



**Nechako-Kitamaat
Development Fund Society**

- Business Plan -

2025– 2026

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Executive Summary

Nechako-Kitamaat Development Fund Society (NKDF) incorporated on August 18, 1999, for the purpose of supporting sustainable economic activity in northern communities affected by the Kitimat-Kemano project and the creation of the Nechako Reservoir. The Society spends the income from its long-term investments on programs and projects that meet each community's goals for sustainable economic development and community stability.

The government of British Columbia and Alcan Aluminum Limited (Rio Tinto) each contributed \$7.5 million to create the BC-Alcan Northern Development Fund. Of the \$15 million, \$5 million was allocated to a working fund and \$10 million was used to establish a Legacy Fund.

NKDF provides grants to local governments and legally incorporated non-profit organizations located within the investment area, including the following communities:

Kitamaat Village	Village of Burns Lake	Nadleh Whut'en Band
Southside	Ts'il Kaz Koh	Fort Fraser
Nee Tahi Buhn Band	Lake Babine Nation (Woyenne)	District of Vanderhoof
Cheslatta Carrier Nation	Stellat'en First Nation	Saik'uz First Nation
Skin Tyee Band	Village of Fraser Lake	

Since inception, NKDF has approved a total of \$12,859,416 for 475 economic development and community stability projects across the investment area.

Increasing the NKDF capital in order to increase the amount of grant dollars available for community projects remains a critical priority. The legacy fund is being eroded in real terms, because of inflationary pressures and lower-than-expected investment returns, threatening the long-term viability of NKDF. The annual dollars granted has dropped from \$500,000 to \$385,000.

While other funding bodies operate in the area, NKDF is the only funding body focusing on economic and community development in the region specifically impacted by the Kitimat-Kemano project.

The NKDF Board of Directors will continue pursue opportunities to increase the capital. NKDF will leverage these partnerships to lobby the Province of BC for additional funds to increase the annual amount of grant dollars available. As well, we will continue to pursue a review of the BCI portfolio asset mix.

In 2025-2026 we anticipate a transfer of \$469,000 from the Legacy Fund held with BCI. With these funds we project partnering in approximately 30 new community projects. The grant program focus this year will be to expedite funds to the communities by increasing the under \$5,000 program to an under \$7,500 program.

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Introduction

Mandate

Nechako-Kitamaat Development Fund (NKDF) Society grants are designed to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. NKDF spends the income from its long-term investments on projects that meet each community's economic development and community building goals and contribute to overall community health, development, and stability.

Background of the Fund

Nechako-Kitamaat Development Fund Society was founded following an out-of-court settlement called the BC-Alcan 1997 Agreement. Signed on August 5, 1997, the BC-Alcan 1997 Agreement settled the legal issues between Alcan Aluminum Limited and the BC Government that arose from the cancellation of the Kemano Completion Project. In 1997, the Government of British Columbia and Alcan Aluminum Limited each contributed \$7.5 million to create the BC-Alcan Northern Development Fund. In January 1998, an advisory Board for the Northern Development Fund was formed to advise the government on how to best manage the \$15 million most effectively.

In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act." Enabled by this Act, and by the recommendations of the advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister of Jobs, Economic Development and Innovation appoints Board members to represent the communities of the Nechako-Kitamaat area. The following is a timeline of events leading up to the incorporation.

- The cancellation of the Kemano Completion Project led to a conflict between the Province of BC and Alcan Aluminum Limited.
- BC-Alcan 1997 Agreement arose from an out-of-court settlement between the Province of BC and Alcan Aluminum Limited.
- The BC-Alcan 1997 Agreement led to the enactment of the BC-Alcan Northern Development Fund Act.
- The BC-Alcan Northern Development Fund Act led to the formation of the Advisory Committee to advise the Minister with respect to payments from the fund.
- Nechako-Kitamaat Development Fund was founded in 1999 to promote sustainable economic development in communities that were directly impacted by the creation of the Nechako Reservoir.

Of the original \$15 million, \$5 million was provided to NKDF to be used as a working fund to invest in projects and programs. The remaining \$10 million of the original \$15 million was placed into a legacy fund with the goal of investing and growing the fund to \$15 million, and the income from the legacy fund to be used to finance NKDF investments into the future.

Guiding Principles

Economic Impact

COMMUNITY ECONOMIC DEVELOPMENT	NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private businesses.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.

Administrative

COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between eligible communities.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of members of the NKDF Board will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir, or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.

Fund investments are managed by the provincial government through the British Columbia Investment Management Corporation (BCI), a provincial Crown Corporation. Monies of the Northern Development Fund—to be used in support of the programs of the NKDF Society—are in low-risk investments which provide little opportunity to grow the legacy fund, but which also protect the fund against significant loss in the event of volatile markets.

The Investment Area

The investment area for NKDF is normally limited to those areas with evidence of impacts from Alcan's (Rio Tinto) Nechako Reservoir and Kemano power project. We encourage applications from local governments, First Nations and legally incorporated non-profit organizations serving the following communities and nearby rural areas:

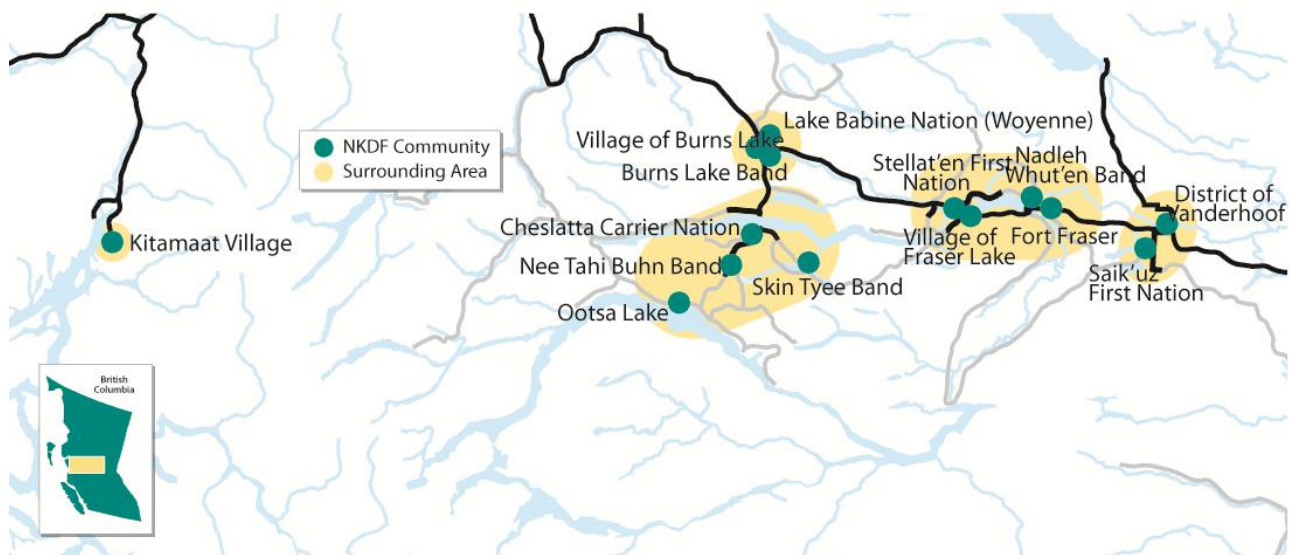
Kitamaat Village
Southside
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Skin Tyee Band

Village of Burns Lake
Ts'il Kaz Koh
Lake Babine Nation
(Woyenne)
Stellat'en First Nation
Village of Fraser Lake

Nadleh Whut'en Band
Fort Fraser
District of Vanderhoof

Saik'uz First Nation



Meetings and Accountability

The Board meets a minimum of four times each year, with additional meetings convened as needed. In 2025-2026 meetings will be held in-person and include project tours and outreach to local governments and residents. Meetings are rotated throughout the communities of the investment area. Committee meetings and the occasional board meeting are held via video conferencing.

Public accountability is created by:

- Encouraging local representatives to attend portions of Board meetings.
- Making decision records publicly available upon request.
- Posting annual reports, audited financial statements, and business plans at the NKDF website, Facebook and in local media.

Increasing the Capital

Our vision: That the Nechako-Kitamaat Development Fund Society remains a sustainable, reliable, and adaptable source of funding for community development.

In order to realize this vision, increasing the NKDF capital in order to increase the amount of grant dollars available for community projects remains a critical priority. The legacy fund is being eroded in real terms, because of inflationary pressures and lower-than-expected investment returns, threatening the long-term viability of NKDF. The annual dollars granted has dropped from \$500,000 to \$385,000. Over the past five years, NKDF commissioned an economic impact study, developed business cases and requested additional funds from both Rio Tinto and the Province. A proposal to the Ministry of JEDI to be considered along with the other Trusts for a one-time infusion of 10M dollars was unsuccessful. A second proposal was submitted to the Ministry of Water Land and Resources requesting that 5% of the annual water royalties Rio Tinto pays to the Province of BC for Kemano Power Generation be provided to NKDFS on an annual basis was also declined.

In spite of these setbacks, NKDF remains committed to continuing efforts to increase the capital and will continue to call on the province to increase the level of funding. Specifically, The NKDF Board of Directors will continue lobbying the province to redistribute a portion of the Nechako River Water Rental Revenues back into the region through the NKDF. As well, we will follow-up with the Minister on our request to review the investment portfolio asset mix.

While other funders operate in the area, NKDF is the only funding body focusing on economic and community development in the region specifically impacted by the Kitimat-Kemano project. Our communities continue to be negatively impacted by the Kitimat-Kemano project which drastically diminished the Nechako River and created the Nechako Reservoir. NKDF and the grants it provides are critical to the development, vitality and stability of our communities.

NKDF is known within the investment area as a responsive, community-focused organization that supports projects identified by residents as most important to their communities. NKDF Directors reside in the affected region and understand the dynamics and the unique challenges of small rural communities in Northern BC.

Meetings with each of the First Nations we serve and engagement efforts throughout the investment area will continue, with the goal of sharing the history of NKDF, promoting the project supported by the grant contributions of the Society, bringing awareness of available grants and highlighting the need to increase the capital in order to allow NKDF to provide the necessary level of support to the communities.

Strategic Priorities

The Board of Directors participated in a facilitated strategic planning session in March 2025 as a way of improving the Society's focus. The Strategic Plan created out of this session, identifies three key strategic priorities, Financial Stability, Effective Communication and Organizational Excellence, designed to maintain the Board's vision of remaining a reliable source of grants for community development. The Board will consider these priorities when deliberating the expenditure of funds and other decision making.

One Year Strategic Plan

The Board has adopted the following strategy for 2025-2026:

- 1) Financial Stability
 - a. Pursue a share of water royalties paid to the Province by Rio Tinto.
 - b. Explore revenue diversification.
 - c. Identify priorities amongst project applications.
- 2) Effective Communication
 - a. Make presentations to local and indigenous governments.
 - b. Record a history of NKDF to use in presentations and onboarding of new Board members.
- 3) Organization Excellence
 - a. Develop a framework to measure the success of the fund.
 - b. Provide regular board training and education.

Funding Program Criteria for 2025-2026

NKDF grants will support projects that address one or more of the following key aspects of economic and community development in the NKDF investment area:

Infrastructure:

- That strengthens the local and regional economy and increases the ability of local business to compete in the marketplace such as airports or communications infrastructure.
- That contributes to a healthy and economically vibrant downtown including downtown revitalization and lighting.
- That attracts tourism and/or resident attraction including cultural infrastructure, museums, heritage sites, and parks.
- Recreational infrastructure that encourages resident attraction and retention, along with increased opportunities for recreation and sports tourism including trail networks, exhibition grounds, and sports fields.
- That improves the condition of an asset that contributes to community development including community halls.

Planning and Research: Projects that provide the background information and pre-planning required to make decisions about future investments. Types of projects include feasibility studies, market research, needs assessments, surveys, strategic plans, and tourism plans.

Note: Normally the maximum granted for feasibility studies is \$5,000.

Human Development: Projects that provide skills training that enables people and organizations to increase employment, economic activity, and capacity. Types of projects

include job skills training and workshops and courses for volunteers and small business owners.

Marketing: Projects that support economic diversification and development of new markets and serve to facilitate business attraction initiatives, investment attraction initiatives, resident recruitment initiatives, and visitor attraction initiatives. Types of projects include branding development, marketing campaigns, web-based strategies, digital strategies, signage, and community events.

Priority will be given to projects that:

- Fit in the context of long-term economic development goals.
- Enable a community to acquire public or private investment.
- Lead to long-term jobs in the region.
- Source local, Canadian materials and labour.
- Promote economic activity in the investment area.
- Involve a collaboration among two or more organizations and benefit two or more communities within the NKDF investment area.
- Have community buy-in, demonstrated by support letters and donations from local government and other organizations within the local community.
- Have benefits continuing after the funding is invested and the project complete.
- Include a financial or in-kind contribution from the proponent toward the project.

Under \$5,000 program expansion to Under \$7,500 program

The under \$5,000 program was created to streamline the application process for smaller projects and create a process that could respond in a timely manner and distribute money into the communities faster. Applications are accepted on an ongoing basis with funding decisions made by the Chair and a second Director, chosen from the applicant's community. Since inception of the program in 2012, 80 have projects have received a total of \$321,121.

For the upcoming year, the under \$5,000 program will be expanded to an under \$7,500 program to better serve the communities as needs arise.

Communications

The Manager is responsible for developing and implementing a communications strategy, including media releases, a website, a Facebook page, and direct contact with local, provincial, and federal agencies. The Communications Strategy is comprised of six goals:

1. To create an identifiable regional image for the Nechako-Kitimaat Development Fund Society and its funding partners, the Province of BC and Rio Tinto.
2. To inform prospective applicants about the Fund, its purpose and priorities, and how to apply for funding.
3. To inform related agencies and individuals about the community and economic development projects financed by the Fund.

4. To raise and maintain the profile of the Board members in their home communities and throughout the investment area.
5. To comply with provincial government reporting requirements.
6. To track and evaluate the effectiveness of all communications.

Program Administration

Funding Programs

The Society approved \$364, 597 in grants during the 2024-2025 fiscal, bringing the total approved since inception to \$12,850,416. During the upcoming 2025-2026 fiscal, the Society will make \$491,363 available for grants (\$470,000 from the BCI fund and \$21,363 in uncommitted funds). For more information on this projection, refer to Table 1, page 12.

The success of the NKDF funding program over the past two decades can be attributed, in part, to the following eight factors:

1. The broad-based structure of the Board of Directors, including eight representatives from communities throughout the investment area, one from the Province of BC, and one from Rio Tinto.
2. The diverse makeup of the Board in terms of experience, expertise, and community-based perspectives, combined with a transparent and candid decision-making process that leads to well thought-out decisions about which projects to support and how much funding to provide.
3. Sound administrative practices, including management of working fund investments, working with applicants and recipients, and overseeing projects from concept to fruition.
4. Responding directly to the needs as prioritized by the people and organizations in each community.
5. Maximizing investment of available dollars back into the communities of the Nechako and Kitimaat regions.
6. Directors create public awareness and profile by participating in NKDF events (cheque presentations, grand openings, project tours, and visits with local governments) and by promoting the Society within their communities.
7. Residents throughout the investment area are aware of the Society because of ongoing visits by the Manager and Directors, and the promotion of the NKDF brand and logo via signage posted at each funded project location.
8. Promotion on the NKDF website, NKDF Facebook page, and in local media highlighting successful projects, people and organizations throughout the investment area.

2024–2029 Fiscal Plan

Five Year Fiscal Plan

The Fund was established to benefit the communities in the investment area for as long as the Kemano power project continued to affect the region. To meet that objective, the Board of Directors must balance two bottom lines in their spending strategy—one bottom line is to invest

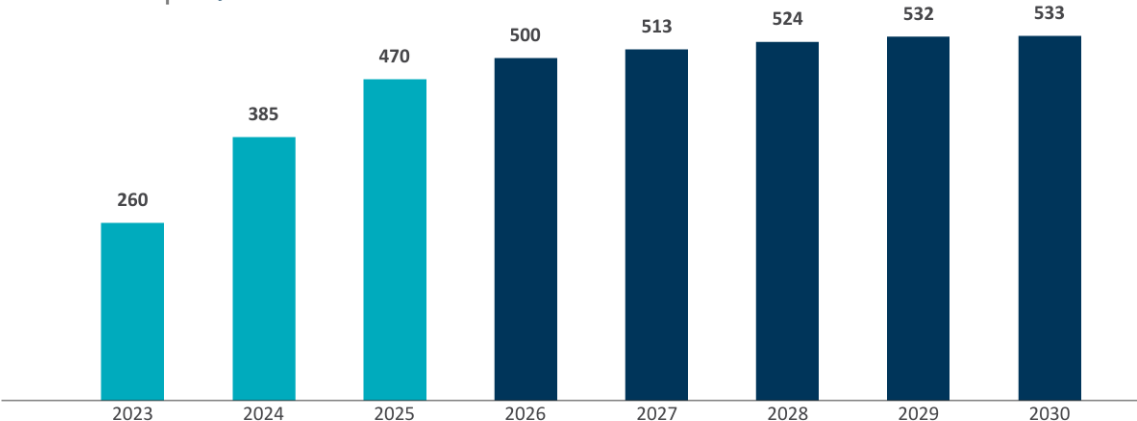
in and support current economic development activities and the other is to maintain an economic development Legacy Fund in perpetuity.

NKDF has two sources of funds: the *legacy* fund (held with BCI) and the *working* fund (held with NKDF and invested with Phillips, Hagar & North). As of March 31, 2025, the legacy fund had a market value of 13,875,166 and the working fund was valued at 2,366,507.

The following table¹ shows the projected income from the legacy fund to 2030.

Return Summary

Actual & projected fiscal year income (\$'000)
Actual Annual Income | Projected Annual Income



Projected Income Disclosure

Projected income at December 31, 2025. Project income is an estimate of future portfolio returns less expenses. A number of assumptions are made, including yields of future purchases, general market conditions, that all bonds are held to maturity, and that average client withdrawals maintain capital preservation of the fund.

¹ From the December 31, 2024 Northern Development Fund held with BCI Positions Report

Table 1: Five Year Financial Plan

5-YEAR FINANCIAL PLAN	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Opening Balance NKDF Assets	\$2,140,755	2,790,209	\$2,797,928	\$2,809,762	\$2,826,029
Transfers from BCI	\$385,000	\$469,000	\$505,000	\$517,000	\$529,000
Anticipated New Grant Approvals	(\$385,000)	(\$490,363)	(\$505,000)	(\$517,000)	(\$529,000)
Operational Expenses	(\$120,000)	(\$123,000)	(\$126,075)	(\$129,227)	(\$132,458)
Projected Earnings PHN, Integris	\$123,904	\$130,719	\$137,909	\$145,494	\$153,496
Closing balance NKDF funds	\$2,144,659	\$2,797,928	\$2,809,762	\$2,826,029	\$2,847,068
Opening Balance BCI	13,198,277	13,875,166	\$13,875,166	\$13,875,166	\$13,875,166
Projected BCI Earnings	\$385,000	\$469,000	\$505,000	\$517,000	\$529,000
Transfers from BCI to NKDF	(\$385,000)	(\$469,000)	(\$505,000)	(\$517,000)	(\$529,000)
Closing Balance BCI Funds	13,875,166	\$13,875,166	\$13,875,166	\$13,875,166	\$13,875,166
Total BCI Plus NKDF Assets	\$16,019,825	\$16,673,094	\$16,684,928	\$16,701,195	\$16,722,234

Appendix A: Budget Projections

OPERATING BUDGET	2022-2023 Actual	2023-2024 Actual	2024-2025 Actual	2025-2026 Draft Budget
Accounting and Audit	\$6,329	\$6,581	7,318	\$7,500
Bank Charges			420	\$400
Legal	\$0	\$40	90	\$50
Advertising and Promotion	\$4,916	\$2,637	1,456	\$2,500
Conferences	\$0	\$0	0	\$2,500
Honorariums	\$9,975	\$7,165	8,525	\$10,000
Office	\$1,462	\$1,033	418	\$600
Subcontract - Manager	\$70,089	\$66,217	68,544	\$80,054
Subcontract - Other		\$401	374	\$500
Supplies and Equipment	\$545	\$0	374	\$500
Telephone	\$1,545	\$1,628	1,072	\$700
Consultant	\$0	\$7,380	8,479	\$0
Travel and Meetings - Board	\$9,614	\$7,878	7,643	\$10,000
Travel and Meetings - Manager	\$833	\$3,526	1,697	\$3,500
Community Engagement (Roadshow)				\$5,000
Total Operations	\$105,309	\$104,486	106,414	\$123,804
GRANT BUDGET (New Approvals)			\$364,597	\$490,363
Grant budget based on a transfer of \$469,000 from BCI and uncommitted grants funds of \$21,363. If the Province transfers a higher amount from BCI the grant budget will be increased. A surplus of \$147,000 will be used to cover administration expenses for the upcoming year, instead of withdrawing funds from PHN.				