

Island Corridor Foundation
Annual General Meeting
 April 28th, 2016 - 10:30AM TO 12 noon
 Vancouver Island Conference Centre
 101 Gordon Street – Nanaimo River Room
 Nanaimo, BC

MINUTES

Chair	Bill McKay	
Vice Chair	Judith Sayers	Director at Large
Designated	Lucas Banton	Alberni Clayoquot Regional District
Representatives	Barb Desjardins	Capital Regional District
	Kerry Davis	Cowichan Valley Regional District
	Larry Jangula	Comox Valley Regional District
	Ray Gauthier	Stz'uminus First Nation
	Albie Charlie	Cowichan Tribes
	Eli Enns	Halalt First Nation
	Barb Mitchell	K'omoks First Nation
	Georginia Livingstone	Lake Cowichan First Nation
	Colin Haime	Regional District of Nanaimo
Absent	Jim Tatoosh	Hupacasath First Nation
Staff	Graham Bruce	Chief Executive Officer
	John Berikoff	Financial Officer
	Janice Roberts	Office Administrator
	Nicole Norris	First Nation Liaison
ICF Directors	Mary Ashley	Member at Large
	Ken McRae	Alberni Clayoquot Regional District
	Phil Kent	Cowichan Valley Regional District
	Lonnie Norris	Halalt First Nation
	Cyril Livingstone	Lake Cowichan First Nation
Absent	Ben Isitt	Capital Regional District
Accounting	Dan Little	Hayes Stewart Little and Company
	Cara Light	Hayes Stewart Little and Company
Legal	Scott Ritter	Scott Ritter Law Corporation
Rail Operator-CEO	Frank Butzelaar	Southern Rail of Vancouver Island
Project Manager	Don McGregor	Southern Rail of Vancouver Island

1. CALL TO ORDER

The AGM was called to order by Bill McKay at 10:35

2. APPROVAL OF AGENDA

That the Annual General Meeting agenda be approved

Moved Barb Mitchell Seconded Albie Charlie CARRIED

3. APPROVAL OF MINUTES OF 2015 AGM

That the 2015 Annual General Meeting minutes be approved.

Moved Kerry Davis Seconded Ray Gauthier CARRIED

4. ELECTION OF DIRECTORS

Cyril Livingstone, Lonnie Norris, be elected as director to a two year term ending April 2018 to represent First Nation members.

Moved Ray Gauthier Seconded Barb Mitchell CARRIED

Ben Isitt, Phil Kent, Larry Jangula be elected as director to a two year term ending April 2018 to represent Regional District members.

Moved Kerry Davis Seconded Barb Desjardins CARRIED

Judith Sayers be elected to a two year term ending April 2018 as a Director at Large.

Moved Albie Charlie Seconded Ray Gauthier CARRIED

5. FINANCIAL STATEMENTS

a) 2015 Financial Statements Presentation – Dan Little & Cara Light

That the Island Corridor Foundation 2015 Financial Statements as presented be approved.

Moved Ray Gauthier Seconded Lucas Banton CARRIED

b) Appointment of Auditors

That Hayes Stewart Little be appointed Auditors for 2016

Moved Barb Mitchell Seconded Albie Charlie CARRIED

6. SOLICITORS REPORT – Scott Ritter – Power Point

7. CHAIRMAN’S REPORT – Bill McKay, Judith Sayers

Co-Chairs Report to the ICF
Annual General Meeting
April 2016

This year marks the 130th year of rail on Vancouver Island and as Co-Chairs we felt it would be good to re-visit where we have come from and where we yet need to go.

As early as 2002, concerned citizens led by the Cowichan First Nation met for several years trying to obtain the rail corridor from CP and Rail America. The intent of the rail companies was to parcel up the land and sell it and that was clearly not the wish of Islanders. This informal group of people then decided they need an incorporated society to carry out the work they needed done.

In 2003 the ICF was incorporated and the board then proceeded to obtain charitable status. Charitable status was needed in order to give CP and Rail America a tax receipt in exchange for the land in the corridor.

The purpose of the ICF is in summary “by working together to develop the Corridor to its full potential we have the power to preserve our environment; develop our economy; create safe, green, efficient transportation for our families; and to build a gateway to the world for our businesses for the next 100 years.”

The Foundation Governance structure was carefully constructed to include equal members of First Nations and Regional Districts as the board. Each of the member Regional Districts and First Nations territories that the corridor ran through would be eligible for membership in the Foundation and would send a member representative to AGM's. The ICF was put together in a way that was envisioned to be inclusive of all the regional districts and First Nations as equal partners. It was, and is, an innovative, 'far ahead of its time' joint venture. The governance structure has been a best practice across this country. We know concerns are now being expressed by cities that they are not members or on the board. Any change to the governance structure needs to go through the processes in the by-laws to amend the constitution and must have equal representation of First Nations and Regional Districts.

It took until 2006 to reach an agreement with CP and Rail America to obtain the railway corridor. ICF decided to take possession of the rail in its current condition knowing there was a lot of work that had to be done on the rail line, but rather than let CP and Rail America parcel it up and sell it, the board took the risk knowing we would need to ask the governments at three different levels, for money.

The board in 2006 was also able to enter into an agreement with SVI Rail. ICF is a non-profit organization and we never intended to run a railway and do not have the expertise to do so. SVI has made many efforts to keep the rail running on Vancouver Island and are very committed to rail. SVI has remained working with us despite the many delays and barriers we've had to face. Frank Butzelaar and/or his staff have attended many meetings with ICF at Regional Districts to explain various aspects of rail.

After the rail corridor was secured, the board started to lobby governments for \$33 million dollars each to do the needed repairs on the tracks. At one point we had the federal government on side but not the province, and by the time the next federal government was elected economic conditions had changed and they weren't able to provide us with that amount. The Board then decided to do an incremental approach with a \$20.9 M cap, and then made the request of the two senior levels of government for \$7.5 million each. This took some time to achieve but we got the commitment in 2011 from the Province and 2012 by the Federal Government. The Regional Districts were also asked to provide \$3.2 million in funding and they have always been considered to be a critical part of the funding structure.

While waiting for approval of government funding, VIA Rail contract service was suspended and rail cars taken off VI at the end of 2011. It took several years to get a new VIA train service agreement in place. The agreement reached in 2014 was the result our CEO and the SVI team's efforts in continually pushing for the agreement and not letting VIA Rail walk away from their commitments to Vancouver Island. It was an agreement that allowed us to manage and control the schedule with a subsidy of \$1.4 million annually from VIA Rail.

Once the VIA agreement was in place, we had to go back to the senior governments to re-confirm their funding. The province decided they needed to do an updated study of the rail to ensure there weren't additional repairs needed. Upon the completion of their due diligence, we went back to the federal government but were unable to get their sign-off of funding prior to the election. The new government came in and wanted time and a new budget. We were getting positive signs out of Ottawa when Shaw-naw-as First Nation filed their claim that is based on

the fact that there are no trains running. If Ottawa was to give us the moneys, there would be trains running and the lawsuit would have no substance.

ICF owns the land in fee simple, and it is highly unlikely the courts would take land from ICF. The E&N land grant gave the land in fee simple to the E&N without compensation to First Nations or even any consultation. The Federal Government asked for time to assess their position and have an extension from the Shaw-naw-as to the end of April. We will then be able to work with the Federal government on resolving the funding issue. We have been working through the Minister's office to try and get answers. Minister Sohi, Minister of Infrastructure Canada is in charge of this.

Other highlights of the ICF are that ICF is a large land owner, with a 319 acre long corridor of land, we have over 3500 agreements dealing with our lands. Over the years, our CEO with his team has managed these lands, dealt with many people/businesses that were using our land without permission, and put in place many templates for leases and licenses of occupation.

We have partnered with many local governments from Victoria to Langford, Cowichan Valley, Duncan, Nanaimo, Lantzville, Parksville to Coombs and Courtenay to build trails on the corridor. Many great trails are available on Vancouver Island due to our agreements with Regional Districts

We also have worked with communities and businesses for the train stations. We work with groups in Courtenay, Duncan, Parksville and Qualicum. When the train station burned down in Nanaimo, we worked to re-build this and found ways to create revenue to pay off a necessary mortgage for the shortfall from the insurance proceeds. The re-build was an award winning structure.

We have a partnership with the steam train that runs out of Port Alberni and it a major part of the tourism for the Alberni Valley.

As a board, we felt it important to celebrate the 130 years of rail on Vancouver Island and teamed up with SVI, the Nanaimo Port Authority to bring the trains to Nanaimo for a weekend celebration. We had many corporate sponsors and 4 charities were able to create revenue for themselves by selling tickets for these train rides. It was an amazing weekend and people loved seeing the trains and it is estimated over 2000 people attended the weekend.

We know the trains will run again. It has been a long frustrating journey and it is understandable that people are not happy with the length of time it has taken to get the trains back on the track. There have been many barriers that ICF has had to overcome but the important thing is that we were able to overcome these barriers with the strategy of the board and the expertise of our staff. Not all the barriers have been mentioned here, but rather the highlights of some of the issues we have encountered.

Our last big hurdle is the federal government funding. Once that is approved we can start doing the Requests for Proposal for work, and get the repairs underway, and ultimately, start the trains running. The Board will develop a new approach to address the Nanaimo Regional District's recent funding withdrawal.

We have been looking at options for our train stop in Victoria of which there are a number. We will require careful review of these options.

We cannot stress enough the intestinal fortitude that has been required to get to where we are today. When we first met with VIA Rail, they were a party who did not want to be at the table. The negotiations with VIA took over a year to complete and there was a concern that they would at one point preferred we had simply gone away. Southern Rail has been committed to the project from day one, are now the master of their own destiny with respect to any shortfall beyond the \$1.4M subsidy from VIA, and are committed to a profitable and growing business on Vancouver Island. A lot of work has been done in preparation for the trains running again. The board is committed to making this happen.

8. CEO REPORT – Graham Bruce

Chief Executive Officer – Report April 2016

The Island Corridor Foundation continues to evolve as an independent Not-for Profit Charitable Corporation, with the expressed purpose of protecting the 319 kilometers of corridor for the people of Vancouver Island.

The Board has remained focused on the primary purposes of the Foundation namely; protecting the corridor; building trail; sustaining and improving rail service; developing opportunities and benefits to First Nation members; and restoring the heritage stations.

It is clear the original drafters of the 'Articles & Bylaws' anticipated that local and regional issues could cause significant political challenges for the Board to keep an Island perspective. Thus the authors wisely ensured the independent nature of the Foundation.

What was not anticipated was the 2013 Schlenker decision that has virtually eliminated directors from reporting about the ICF to their respective regional boards or councils due to the conflict of interest ruling.

Improving communication has been a high priority. The website has extensive information found in its pages including the budget and audited financial statements; governance structure; station development; trail construction; pest management plan; news articles and more.

In addition to the website, Board Meeting Notes are sent out to First Nation councillors, regional directors and local government councillors as well as 3500 'Friends of the Corridor' after each Board meeting.

The Board has also created the Local Government Liaison Committee and the First Nation Liaison Committee. Members will meet twice a year and will be able to report back to their respective organizations without contravening any conflict issues due to the fact the committee is neither decision making nor advisory in nature. ICF and Southern Rail staff will attend the meetings to provide information and hear concerns from the committee members.

Despite the additional communication efforts it is understood political and public comment both positive and negative will continue. However it is hoped with greater information the commentary will be less acrimonious and more factual.

It should be remembered that it was First Nation leadership that originally called for the E&N to remain as a continuous corridor and to be held in public hands. An incredible offer when one considers the impact of the E&N land grant on our First Peoples. While there may be ways to improve communication amongst members, calls for review of governance should be tempered

by local government leaders firstly understanding the unique structure of the ICF and how it came to be.

The administration and management of ICF operations is undertaken through Board resolution or policy. The CEO works closely with the Office Administrator and the First Nation Liaison in dealing with a myriad of issues such as;

- garbage and graffiti
- complicated legal land use agreements;
- concerns from 11 First Nations, 5 Regional Governments & 14 municipalities
- eight regulatory agencies
- the provincial & federal government
- land use applications
- adjacent landowners along the corridor
- 750,000 Islanders

Management integrity and audit processes are critical to maintaining public confidence in the ICF. Political commentary and uninformed opinion cannot be the basis of assessing the financial stability or the audit of the Foundation. The audit is undertaken by Hayes Stewart Little & Associates and posted on the website.

Management in consultation with the audit team continues to improve monthly review procedures. The Board's financial officer, (retired CGA), is required on a monthly basis to review all expenses, cheques written, deposits made and the monthly bank reconciliation. A cheque expense record is provided and reported at Board meetings. An independent accountant undertakes a quarterly review of all financial reports. All account balances are listed in the board meeting agenda.

At the inception of the ICF the Board determined it would be financially self-sustaining in managing operations. To that end annual revenues have grown, the CP loan paid off and there are funds in reserve.

To meet the expectation of sustaining railway operations it is imperative the ICF maintain a good relationship with its rail operator, Southern Rail of Vancouver Island. The ICF never intended to operate trains and was prudent in attracting a rail company that could provide resources and had the ability to think long term.

It should be noted SVI amongst other things;

- Provided the planning resources to develop and manage the \$20.9 track infrastructure program
- Is committed to maintaining track conditions to the new level after improvements are complete
- Agreed to cover any operating revenue shortfall of the VIA passenger service
- Will pay the ICF substantial track operating fees
- Has developed a business plan for the Island Excursion Train with the Nanaimo Port Authority
- Has offered a First Nation Engineer/Conductor scholarship program for four years
- Will participate with the ICF in a First Nation Trackman Training & Employment program
- Undertook an initial track assessment of the Alberni sub
- Helped author the trail development guidelines
- Continues to provide frontline personnel to deal with rail and public issues along the corridor

Trail development continues along the corridor. This year will see the first stretch of trail constructed on the Alberni sub from Parksville to Coombs. The Regional District of Nanaimo will spend \$2.6 million building 5 kilometers of trail.

The Capital Regional District will build a short length of trail at Waugh Creek and Langford will complete the Atkin Rd section of trail.

The Alberni Pacific Railway continues to be the paramount tourist train attraction on Vancouver Island operating the 'Heritage Steam Train' on the six miles of ICF track from the Alberni Station to McLean Mill. The APR has undertaken the track maintenance and sign-on control of the Alberni sub and is installing a siding for a tourist information centre at Coombs. This will tie in with the new RDN trail.

The ICF owns four heritage stations, Duncan, Nanaimo, Qualicum and Courtenay. Courtenay Rotary put a new roof and upper siding on the station and now is starting Phase II. This will include new windows, siding and the veranda. Strathcona Rotary is also joining the team which will see an expanded Phase III, inside restoration begin.

The Duncan Station is home to the Cowichan Valley Museum. The historical society is planning to undertake significant renovations to the entrance and reception area of the station as a first phase of a renewal plan.

The \$20.9 million track infrastructure program continues to be a challenge to bring to completion. Despite the RDN withdrawing its funding contribution it is hoped the four other regional districts will honour their commitment. The strong re-endorsement by the Association of Vancouver Island & Coastal Communities for the federal government to sign-off the Infrastructure Canada investment is a very positive signal. The Board will deal with the RDN shortfall and the Snaw-Naw-As claim once Canada has filed their response.

The Board has provided direction and oversight to ensure the Foundation meets the articles and bylaws of the corporation. Directors take their responsibilities seriously and act in a competent and considerate manner.

The small team of staff and advisors continue to assist in various capacities to ensure the ICF is run competently, efficiently and cost effectively. I thank you for your support.

While there will always be debate on the pros and cons of any project, be it interchanges, bridges, sewage systems or trains etc., it is important that factual, knowledgeable comment is not lost in the uninformed chatter of today's social media or confused with other agendas.

319 kilometers of corridor through 80% of the Island's population touches a lot of people and property. Not everyone is pleased with the public access it affords by trail or rail and that is understandable.

The ICF founders, and the four of you that have remained on the Board since its inception, and current directors can be proud of what has been accomplished through your dedication and determination to fulfill the vision of the ICF, a vision that continues as a work in progress.

9. SOUTHERN RAIL REPORT – Frank Butzelaar – Power Point

10. DISCUSSION

11. ADJOURNMENT

Judith Sayers adjourned the meeting at 12:15