

**CSA Community Advisory Group
To Island Timberlands
April 8, 2009
Minutes
Westview Pizza**

Attendance: refer to attached sheet

6:00pm: Meeting called to order
Quorum noted

Safety Review

Facilitator noted fire exits and first aid attendants in case of emergency. Meeting place in case of emergency was noted.

Code of Conduct

Code of Conduct for Community Advisory Group was reviewed

Welcome and Introductions

Chair welcomed Makenzie Leine, Wayne French, and CAG members. Christopher Dawes, Director of Real Estate for Island Timberlands, introduced himself. He has been with the company for just over two years. His background is as a Chartered Surveyor. He has mainly dealt with urban landscapes in Western Europe and the U.K. He has a project management construction background.

Review and Acceptance of Agenda

Agenda was accepted

Correspondence

Copies of recent correspondence was provided and reviewed

- Emails inviting First Nations to meetings

Review and Acceptance of Minutes

Minutes from Western Forest Products March 11th meeting were reviewed and accepted.

Terms of Reference Subcommittee Report

Annual review of ToR was conducted. Amendment to be made to the Code of Conduct to add new item regarding electronic communications during meeting. Item will request that members turn off electronic communication devices during meeting. All members present agreed to the amendment.

Operational Information Update

Engineering Active

Cutblock

Final details on Thors Cove, Olsens, Sechelt,
Potato Creek, Cortes Island

Issues

None

Road Construction Active

None

Logging Active

Cutblock

894156 – Stillwater Main 9.5

891252 – Stillwater 4 mile

882351 – Paradise

Canoe Main

Lois 0.5

Issues

None

None

Visuals. VIA completed.

Previously reviewed with CAG

Urban interface cutblock

Falling started Dec 5. January

production

Visuals

None

Road Construction Planned Next

Cutblock

984408 – Fiddlehead (2009).

4 cutblocks in Olsens and Thors Cove

Issues

Giovanni Lake Trail – to be re-established after harvesting.

B&B in Thors Cove

Logging Planned Next

Cutblock

884103 – Duck Lake

883262 – Cemetery

883251 – Lot 450

121303 – Potato Creek

Issues

Community Watershed.

Riparian revised to meet new ITLP matrix.

Trails.

Urban interface / public.

Funeral services. Discussions with cemetery staff re: notification of services to stop operations.

Urban interface / public

None

Engineering Planned

Cutblock

Valentine Mountain

Proposed Millennium Park

Issues

Sunshine Coast Trail.

Valentine Park.

Urban interface / public

Urban interface / public

2009 Plan

17 km. of road construction.

175,000 m3 of harvesting.

Question: Are you talking to PRPAWS about the trail at Giovanni?

It's not on the Sunshine Coast Trail. It's a shoot off of the Giovanni Lake trail.

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Question: How close to the shoreline is your cutblock up in Thor's?

One of them is within about 150 metres of the shore.

Question: Are you concerned about visuals?

Yes. We will look at it from the water before we get too far. There will be a lot of timber left on the hillside because of the diversity of the timber and a lot of the cut will be on an upper bench that you won't see from down on the shoreline.

Question: On the Duck Lake block there is the comment "Riparian revised to meet new ITLP matrix". What does that mean?

In January 2008 Island Timberlands brought in a new matrix to help identify issues around riparian areas. The private land regulations are considered to be a bit weak, so IT brought in a team of professionals made up of hydrologists, terrain specialists, and fisheries biologists to help develop riparian standards that are enhanced compared to private land regulations. A lot of blocks were laid out previous to the adoption of the matrix, so IT went back to these cutblocks to make sure that things like buffers meet the standards in the matrix.

Wayne showed the map for Lot 450. All of the planned logging will be on the top side of the road. The first pass went through ten or twelve years ago and logged part of the block. The regeneration is now fifteen to twenty feet high. The next pass will be small harvest areas (some are around 2 hectares) and there will be retention of non-merchandise cedar within these small units. Anything that can be safely left will remain. There will also be large areas left standing for some time. Wayne recognized that the logging that took place ten to twelve years ago was well thought out including road placement and logging along private property lines.

Question: On the Duck Lake block do you contribute to road maintenance to either Community Forests or MoFR?

We are in the process of getting a road use agreement with Community Forests. They hold the road permit and we are negotiating with them on how much we will pay. We have a reciprocal road use agreement with WFP. We don't charge them and they don't charge us because we use each others roads equally.

Question: Community Forests has a block adjacent to your Duck Lake block and they actually built a small portion of your road to get at that block. Are they going to be charged a fee to be hauling over that small portion of road?

Not on that small portion of road. They get charged for hauling between the highway and the log dump at Stillwater.

Question: Why do you charge them to haul on that road? I think it is fifty cents per metre.

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The road is our private land. The rate is six or eight cents per cubic metre per kilometre and then sometimes an additional six or eight cents depending on who is maintaining the road.

It is a historic thing. Island Timberlands charges the same no matter where the road is, whether it is here or on the Island. In return Island Timberlands gets charged when they use a road that belongs to someone else. It is an industry standard.

Question: Since Powell River Community Forests is a community forest company and they are trying to put revenues back into the community, would IT consider reducing the fees as it is such a good corporate sponsor?

We are always open to conversation.

Does Community Forests get revenue from road use on their roads?

Comment: Not at this point. They are in negotiation with the MoFR to take over roads.

ACTION: Wayne to bring St. Vincent's map to next meeting

Action List

Action #1 – Makenzie to break down the cost of setting up a new certification program by cubic metre. – Makenzie does not feel comfortable giving an estimate and would like to discuss with chair. - Ongoing

Action #2 – Makenzie to find out how many hectares of trees IT has planted. – in 2007 195 ha and in 2008 120 ha were planted in the Powell River area. 290 ha of planting is planned for 2009. Planting is done within seven to nine months of harvesting. IT is legally required to plant within three years.

Company Update

Mid March auditors were on site for 3 ½ days. QMI were reviewing Island Timberlands SFI and ISO certification. It was a reregistration for ISO14001. They had two auditors, Dave Barker and Jack Ward. Jack is from the US and works for QMI. They like to move their auditors around so that they can get a variety of experience. He came with a different way of looking at thing and was a really tough auditor. It was recommended that IT be recertified for both ISO and SFI. There were two minor non-conformances. One was related to document control and the other was regarding note taking and communication to senior management. IT is required to do a full follow up and action plan that is approved by the auditor. If it is not completed by the next audit it is considered a major non-conformance. IT had nine opportunities for improvement which they don't have to do a full follow up on, but will become minor non-conformances if the same areas have opportunities for improvement the next year. IT also had eleven good practices noted.

Audits are about making things better. It is an interesting process because when the auditors find something it is usually a really good idea.

There is an audit report summary for 2008 that will be posted on the SFI website (sfiprogram.org) when the audit is finalized.

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ACTION: Makenzie to let CAG know when 2008 Audit is posted on the SFI website.

Question: Was any of the audit done in the woods around here?

No. The last audit in September was done in this area, so we did Northwest Bay, Cameron, South Island, and an office audit of Queen Charlottes. Thirty people in the woods and thirteen in the office were audited. They pulled the maps and walked the blocks. They met with the City of Nanaimo, and the city engineer for Port Alberni and talked about water quality and what IT was doing to interact with them to ensure good quality water.

The market outlook has not improved since the last meeting. Wayne is working very closely with the marketing group to make sure that what they are harvesting is what the customers need.

Question: How can you afford to log?

You can in some sites. Also, customers need to be maintained otherwise they will go somewhere else. Plus, a company needs cash flow even if it isn't optimum. We are not running at 100% and we are monitoring very closely.

Question: What is IT's volume this year compared to last year?

Maybe about 70% and dropping.

ACTION: Wayne to bring comparison of volume from a month end this year over the same period last year.

Question: Have you postponed getting CSA certified with things the way they are?

We haven't postponed any further than we had in the fall, but I haven't heard anything about getting going on it.

Christopher Dawes, Property Management

Island Timberlands is a timberland company that has a very small portion of land that may be translated into something else. It could add up to 3.5% of their land. This includes conservation reserve lands and potential First Nations sales. Approximately 1.5% of these lands are urban interface lands adjacent to existing communities. This 1.5% of Island Timberlands land would be dispersed over the next twenty five to forty years assuming that there is no recession and constant growth.

When Chris joined Island Timberlands he looked at the last seventeen land transactions that the company or its predecessors undertook. In most of these transactions somebody has made the company an offer, it was accepted, the land was then flipped over to somebody else numerous times until it was finally built. The builder would then find they had a problem with the company that was now their neighbour cutting down trees. There was no management, no foresight, and they received the lowest price. Fractured, sporadic, with no grand plan.

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Chris is now looking at Island Timberlands land base and considering what is the best way to manage it. He feels the worst thing that Island Timberlands could do is make large land sales. Chris aspires to never sell any land bigger than a five acre lot. He would like to take small sections of Island Timberlands land near communities that desire growth and it makes sense from Island Timberlands perspective and work forward to the point where IT would sell serviced lots.

IT is about to launch an OCP application for Mill Bay. The community is a bedroom community to Victoria. 70% of the population works in Victoria. IT has a section of land that Mill Bay has grown around. Chris would like to sell about half of the proposed land over the next thirty years. The other half would still be timberlands.

Island Timberlands is not trying to build new towns, but wants to build on a small incremental basis with a plan that unfolds over fifteen to thirty years. Because in the past Mill Bay was developed without any overall plan, it is made up of single family residences of 2500 to 4000 square feet. It is one dimensional. There is no retail. People's children can't settle there because it is all high value real estate only. What IT would like to achieve is a longer term land growth that is well thought out, well managed, high quality, sustainable community rather than being the purveyor of bulk land at the lowest common denominator.

Chris believes that there will be a premium paid in the future for well thought out green properties. It is already happening in Europe and on the eastern seaboard. From a land management point of view this is the responsible way forward. They are trying to up the ante and make their portfolios of land the very best and get the maximum return from the smallest amount. This will leave more land to grow trees on. Other companies are selling large tracks of land for the lowest return. Because IT isn't a publicly traded company they do not have to provide a return to stockholders like other companies.

Copy of presentation attached.

Question: I still don't understand how this is different from Timberwest?

They are selling large tracks of land. You can buy thousands of hectares of their land right now. Ours, you can't. We are trying to manage our lands and instead of creating loads of new neighbours, we are holding on to our lands. We are not planning on growing any new communities. Two of Timberwests properties are trying to be sold as new communities right out of forestry land with no links to existing communities. We look at all of our lands as timber with some very small areas, about 1.5%, that will make sense over the next forty years will be turned into something else. Timberwest is looking at about 30% of their lands being sold. It is a very different view.

Question: To what point are you going to manage your property?

I would like to manage it to lot level. Actually I would like the company to be the manager of any commercial space that is part of the development. If it was a building with offices above and retail below it would make sense for the company to own and manage it. We can't do that everywhere because of the large amount of capital. Island Timberlands is going to be part of the community for a very long time.

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Question: Is your board of directors sold on this idea of managing to small packages of land?

Yes. A couple of the board members have some reservations. They understand how the sale of properties by our predecessors has not been in the company's interest. For instance a section of land on Vancouver Island near one of our dry land sorts was sold. Someone expressed an interest in it so it was sold. It changed hands twice, each time for a much higher price. Eventually it was sold to Best Western. Now there is a Best Western next to a dry land sort. Most of the directors are sold on the idea. A couple of directors are a little skeptical because this idea takes a lot of time and money. I do have the support of my fellow directors and the president and investors as well that this is a sensible way forward. This is going to take a long time, but we manage our timber lands over several hundred years so why shouldn't we take a long term approach with real estate.

Question: What about the site south of Nanaimo? Does it fall under this type of scenario?

There are two schemes. One is Sandstone, none of this land belongs to Island Timberlands, is linked to the Snuneymuxw First Nation. It is an incredible size and will make south Nanaimo look like north Nanaimo. It could be built in twenty five years if there aren't any more recessions. The other is Cable Bay. Weyerhaeuser made a couple of fast transactions at the time it sold to Brascan to make some extra money. Several sections of land were sold to Cable Bay lands. When Weyerhaeuser made the sale they put a provision in that when Cable Bay got to subdivision stage a single parcel of land adjacent to the defunct Island Phoenix Sawmill would come back to Island Timberlands. It is next to a golf community and is water front. The city of Nanaimo has been talking to IT and wants a world class marina built there. IT is collaborating with Cable Bay on the development. Cable Bay's vision of the land is the opposite to IT's. One of Island Timberlands main points to market is at the Island Phoenix site and Cable Bay is a Calgary based company that wants to sell land off as quickly as possible to recover their carry cost. IT would like to take a longer term view. Nanaimo city has very high standards and a very well considered growth plan, so Chris hopes that the city will insist on the level that IT would like to maintain.

Question: Where are you with Lot 450?

We have been working closely with Eagle Walz, Dave Formosa, and Sliammon. We've put a proposal forward.

Question: Are you looking at any other properties in the Powell River area?

I have had a lot of conversations about the Stillwater bluffs. We actually put in a subdivision application which people assumed was a real estate development. It is not. It is the separation of sections of property belonging to WFP from Island Timberlands. I've looked at it. It is very pretty. We have no plans for it.

Question: Is much of the land in managed forest?

Yes.

Question: So your taxes are reduced because you are growing trees. The government must be aware of what your long term plans are. Does it say you will be developing this land so we are going to take away your tax break?

Managed forests get a reduced tax bill because they don't need schools, transportation, social services, or RCMP. At the time the zone changes the managed forest into its new zone the applicable tax becomes payable from that day forward.

Chair Year end Report

It has been my pleasure to be the chair for the past year. I'd like to thank our vice chairs, Ken and Dave for their help and support.

We have just completed our 9th year as an organization, participating in sustainable management of our local forests. One of the really excellent skills we've developed is our ability to make decisions through consensus. We've had a couple of tough issues this year, but our group consistently demonstrates the ability to work together and that makes us very effective.

During the past 12 months we've met with Island Timberlands 4 times, and we've had 5 regular meetings with Western Forest Products. In addition to our regular meetings, we met with Plutonic Power last April to discuss Freda Creek, we met with the CSA auditor, we had a WFP field trip to Goat Island and 2 members attended the CSA technical committee meeting in Campbell River, with the support of both companies.

We have completed our annual review of the Terms of Reference and as a result of that review we have recommended an update the Code of Conduct.

We completed the annual seat review and the consensus was that we needed to get on with filling the vacancies and then we would have a broad balanced spectrum of opinion to be offered at the table. We welcome our three new members each of whom bring particular experience and expertise.

Despite the hard economic times in the forest industry, both Western and Island have continued to support us, providing us with a facilitator/secretary, meeting logistics, a website, and opportunities to increase our knowledge of forest management through speakers and field trips. We thank both companies for their support. And we also thank Val for all her work, her excellent minutes and for her unfailing good humour.

Island has reserved making a decision about CSA certification but we have continued to meet to exchange views and information. We have invited several members of the public to make presentations at our meetings thereby broadening the advice offered to Island on behalf of the community. Our thanks go to Makenzie for being always being fair and forthright.

Western continues in its firm commitment to CSA certification and to the Community Advisory Group. Our thanks go to Stuart for going the extra mile despite tough times.

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Finally, my personal thanks to all of you for your time and effort and your brains and your willingness to continue on with CAG.

Jane

March 26 2009

Election

Jane Cameron was reelected as Chair.

Ken Jackson was reelected as Vice Chair.

Dave Hodgins was reelected as Second Vice Chair.

Next CAG meeting – May 13 with WFP

Next IT meeting – June 10th

Meeting Adjourned 8:20 pm

**Stillwater CSA Community Advisory Group
Island Timberlands
April 8th
Attendance**

Name	Position	Member Seat
PRESENT		
Jane Cameron – Chair	Primary	Member at large
Ken Jackson	Primary	Recreation
Read English	Alternate	Local Business
Bill Maitland	Primary	Local Business
Ron Fuller	Alternate	DFA Worker
Barry Miller	Primary	Environment
Dave Hodgins	Alternate	Recreation
Nancy Hollmann	Alternate	Tourism
Dave Rees	Primary	Tourism
Colin Palmer	Primary	Local Governments
Paul Goodwin	Alternate	Forest Dependent
Wayne Borgfjord	Primary	Forest Dependent
8 Seats represented		
ABSENT MEMBERS		
George Illes	Alternate	Environment
Doug Fuller	Primary	DFA Worker
Mark Hassett	Alternate	Contractor
Dave Formosa	Alternate	Local Governments
Andy Payne	Alternate	Member at large
Rory Maitland	Primary	Contractor
PRESENT		
Resource – others		
Makenzie Leine	IT	
Wayne French	IT	
Christopher Dawes	IT	
Valerie Thompson	Secretary/Facilitator	