

Coast Mountains District TSA Steering Committee

NOV 27 2012

Operating Agreement Sub-Committee

Ministry of Natural Resource Operations
TERRACE, B.C.

Terms of Reference – FINAL (October 16, 2012)

VISION

A collaborative process for sustainable management of the Kalum Timber Supply Area forest resources aimed at promoting cooperation, certainty and the provision of equitable economic opportunities for forest managers.

Scope and Participants

All volume based major licence holders within the Kalum TSA (A&A Trading Ltd., Coast Tsimshian Resources Limited Partnership, Kalum Ventures Limited Partnership, Kitselas Forest Products, Skeena Sawmills) and BC Timber Sales. District and Regional staff of FLNRO will attend and actively participate in facilitation and information support.

Code of Conduct

- Treat all participants with dignity and mutual respect
- Open, honest, respectful conversation
- Confidential (keep amongst licensees)
- Constructive comments, supportive of group members
- Commitment to actively participate, prepare for working sessions and equitably distribute workload

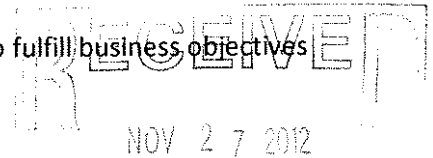
Key Deliverables / Outcomes

- Timely, synergistic and cost effective planning and timber development
- Identification, development and maintenance of mutually beneficial plans or planning tools or products.
- Recognition of the operating agreement by the District Manager and Timber Sales Manager (e.g. CP's, TSL's will not be issued if there is an outstanding dispute amongst affected parties)
- Process to establish agreement. Effective and fair issue resolution process.

Principles

- Forests will be managed sustainably including both environmentally and economically
- There will be equivalent opportunities for benefits, risks and costs of timber development
- There will be a process for orderly and efficient planning and development
- There will be certainty and equity of opportunities to protect and recover existing and future investments in planning and infrastructure
- Efforts will be applied to reduce operating costs to all parties (e.g. collaborative planning and analysis (FSP's, strategic, tactical and operational planning) , collaborative development to realize reduced unit costs for mobilization / demobilization, road / bridge construction and maintenance, deactivation, harvesting activities, silvicultural treatments, etc.)

- We will respect the independence and obligations the parties may have to fulfill business objectives such as third party certification standards regarding forest management
- Decisions will be made by consensus



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Process Steps and Timelines

PROCESS

1. Commitment established by the parties. Key representatives will be identified that will have the authority to develop and reach agreement within the timelines determined
2. Principles and processes established and functional agreements realized as necessary e.g. Terms of Reference, MOU, and / or other forms of agreements
3. Key milestone dates will be specified as needed (e.g. preliminary plans discussed by date, opportunities and impacts review completed by date, consolidated plan completed by date, annual update milestones scheduled).
4. Map out existing processes – what works what doesn't; identify gaps
5. Metrics and definitions will be identified to realize equitable opportunities for benefits, risks and costs for the parties.
6. Definitions or criteria will be established in support of describing sustainable forest management requirements e.g. second growth harvest, salvage of damaged timber, cedar management strategy, retention and utilization practices, etc.
7. Methodology established to recognize and / or protect existing planning assets held by the parties such as existing planned blocks and engineered blocks and roads, etc.
8. Procedures established to exchange information, identify and comment on potential synergistic opportunities or adverse impacts
9. Potential procedures to support:
 - a. Joint or collaborative Forest Stewardship Plan preparation, amendment or submission and related data stewardship activities;
 - b. Joint analysis of the consolidated operating plan with the objective of reporting on the achievement or violation of applicable land use objectives and targets;
 - c. Joint data collection and reporting of current and forecast future conditions in regards to applicable forest certification program standards, if applicable to the parties;
 - d. Joint information sharing and consultation efforts with First Nations;
 - e. joint referrals and communications to other third party stakeholders, including public advisory groups, if applicable;
 - f. Joint timber development, including road and cutblock planning, layout and infrastructure development and as may be the subject of additional agreements between the parties.
10. An effective and fair issue resolution process will be established.

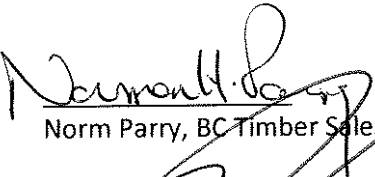
COST SHARING

11. Resourcing and facilitation requirements will be determined and will be cost shared. Costs are primarily expected to be participants own time and expenses. Any additional costs will require a cost sharing agreement where appropriate..

12. Methodology established to account for participant contributions and cost sharing of expenses, including existing planning assets that will provide value to the parties (e.g. total chance plans, landscape level inventories, etc.)
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Signature Agreement to these Terms of Reference, by the Parties Key Representatives

Dave Martin, A&A Trading Ltd.

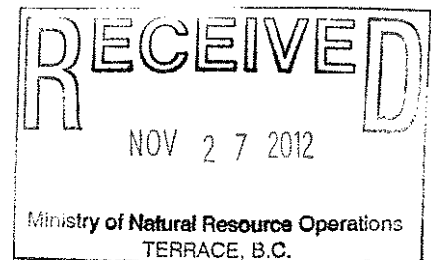

Norm Parry, BC Timber Sales

Ryan Keswick, Coast Tsimshian Resources Limited Partnership

Lyle Bolton, Kalum Ventures Limited Partnership

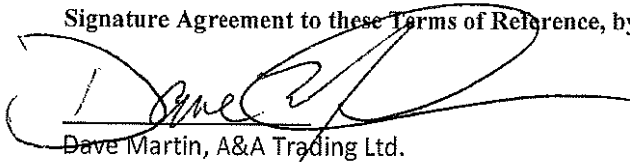
Wilfred McKenzie, Kitselas Forest Products

~~Robert Ziegler, Skeena Sawmills~~ NOT SIGNED



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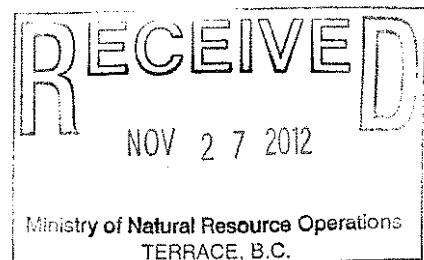
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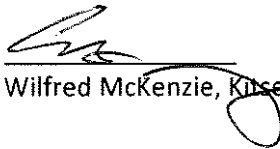
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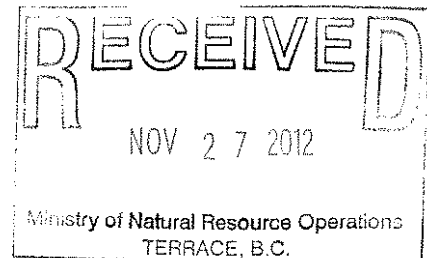
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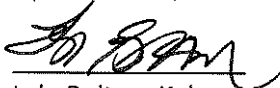
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