



CASCADE LOWER CANYON  
**COMMUNITY FOREST**

**2018/19 CLCCF AGM  
MINUTES**

**July 11, 2019 @ 7:00 p.m.**

Hope & District Office – Council Chambers 325  
Wallace Street, Hope, BC

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**2018/19 AGM MINUTES**

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**1. CALL TO ORDER**

**Director Patterson called the meeting to order at 7:05 pm.**

**Present:**

Steven Patterson, CLCCF Director (for Yale First Nation) & CLCCF Chair

John Mason, CLCCF Director (for the District of Hope)

John Fortoloczky, alternate CLCCF Director (for the District of Hope)

Laura Ballance, CLCCF Director (for FVRD) via phone

Peter Robb, Mayor of the District of Hope

Dennis Adamson, Director for Area B, FVRD

Matt Wealick, General Manager, CLCCF

**Regrets:**

Mike Veenbaas, alternate CLCCF Director (for FVRD)

## **2. INTRODUCTIONS**

Director Patterson generally introduced the CLCCF Directors, shareholder (Limited Partner) representatives, the CLCCF General Manager, the Manning Elliott LLP auditor and the guest speaker, Matthew Brine – Probyn Log, Kevin Vanderboom – Cascadia Environmental, Stephanie Hooker and Kelly Pearce - Pathway Partners and Hope Mountain Centre. The general public also introduced themselves.

## **3. FIRST NATIONS WELCOME**

Director Patterson recognized that the meeting location was on the traditional territories of Tiyte Tribe a tribal group of the Sto:lo people.

## **4. MEETING SAFETY & CONDUCT**

Director Patterson:

- Pointed out washroom locations and how to exit the building in case of emergency.
- As there was a fairly small public audience (about 7-8 public members) that some public questions may be entertained during the meeting.

## **5. SIGN-IN ATTENDANCE SHEET and REFRESHMENTS**

Director Patterson:

- Requested that audience members please sign in on the attendance list.
- Said there were refreshments and pastries available.
- Said there were copies of the full AGM Information Package available online.

## **6. APPROVAL OF AGENDA**

Moved by Director Mason and seconded by Director Patterson “that the 2018/19 AGM Agenda be approved as presented”.

Approved by all CLCCF Directors.

## **7. MINUTES OF 2017/18 AGM**

Moved by Director Patterson and seconded by Director Ballance “that the 2017/18 AGM Minutes be approved as presented”.

Director Patterson said that the Minutes of the 2017/18 AGM were supported by the CLCCF Board on August 8, 2018

Approved by all CLCCF Directors.

## 8. TOPICS

8.1. Board of Directors report was provided by Steven Patterson.

### 8.2. Board of Directors' Report

On behalf of the CLCCF Board, Director Patterson:

- Introduced directors.
- Gave the Director highlights of activities over the past year.
  - Supported Recreation infrastructure development
  - Promotion of the Community Forest through Brigade Days Logger Sports Event.
  - Started new harvesting project 42,000M3
  - Employed 11+ Hope residents
  - Education Support - NVIT Tour
- And provide an overview on the new management model:
  - Since summer 2017, full-time GM has provided core management, professional, planning and supervisory roles.
  - 5 year agreement signed with Probyn Log to provide marketing and strategic advice to CLCCF as well the ability to finance CLCCF's forestry projects.
  - Awarded a 5 year Forestry and Engineering contract to Cascadia Environmental 2018-2023.
  - Secured Logging Contractor for the remainder of CLCCF's cut control, approximately 105,000m3
  - For this years operations CLCCF will follow its Corporate Plan, available on it's website

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### 8.3. General Manager's Report

The General Manager provided his highlights for the 2017/2018 year:

- Completed Harvesting of approximately 27,000m3
- Completed Planning and development work for 42,000m3, nearing completion on an additional 63,000m3
- Secured Marketing Partner for 5 years
- Secured Forestry and Engineering consultants for 5 years.
- Completed new CLCCF web page
- Developing working relationship with recreational groups in the Hope Area
- CLCCF's FSP Approved

- CLCCF One CP Approved
- Updating CLCCF's Forest Management Plan
- Continued forestry planning work for future CLCCF forestry projects.
- Invested in new GIS planning tool, Landplanner.

And information regarding CLCCF plans and Budget:

Plans and Agreements

- Completed Harvesting of approximately 27,000m3
- Completed Planning and development work for 42,000m3, nearing completion on an additional 63,000m3
- Secured Marketing Partner for 5 years
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- Completed new CLCCF web page
- Developing working relationship with recreational groups in the Hope Area
- CLCCF's FSP Approved
- CLCCF One CP Approved
- Updating CLCCF's Forest Management Plan
- Continued forestry planning work for future CLCCF forestry projects.
- Invested in new GIS planning tool, Landplanner.
- Forest Stewardship Plan: contains stewardship objectives, strategies or results for various timber and non-timber forest resources. CLCCF has drafted and had approved a plan of their own.
- Probyn Agreement – Marketing and Finance
- Cascadia Environmental – Forestry and Engineering
- Tolsons Enterprises – Logging and Road Building

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2019/20 CLCCF Budget

• Total revenue:	+\$ 4,015,600
• Total admin & planning expense	- \$96,900
• Total Operations expenditures:	- \$ 3,688,529
• Silviculture Expenditures	- \$182,400
• Recreation upgrade Expenditures	-\$103,322
• Cash as of March 31, 2019:	+ \$1,026,160
• Net cash assets forecast for March 31, 2019:	= <b><u>\$ 1,136,160</u></b>

Assuming all budget forecasts.

#### 8.4. Financial Report and Audited Financial Statements

Brandon Kelley, CPA, CA from Manning Elliott LLP:

- Provided a summary of his experience as an auditor with Manning Elliott.
- Explained the role of management, that this was overseen by the Board of Directors and that Manning Elliott recently completed an independent audit for the 2018/19 fiscal year of the community forest.

- Gave a summary of the audited financial statements for the 2018-19 year.
- Provided an overview of the revenues and expenditures compared to budget for the completed 2018-19 fiscal year.
- Said that this was regarded as a 'clean opinion'.

## 8.5. Current and Future Vision, Operational Projects and Planning Activities

### Log Market Review – Probyn Log

Probyn representative, Matthew Brine, presented who they are, what they do, and how they work CLCCF. He also reviewed the process that the CLCCF partnership follows to make sure CLCCF Board of Directors understand every aspect of the operations and make decisions at key points throughout the process. Matthew also touched on where CLCCF logs have been sold to date, and future markets.

*Lumber markets peaked in North America in June, 2018. Demand and prices reached record highs before tapering off through the rest of summer and into fall. The continued pace of housing starts did not materialize and lumber inventories began to build.*

*The log market climbed steadily both in demand and prices through 2015, 2016, 2017 and 2018. Duties applied to lumber in the USA were offset by log supply shortages and strong demand from Asia and North American markets. Log prices peaked in October, 2018 with a subsequent flat trend continuing through the winter into February and March, 2019. Strong demand from China and moderate demand from Japan kept logs markets healthy through the winter.*

*By March it was becoming apparent that lumber inventories were not moving as would be expected in the spring and log inventories built up by North American mills were not being depleted. Lumber and veneer prices have continued their decline that began in 2018 and reflect the lack of demand at the wholesale level in North America.*

*At the same time, China/US trade relations, slowing economic activity, increased shipping costs, strengthening CDN\$, and large amounts of logs imported by China from New Zealand, Europe and Russia have created a market where Chinese log buyers have been able to dictate a large decline in prices and with a corresponding reduction in demand. Buyers from China have successfully obtained lower prices from New Zealand and others so BC logs follow the price led by larger market suppliers. Currently, it is difficult to find buyers for logs manufactured for China.*

*With this gloomy global/North American outlook conditions have worsened as well in BC. Due to the drop in lumber markets, BC interior producers who have continued on in favourable market conditions have been closing mills and reducing shifts in response to shrinking log supply – mainly the aftermath of the huge pine beetle infestation. Now that markets are poor these mills no longer make economic sense to their owners. For our Fraser Valley operations, some interior mills that were options for log sales are not any longer.*

*Mills at Chasm, Vavenby, Quesnel and Merritt (Tolko) have closed recently. Mills at Williams Lake, 100 Mile House, Merritt (Aspen Planers) and other locations are either on reduced shifts, scheduled shutdowns or are simply full with inventory and not buying open market logs. We have made inquiries at several of these mills and they are not interested in purchasing logs.*

*Western Forest Products has had two mills shut down on Vancouver Island with a third mill on reduced shifts. They have also failed to come to terms with a union contract and as of this week now have all mills shut down and all logging operations closed due to strike action. Western controls over 50% of the coastal cut in BC.*

*Other issues which have further challenged markets locally are reflected by financial difficulties at Terminal Forest Products and Richply Ltd – both operate mills in Richmond, BC.*

*Terminal is the largest open market purchaser of high value cedar logs while Richply operates one of three coastal veneer and plywood plants (CIPA and Coastland Wood Industries are the others).*

*Terminal has dramatically reduced its purchasing of cedar while it grapples with carrying an inventory of very high priced lumber. We are concerned about their financial position and they play a very prominent role in the local cedar market. Cedar logs are now being offered to fewer buyers.*

*Richply did a major plant upgrade in December, 2018 and have been trying for months to get their production from operations up to speed – they have been operating at severely reduced production while building log inventory at the same time. Their production manager was fired several months ago and they have not purchased logs for two months. Last week their log supply manager was fired. In effect, this has reduced purchase of peeler and veneer logs by 1/3. The result is that the remaining two mills are being offered more logs in a poor market.*

*Examples of pricing we have been getting are compared to October, 2018 pricing below:*

*Second growth fir – October, 2018 = \$130 average value  
July, 2019 = \$110 average value*

*Cedar small sawlogs - October, 2018 = \$205 average value  
July, 2019 = \$180 average value*

*Hemlock china export- October, 2018 = \$123 average value  
July, 2019 = \$106 average value*

*In some aspects the July, 2019 prices are somewhat hypothetical as it can be difficult to find buyers for the logs at all; if no one wants to buy it's difficult to be certain what the value is.*

*Looking ahead to the remainder of 2019 and spring 2020, we are optimistic that the market will stabilize and that demand will resume. Movement of the glut of lumber in the US and some kind of certainty with the China-US trade relations would help. Easing of political tensions with China would also reduce risk of log sales to China being curtailed at the whim of politicians. However, it is likely this will take at least several months. The Western Forest Products strike and current high stumpage environment will help reduce log supply in the short term so should help somewhat.*

*In the meantime, the market for poles remains very strong and we have been trying – successfully on some projects such as CLCCF – to pre-sell standing timber at agreed on prices before harvesting begins.*

*Will prices return to their October highs? We don't necessarily think so, but prices could certainly strengthen from where they are now and the market should regain certainty in the ability to purchase and consume logs. If markets gain strength as winter approaches it may result in strong demand through winter; we will have to wait and find out.*

## 2018 to 2022 Harvesting Plans – Cascadia

Cascadia representative, Kevin Vanderboom, presented who they are, what they do and CLCCF's short and long term harvesting plans. Kevin went through, in detail, drainage by drainage, where CLCCF's proposed cutblocks are located and the details associated with each block. Kevin also touched on a new online mapping application that will be available to the public in the near future. The CLCCF General Manager provided a quick example of CLCCF's new Landplanner tool.

### Long-term Plan

- Completed in 2019
- Combination of office and field planning
- Planning Volume Summary:
  - Engineered Cutblocks being harvested **43,000m<sup>3</sup>**
  - Engineered Cutblocks: **50,000m<sup>3</sup>** (1.6yrs AAC)
- Maintain database of Planning Blocks:
  - Living document that is updated over time
- Can accurately track planning volumes/blocks

### 2019-2021 Harvest Plan

- Harvesting Blocks: EM010, EM011, EM012, NF1048, NF1047, NF1049
- Silver Lake: SL002, SL008, SL008A, SL015, SL004
- North Emory: EM002, EM004, EM010, EM011, EM012
- Nickelmine: NM001/002, NM003, NF1047, NF1048, NF1049
- Total Projected Volume: 90,000m<sup>3</sup>

## Silviculture update – Tulameen

Unfortunately, the Tulameen representative was unable to make the meeting to present the silviculture activities, therefore the CLCCF General Manager presented the silviculture update. They went as follows:

- 2014 Planting: 43,560 seedlings planted on 35.0 ha.
- 2015 Planting: 49,700 seedlings planted in 50.1 ha.
- 2016 Planting: 66,200 seedlings planted in 55.5 ha.
- 2017 Planting: 127,680 seedlings planted in spring.( 98.5 ha)
- 2019 Planting: 82,940 seedlings planted by the CLCCF (68.5 ha)  
42,080 seedlings fill planted by Tolko ( 53.0 ha)
- Planting to date: approx. 412,160 seedlings planted,  
about 57% Douglas-fir, 34% red cedar and 9% balsam fir.
- Tolko Industries is responsible for all Silviculture obligations and costs for blocks

harvested to the end of 2016 until the blocks are free growing.

- Survival /stocking surveys are done in the fall proceeding the spring plant to determine stocking status and any required fill plants.
- Brushing surveys start in year 3 and determine best possible timing and methods of any brushing required.
- Blocks are on target to be free growing by year 13-15.
- Cw cones were collected and seed purchased in 2019- 5 year supply.
- Stored at the MoFNLRO Tree Seed Center- Surrey BC.
- Douglas Fir seed is purchased annually from the Ministry Seed Orchard.
- Climate based seed transfer rules are being transitioned in.

#### Recreation update – Pathway Partners and AdvantageHOPE

- Pathway Partners and Hope Mountain Centre representative, Stephanie Hooker, and Kelly Pearce reviewed recreation activities in the area and how Pathway Partners and AdvantageHOPE are hoping to upgrade the recreational infrastructure in the Hope area and have had discussions with CLCCF to assist CLCCF with recreational planning within the Community forest area to help meet Hope' and the surrounding areas objectives for recreation. Stephanie did an overview of the Hope Trails Master Plan and its connection to CLCCF's proposed recreation plan and Kelly completed an overview of the proposed Dragon's Back Trail and Core Trails.

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#### **8.6. New Business: none noted.**

#### **8.7. Appointment of Directors**

The shareholder (Limited Partner) representatives confirmed the following:

Moved by Peter Robb Mayor of Hope seconded by Dennis Adamson, Director for Area B, FVRD:

“The Cascade Lower Canyon Community Forest Limited Partnership hereby appoints the following to continue as Directors for the Cascade Lower Canyon Community Forest General Partner Corp:

- ▶ John Mason (Director to represent the District of Hope),
- ▶ Steven Patterson (Director to represent the Yale First Nation),
- ▶ Laura Ballance (Director to represent the Fraser Valley Regional District),
- ▶ John Fortoloczky (Alternate Director to represent the District of Hope), and
- ▶ Mike Veenbaas (Alternate Director to represent the Fraser Valley Regional District).”

In favor: Peter Robb, Mayor of the District of Hope and Director Dennis Adamson (FVRD) at the meeting. No Limited Partner opposed or abstained. Yale Representative not in attendance.

#### **9. QUESTIONS FROM THE FLOOR**

Various questions and comments came from the audience during the meeting, the presentations

and during question period:

- How will interior mill closures impacts CLCCF?
  - Interior mill closures have limited impact on CLCCF, as the interior issue is a shortage of log supply and the coast issue is an oversupply of logs.
- Is the CLCCF interested in participating in the Fire Smart program where it is appropriate to do so?
  - Yes, and CLCCF can work with interested parties to utilize Strategic Wildfire Prevention Initiative (SWPI) funding to mitigate fire hazards in areas under the control of CLCCF and adjacent to local residents private property. The first step would be to develop a Community Wildfire Protection Plan.
- Comments from the Partners: acknowledgement of and thanks to the work of their volunteer directors.

## 10. **ADJOURNMENT**

Moved by Ballance; seconded by Patterson: "To adjourn the 2018/19 Cascade Lower Canyon Community Forest Annual General Meeting".

In favor: all CLCCF directors.

The meeting was adjourned at 9.15 pm.