Bonds

- Provincially-guaranteed bonds available for sale from March 21 to April 11, 2005.
- Bonds may be purchased in denominations of \$100 and integral multiples of \$100, up to a maximum purchase of \$500,000.
- Bonds have a five-year term with annual interest payments.

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Sale of Grow Bonds

- Brochure and application packages available through local municipal & provincial offices, chambers of commerce, NDO Offices, GICs, and colleges and universities.
- Northerners may also place orders by telephone (through Grow Bonds toll-free line).
- Program hopes to raise \$20 million through the sale of bonds to Northerners.

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Northern Ontario Grow Bonds Business Loan Program

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Program Launch

- Funds raised from the sale of Northern Ontario Grow Bonds will be used to provide loans to small and medium-sized businesses in Northern Ontario.
- Business Loans Program launched on Friday, February 25, 2005 in Thunder Bay.
- Brochures available at MNDM offices, municipal offices, First Nation communities, Tribal Councils, Chambers of Commerce, Small Business Enterprise Centres, colleges and universities.

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Program Details

- Who is Eligible?
 - New and existing small and medium-sized businesses located in Northern Ontario.
 - Businesses must be controlled by residents in Northern Ontario.

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Program Details

■ What is Eligible?

- Funding can be used for capital investments to either establish a new business or expand an existing small and medium-sized business in Northern Ontario.
- Eligible capital investments include investments in physical infrastructure, leasehold improvements, new or used equipment or intellectual property.

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Program Details

■ What is not Eligible?

- Non-capital business costs such as business plans, feasibility studies, research and development, training, marketing, project management, consulting, land acquisition, vehicles, working capital and ongoing business operations.
- Funding cannot be used to establish new or expand existing retail, construction and hospitality businesses.

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Program Details

■ Funding

- Generally, loans in the amount of \$125K to \$1M will be provided to eligible and approved applicants up to 50 per cent of eligible costs.
- Interest rates will be based on the credit rating of the applicant.
- Loans will need to be repaid within five years or less.

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Application Process

- Applicants must complete an application form and prepare a business plan.
- Application forms and a business plan guide may be downloaded from the Grow Bonds Web site.
- Completed applications and business plans are to be forwarded to the Northern Ontario Grow Bonds Corporation Office in Sault Ste. Marie.
- Applications and business plans must be postmarked no later than April 15, 2005.

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Approval Process

- Applications and business plans will be evaluated by an external service provider.
- Funding approvals will be made by the successor Board of Directors for Grow Bonds.
- Upon approval, a business will be required to enter into an agreement with the Corporation that sets out the terms of the agreement.
- Loan Administration will be undertaken by an external service provider.

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For more information...

- Call centre has been established to handle general inquiries regarding the program (1-866-668-5437).
- Questions regarding the program and project eligibility are being directed to the appropriate MNDM area team community contact.
- Clients may also access information from the Grow Bonds Web site (www.northernontariogrowbonds.com)

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