



Barkley Community Forest Limited Partnership (BCFC)

Particulars

Standing Timber Purchase Agreement #K3S 2021-02

Draw Creek Blocks DC10, DC11, DC12 & DC13

Deadline for Receipt of Tenders: 4:30 pm October 18, 2021

Note: Only the application and tender form needs to be submitted.

1) Purpose

This document and attached appendices will inform prospective purchasers of the key information they must review and consider when preparing a tender for this timber sale. Prospective bidders are reminded that the data contained in the details of this package are estimates or observations by contractors hired to prepare the data. Bidders should review all details of this package and conduct a field review to verify or alter any field reports in preparing their final tender for submission.

2) Barkley Community Forest Corporation (BCFC) Objectives

The Board of Directors of the BCFC has set the following objectives for developing this timber sale:

- a) To maintain the safety of all workers and the public during operations on the timber sale.
- b) To utilize contractors and workers from the communities of Ucluelet, Tofino, Port Alberni to the greatest degree possible to promote local employment and contractor development.
- c) To utilize as much of the merchantable timber as possible and where possible to manufacture logs produced from the timber sale in Vancouver Island processing facilities.
- d) To utilize or sell for utilization as many of the logs as possible to facilities that will produce value added, long life usable products.
- e) To reduce or eliminate the need to burn debris or waste logs for fire hazard reduction or silviculture site preparation reasons.



- f) To construct a main access road to the vicinity of Draw Lake to a standard that allows use for future log extraction and for long term public access to Draw Lake and potential hiking trails and other recreational opportunities in the upper valley and ridges.

These objectives are delivered by conditions specified in this agreement and by monitoring of field operations. They will not receive a separate evaluation as part of the award of this timber sale.

3) Field Review Access

Access to the blocks is by foot. The Draw East road is not active beyond 0+296 (bridge replacements are required at 0+320 and 0+446).

Branch 301, which starts at approximately 0+030 on Draw East, is deactivated but passable with 4WD truck can be used to access the back end of this timber sale from the west side of Draw Creek. A trail is flagged in pink ribbon from a cross ditch at the end of Branch 301 into Block DC11.

4) Known Information to be Considered as Part of the Application

Worker Safety

- a) These are typical west Vancouver Island logging worksites. Workers will encounter steep slopes, rock bluffs, loose rock, large unstable snags, and west coast weather.
- b) There are limestone areas and karst features on the areas of operation. Some of these may not be marked in the field or on maps.
- c) There are two bear dens in Block DC10. Special precautions are needed when working around the dens.
- d) All cutting areas require a mix of dispersed and group retention totalling 20% of the pre-harvest basal area. All retention is by faller selection. Leave trees are not marked in the field.
- e) All blocks have special stream riparian zone prescriptions.
- f) Some haul roads and dryland sort areas at Toquaht Bay and Ucluelet are in the tsunami hazard zone. Special operating procedures are needed.
- g) The Maggie FSR supports a great deal of non-radio-controlled public travel as well as tourist travel at times.



Other

- h) Construction continues on Highway 4 at Kennedy Hill. Delays accessing the site from the Port Alberni side can be expected during much of the term of the timber sale.
- i) This worksite is very accessible to the public. The purchaser will need to maintain a policy for dealing with any public member entering the site and requesting information about the work taking place.

5) Ownership of the Work and Site Safety

The Purchaser will be required to acknowledge that they are the owner of the work for WorkSafe BC and other applicable legislation and regulation. The purchaser will acknowledge that they are not employees, agents, or contractors of TFLP and are acting as their own independent company.

The Purchaser and all contractors must be active and in good standing with WorkSafe BC and maintain all required safety program(s). Additional certification as a BC Forest Safety Council “Safe Certified Company” would be an asset.

The Purchaser will make all safety programs and records, including a First Aid Assessment, Emergency Response Plan, and any Prime Contractor agreements available to BCFC as required and will ensure that a Notice of Project is submitted to WorkSafe BC before work commences.

The Purchaser will be required to co-operate with any WorkSafe BC inspections of work on this site and will advise BCFC of the outcome of those inspections.

6) Timber to be Sold

The timber to be sold is described in the cruise reports attached in the appendices (roughly 20,000m³ harvest volume). The area of the timber is described on harvest plan maps attached in the appendices for Blocks DC10, DC11, DC112, and DC13 and any rights of way not included in the specific blocks.

Note that 20% retention of the pre-harvest basal area is planned for all blocks. Retention is expected to be a mix of dispersed and group retention that prioritizes structural diversity and retention of habitat elements. In particular dying trees and snags, moist berry producing sites, and riparian areas are important habitat attributes that should be



retained as frequently as possible in areas of aggregate retention. As such, leave trees can be those which provide old forest structure characteristics, and which do not necessarily reflect an equivalent reduction in the commercial value of timber in the stand.

Two full volume cruise reports (not including prescribed retention) for the timber to be sold are attached in the appendices. One report is based on Provincial computerized grade projections and a second report is based on cruiser call grade net factor projections. These reports are estimates. All volumes should be confirmed to the satisfaction of the bidder based on field reviews.

7) Term of the Timber Sale

The term of the timber sale will commence on the date the timber sale agreement is signed by both parties and will end on November 30, 2022, unless all conditions of the agreement are completed prior to that date and the agreement is terminated by mutual agreement of both parties.

Extensions to the expiry date of the timber sale may be permitted for reasonable cause due to unforeseen circumstances. No extensions will be made to the payment schedules set out in Section 6.

8) Timing Constraints

Reduced rainfall shutdown guidelines are prescribed for all blocks as detailed on the harvest and site plan maps.

All blocks contain some areas (generally lower/western slopes) planned for ground based harvesting where operating in drier periods will be required to achieve soil disturbance objectives.

Falling should be scheduled outside of the active nesting period (April 2 to July 30) to the greatest extent possible. If falling within this window is required BCFC will coordinate a qualified professional to conduct a survey of important bird habitats to look for active nests. Adherence to the Migratory Bird Convention Act is required.



The bear den located outside of the Block DC11 boundary between FC B5 and B6 is considered high value and was occupied in the winter during engineering. This den should be assessed and, if occupied, harvesting of the adjacent helicopter yarding polygon should occur after June 1.

BCFC understands that some of these timing constraints are conditional and/or weather dependant and may conflict with each other. It is expected that the successful bidder will make reasonable efforts to plan operations to achieve and balance these objectives.

9) Type of Timber Sale and Payment Schedules

Bidders will tender a lump sum bid of all merchantable timber included in the timber sale blocks and RoW areas. The cruise estimates of volume are estimates only and no guarantee is made on the accuracy of these estimates. The final volume scaled may be higher or lower than the estimates and indicated species volumes and grades may be different than shown on the cruise estimates.

No adjustments will be made to the lump sum bid amount to be paid to BCFC after the timber sale agreement is signed.

The successful bidder (purchaser) will be required to pay the full lump sum amount shown in the tender. Payments will be required to be made as follows:

- a) 25% of the lump sum bid on signing the timber sale agreement
- b) 25% of the lump sum tendered on January 31, 2022
- c) 25% of the lump sum tendered on April 30, 2022
- d) 25% of the lump sum tendered on August 31, 2022

Except that payment in full shall be required if logging is completed prior to any of the indicated billing dates.

10) Timber Sale and Road Permit Security Deposit

BCFC will require that a security deposit of \$400,000.00 be put in place with the BCFC at the time of the agreement signing and prior to the start of any operations on the timber sale. The security deposit will be returned or released upon satisfactory completion of all work on the timber sale and roads.

BCFC will access the funds held in the security deposit to remedy any outstanding work such as but not limited to:



- a) Road and bridges not meeting specifications
- b) Inadequate clean-up of logged areas and inability of BCFC to meet post harvest reforestation and silviculture obligations
- c) Non completion of other aspects of the timber sale agreement that are not fulfilled including payments for stumpage and waste billing.

Acceptable Forms of Deposits:

- a) Money order, bank draft, or certified cheque from the bidder, payable to the BCFC.
- b) A Safekeeping Agreement form executed by a chartered bank, credit union, or trust company, verifying those assignable securities in the amount of \$400,000.00 are being held in safe keeping and the rights and claims to the securities have been assigned to the BCFC.
- c) An Irrevocable Letter of Credit acceptable to BCFC.

11) Submission of Application and Tender, withdrawal of a tender and Execution of an Agreement

Submission of an Application and Tender

The application and tender must be submitted by the closing date to the BCFC post office box or to the business office. The tender must be in a sealed envelope with the clear marking of the applicant on the outside along with the Notation "Application for Timber Sale #K3S 2021-02 Draw Creek".

Withdrawal of an Application

An application and tender may be withdrawn up to the closing date and time by way of a written request to the Chair, BCFC Board of Directors. The application and tender will be returned unopened. All applications received and not withdrawn by the closing date, will be opened by the BCFC.

Execution of the Final Agreement

The BCFC will choose the successful bidder soon after October 18, 2022. A formal letter offering the timber sale will be sent to that applicant. The applicant will have 10 business days to formally sign and enter into the agreement and submit the security deposit. Should the successful applicant not sign the agreement or submit the required deposit in the required time, the BCFC may cancel the offer and award the timber sale to another bidder.



12) Insurance

The Purchaser will be required to carry Comprehensive/Commercial General Liability Insurance protecting TFLP as an additional insured in the amount of not less than \$5,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury and property damage, and claims for liability assumed under contract, arising from all accidents or occurrences on the land or Improvements.

13) Scaling, Scale Reporting and Payment of Provincial Stumpage

The purchaser must ensure that all timber cut and removed from the harvest areas is scaled as per the requirements of BC legislation. It is the responsibility of the purchaser to arrange for scaling approvals, scale site approvals and all matters to do with scaling.

All scale must be reported to the Province of BC as required in BC legislation. The BCFC must receive a summary copy of all submitted scale reports at the end of each bi-weekly reporting period.

The purchaser must pay all stumpage invoices issued by the province of BC for logs scaled and marked to Community Forest licence K3S, CP 12 (K3S/012) and RP 21331 (K3S/0R1). Note that tabular stumpage rates are adjusted annually on March 1st.

14) Timber Utilization and Waste Billings

Use of all merchantable logs from the timber sale area is an objective for this timber sale.

Waste Survey Required

On completion of harvesting operations or on the expiry of the timber sale agreement, the BCFC will engage and pay for a certified waste and residue surveyor to complete a waste and residue survey on the entire area approved for harvest under this timber sale.

Waste and Residue Invoices issued by the Province of BC

On receipt of invoices for waste and residue from the province of BC, BCFC will invoice the purchaser of the timber under this agreement and the purchaser of this timber will pay BCFC an amount equal to the amount invoiced by the Province of BC. BCFC will pay the invoices for waste and residue issued by the Province to the Province.

The costs of this waste and residue billing are in addition to and not part of the lump sum bid amount submitted in this tender.



Current BC Provincial waste and residue tolerances (non billable amounts) for avoidable waste in old growth stands are:

Helicopter Yarding:	35m ³ per hectare
Cable Yarding:	25 m ³ per hectare
Ground based Yarding:	10 m ³ per hectare

Waste and Residue Penalties Issued by the BCFC

To encourage high levels of utilization, BCFC will impose additional monetary penalties for avoidable waste left in the areas of the timber sale.

Based on the waste and residue survey conducted for invoicing by the province of BC, the purchaser will pay the BCFC:

- \$25.00/m³ for avoidable waste over 35m³/ha (all yarding methods)
- \$75.00/m³ for avoidable waste more than 60m³/ha (all yarding methods).

BCFC will issue a separate billing invoice for these penalty amounts to the purchaser and the purchaser will pay BCFC that amount.

The costs of this waste and residue billing are in addition to and not part of the lump sum bid amount submitted in this tender.

15) Roads, Road Use, and Dryland Sort Use.

Road Designs and Location

Roads to be built or re-built under this agreement (see road and bridge specifications in the Appendices) fall under Road Permit R21331 held by BCFC. These roads consist of 1,694 metres of re-construction and 4,791 meters of new construction as well as purchase and installation of required bridges and culverts.

The Draw 3000 road is intended to be maintained as an active road into the future. All bridges and drainage structures will remain the property of the BCFC.

Any changes proposed to road and/or bridge designs must be approved by BCFC with consideration of the long-term public access objective for these roads. It is anticipated that Draw East and Draw 3000 roads and bridges in particular will be built as per the specifications attached.



Engineered Crossings

Crossing Assurance Statements are required to be provided to BCFC for all crossings not considered Simple Crossings as defined in the APGEGBC/ABC FP Professional Practice Guidelines for Professional Services in the Forest Sector - Crossings.

A design aid, but no engineered designs, are provided for the two proposed crossing of Stream 12 on roads DC11-E and DC11-F within Block DC11. The final design of these structures will depend on the season/water levels at the time of construction and anticipated duration of use.

Road Maintenance

The successful bidder will be required to maintain all roads during the term of the timber sale and leave them cleaned up and graded on completion of work on the timber sale.

Use of the Maggie and/or Barkley FSR

Use of these roads for crew and equipment access and log hauling is governed by the Ministry of Forests, Lands, Natural Resource Operations and Rural Development. The successful bidder must make application to that Ministry for any required road use permits on Forest Service Roads.

Dryland Sort Use

If the successful bidder plans to use local dryland sorts and log dumps located at Toquaht Bay and Ucluelet Inlet. No prior agreements by BCFC are in place by BCFC to use these log dumps.

16) Insurance

The Purchaser will be required to carry Comprehensive/Commercial General Liability Insurance protecting TFLP as an additional insured in the amount of not less than \$5,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury, and property damage, and claims for liability assumed under contract, arising from all accidents or occurrences on the land or Improvements.

17) Inspections of Harvesting and Road Construction Activity

The Purchaser will be required to co-operate on regular BCFC field inspections of work as well as inspections by various government agencies.



18) Special Tree Regulation Province of BC

Any tree with a diameter at breast height with or exceeding the specifications in this table must not be cut or damaged. Such trees must be reported to the BCFC, and a plan determined to protect these trees and adjacent vegetation as per the Special Tree Protection Regulation in BC.

Table 1: Tree sizes for Special Tree Protection Regulation

Item	Column 1 Tree	Column 2 Location	Column 3 Diameter at breast height (cm)
1	Arbutus	Anywhere	164
2	Cedar, yellow	Anywhere	265
3	Cottonwood, black	In the coastal biogeoclimatic zones	268
4	Cottonwood, black	Outside the coastal biogeoclimatic zones	176
5	Douglas-fir — coastal	Anywhere	270
6	Douglas-fir — interior	Anywhere	160
7	Fir, grand	Anywhere	146
8	Maple, bigleaf	Anywhere	198
9	Oak, garry	Anywhere	136
10	Pine, ponderosa	Anywhere	119
11	Redcedar, western	In the coastal biogeoclimatic zones	385
12	Redcedar, western	Outside the coastal biogeoclimatic zones	290
13	Spruce, Sitka	Anywhere	283
14	Yew, pacific	Anywhere	63



19) Environmental Management System

The purchaser and all contractors and sub contractors working on this timber sale and road permit will be expected to have and work under an environmental management system equivalent to that required on BC Timber Sales worksites. BCFC inspections will include review of EMS plans.

20) Post Harvest Obligations Required

On all roads and cut blocks associated with this timber sale, the purchaser will be required to complete the following.

Fire Hazard Assessment and Abatement

Under the Wildfire Act, a person who carries out an industrial or prescribed activity on Crown land must conduct a fire hazard assessment in accordance with Section 7 of the Wildfire Act. The purchaser will be required to complete all required hazard assessments and measures or actions resulting from those assessment and to provide to BCFC a final assessment signed and sealed by a qualified professional confirming completion of all required fire hazard abatement activities.

As noted previously, BCFC's objective is for waste to be minimized and managed such that post harvest burning is not required.

Silviculture Obligations

BCFC must meet required stocking levels from reforesting the area as stated in the Forest Stewardship Plan approved for the tenure. BCFC will do a post harvest planting assessment to determine if the desired stocking levels can be achieved. If slash and debris are concentrated in such a manner that stocking levels cannot be achieved, the purchaser may be required to take measures to pile or redistribute this material to ensure stocking levels can be met.

Windthrow assessments and treatments are the responsibility of the Seller

Roads

At the end of operations, the main roads must be graded, ditches cleaned and left in a safe condition. Any spur roads in the timber sale must be fully deactivated. Any machine trails are to be deactivated immediately following harvest activities to facilitate planting and reduce the chance of redirecting surface and shallow subsurface water flow. Post harvest activity is to include re-contouring of trail prisms and re-establishment of natural hillside drainage patterns.



21) Acceptance of Application and Tenders

The Board of Directors of the BCFC reserves the right not to accept the highest or any application and tender for this timber sale as well as the option not to proceed with award of the timber sale.

22) Appendices

- a) Full Volume Cruise Compilations (Loss Factor and Call Grade Net Factor)**
- b) Road Construction Maps**
- c) Engineered Designs/Design Aids**
- d) Harvest Plan Maps**
- e) Site Plans**
- f) Sample Timber Purchase Agreement**



Barkley Community Forest Limited Partnership (BCFC)

1971 Peninsula Road, PO Box 707, Ucluelet, BC V0R 3A0

Application and Tender Form (Closing Date October 18, 2021 4:30 pm)

Barkley Community Forest Standing Timber Purchase Agreement # K3S 2021-02

Cutting Permit 12 and RP R21331 - Blocks DC10, DC11, DC12 and DC13

1) Purchaser Information

Purchaser Name: _____

Purchaser Address: _____

- 2) I make this Application and tender to purchase standing and down timber designated for harvest under Agreement K3S Cutting permit 12 Blocks DC10, DC11, DC12, and DC13 and Rights of Way approved under Road Permit R21331 accessing these cut blocks.
- 3) I have read and understand this application and tender, and the information associated with the particulars package regarding estimates of timber volume, species, logging chance, as well as a description of payment schedules, and my responsibilities as Purchaser. I have read and understand the specifications described in the appendices to the particulars document and I have completed adequate review of the timber and field conditions.
- 4) I understand that I am responsible to pay all stumpage and waste invoices issued by the Province of BC, including any interest charges resulting from those invoices, directly to the Province of BC in a timely manner.
- 5) I understand that in addition to the lump sum payment offered in Point 6 below, charges for avoidable waste exceeding benchmark standards will be invoiced by the BCFC. These charges are explained in the Particulars (Highlights) documents. I agree to pay these charges to BCFC when invoiced.
- 6) I offer to pay the BCFC, in addition to any other amounts payable under the terms of this tender, a bid in the amount of \$_____. This amount is for all merchantable timber in the specifications. This amount will be paid to BCFC in accordance with the schedule in the particulars document attached.
- 7) I understand that volumes noted in the particulars are estimates and the final scale volume may be higher or lower than the cruise volumes. I also understand the amount bid in Point 6 will not be adjusted for final scale volumes.
- 8) I have read the draft form of agreement and will execute the document if my application is accepted.

Purchaser Name: _____
Printed Name of the Authorized Signer

Signature: _____

Date _____

Barkley Community Forest Limited Partnership

STANDING TIMBER PURCHASE AGREEMENT #K3S 2021-02

This Agreement made as of _____, 2021

BETWEEN:

Barkley Community Forest Limited Partnership by its general partner, Barkley Community Forest Corporation, with an office at:

PO Box 707, 1971 Peninsula Road
Ucluelet BC
V0R3A0
"Seller"

AND:

_____, with an office at

(**"Purchaser"**)

WHEREAS

- A. The Seller holds Community Forest Agreement K3S and has the authority to manage and sell timber harvested from Community Forest Licence K3S (the "**Licence**") and standard sawlog cutting permit 12 there under (the "**Cutting Permit**") specifically blocks DC10, DC11, DC12, and DC13 along Draw Creek near Maggie Lake (the "**Cut Blocks**"). In addition, the Seller holds Road Permit R21331 and has the authority to conduct road construction and harvest trees from the approved road Right of Way accessing the noted Cut Blocks (the "**Road Permit**").
- B. The Purchaser has submitted to the Seller a proposal in the form attached as Schedule A (the "**Proposal**") in respect of the purchase of standing timber approved for harvest under and sale of Logs harvested from the Cutting Permit and Road Permit.
- C. Following review of the Proposal, the Seller has agreed to sell, and the Purchaser has agreed to purchase, all the standing timber approved for harvest from the Cutting Permit and Road Permit, subject to the terms of this Agreement.

NOW THEREFORE in consideration of the mutual covenants set out in this Agreement and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties agree as follows:

INTERPRETATION

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

- a. **“Bi-Weekly Reporting Period”** means one of a successive number of bi-weekly periods commencing on a date agreed to by the Parties.
- b. **“Business Day”** means a day that is not a Saturday, Sunday or statutory holiday in British Columbia;
- c. **“Commencement Date”** means the beginning of Harvesting Activities;
- d. **“Cut Block”** has the meaning set out in Recital A;
- e. **“Cutting Permit”** has the meaning set out in Recital A;
- f. **“Dead and Down Timber”** means windfall timber that has little or no log marketing value;
- g. **“Encumbrance”** means any charge, mortgage, pledge, security interest, encumbrance, lien, option, claim or any right of any person of any kind, regardless as to form and including any lien under the *Workers’ Compensation Act* (British Columbia) or the *Woodworkers Lien Act* (British Columbia);
- h. **“Event of Default”** has the meaning set out in Section 30;
- i. **“Forest Act”** means the *Forest Act* (British Columbia) and all regulations promulgated there under and all related standards, field guides and other directives;
- j. **“Harvesting Activities”** means, timber falling, yarding, log transportation required for the harvesting of timber from the Lands and transporting all Logs to a Dryland sort;
- k. **“Harvesting Completion Notice”** has the meaning set out in section 14;
- l. **“Hazardous Material”** means any substance which, when released into the Lands or into the natural environment, is likely to cause, at any time, material harm or degradation to the Lands or Improvements or any part of them.
- m. **“Lands”** means the lands subject to the **“Cutting Permit”** and **“Road Permit”**.
- n. **“Laws”** means any provincial, federal, municipal government, and regulations or

directions having the force of law;

- o. “**Licence**” has the meaning set out in Recital A;
- p. “**Logs**” means logs harvested on the Lands that meet the Specifications;
- q. “**m³**” means a cubic metre of logs, British Columbia metric scale, as determined under the *Forest Act*;
- r. “**Ministry**” means the British Columbia Ministry of Forests, Lands and Natural Resource Operations and Rural Development;
- s. “**Parcel**” means a bundle, group of bundles or other grouping of logs commonly offered for sale as a unit in the coastal forestry industry;
- t. “**Permits**” has the meaning set out in section 19;
- u. “**Point of Sale**” means the Cut Blocks, Road Permits and timber described within and under this agreement.
- v. “**Post-Harvesting Obligations**” means all of the following obligations related to the Harvesting Activities:
 - i. Ensuring that the Seller can achieve 1000 plantable spots per hectare following timber yarding in order to meet legal obligations for reforestation on harvested areas;
 - ii. Completion of all required Fire Hazard Assessments and measures or actions arising from those assessments as required under the Wildfire Act and associated Regulation and provision of a final assessment confirming completion of all required abatement activities signed and sealed by a qualified professional.
 - iii. Ensuring the Draw East and Draw 3000 roads are graded and suitable for public use, that ditches are cleaned and all drainage structures are properly functioning.
 - iv. Permanent deactivation of all spur roads and rehabilitation of any machine trails to facilitate planting and reduce the chance of redirecting surface and shallow subsurface water flow. Post harvest activity is to include re-contouring of trail prisms and re-establishment of natural hillside drainage patterns.
 - v. Providing Crossing Assurance Statements for all engineered structures associated with Road Construction and Road-Reconstruction.

- w. **“Road Construction, Road Re-Construction, and Bridge Installation”** means all activities relating to building or reconstructing road or acquiring and installing bridges as required in the specifications attached to this agreement.
- x. **“Scale Report”** has the meaning set out in section 21;
- y. **“Site Plans”** mean the Pre-Harvest Prescription – Stocking Standards / Critical Factors for the Cut Blocks a copy of which are attached as Schedule F;
- z. **“Specifications”** the minimum dimensions by species set out in Schedule E;
- aa. **“Stumpage”** means the price payable to the Province of British Columbia per m³ as stumpage pursuant to the Licence.

2. **General Rules of Interpretation.** In this Agreement:

- a. **“this Agreement”** means this Agreement, including the Schedules hereto, as it may from time to time be supplemented or amended;
- b. all references in this Agreement to a section, subsection or to a Schedule, is to the designated section, subsection or Schedule to this Agreement unless otherwise specifically stated;
- c. the words **“herein”**, **“hereof”** and **“hereunder”** and other similar words refer to this Agreement as a whole and not to any particular section or Schedule;
- d. a general statement, term or matter when followed by the word **“including”**, will not be construed as limited to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not language such as **“without limitation”** or **“but not limited to”** is used with reference thereto;
- e. any reference to a statute includes and refers to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed that has the effect of supplementing or superseding such statute or regulation;
- f. except as otherwise provided, any reference to a person includes and is a reference to any person that is a successor to, or permitted transferee from, such person;
- g. words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa and, where applicable, a corporation; and

- h. any terms used but not defined herein will, if the context allows, have the meanings ascribed thereto in the Licence or the *Forest Act*.

GRANT OF RIGHTS; TERM; PURCHASE AND SALE OF LOGS

3. **Grant of Rights.** The Seller grants the Purchaser a non-exclusive right to occupy the Lands for the purpose of carrying out timber harvesting activities/operations and road construction, reconstruction and bridge installation approved under this agreement.
4. **Term.** The term of this Agreement commences on the date hereof and continues until November 30, 2022 unless extended by the Seller at the request of the Purchaser. Extension requests will be considered and approved at the sole discretion of the Seller based on the reasons for the request and other circumstances at the time of the request.
5. **Effect of Termination.** Upon the end of the term of this Agreement or the termination of this Agreement pursuant to section 32, the parties will cease to have any obligations and liabilities to each other except for:
- a. obligations and liabilities arising out of events occurring prior to the end of the term; and
 - b. obligations and liabilities of a party pursuant to section 24 or 26 where such obligations arise out of events occurring prior to the end of the term;
- which will survive the end of the term or the termination, as the case may be.
6. **Purchase and Sale.** The Seller will sell to The Purchaser, and The Purchaser will purchase, all standing timber approved for harvest from the “**Cut Blocks**” and “**Road Permit**”, free and clear of all Encumbrances.
7. **Stumpage.** The Purchaser will pay Stumpage to the Province of BC, in respect of the standing timber (logs) purchased by The Purchaser hereunder within 21 Business Days of receiving an invoice from the Province for all logs scaled during a period reported for in a Scale Report as described in Section 21. The stumpage rates and any process for payment because of any Province of BC stumpage rate changes shown in Schedule C attached to this Agreement.
8. **Sellers Charge’s:** The purchaser will pay the Seller’s charges (bonus bid) in respect of the standing timber purchased by the Purchaser hereunder in accordance with the schedule described in Schedule B attached to this agreement.

The Seller’s charges as noted in Schedule B will be paid regardless of final scale.

TITLE AND RISK

9. **Title and Risk.** Title and risk for Logs will pass to The Purchaser, free and clear of all Encumbrances, when the Purchaser enters this agreement and makes the initial payment as noted in Schedule B.

THE PURCHASER'S OBLIGATIONS

10. **Notice of Commencement.** The Purchaser will provide the Seller with a notice of commencement at least seven Business Days prior to the start of Harvesting Activities, Road Construction, Road Re-Construction or Bridge Installation activities on any cut block or road. The notice will include
 - a. The commencement date.
 - b. Phase contractor(s) name and contact information.
 - c. A copy of the WorkSafe BC Notice of Project; and,
 - d. Proof of required insurance.
11. **Harvesting Obligations.** The Purchaser will carry out, or cause to be carried out, all Harvesting Activities at its own cost and in accordance with industry standards and the Site Plans and Harvest Plans.
12. **Road Construction, Re-Construction, and Bridge installation.** The Purchaser will carry out, or cause to be carried out, all road construction, re-construction, and bridge installation activities at its own cost and in accordance with industry standards and the specifications in Schedule H attached to this document.
13. **Timber Marking Obligations.** All timber must be marked with the appropriate timber mark (Section 22(e)) prior to leaving the cut block of origin or as soon as possible thereafter and must be distinctly kept separate from other timber bearing a different timber mark.
14. **Harvest Completion Notice.** The Purchaser will deliver written notice (the "**Harvest Completion Notice**") to the Seller when the Harvesting Activities have been completed in accordance with section 11.
15. **Post-Harvest Obligations.** The Purchaser will use commercially reasonable efforts to satisfy the Post-Harvesting Obligations within 1 month of the delivery of the Harvest Completion Notice at its own cost and in accordance with the industry standards and the Site Plans. Completion of fire hazard abatement activities must be completed within 12 months of delivery of the Harvest Completion Notice.
16. **Utilization and Waste.** A waste survey by a certified BC waste surveyor will be conducted at the direction of the Seller upon receipt of the Harvest Completion Notice

(Section 13) or on expiry of the Agreement. The Seller will pay the costs of conducting the waste survey. All waste charges by the Province and by the Seller will be paid by the Purchaser as described in Schedule D attached to this Agreement.

All waste charges levied by the Purchaser as described in Schedule D attached to the document will be paid to Seller in addition to any amounts paid as laid out in Schedule C.

SELLER'S OBLIGATIONS

17. **Authorizations.** The Seller will obtain, or cause to be obtained, all permits, licences and other authorizations required for The Purchaser to carry out its obligations under sections 11 and 15 at the Seller's cost.
18. **Planning.** The Seller is responsible for all planning and management activities at all times except those activities explicitly the responsibility of The Purchaser hereunder. The Seller will provide The Purchaser with access to its records, employees and consultants as reasonably required for The Purchaser to carry out its obligations and rights hereunder.
19. **Compliance.** The Seller will comply with and maintain in good standing, or cause to be maintained in good standing the following items:
 - a. the Licence.
 - b. the Cutting Permit (Schedule E); and,
 - c. the Road Permit (Schedule E).
20. **No Amendments.** The Seller will not, without the prior written consent of The Purchaser, not at any time:
 - a. amend, terminate, or suspend.
 - b. permit the amendment, termination, or suspension; or
 - c. do anything that may result in the amendment, termination, or suspension of any of the Permits.

SCALING

21. **Scaling.** The Purchaser will be responsible for and will pay all costs of scaling Logs at a scale site approved by the Province. The Purchaser will provide to the Seller a scale report (the "**Scale Report**") within 2 Business Days of the end of each Bi-weekly Reporting Period. Scaling will be done by a Province of BC licenced scaler in accordance with the Ministry's applicable policies and industry standards.

REPRESENTATIONS AND WARRANTIES

22. **Representations and Warranties of the Seller.** The Seller represents and warrants that:

Permits

- a. the Seller is the legal and beneficial owner of the Permits and the Logs;
- b. the Seller has the due and sufficient right, power and authority to manage the Permits and sell all timber harvested there under.
- c. a true and correct copy of the Cutting Permit and Road Permit are attached hereto as Schedule E;
- d. each of the Permits is in good standing, the Seller is in compliance therewith, and the Seller has not breached any of their obligations, representations or warranties there under.

Timber Marks

- e. the timber mark for all Logs harvested pursuant to Cutting Permit No. 12 and road permit R21331 will be K3S/012 and K3S/OR1 respectively.

23. **Representations and Warranties of The Purchaser.** The Purchaser represents and warrants to the Seller that:

- a. The Purchaser is a corporation duly formed, organized and subsisting under the laws of British Columbia;
- b. neither the making of this Agreement, the completion of the transactions contemplated by it, nor the performance of or compliance with its terms will violate the partnership agreement of The Purchaser or any agreement to which The Purchaser is a party, and will not result in the violation of any Law; and
- c. The Purchaser has due and sufficient right, power and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to perform its obligations under this Agreement.
- d. The Purchaser accepts all responsibilities as the owner of the work as defined under the Workers Compensation Act in respect to any workplaces associated with this agreement. The Purchaser, as the owner of the work , may establish an agreement with a third party contractor as prime contractor for any workplace under this agreement that is a multi-employer workplace for the purposes of the Workers Compensation Act. The Purchaser and all third-party contractors will be registered and in current standing with WorksafeBC and will have safety programs registered with the BC Forest Safety Council or have equivalent safety

programs and will provide these programs to the Seller as required.

- e. The Purchaser will not use, store, manufacture or dispose of any Hazardous Substance on the Land without the prior consent of the Seller, which consent may be withheld or delayed in the Seller's own discretion, save and except the Purchaser may use and store fuel, oil, grease and other consumables on the Lands provided they do not exceed amounts reasonably required for the Purchaser's operations on the Lands.

LIABILITY AND INSURANCE

- 24. **Indemnity by The Purchaser.** The Purchaser will, and will cause its sub-contractors to, indemnify and hold harmless the Seller from all loss, costs, damages, expenses and claims of every nature whatsoever arising from:
 - a. the negligence of The Purchaser or its sub-contractors.
 - b. the breach of, or failure to observe, any Laws by The Purchaser or its sub-contractors.
- 25. **Insurance.** The Purchaser and its sub-contractors shall carry:
 - a. \$5,000,000 comprehensive general liability including a minimum \$500,000 on forest fire fighting expenses; and
 - b. \$3,000,000 motor vehicle liability insurance for each vehicle used in connection with the activities of The Purchaser and its subcontractors hereunder.

These policies will name the Seller as an additional insured, and The Purchaser will provide proof of insurance to the Seller prior to the commencement of Harvesting Activities.

- 26. **Indemnity by Seller.** The Seller will, and will cause its representatives and agents, to, indemnify and hold harmless The Purchaser from any and all loss, costs, damages, expenses and claims of every nature whatsoever arising from:
 - a. the negligence of the Seller and its representatives and agents;
 - b. the breach of, or failure to observe, any Laws or any law (traditional or otherwise) by the Seller and its representatives and agents.

GUARANTEE AND SECURITY

- 27. **Security.** The sum of \$400,000.00 and all rights, privileges, benefits, and interests accruing thereto will be delivered by the Purchaser to the Seller at least seven (7) Business Days prior to the Commencement Date (herein called the "Security") to

guarantee the performance of the Purchaser's obligations under this Agreement and will be maintained in effect until such time as the Seller certifies in writing that such obligations have been fully performed. The parties agree that the amount of the Security does not constitute a liquidated damages estimate of the Seller's damages if the purchaser breaches its obligations hereunder and the Seller reserves its right to claim further damages.

- a. If the Purchaser defaults in the performance of any of its obligations hereunder, the Seller may, in its sole discretion, sell, call in and convert the Security, or any part of it and such Security will be deemed to have been absolutely forfeited to the Seller.
- b. Notwithstanding the amount of the Security stated to be required under this section, the Seller may, acting reasonably, from time to time by notice to the Purchaser, demand the amount to be changed to that specified in a notice and the Purchaser will, within 56 days, of such notice, change the Security to the specified and provide the Seller with evidence of the change.

FORCE MAJEURE

28. **Force Majeure.** Neither party is liable for any failure or delay in the performance of its obligations under this Agreement if such failure or delay is caused by weather conditions, fire, strike or other labour disruptions, lockout, sabotage, shipwreck, riot, war, flood, extraordinary breakdown, explosion, laws or regulations, Court order, act of any government body or agency, act of God, blockade, civil commotion or disobedience (lawful or unlawful) or for any similar reason beyond its control or if the party considers market or other economic conditions to be such so as to justify curtailing or shutting down its operations, but only to the extent and for the period that such conditions cause such a failure or delay.
29. **Advance Warning.** Each party will give to the other party as much advance notice as is reasonably possible, stating the nature, date of commencement, anticipated duration and estimated effect of the event. The inadvertent failure to give notice under this section will not preclude a party from receiving any relief provided for in this section.

DEFAULT

30. **Event of Default.** An event of default ("**Event of Default**") will exist with respect to a party if such party has committed a material default in the performance of its obligations hereunder notice has been given to such party by the other party specifying the default and such default remains unremedied for more than 15 Business Days or such other period as is reasonably required in order to remedy the default.

31. **Remedies.** At any time while an Event of Default exists with respect to a party, the other party may exercise any right or remedy available to it, at law or in equity, and may, without prejudice to any other right or remedy, terminate this Agreement by notice to the other party to that effect, effective on a date specified in such notice, which date shall not be earlier than the date on which such notice is given.

ARBITRATION

32. **Arbitration.** Except as otherwise provided herein, any dispute between the parties in respect of or under this Agreement will be submitted for determination by a single arbitrator pursuant to the *Commercial Arbitration Act* (British Columbia) except that any dispute over the price of Logs will be determined by each party submitting the price for such logs that such party determines to be accurate, and the arbitrator will select one of such prices and no other. The decision of the arbitrator, including any decision as to costs, will be final and binding on the parties, but will not be a precedent in any subsequent arbitration under this Agreement.
33. **Timely Decisions.** Any dispute referred to arbitration will be dealt with on an expeditious basis with both parties using all commercially reasonable efforts to obtain and implement a timely decision by the arbitrator, and the arbitrator may award double costs against any party not complying with this section.

ASSIGNMENT

34. **Assignment by the Seller.** The Seller will not sell, transfer, assign or otherwise dispose of all or any part of the timber on the Lands, the Logs, the Permits or any interest in this Agreement without the prior written consent of The Purchaser, which consent may be withheld in The Purchaser's sole discretion.
35. **Assignment by The Purchaser.** The Purchaser will not sell, transfer, assign or otherwise dispose of all or any part of the interest in this Agreement without the prior written consent of the Seller, which consent will not be unreasonable withheld. Example post The Purchaser / Island Timberlands Ltd affiliation in 2019 - this project may go under the ITL component of the Mosaic log purchase program

GENERAL

36. **Compliance with Custom.** Except as varied by this Agreement, the purchase and sale of Logs under this Agreement will be in accordance with generally accepted log sale practices in coastal British Columbia.
37. **Compliance with Laws.** In performing their respective obligations pursuant to this Agreement, the parties will comply with all Laws, the Permits, all other authorizations issued by governmental authorities and lawful directions of government authorities.

38. **Waivers.** Failure by either party at any time to require strict performance by the other of any term or provision hereof shall not be deemed to constitute a waiver of breach of such or any other term or provision hereof nor shall it constitute a waiver of any succeeding breach of such or any other term or provision hereof.
39. **Time.** Time shall be of the essence of this Agreement.
40. **Notices.** Any notice, document or communication required or permitted to be given hereunder shall be in writing and delivered by hand, facsimile transmission or e-mail to the party to which it is to be given as follows:

To the Purchaser:

To The Seller:

Barkley Community Forest Limited Partnership

PO Box 707
1971 Peninsula Road,
Ucluelet, British Columbia,
V0R 3A0

Attention: Terry Smith, BCFC Chair
Phone No.: 250-522-0201
Email: tdsmith@telus.net

Attention: Erik Holbek, General Manager
Phone No.: 250-897-2763
Email: manager@barkleyforest.ca

or to such other address in British Columbia as either party may in writing advise by notice given in accordance with this section.

41. **Further Assurances.** Each of the parties will execute and deliver all such further documents and do such further acts and things as may be reasonably required from time to time to give effect to this Agreement.
42. **Enurement.** This Agreement shall enure to the benefit of and binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first above written.

Purchaser:

Per: _____
Authorized Signatory

Barkley Community Forest Limited Partnership

Per: _____
Authorized Signatory

**SCHEDULE A
PROPOSAL**

Copy of the application and tender submitted by the Purchaser.

**SCHEDULE B
SELLERS CHARGES**

The Purchaser will pay the Seller, the full lump sum amount shown in the application and tender. Payments will be required to be made as follows:

- a) 25% of the lump sum bid on signing the timber sale agreement, being: \$xxx,xxx.xxx
- b) 25% of the lump sum bid on January 31, 2022, being: \$xxx,xxx.xxx
- c) 25% of the lump sum bid on April 30, 2022, being: \$xxx,xxx.xxx
- d) 25% of the lump sum bid on August 31, 2022, being: \$xxx,xxx.xxx

Except that payment in full shall be required if logging is completed prior to any of the indicated billing dates.

No adjustments will be made to the lump sum bid amount to be paid to BCFC after the timber sale agreement is signed.

**SCHEDULE C
PROVINCIAL GOVERNMENT STUMPAGE**

As part of any purchase offer, the Purchaser must agree to pay to the Province of BC, stumpage on the scaled volume from the cutting permit.

Stumpage rates payable for timber removed from South Coast community forest agreements are as follows:

SPECIES	RATE (\$/m³)
Balsam	\$1.48
Hemlock	\$2.59
Cedar	\$3.77
Cypress	\$2.45
Fir	\$4.59
Spruce	\$2.77
Other	\$3.00

Under the current Coast Appraisal Manual, tabular stumpage rates will remain as noted above until February 28, 2022 and will be updated effective March 1, 2022. There will be no changes to the lump sum amount payable by the Purchaser as a result of any increase or decrease in the tabular stumpage rates.

SCHEDULE D WASTE CHARGES

Post-harvest waste surveys are required by the Province of BC on all areas logged under cutting permit.

BCFLP will arrange and pay for waste surveys to be completed by a certified contractor as soon as possible following final logging completion. Logging completion will be mutually agreed upon with the Purchaser and BCFLP following final inspection.

Payments to the Province of BC

The Purchaser will be required to pay to the Province, the amount specified on all invoices from the Province for waste on CP 12 and road permit R21331 associated with this agreement.

Payments to BCFLP

In addition, the Purchaser will be required to pay to TFLP the amounts specified in the tender for all timber deemed avoidable in the waste survey. For the purposes of this billing by BCFLP, the following waste benchmarks will apply.

- 1) No penalty billing for avoidable waste levels up to 35m³ per hectare.
- 2) A total penalty of \$25.00 m³ for avoidable waste between 35m³ and 60m³ per hectare.
- 3) A total penalty of \$75.00 m³ for avoidable waste over 60m³ per hectare.

All billing for waste penalties by BCFLP are in addition to any charges to be paid for the timber as defined in Schedules B and C.

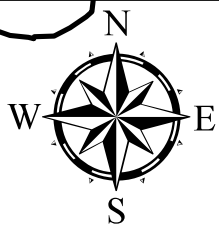
SCHEDULE E
K3S CUTTING PERMIT 12 & ROAD PERMIT R21331

SCHEDULE F
SITE PLANS: DC10, DC11, DC12, AND DC13

SCHEDULE G
HARVEST PLAN MAPS: DC10, DC11, DC12, DC13

SCHEDULE H
ROAD DESIGNS, MAPS, ENGINEERED CROSSING DESIGNS

Draw Lake Harvesting Overview



1:10,000

MAP LEGEND	
Cutblock	
Existing Roads	
New Roads	
React Roads	
Community Forest Boundary	

