



McBride Community Forest Corporation

Minutes of the Board of Directors' Meeting July 5, 2017

Meeting 7:00 pm

Chair Rich called the MEETING TO ORDER at 7:05 pm.

In Attendance: Chair Joseph Rich
Director Dutch Molendyk
Director Kevin Taphorn
Director Warren McLennan
Director Harold Edwards
Tovi Thiel, MCFC Admin Asst

By Conference Call: Jeff McWilliams, Interim Manager

Regrets: Susan Mulkey, BCCFA
Wes Bieber, Interim Manager

1) Introduction of Late Items:

a) Cedar 3 Proposal and Plans Letter dated June 29, 2017 – Agenda Item 5(b)

2) Approval of Agenda:

a) Motion to approve the agenda as amended. Moved by Councillor Edwards, seconded by Director Molendyk, all in favor, carried.

3) Reading and Approving of the May 24 and Jun 21, 2017 Minutes:

a) Motion to approve the May 24, 2017 minutes. Moved by Director Molendyk, seconded by Director Edwards, all in favor, carried.

Motion to approve the Jun 21, 2017 minutes. Moved by Director Edwards, seconded by Director Molendyk, all in favor, carried.

4) Orientation and welcome for new director – Warren McLennan:

Welcome from Chair and Directors. Orientation will be ongoing, priorities are GM hiring process, Fibre Supply/AAC, Legals files. We have received your Governance and Conflict of Interest Form. Interim Managers Jeff and Wes always available for questions and/or information to bring you up to speed as you orientate with MCFC.

5) a) Update on BKB situation

Jeff – All should be update to date as per email trail (which is now including CAO) provided to Chair and BOD. We have completed and forward our response letter (dated June 28) to his proposal letter of May 26, 2017. We have received an additional email as of today. Harold has the CAO/VOM been receiving and reviewing our emails in this regard?

Harold – Unsure, but will check. We must maintain open lines of communication especially with new CAO – Cheryl Martens. Must be transparent with communications, as it allows opportunity to ask questions or provide additional information.

Joe – Correspondence of today is that there will be no rebuild and to remove logs (inventory Deck 7 and purchased Deck 6). At this point wood that has been purchased by BKB is their responsibility to process or resale.

Jeff – We need to move Deck 7 (and that by Gibbs Sawmill), we are not interested in paying for past storage or handling costs. Gibbs has resurveyed his land as a result BKB has had to move mulch pile. Gibbs has piled what is needed, the remainder to be sold locally or outside mills (ie: Gilbert Smith).

Dutch – Cedar Three has talked about processor, Grade 4 and posts/rails, and Gibbs/Midget Mills would then like profile as well.

Jeff – Yes, processor was talked about. We will make the remainder fit their plan/profile. The rest can be sold to Gilbert Smith, etc. Cedar Sawlog prices are higher now and increasing. And yes will be able to supply Gibbs and Midget Mills. Recently updated on Softwood Agreement and Cedar, all have been hit hard with tariffs. Both BKB and Cedar Three have received retro active bills (post & rail) that are quite significant. There has been mention that Jason Alexander/Valemount has been affected quite devastatingly. Will probably not be able to operate due to bills. The business of Post and Rail has again change quite significantly, it has more than jus the challenge of supply.

Harold – Spoke with Cedar Three as well about the tariffs, with the CND dollar being low it is a bit of a saver.

Jeff – John Huybers and Dave Banham have asked where we are with BKB and their proposal. I have updated them.

Joe – It appears the weight on this situation is trying to be put on the shoulders of the shareholder and MCFC however with the tariffs it would be the final factor on BKB's decision to rebuild or not.

Jeff – We need to have a communication strategy? We need to be on top of this situation, have facts ready. We need shareholder's feelings? Then should we be providing to public prior to BKB and others setting the pace?

Dutch – Yes we should be first.

Harold – What is the first step? Newspaper, media, etc.

Jeff – First step, as shareholder?

Joe – This is not the MCFC's responsibility to let public know what BKB's situation is or if that they plan not to rebuild. Once BKB has provided public, then we can respond.

Harold – The shareholder is on the BOD side, not buying into the scenario that MCFC is just refusing to meet his request. They are realistic as well.

Jeff – It is an important job that Harold is the go between MCFC BOD and the VOM.

Harold – We are in agreement. We think that Jeff and Joe be available should shareholder make request for support. We feel the same as Joe let BKB announce their own plans, and if response is needed then give MCFC perspective laying out the facts.

Jeff – If we are asked on the street, our response should be those facts. BKB will not be rebuilding and MCFC is proceeding with our plans as set out. Additional another email should be drafted for legal advice to have BKB sign off termination of their agreement with MCFC due to no rebuild. We should plan the movement of logs.

Harold – Moving the logs should show good faith.

Joe – We have not received permission from BKB to actually move off their property.

Jeff – This maybe another negotiation, but need progress, BKB would like dollars from past may consider only if sign termination.

Joe - This now includes sawlogs in front of Gibbs, those should be moved ASAP, as that is where value is, in sawlogs.

Jeff – Bob and I have been making plans.

Dutch & Warren – both in agreeance.

Jeff – I agree as well. Then deal with Deck 7 and then Deck 6.

Kevin – If needed can be use if negotiations needed. If MCFC has to pay for Deck 6 to make all work, then not so bad.

Joe – Gibbs should have easement for road, therefore it can't be blocked.

Jeff – Once the local sale of wood has been met, the next plan will be Cedar Three.

Joe – If anything affects Gibbs, then can replace with summer logs, just as an idea.

Kevin – What are Gilbert Smith specs? Are they not shorts?

Jeff – Yes, Bob is looking into this. A letter needs to be sent to the CAO that we are willing and ready to meet. Recent presentation of Ray / DCF regarding a swap with Carrier was shutdown by his BOD. This again shows, that BKB deal was not good.

5 b) Cedar Three (Proposal and Plans Letter dated June 29, 2017) – informing vision, requesting volume, new equipment, double production, included reference letter from Shamrock.

Joe – I am comfortable with this request, sawing offsets trucking all to Gilbert Smith Warren and Dutch – Both agree should be entertained.

Jeff – We should be able to work with Cedar Three. No commitment until inventory done. Cedar Three has always been willing to work with MCFC.

Joe – Should we respond?

Jeff – The timing of Cedar Threes letter of June 29, did he know of Softwood/tariffs?

Joe – Yes, after received. A response letter should say yes we will continue to support and will do our best to do so.

Harold – Yes should say – 1) Thanks, 2) flexible with plans dependant on inventory, and 3) hope to communicate and dovetail our plans as they develop.

Jeff – We need to be cautious, no commitments.

Harold – The public will notice BKB answer and Cedar Three timing.

Jeff – I agree.

6. Update on Inventory Project

Jeff - Email of July 5, 2017 – Invest the \$31,000.00 for photos, there will be a formal project plan. We should make motion thru emails and commit with the week.

Dutch – When is bill received? When done?, after flight?, Sept/Oct?

Joe – Will then know Ce sawlogs and whitewood. Based on projections will know if breakeven or better. Treat as investment not operational expenses

Kevin – Where are with Grade 4 exemption? It should cover costs.

Jeff – There is a high probably we will get it, just need to reapply but inventory is still the key. There is a limited time left to log this year, this is investment not operational.

Harold – As shareholder have to explain why under water again, if we are close then should be ok. Should be agreeable as last year was more of a result of legals and settlements.

Jeff – Again there is hopes that will receive grant.

Joe – As investment, we can get so much value from this.

Jeff – It may be realistic to up cut to cover this.

Kevin – We need to keep the next two years in balance.

Jeff – We can afford this over 2018 and 2019. There is options. Cut 2,000 more this year and borrow from 2018/19.

Dutch – I think stay as is, easier to explain loss than overcut.

Harold – With the exception of legal we in black, which is ok.

Joe – Need a motion by email, as there is other information pertinent to this to be provided later in this meeting. A motion such as “Move ahead with \$31,000 for photos imagery”.

Jeff – this motion needs to be by GM. “Support the expenditure of \$31,000 for phot acquisition for 2017”, voting done via email after further information and research provided and reviewed by BOD.

7. Update on Website Design

Jeff - At last email was sent to BOD to look as guest provide feedback, the project is further along that thought. Need pictures of forest management, decide on colours, and Susan to provide writings for sections. After these, then Jill can train Tovi to update and maintain. End of July is completion date. Original budget \$7500.00

8. Motion to recess the regular BOD meeting and go in-camera under Labour, Law, Freedom of Information and 3rd party information:

- a) Motion to recess the regular BOD meeting and go in-camera under labour, law and freedom of information. Moved by Chair Rich and Councillor Edwards and seconded by Director Taphorn, all in favour, carried. Carried. At 7:53 pm – July 5, 2017.

Next Meeting: Wednesday, July 19, 2017 – 7:00 p.m. Other committee meetings should be scheduled before then.

Motion to adjourn regular BOD meeting. Moved by Director Molendyk, seconded by Councillor Taphorn, all in favor, carried.

July 5, 2017 – 9:50 p.m.