

KATAHDIN FOREST MANAGEMENT

Millinocket, Maine

The community that inhabits the 300,000 acres of the Katahdin Forest project experienced a catastrophic economic loss in 2003, when two paper mills owned by the Great Northern Paper Company (GNP) closed their doors. GNP declared bankruptcy and the closings raised local unemployment levels to over 20%. The mills were purchased by the Toronto-based Brascan Corporation (now Brookfield Asset Management) and became the Katahdin Paper Company, which preserved or reactivated about 600 jobs, but a paper mill is nothing without timber to supply it.

New Markets Tax Credits (NMTC) made it possible for Katahdin Forest Management (KFM), a subsidiary of Brascan, to purchase the forestland at a viable rate. With the purchased lands, KFM serves as the primary supplier for Katahdin Paper, as well as providing timber to 25 regional mills annually. KFM is dedicated to sustainable forest management practices, including projecting harvesting impacts over a 80-year timeline to ensure that the land will continue to produce for generations to come.

Through a partnership with The Nature Conservancy (TNC), 20,000 acres of the forestland have been preserved as the Debsconeag Lakes Wilderness Area and an additional 195,000 acres were placed under conservation easements, which guarantees public access, traditional recreational uses, sustainable forestry, and no future development. In 2006, TNC transferred the 195,000 acre easement to the State of Maine, along with a stewardship endowment of half a million dollars. These protected lands have helped to diversity the region's economy beyond timber into four-season recreational-tourism destination with ties to the nearby Baxter State Park and Appalachian Trail.

CCML used \$32.5 million in NMTC capacity to finance the purchase of the forestland, while GE Commercial Finance provided the full equity amount and The Nature Conservancy provided back-up financing for the deal, which closed February 27, 2004.

Key Benefits

- Helped reopen shuttered paper mills, preserving or reactivating around 600 jobs.
- Diversifies local economy by expanding tourism opportunities.
- Protects forests and working timberlands from development.
- Creates public access .
- Preserves natural resources while allowing for certified stewardship of the working woodlands.
- Conservation easements protect vulnerable areas & promote sustainability.

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