

December 19, 2016



Ulkatcho Forest Licenses

Analysis work continues on the woodland tenure to ensure the land area identified will meet the Allowable Annual Cut. The woodland tenure will help ensure a stable long term rate of harvest in the woodland tenure once the dead beetle wood has been harvested which will also reduce potential impact on mushroom areas. WCFP is also currently negotiating additional licenses in the Vanderhoof and Quesnel Forest Districts. This again is intended to ensure Ulkatcho is doing the forest planning in these areas while also helping provide an economic opportunity.

Volume



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Newsletter

Permitting Status

Anahim Lake Forest Licensee Permit Status

<i>Licensee</i>	<i>Area</i>	<i>Volume Issued</i>	<i>Field Work in Progress</i>
WCFP	Corkscrew and North		70,000
	Tsulko	60,000	70,000
	Lessard Lake		60,000
	Eliguk		65,000
	Morrison	20000	40,000
Tolko	Tsulko	60,000	70,000
	Nimpo		8,000
West Fraser	Morrison	100,000	22,000
	Big Stick		70,000
	Dorsey Rd		40,000

WCFP Outstanding Obligations

Work has begun to catch up on old burning and other obligations. This year, approx. 2/3rds of the old burning was completed and the rest will be finished next fall. Silviculture survey work will begin this summer.

Total Resource Plan

Work on this plan will resume in January and is key to addressing all the values on the land base. Management strategies for Mushrooms and Caribou will be important topics in the January meetings.



WCFP Working with Ulkatcho for Road Access

WCFP has applied for Forest Licenses in the Vanderhoof and Quesnel Forest Districts. UFW plans to build and pay for the new access road to the North through these Forest Licenses. WCFP holds three forest Licenses in the Anahim Lake Supply Block.

Transparency Moving Forward

In order to avoid mistakes made in the past that put Forest Licenses, Silviculture obligations and business operations at risk, an agreement has been made between the Band Administration, Board of Directors and Chief and Council that changes the way the structure and operations of its businesses work by improving communications, transparency and accountability to the Nation as a whole.

The Memorandum of Agreement is as follows:

1. Nation Businesses will operate separate from band administration while maximizing job creation, training and contracting opportunities.
2. Nation Businesses will become transparent and accountable to the community by participating in an annual audit, community meetings, Ulkatcho website, newsletter and minutes available at the band office.
3. Communications will be enhanced between Chief and Council, Band Administration and Board of Directors through defined roles and responsibilities, monthly meetings and audited reports.
4. Will outline the Governance and financial procedures agreed upon by the parties. To improve internal control of financial transactions and management decisions between the companies and Band Administration.

Developing a Pine Mushroom Business

The current Board of Directors of WCFP and Ulkatcho Economic Director have met with Canadian Export to develop a Pine Mushroom business for Ulkatcho. So far, WCFP has secured a Woodland Tenure that allows the mushroom harvesting and sale. The previous Chief and Council members travelled to China in 2014 to explore the Pine Mushroom Market. WCFP and UFW are applying for funds to develop a marketing and business plan.



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Message from Steven and Allan: Directors for WCFP and YKW

We wanted to give you an update of what has happened in the past fourteen months with the two companies that are owned by the Ulkatcho First Nation. In October of last year we were asked by Chief and Council if we would become directors of the two companies. We agreed to do that with one main focus to try and understand the situation the two companies were and learn from the mistakes that were made in the past. The next step is to put policy or process in place so this could never happen again to the people of Ulkatcho.

To put it bluntly we inherited an incredible mess that has jeopardized Ulkatcho with finances with their daily operations. Although you may have heard this before we think it is very important for everyone to understand what has transpired in the past fourteen months.

This is what the priorities have been in the past fourteen months:

Ministry of Revenue in arrears	Unable to submit a cutting permit in order to sell logs the only revenue source that we have	Negotiated a payment plan and paid off account in four months
Past Employees	Unpaid Wages	Paid off wages once we were able to sell logs
Bank of Montreal Loans	Balance of 1.6 Million Dollars that is owed by Ulkatcho that was borrowed for WCFP	Have made every loan payment of 24K per month.
Insurance	Did not have any insurance so was not able to employee anyone without liability insurance	Paid for an insurance policy
Work Safe BC	Unpaid balance of \$ 50,000 dollars. Not able to employee anyone without this.	Negotiated a payment plan that will be paid in the next three months
BC Hydro	Unpaid invoices from past three years. Power was disconnected to Fire Suppression System	Negotiated a payment plan to clear up outstanding bills
Accounting Firm	Unpaid bills not able to get proper financial statements	Paid off part of balance and have changed accounting firm



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Silviculture	Forest License not in good standing as Silviculture reporting has not been completed. Money that was received from Silviculture refunds was put into mill operations.	Paid off contractor so plan is to catch up on reporting and provide some work for locals in Silviculture.
Communication Policy	The Chief & Council and the members of Ulkatcho have not been informed of the activities of Band Owned Company	Working on a policy so that Band owned companies must report out to Chief and Council and the Community
Past Financial Records	Appears that numerous records were destroyed (burnt)	Working on an agreement where Directors, Chief & Council and employees are accountable to the owners (Ulkatcho Members)

Options for creating more employment and mill start up	West Chilcotin Forest Products used to have a great reputation in the industry. Over the past four to six years this has been eroded with numerous mill start-ups, poor quality and unpaid vendors.	Working on rebuilding relationships with Government, industry and exploring what we have for options.
Unpaid Land Taxes	The property once owned by WCFP has been taken back and is owned by the BC Government because of unpaid taxes	Working on a payment plan and process to get property back into WCFP name.
New Forest Licenses	More say on the land base	Have applied and received two Forest Licenses.



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We understand that there is frustration from the community about the lack of locals working and logging contractors working that are not from Anahim Lake. However, we have to go back in time a little and remember what we once had, what happened but most important how we can prevent this from ever happening again. The current Chief and



Council have inherited probably the most possible disaster in the history of Ulkatcho. When Ulkatcho first got involved in the Forest Industry there were sixty local employees, and about the same number of contractors fifty percent that were Ulkatcho contractors. There were significant profits given to Ulkatcho and huge dollars incurred in Silviculture deposits. The companies were operated as a business and directors were responsible for making sound business decisions.

For the people of Ulkatcho it is very unfortunate that Politics were allowed to interfere with Business. As a result we have an asset of a mill and equipment that has been run into the ground and now does not even sit on land owned by WCFP. There is a huge number of vendors that have not been paid, relationships that have been eroded and a reputation of was once known around the world for a good quality product. The people of Ulkatcho currently have incurred a huge debt that is affecting the operation of the regular band activities.

There is currently a tremendous effort in developing processes and policy so that this is not repeated. We are dealing with our children and grandchildren's inheritance.

We plan to have more community meetings and get more of these newsletters out to the community.

We would like to wish everyone a Merry Christmas and all the best in the New Year. I would welcome discussing this with anyone either in person or by telephone.



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