

Briefing Note

Boundary Waters Forest Management Corp.

Subject:

The negotiations to create a corporation which will take on forest management responsibilities for the Crossroute and Sapawe Forests have concluded with the creation of the Boundary Waters Forest Management Corp. ("BWPMC").

Background:

- The Province announced the intention to change forest tenure in parts of the province whereby the Sustainable Forest Licence for a Forest would be transferred from single entity, larger companies to a partnership business established with the sole purpose of providing sustainable forest management services.
- Negotiations have been conducted for about 2 years with the purpose of creating a corporation comprised of affected local stakeholders which would take on the SFL for the area.
- The Crossroute Forest (currently held by Resolute Forest Products) and the Sapawe Forest (currently held by Rainy Lake Tribal Resource Management) will be amalgamated and the new merged SFL will be transferred to Boundary Waters Forest Management Corp. effective April 1, 2020.

The Corporation:

- A Shareholders' Agreement has been signed by 16 interested participants establishing the Corporation.
- There are 12 Directors representing: logging contractors (2 Directors), First Nation communities (3 Directors), economic development entities (2 Directors), Norbord (1 Director), Resolute (1 Director), small white and red pine sawmills (1 Director), Rainy Lake Tribal Resource Management (1 Director) and the Metis Nation of Ontario (1 Director).
- All directors have equal voting rights.
- All operating costs will be funded by those mills who use the wood fibre based on their committed wood volumes.
- BWPMC will deliver management services through contracts. This will reduce the direct staffing needs and salary burden of the Corporation and afford the ability to attract specialised skills as required. It is anticipated that there will be 3 staff hired directly by BWPMC.
- The offices for BWPMC will be in the offices currently occupied by Resolute on Couchiching First Nation. Resolute has incurred significant expense to prepare these facilities to accommodate the data needs for forest cover mapping.
- M. Willick has been elected as the President and Chairman of the Board of Directors.
- Legal, accounting, financial services, insurance and banking have been arranged with Fort Frances firms.

- A search committee of the Board is seeking candidates for the General Manager position.

Functions of the Corporation:

- Forest management planning and reporting to conform with regulated guidelines.
- Allocation of logging blocks for harvest.
- Forest regeneration.
- Forest road building.
- Providing wood supply to companies to meet existing Ministers' commitments. The Corporation is not empowered to cancel or change Ministers' wood supply commitments.
- BWPMC will maximize harvest volumes within sustainable limits. This could include attracting new business to capitalise on identified wood surpluses. The Shareholders' Agreement has mechanisms to make volume not harvested by commitment holders available to others.

M.Willick
January 29, 2020