Trust Fund Board
Regular Meeting Agenda

Date:	Tuesday, July 18, 2017
Time:	10:00 am - 12:30 pm
Location:	Islands Trust Victoria Boardroom
	200-1627 Fort Street, Victoria, BC

8. NEXT MEETING

The next meeting is scheduled for September 26, 2017

9. ADJOURNMENT

Trust Fund Board
Minutes of Regular Meeting

Date: Tuesday, May 30, 2017
Time: 10:00 am
Location: Islands Trust Victoria Boardroom
200-1627 Fort Street, Victoria, BC

Board Members Present
Tony Law, Chair
Kate-Louise Stamford
Hoops Harrison
Robin Williams
Ronald Bertrand
Susan Morrison

Staff Present
Jennifer Eliason, Islands Trust Fund Manager
Kate Emmings, Ecosystem Protection Specialist
Nuala Murphy, Property Management Specialist joined the meeting at 11:35 am
Corlynn Strachan, Administrative Assistant
Crystal Oberg, Communications & Fundraising Specialist
Clare Frater, Director, Trust Area Services joined the meeting at 12:22 pm
Cindy Shelest, Director, Administrative Services joined the meeting at 12:22 pm

1. CALL TO ORDER

Chair Law called the meeting to order at 10:00 am and acknowledged that the meeting was being held in Coast Salish First Nations territory.

2. APPROVAL OF AGENDA

The following additions to the agenda under item 7. New Business, were presented for consideration;

- 7.1 Procedures Regarding Board Members and Community Organizations
- 7.2 Trust Fund Board Retreat

By general consent, the agenda was approved as amended.

3. CLOSED MEETING

TFB-2017-011
It was MOVED and SECONDED,
that the meeting be closed to the public pursuant in accordance with the Community Charter, Part 4, Division 3, section 90(1) (e) the acquisition, disposition or expropriation of land or improvements; and section (k) negotiations and related discussions respecting the proposed provision of a service that are at their preliminary stages; and that Jennifer Eliason, Kate Emmings, Nuala Murphy, Crystal Oberg and Corlynn Strachan be invited to remain in the meeting.

CARRIED

The Trust Fund Board convened the closed portion of the meeting at 10:03 am and resumed in open meeting at 10:59 am to Rise and Report.

4. RISE AND REPORT

The Trust Fund Board reported on the following items:

- The Trust Fund Board supported in principle holding a covenant with the Mayne Island Conservancy Society over the land known as St. John Point, Mayne Island and will consider the conservation proposal again at a later date dependant on the outcome of staff investigation of issues involved and pending receipt of additional information.

- The Trust Fund Board requested staff prepare a summary report of the working landscapes conservation study for Trust Council at its June 2017 meeting.

5. MINUTES/COORDINATION

5.1 Minutes of Meetings/Resolutions without Meetings

5.1.1 Approval of the April 4, 2017 Regular Meeting Minutes

By general consent, the Trust Fund Board meeting minutes of April 4, 2017 were adopted.

5.2 Follow-up Action List

The Trust Fund Board Manager provided an update on items in the Follow-up Action List, and recommended rescinding one resolution from 2016.

TFB-2017-012
It was MOVED and SECONDED,
that resolution TFB-2016-035, that the Trust Fund Board direct Chair Law to write to both the Minister of Environment and the Minister of Forests, Lands and Natural Resource Operations seeking funding to complete the purchase of Fairyslipper Forest, Thetis Island, be rescinded.

CARRIED

6. BUSINESS

6.1 Items for Approval

6.1.1 Settlement Lands Covenant and Management Plan Approval, Denman Island

The ITF Ecosystem Protection Specialist presented the covenant to Board members and recommended the following edits to the Settlement Lands Management Plan.

- Page 3 Table of Contents: change “4.4 Invasive Alien Species and Disease” to “Invasive and Alien Species and Disease”
- Page 30 Change “4.4 Invasive Alien Species and Disease” to “Invasive and Alien Species and Disease” and add "Bracken fern (Pteridium) is native, but is invading herbaceous areas within the

Butterfly Reserve and as such is detrimental to nectar source species. Bracken should be controlled in the Butterfly Reserve by pulling fronds or cutting near to the base during the growing period (June-September). Some bracken management occurred in early 2016, and this will continue if funding for this effort can be secured at the appropriate time of year." to the first paragraph of section 4.4

- Page 47, last row on the page in Table 7, change “Threat/Risk Addressed” from “Invasive Alien Species” to “shading of nectar species”
- Page 48, last row on the page in Table 7, add “habitat enhancement for Species at Risk in consultation with appropriate Recovery Team(s).” to “Action Description” Column and change “BC Ministry of Environment” in “Budget or Other Considerations” Column to “Environment and Climate Change Canada”.

TFB-2017-013
It was MOVED and SECONDED,
that the Trust Fund Board authorizes the Chair to sign a covenant with the Denman Conservancy Association, over the Lands known as the Settlement Lands and described as: PID 006-639-771, the east ½ of the north east ¼ of Section 21, Denman Island, Nanaimo District; and, PID 006-657-656, the west ½ of the north east ¼ of Section 21, Denman Island, Nanaimo District, except that part in Plan VIP78186; and that staff register the covenant once the Agricultural Land Commission authorizes registration of the covenant.

CARRIED

TFB-2017-014
It was MOVED and SECONDED,
that the Trust Fund Board approve the Settlement Lands Management Plan for the Lands known as the Settlement Lands and identified by PID 006-639-771 and PID 006-657-656 as amended.

CARRIED

6.1.2 Singing Woods Nature Reserve Management Plan, Bowen Island

The ITF Property Management Specialist highlighted two edits to the management plan, requested by the Bowen Island Conservancy:

- Page 5 Executive Summary, addition of “The Bowen Island Conservancy has been completing management activities on the reserve since 2010.”
- Page 39 Section 4.3, addition of “including Bowen Island Conservancy,”

Board members discussed current and future trail use, and staff confirmed that the management plan does not support expansion of trails on the reserve.

TFB-2017-015
It was MOVED and SECONDED,
that the Trust Fund Board approve the 2017 Singing Woods Nature Reserve Management Plan as amended.

CARRIED

6.1.3 Islands Trust Fund Submission for 2016-2017 Annual Report
The ITF Communications and Fundraising Specialist highlighted additional edits to the TFB Chair letter and a minor adjustment to the protected area statistics. Board members suggested extracting the ITF section of the Islands Trust annual report document and publishing the section as a stand-alone document on the ITF website and in print.

TFB-2017-016
It was MOVED and SECONDED,
that the Trust Fund Board approves the attached text as amended for inclusion in the 2016-2017 Annual Report for approval by Trust Council and submission to the Ministry of Community, Sport and Cultural Development.

CARRIED

6.2 Items for Discussion/Direction

6.2.1 Review of Bylaw to Regulate the Meetings of the Trust Fund Board
The ITF Manager briefed Board members on the bylaw and noted recent updates to meeting bylaws of other Trust entities to allow for increased flexibility to meet virtually.

Board members expressed a preference of meeting face-to-face and noted that some islands experience difficulty with internet access, but agreed to remove some of the current procedural limitations on virtual meeting attendance.

The Director of Administrative Services briefed Board members on a current Information Services project reviewing new technology that would improve the virtual meeting experience.

6.2.2 2018-2027 Regional Conservation Plan Project Update
The ITF Ecosystems Protection Specialist briefed Board members on the outcomes of recent RCP workshops, reviewed edits to RCP Project Charter, and noted costs are slightly higher than budgeted due to high workshop attendance and provision of travel subsidies.

Board members discussed relationship development with First Nations, the emerging concept of protection of cultural species at risk, marine conservation and education, and ways to increase awareness of the Islands Trust Fund.

6.2.3 Draft Regional Conservation Plan Session Outline for Trust Council
Board members reviewed the session outline, making adjustments to the timeline, and suggested providing a summary of the Working Landscapes study to Trust Council.

6.2.4 ITF Finance and Fundraising - Discussion Item
Trustee Williams expressed excitement about potential fundraising work of the Islands Trust Fund and his interest in pursuing funding at a provincial, national and international level. The ITF Manager provided a

brief history of the Long Term Funding Committee, a former subcommittee of the Trust Find Board. Board members discussed the possibility of forming another subcommittee and reviewing the in-camera documents from the Long Term Funding Committee.

TFB-2017-017
It was MOVED and SECONDED
that the Trust Fund Board release the Long Term Funding strategy and related briefings to the current Trust Fund Board members.

CARRIED

6.3 Correspondence

There was no correspondence.

6.4 Updates for Information

6.4.1 Public Acquisitions Report

The Trust Fund Board reviewed the Public Acquisitions Report for information.

6.4.2 Public Covenants Report

The Trust Fund Board reviewed the Public Covenants Report for information.

6.4.3 Communication and Fundraising Report

The Trust Fund Board reviewed the Communication and Fundraising Report for information.

6.4.4 Property Management Specialist Report

The Trust Fund Board reviewed the Property Management Specialist Report for information.

6.4.5 Budget Report

The Trust Fund Board reviewed the Budget Report for information.

7. NEW BUSINESS

7.1 Procedures Regarding Board Members and Community Organizations
Trustee Morrison advised Board members of a recent request for her to sign a document on behalf of the Trust Fund Board, advised that this is not appropriate and cautioned Board members against signing anything on behalf of the Trust Fund Board.

7.2 Trust Fund Board Retreat
Board members discussed a possible retreat in the fall in combination with the scheduled September 26th TFB Meeting. The ITF Manager requested Board members brainstorm issues/topics and provide direction to staff for consideration at the July TFB meeting agenda.

8. NEXT MEETING

The next meeting will take place on July 18, 2017 at 10:00 am.

9. ADJOURNMENT

By general consent, the meeting adjourned at 1:52 pm.

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Tony Law, Chair

Certified Correct:

____
Corlynn Strachan, Administrative Assistant

ISLANDS TRUST FUND

Print Date: June 26, 2017

Follow Up Action Report

Trust Fund Board

24-Sep-2010

Activity	Responsibility	Target Date	Status
Staff to work with landowners to clarify wording of Cunningham Covenant regarding vegetation removal, while maintaining conservation as a priority.	Jennifer Eliason	30-Sep-2011	On Going

26-May-2011

Activity	Responsibility	Target Date	Status
Staff to continue working with senior Islands Trust staff to find an opportunity to put forward a request to amend the Islands Trust Act to create the Islands Trust Conservancy.	Jennifer Eliason	30-Jun-2017	On Going

31-Mar-2015

Activity	Responsibility	Target Date	Status
Staff to prepare possible revisions to the Trust Council Procedure 2.1.xxi Administration of the Crown Land Acquisition Initiative.	Jennifer Eliason	31-Dec-2016	On Going

20-Jul-2015

Activity	Responsibility	Target Date	Status
Staff to consider referencing the CDFCP Conservation Strategy in the next Regional Conservation Plan.	Kate Emmings	01-Dec-2017	On Going

28-Sep-2015

Activity	Responsibility	Target Date	Status

Seek injunction by submitting a Notice of Application re TFB-IC-2015-043	Jennifer Eliason Nuala Murphy	31-Dec-2015	On Going

07-Feb-2017

Activity	Responsibility	Target Date	Status
The Trust Fund Board will consult the Thetis Island Nature Conservancy (ThINC) during the development of a management plan for the nature reserve on Moore Hill.	Nuala Murphy Jennifer Eliason	31-Mar-2017	On Going

04-Apr-2017

Activity	Responsibility	Target Date	Status
Trust Fund Board approves an Opportunity Grant for $5,000 towards the costs of an ecological assessment and legal fees required for conservation of a property at St. John Point on Mayne Island.	Jennifer Eliason Crystal Oberg	31-Dec-2017	On Going

31-May-2017

Activity	Responsibility	Target Date	Status
Release the Long Term Funding strategy and related briefings to the current Trust Fund Board members.	Jennifer Eliason	18-Jul-2017	Done
The Board directed staff to share the findings of the Working Landscapes Conservation Program Feasibility Study with Trust Council.	Jennifer Eliason	22-Jun-2017	Done
TFB requested staff provide suggested revisions to TFB Bylaw to Regulate Meetings to allow some flexibility around attending TFB meetings virtually, while maintaining a preference for in-person attendance.	Jennifer Eliason	26-Sep-2017	On Going
Staff to communicate to Mayne Island Conservancy Society the TFBs support in principle for their proposal, and a willingness to re-consider approval subsequent to the receipt of additional information (TFB-IC-2017-008)	Kate Emmings	26-Sep-2017	On Going

ISLANDS TRUST FUND

Follow Up Action Report

20-Jun-2017

Activity	Responsibility	Target Date	Status
Investigate options for increased use of federal or provincial stewardship agreements for species at risk in the Islands Trust Area.	Clare Frater Jennifer Eliason	12-Sep-2017	On Going

ISLANDS TRUST FUND

TRUST FUND BOARD
REQUEST FOR DECISION

DATE: June 26, 2017

TO: Trust Fund Board **BOARD MEETING DATE: July 18, 2017**

SUBJECT: 2016-2017 Audited Financial Statements

RECOMMENDATION:

That the Trust Fund Board accept the Audited Financial Statements for the 2016-2017 fiscal year, and refer the statements to Islands Trust Council as an information item.

IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: There are no findings that require action.

FINANCIAL: None

POLICY: Consistent with policy

IMPLEMENTATION/COMMUNICATIONS: The approved Audited Financial Statements will be provided to Trust Council at their September meeting as an information item. The approved Statements will be posted to the Islands Trust Fund website and included in the 2016-2017 Annual Report.

BACKGROUND

REPORT/DOCUMENT:

- Islands Trust Fund Audit Findings Report for the Year Ended March 31, 2017
- Audited Financial Statements of the Islands Trust Fund Year Ended March 31, 2017

Prepared By: Jennifer Eliason, Manager, Islands Trust Fund

KPMG

Islands Trust Fund

Audit Findings Report

For the year ended March 31, 2017

KPMG LLP

For the meeting on May 31, 2017

kpmg.ca/audit

The contacts at KPMG in connection with this report are:

Lenora Lee

Lead Audit Engagement Partner

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Hanna Hatherley

Audit Manager

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Table of Contents

Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the Board, in your review of the results of our audit of the financial statements of Islands Trust Fund as at and for the year ended March 31, 2017.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Materiality

We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. For the current period, we have determined a materiality of $12,000 (2016 - $11,800). Any individual misstatements greater than $600 are noted in this report.

Finalizing the audit

As of May 31, 2017, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

– completing our discussions with the Board

– obtaining evidence of the Board's approval of the financial statements.

– obtaining the signed management representation letter

We will update the Board, and not solely the Chair (as required by professional standards), on significant matters, *if any*, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Audit risks and results

As part of our audit planning, we identified significant accounts that, by their nature, require special audit consideration. We are satisfied that our audit work has appropriately dealt with the risks.

Independence

We are independent with respect to the Trust within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Adjustments and differences

We did not identify differences that remain uncorrected.

We identified classification adjustments for annual financial statement purposes that were communicated to management and accepted.

Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

This Audit Findings Report should not be used for any other purpose or by anyone other than the Board. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls.

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks	Our response and significant findings
Fraud risk from management override of controls Required to be identified as a significant risk per professional standards.	We performed the required procedures under professional standards: • Test all material journal entries made in the preparation of the year-end financial statements and other adjustments • A retrospective review of estimates, including the assumptions used by management • Evaluating the business rationale of significant unusual transactions We are satisfied that our audit work has appropriately dealt with the fraud risk from management override of controls.

Audit risks and results

We identified other areas of focus for our audit in our discussion with you in the Audit Plan.

Significant findings from the audit regarding other areas of focus are as follows:

Other areas of focus	Our response and significant findings
Externally Restricted Contributions – Thetis Island Acquisition Fund	• The Trust Fund received a donation of shares of valued at $240,439 restricted for the purposes of acquiring property on Thetis Island for conservation, with a priority placed on the acquisition of the Moore Hill Property. The shares were immediately sold upon donation and proceeds deposited into the bank account for the Thetis Island Acquisition Fund by the Trust Fund. • We agreed the donation to receipt of cash and inspected the relevant documentation supporting the donation. • We noted the funds were used based on their donated intent to acquire the Moore Hill Property. • No discrepancies were noted in the procedures performed.
Government grants and deferred revenue	• The Trust Fund received a contribution of $273,000 from Environment and Climate Change Canada restricted for the purpose of acquiring, preserving, and managing the Moore Hill property on Thetis Island. KPMG inspected the Contribution Agreement and agreed the grant to cash receipt. • A holdback of $27,300 is recorded as accounts receivable in the Endowment Fund, representing the final payment to be collected upon submission by the Trust Fund of reporting requirements noting all of the Trust Fund's obligations under the agreement have been met.
Land donation	• The Moore Hill property was acquired in fiscal 2017 and funded from various sources including restricted contributions in the Thetis Island Acquisition Fund, the Environment and Climate Change Canada Contribution of $273,000, an ecological gift of $156,000 and cash paid by the Trust Fund of $351,000. • We noted the acquisition cost of the land recognized was the cash payment made, and did not include the value of the ecological gift. The ecological gift resulted in a reduction in the purchase price paid by Islands Trust Fund. • Accounting standards indicate that contributed assets are recognized in the financial statements at fair value. As a result, we recommended and management agreed, to recognize the additional value of land and revenue related to the $156,000 ecological gift received. • KPMG inspected the land title transfer certificate and the third party valuation of the land to validate the fair value of the property at the acquisition date, and that formal legal title transferred.

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Company's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:

Form, arrangement, and content of the financial statements	Adequate
Application of accounting pronouncements issued but not yet effective	We include a summary of future accounting standards in Appendix 4.

Adjustments and differences

Corrected adjustments

We recommended land and donation revenue be increased to recognize the value of the ecological gift related to the Moore Hill land acquisition of $156,000.

We identified minor financial statement reclassifying adjustments which had no impact on total assets, liabilities, fund balances or excess of revenue over expense for the year. The adjustments relate to financial statement presentation in the annual statements and do not represent errors in the underlying transactions or balances reporting by the Trust Fund.

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Audit Planning Report** – as previously presented on February 28, 2017.
- **Audit Findings Report** – as attached
- **Auditors' report –** the conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.
- **Management representation letter** – we will obtain from management at the completion of the annual audit. In accordance with professional standards, a copy of the representation letter is provided to the Audit Committee in Appendix 2.
- **Independence** - We are independent with respect to the Trust within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Appendix 2: Management Representation Letter

Prior to the release of the auditors' report, we will obtain from management a signed management representation letter – a copy of the letter is included below.

Date of Board approval of Financial Statements

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Islands Trust Fund ("the Entity") as at and for the period ended March 31, 2017.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 10, 2017, for:
   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework
   b) providing you with all relevant information, such as all financial records and related data, including the names of all related parties and information regarding all relationships and transactions with related parties, and complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of directors and committees of the board of directors that may affect the financial statements, and access to such relevant information
   c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
   d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud

b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements

c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, analysts, regulators, or others

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

9) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

10) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Commitments & contingencies:

11) There are no:

a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation

b) other environmental matters that may have an impact on the financial statements.

Misstatements:

12) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Yours very truly,

ISLANDS TRUST FUND

Mr. Russ Hotsenpiller, Chief Administrative Officer

Ms. Cindy Shelest, Director of Administrative Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Related parties

In accordance with Canadian public sector accounting standards (PSAB) *related party* is defined as:

1) A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

2) A person or a close member of that person's family is related to a reporting entity if that person:

   a) has control or joint control over the reporting entity;

   b) has significant influence over the reporting entity; or

   c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

   a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   c) Both entities are joint ventures of the same third party.

   d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   e) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

   f) The entity is controlled or jointly controlled by a person identified in (a).

   g) A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In accordance with Canadian public sector accounting standards (PSAB) a *related party transaction* is defined as:

   a) A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Attachment II – Summary of Audit Misstatements Schedule

Corrected Audit Misstatements

– Consistent with prior year KPMG reclassified the Ruby Alton grant revenues ($4,662) from investment income to grants revenues and the Ruby Alton Fund administration fee from bank charges to investment income ($977).

– Adjustment to increase the value of the Moore Hill land on Thetis Island and donation revenue to fair market value, increased land and surplus by $156,000.

– Reclassification entry made to record the $27,300 owed from Environment and Climate Change Canada for the Moore Hill land contribution as accounts receivable in the Restricted fund instead of the Endowment Fund.

– Reclassification entry made to record the Real Estate Foundation of BC Grant of $3,500 as grant income instead of donation income within the Opportunity Fund.

– Reclassification entry made to record the Vancouver Foundation Flavelle Fund Grant of $750 as grant income instead of donation income within the Lasqueti Island Restricted Fund.

kpmg.ca/audit

Financial Statements of

THE ISLANDS TRUST FUND

Year ended March 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Trustees of the Islands Trust Fund Board, the Trustees of the Islands Trust Council and the Minister of Community, Sport and Cultural Development

We have audited the accompanying financial statements of The Islands Trust Fund, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, The Islands Trust Fund derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Islands Trust Fund. Therefore, we were not able to determine whether as at March 31, 2017 and for the years ended March 31, 2017 and March 31, 2016, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statement of operations, statement of cash flows, statement of changes in fund balances and assets and fund balances reported in the statement of financial position as at March 31, 2017. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Islands Trust Fund as at March 31, 2017, its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

________________________, 2017
Victoria, Canada

THE ISLANDS TRUST FUND

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2017 Total	2016 Total (Schedule 1)
Assets:						
Current assets:						
Cash	$ 34,144	$ 215,212	$ -	$ -	$ 249,356	$ 360,330
Short-term investments (note 2)	-	165,452	-	88,000	253,452	239,785
Accounts receivable	-	-	-	27,300	27,300	-
Inventory of fundraising items	1,342	-	-	-	1,342	1,612
	35,486	380,664		115,300	531,450	601,727
Investments (note 3)	-	64,870	-	-	64,870	63,257
Land (notes 4 and 6)	-	-	7,073,903	6,176,601	13,250,504	12,470,504
	$ 35,486	$ 445,534	$ 7,073,903	$ 6,291,901	$ 13,846,824	$ 13,135,488
Liabilities:						
Current liabilities:						
Property tax payable	$ -	$ 498	$ -	$ -	$ 498	$ -
Due to Islands Trust	2,995	(74)	-	-	2,921	-
Deferred revenue	541	-	-	-	541	-
	3,536	424	-	-	3,960	-
Fund Balances:						
Unrestricted	31,950	-	-	-	31,950	36,113
Investment in land (note 4)	-	-	7,073,903	-	7,073,903	7,073,903
Internally restricted (note 5)	-	24,327	-	-	24,327	24,320
Externally restricted (note 5)	-	420,783	-	-	420,783	516,551
Restricted for endowment purposes (note 6)	-	-	-	6,291,901	6,291,901	5,484,601
	31,950	445,110	7,073,903	6,291,901	13,842,864	13,135,488
	$ 35,486	$ 445,534	$ 7,073,903	$ 6,291,901	$ 13,846,824	$ 13,135,488

The accompanying notes are an integral part of these financial statements.

Approved by the Trust Fund Board:

____________________ Board member ____________________ Board member

THE ISLANDS TRUST FUND

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2017 Total	2016 Total (Schedule 2)
Revenue:						
Donations:						
Cash	$ 2,480	$ 258,244	$ -	$ -	$ 260,724	$ 114,647
Land	-	-	-	156,000	156,000	-
Grants	2,959	5,412	-	273,000	281,371	5,053
Rental income	-	10,200	-	-	10,200	10,200
Investment income (loss)	21	16,068	-	-	16,089	(3,407)
Sale of fundraising items	133	-	-	-	133	150
	5,593	289,924	-	429,000	724,517	126,643
Expenses:						
Repairs and maintenance - Alton property	-	1,181	-	-	1,181	11,286
Cost of sales of fundraising items	270	-	-	-	270	173
Bank charges	31	204	-	-	235	149
Donations to conservancy groups	6,460	-	-	-	6,460	-
Consultant fees	2,995	6,000	-	-	8,995	8,400
	9,756	7,385	-	-	17,141	20,008
Excess (deficiency) of revenue over expenses	$ (4,163)	$ 282,539	$ -	$ 429,000	$ 707,376	$ 106,635

The accompanying notes are an integral part of these financial statements.

THE ISLANDS TRUST FUND

Statement of Changes in Fund Balances

Year ended March 31, 2017, with comparative information for 2016

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	Total
Fund balances, March 31, 2015	$ 33,295	$ 437,054	$ 7,073,903	$ 5,484,601	$ 13,028,853
Excess of revenue over expenses	2,818	103,817	-	-	106,635
Fund balances, March 31, 2016	36,113	540,871	7,073,903	5,484,601	13,135,488
Excess of revenue over expenses	(4,163)	282,539	-	429,000	707,376
Interfund transfer	-	(378,300)	-	378,300	-
Fund balances, March 31, 2017	$ 31,950	$ 445,110	$ 7,073,903	$ 6,291,901	$ 13,842,864

The accompanying notes are an integral part of these financial statements.

THE ISLANDS TRUST FUND

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 707,376	$ 106,635
Item not involving cash:		
Donation of land	(156,000)	-
Changes in non-cash operating working capital:		
Inventory of fundraising items	270	173
Accounts receivable	(27,300)	-
Accounts payable	-	(1,024)
Property tax payable	498	-
Due to Islands Trust	2,921	-
Deferred revenue	541	-
	528,306	105,784
Capital activities:		
Cash paid to acquire land	(624,000)	-
Investing activities:		
Increase (decrease) in short-term investments	(13,667)	6,868
Increase in long-term investments	(1,613)	(3,045)
	(15,280)	3,823
Increase (decrease) in cash	(110,974)	109,607
Cash, beginning of year	360,330	250,723
Cash, end of year	$ 249,356	$ 360,330

The accompanying notes are an integral part of these financial statements.

The Islands Trust (the "Trust") is incorporated under The Islands Trust Act of British Columbia (as amended). The objectives of the Trust are to preserve and protect the Trust area and its unique amenities and environment for the benefit of the residents of the Trust area and of the Province generally.

The Islands Trust Fund (the "Trust Fund") is also incorporated under The Islands Trust Act of British Columbia and is empowered to accept donations, grants and bequests on behalf of the Trust and to hold land and other property in compliance with a Trust Fund plan approved by the Ministry of Community, Sport and Cultural Development.

The Trust Fund is administered by the Trust and for financial reporting purposes, the Trust and the Trust Fund are reported on separately. The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. These financial statements present the financial position and changes in fund balances of the Trust Fund.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations:

(a) Fund accounting:

The Trust Fund follows the restricted fund method of accounting for contributions.

The Opportunity Fund reports unrestricted resources.

The Restricted Fund reports the assets, liabilities, revenue and expenses related to internally and externally restricted assets.

The Capital Fund reports the assets, liabilities, revenue and expenses related to the Trust Fund's capital assets.

The Endowment Fund reports resources that are contributed for endowment purposes.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. During the years presented, there are no unrealized gains and losses, and as a result, no statement of remeasurement gains and losses has been included in these financial statements. All investments held by the Trust Fund are classified as Level 2 investments for fair value measurement and there were no changes in classification in the years presented.

(c) Land:

Purchased land is recorded at cost. Contributed land is recorded at estimated fair value at the date of contribution.

(d) Revenue recognition:

Restricted contributions are recorded as revenue of the appropriate restricted fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the Opportunity Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recorded as revenue in the Endowment Fund balance.

Interest income earned on Endowment Fund resources is restricted for the purpose of maintaining certain specified property and is recorded in the Restricted Fund. Interest income of internally restricted funds is recorded as revenue of the Restricted Fund. Other interest income is recorded as revenue of the Opportunity Fund when earned.

All other forms of income are recorded as revenue of the Opportunity Fund when received or receivable.

1. Significant accounting policies (continued):

(e) Liability for contaminated sites:

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

(i) an environmental standard exists;

(ii) contamination exceeds the environmental standard;

(iii) the Trust Fund is directly responsible or accepts responsibility;

(iv) it is expected that future economic benefits will be given up; and

(v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Significant estimates include assumptions used in estimating the fair value of contributed land at the date of contribution. Actual results could differ from those estimates.

2. Short-term investments:

Short-term investments consist of an endowment fund with the Victoria Foundation and Municipal Finance Authority of British Columbia ("MFA") Bond and Money Market Funds. Investments in MFA Funds are recorded at cost plus earnings reinvested in the funds.

3. Investments:

Investments consist of a guaranteed investment certificate that matures on April 16, 2019. It has an interest rate of 2.55%.

4. Land:

	Acquisition date	2017	2016
Inner Island Nature Reserve, Denman Island	1992	$ 70,000	$ 70,000
Coats Millstone Reserve, Gabriola Island	1994	100,000	100,000
Medicine Beach Nature Sanctuary, North Pender Island	1996	477,000	477,000
Cunningham Reserve, Salt Spring Island	1994	265,000	265,000
Deep Ridge Reserve, Salt Spring Island	1992	255,000	255,000
Lower Mt. Erskine Nature Reserve, Salt Spring Island	1996	284,000	284,000
Kwel Nature Sanctuary, Lasqueti Island	1997	195,497	195,497
Singing Woods Nature Reserve, Bowen Island	1999	157,000	157,000
Trincomali Nature Sanctuary, Galiano Island	2001	242,406	242,406
Horton Bayviary Nature Reserve, Mayne Island	2002	210,000	210,000
Morrison Marsh Nature Reserve, Denman Island	2006	438,000	438,000
Brigade Bay Bluffs Nature Reserve, Gambier Island	2006	150,000	150,000
Long Bay Wetland Nature Reserve, Gambier Island	2006	305,000	305,000
Elder Cedar Nature Reserve, Gabriola Island	2007	658,000	658,000
Mount Artaban Nature Reserve, Gambier Island	2009	1,177,000	1,177,000
Fairy Fen Nature Reserve, Bowen Island	2011	1,817,000	1,817,000
Laughlin Lake Nature Reserve, Galiano Island	2013	56,000	56,000
Vanilla Leaf Land Nature Reserve, Galiano Island	2014	217,000	217,000
		$ 7,073,903	$ 7,073,903

5. Restricted Fund balances:

	2017	2016
Internally restricted:		
McFadden Creek management fund	$ 24,327	$ 24,320
Externally restricted:		
Alton Nature Reserve - maintenance fund	102,043	76,394
Morrison Fund	20,062	20,057
Covenant Defense Fund	103,824	100,197
Lasqueti Acquisition Fund	33,344	32,533
Gambier Acquisition Fund	116,891	115,173
Thetis Island Acquisition Fund	44,619	172,197
	420,783	516,551
	$ 445,110	$ 540,871

6. Restricted for endowment purposes:

	Acquisition date	2017	2016
Land:			
Lindsay Dickson Nature Reserve, Denman Island	2001	$ 2,200,000	$ 2,200,000
Alton Nature Reserve, Salt Spring Island	2002	454,000	454,000
McFadden Creek Nature Sanctuary, Salt Spring Island	2015	422,601	422,601
Properties acquired under the Federal Government Ecological Gifts program:			
Mt. Trematon Nature Reserve, Lasqueti Island	2006	320,000	320,000
David Otter Nature Reserve, Bowen Island	2007	620,000	620,000
John Osland Nature Reserve, Lasqueti Island	2012	890,000	890,000
Valens Brook Nature Reserve, Denman Island	2013	280,000	280,000
Burren’s Acres Nature Reserve, Gabriola Island	2014	210,000	210,000
Moore Hill Nature Reserve, Thetis Island	2017	780,000	-
		$ 6,176,601	$ 5,396,601

Investment gains (losses) on endowment funds for the year of $12,306 (2016 - ($6,966)) have been recorded in the Restricted Fund.

Two properties owned by the Trust Fund, the Lindsay Dickson property on Denman Island, and the Alton property on Salt Spring Island, were donated on the condition that the properties be used and managed in certain ways. The Lindsay Dickson property was donated “for so long as the land is used as a nature reserve for the use, benefit and enjoyment of the residents of B.C.”. The Alton property is to be held, managed and preserved for its ecological environment and scenic features and not as a recreational park. The residence, gardens and driveway are to be preserved and managed for non-profit purposes.

In the event that these properties are not managed accordingly, the properties could revert to the Province of British Columbia in the case of the Lindsay Dickson Nature Reserve and to the Executors of the donor’s estate in the case of the Alton Nature Reserve.

In 2015, the McFadden Creek Nature Sanctuary on Salt Spring Island was donated to the Trust Fund on the condition that the property was to be protected, preserved and maintained in its natural state. Should a disposition of this property ever be triggered, there is a Right of First Refusal on the property in favor of the Wild Bird Trust of BC.

Certain properties as listed in the preceding table were acquired under the Federal Government Ecological Gift program. Recipients of ecological gifts are responsible for maintaining the biodiversity and environmental heritage values of the property in perpetuity.

7. Interfund transfer:

During the year, there were interfund transfers of $378,300 (2016 - nil) from the Restricted Fund to the Endowment Fund, representing cash paid to acquire the Moore Hill Nature Reserve on Thetis Island.

8. Related party:

The Trust is related to the Trust Fund through the composition of the Trust Fund's Board. The Trust Fund's Board is comprised of three members from the Trust's Council and up to three members appointed by the Minister of Community, Sport and Cultural Development.

The Trust Fund's annual expenses are funded by and reported as part of the Trust in accordance with The Islands Trust Act. The expenses are summarized as follows:

	2017	2016
Operations	$ 495,775	$ 432,813
Board	15,566	15,155
Administration	154,286	156,306
	$ 665,627	$ 604,274

For the year ended March 31, 2017, amounts payable to Islands Trust were $2,921 (2016 - nil).

9. Financial risks and concentration of risk:

The Trust Fund's financial instruments consist of cash, short-term investments, accounts receivable, investments, property tax payable and due to Islands Trust. It is management's opinion that the Trust Fund is not exposed to significant interest, currency or credit risk arising from these financial instruments. The maximum exposure to credit risk at March 31, 2017 is the carrying value of cash, accounts receivable, short-term investments and investments. The Trust Fund deals with creditworthy counterparties to mitigate credit risk. The Trust Fund manages its liquidity risk by monitoring its operating requirements. Interest rate risk is not significant due to the short term nature of investments held. There have been no significant changes to risk exposure in the years presented.

THE ISLANDS TRUST FUND

Statement of Financial Position

Schedule 1

March 31, 2016

		Opportunity Fund		Restricted Fund		Capital Fund		Endowment Fund		2016 Total
Assets:										
Current assets:										
Cash	$	34,501	$	325,829	$	-	$	-	$	360,330
Short-term investments				151,785		-		88,000		239,785
Inventory of fundraising items		1,612		-		-		-		1,612
		36,113		477,614		-		88,000		601,727
Investments (note 3)		-		63,257		-		-		63,257
Land (notes 4 and 6)		-		-		7,073,903		5,396,601		12,470,504
	$	36,113	$	540,871	$	7,073,903	$	5,484,601	$	13,135,488
Liabilities										
Current liabilities:										
Accounts payable	$	-	$	-	$	-	$	-	$	-
Fund Balances										
Unrestricted		36,113		-		-		-		36,113
Investment in land (note 4)		-		-		7,073,903		-		7,073,903
Internally restricted (note 5)		-		24,320		-		-		24,320
Externally restricted (note 5)		-		516,551		-		-		516,551
Restricted for endowment purposes (note 6)		-		-		-		5,484,601		5,484,601
		36,113		540,871		7,073,903		5,484,601		13,135,488
	$	36,113	$	540,871	$	7,073,903	$	5,484,601	$	13,135,488

THE ISLANDS TRUST FUND

Statement of Operations

Schedule 2

Year ended March 31, 2016

	Opportunity Fund	Restricted Fund	Capital Fund	Endowment Fund	2016 Total
Revenue:					
Donations:					
Cash	$ 2,895	$ 111,752	$ -	$ -	$ 114,647
Land	-	-	-	-	-
Grants	-	5,053	-	-	5,053
Rental income	-	10,200	-	-	10,200
Investment income	23	(3,430)	-	-	(3,407)
Sale of fundraising items	150	-	-	-	150
	3,068	123,575	-	-	126,643
Expenses:					
Repairs and maintenance - Alton property	-	11,286	-	-	11,286
Cost of sales of fundraising items	173	-	-	-	173
Bank charges	77	72	-	-	149
Donations to conservancy groups	-	-	-	-	-
Consultant fees	-	8,400	-	-	8,400
	250	19,758	-	-	20,008
Excess of revenue over expenses	$ 2,818	$ 103,817	$ -	$ -	$ 106,635

DRAFT FOR DISCUSSION

TRUST FUND BOARD
REQUEST FOR DECISION

DATE: June 26, 2017

TO: Trust Fund Board **BOARD MEETING DATE: July 18, 2017**

SUBJECT: Transfer Agreement – Valens Brook Addition

RECOMMENDATION:

That the Trust Fund Board direct Chair Tony Law to sign a transfer agreement between the Trust Fund Board and the owners of Lot 17, Section 6, Denman Island, Nanaimo District, Plan 6404 PID 005-851-122 and authorize staff to move forward with the transfer of approximately 2.54 hectares of this property, using section 99 of the Land Titles Act.

IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: The transfer of this land will add 2.54 hectare to the 3.74 hectare Valens Brook Nature Reserve. The lands will be managed as one reserve, and therefore the costs of monitoring and management will be combined.

FINANCIAL: Costs to carry out the transfer of this land are estimated at less than $1,000. The landowner is responsible for the cost of the survey and appraisal. A management plan will be developed for the Valens Brook Nature Reserve, but much of the ecological inventory has been completed, so costs to complete are estimated at $3,000. Annual monitoring is estimated at $500/year.

POLICY: Consistent with policy.

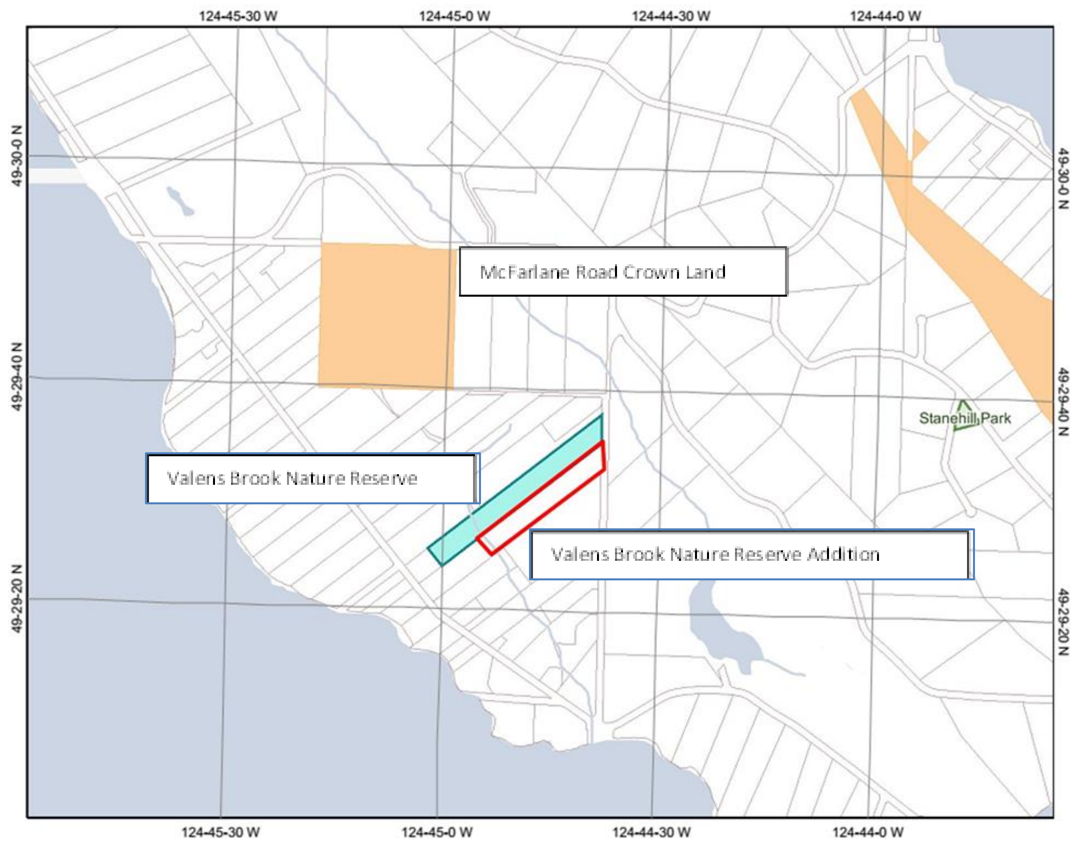
IMPLEMENTATION/COMMUNICATIONS: The landowner will be notified of the TFB's decision. The landonwers have indicated that they intend to apply to the Ecological Gifts program and staff will assist them with this process. Once the transfer is complete, ITF's website will be updated and local media will be notified.

BACKGROUND

In September 2014 the Trust Fund Board received a Conservation Proposal from Henning Nielsen on behalf of the owners of Lot 17, Section 6, Denman Island, Nanaimo District. The TFB passed the following resolution:

> That the Trust Fund Board accept the conservation proposal submitted by Henning Nielsen on behalf of Luise Hermanutz and David Innes, to transfer approximately 2.545 hectares of Lot 17, Plan 6404, Section 6 Denman Island, Nanaimo District, PID 005-851-122 to the TFB to be protected as a nature reserve.

The property is directly adjacent to the TFB's Valens Brook Nature Reserve, and has also been the subject of a Conservation Proposal submitted by the previous landowner.



The property contains several small wetlands and approximately 60 meters of Valens Brook, which is a salmon and Cutthroat Trout bearing stream. The forest is regenerating from logging and is transitioning from a pole sapling forest to a young forest in some areas. Eight species at risk have been observed on the land by the previous owner, who is a biologist:

Species	Federal Designation	Provincial Designation

Band tailed Pigeon *Patagioenas fasciata*	Special Concern	Blue listed
Common Nighthawk *Chordeiles minor*	Threatened	Yellow listed
Olive- sided flycatcher *Contopus cooperi*	Threatened	Blue listed
Red- legged frog *Rana aurora*	Special Concern	Blue listed
Western Screech - Owl *kennicottii* subspecies *Megascops kennicottii kennicottii*	Threatened	Blue listed
Common Wood-nymph, *Incana* subspecies *Cercyonis pegala incana*	None	Red listed
Western Pondhawk *Erythemis collocata*	None	Blue listed
Cutthroat Trout *Oncorhynchus clarkii clarkii*	None	Blue listed

The property has been the subject of a density transfer, whereby the two densities associated with the proposed conservation area were transferred to another property on Denman Island, and the land to be transferred to the Trust Fund Board has been rezoned to Conservation/Recreation. The amendments to the Denman Island Official Community Plan and Land Use Bylaw are now complete.

REPORT/DOCUMENT: draft Transfer Agreement, dated June 22, 2017

KEY ISSUE(S)/CONCEPT(S): land donation, salmon bearing stream, species at risk habitat

RELEVANT POLICY: TFB 2.3 Acquisition and Management of Land

DESIRED OUTCOME: Transfer and protection of conservation land on Valens Brook.

RESPONSE OPTIONS

Recommended: As above.

Alternatives: Request additional information and defer approval to a future meeting.

Prepared By: Jennifer Eliason, Manger, Islands Trust Fund

TRANSFER AGREEMENT

THIS AGREEMENT dated for reference ____________________, is

BETWEEN:

Luise Anne Hermanutz and David James Innes, 6055 Lacon Road, Denman Island, BC, V0R 1T0

(collectively, the “Owners”)

AND:

TRUST FUND BOARD, 200 – 1627 Fort Street, Victoria, B.C. V8R 1H8

(the “TFB”)

GIVEN THAT:

A. The Owners own the estate in fee simple to the Parent Parcel.

B. The Owners wish to transfer and convey the estate in fee simple to the Property, as a gift, and the TFB wishes to accept such transfer and conveyance, on the terms and conditions set out in this Agreement.

C. The parties have agreed that the Property will be created by deposit of the Reference Plan pursuant to section 99(1)(h) of the *Land Title Act*.

This Agreement is evidence that in consideration of the promises exchanged below, and in consideration of the payment of $1.00 by the TFB to the Owners (the receipt and sufficiency of which is hereby acknowledged by the parties), the parties agree as follows:

1. **Definitions:** In this Agreement:

“Closing Date” means ___________________, 2017;

“Closing Documents” means

(i) the Reference Plan, duly executed by all persons necessary in order for that plan to be registered in the land title office,

(ii) the Transfer, and

(iii) any other instruments, documents, deeds, or other things necessary, in the opinion of the TFB’s solicitors, in order to convey the Property in accordance with section

99(1)(h) of the *Land Title Act* to the TFB, free and clear of all liens, charges and encumbrances except for the Permitted Encumbrances;

"Parent Parcel" means the lands legally described as PID 005-851-122 Lot 17, Section 6, Denman Island, Nanaimo District, Plan 6404;

"Permitted Encumbrances" means

(i) subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or any other grant or disposition from the Crown,

(ii) Undersurface Rights 53541G in favour of Shosuke Nakano, and

(iii) Undersurface Rights (Coal TSN) DF41393 in favour of the Crown in Right of British Columbia;

"Property" means that portion of the Parent Parcel shown outlined in heavy black line on the Reference Plan;

"Reference Plan" means the Reference Plan of Part of Lot 17, Section 6, Denman Island, Nanaimo District, Plan 6404 prepared by ________________________, BCLS, and dated ________________, a reduced copy of which is attached as Schedule A to this Agreement; and

"Transfer" means a transfer of the estate in fee simple of the Property, executed and in registrable form, conveying the Property to the TFB.

2. **Transfer:** The Owners shall, in the manner and on the terms and conditions set out in this Agreement, convey the estate in fee simple in the Property to the TFB on the Closing Date.

3. **Title:** The Owners shall convey the Property to the TFB free and clear of all liens, charges and encumbrances, except for the Permitted Encumbrances.

4. **Possession:** The Owners shall give vacant possession of the Property to the TFB at 12:00 noon on the Closing Date.

5. **Adjustments**: The Owners shall be responsible for the payment of all property taxes, service taxes, local improvement charges and other levies or charges assessable on the Property for the entire 2017 taxation year, without adjustment between the Owners and the TFB. The Owners shall be responsible for the payment of all utilities and other charges usually the subject of adjustment between a vendor and a purchaser with respect to the sale of land, up to and including the Closing Date, and the TFB shall be responsible for those charges thereafter.

6. **Closing Documents:** At least 10 days before the Closing Date, the TFB will deliver the Transfer to the Owners' notary for execution by the Owners. At least 2 days before the Closing Date, the Owners will cause their notary to deliver to the TFB's solicitors the Closing Documents, all duly executed and in registrable form.

7. **Completion:** On the Closing Date, the TFB will cause their solicitors to make application to register the Closing Document in the Victoria land title office, and to thereafter provide the Owners' notary with confirmation of the application for registration, including pending registration numbers.

8. **Costs:** The TFB will at its cost prepare the Transfer. The TFB will pay all land title office registration fees associated with registering the Closing Documents in the land title office. The Owners will at their cost prepare the Reference Plan. The Owners will bear all costs of clearing title to the Property, including payment of any bonuses or penalties regarding liens, charges or encumbrances being cleared. Each party will bear its own legal fees and disbursements with respect to this transaction.

9. **Risk:** The Property shall remain at the risk of the Owners until application is made to register the Reference Plan and Transfer in the land title office. After that time, the Property will be at the risk of the TFB.

10. **Representations and Warranties:** The Owners represent and warrant to, and covenant with, the TFB that the following is true, and will be true on the Closing Date:

(a) The Owners are the registered and beneficial owners of the Property and have good, safe-holding and marketable title to the Property;

(b) the Owners hold title to the Property free and clear of all liens, charges and encumbrances except for the Permitted Encumbrances, and Mortgage CA3805433 which will be cleared from title on or before the Closing Date;

(c) there is no action, suit, claim, litigation or proceeding pending or, to the knowledge of the Owners, threatened with respect to the Owners or the Property that could affect the right of the TFB to own the Property or the ability of the Owners to perform their obligations under this Agreement;

(d) neither the execution of this Agreement nor its performance by the Owners will result in a breach by the Owners of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which it is bound;

(e) the Owners are residents in Canada within the meaning of the *Income Tax Act* (Canada);

(f) no lien under the *Builders Lien Act* exists or is claimed with respect to the Property or any part of the Property and there are no debts due or owing for any work, labour, service or materials provided to or performed on the Property under which a lien could arise under the *Builders Lien Act*;

(g) the Owners have no indebtedness to any person, business, company or governmental authority which by operation of law or otherwise constitutes a lien, charge or encumbrance that could affect the right of the TFB to own the Property;

(h) to the best of the Owners' knowledge, there are no underground storage tanks on the Property;

(i) to the best of the Owners' knowledge there is no hazardous or toxic wastes on or under the Property; and

(j) there are no tenants or other occupants of the Property.

11. **TFB's Representations and Warranties:** The TFB represents and warrants to the Owners that:

(a) The TFB is a statutory corporation incorporated under the *Islands Trust Act*, RSBC 1996, c. 239.

(b) The TFB has the power and capacity to enter into this Agreement and carry out its obligations under this Agreement, all of which have been authorized by the necessary corporate proceedings.

12. **Solicitors/Notary:** The solicitors/notary for the parties are as follows:

(a) for the Owners:
Kate Greening, Notary Public
320 10th St
Courtenay, BC V9N 1P5
Phone: 250-338-1445, toll free 800-335-8338
Fax 250-338-6638
Email: kategreeningnotary@shawcable.com; and

(b) For the TFB:
JarvisLegal Law Corporation
300 - 1090 Homer Street
Vancouver, BC V6B 2W9
Tel: 604-637-8711
Email: danielle@jarvislegal.ca
Attention: Danielle Jarvis

If a party changes solicitors/notary at any time before the Closing Date, that party must immediately give written notice to the other party of the change and the contact information for the new solicitors/notary.

Delivery of all documents and plans to be delivered under this Agreement will be effected by hand, courier or email to the respective party's solicitor/notary at address above, such deliveries to be effective only on actual receipt.

Miscellaneous

13. The Owners agree that the TFB, its employees, contractors and agents, have the license, exercisable on 48 hours' notice to the Owners by telephone or email, to enter on the Parent Parcel from time to time prior to the Closing Date, at the TFB's sole risk and expense, for the purpose of making reasonable inspections, surveys, tests and studies of the Property.

14. Time is of the essence of this Agreement and the transaction for which it provides.

15. Each of the parties shall at all times execute and deliver at the request of the other all such further documents, deeds and instruments, and do and perform such acts as may be reasonably necessary to give full effect to the intent and meaning of this Agreement.

16. There are no representations, warranties, guarantees, promises or agreements other those contained herein, all of which survive the completion of the conveyance of the Property contemplated by this Agreement and shall not merge with any deeds or agreements delivered in connection with completion and do not merge with the Transfer or its registration.

17. In this Agreement, a reference to a party is a reference to a party to this Agreement, and any reference to a party includes that party's heirs, executors, administrators, successors and assigns, and any reference to the singular or masculine shall include the plural or feminine where the contexts or the parties so require.

18. The Schedule attached to this Agreement forms an integral part of this Agreement.

19. The obligations of the Owners under this Agreement are both joint and several.

20. This Agreement shall be governed by and construed and enforced in accordance with the laws of British Columbia.

21. This Agreement may be executed in counterparts, each of which is to be deemed to be an original and all of which together constitute one and the same agreement.

22. This Agreement may not be modified or amended except by an instrument duly executed by each of the parties.

AS EVIDENCE of their agreement to be bound by the above terms and conditions, the parties have executed this Agreement below.

Signed and Delivered by the Owners under seal:

____
Name: Luise Anne Hermanutz

____
Name: David James Innes

Date: ___________________________

TRUST FUND BOARD by its authorized signatory:

____
Name:

Date: ___________________________

Schedule A

[Attached Reduced Copy of Reference Plan]

TRUST FUND BOARD
REQUEST FOR DECISION

DATE: July 11, 2017

TO: Trust Fund Board **BOARD MEETING DATE: July 18, 2017**

SUBJECT: Conservation Proposal – Crystal Mountain Transfer

RECOMMENDATION:

That the Trust Fund Board decline the Conservation Proposal as presented but reiterate to the Crystal Mountain Society a willingness to proceed with registering a conservation covenant to protect the natural values on Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035 and part of Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041.

IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL: A conservation covenant (as proposed in 2014) would allow for the continued use of the proposed protected area by the visitors/retreatants to Crystal Mountain. It would also allow for the provision of a public trail by mutual agreement, requires less pstaff and property management resources than a land transfer.

FINANCIAL: The short term costs associated with proceeding with a conservation covenant are estimated at $800-1,200 in legal fees (note: to date ITF has already spent ~$1,000 on the development and legal review of the current conservation covenant). The survey, registration of the covenant and development of a baseline report would be the responsibility of the landowner, unless otherwise negotiated. Annual monitoring is estimated at $500 per year.

In 2014, the applicant indicated a willingness to provide a $15,000 endowment (over three years) to support monitoring and management of a covenant. This would not produce annual returns adequate to cover the full cost of monitoring. Staff recommend instead adding the contribution to the Covenant Management and Defence Fund to develop a reserve for addressing extraordinary costs related to covenants that may arise in the future.

POLICY: The properties contain several sensitive ecosystems (woodland, cliff, wetland, riparian and mature forest) and representative forest ecosystems which are identified in the Regional Conservation Plan as biodiversity priorities important for securement.

IMPLEMENTATION/COMMUNICATIONS: The TFB's decision will be communicated to the applicant, as well as the Galiano Island Local Trust Committee and planning staff. If the covenant negotiations proceed, staff will continue to work with the applicant on the proposed covenant, investigate access issues for monitoring the eastern portion of Lot A and determine if any of the charges on title would impact a covenant.

OTHER: If the TFB chooses not to proceed with the proposed land transfer, but the applicant is unable to proceed with a covenant, ITF staff could suggest alternative land holders to potentially receive the transfer.

BACKGROUND

The Crystal Mountain Society – A Society for Eastern and Western Studies (CMS) wishes to rezone two subject properties to permit a year-round not-for-profit forest retreat centre. The proposal is to locate the buildable areas on 25% of the subject properties (~6 ha) and protect the other 75% of the properties (~18.3 ha) as a community benefit. The retreat centre will host up to 30 retreat participants when running at full capacity. When inactive, the site will be home to a resident caretaker.

In November 2014, the Trust Fund Board considered a Conservation Proposal from CMS for a conservation covenant and passed the following resolution:

> That the Trust Fund Board approve the Crystal Mountain proposal to covenant approximately 18.3 ha of the lands described as: a) Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035; and, b) Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041, subject to the successful negotiation of an endowment.

Staff have been working with CMS to develop a conservation covenant, and a draft is near completion. However, the CMS has experienced significant resistance from the Galiano Island community to their proposal and is now considering transferring the proposed 18.3 ha. protected area to the Trust Fund Board (or another suitable agency).

At the April 2017 TFB Meeting, the TFB considered a request from CMS to consider a transfer of land instead of a conservation covenant, and passed the following resolution:

> That the Trust Fund Board reconfirms its agreement to hold a covenant on approximately 18 hectares of the lands owned by Crystal Mountain Society (PIDs: 000-851-035 & 024-351-041), but indicates a willingness to consider a proposal to accept a transfer of some or all of the 18 hectares and suggests the applicant bring forward a complete Conservation Proposal that includes an assessment of the charges on title, the final subdivision layout and a significantly increased offer of endowment.

CMS has now submitted a Conservation Proposal outlining a proposed transfer of land. The proposal includes an overview of the charges on title, and reiterates the previous offer of a $15,000 endowment. The Proposal includes a map that indicates the proposed layout, as well as a network of public and “meditational” trails, indicating CMS’s desire for two levels of use for the trails. The applicant has indicated that their surveyor believes the subdivision can be achieved using section 99 of the *Land Titles Act*.

The attached Staff Report addresses the current Conservation Proposal in more detail.

REPORT/DOCUMENT:

1. Staff Report

2. Conservation Proposal - Crystal Mountain Society
3. Map of proposed subdivision layout
4. Appendix A – Title for Lot 9
5. Appendix B – Title for Lot A
6. Appendix C – Reference Plan for Existing Covenant
7. Appendix D – Reference Plan for Existing Road Easement on Lot 9
8. CMS's Lawyers report on title charges
9. Conditional Water Licence

KEY ISSUE(S)/CONCEPT(S): Nature protection; Galiano Island; rezoning; property management; forest restoration

RELEVANT POLICY: TFB Policy 2.2 – Assessing Conservation Proposals
TFB Policy 2.3 – Acquisition and Management of Land

DESIRED OUTCOME: Protecting natural features while carefully considering the costs and obligations of restoration and long-term stewardship.

RESPONSE OPTIONS

Recommended: As above.

Alternatives:

1. That the Trust Fund Board accept the transfer of 18.3 ha of the lands described as: Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035; and, Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041, subject to:
   a. The release of the rent charge and related easements on the title of Lot A, and any other charges determined, through legal review, to be problematic for the Trust Fund Board;
   b. Confirmation that the Trust Fund Board can obtain legal access to the most eastern part of Lot A;
   c. Negotiated agreement regarding the use and maintenance of the pagoda on Lot 9;
   d. Staff reaching mutual agreement with the water licence holders regarding the impact of accessing and maintaining the permitted water works; and,
   e. A commitment from Crystal Mountain Society of $15,000 as an endowment for the land, to be held in a pooled Nature Reserve Management Fund, as well as a $15,000 contribution towards the development of a management plan and management activities for the nature reserve, and,

   directs staff to communicate to Crystal Mountain Society that the location, use and signage of any trails on the transferred land will be assessed through a management planning process and approved by the TFB.

IMPLICATIONS OF ALTERNATIVE 1:

ORGANIZATIONAL: The current proposal lays out a subdivision that creates an unusual arrangement for a nature reserve, where the areas of land retained by Crystal Mountain Society (CMS) for use as a forest retreat centre are surrounded by proposed nature reserve, creating a high degree of shared border. There are a fair number of existing trails, The applicants have expressed a desire to provide two public trials, and there is already a pattern of trail use established that may need to be carefully signed and managed, requiring staff time and property management resources.

FINANCIAL: The start-up costs associated with the proposed land transfer are expected to total up to $13,500. These include approximately $1,500 – $2,000 for legal fees associated with development and review of transfer documents, a covenant and possibly an easement, $500 in signage, and approximately $8,500-$11,000 to develop a management plan. Reviewing the charges on title and implications for TFB could add a further $600-800 in legal fees. The costs of survey and Land Titles registration will be the responsibility of the landowner.

There will be ongoing monitoring costs of at least $500 per year and variable land management costs depending on the results of management planning and the level of management and restoration taken on by ITF. TFB Policy 2.2 also allows the Board to require an endowment or donation (non-tax receipted) to cover the future management of a covenant or land transfer associated with a rezoning/development application. In 2014, the applicant indicated a willingness to provide a $15,000 endowment (over three years) to support monitoring and management of a covenant. Staff suggest a higher endowment would be required to manage the property as a nature reserve with public trails and a need for invasive species removal and forest management/restoration. An estimated $91,000 endowment would be required to provide $500 per year for monitoring and $2,500 per year for restoration and management (at an estimated return on investment of 3.3%). Crystal Mountain Society are a not-for-profit and have indicated they would need to fundraise any endowment amount. Staff have suggested in the alternative resolution that a smaller amount could be contributed to a pooled endowment, and an upfront contribution could be requested to defray management planning and initial restoration costs, but this requires TFB to assume the balance of management and restoration costs over the long-term.

POLICY: The key policy implications are in regards to TFB Policy 2.2 Assessing Conservation Proposals, which notes that the “The Board will evaluate any risks that may hamper the Board’s ability to protect the land’s natural values in perpetuity, as identified by the Staff Report. Risks that will be assessed in the Staff Report include, without limitation: contaminated soil, oil tanks or other environmental hazards; mineral and water rights issues; surrounding land use; requested reserved rights (e.g. trails or firewood removal); structures and utilities (e.g. septic fields, pumphouses, wells, etc.); and encumbrances on title (e.g. easements, mortgages, liens). The Staff Report will evaluate whether any identified risk can be reduced, eliminated or managed.”

- The proposed conservation area includes: adjacent land use (the retreat centre), requested reserved rights (meditational trails), a water licence held by an adjacent landowner, a large pagoda and cement pad, and multiple encumbrances on title, including a rent charge associated with easements.

Section 8 of Policy 2.2 states: “the Board will only consider accepting proposals that need extensive ecological restoration or substantial management if: a. the Board has adequate staff resources to manage the ongoing requirements; b. a substantial cash donation that is adequate to cover on-going restoration and/or management costs is provided; and, c. the Board has adequate funds available to undertake immediate restoration and/or management requirements”

- Much of Lot A is recovering from logging, and is in an early successional state. There is a need for invasive species removal/control, and the forest would likely benefit from thinning in areas as well as restoration and planting in old roadways and log landing areas. The full cost of this level of property management has not yet been estimated. Staff estimate a moderate level of staff resources could be necessary to manage trail use, and possibly boundary issues in the future, especially if the land changed hands.

The policy implications related to transfer of land are further explored in the attached Staff Report.

2. That the Trust Fund Board decline the current Conservation Proposal, but invite Crystal Mountain Society to submit a revised proposal offering a transfer of Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035 and a conservation covenant on part of Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041.

3. Request additional information and defer a decision to a future meeting.

Prepared By: Jennifer Eliason, Manager, Islands Trust Fund

Reviewed By: Clare Frater, Director of Trust Area Services
Russ Hotsenpiller, Chief Administrative Officer

ISLANDS TRUST FUND

Staff Report – Crystal Mountain Conservation Proposal

Background Information

The following staff report is based on information provided by the applicant, Islands Trust mapping, and a site visit completed after the receipt of the 2014 Conservation Proposal for a conservation covenant.

Property Information

Property Description: The proposed protected area covers all of Lot 9 and part of Lot A:

- Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035; and,
- Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041.

Property size: 24.56 ha (60.65 acres) total (Lot 9: 4.05 ha, Lot A: 20.51 ha)

Proposed land donation: 18.3 ha (all of Lot 9, 13.98 ha. Lot Lot A)

Suggested covenant holder: TLC The Land Conservancy of BC (suggested by applicant)

Property notes: According to the biologist report submitted by the applicant, and confirmed during a site visit:

"The majority of **Lot A** is recovering from an intense clearcut which took place in 1993. The land is currently in the pioneering seral stage characterized by patchy and diverse pole / sapling forest of varied vegetative composition depending on slope position, aspect, slope and soil depth. The moist depression sites are generally dominated by red alder (*Alnus rubra*) with sword fern *(Polystichum munitum)* and patches of salmonberry (*Rubus spectabilis*) in the understory. The drier, gently sloping logged areas are characterized by dense patches of Douglas-fir (*Pseudotsuga menziesii*) and grand fir (*Abies grandis*) poles with very little understory vegetation scattered within a more open mix of Douglas-fir, red alder, bitter cherry (*Prunus emarginata*), big-leaf maple (*Acer macrophyllum*), grand fir and arbutus with salal (*Gaultheria shallon*), Oregon-grape (*Mahonia nervosa*) and sword fern dominant in the understory.

Remnant patches of healthy mature forest are located in thin strips along the ridge tops and down the associated southwest facing steep slopes where logging was not practical. The majority of **Lot 9** is also characterized by mature forest growing under a variety of ecological conditions. Ecosystem types range from western redcedar (*Thuja plicata*), Douglas-fir, big-leaf maple dominated northeast facing, moderate slopes to red alder, salmonberry dominated seasonally flooded wetland depression to Douglas-fir, arbutus dry rocky ridge top." A road easement to adjacent properties runs through Lot 9. A cement pad and pagoda can be found near the north-east corner of Lot 9.

Natural Values: According to the biologist report, and confirmed by staff:

Despite the industrial scale logging that has occurred on the lands in the past, there are a number of remnant patches of healthy mature and old-growth forest that have been identified along the steep slopes and ridge-tops of Lot A and over most of Lot 9. These areas are of significant conservation importance. In addition, a seasonal stream, a variety of small wetlands and the associated riparian ecosystems provide important habitat for wildlife. The diversity of ecological conditions and associated vegetation communities and wildlife resulting from the remarkable topographic complexity of the properties is also of high conservation significance – and is of particular importance when considering adaptation to climate change and migration routes of flora and fauna from drier to wetter sites or vice versa.

Ecosystems and Species at Risk
The properties include remnant mature examples of two provincially red-listed ecological communities recognized by the British Columbia Conservation Data Centre:

Douglas-fir - arbutus (*Pseudotsuga menziesii - Arbutus menziesii*)
Global Rank: Not Ranked
Provincial Rank: Red (S2) – Imperiled

Douglas-fir / dull Oregon-grape (*Pseudotsuga menziesii / Mahonia nervosa)*
Global Rank: G2 – Imperiled
Provincial Rank: Red (S2) – Imperiled

The properties also include a young early successional example of the following listed ecological community:

red alder / skunk cabbage (*Alnus rubra / Lysichiton americanus)*
Global Rank: Not Ranked
Provincial Rank: Blue (S2S3) – special concern, vulnerable to extirpation or extinction

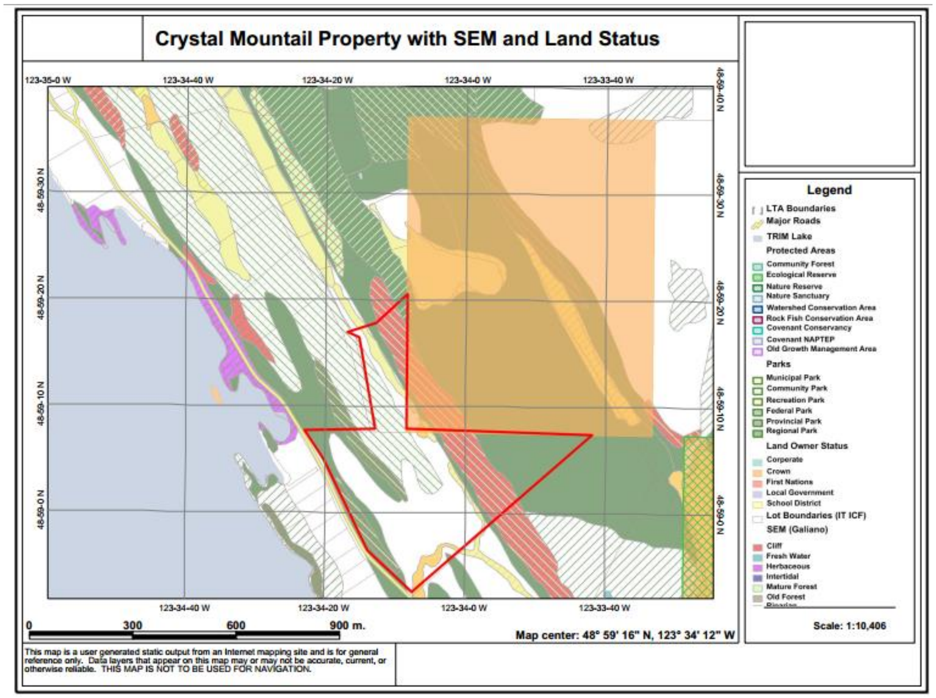
The properties are also home to a robust population of the provincially blue-listed red-legged frog (*Rana aurora*).

Sensitive Ecosystems:

The following Sensitive Ecosystems are found in the proposed protected area:

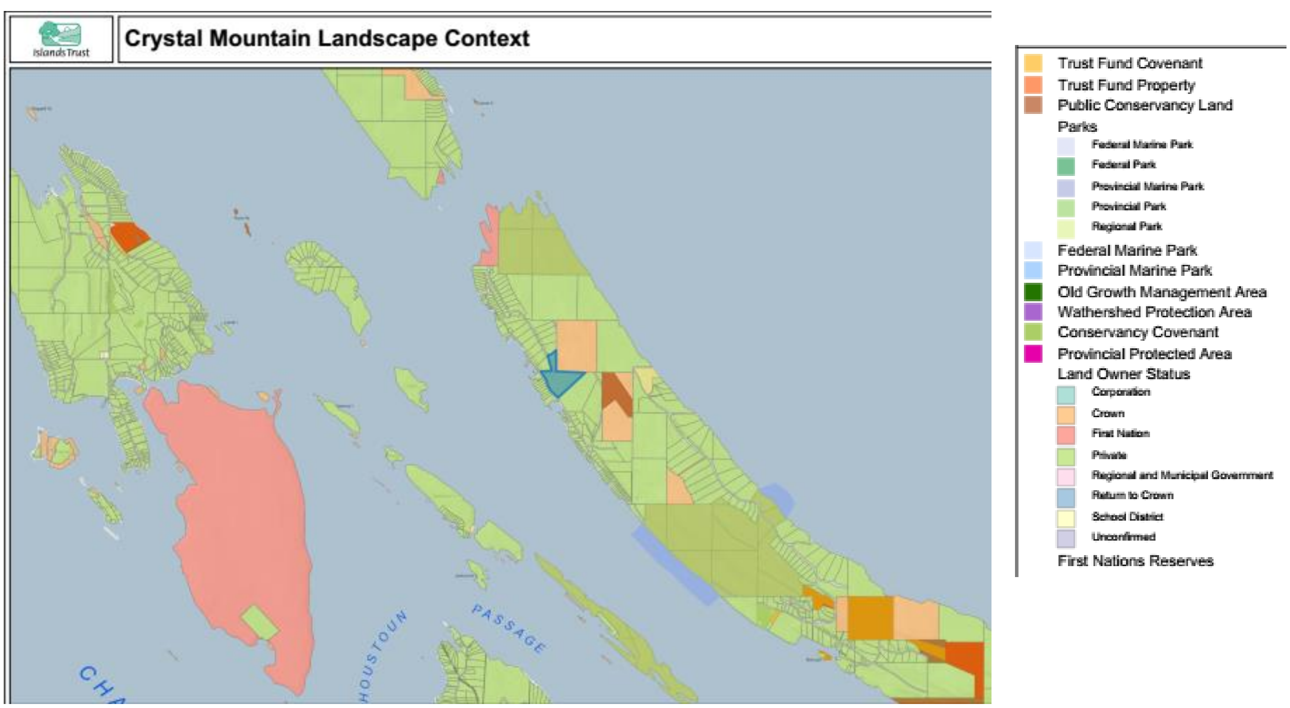
- Mature Forest
- Woodland
- Cliff
- Riparian
- Wetland

Some of these ecosystems, for example the cliff area, are in good shape, while others, are degraded from past logging activities.



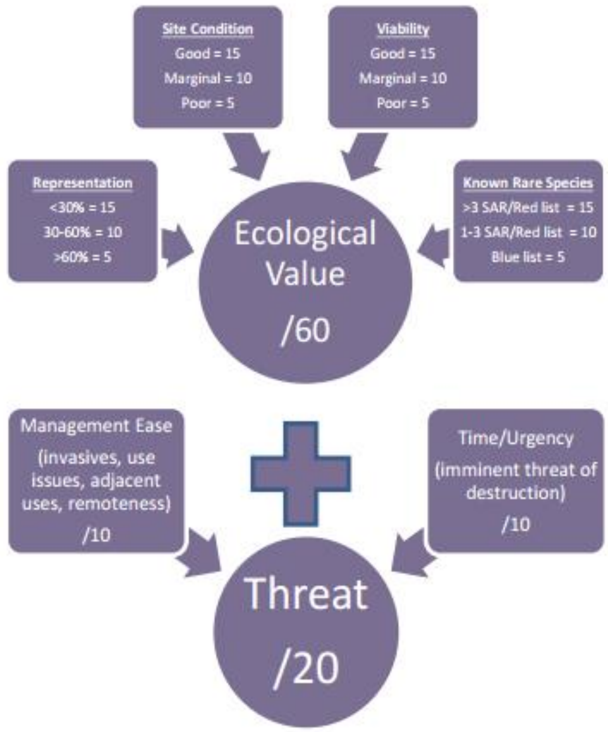
Regional Conservation Plan Context:

The properties are not identified in Islands Trust Fund mapping as being in the top 3000 priority hectares, but do rank as a moderate to high priority area for conservation. The lots contain several sensitive ecosystems (woodland, cliff, wetland, riparian and mature forest) and representative forest ecosystems which are identified in the Regional Conservation Plan as biodiversity priorities important for securement. The Crystal Mountain lands are adjacent to a Crown parcel that is intended for park designation and is in close proximity to the Galiano Ecological Reserve and Dionysio Provincial Marine Park.



Securement Strategy Assessment:

In February 2017, the TFB approved a Land Securement Strategy which provides a method to rank feasibility of potential conservation properties as shown in the figure below.



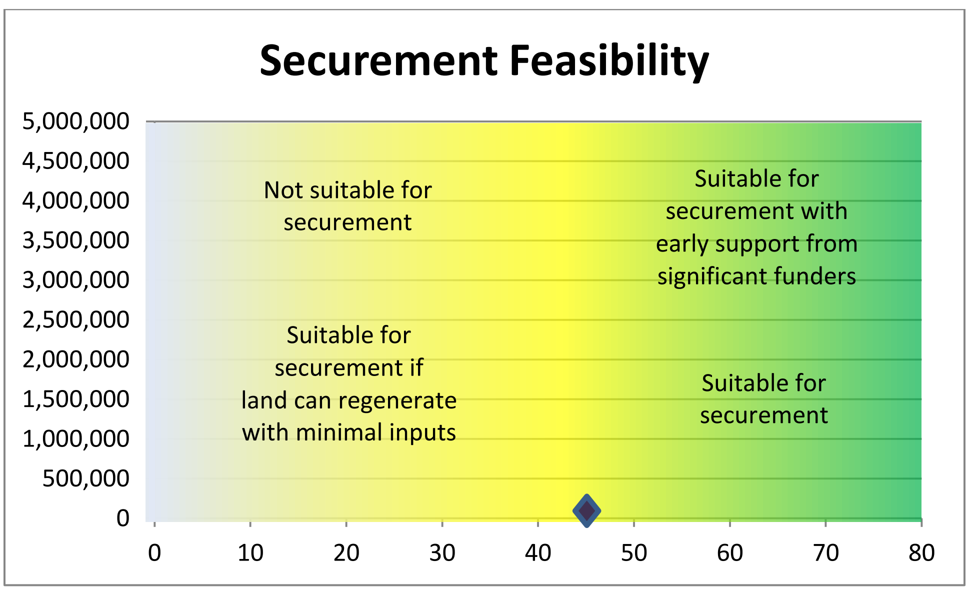
The property has been assessed according to the Securement Strategy as shown below.

Conservation Evaluation

Representation:	15/15	The property contains forests, sensitive ecosystems and rare ecological communities that are under-represented in protected areas on Galiano Island and throughout most of the Islands Trust area.
Site Condition:	7/15	The majority of the forest is primarily in a pole sapling stage of growth, there are several invasive species on old logging roads and landings scattered throughout the land. The area is degraded by deer browse and also has old rock quarries. Lot 9 contains some good quality forest and wetland habitat, but is fragmented by an old road and an active road easement.
Viability:	10/15	The proposed nature reserve is a reasonable size at almost 18.3 ha and is adjacent to 65 ha of proposed park. There are nearby protected areas but the land is fragmented by developed areas within the boundaries of the existing rezoning proposal and roads. The potential to join existing protected areas and proposed protected areas with the proposed nature reserve exists, but is uncertain. Restoration of old logging roads and landings would increase the viability of the natural values.

Known Rare Species:	5/15	There are known blue listed species on the land, but no red listed species have been identified. Red listed species may be identified with further surveying.
Ecological Value Subtotal:	**37/60**	
Management Ease:	5/10	The proposed protected area has notable amounts of invasive plants on compacted logging roads and landings. These roads and landings would benefit from decompaction and "rough and loose" restoration. The forest is recovering from logging and may benefit from thinning. There is also proposed recreational activity in the area that will likely add to management pressure and there will be retreats held in the developed area which is nestled within the proposed nature reserve. Access to parts of the land for management may be challenging.
Time/Urgency	3/10	There is no imminent threat to the ecology of the land; the landowner has expressed a desire to complete the rezoning in a timely manner.
Threat Subtotal:	**8/20**	
Total:	**45/80**	

After ranking Natural Value of the land, feasibility of securement is assessed by charting the cost against the Natural Value. The TFB has been asked take ownership of the land, which involves a higher cost than covenanting; however, the land would be transferred without acquisition cost and with some endowment. The land falls on the border of "suitable for securement if land can regenerate with minimal inputs" and "suitable for securement".



Management and Policy Considerations:
There are several policy and land management considerations regarding this proposal. Many are could be considered minor on their own, but in combination, create a fairly complex proposal

for the TFB to consider. Staff recommend proceeding with a covenant to alleviate some of the costs and complexity associated with managing this land as a nature reserve, but provide a more fulsome review of the considerations and implications of the current proposal to transfer the land to the TFB.

1) Adjacent land use
   The proposed lot configuration for the subdivision would have the land retained by Crystal Mountain Society separated into two small lots, surrounded by nature reserve that would be owned and managed by the Trust Fund Board. This presents a large shared border. There is an existing trail network and established pattern of use on the proposed nature reserve lands. TFB will need to regularly monitor to ensure activities and impacts from the retreat centre remain inside the borders of the lands retained by CMS. This may require more than the typical amount of signage to mark boundaries.

2) Trails
   The current conservation proposal includes a map of an extensive trail network of both “public” trails and “meditational” trails. If the land were to transfer to the Trust Fund Board, staff would need to assess the existing and proposed trail locations and the potential impact of these trails. Recommendations on trail location and use, and possibly closure, would be determined through a management planning process. Public safety and ecological impact would be the primary consideration for location and management of trails. If the land were to transfer, the TFB, as a public landholder, would be unable to limit the use of trails to any one user group.

3) Emergency road
   An emergency road has been proposed that would connect the end of Devina Dr. with Porlier Pass Rd. This road will run through the proposed nature reserve and would result in some level of fragmentation as it will require maintenance. Staff feel this is a fairly low level of disturbance, and assume the road use would be minimal. Ideally, this road would be gated to prevent regular use.

4) Charges on the land title
   There are several charges (easements and covenants) on the land titles, particularly Lot A, that would transfer to the Trust Fund Board if the land is transferred. At the TFB’s request, the lawyer for the applicant has provided a summary of the charges on title (attached).

   There is a rent charge registered on the title of Lot A, associated with one or more easements. The Trust Fund Board is unable to take on a rent charge without prior Ministerial approval, as it would be a liability. Staff recommend that that the discharge of the rent charge and any associated easements be fully explored before any next steps are taken.

   A neighbouring property owner holds a water licence on Spotlight Creek, and as per the water licence, can install and maintain works on the subject property. According to the applicant, the water licence holder has blazed a trail and left PVC pipe and other debris on the property, which would appear to extend beyond the rights offered through their licence agreement. ITF staff would need to have a conversation with the licence holder prior to moving forward with a transfer and attempt to reach an agreement about the impacts of the water licence.

5) Management of invasive species
The biologist's report identifies invasive species as a management concern in some areas – particularly on roadways and landings and on the more open ridges. Invasive species removal would need to be considered through management planning, and will be a management cost moving forward. The Crystal Mountain Society has offered to assist with the removal of invasive species, in partnership with ITF, if the proposal is approved.

6) Management of damage from logging
Some areas of the proposed protected area have been logged in the early 1990s and, according to the biologist's report, would benefit from some thinning treatments over the next 20 years. This level of management will require staff time, possibly contractor time and property management resources (amount yet to be determined). The old logging roads and landings are highly compacted and would benefit from restoration (soil decompaction using machinery and replanting) which would be costly.

7) Pagoda
TFB Policy 2.2 states that the Board will not accept or acquire any lands where there is an obligation to maintain buildings or structures. Lot 9 contains a pagoda and a cement pad that would be part of the proposed land transfer. The CMS would like to continue to use and maintain the pagoda (i.e. clean and paint). The TFB could enter into an agreement that allows CMS to continue this maintenance, but the policy also states that the TFB should have full discretion over the maintenance and removal of any built structures. If the TFB chooses to proceed with transfer, the TFB may wish to consider an agreement that clearly indicates to CMS that the structure can be removed if maintenance or use of the pagoda becomes a management issue, or possibly consider leasing back the pagoda to CMS.

8) Access for monitoring and management
The eastern corner of Lot A, east of the narrow lot proposed by CMS, is above a cliff and not easily accessed from the portion of land to the west. In order to access these lands for monitoring and management, staff believe TFB would need an easement over private lands to allow access from a public road. This will require additional negotiation and legal costs, which have not yet been estimated. Access to this part of the land will be required for monitoring a conservation covenant as well, though hiking up from the lower portion is technically possible.

ISLANDS TRUST FUND

200 - 1627 Fort Street, Victoria, BC V8R1H8
Telephone: 250.405.5186
Fax: 250.405.5155
Toll Free via Enquiry BC in Vancouver 660-2421. Elsewhere in BC 1.800.663.7867
Email: itfmail@islandstrust.bc.ca
Website: www.islandstrustfund.bc.ca

Conservation Proposal Form

Conservation Covenant or Land Transfer Connected to a Development Application

OFFICE USE ONLY

File Number: ____________________

(Please Check ☐ One Item to the right)	☐ **Conservation Covenant** (Development Related)	☑ **Land Transfer** (Development Related)

SECTION 1: OWNER INFORMATION

(ADD ADDITIONAL PAGE IF MORE THAN TWO OWNERS)

First Owner Information

Name: CRYSTAL MOUNTAIN - A SOCIETY FOR EASTERN & WESTERN STUDIES

Street Address: 536 ROCKMOYNE PL.

City: BOWEN ISLAND Region: BC

Postal/Zip Code: V0N 1G2

Telephone: 604 9470276

Cell: 604 8123511

E-mail: s.f@telus.net

Second Owner Information

Name

Street Address

City ____ Region ____

Postal/Zip Code

Telephone

Cell

E-mail

SECTION 2: APPLICANT INFORMATION

(IF DIFFERENT FROM OWNER)

Name: STEPHEN + HELEN FOSTER Street Address: Same as above

City ____ Region ____ Postal/Zip Code ____

Telephone: 604 9470276 Cell: 604 8123511 E-mail: s.f@telus.net

SECTION 3: DESCRIPTION OF PROPERTY

(AS INDICATED ON STATE OF TITLE CERTIFICATE)

Lot/Parcel: A Plan: VIP68079 Block: ____ District Lot/Section: 88/89

Range: ____ Other Description: DL 16

Street Address or General Location: 20300 PORLIER PASS RD, GALIANO IS.

Jurisdiction and Folio Number: 764 022 79-110 (From Property Assessment/Tax Notice)

Parcel Identifier (PID): 024 - 351 - 041 (From State of Title Certificate)

Proposed Covenant or Land Donation Size: 18.21 hectares (LOT A plus LOT 9)
* see attached notes

SECTION 4: Please summarize your development application and indicate what is required (i.e., conservation covenant or land transfer).

See additional notes

SECTION 5: Please provide a description of special features on the property (e.g., plants, trees, animals, birds, geology, views, lakes, wetlands, etc.). Maps, sketches, photos, studies or reports can be attached to this proposal to further illustrate these features.

Please Note: The Trust Fund Board will only consider proposals for which there is a recent (within one [1] year of the submission of the development proposal) ecological assessment by a qualified ecologist/biologist and archaeological review of both the covenant/land transfer areas and the proposed development. For covenants or land transfers that are the result of a density bonus program or amenities rezoning application, this assessment is required for both the density receiving or down-zoned area and the density sending or up-zoned areas.

See the 'Crystal Mountain Ecosystem-based Land-use Plan', prepared by Keith Erickson previously submitted to ITF

SECTION 6: Please provide a description and a sketch map of the location of the proposed covenant or land donation and any improvements on the area (e.g., buildings, structures, docks, trails, roads, driveways, septic fields, wells, utility lines, water lines, etc.).

See attached site plan

SECTION 7: **Please provide a description of any water licences, tenancies, charges on title or other agreements** (e.g., other covenants, rights of way, easements, etc.).

see attached documents

also, see additional notes

SECTION 8: **Please provide a description of lands surrounding the property and their use** (e.g., undeveloped, residential park, commercial, etc.)

See additional notes

SECTION 9: **Is this property or a portion of the property in the Agricultural Land Reserve or Private Managed Forest Land**

AGRICULTURAL LAND RESERVE	NO ☒	YES ☐	If yes, size of area: ______	hectares
PRIVATE MANAGED FOREST LAND	NO ☒	YES ☐	If yes, size of area: ______	hectares

SECTION 10: **If this is a covenant proposal, do you wish to have this covenant co-held with another organization/conservancy?** Note that such an organization/conservancy must be authorized to accept covenants under Section 219 of the *Land Title Act* and authorized to accept a statutory right of way under Section 218 of the *Land Title Act*.

NO ☒ YES ☐

____
Name of the Organization/Conservancy

SECTION 11: OWNER/APPLICANT CONSENT AND AUTHORIZATION

(Signature of all registered owners is required. For additional owners, including Strata Corporations, attach a separate sheet).

In order to assist the Islands Trust Fund in the review and evaluation of my conservation proposal, by signing below, I authorize an Island Trust Fund Representative to enter onto the land at reasonable times, after making reasonable efforts to arrange to schedule a convenient time for such a visit, to inspect the land. I acknowledge a right, if a convenient time can be scheduled, to accompany the Island Trust Fund Representative on the site visit.

By signing below, if applicable, I also authorize the Applicant named in Section 2 of this application to represent this application.

(1) Stephen Foster
Consent and Authorization Signature

STEPHEN FOSTER
Print Name

(1) June 24, 2017
Date

(2) Helen Foster
Consent and Authorization Signature

HELEN FOSTER
Print Name

(2) JUNE 24, 2017
Date

NEXT STEPS:

After a site visit is complete, the Trust Fund Board will review your proposal as well as a staff report. A decision about your conservation proposal will be made at the next Trust Fund Board meeting. All Conservation Proposals associated with Development Applications will be considered in a public meeting and not in closed meetings. Landowners transferring land or registering covenants associated with Development Applications do not qualify for an income tax receipt.

Additional Notes

Re: Crystal Mountain Bylaw Amendment Application Form, June 2017

Section 1 – 'Crystal Mountain - A Society for Eastern and Western Studies' is applying for a rezoning to create a forest retreat center, dedicated to the teaching and practice of meditation, on north Galiano Island. Crystal Mountain (CM) is a not-for-profit organization and is the owner of 2 lots: Lot 9, which is 10 acres, bought in 1980 and currently zoned rural residential, and Lot A, which is a 51-acre forest lot bought in 1999. Our site plan proposes merging both lots into one single entity.

Section 2 - Please note that Helen Foster is the Chairperson of Crystal Mountain. Stephen Foster is the board-designated chair of the rezoning committee.

Section 3 – The application form only allows for title information specific to one lot (Lot A); the title information for our second lot is:

Lot 9, DL 90, Galiano Island, Cowichan District, Plan 31200, Identifier 000-851-035

Section 4 – The CM retreat center proposal calls for merging the 2 lots and concentrating all building within 25% of the land, all on Lot A. The land will then be rezoned, and CM is moving forward on a Section 99 subdivision. CM is offering to transfer ownership of 75% of the property to Island Trust Fund.

The Local Trust Committee (LTC) intends to create a new zone for this proposal. Also, CM has been negotiating with The Land Conservancy (TLC) to be the covenant holder.

Section 6 – Current uses of the land:

Lot 9 – No current uses. There is a 20 ft. Burmese-style pagoda on the very northeast corner of the property. This is a traditional religious sculpture and marks a site for quiet, contemplative practice.

Lot A – This lot has mostly seasonal structures that support the current retreat work. There is an open-walled, roofed kitchen; a platform supporting a 600 sq. ft. marquee tent; several outhouses; a lockable toolshed; and a handful of small wooden tent platforms for summer camping. Recently CM has built 3 small, movable, fully enclosed sleeping huts, designed for 4-season use.

Section 7 – See list of attachments, re: charges on title.

See below and attached, the Conditional Water Licence granted to Lot 8. It does not give them access to Crystal Mountain lands, but does say that they are authorized for the "works" to be constructed as a "diversion structure and pipe" located approximately as shown on the plan attached. They have no rights to access the property owned by Crystal Mountain, nor make any changes to it (only to the stream, where indicated on the plan).

Water Licenses Report:

Licence No	WR Map/ Point Code	Stream Name	Purpose	Quantity	Units	Qty Flag	Rediv Flag	Licensee
C058557	92.B.093.3.3 C (PD34076)	Spotlight Creek	Domestic	2.273	MD	T	N	THORSTEINSSON, MARILYN A c/o ANN THORSTEINSSON, 616 22nd Ave W, Vancouver, V5Z1Z6

Water District/Precinct	Licence Status	Process Status	Priority Date	Issue Date
VIC - SHAWNIGAN	Current	N/A	19810610	

Section 8 – On the north, adjacent to Lot 9, is Lot 10. This lot is owned by Mark Webber, who is the principal meditation teacher for Crystal Mountain. Mark has built a 2800 sq. ft. house on the site, mostly through the support of volunteer labour (much of it from the Galiano community). The house is powered by solar and generator and remains off the grid.

To the north of Lot A sits Lot 87, 160 undeveloped acres purchased by the BC government, to be transferred to BC Parks.

To the south, Lot A is bordered by Lot B, a 55-acre forest lot recently in the middle of a rezoning to allow for the building of a residence.

Section 9 - We believe that a functioning retreat center, which is both a place of learning and an opportunity for quiet contemplative time spent in a natural, forested setting, is an important amenity for any community.

Crystal Mountain has owned land on Galiano for 37 years. In that time, the membership has grown to involve many in the Galiano community. Our ambition is to be a low impact, low overhead facility, with buildings, sleeping huts and camping spots that leave a small footprint. Our site plan has only one full-time residence (a small caretaker's cabin).

The members of the society have studied our land closely and, working with island ecologist Keith Erickson, have created an Ecosystem-based Plan (previously submitted to ITF) that has guided the design of our site plan. Though we are requesting a unique form of zoning, we have designed the site plan to fit into 25% of the land, concentrated within 2 polygons. We have applied to transfer ownership of the remaining 75% of the land to ITF.

Re: Site Plan

Please note that the site plan merges lot 9 and lot A into a single property. By merging the 2 properties, the 25% buildable area is fully placed on lot A. Doing this means we forfeit our right to build on lot 9 (which is old second growth forest and dense wetland); we also give up the market value and viability of selling lot 9 in the future.

Of CM's 60 acre holding, the retreat center will be built on 15 acres; 45 acres will be transferred to ITF.

The site plan shows 2 buildable areas – the lower polygon (the main gathering area) and the upper cliff area (for longer term retreatants).

The retreat center is being built to handle a maximum of 30 residents, in 22 huts and 8 seasonal camping sites. The upper polygon has 4 huts, the lower area has 18. Hut size will be about 160 sq. ft.

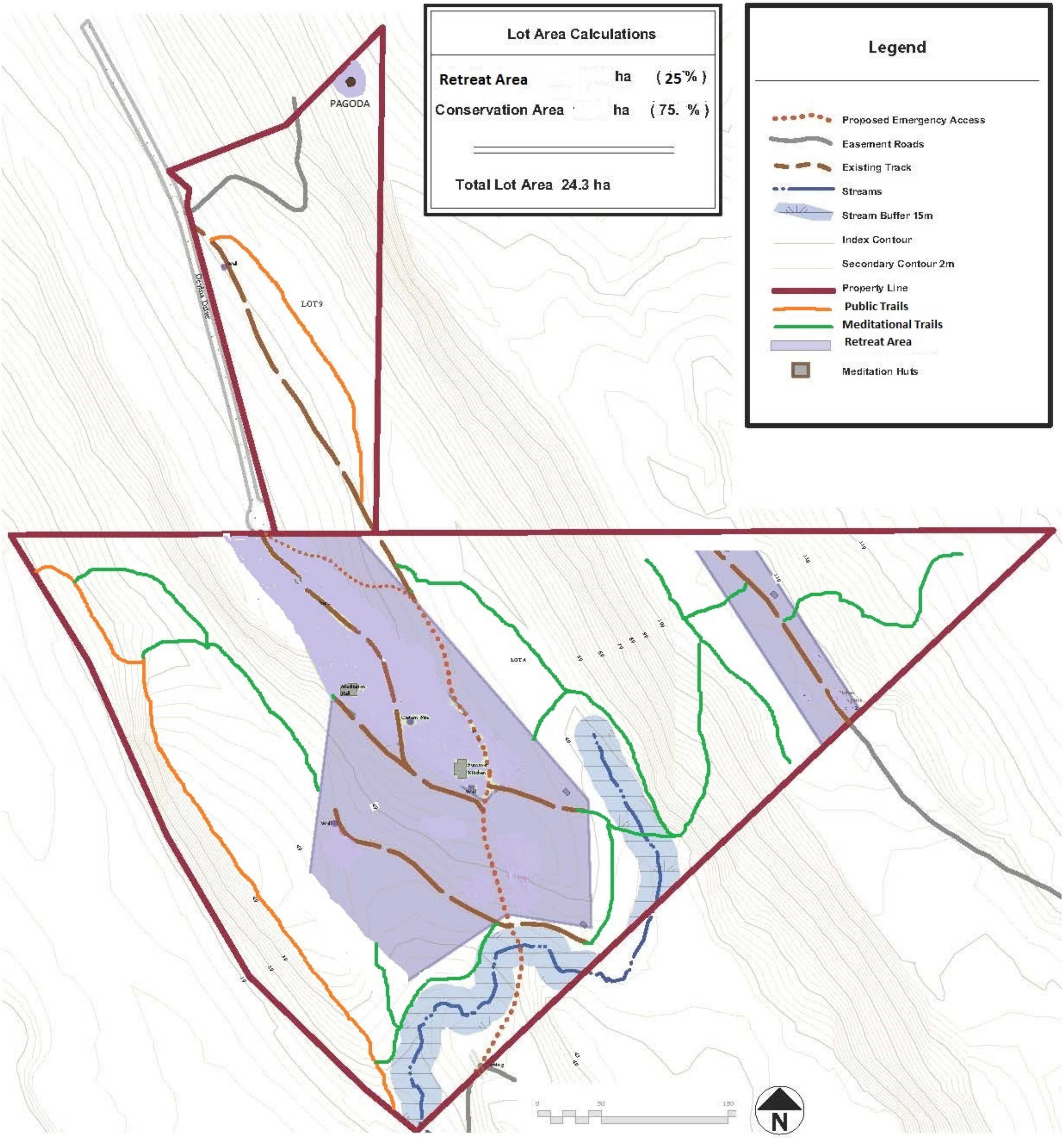
After many LTC public meetings, through hosted events and ongoing consultations with our neighbours on Galiano's north end, the Crystal Mountain proposal now includes several more community benefits:

1. The transfer of ownership to 75% of the CM land to ITF. Many in the community feel strongly that land transfer is the preferred amenity for any forest lot rezoning.
2. A nature protection covenant to be placed on that 75%, to be held by TLC.
3. Designated walking trails be established for the use of the public
4. Establish an emergency roadway/escape route across the land, for residents on the north end, to connect Devina Dr. to Porlier Pass Rd.
5. A donation to affordable housing on Galiano Island.

Endowment

Our initial offer to ITF, made at a meeting held in 2014, was an endowment of $15,000. Since the society will have to fundraise this money, we had requested that CM pay this in 3 installments: $5,000 on signing, $5,000 one year later, $5,000 after a second year. The Trust Fund Board chose to defer further conversation on the numbers to a later date.

We have now reached that later date.



Crystal Mountain - A Society for Eastern and Western Studies

Site Plan 1:4000m

MAY 2017

UTMZONE 10N NAD 83

Keith Erickson Ecosystem Consulting

Beargrass Landscape Architecture
& environmental planning

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District VICTORIA
Land Title Office VICTORIA

Title Number ED71523
From Title Number N81784

Application Received 1990-06-29

Application Entered 1990-07-06

Registered Owner in Fee Simple
Registered Owner/Mailing Address: CRYSTAL MOUNTAIN - A SOCIETY FOR EASTERN AND WESTERN STUDIES, INC.NO. S12799
#10-2212 ETON STREET
VANCOUVER, BC
V5L 1C8

Taxation Authority Capital Assessment Area

Description of Land
Parcel Identifier: 000-851-035
Legal Description:
LOT 9, DISTRICT LOT 90, GALIANO ISLAND, COWICHAN DISTRICT, PLAN 31200

Legal Notations

HERETO, INTER ALIA, IS ANNEXED EASEMENT G74858 OVER THAT PART OF LOT LOT 10, PLAN 31200 SHOWN OUTLINED IN RED ON PLAN 3478 RW, SEE DD G68936

HERETO, INTER ALIA, IS ANNEXED EASEMENT G74859 OVER THAT PART OF LOT 11, PLAN 31200 SHOWN OUTLINED IN RED ON PLAN 3478 RW, SEE DD G68936

HERETO, INTER ALIA, IS ANNEXED EASEMENT G74860 OVER THAT PART OF LOT 12, PLAN 31200 SHOWN OUTLINED IN RED ON PLAN 3478 RW, SEE DD G68936

HERETO, INTER ALIA, IS ANNEXED EASEMENT G74861 OVER THAT PART OF LOT 13, PLAN 31200 SHOWN OUTLINED IN RED ON PLAN 3478 RW, SEE DD G68936

HERETO IS ANNEXED EASEMENT EN110543 OVER LOT 10, PLAN 31200.

Charges, Liens and Interests

Nature:	EASEMENT
Registration Number:	G74857
Registration Date and Time:	1978-08-22 14:35
Remarks:	THAT PART SHOWN OUTLINED IN RED ON PLAN 3478 RW, SEE DD G68936, APPURTENANT TO LOTS 10, 11, 12, 13 AND 14, PLAN 31200

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Declared Value $ 195000

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Land Title District	VICTORIA
Land Title Office	VICTORIA
Title Number	EN113400
From Title Number	EN30852
Application Received	1999-12-13
Application Entered	1999-12-21

Registered Owner in Fee Simple

Registered Owner/Mailing Address: CRYSTAL MOUNTAIN - A SOCIETY FOR EASTERN AND WESTERN STUDIES, INC.NO. S12799
6370 ALMA STREET
VANCOUVER, BC
V6N 1Y6

Taxation Authority Capital Assessment Area

Description of Land

Parcel Identifier: 024-351-041

Legal Description:

LOT A DISTRICT LOTS 88 AND 89 GALIANO ISLAND COWICHAN DISTRICT PLAN VIP68079

Legal Notations

HERETO IS ANNEXED EASEMENT EE113401 OVER THAT PART OF LOT B, PLAN VIP68079 SHOWN AS EASEMENT AREA 4 AND 5 ON PLAN VIP69896

HERETO IS ANNEXED EASEMENT EE113402 OVER THAT PART OF LOT C, PLAN VIP68079 IN EASEMENT AREA 1, 2 & 3 ON PLAN VIP69896

HERETO IS ANNEXED EASEMENT ES22729 OVER PART OF LOT C, PLAN VIP68079 IN EASEMENT AREAS 1, 2, 3, 6 AND 7 ON PLAN VIP72122

BYLAW CONTRAVENTION NOTICE, LOCAL GOVERNMENT ACT, SECTION 700 SEE EV65958

Charges, Liens and Interests

Nature:	UNDERSURFACE RIGHTS
Registration Number:	157674G
Registration Date and Time:	1951-11-13 11:00
Registered Owner:	ALBERT EDWIN DAVID KARR
Remarks:	INTER ALIA

Nature:	UNDERSURFACE RIGHTS
Registration Number:	D23415
Registration Date and Time:	1975-01-27 08:10
Registered Owner:	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA
Remarks:	INTER ALIA, ASSIGNMENT OF 155756G (DD 215206I AND 379902I) SEE 325416G

Nature:	D F
Registration Number:	F35834
Registration Date and Time:	1977-04-07 08:53
Remarks:	INTER ALIA FORFEITED TO CROWN AS TO 157674G

Nature:	EASEMENT
Registration Number:	EE21549
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 70, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21550
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 71, GALIANO ISLAND, COWICHAN DISTRICT DOMINANT TENEMENT CANCELLED AS TO LOTS 11-19 PLAN VIP61007 AND LOT 20 VIP61020 SEE CA5448032

Nature:	EASEMENT
Registration Number:	EE21554
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 77, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21555
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 78, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21556
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 79, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21557
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 80, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21559
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 85, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21560
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 86, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21562
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 92, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21563
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 93, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	EASEMENT
Registration Number:	EE21565
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA APPURTENANT TO DISTRICT LOT 95, GALIANO ISLAND, COWICHAN DISTRICT

Nature:	RENT CHARGE
Registration Number:	EE21647
Registration Date and Time:	1991-03-18 14:41
Remarks:	INTER ALIA COLUMN II, DD EE21523

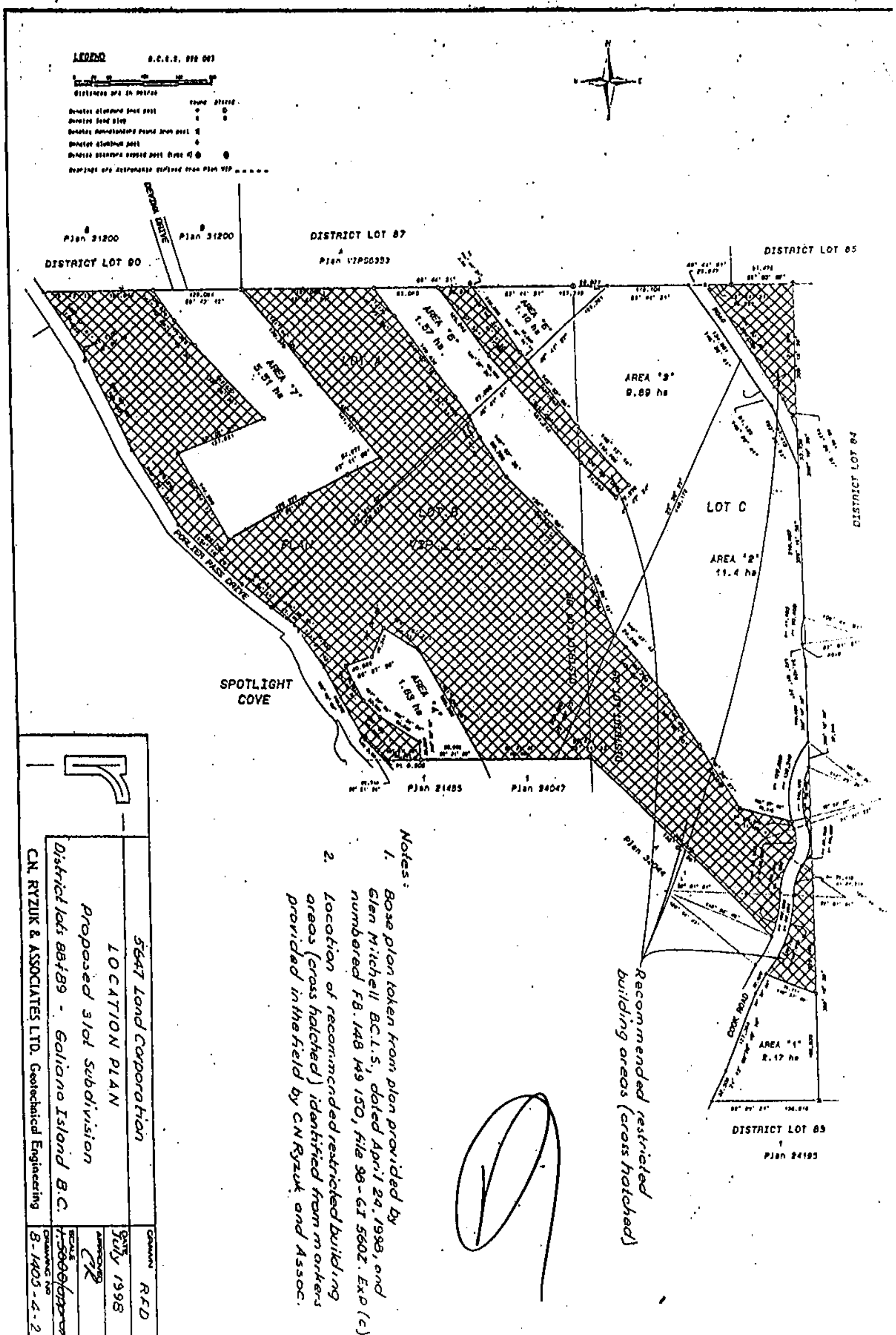
Nature:	COVENANT
Registration Number:	EM111655
Registration Date and Time:	1998-11-20 13:44
Registered Owner:	THE CROWN IN RIGHT OF BRITISH COLUMBIA CAPITAL REGIONAL DISTRICT
Remarks:	INTER ALIA

Nature:	PRIORITY AGREEMENT
Registration Number:	EM111656
Registration Date and Time:	1998-11-20 13:44
Remarks:	INTER ALIA GRANTING EM111655 PRIORITY OVER EJ65782

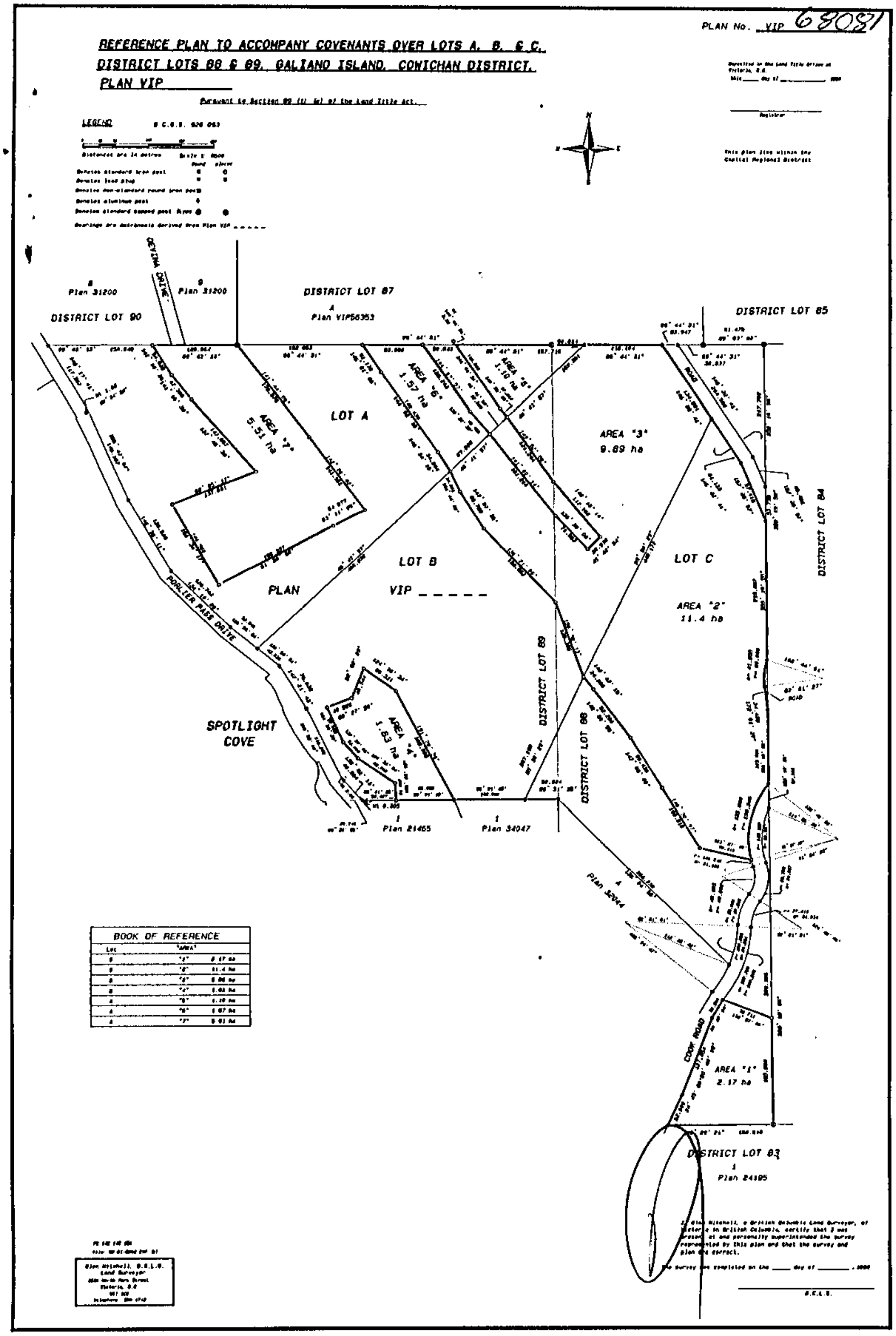
Nature:	COVENANT
Registration Number:	EM111659
Registration Date and Time:	1998-11-20 13:46
Registered Owner:	THE CROWN IN RIGHT OF BRITISH COLUMBIA CAPITAL REGIONAL DISTRICT
Remarks:	INTER ALIA ALL EXCEPT PARTS IN PLAN VIP68081

Duplicate Indefeasible Title	NONE OUTSTANDING
Transfers	NONE
Pending Applications	NONE

Appendix "C"


LEGEND
DISTRICT LOT 87
DISTRICT LOT 90
DISTRICT LOT 85
Plan 31200
Plan 31200
SPOTLIGHT COVE
AREA "7" 5.51 ha
AREA "3" 9.89 ha
LOT C
AREA "2" 11.4 ha
AREA "1" 2.17 ha
Plan 21485
Plan 24047
Notes:
1. Base plan taken from plan provided by Glen Mitchell B.C.L.S., dated April 24, 1998, and numbered FB.148 149 150, file 98-GI 5602. Exp (c).
2. Location of recommended restricted building areas (cross hatched) identified from markers provided in the field by C.N.Ryzuk and Assoc.
Recommended restricted building areas (cross hatched)
5647 Land Corporation
LOCATION PLAN
Proposed 3 lot Subdivision
District lots 88+89 - Galiano Island B.C.
C.N. RYZUK & ASSOCIATES LTD. Geotechnical Engineering
DRAWN RFD
DATE July 1998
APPROVED CR
SCALE 1:5000 (approx.)
DRAWING NO B-1405-4-2

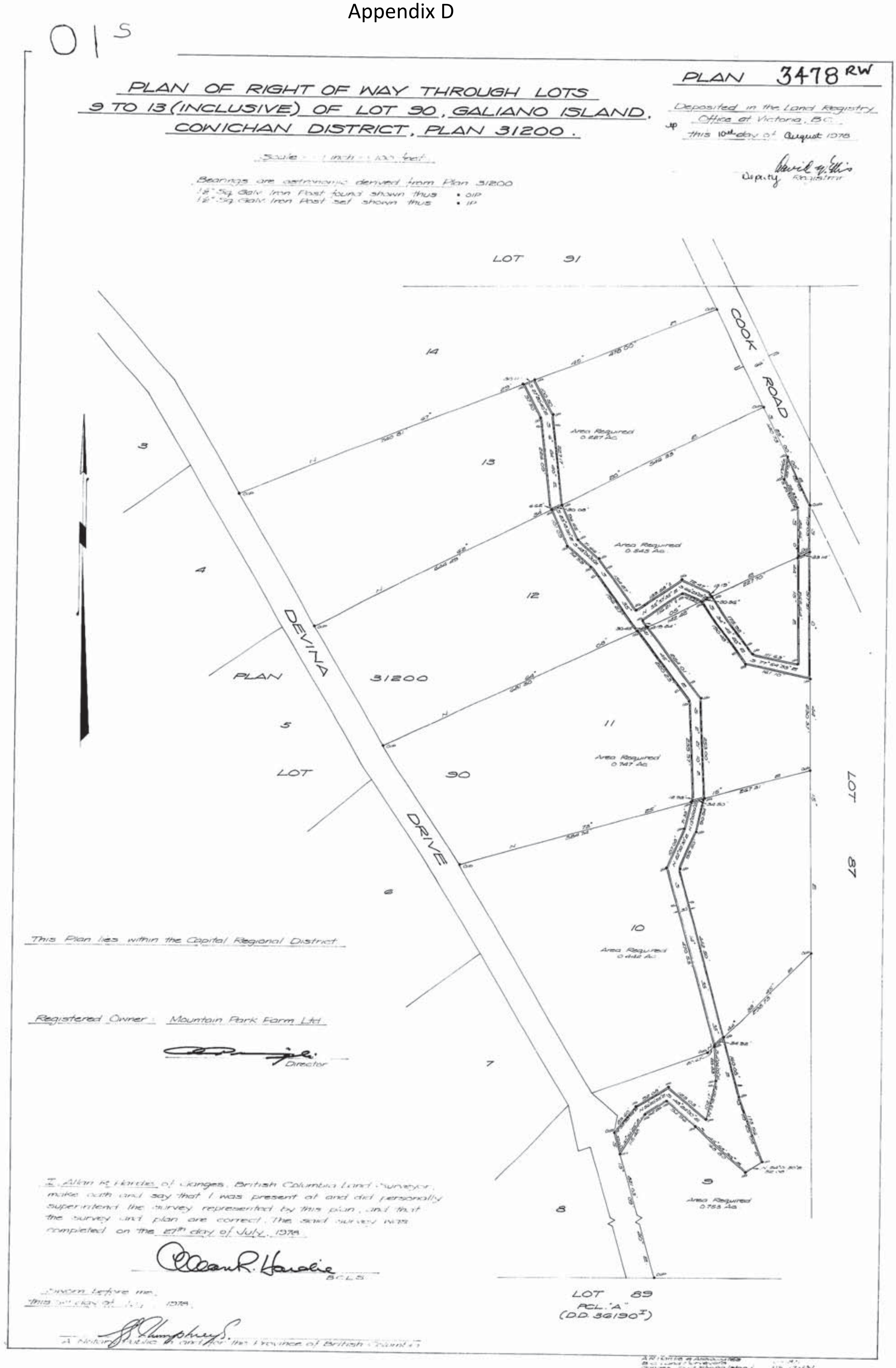
SCHEDULE "B"



END OF DOCUMENT

80

Appendix D


01 S
PLAN 3478 RW
PLAN OF RIGHT OF WAY THROUGH LOTS 9 TO 13 (INCLUSIVE) OF LOT 90, GALIANO ISLAND, COWICHAN DISTRICT, PLAN 31200.
Deposited in the Land Registry Office at Victoria, B.C. this 10th day of August 1978
Deputy Registrar
Scale: 1 inch = 100 feet
Bearings are astronomic derived from Plan 31200
1/2" Sq. Galv. Iron Post found shown thus • OIP
1/2" Sq. Galv. Iron Post set shown thus • IP
LOT 91
COOK ROAD
14
13
12
11
10
9
3
4
5
6
7
8
Area Required 0.227 Ac.
Area Required 0.545 Ac.
Area Required 0.747 Ac.
Area Required 0.442 Ac.
Area Required 0.755 Ac.
DEVINA DRIVE
PLAN 31200
LOT 90
LOT 87
LOT 89
PCL. "A"
(DD 36190 I)
This Plan lies within the Capital Regional District
Registered Owner: Mountain Park Farm Ltd.
Director
I, Allan R. Hardie, of Ganges, British Columbia Land Surveyor, make oath and say that I was present at and did personally superintend the survey represented by this plan, and that the survey and plan are correct. The said survey was completed on the 27th day of July, 1978.
B.C.L.S.
Sworn before me, this day of 1978.
A Notary Public in and for the Province of British Columbia

JarvisLegal Law Corporation
1090 Homer Street, Suite 300
Vancouver BC V6B 2W9
T. 604.637.8711
w. www.jarvislegal.ca

MEMORANDUM

TO:	CRYSTAL MOUNTAIN – A SOCIETY FOR EASTERN AND WESTERN STUDIES
FROM:	Danielle Jarvis, JarvisLegal Law Corporation
DATE:	May 29, 2017
FILE NO.:	00488
RE:	Report on title with respect to the following properties (collectively, the "Properties"): PID: 000-851-035; LOT 9, DISTRICT LOT 90, GALIANO ISLAND, COWICHAN DISTRICT, PLAN 31200 ("**Lot 9**") and PID 024-351-041; LOT A DISTRICT LOTS 88 AND 89 GALIANO ISLAND COWICHAN DISTRICT PLAN VIP68079 ("**Lot A**")

A. BACKGROUND

You have asked us to provide a summary of title to the Properties and an assessment of the charges on title to the respective Properties. A title search report for Lot 9 is attached as Appendix "A" and a title search report for Lot A is attached as Appendix "B".

B. EXECUTIVE SUMMARY

It is our opinion based on our review of the charges, the chargeholders, and the natures of the charges, that it would be difficult, and in most cases not possible, to discharge the charges on title. As a brief summary:

- **LOT 9** has only one charge, Easement G74857, and easements rights over neighbouring properties which are set out in the legal notations. Further explanation is set out below in Part C. [Summary to be added]

- **LOT A** has several charges, briefly summarized as follows, with further explanation set out below in Part D:

- Undersurface Rights 157674G – Registered in favour of Albert Karr. These rights were forfeited to the Crown (Province), see D F – F35834 registered on this title. The Crown holds these mineral rights which are governed by the *Mineral Tenure Act*, as explained below.

- Undersurface Rights D23415 – Registered in favour of the Crown (Province). This is a release and assignment of undersurface rights to the Crown, originally held by Welwood of Canada Limited. Again, these mineral rights are held by the Crown and governed by the *Mineral Tenure Act*, as explained below.

- Easements EE21549 to EE21565 and related Rent Charge EE21647 – These are access easements to and from neighbouring properties. The charge provides that if any access to a Dominant Lot is subsequently provided by a public road, the easement charge is automatically terminated without further instrument. The question then, is whether there are any neighbouring properties to Lot A, that do not have public access.

- Covenant EM111655 (and Priority Agreement 111656) – This is a section 219 covenant in favour of the Crown (Province) to protect the area immediately adjacent to Spotlight Creek from building or being used in a particular manner. This covenant was agreed to in exchange for subdivision approval.

- Covenant EM111659 - This is a section 219 covenant in favour of the Crown (Province) that restricts development, such that buildings, structures and mobile homes may only be located in "Unaffected Areas", which are identified on the Reference Plan attached as Schedule "B" to the Covenant, which is attached hereto as Appendix "C". This covenant was agreed to in exchange for subdivision approval.

C. TITLE SUMMARY – LOT 9

Legal notations:

There are a number of notations on this title, which are referring to easements in favour of Lot 9, as a "Dominant Lot" over neighbouring lots 10, 11, 12, 13 as "Subservient Lots". Please see commentary below regarding Easement G74857, which grants lots 10, 11, 12, 13 easement rights over Lot 9 in accordance with the terms of the charge.

Charges, Liens, and interests:

Easement G74857 [to be added]
In Favour of:
Description:
Comments:

Duplicate Indefeasible Title, Transfers, Pending Applications:

None and none outstanding. No issues to report.

D. TITLE SUMMARY – LOT A

LEGAL NOTATIONS:

There are a number of notations on this title, which are referring to easements in favour of Lot A, as a "Dominant Lot" over that Part of Lot B in Easement Area 4 and 5 on PLAN VIP69896 and that Part of Lot C in Easement Area 1, 2 and 3 on PLAN VIP69896, as "Subservient Lots". Please see commentary below regarding Easements EE21549 to EE21565.

CHARGES, LIENS, AND INTERESTS:

Undersurface Rights 157674G
In Favour of: Albert Edwin David Karr
Description: This charge was a grant of all mines and minerals by the Crown Dominion to Albert Edwin David Karr and his heirs on November 7, 1957 in exchange for $25, by the Crown Dominion.
Comments: Further to charge DF – F35834 on title, this grant was subsequently forfeited and is now held by the Crown (Province of BC). See below for commentary of mineral rights and tenures.

Undersurface Rights D23415
In Favour of: The Crown (Province of BC)
Description: Undersurface rights to minerals, coal, oil and gas that were held by Weldwood of Canada Limited. Pursuant to the charge registered, these undersurface rights were released to and are now held by the Crown as of the date of the charge.
Comments: A landowner in British Columbia has a secure or indefeasible title, which means that it cannot be defeated, revoked or made void, subject to any existing conditions which are contained in the original Crown grant. In normal circumstances when granting title, the government reserves the right to the subsurface which may include the rights to coal, petroleum, natural gas and all minerals, both base and precious. The rights to these substances may be granted by the government separately under different legislation.

The administration of mineral titles in British Columbia, which here excludes Crown granted mineral rights, is covered under the *Mineral*

Tenure Act (the "**Act**") and the Mineral Tenure Act Regulation administered by the Mineral Titles Branch of the Titles Division of the Ministry of Energy, Mines and Petroleum Resources. The rights and responsibilities of persons involved in the exploration for, development and production of minerals, including the acquisition and maintenance of mineral titles, are contained in the MTA. Those exercising these rights must have a lawful and legitimate mining intent.

To exercise exploration rights under the MTA, a person, whether an individual or a corporation, must first obtain a Free Miner Certificate (FMC). Being a "free miner," or one who holds a valid FMC, carries both rights and responsibilities. A free miner (or an employee) who is exercising a right under the Act, is entitled to enter private lands, provided those lands are "mineral lands" as defined in section 1 of the Act and are not subject to the restrictions in section 11(2) of the Act, without being in contravention of the *Trespass Act*.

Section 11(2) of the Act stipulates that the afore-mentioned right of entry on mineral lands does not extend to land which is (applicable sections only set out): occupied by a building; and the curtilage of a dwelling house. Aside from land covered by the afore-mentioned restrictions, a free miner is legally entitled to enter upon private property after serving notice to the landowner as per section 19 of the Act.

Courts have provided clarification in those situations where the surface is being used and "land occupied by a building" has been interpreted as the land directly beneath the land occupied by a structure permanently affixed to the ground and "curtilage of a dwelling house" is the area around a residence that is used by that residence or dwelling generally being the 75 metre distance around the residence where the land is defined by gardens, lawns or other clear sign of use by that residence.

In our view, it is possible, but unlikely, that a free miner, would after paying fees under the Act and giving notice to the Society, enter upon the Properties to explore for minerals, unless there was some indication on Galiano that valuable minerals were potentially available under the surface. Even if that were the case, a free miner would be restricted as to the areas of possible access, due to existing buildings and structures (and related signs of use) and related curtilage, as well as the existing easements and covenants on the Properties.

<u>Easements EE21549 to EE21565 and related Rent Charge EE21647</u>

In Favour of: The owners of Lot 70, 71, 77, 78, 79, 80, 85, 86, 92, 93, 95(at that time MacMillan Bloedel Limited)

Description: This, and Easements registered against neighbouring properties in favour of Lot A, were all registered back in the early nineties by MacMillan Bloedel that owned most of the land on Galiano Island at that time, for access reasons, to ensure that no one piece of land was cut-off and had no access into or out of the said lands.

Comments: Section 16 of the charge provides that to the extent access to any Dominant Lot is subsequently provided by a public roadway, the easement granted by this charge will be automatically terminated without further instrument. As such, if all neighbouring properties to Lot A have access to a public road, then this charge is of no force and effect.

If any neighbouring lot does not have access or an ability to have access, then further comments can be provided as to that lots rights with respect to Lot A. Otherwise, if neighbouring "Dominant Lot" properties have public access, as stated the charge is of no force and effect. Given the historical natures of these easements, the fact that MacMillan Bloedel does not exist anymore, and the large number of properties affected by these easements, it would be difficult and costly in our opinion to remove these registered easements, which by their nature are designed to terminate when no longer applicable.

<u>Covenant EM111655 (and Priority Agreement 111656)</u>

In Favour of: The Crown (Province of BC)

Description: This is a section 219 Covenant under the *Land Title Act* that allows for covenants over land or portions that cannot be built on or used in a particular manner. As a condition of a subdivision grant, the landowner agreed to restrictions on building <u>in the area on the portion of the lands immediately adjacent to Spotlight Creek:</u>

- within 15 meters of the natural boundary, no building or structure to be constructed nor mobile home located; and
- with respect to elevation – no area used for habitation, business or storage of goods damageable by floodwaters can be located within any building at an elevation such that the underside of the floor system is less than 1.5 metres above the natural boundary of Spotlight Creek.

The Landowner may maintain and replace, if necessary, the existing culvert or any replacement which access to the lands is available, and may have vehicle access to the water ponds in Spotlight Creek for emergency use only.

Comments: This covenant only affects building/use in the area immediately adjacent to Spotlight Creek. Given that it is a Section 219 Covenant in favour of the

Crown, it is unlikely this charge could be removed from title (and it runs with the land).

Covenant EM111659

In Favour of: The Crown (Province of BC)

Description: This is a section 219 Covenant under the *Land Title Act* that allows for covenants over land or portions that cannot be built on or used in a particular manner. As a condition of a subdivision grant, the landowner agreed to restrictions on building, such that no building can be built or structures erected, or mobile homes located, in any areas outside of the "Unaffected Areas", which are identified on the Reference Plan attached as Schedule "B" to the Covenant, attached as Appendix "C".

Comments: This covenant affects building/development in all areas of the property which are not classified as "Unaffected Areas". Given that it is a Section 219 Covenant in favour of the Crown, it is unlikely this charge could be removed from title (and it runs with the land).

DUPLICATE INDEFEASIBLE TITLE, TRANSFERS, PENDING APPLICATIONS:

None and none outstanding. No issues to report.

WATER MANAGEMENT BRANCH

MINISTRY OF ENVIRONMENT

THE PROVINCE OF BRITISH COLUMBIA—WATER ACT

CONDITIONAL WATER LICENCE

Marilyn A. Thorsteinsson c/o P. N. Thorsteinsson of 4050 Pine Crescent, Vancouver, B. C. V6J 4K5

is hereby authorized to divert and use water as follows:

(a) The source of the water-supply is Spotlight Creek.

(b) The point of diversion is located as shown on the attached plan.

(c) The date from which this licence shall have precedence is 10th June, 1981.

(d) The purpose for which the water is to be used is domestic.

(e) The maximum quantity of water which may be diverted is 500 gallons a day, and such additional quantity as the Engineer may from time to time determine should be allowed for losses.

(f) The period of the year during which the water may be used is the whole year.

(g) The land upon which the water is to be used and to which this licence is appurtenant is Lot 8 of Lot 89, Galiano Island, Cowichan District, Plan 22608.

(h) The works authorized to be constructed are diversion structure and pipe, which shall be located approximately as shown on the attached plan.

(i) The construction of the said works has been completed and the water shall be beneficially used on or before the 31st day of December, 1984.

(j) This licence authorizes the use of water for domestic purpose in one dwelling located approximately as shown on the attached plan.

J. E. Farrell,
Deputy Comptroller of Water Rights.

File No. 0368726 Date issued: 30th May, 1983 Conditional Licence 58557

W-183

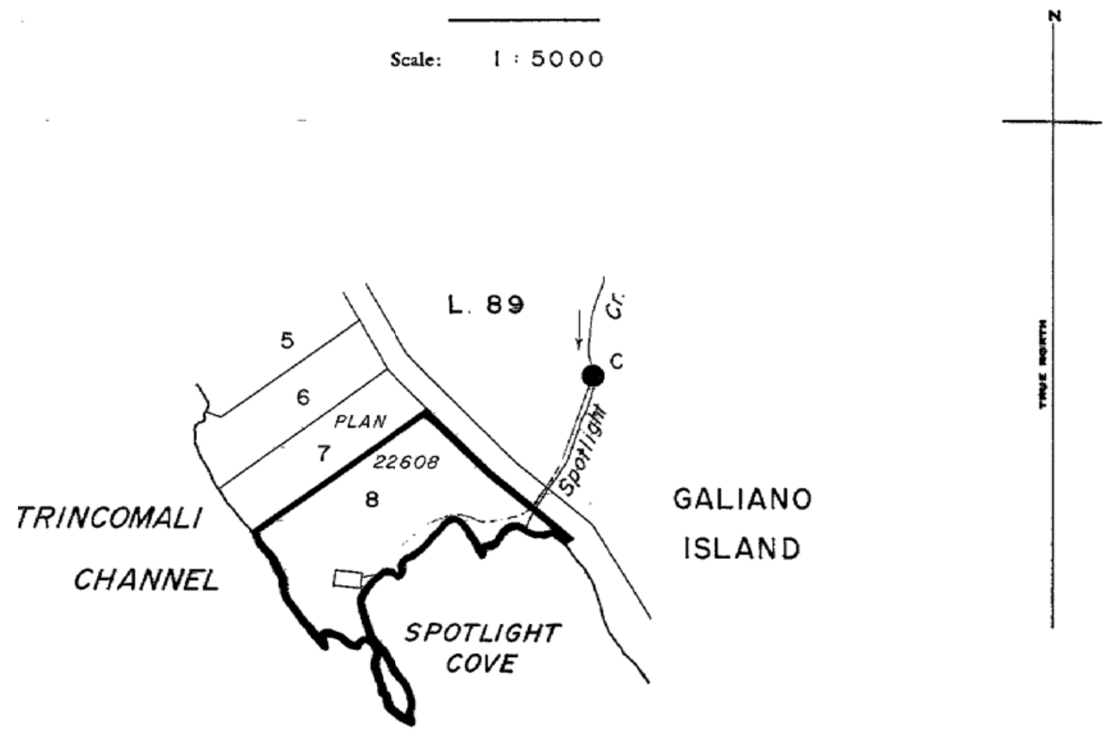
ENTERED ON
Map No. 92.B.093.33
By

British Columbia

NANAIMO WATER DISTRICT

COWICHAN DISTRICT

Scale: 1 : 5000



LEGEND

Point of Diversion ●

W.R. Map 92·B·093·3·3

Pipe ———— ————

The boundaries of the land to which this licence is appurtenant are shown thus: ▬▬▬▬

Signature [signature]

Date 30th May 1983.

C.L. 58 557

File 0368726

Shawnigan Precinct.

ISLANDS TRUST FUND

Trust Fund Board - Executive Committee
Liaison Meeting Agenda

Date:	Tuesday, July 18, 2017
Time:	1:00 pm - 2:30 pm
Location:	Islands Trust Victoria Boardroom
	200-1627 Fort Street, Victoria, BC

	Pages
1. CALL TO ORDER	
1.1 Introductions and Context for Annual Meeting	
2. APPROVAL OF AGENDA	
3. MINUTES/COORDINATION	
3.1 Record of the April 5, 2016 Meeting Minutes	2 - 4
4. BUSINESS	
4.1 Items for Discussion/Direction	
4.1.1 <u>Regional Conservation Plan - Draft Goals</u> to be provided at the meeting	
4.1.2 <u>Request for Legislative Change - ITF Name Change and Funding</u> no attachments	
4.1.3 <u>Islands Trust Fund Five Year Plan</u>	5 - 28
5. NEXT MEETING	
To be determined in early 2017 in Victoria	
6. ADJOURNMENT	

ISLANDS TRUST FUND

TRUST FUND BOARD BRIEFING

DATE: June 29, 2017

TO: Trust Fund Board **BOARD MEETING DATE: July 18, 2017**

SUBJECT: DRAFT Regional Conservation Plan Goals

DESCRIPTION OF ISSUE: With input from multiple sectors, the Islands Trust Fund staff have developed draft Regional Conservation Plan goals for consideration by the Trust Fund Board. Staff intend to move forward with these goals as the basis for the 2018-2027 Regional Conservation Plan, providing a draft to the TFB for review in September.

BACKGROUND:

In May 2017, the Islands Trust Fund (ITF) held workshops with partners, First Nations and Local Planning Services (LPS) to obtain input in the next iteration of the ITF Regional Conservation Plan. A survey of Islands Trust trustees was also conducted to gain feedback. An LPS focus group was assembled to further explore planner input after the LPS workshop. With input from all of these sectors, as well as some input from Trust Area Services staff, ITF staff have drafted the following goals for discussion. To elaborate on each goal, potential objectives have been listed. These objectives will likely change over the development of the RCP, but input from the TFB regarding the 4 identified goals would be helpful at this point.

The draft goals identified for the 2018-2027 RCP are more concise than goals from the 2011-2017 RCP. To create a more focused set of goals, staff have:

- combined land securement and management under one goal and included conservation on working lands under this goal,
- distributed support of partners, marine conservation and local trust committees throughout the relevant goals, rather than in their own particular goals, and
- added a focused goal to strengthen relationships with First Nations.

Previous Regional Conservation Plan Goals (2011-2017)

1. Secure *core conservation areas* that effectively conserve *biodiversity* priorities within the Islands Trust Area and within individual local trust areas or island municipalities;
2. Investigate the protection of biodiversity priorities on lands outside of core conservation areas, including *working landscapes*;
3. Work with partner organizations to conserve marine ecosystems and habitats;
4. Work with the Islands Trust Council, local trust committees and island municipalities to implement and accentuate Regional Conservation Plan goals and objectives within official community plans and land use bylaws;
5. Promote community participation in conservation within the Islands Trust Area through effective stewardship and management of private lands, information sharing and support of conservation education;

6. Support and enhance the work of conservation partners working in the Islands Trust Area; and,
7. Monitor and manage existing Islands Trust Fund conservation areas to maintain and enhance existing biodiversity and cultural features, with the understanding that ecosystems are continuously in a state of change.

DRAFT Regional Conservation Plan Goals (2018-2027)

1) Identify, investigate and communicate about important conservation areas

Potential Objectives:

- Collaborate with others to identify important data acquisition, analysis and community inputs
- Acquire data as funds permit, including:
  - Federal Species at Risk Critical Habitat data and data from the B.C. Conservation Data Centre
  - Sensitive Ecosystems Mapping
  - Marine Shoreline Ecosystems Mapping (e.g. eelgrass, clam beds, kelp, nearshore spawning fish, etc.)
  - Soils and terrain mapping
  - Climate Change mapping (e.g. sea level rise)
  - Anthropogenic data relevant to conservation of ecosystems (e.g. trails, recreation areas, human use areas)
- Analyse data to identify important conservation areas (e.g. connectivity analysis, conservation area modelling)
- Investigate opportunities for protection of important conservation areas
- Share information as appropriate using data sharing agreement and with guidance from the Trust Fund Board as needed

2) Strengthen relationships with First Nations to identify and collaborate on shared conservation goals

Potential Objectives:

- Amend or redraft policies, procedures, document templates, reports and signage to include acknowledgement and consideration of First Nations (e.g. Management Plan and Conservation Covenant templates)
  - Determine when/where TFB requires or conducts archaeological overview assessments
  - Where known and where permission is granted include traditional names in signage
- Integrate Traditional Ecological Knowledge (TEK) into existing programs as appropriate
- Source funds and determine a mechanism to support First Nations collaboration (financial and capacity)
- Continue to share information and engage with new projects as resources permit
- Research options for protection of cultural sites and culturally important species

3) Secure and manage Trust Fund Board lands and conservation covenants to maximize ecological integrity

Potential Objectives:

- Encourage conservation and responsible management of ecosystems through Islands Trust Fund programs
- Strategically acquire land through land transfer and conservation covenants
- Explore increasingly complex strategies for land securement (e.g. for US donors, working landscapes and targeted features, e.g. SAR, SEI, cultural sites, etc.)
- Collaborate with Local Planning Services to raise awareness about ITF tools for conservation (e.g. NAPTEP, Mapping, other regional initiatives)
- Participate by invitation from local trust committees on significant ecosystem conservation opportunities (e.g. development related, request early consultation in OCP Reviews, participate in OCP/LUB partnership)
- Fundraise to support land securement and management
- Continue to grow and support partners through the Opportunity Fund
- Utilize partnerships and new technologies to enhance efficiencies
- Manage Trust Fund Board conservation areas responsibly and strategically for ecological integrity and protection of identified amenities (e.g. invasive species management, ecosystem restoration, species at risk management, human impact management, etc.)
- Assess and prioritize Trust Fund Board conservation areas for species and ecosystems at risk and ecological restoration research. Actively pursue recommended management activities as resources allow

4) Build internal and shared organizational resilience to strengthen nature conservation in the Islands Trust area

Potential Objectives:

- Develop and expand fundraising strategies to support Islands Trust Fund programs
- Share funding and learning opportunities with partners
- Continue to develop the Islands Trust Fund brand and promote organizational recognition through telling of the Islands Trust Fund story
- Refine and creatively enhance outreach utilizing up to date tools and strategies
- Engage audiences and partners beyond the Islands Trust area

ATTACHMENT(S): None

AVAILABLE OPTIONS:

1) allow staff to proceed with draft goals as drafted
2) suggest edits to draft goals
3) request staff to further revise and bring goals back to the TFB for further review in September (note: this option may affect project timelines)

FOLLOW UP: Staff will incorporate draft goals into the first draft of the Regional Conservation Plan for the September 2017 TFB meeting.

PREPARED BY: Kate Emmings
Ecosystem Protection Specialist

REVIEWED BY: Jennifer Eliason
ITF Manager

Public Acquisitions Update
July 18, 2017

Property Name and Island	Date (yyyy/mm/dd)	Notes
CROWN LAND ACQUISITIONS		
FREE CROWN GRANTS		
Potential Free Crown Grant Application Proposal, Lasqueti (344.82 ha)	2005/08/15	It was MOVED and SECONDED that the Board to instruct staff to begin a Trust Area wide search for the 2007 Free Crown Grant application in the summer of 2006.
	2007/01/19	The search for the 2007 parcel is focussed on Lasqueti, with a community meeting scheduled for Feb 17.
	2007/03/05	The community meeting shortlisted the crown parcels and staff now need to research encumbrances on the top choices.
	2007/05/30	It was MOVED and SECONDED that the TFB recommend that the Islands Trust Council support the Trust Fund Board's application for a Free Crown Grant on Lasqueti Island, for the area known in the Crown Land Profile as Parcel B, north of Mount Trematon, subject to the support of the Powell River Regional District, consultation with the Sliammon First Nation, and subject to confirmation of funding for the property.
	2007/06/15	It was moved and seconded "That the Islands Trust Council support the Trust Fund Board's application for a Free Crown Grant on Lasqueti Island, subject to the support of the Powell River Regional District, subject to support from First Nations with a demonstrated interest in the property and subject to confirmation of funding for property management."
	2010/09/23	Staff confirmed that Sliammon haven't declared interests on Lasqueti & are at stage 6 of their treaty.
	2010/09/24	It was MOVED and SECONDED that the Trust Fund Board recommit its support for the application for a Free Crown Grant on Lasqueti Island, for the area known in the crown land profile as Parcel B, north of Mt Trematon, subject to the support of the Lasqueti Local Trust Committee, the Sliammon First Nation and the Powell River Regional District.
	2011/07/05	Correspondence sent to Sliammon, Qualicum, Snaw-naw-as (Nanoose) and Sechelt First Nations.
	2014/02/12	Lasqueti Island Nature Conservancy confirmed support for a Sponsored Crown Grant application, and agreed to assist and fundraise as required.
	2014/03/03	Letter of introduction and inquiry sent to Chief and Council of Qualicum First Nation.
	2014/04/10	Followed up with phone message and email to Qualicum First Nation.
	2014/06/10	Trustee Morrison visited Qualicum band office, spoke with staff and a councillor. Received positive response to an in-person meeting.
	2014/09/03	Staff emailed and phoned to request in-person meeting. Identified new council/Chief elected. Spoke with

		a councillor Sept 3, 2014. Interested in meeting, will phone back with possible dates.
	2014/10/02	Staff updated leter and emailed information again.
	2014/10/30	Message left for councillor Swanson.
	2015/04/07	Trustee Morrison stopped by band office and suggested a meeting.
	2015/04/28	Trustee Morrison stopped by band office and met with Chief Recalma.
	2015/06/08	Trustees Law and Morrison and ITF Manager met with Chief Recalma and Councillors Recalma and Swanson at the Qualicum Band office. The Chief and Council expressed an interest in visiting Lasqueiti, seeing some of the archaological sites, including a fish weir and looking at the subject Crown land. Date set for July 16th.
	2015/30/08	July trip cancelled by Chief due to other committments. Attempting to reschedule for October.
	2016/02/16	Message left for Chief Recalma.
	2016/04/09	Trustee Morrison spoke with Councillor Swanson.
	2017/01/19	ITF Manager and TAS Director met with MFLNRO staff to discuss provincially managed lands, on Denman in particular, but Lasqueti as well.
Pebble Beach Crown Land DL 60 and 66, Galiano (67.44 ha)	2007/05/30	**ON HOLD** It was MOVED and SECONDED that the board directs staff to undertake discussions with the Hul'qumi'num Treaty Group regarding the long term protection of the property, including the transfer of the property to the province if required for the treaty settlement.
	2007/05/30	**ON HOLD** It was MOVED and SECONDED that the Trust Fund Board recommend that the Islands Trust Council support the Trust Fund Board's application for a Free Crown Grant for DL 60 and a portion of DL 66 (the area known as Pebble Beach) on Galiano Island, subject to the support of the Galiano Local Trust Committee and the Capital Regional District, consultation with the Hul'qumi'num Treaty Group, and subject to confirmation of funding for property management.
EXCEPTIONAL CROWN LAND CASES		
Section 21, Lot 1 (Beaver Pond)	2009/08/25	It was MOVED and SECONDED that the Chair of the Trust Fund Board write to Ian Atherton, Land Acquisition Officer, MOE, and Mike McCammon, Project Manager, Crown Lands and Resources, Integrated Land Management Bureau, requesting: a) that Lot 1, Section 21, Plan 35639, Denman Island (Beaver Pond) not be transferred to the MOE for inclusion in the proposed provincial park now under consideration for the north part of Denman Island, and b) that this lot be transferred to the TFB for inclusion in the Inner Island Nature Reserve, following consultation with the appropriate First Nations.

	2009/10/14	Reply letter received from Mike McCammon (ILMB) stating that Ian Atherton would be responding more fully to our inquiry and that Lot 1, Section 21 (Beaver Pond) is not available for disposition because of a *Land Act* reserve on behalf of the Ministry of Environment.
	2010/01/14	Ian Atherton confirmed that Lot 1, Section 21 (Beaver Pond) is not available for disposition because of a Section 17 *Land Act* reserve on behalf of the Ministry of Environment.
	2010/10/12	Lot 1, Sec. 21 has been transferred to Min. of Environment as part of North Denman Lands deal, to be included in a provincial park. Staff were advised that if TFB were to pursue transfer, the lot would need to be returned to Min. of Agriculture and Lands and then applied for under the Free Crown Grants Program.
	2010/11/27	DCA sent letter to Ian Atherton (MOE) requesting that discussion regarding the transfer of Lot 1 (Beaver Pond) to ITF resume immediately.
	2010/12/02	MOE (Ian Atherton) position is that property is best protected under Parks Act or Ecological Reserves Act. DCA could become manager. Transfer would require full Free Crown Grant application.
	2011/04/14	MOE, DCA, and ITF met to discuss options for Lot 1 (Beaver Pond)
	2011/06/22	Informed by MOE that Lot 1 will not be designated an Ecological Reserve, it will be a BC Park with special zoning to limit activities. Will consider a covenant held by ITF.
	2012/09/11	Draft covenant provided by MoE. Staff and TFB lawyer have provided comments back to MOE.
	2013/02/26	MOE says that they cannot accept covenant provided by ITF. MOE also confirms that they cannot register a covenant after the designation occurs, which is imminent. MOE asks ITF to instead consider a Collaboration Agreement, which is referred to in the Parks Act but has not been used before.
	2015/10/29	Met with BC Parks new acquisiitons officer and discussed renewing this conversation.
	2016/01/15	Letter received from BC Parks, confirming they cannot register a covenant but would consider a Partnership Agreement. Staff will follow up to determine what this entails.
PUBLICLY CONSIDERED PRIVATE LAND ACQUISITIONS		
Valens Brook Nature Reserve addition (Hermanutz-Innes proposal) (Denman) 2.55 ha.	2014/09/18	It was MOVED and SECONDED, that the Trust Fund Board accept the conservation proposal submitted by Henning Nielsen on behalf of Luise Hermanutz and David Innes, to transfer approximately 2.545 hectares of Lot 17, Plan 6404, Section 6 Denman Island, Nanaimo District, PID 005-851-122 to the TFB to be protected as a nature reserve.
	2017/05/22	Landowners informed ITF rezoning is complete and they wish to proceed with land donation.
	2017/06/07	Draft transfer agreement provided to landowners for review
Sandy Beach (Area E) (Keats) 3.3 ha.	2014/09/18	It was MOVED and SECONDED, that the Trust Fund Board approve the conservation proposal submitted by the Convention of Baptist Churches of British Columbia to transfer Area E (Sandy Beach),

		approximately 3.3 hectares of DL 696, Group 1 NWD, Keats Island (PID: 014-385-694) to the Trust Fund Board for protection as a nature reserve.
	2015/03/02	Consultant has indicated that the landowners would like a covenant registered on the land at the time of transfer. ITF has approached Gambier Island Conservancy (GIC) and Sunshine Coast Conservation Association (SCCA). GIC has declined, but SCCA is potentially interested. Landowner currently seeking confirmation from Islands Trust and SCRD that transfer will count as park allocation for future subdivision approval; MOTI has confirmed.
	2015/05/07	SCCA agrees to hold covenant; suggests TLC as a co-holder as they have worked together before.
	2015/08/18	Draft conservation covenant provided to ITF staff for review.
	2015/08/26	Edits to covenant provided to applicant and covenant holders for review.
	2015/12/15	Comments on covenant draft received from TLC.
	2015/01/12	Covenant revised with TLC edits and returned to TLC and SCCA for comment. TLC is happy with the draft. SCCA has sent the covenant for legal review, still awaiting SCCA comments.
	2016/02/10	SCCA comments received.
	2016/03/04	ITF responded to SCCA edits. SCCA reviewing with lawyer.
	2016/04/11	Requested that landowner contract development of baseline report for covenant. Transfer not likely to occur until spring 2017.
	2016/06/05	SCCA comments received for covenant.
	2016/10/05	Draft 3 covenant sent to covenant holders for review. TLC and SCCA have agreed to the draft. Awaiting update from applicant on baseline and timeline for transfer from applicant.
	2016/02/10	Draft Bylaws for DL 696 received.
	2017/03/02	Covenant sent for legal review.
	2017/04/13	Revised covenant draft sent to TLC and SCCA. Comments received from both agencies. Waiting on next steps from applicant.
Current Total TFB Acquisitions:		**27**

ISLANDS TRUST FUND

PUBLIC COVENANTS UPDATE
July 18, 2017

Property Name and Island	Date (yyyy/mm/dd)	Notes
		NAPTEP COVENANTS
24 NAPTEP Covenants on title, 1 current application.		
Swift Family Link Island NAPTEP Covenant Link Island ECOGIFT (Gabriola LTA) (19.3 ha)	2016/04/05	TFB-2016-011 It was MOVED and SECONDED that the Trust Fund Board approve Elizabeth Working Swift's proposal to covenant approximately 20 ha of the land described as "Section 25, Nanaimo District (Part of DeCourcy Group of Islands), Parcel Identifier 009-772-138" through the Natural Area Protection Tax Exemption Program (NAPTEP).
	2016/04/07	Request sent to the Nanaimo & Area Land Trust inquiring about their willingness to co-hold covenant.
	2016/04/15	TFB decision letter sent to landowner.
	2016/05/26	Briefing received by Gabriola LTC.
	2016/05/27	Site visit with landowner and co-covenant holder. Co-covenant holder will send for board approval August 3.
	2016/06/16	Trust Council approves NAPTEP application.
	2016/07/13	Draft Covenant and Phase 2 letter sent to applicant for review.
	2016/12/12	Revised covenant draft sent to the applicant for review.
	2017/01/06	Survey completed, residential area will be 2.15 ha. The family is contemplating potential contractors for the baseline report and intend to apply to the Ecological Gifts Program.
	2017/01/25	NALT agrees to co-hold NAPTEP covenant with the TFB.
	2017/04/24	Draft covenant sent for legal review.
	2017/05/01	Field work for baseline report completed and report underway.
	2017/05/16	Legal review received. Staff are preparing next draft for landowner and NALT review. Draft contains language to protect archaeological sites.
	2017/06/21	Draft baseline report received. Staff are currently reviewing.
		REGULAR COVENANTS UPDATE
(50 regular covenants on title, 3 regular public covenants in progress, 2 in-camera covenants in progress.)		
Brooks Point Covenant South Pender Island (1.17 ha, 6.02 ha	2014/03/23	It was MOVED and SECONDED, that the Trust Fund Board agrees to hold a covenant on the 2010 addition to Brooks Point Regional Park, South Pender Island, subject to agreement on the terms of the covenant and a satisfactory baseline report, and directs staff to continue working with CRD Parks and partners to determine the best way to covenant the three protected areas at Gowlland and Brooks Points.
	2014/04/08	Staff provide CRD staff with a template covenant for review.

Property Name and Island	Date (yyyy/mm/dd)	Notes
if combined with surrounding covenants)	2014/04/15	Staff met with partners to discuss combining covenants for the Brooks Point and Gowlland Point properties.
	2014/05/22	Covenant Draft 1 sent to PICA, Friends of Brooks Point, HAT and CRD.
	2014/08/01	CRD response to Covenant Draft 1 received.
	2014/08/19	ITF/HAT/PICA express concerns to CRD with respect to Management Plan approval and other selected clauses.
	2014/08/20	Baseline Report completed.
	2014/08/22	CRD respond to ITF/HAT/PICA concerns.
	2014/09/17	ITF/HAT/PICA response sent to CRD. CRD staff have indicated they will respond after Nov 17, 2014.
	2014/10/08	Kate Emmings appointed to the Brooks Point Management Plan advisory group by the CRD.
	2014/10/16	ITF staff attended CRD Parks Open House for public review of the Brooks Point Management Plan update. Draft plan to be approved by CRD Parks Board Nov. 19 and by the CRD Board in December.
	2014/12/03	CRD submit revised covenant draft to ITF and HAT.
	2014/12/10	CRD Board approves revised Management Plan.
	2014/12/12	Covenant sent to legal counsel for review.
	2014/12/18	Covenant and comments sent to CRD.
	2015/07/29	Met with the CRD to discuss the covenant. There are several unresolved clauses.
	2015/08/28	Met with PICA and HAT to discuss unresolved clauses. Agreed that we were at an impasse and required more direction from PICA.
	2015/09/02	CRD returned a covenant draft for review, staff are concerned with several clauses, including the strength of restrictions and the enforcement mechanisms.
	2015/09/09	Staff provided a briefing to PICA requesting information about the type of covenant contemplated. Staff updated the CRD that a response to the covenant draft would be post-poned until further information is available from PICA. The PICA Board meets September 21.
	2015/09/24	Staff met with HAT, Friends of Brooks Point (Paul Petrie) and the CRD to discuss covenant concerns. CRD staff agreed to revise covenant and circulate
	2015/10/28	Staff met with HAT and CRD staff to review revised covenant draft and CRD will do further revision and circulate by mid-November. 17/12/2015 Update: CRD staff still working on revisions.
	2015/12/18	CRD Staff provided revised covenant.
	2016/01/25	ITF/HAT responded to CRD revisions. Awaiting further communications.

Property Name and Island	Date (yyyy/mm/dd)	Notes
	2016/07/15	CRD Staff provide a revised version of the covenant for further review.
	2016/08/16	HAT/ITF/CRD staff meet to discuss CRD edits. HAT/ITF agree to add definition regarding the permitted activities and will forward legal edits. CRD to re-approach NCC and TLC regarding process for discharge of prior covenants.
	2016/11/28	ITF/HAT forwarded the draft list of restricted and permitted uses for CRD review.
	2016/01/11	CRD response received, ITF/HAT to forward revised covenant draft for CRD review.
Crystal Mountain Covenant Galiano Island (18.3 ha)	2014/10/30	Conservation Proposal received
	2014/11/24	TFB motion: That the Trust Fund Board approve the Crystal Mountain proposal to covenant approximately 18.3 ha of the lands described as: a) Lot 9, District Lot 90, Galiano Island, Cowichan District, Plan 31200, PID # 000-851-035; and, b) Lot A, District Lots 88 and 89, Galiano Island, Cowichan District, Plan VIP68079, PID # 024-351-041, subject to the successful negotiation of an endowment.
	2014/12/04	Letter to landowner advising of Board decision and next steps.
	2015/02/02	The applicant's rezoning application was considered by the Galiano LTC and the following motion was passed: That the Galiano Island Local Trust Committee direct staff to proceed with the application GL-RZ-2014.1 (Crystal Mountain) but before preparing draft bylaws address the following: (1) Submit a survey regarding the proposed building sites, accesses and Development Permit Areas and the location and size of all existing structures; (2) Indicate whether or not existing structures will be removed or will remain; (3) Indicate whether any of the proposed huts will have cooking facilities; (4) Indicate whether the outhouses will consist of composting toilets or another system; (5) Submit plans to implement the recommendations of the environmental assessment; (6) Consider an amendment to the application to transfer title of the proposed covenanted lands to an organization which has as it's primary objective the conservation of forest land; (7) Consider a plan that would cluster development in one building site not the 3 that have been proposed; (8) Provide the LTC with a copy of the 2 CRD covenants on the land regarding geotechnical issues and Riparian Area issues; and (9) Consider an agreement to stop construction until completion of the application and to stop advertising and conducting programs within structures that are not permitted under the zoning that presently exists on the land.
	2015/06/09	Galiano LTC has referred the application to an advisory planning committee. Landowner contacted staff to discuss transfer of a nature reserve instead of conservation covenant.
	2015/02/03	Landowners working through LTC process regarding rezoning. No decision yet.
	2016/03/17	LTC agreed to begin drafting bylaws allowing for rezoning with conservaition covenant as a condtion. Staff met

Property Name and Island	Date (yyyy/mm/dd)	Notes
		with landowners to review covenant template. Site visit scheduled.
	2016/04/06	ITF Manager and Planner Stockdill visted site. Draft bylaws to be presented to LTC for consideration in early July. Draft covenant in circulation.
	2016/06/22	Received comments on covenant from landowner and subsequently discussed by phone. LTC to consider draft bylaw July 4th.
	2016/09/08	Applicant still working through LTC process. Draft covenant sent to the TFB lawyer for review and comment.
	2016/10/03	Next draft of covenant incuding TFB lawyer comments sent back to landowner. Landowner reviewing with lawyer.
	2017/02/08	ITF Manager met with applicant and planning staff to review current proposal and options to change proposal.
	2017/03/20	Request to TFB to consider accepting a transfer of land instead of a covenant received from applicant.
	2017/04/04	It was MOVED and SECONDED that the Trust Fund Board reconfirms its agreement to hold a covenant on approximately 18 hectares of the lands owned by Crystal Mountain Society (PIDs: 000-851-035 & 024-351-041), but indicates a willingness to consider a proposal to accept a transfer of some or all of the 18 hectares and suggests the applicant bring forward a complete Conservation Proposal that includes an assessment of the charges on title, the final subdivision layout and a significantly increased offer of endowment.
	2017/06/26	Landowners submitted new Conservation Proposal for transfer of land instead of covenant.
Settlement Lands Denman Island (63.25 ha)	2015/11/17	TFB-2015-086 It was MOVED and SECONDED, that the Trust Fund Board approve the conservation proposal submitted by the Denman Conservancy Association for the two properties on Denman Island known as the Settlement Lands: PID 006-639-771, the east ½ of the north east ¼ of Section 21, Denman Island, Nanaimo District; and, PID 006-657-656, the west ½ of the north east ¼ of Section 21, Denman Island, Nanaimo District, except that part in Plan VIP78186, subject to the successful development of a mutually acceptable Management Plan for the lands.
	2015/11/19	Letter sent to applicant to advise of the TFB decision and requesting a meeting to discuss next steps in the management planning process.
	2015/12/10	Phone meeting with applicant to discuss next steps. Applicant will send a letter to the TFB regarding anticipated costs and timeline and a request for cost sharing on selected budget items.
	2016/01/25	Received correspondence requesting cost sharing for baseline, etc.

Property Name and Island	Date (yyyy/mm/dd)	Notes
	2016/02/22	TFB-2016-003 It was MOVED and SECONDED that the Board approve the Denman Conservancy Association proposal to share covenant and management plan costs for the Settlement Lands (PID 006-639-771 & PID 006-657-656), Denman Island, according to the 'Settlement Land Conservation Covenant Cost-Sharing' document (January 2016, updated February 4, 2016), providing up to $3,000.
	2016/04/04	Letter sent to DCA confirming details of cost sharing.
	2016/06/14	Covenant draft sent to DCA for review. DCA is negotiating BC Hydro Right of Way.
	2016/07/27	DCA covenant comments received.
	2016/09/09	Draft 2 covenant sent to DCA for comment.
	2016/09/19	Draft Baseline Report received. DCA and ITF staff discussing issues of education centre, trails & trail signage and current issues of cattle grazing and power line infrastructure.
	2016/12/12	Covenant draft sent for legal review.
	2017/02/28	Management Plan feedback provided to DCA for review.
	2017/03/03	Draft 4 of covenant sent to DCA for review.
	2017/03/04	Management Plan Open House held on Denman Island. ITF Ecosystem Protection Specialist attended.
	2017/03/15	Final Baseline Report received for TFB consideration.
	2017/03/20	Final Management Plan received for TFB Consideration.
	2017/05/30	TFB approves Management Plan and Covenant.
	2017/05/31	ITF staff submit the Covenant to ALC staff for approval.
	2017/06/19	ALC respond to request a change to a clause. ITF legal are unconcerned with edits, but have advised that the edits restrict agriculture more than the existing clause. ITF staff have passed this along to the ALC and have requested further direction regarding how they would like to proceed.
ITF NATURE RESERVES WITH COVENANTS OUTSTANDING		
(22 Nature Reserves have covenants, 5 Nature Reserves are without covenants, 1 TFB Nature Reserve covenant (proposed) in progress .		

PUBLIC COVENANTS UPDATE
July 18, 2017

Property Name and Island	Date (yyyy/mm/dd)	Notes
Proposed Sandy Beach Nature Reserve Keats Island (3.3 ha.)	2017/01/10	ITF staff are currently negotiating a conservation covenant concurrently with the Sandy Beach Conservation Proposal (see Acquisitions Updates). All parties to the covenant have agreed to the terms and are awaiting further information from the landowner. The covenant has been sent for legal review.
Total	**74 covenants registered**	

Trust Fund Board Budget Tracking 2017-2018

GL	Description	Budget	Revenue	Total Available	Spent	Remaining	% Remaining	Additional Commited Funds
50700-210	Admin Support Services	$ 184,005		$ 184,005		$ 184,005		
54500-210	Communications	$ 13,000		$ 13,000	$ 1,391.69	$ 11,608	89%	*$ 1,500*
56000-210	Contingency	$ 2,500		$ 2,500		$ 2,500	100%	
61100-210	Board Honoraria	$ 8,000		$ 8,000	$ 2,000	$ 6,000	75%	
61200-210	Board Meeting Expense	$ 10,000		$ 10,000	$ 1,389	$ 8,611	86%	
61210-210	Board Training & Conferences	$ 2,000		$ 2,000		$ 2,000	100%	
61300-210	Property Management	$ 65,000		$ 65,000	$ 16,342	$ 48,658	75%	*$ 26,352*
61500-210	Conservation Planning / Land Securement	$ 18,000		$ 18,000	$ 7,203	$ 10,797	60%	*$ -*
63000-210	Legal	$ 15,000		$ 15,000	$ 2,554	$ 12,446	83%	*$ 1,100*
61600-210	Ecosystem Mapping	$ 15,000		$ 15,000	$ 4,369	$ 10,631	71%	*$ 13,121*
80300-210	Mobile Devices	$ 1,500		$ 1,500	$ 307	$ 1,193	80%	
81300-210	Training & Conferences	$ 7,000		$ 7,000	$ -	$ 7,000	100%	
81305-210	Travel for Training	$ 2,500		$ 2,500		$ 2,500	100%	
82300-210	Travel	$ 4,000		$ 4,000	$ 769	$ 3,231	81%	
		$ 347,505	$ -	$ 347,505	$ 36,324	$ 311,181	90%	*$42,073*
	Alton Maintenance Account	$ 53,482	$ 5,907	$ 59,389	$ 1,769	$ 57,620		*$ 425*
	Ruby Alton Endowment Fund	$ 136,561						
	Opportunity Fund	$ 34,144	$ 103	$ 34,247	$ 2,959	$ 31,288		*$ 541*
	Covenant Mgmt and Defence Fund	$ 102,276	$ 4	$ 102,279	$0	$ 102,279		
	Lasqueti Island Acq Fund	$ 33,345	$ 3	$ 33,348	$0	$ 33,348		
	Gambier Island Acq Fund	$ 116,546						
	Morrison Waxler Legacy Fund	$ 20,062	$ 1	$ 20,063	$0	$ 20,063		
	Thetis Island Acq Fund	$ 72,343	$ 139,253	$ 211,596	$1,330	$ 210,266		*$ 1,417.50*
	McFadden Creek	$ 24,327	$2	$ 24,329	$0	$ 24,329		