



BCCFA AGM 2018: Burns Lake Community Forest



Mission Statement

ComFor Management Services Ltd and subsidiary Burns Lake Community Forest Ltd. manage and operate the Community Forest Agreement K1A in a safe, profitable, and innovative manner that enhances the forest resources while respecting the principles of integrated use, environmental stewardship, and public consultation



Vision

CMSL will be the top performing community forest in BC

- In operating safely & profitably
- In providing benefits to the Province, our shareholders, partners, First Nations and the residents of Lakes Timber Supply Area
- In providing opportunities to local employment to residents and First Nations
- In increasing forest productivity in an innovative and environmentally sustainable manner



Topics

- Annual report
- History & Fiscal Harvest Performance
- Community Benefit
- Financial performance FY 2016
- MPBM Project
- FSC Certification
- What's Next ?

Annual Report Summary

The Annual Report is a key commitment of our Management Plan (MP).
Detailed Sections in Report:

- Corporate Data
- Mission & Vision Statement
- Donations Report
- Operations Manager's Report
- Linking Objectives Report
 - MP commitments as it relates to 8 Provincial Goals
- Audited Consolidated Financial Statements



HISTORY



History

- Burns Lake Community Forest was established in July 2000 as a Pilot Community Forest Licence, consisting of 23,325ha
- In the first 15 years:
 - From 23,325 ha to 92,062ha
 - From an AAC of 23,677m³ to an uplift of 500,000m³
 - 2016- AAC is 225,000 with Green Partition
- Re-structuring and re-focusing the community Forest Vision and Mission became the primary objective







History

- MPB Outbreak produced new challenges
- In April of 2005, BLCF was awarded a 25-year Community Forest Agreement (K1A)
- MPB management has managed BLCF
 - Race to salvage dead pine become the norm



Past 5 Years: Re-Focus

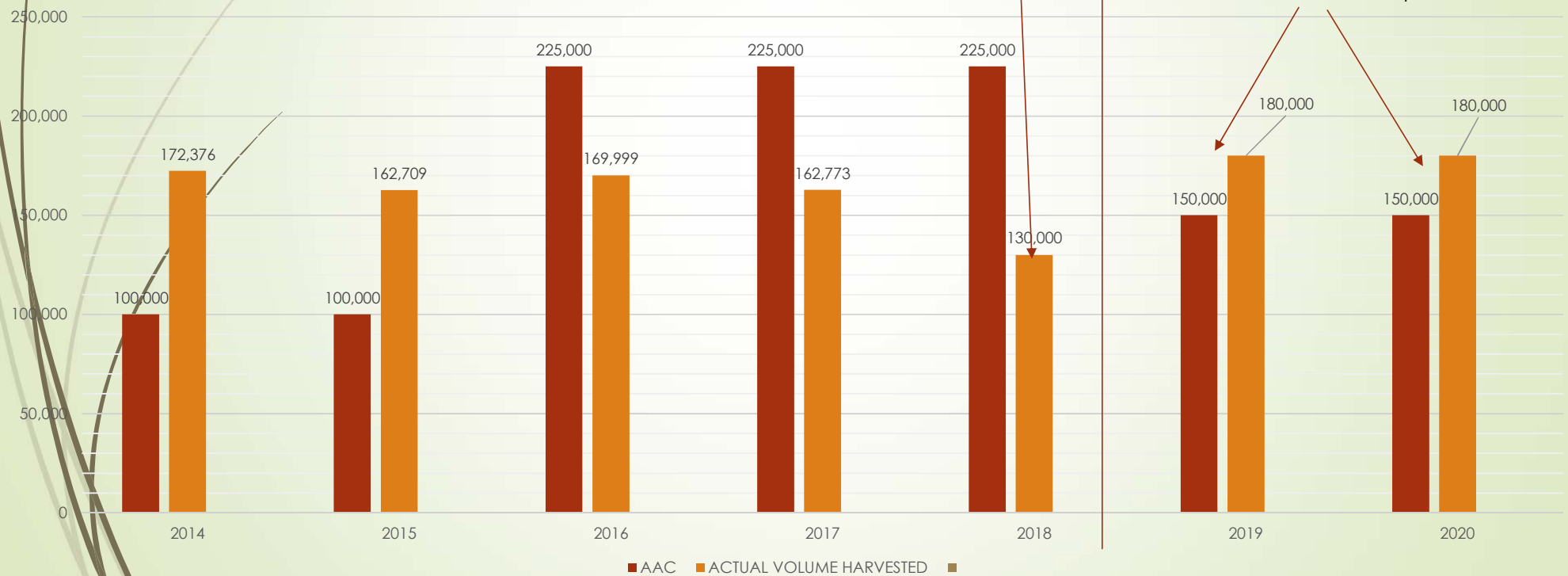
- Re-Focused/Re-Structured core business:
 - Market Logging
 - Selling Fibre FOB & On-Stump
- Utilized Funding programs
 - Forest For Tomorrow (FFT) program
 - Forest Enhancement Society (FES) Program
 - Land Base Investment Strategy (LBIS)
- Embarked on the MPBM Plan

Harvest Performance

Currently in Submitted
STATUS with MINISTRY- NOT
APPROVED/PERMITTED

Transition

BLCF harvesting performance
2000 to 2020 Forecasted



Harvest performance

MP#3 and resultant AAC determination (2016)

- 225,000 m³ AAC. A maximum volume of 900,000 m³ from 2016 to 2020.

(May 2017) Adjustment

- Maximum volume that can be live trees or 210,000 up from 180,000m³

from 2016 to 2020. Accommodate definition “high risk” stand (>50% Pl_i)

- Very restrictive determination

Harvest performance

MP#3 and resultant AAC determination (2016)

- ▶ *“Part 7 of the community forest agreement provides that the district manager will issue a cutting permit if satisfied that there is a management plan in effect and that the operations of the cutting permit will be consistent with the community forest agreement, the management plan, higher level plans and operational plans.”*



Community Benefit

For Fiscal 2016/2017

- A total \$283,251.96 was donated to 50 different organizations in the community, as well as \$13,100 in-kind contributions
- 119,960 hours of direct employment (about 53 FTE hrs)
- Purchased over 3.0 million dollars worth of goods and services (more than 85% local)
- Over 1 million trees planted 50/50 spruce/pine mix.
- \$204,013 was paid in stumpage to B.C. government.

Community Benefit

As per licence requirements (18% profit distribution)

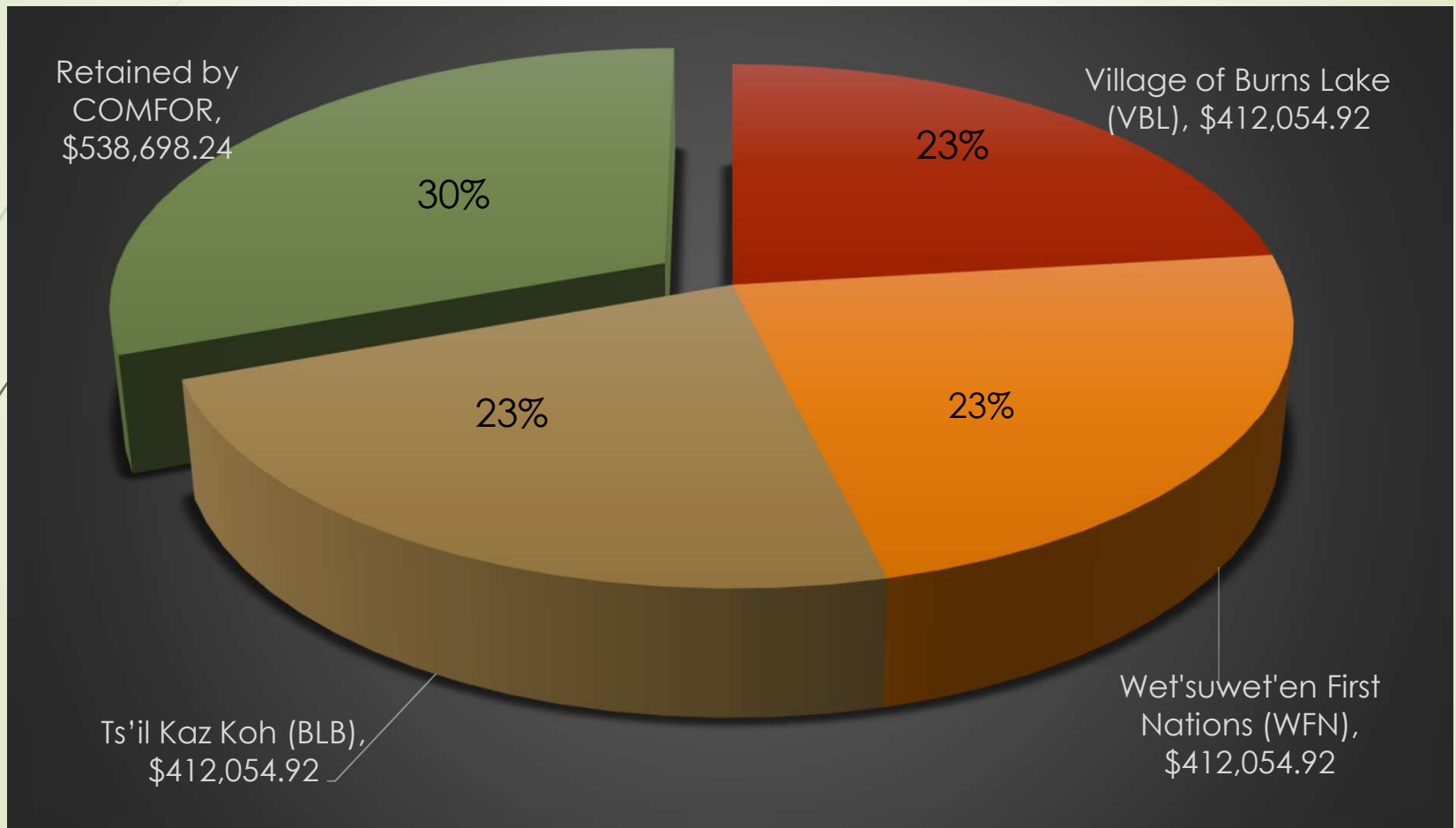
- \$319,475.34 was distributed to the Wet'suwet'en First Nation
- \$319,475.34 was distributed to the Ts'il Kaz Koh First Nation (Burns Lake Band)
- The Shareholder, the Village of Burns Lake, also receives a payment equal to the licence distribution and corporate objective distributions receiving \$319,475.34

Comfor's corporate objective distributing 50% of the profits above a 5% profit margin; Support community and First Nation capacity building & economic development

- \$92,579.58 was donated to Wet'suwet'en First Nation
- \$92,579.58 was donated to Ts'il Kaz Koh First Nation (Burns Lake Band)
- \$92,579.58 was donated to the Village of Burns Lake

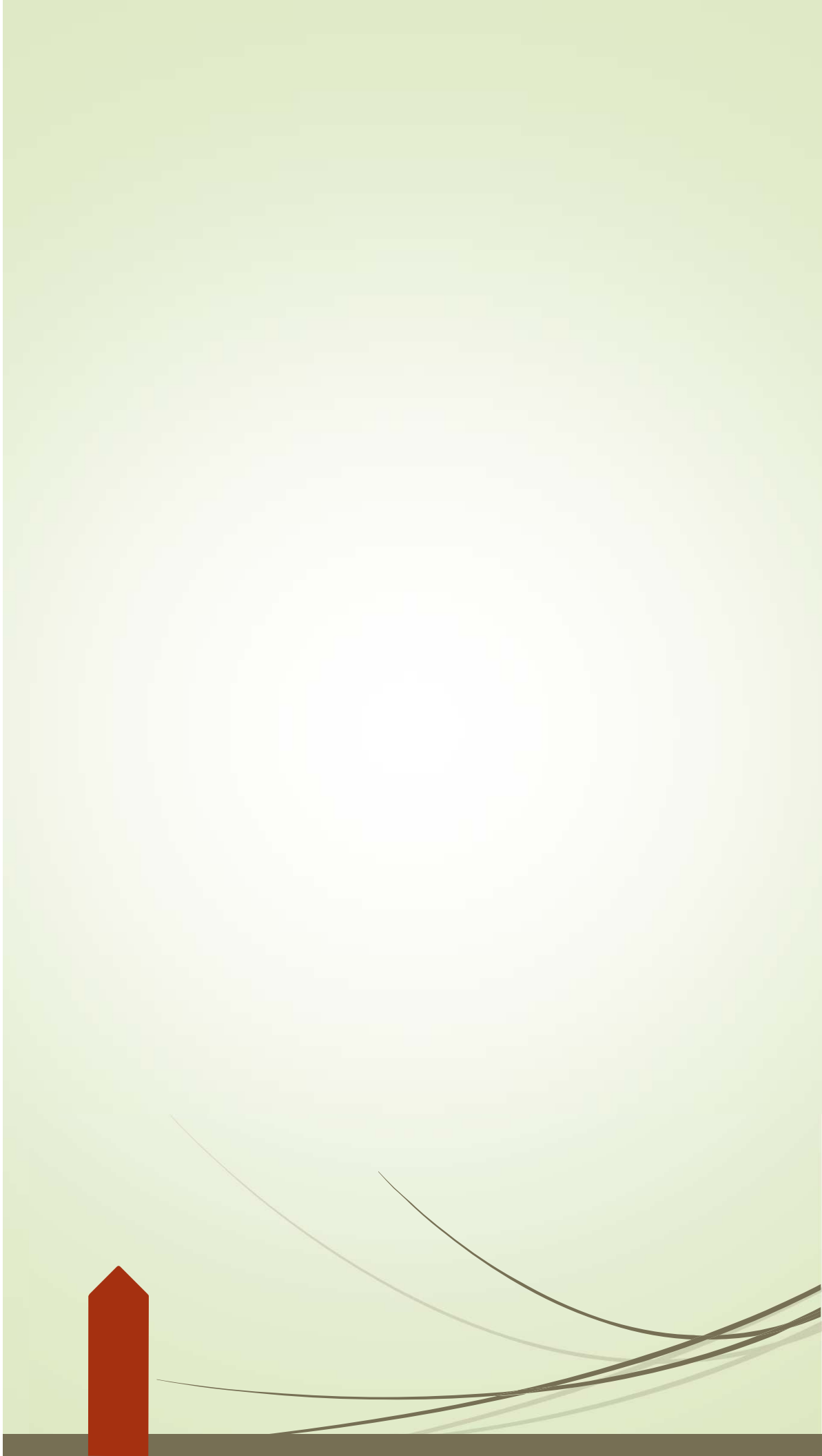
Each receiving \$412,054.92 for a total of \$1,236,164.76 this fiscal year.

Community Benefit



Financial Performance Fiscal 2016-2017

- Operations Revenue approx. \$5.29 million
- Profit for the year after community donations and partner/shareholder distributions \$656,196
- Shareholder's equity approx. \$8 million (Liability Reserve)



Disclaimer

Some information contained in this presentation contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words "believe", "intend", "expect", "anticipate", "project", "estimate", "predict", "is confident", "has confidence" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements are not historical facts. Rather, these forward-looking statements are based on the current beliefs, assumptions, expectations, estimates, and projections of the professionals and management of COMFOR-Burns Lake Community Forest about the business, the industry and the markets in which we operate.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements. Factors that could cause actual results to differ materially are more than likely.

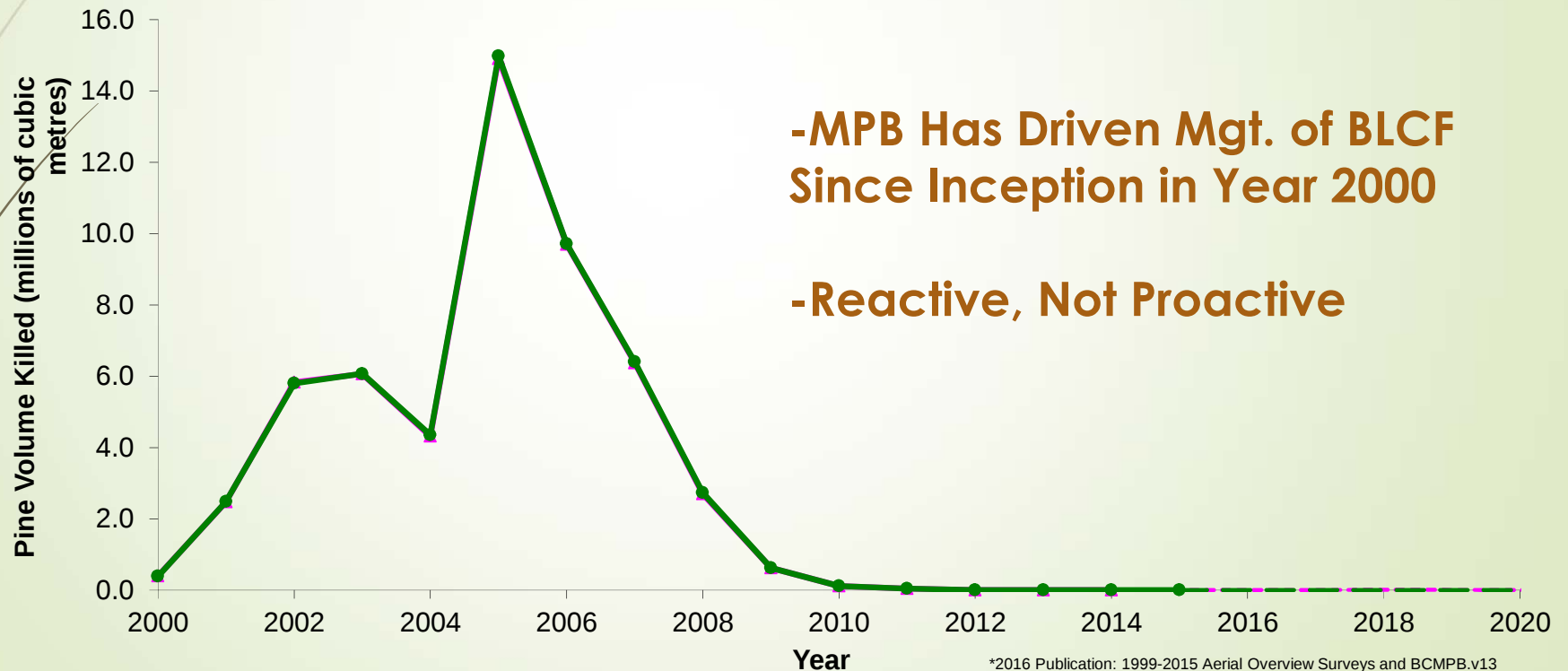
Moving into 2018 & Beyond

- Mountain Pine Beetle Mitigation Project
- FSC Certification
- Implementation (MPBMP, KPMG-OFA)
- Area Base Tenure Management



Transition To The Future 'Beyond The Beetle'

Annual Timber Volume Killed In Lakes TSA



Current Situation

- MPB Attacked the majority of the Community Forest (avg 67%)
- Harvested MPB killed timber (logging 11,463+ ha since Jan 2007)
- Salvage era end around 2020 !!
 - Impact to Timber Supply = Impact to Economy = Soci-Economic Conditions

Mountain Pine Beetle Mitigation



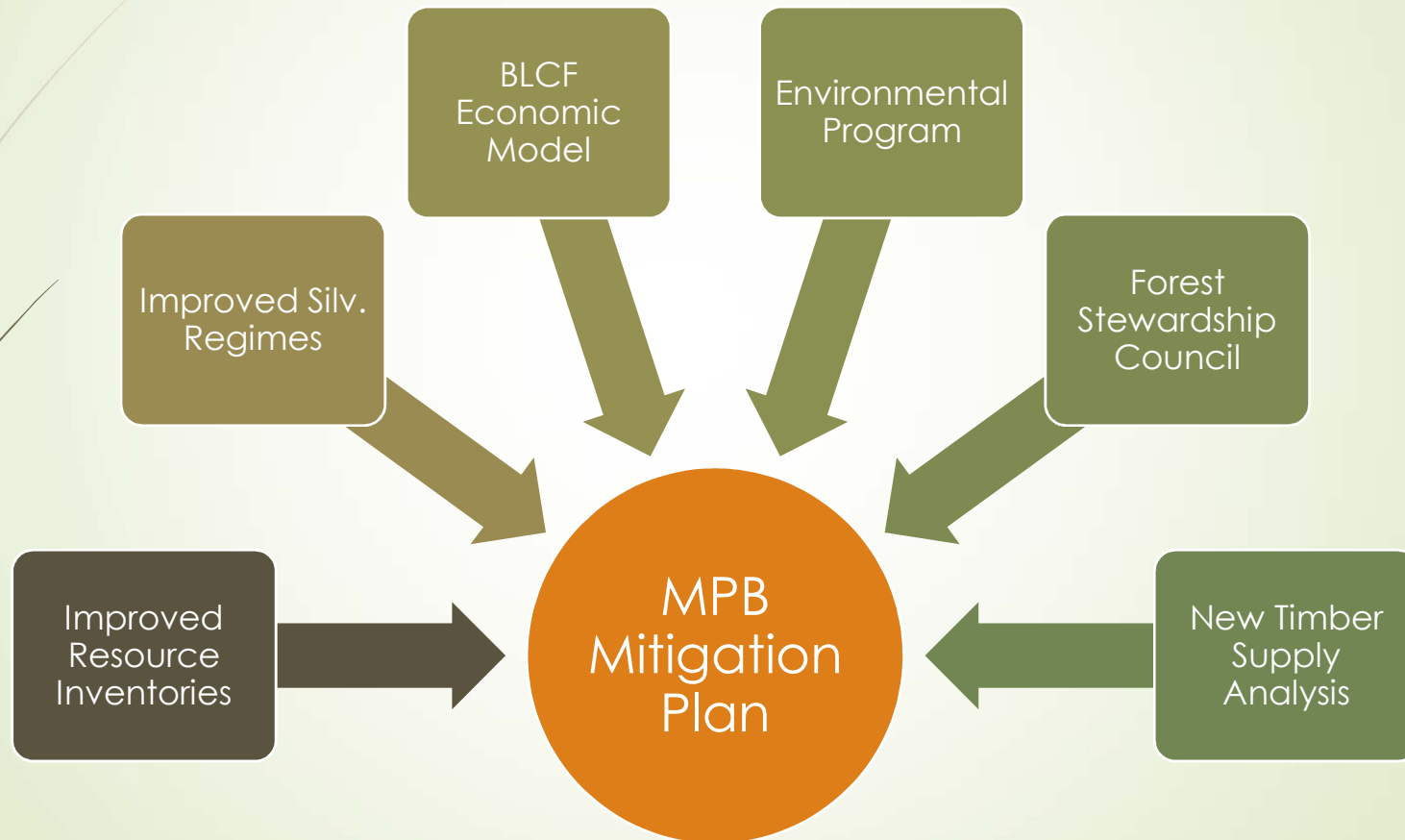
Faced with MPB crisis, what would an owner do?":

Board Vision For MPB Mitigation Plan: *'Think Like an Owner, Take Action Like an Owner'*

Board Objectives For MPB Mitigation Plan:



MPB Mitigation Plan Purposes:



Challenging Status Quo

- Improved Information
- FSC Certification
- Public Support & Communication & Engagement



Challenging Status Quo- Improving Information

Resource data used:

- Predictive Ecosystem Mapping (PEM)
- New VRI
- Landbase classification
- Timber Value
- LiDAR & Drones

Analysis model set to improve or optimize the management of environmental values



Improving Information- LiDAR & Drones



Challenging Status Quo- VQO Science-Based Review





Challenging Status Quo- Public Support & Communication & Engagement

FSC Certified December 2017

- First Nation Engagement –United Nations Declaration – FPIC
- Highest Environmental Stewardship Recognition
- Market Diversification



First Nations Engagement and Forest Stewardship Certification

- Strengthen FN Involvement
- Develop Communication & Engagement Strategy
- Data-Sharing Agreement
- Technical Working Agreement



First Nations Engagement and Forest Stewardship Certification- Strengthen FN Involvement

- Using Community Forest for traditional use activities
- Presentations to Community & Leadership
- First Nations B to B relationships
- Identifying culturally significant areas
- Incorporate FN values into ecologically based silviculture regimes



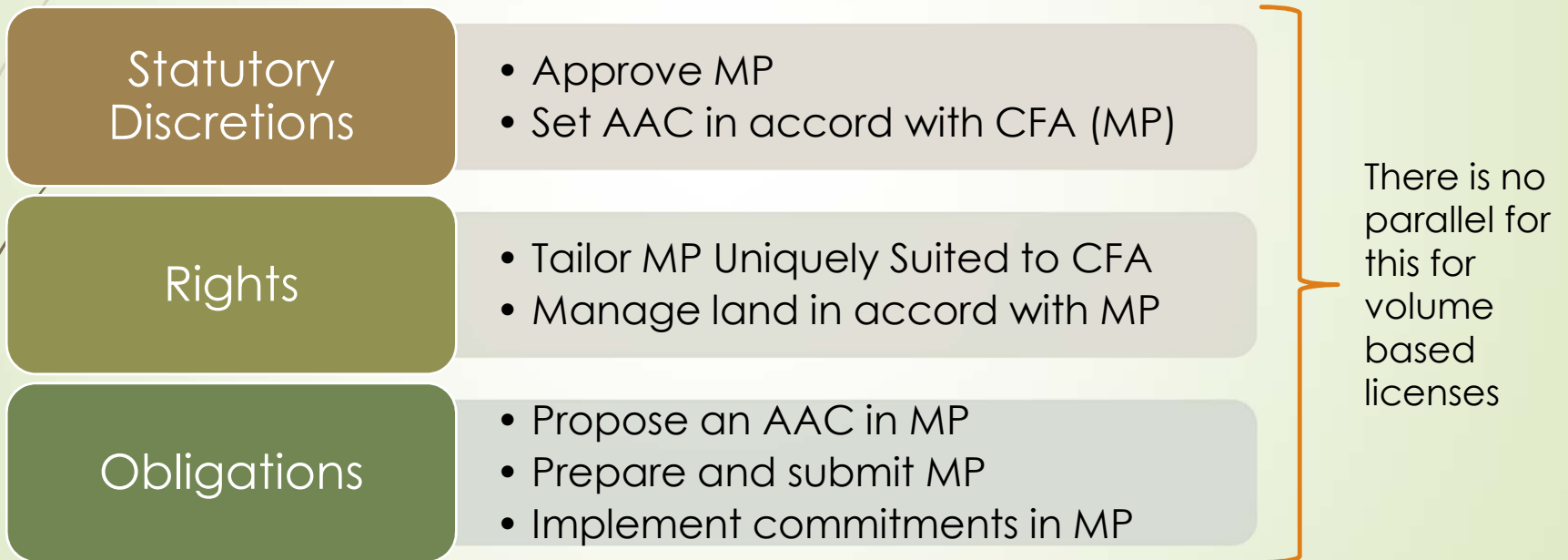
FUTURE

Where do we go next ?



Unlocking the Power of Area-Based Mgt.

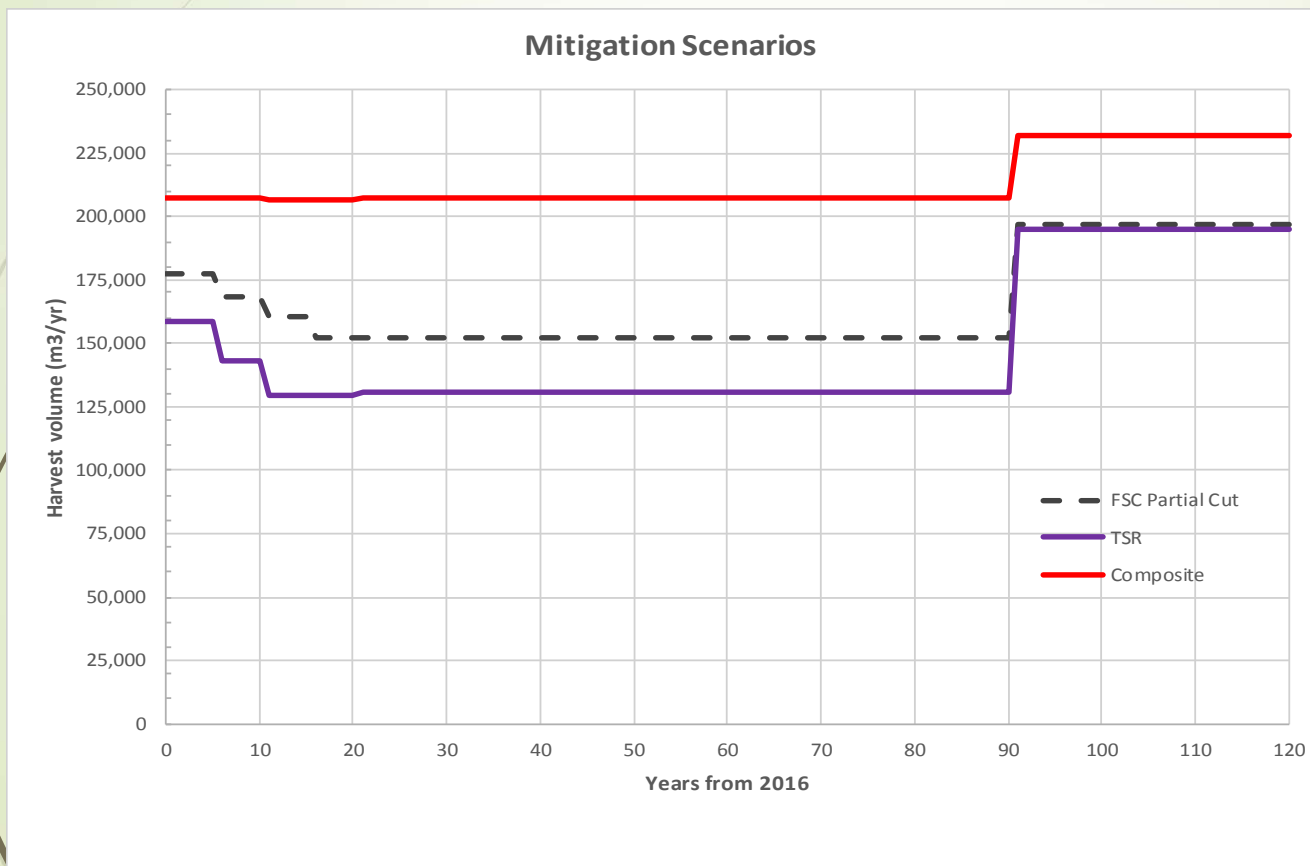
The Key to Unlocking the Power of Area-based Management Rests in Taking Advantage of the Unique Rights, Obligations and Statutory Discretions Arising From the CFA Management Plan:



Challenging Status Quo- Enabling Implementation

- Minister Donaldson Address – ABCFP, TLA, (2018)
- Public Review Fire & Flood (May 2018)
- Special Committee on Timber Supply Report 2012
- Ministry of Forest Lands and Natural Resources Operations –Fiber Action Plan
- Community Wildfire Protection Plan (2017) RDBN & VBL

Mitigation Opportunities- Exploratory Analysis

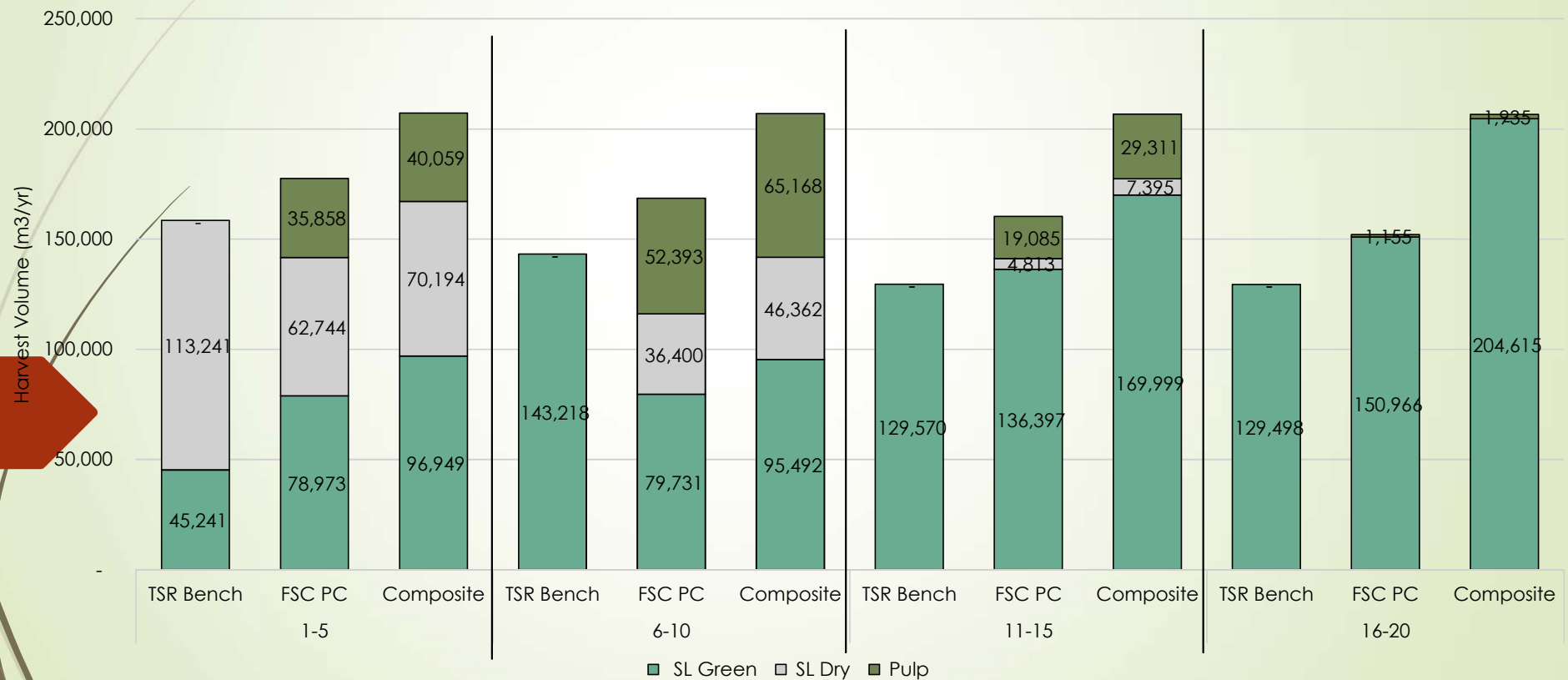


Composite scenario includes:

- FSC plus partial cutting
- VQO Scenario 2
- Revised environmental management

Harvest Forecast: Exploratory Analysis

By Scenario & Product Type



2018 BC Community Forest Association Host

May 24-26th

