



# OKIB Management Services LP

## Annual Report

April 2020

# Annual Report

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## **Introduction**

The Band Council approved the Governance and Fiscal Agreement (GFA) signed March 18, 2019. The GFA includes reporting requirements through all levels of the limited partnerships. Under Section 11.2 the following topics are to be in the report:

- (i) how the limited partnership is fulfilling its mandate,
- (ii) the financial results of that limited partnership's operations for the applicable reporting period,
- (iii) the number of OKIB members employed by that limited partnership and the full-time equivalent of their positions,
- (iv) the number of contracting and training opportunities provided by that limited partnership to other OKIB businesses, businesses owned and operated by OKIB members and to OKIB members,
- (v) how the information provided under paragraphs (i) to (iv) compares to the information reported under those paragraphs in the previous reporting period, and
- (vi) any other relevant information Council, the economic development committee or holdings board, as applicable, considers necessary or advisable.

## Executive Summary

At the beginning of 2019 the OKIB Holdings GP Ltd. board was established and the CEO was recruited and began January 7, 2019. The remaining corporate operating structuring was implemented which included establishing three new Limited Partnership entities, establishing mandates for each and recruiting and appointing operating board members. The OKIB Holdings GP Ltd led the implementation of the Governance and Fiscal Agreement as the corporate structure was completed.

OKIB Management Services LP, once established, created a financial management system which includes separate bank accounts for each company, financial controls and budgets. Reviewed the economic opportunities and reviewed existing reports to develop a strategy for each of the companies.

As per the GFA Mandate an Economic Development Committee was established with the task of creating an Economic Development plan to be approved by council. Once approved this plan will be used as a guide for OKIB Holding and the operating companies.

### Key Initiatives

Strategies were developed for each operating company these include:

1. to designate Lot 1, 13 and 14 on Duck Lake IR No 7;
2. develop a business park on the designated lands;
3. initiate a head lease that will be held and controlled by the OKIB Group of Companies.
4. adopted a term of reference to negotiate a comprehensive agreement for the tenure under the Replaceable Forest Licence that will create more benefits for OKIB than generating revenue under the Replaceable Forest Licence;
5. using the Brown's Creek Restoration and Management Plan, a Timber Supply Review was conducted and four cutting permits were developed;
6. developed a joint venture agreement and a bid was submitted for Unexploded Ordnance (UXO) removal project;
7. pursuing BC Hydro procurement opportunities including a project worth approximately \$15,000,000; and
8. secured qualified partners to bid on projects..

During the process of reviewing OKIB's assets and opportunities available the gravel pit presented as a viable project. A request for proposals was publicly distributed, one

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response was received. The plan is to have a company to crush the product while the OKIB Group of Companies will market the product. More pit testing is required and there is potential to initiate gravel operations at a new location.

## OKIB Management Services LP (OMS)

**Mandate: To provide management, administrative, financial, record keeping, accounting and advisory services to the businesses of the Okanagan Indian Band.**

### **Strategy: Meeting the Mandate**

OMS manages all the operating companies while developing a new strategy leading up to the last year for the OKIBGC.

#### Governance and Fiscal Agreement

OMS supported the OKIB Band Council and OKIB Holdings GP Ltd. board to present the Governance and Fiscal Agreement (GFA) to the community and implement the agreement. The GFA mandates an Economic Development Committee, the committee is responsible for updating the economic development plan. OMS has been responsible for:

- having Council appoint the committee members;
- hosting the Economic Development Committee meetings;
- accessed grants to fund the project;
- executing the RFP for consultants to assist with the development of a plan;
- project lead for the economic development planning process;
- distributing and collecting paper based surveys; and
- will present the final draft to the community and Council
- complete final reports

#### Corporate Structuring

As of January 2019, only the OKIB Holdings GP Ltd and OKIB Forestry GP Ltd and their limited partnership agreements were established. OKIB Holdings GP Ltd. required new companies to be created to pursue business opportunities and partnerships, to bid on contracts, to hold assets and manage all the businesses.

Using the recommendations set out by Ratcliff and Co for the corporate structure. Three new companies were created, and their mandates were developed to achieve these goals. OKIB Management Services GP Ltd. was created to manage all the companies; OKIB Assets GP Ltd was created to hold assets for the company; OKIB Operations GP Ltd was created to develop partnerships and bid on contracts. OKIB Forestry GP Ltd was retained for the management of the forest licences. All these companies have a Limited partnership Agreement with OKIB Holdings GP Ltd.

These boards required directors that did not have a majority of the Band Council or the OKIB Holdings board as set out in Section 64 of the *Partnership Act*.

#### Strategic Plans

Strategic plans were developed for each company; the team took the following steps to create a strategy to generate revenue for each company by reviewing:

- existing opportunities,
- past strategic reports, and
- feasibility studies

#### Financial Management System

Proposals were requested from various banking institutions to open bank accounts, cheque signing authority is held by the operating board members and the CEO, two signatures are required.

A Financial Management, Spending and Contracting Policy was adopted and being followed. An accounting system was created and oversight is provided by board member Greg Kazakoff, CPA, CAFM.

#### Research and Creating the Strategic Plan

A review of OKIB's readiness to start a gas station and sell the black stock tobacco quota the Band Council has retained for a band owned gas station. Research was completed on the process for obtaining an Exempt Sale Retail Dealer permit.

After meeting with gas companies and gaining an understanding of the profit margins and completing potential investigations on possible sites for a gas bar, it was determined that Swan Lake IR No. 4 was the best location. Other sites reviewed were the Band Office, Head of the Lake, Public Works area and Eagle Rock. Swan Lake has the best visibility to a higher traffic volume.

Several site limitations are identified for Swan Lake, which include access to the property, requirement for designation, lack of available infrastructure and the geotechnical work required.

A temporary site was considered, and it was determined that the OKIB Group of Companies did not have funds to invest in a temporary store; and the financial and human resource

investment required would be better served developing a different opportunity.

The conclusion was realized with limited resources available and the Land identified on Duck Lake IR 7 to have the greatest value it became apparent focussing on a land designation for general commercial use would generate the greatest own source revenues and fastest economic impacts for the Band.

#### *Duck Lake Development Strategy*

Once the area was identified as the most valuable, resources were dedicated to developing a strategy for this area. OMS needed to accomplish several tasks; including executing a new designation that would allow for a head lease to be created in order to have these lands to be held and commercially available through the OKIB Group of Companies (OKIB Assets LP). A design for a new layout to maximize the potential for revenue generation. A strategy was also identified to access the ISC CORP National Business Park Infrastructure Fund; which required a comprehensive business plan, professional project design and class 2 construction estimates and proof of the ability to fund the remaining 33.33% of the project.

BC Rural Dividend awarded an amount of \$100,000 for the OKIB Group of Companies to develop a business plan and a site development concept for the Duck Lake Business Park (as well as fund a portion of the Community Economic Development Plan).

The funding was used to contract WJ Consulting to develop a business plan that would support the National CORP funding. WJ Consulting was selected based on previous success on accessing this grant. Stantec was hired to complete the project design, construction bid package and construction estimates for the business park.

An application was completed and submitted to ISC for \$2,200,000 in January 2020.

#### *Economic Development Planning*

As a mandate from the GFA, the Economic Committee was appointed by the Band Council; Councillors, Tim Isaac and Sharon Cullen, Tom Christensen, Firman Latimer (chair), Victor Rumbolt, Don Riemer, Lee Anne Cameron, Colleen Marchand and Jenelle Brewer, provided oversight to the development of the Community Economic Development Plan.



OMS was responsible for organizing and updating the Economic Development Committee. After a public RFP Urban Systems was selected to develop the economic development plan.

Funds from BC Rural Dividend and \$25,000 from New Relationship Trust went towards the development of an economic development plan. This grant made it possible to complete the economic development planning process. This funding covers the expenses of Urban Systems and contributed to the community dinner at Christmas.

An on-line platform called SurveyMonkey to administer surveys to those that could not attend the community dinner in person. In addition, the surveys were introduced to the New Horizon elders, the Day Program and copies were left at the Band buildings. In total over 120 Band members completed the survey. A first draft is under development and the first copy is expected in March.

#### Operational Policies

Policies have been implemented for the organization according to the Governance and Fiscal Agreement under subsection 12.4 to adopt by resolution and implement the following written operational policies and procedures;

- (i) human resources and personnel policy providing for the preferential hiring of OKIB Band members subject to demonstrable skill and experience necessary for the position;
- (ii) contracting and procurement policy;
- (iii) TOR for the Board, individual members of the operating board and the chairperson of the board;
- (iv) operating board governance guidelines;
- (v) code of conduct and conflict of interest guidelines;
- (vi) director travel and expense guidelines;
- (vii) TOR for a human resources, governance and compliance committee;
- (viii) TOR for a finance, audit and risk management committee;
- (ix) Committee Operating Guidelines;
- (x) Annual operating board performance evaluation; and
- (xi) CEO performance evaluation.

<b>Employment to OKIB members</b>	As a start-up company there are limited employment opportunities; currently there are 3 full-time positions; 2 of the positions are held by Band members.
<b>Contract and training opportunities to OKIB Members</b>	OKIB Management Services LP's sole purpose is to manage all the operating companies. There are no contracts or assets held under this company. As the company experiences growth; there will be more opportunities.
<b>Financial Results and Quarterly Comparisons</b>	See Financial Statements for 2019

## Financial Results

<b>OKIBGC</b>		
<b>Statement of Revenue Expenses and Surplus</b>		
<b>January-December 2019</b>		
<b>REVENUE</b>		
ISC Economic Development	4000	89,446
ISC (Designation)	4400-700	25,000
New Relationship Trust	4400-702	20,000
Rural Dividend	4400-137	100,000
OKIB-Forestry		300,000
Total Revenue		<b>534,446</b>
<b>EXPENDITURES</b>		
<b>Wages and Benefits</b>		
Wages	5010	266,095
CPP Expense	5005	7,823
EI Expense	5006	3,494
WCB Expense	5007	2,351
Vacation Pay Expense	5008	157
Pension Expense	5009	8,847
Benefits	5011	14,337
Total Wages and Benefits		<b>303,104</b>
<b>Operating Expenses</b>		
Advertising & Communications	5000	1,007
Administrative Expense to OKIB	5020	8,944
Designation Cost - Consulting Fees	5635	22,743
Contractor Costs	8620	18,230

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Equipment Rental/Lease	5023	381
Equipment Purchase	5090	15,167
Equipment-R&M	6032	1,076
Insurance	5030	222
Legal Fees (Corp and Designation Costs)	5031	32,423
Board Related Costs	5012	23,892
Materials & Supplies	5025	10,935
Postage, Shipping & Trucking	5029	39
Rent	5024	20,790
Licenses, Dues & Fees	5035	2,050
Memberships & Subscriptions	5036	920
Telephone-Office, Mobility & Fax	5022	3,998
Training & Workshops	5013	1,317
Travel Employment Related	5015	17,521
Utilities	5021	3,555
Total Operating Expenses		<u>185,209</u>
New Relationship Trust (702)		
Consulting - Urban Systems	5033-702	18,000
Total NRT		<u>18,000</u>
Rural Dividend (137)		
Advertising & Communications	5000-137	108
Meeting Costs (Christmas Dinner, Ec-Dev Meeting	5012-137	6,596
Travel	5015-137	142
Materials & Supplies	5025-137	1,916
Consulting	5033-137	52,963
Equipment Purchase	5090-137	2,900
Honorarium	6010-137	300
Total Rural Dividend		<u>64,925</u>
<b>Total Expenditures</b>		<b><u>571,238</u></b>
<b>Surplus (Deficit) for this period</b>		<b>(36,792)</b>
Surplus (Deficit) Beginning		<u>1,995</u>
		<b><u>(34,797)</u></b>

## OKIB Assets LP (OALP)

**Mandate: To hold capital assets utilized in the operation of the Okanagan Indian Band or Okanagan Indian Band businesses.**

### **Strategy: Meeting the Mandate**

A land designation is planned for Lots 1, 13 and 14 on Duck Lake IR No. 7 for commercial/light industrial uses. A head lease will be initiated and this will be the first OKIB asset that is held by this company.

This property will need to be developed in phases due to the investment required for the whole property. Currently, we are pursuing a commercial development but also exploring mixing the development with residential. An appraisal was conducted in October 2019 by Kent Macpherson deeming the property to hold the as outlined in Figure 1 of this section.

The draft designation document has been approved by ISC for the following uses:

- (a) Sub-lease with SRI for a manufacturing facility of modular homes;
- (b) The following commercial and industrial uses:
  - animal clinic
  - auctioneering establishments
  - autobody repair and paint shops
  - automotive recreation vehicle services
  - brewing or distilling
  - bulk fuel depots
  - business support services
  - call centres
  - cannabis cultivation, processing and dispensary facilities
  - car washes
  - commercial storage
  - concrete plants
  - contractor services
  - crematorium
  - custom indoor manufacturing
  - drive-through vehicle services
  - educational or training facilities
  - equipment rental, sales and repair shops
  - emergency and protective services
  - financial services
  - fleet services
  - food primary establishments
  - funeral services
  - gas bars

	<ul style="list-style-type: none"> <li>● general industrial uses</li> <li>● government agencies</li> <li>● high technology research and product design</li> <li>● hostels and hotels</li> <li>● household repair services</li> <li>● industrial processing</li> <li>● kennels</li> <li>● lumber yards and facilities</li> <li>● manufacturing and repair shops</li> <li>● multiple occupancy commercial and industrial uses</li> <li>● nurseries and greenhouses</li> <li>● outdoor storage</li> <li>● offices, construction and development industry</li> <li>● participant recreation services, indoor</li> <li>● recycling depots, plants and materials drop-off centres</li> <li>● restaurants</li> <li>● retail stores</li> <li>● service stations</li> <li>● storage facilities</li> <li>● temporary shelter services,</li> <li>● truck and mobile home sales/rentals</li> <li>● utility services</li> <li>● vehicle and equipment services, industrial and agricultural</li> <li>● warehouse facilities and sales; and</li> <li>● wrecking yards</li> </ul> <p>The next steps to be taken will be having Council approve a vote date, send out information to the community and host community meetings.</p> <p>OKIB Assets has also received Financing Term from BMO (\$2.5 M and Scotia \$1.4 M) for the development of Duck Lake Business Park Infrastructure</p>
<p><b>Employment to OKIB members</b></p>	<p>The planned business park would provide multiple employment opportunities through sub-lessee’s; it would be similar to how SRI Homes provides jobs.</p>
<p><b>Contract and training opportunities to OKIB Members</b></p>	<p>There will be contracting opportunities during the construction of the business park.</p>

**Financial Results and Quarterly Comparisons**

See Figure 2: 5 Year Projected Income for 22 Acres Under Lease below

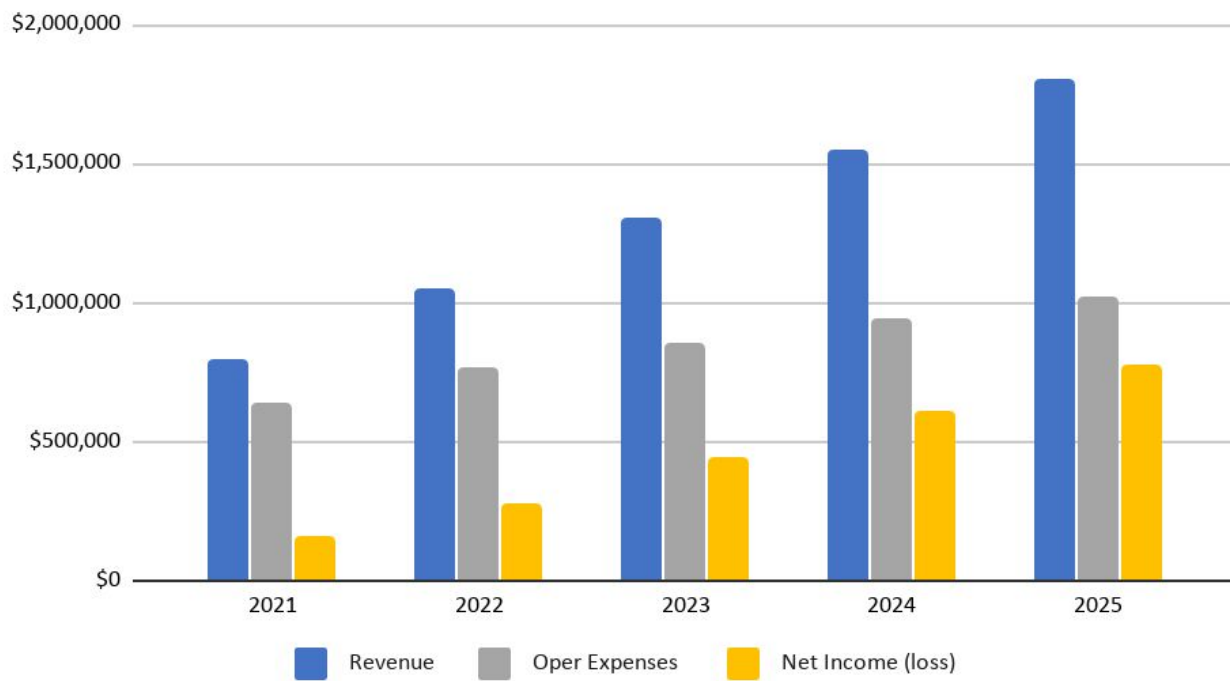
**Figure 1: Appraisal Values of 1, 13 and 14 by Kent Macpherson**

Lot	Use	Market
Lot 1, Plan 56119 CLSR	Industrial & Service Commercial	\$15,500,000
Lot 13, Plan 101195 CLSR	Industrial & Service Commercial	\$10,840,000
Lot 14, Plan 7331 CLSR	Industrial & Service Commercial	\$3,200,000
Lot 1, 13, and 14 (planned for designation)	Multi-family residential	\$800,000 - \$1,500,000

**Figure 2: Five-year Projected Income for 22 Acres Under Lease below**

This graph shows how much revenue (total cash) less the operating expenses (cost for running the business) which equals the net income (which is the money left). The reason the title is Net Income (loss) is because if the business was losing money, this is where it will be shown.

### Five Year Net Earnings



## OKIB Forestry LP (OFLP)

**Mandate: To engage in forestry and forest resource management operations of the Okanagan Indian Band.**

### **Strategy: Meeting the Mandate**

When OFLP was transferred to the responsibility of the corporate arm, the focus was mainly on selling fiber and development of the Brown's Creek Restoration and Management Plan was complete.

A new strategy was developed through the implementation of a Terms of Reference for negotiation which focuses on the following areas:

1. Expectations of mutual benefits for the parties,
2. New framework for collaborative engagement in a manner that assists the OKIB in discharging its stewardship responsibilities,
3. Volume targets and flow,
4. Stewardship Protocols,
5. Access by the OKIB and its business to contracting opportunities,
6. Access by the OKIB members to employment and training opportunities,
7. Access by Tolko and Gorman to timber in OKIB tenures,
8. Financial components related to accomodation for Tolko and Gorman's harvesting operations in the Traditional Territory.

#### RFL A91117

The Attribution Agreements with Gorman Bros and Interfor Corp and the Disposition Agreements with BC Timber Sales expired in 2019 for this forest licence. We are still in negotiations using the Terms of Reference to come to a final agreement that meets all the areas outlined above. A sales agreement was finalized for the 2019 fiber to generate revenue while the negotiations continue.

#### NRFL A91086

The Province funded OKIB \$50,000 to complete the Timber Supply Review based on completion of the Birch Creek Restoration and Management Plan (BCRMP).



	<p>Cutting Permits (CP) 1 &amp; 3 were developed to begin the implementation of the BCRMP and this phase was mainly to remove the deadwood. When the markets were at the peak, these CP's went out to tender and we did not receive a favourable bid.</p> <p>Cutting Permits 2 &amp; 4 were developed to offset the costs of managing CP 1 &amp; 3.</p>
<p><b>Employment to OKIB members</b></p>	<p>Currently Gorman has verbally agreed to utilize OKIB member owned companies in the interim until an agreement is finalized. The terms of reference outlines a requirement to provide employment for Band members; once negotiations are complete, there will be opportunities.</p> <p>Part of the negotiations will give OKIB Forestry LP the ability to create partnerships and execute contracts for silviculture and timber development. There will be opportunities under these contracts as well.</p>
<p><b>Contract and training opportunities to OKIB Members</b></p>	<p>The terms of reference identifies the expectation of developing training opportunities.</p> <p>A contract with the Province of BC to complete a Wildfire Risk Mitigation, Habitat Enhancement and Ecosystem Restoration Prescription Development in Ellison Park is underway. Once the development work is complete and there is a plan in place there will be either a sub-contract or term employment available.</p>
<p><b>Financial Results and Quarterly Comparisons</b></p>	<p>See Financial Statement below</p>

## OKIB Operations LP (OOLP)

**Mandate: To engage in the development of economic opportunities for the Okanagan Indian Band both on and off reserve lands.**

### **Strategy: Meeting the Mandate**

The strategy includes leveraging the Okanagan Indian Band's Title and Rights within the Syilx territory to create partnerships with established businesses qualified to bid on industry projects.

#### UXO Bid

MRS had been previously selected as a partner for the bid on the Okanagan IR No.1 UXO cleanup but the JV was not established until 2019 leading up to the release of the bid from the Department of National Defence. OKIB Operations JV with MRS was not successful in the bid process when it was awarded in August. The relationship with MRS is being used to potential retain UXO work in 2020.

#### BC Hydro Partnerships

The ONA hosts quarterly EEC Procurement Working Groups, which we have been attending regularly. To date BC Hydro has awarded \$12,300,700 see attached (procurement summary) of which Westbank has retained \$7,500,000 in direct award at Mica Dam and ONA directly has retained over \$2,900,000. OKIB has received a direct award contract for \$150,000 completed in Oct 2019.

There is an upcoming project for HVAC upgrades at Mica Dam, OKIB's first partner chosen for this project was Crosstown who estimated that the value of the HVAC contract could be around \$15,000,000. BC Hydro has given verbal commitment that companies would require a partnership with OKIB on this contract and we are waiting for BC Hydro to announce the process to move forward with this bid.

In preparation for upcoming BC Hydro bids, partners are secured for upcoming bids. There have not been any significant bids put out in the last year. Partnerships with the following companies have been negotiated for upcoming bids,

- Glenn Power Contractors
- RW Dozing & Heavy Haul Ltd.
- QM Environmental

	<p>There are a couple bids into BC Hydro but the contracts will not be awarded until after September 2020.</p> <p><u>COR Certification</u></p> <p>A health and safety program is required to bid on BC Hydro projects. A comprehensive set of policies are drafted and will be submitted for the certification process.</p> <p><u>Gravel Pit</u></p> <p>A review is underway to determine the feasibility of operating the gravel pit which will include a remediation plan. The gravel pit will be managed under the OKIB Operations LP. The feasibility of operating the gravel pit will be determined through a review of existing reports and new studies to identify the availability of product.</p> <p><u>Winery</u></p> <p>A partnership is being explored with Summerhills Winery to produce grapes; there has been some high level research that has taken place. The research completed to date is a site tour of the Goose Lake Range, small weather stations installed to collect data and inquiries to the availability of agricultural irrigation water that may be available to the site.</p> <p>This opportunity is a low investment, will create jobs and has potential to be local on IR No. 1. The feasibility of a summer employment program is underway. The plan would be to hire 4 summer students to work at the winery; which would build some capacity in the community and interest in the industry.</p>
<p><b>Employment to OKIB members</b></p>	<p>One Band member was employed on the We are working with our partners to create employment and training opportunities for Band members.</p>
<p><b>Contract and training opportunities to OKIB Members</b></p>	<p>We are working in partnership with a winery; to develop a training program and some seasonal positions in East Kelowna that could include sales, food preparation, grape production and with the wine steward.</p>
<p><b>Financial Results and Quarterly Comparisons</b></p>	<p>The expected gross revenue of the BC hydro HVAC contract is \$15,000,000; OKIB Operations LP could expect to see 5-10% of this contract which would be \$1,500,000-\$750,000 in revenue.</p>

The financial projections for the gravel pit are under development.

## Approval by Senior Officials



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Firman Latimer, CEO  
OKIB Management Services LP

April 16, 2020

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Date



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Ian Rogers (Apr 16, 2020)

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Ian Rogers, Chairperson  
OKIB Holdings LP.

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Date






# OKIB GC 2020 Annual Report FL Signed

Final Audit Report

2020-04-16

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