



June 29, 2020

Backgrounder: Fort Nelson Community Forest Agreement (CFA)

The Fort Nelson First Nation (FNFN) and the Northern Rockies Regional Municipality (NRRM) have worked in partnership since March 2017, to develop an area-based community forest tenure in the Fort Nelson Area (Fort Nelson Community Forest Limited). At an allowable annual cut of 217,650 cubic metres from approximately 200,000 hectares of Crown land, the license is the largest ever granted in BC, both in terms of volume and physical size. On July 12, 2019 the provincial government approved the management plan and allowable annual cut for the CFA which paved the way for discussions between the province and the CFA partners on the particulars of the licence document.

Prior to Provincial approval of the management plan on June 28, 2019, Fort Nelson First Nation Limited Partnership (FNFLP) and NRRM became limited partners of FNFN/NRRM Community Forest Limited Partnership (CF LP) with each of the partners holding 50% of the outstanding shares of the general partner CF LP, being the FNFN/NRRM Community Forest General Partner Corporation (the CF Corp). CF Corp is the independent company that will manage the community forest operations.

Since the provincial approval of the Fort Nelson Community Forest management plan there has been on-going work to fine tune the Community Forest Agreement, prepare a three year budget document (2020 – 2022), and develop a strategy on how best to deal with the payment of the annual rent on the forest tenure in light of the current downturn in the forest sector markets.. On February 26, 2020 there was agreement by the CFA Board and Partner Representatives to sign the Licence by the deadline of June 1, 2020, and to delay the activation date of the Licence to April 1, 2021. This will allow the initial payment of annual rent to be delayed to the 2021 operating budget year. There is still an option that allows the ability to advance the activation date should business opportunities make it appropriate to do so.

Fort Nelson First Nation Chief and Council, on May 19, 2020, and the NRRM Regional Council, on May 26, 2020, approved the signing of the licence agreement with the Ministry of Forests, Lands, Natural Resource Operations and Rural Development by CF Corp. The approvals also included the authorization to execute such agreements as the Licence Contribution Agreement and the

Cash Contribution Agreement. This signals the full transition from the direct involvement of the CFA Partners' staff, to full control by the CF Corp Board of Directors.

These final approvals represent a resounding moment of success for the two governments. The CFA is expected, over time, to lead to innovative stewardship of local forests in the region, with an overall goal of contributing to rebuilding a resilient, diverse and secure regional economy that provides economic, social, and cultural benefits to those living in the region.

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