

Weaving together
the threads of
conservation
and community
wellbeing



The Talking Stick

NEWSLETTER OF THE COAST OPPORTUNITY FUNDS

Connections and Community

As you read this, I will be at home on Haida Gwaii thinking about the last six years and reflecting on my time on the Coast Opportunity Funds Board of Directors and in the role of Chair of the Communications Committee. As of June 26, I will have retired, with considerable regret, from both roles.

I am very proud of the work of Coast Funds. The results of our efforts are showing themselves in the projects and institutions that the Participating First Nations have undertaken using their economic development and conservation allocations. Stories like those of Ulkatcho First Nation, shared in this issue, are not only heartwarming, they help us all understand the importance of the Coast Funds and the original goals we all had for them: sustainability and economic success for all of our communities.

I have also enjoyed getting to know and working with all of the members of Coast Funds' staff and Directors. It has been a good lesson in awareness and relationship building. I leave the Board having made good friends and knowing that the work of distributing these funds to First Nations communities on the Coast is in capable hands, with directors in place who have been there from the start as well as carefully chosen new Board Members.

During my tenure as Chair of the Coast Funds Communications Committee, we developed this newsletter. It has been a pleasure to be a part of its creation. It is very meaningful to hear back from communities that they have enjoyed reading the stories in The Talking Stick and learning more about what other First Nations are doing, their challenges and their achievements. Don't forget you can download the newsletter from the website, or any stories in it that you would like to share or reproduce in your own publication or on your website.

If you have ideas on where else we should distribute the newsletter, or you would like it to be emailed to you whenever it comes out, please contact info@coastfunds.ca or call Mary Speer at 1.888.684.5223. In the meantime, I hope you enjoy this issue. My best wishes for the future to Coast Funds and to all of you.



Cindy Boyko, *Outgoing Chair*
Coast Funds Communications Committee

Project Stories

SINCE COAST FUNDS WAS CREATED, THE PARTICIPATING FIRST NATIONS HAVE EMBARKED ON A WIDE RANGE OF ECONOMIC DEVELOPMENT AND CONSERVATION PROJECTS, FROM ECONOMIC DEVELOPMENT CORPORATION CREATION TO CONSERVATION MANAGEMENT PLANNING. PROJECTS UNDER WAY INCLUDE FORESTRY, FISH PROCESSING, TOURISM BUSINESSES AND ACCOMMODATION, INTEGRATED RESOURCE MANAGEMENT, FEASIBILITY STUDIES AND MORE. WE PROFILE ONE OR MORE PROJECT STORIES IN EVERY ISSUE.

Photographs courtesy of Ulkatcho First Nation
(Supplied by Wendy Webb)



Taking the Long View

Ulkatcho First Nation, Forestry Management, and Reopening the Anahim Lake Mill





Ulkatcho First Nation is setting a high standard for resource management in British Columbia,” says Chief Zach Parker (Tsil). “Our forestry sustainability plan goes well beyond the minimum forestry practices standards set by the provincial government, for example. We want Ulkatcho to be harvesting wood in this territory 100 years from now, so that’s vital.”

The territory of the Ulkatcho First Nation lies in central southwestern British Columbia, in the Carrier-Chilcotin region. “Yun Ka Whu’ten,” which means “taking care of,” is a land and resource management principle that the Ulkatcho take very seriously: “Ulkatcho First Nation has been involved in economic development and forestry management for a long, long time, and our approach has always been a holistic one. We look at the whole forestry ecosystem, and what is involved in managing it holistically—which means we manage to take care of wildlife, species at risk, habitat protection, cultural values, like the medicinal value of plants in the understory, as well as other uses, and users, of the forest.”

Parker/Tsil says that approach is essential: “We would ensure that we manage the forest to help protect ungulates like moose and caribou, for example. We also consult with guide outfitters and mushroom pickers, to make sure their needs are factored in. Tourism is also an important economic driver in the region.”

Long term sustainability of the forest is the ultimate end goal: “We have the last big stands of timber volume in the province in our territory, and as we develop our economic interests in forestry and forestry products, we have to protect that timber for the long term. We have to make sure everyone understands our rights and our responsibility not only to take care of the territory and to use its resources, but to ensure the sustainability of those resources for everyone’s benefit and for future generations.”

The Anahim Lake Mill

Sustainable forestry management and economic development are issues that are front-of-mind for Ulkatcho right now. Late last year, using a portion of their Coast Fund economic development allocation and with a business loan from the Bank of Montreal (BMO) in place (See Sidebars, pages 5 and 6), Ulkatcho re-opened their Anahim Lake sawmill, which had been closed since 2008.



"WE TAKE WHAT WE NEED, NOT WHAT WE WANT. WE AREN'T GREEDY. NONE OF US CAN BE GREEDY, OR THERE WILL BE NOTHING LEFT FOR ANYONE."

Ulkatcho is harvesting timber from the territory to supply the mill, which is operating as West Chilcotin Forest Products (WCFP) and producing lumber, chips and hog fuel for the Asian and North American markets. The goal is to build up a catalogue of other potential timber products as well, and to pursue biomass generation to power not only the mill, but potentially to supply surplus power to the BC Hydro grid (the mill currently runs on diesel generators). Sixty people are employed in harvesting and mill activities, half of them from Ulkatcho First Nation. "This is good for everyone in the region," says Ulkatcho Band

Administrator Garry Yablonski. "We've had a lot of local support for this initiative because of our sustainable and collaborative approach."

Reactivating the mill also had deeper meaning for Ulkatcho—it would enable the First Nation to continue to exercise its harvesting rights in the territory in order to supply the mill with fibre. "Other forestry companies were starting to turn their eyes and chainsaws towards the timber in Ulkatcho's territory," explains Chief Parker/Tsil. "It became increasingly important to remind everyone that Ulkatcho already has the rights and responsibility for harvesting timber and sustainable forestry management in our territory."



Above: Ulkatcho First Nation Chief Zach Parker/Tsil

Below: WCFP General Manager, Gary Arnold



Taking the Long View

WCFP general manager Gary Arnold says that the mill does face some challenges: "Logistics are a big issue. We're in a remote area, and transportation of our products is expensive. We aren't on the grid, so we have to pay the high cost of diesel fuel for our generators. Like any other forestry business, we have to wait out downturns in global wood markets from time to time, and we still face competition from the major industry players."

But Ulkatcho are taking the long view. Chief Parker/Tsil says: "We've always taken a cyclical rather than a linear approach, which has helped us survive the ups and downs of the resource business, and will continue to do so as we work through these challenges." WCFP is exploring options for creating its own power to supply the mill using bio-mass fuel, for example, and considering use of a port facility that is under development in Bella Coola by Nuxalk Nation.

Yablonski says that Ulkatcho is also very good at doing more with less: "WCFP is a small, sustainable business. We make a modest profit, and that's fine. Our forestry appetite isn't huge. As Chief Zach Parker/Tsil says, we have this sustainability approach where our motto is 'We take what we need, not what we want.' We aren't greedy. None of us can be greedy, or there will be nothing left for anyone."

Parker/Tsil nods in agreement. "I'm very happy that Ulkatcho is back in the forestry business and that our resource management approach is being recognized as sustainable and appropriate. There is no doubt in my mind that we're going to realize our dream of long term sustainability for our territory and our people, and for everyone who lives in this territory."

WORKING WITH COAST FUNDS

In July 2012, Ulkatcho signed a land use management agreement with the provincial government, which enabled Ulkatcho to apply for use of its Coast Funds economic development allocation to reopen the WCFP mill.

With a \$6,500 grant from the Coast Funds Early Engagement Strategy program, which supports the development of detailed eligible project applications, Ulkatcho First Nation engaged business planning consultants Urban Systems to help them develop a viable business plan for the mill as part of the application process.

"That was very helpful," remarks Band Administrator Garry Yablonksi. "Urban Systems worked with Coast Funds staff to help us put together a solid, reasonable plan that covered what we needed to do to modify the mill, replace our debt financing with BMO financing, establish access to markets and start building collaborative relationships with our industrial partners."

The Bank of Montreal team (see page 6) was also very supportive, says Yablonksi: "It can be hard for First Nations businesses to borrow from traditional financing institutions like BMO. But they did their due diligence on the mill, and they could see it was viable. They had complete faith in Ulkatcho, which we really appreciated. Everyone did, and the flexibility and problem-solving approach that Coast Funds and our other partners brought to the table was highly valuable."

"One of the things I really appreciated about Coast Funds when we first met with them," says Ulkatcho Chief Zach Parker/Tsil, "is that they really understood what we were talking about when we explained our goals for long term forestry sustainability and our holistic approach to land use planning and economic development. Their eyes didn't glaze over. It was clear they were there to help us realize our goals."

Yablonksi adds: "We are thankful beyond measure to the whole Coast Funds team, the staff and the Board of Directors, and to Urban Systems and BMO. Ulkatcho had quite a few tire-kickers come and go who weren't really interested in helping us but this team came along and they helped us realize the dream when it seemed like no-one else was there for us."



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BANK OF MONTREAL AND ULKATCHO FIRST NATION

Coast Funds has worked on several initiatives with Candace Dennis, Director of Aboriginal Banking at the Bank of Montreal, and Doug Bourque, BMO's Director of Aboriginal Banking for BC and the Yukon. Bourque is delighted that BMO was able to help Ulkatcho First Nation realize its dream of reopening its WCFP sawmill.

"I know that the sawmill industry in BC is a tough one to be in," says Bourque. "A lot of mills have been shut down over the last few years and financial institutions have had to be cautious about getting involved. But I also know that the industry is cyclical, and it wouldn't stay that way forever. The key is to be realistic. We looked at WCFP, we looked at all the careful due diligence that Coast Funds had done before approving Ulkatcho's application to use some of its Coast Funds allocation to recapitalize the mill, and we were satisfied this could work."

Another critical element of WCFP's future success, adds Bourque, is its management: "We have so much confidence in Chief Zach Parker/Tsil and his management team. We have no doubts at all about the long-term success of this mill."

Loans from traditional financial institutions like BMO haven't typically been widely available to First Nations businesses in the past, in part because getting loan security for on-reserve assets was virtually impossible.

Bourque says that BMO takes a different approach in its relationship with First Nations: "We take the view that we're dealing with sovereign First Nations who aren't going anywhere. We're quite comfortable not taking a traditional approach to getting security for the loans. We know they'll be paid back."

Bourque also says that the First Nations business market is extremely important to BMO. "First Nations are every key to the BC economy because so much business is conducted on First Nations land. So our relationship with First Nations is fundamental.

We're really happy to be engaged this way. We believe in the success of the First Nations we work with, like Ulkatcho, and helping make their dreams for the future come true. We want to be part of that future."

Doug Bourque can be reached at 250-616-0590 or doug.bourque@bmo.com



BMO's Director of Aboriginal Banking for BC and the Yukon, Doug Bourque

"WE BELIEVE IN THE SUCCESS OF THE FIRST NATIONS WE WORK WITH, LIKE ULKATCHO, AND HELPING MAKE THEIR DREAMS FOR THE FUTURE COME TRUE. WE WANT TO BE PART OF THAT FUTURE."

The Loan Loss Reserve Facility

Around the middle of last year, Neil Philcox, then Director of Economic Development Projects at Coast Funds, had a conversation with Stewart Anderson, Manager of Community Investment and Aboriginal Banking at Vancity Credit Union. “We were discussing the challenges that First Nations communities and individuals face in getting loans from financial institutions to help with on-reserve businesses and economic development,” says Anderson.

“The Coast Funds economic development allocations provide a certain level of equity capital for businesses, but that may not be enough to finance 100 percent of a project,” explains Philcox. “In any case, using a limited pool of equity capital—like the allocations—to finance 100% of the capital required for a project may not be the best strategy. In business, it can be more effective to combine debt and equity to finance a project.” The other benefit of doing that, adds Philcox, is that the First Nation can use its allocation to kick-start several different projects, not just one.

But how to get the debt financing flowing, when it can be so difficult for First Nations to obtain business loans? “That’s when we had this brainwave,” says Anderson.

Vancity had recently begun administering a low-cost business loans program set up by Aboriginal Affairs and Northern Development Canada. Under the AANDC program, called a Loan Loss Reserve Facility, Vancity holds a pool of government

funds that helps offset the risk of loss on any loans it makes to individual or community-owned First Nations businesses. Philcox thought the same kind of structure might work using Coast Funds allocations, and Stewart agreed.

“I thought, yes, why not?” says Anderson. “Why couldn’t we work with Coast Funds to set up a similar pool using allocations contributed by Participating First Nations who want to participate? The First Nations could choose to use part of their allocations to leverage debt financing, and that would be a great way for Vancity to work collaboratively with Coast Funds to get money flowing out into these communities.”

The Coast Funds and Vancity teams got to work immediately on the idea, and by the end of 2012, the Coast Funds/Vancity Loan Loss Reserve Facility, or LLRF, was set up and ready to go. A Participating First Nation can apply to Coast Funds to set aside a portion of its economic development allocation for the LLRF, and apply to Vancity for debt financing to fund an eligible Coast Funds project. If the project and business plan meet Vancity’s lending criteria, the First Nation can borrow as much as four times the amount of the allocation sum it has earmarked for this purpose.

The loan is secured against assets of the First Nation-owned business, but the money in the reserve helps further reduce the risk for Vancity should the First Nation be unable to repay the loan. Once the loan is repaid, the money set aside for the LLRF will be available to leverage further loans, or may be used by the First Nation for a different eligible Coast Funds project.

Philcox, who will be leaving Coast Funds in August, is proud of his contribution to the business success of the Participating First Nations through creation of the LLRF. “We are also very pleased to see the facility up and running,” says Anderson. “Seeing that money out there being put to use in the communities is something that completely aligns with our values at Vancity. We hope the LLRF will prove a useful tool for many of the First Nations over the long term.”

For more information about the Coast Funds/Vancity Loan Loss Reserve Facility, contact Brodie Guy at Coast Funds, or Stewart Anderson at Vancity: 604-787-1988 or stewart_anderson@vancity.com.



Manager of Community
Investment and Aboriginal
Banking at Vancity Credit
Union, Stewart Anderson

COAST FUNDS NEWS

We are pleased to announce that Brodie Guy has accepted the role of Director of Economic Development Projects commencing mid-June. Brodie comes to Coast Funds with years of experience in the field. His most relevant experiences include his role as Regional Manager, Northwest and Central BC for Northern Development Initiative Trust where he was involved in building many collaborative relationships between local governments, First Nation communities, and private businesses.

Within a few years, he was promoted to Director, Marketing and Economic Development, where he was involved in more strategic initiatives. He subsequently moved to Vancouver working with the Ministry of Jobs, Tourism and Skills Training as Manager within the International Trade and Investment Attraction Division.

Neil Philcox, who has been in the role of Director of Economic Development Projects since Coast Funds began operations, will be leaving in August. Neil will be working alongside Brodie to assist in a smooth transition of responsibilities.

Coast Funds wishes Neil all the best for the future.



Photo Catalogue Project

From time to time in our materials—including this newsletter—we showcase the projects and communities of the First Nations we work with in articles and with photographs. To that end, we are collecting suitable images for a catalogue of photos that we can draw upon when we need them. If you have good quality, high resolution digital photos of your community or of projects that we can use, we'd be delighted to hear from you—please get in touch with Katherine Gordon at communications@coastfunds.ca

New Director of Economic
Development Projects For Coast
Funds, Brodie Guy



COMING UP NEXT

The next issue of *The Talking Stick* will be published in October 2013. If you have ideas for project stories or news items you would like to see included in the newsletter, please let us know by emailing us at communications@coastfunds.ca

SEND US YOUR STORIES

If you have stories to share, project photos, ideas about Coast Funds projects and community activities, or other interesting information, we want to know. We'll publish stories and photos on the website and in this newsletter whenever we can. You can send them to us any time at communications@coastfunds.ca

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