



COLUMBIA BASIN TRUST

*a legacy
for the people*

**COLUMBIA BASIN TRUST
2007/08-2009/10
SERVICE PLAN**

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1. COLUMBIA BASIN TRUST (B.C.) - PERIODICALS.
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January 26, 2007

The Honourable Colin Hansen
Minister of Economic Development
Province of British Columbia

Minister:

On behalf of the Board of Directors and staff of the Columbia Basin Trust, I am honoured to submit our service plan for the years 2007/08 through 2009/10 to you. The Columbia Basin Trust 2007/08-2009/10 Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The Board is accountable for its contents, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall Strategic Plan. All significant assumptions, policy decisions, and identified risks as of January 26, 2007 have been considered in preparing this service plan. The targets in this plan have been determined based on an assessment of Columbia Basin Trust's operating environment, forecast conditions, risk assessment and past performance.

The Columbia Basin Trust benefits the region of British Columbia most affected by the Columbia River Treaty between Canada and the United States. Through the endowment provided by the Province of B.C., CBT makes investments and uses the returns from its investments to deliver social, economic and environmental benefits to the people of the region. Columbia Basin Trust is therefore accountable for its actions to both the Province of B.C., our shareholder, and to the residents of the Columbia Basin, our stakeholders.

In the past year, Columbia Basin Trust has celebrated some major accomplishments. We continue to make investments in the region that earn strong financial returns. We are closer to the completion of the Brilliant Expansion Project and expect to begin seeing returns from it in 2007. We expanded our investments in congregate care facilities for seniors and continue to earn strong positive returns from those investments.

The positive results of our investment portfolio mean that we are planning to return \$7 million in social, economic and environmental benefits to the residents of the Columbia Basin over the next fiscal year. Over the past year and continuing into the next year, we have been focused on developing a strategic framework that will link our priorities with our resource and funding decisions. By setting clear priorities and implementing programs and initiatives based on those priorities, we will be more accountable to Columbia Basin residents. We are also strengthening our relationships with long time partners by committing to multi year funding for some programs.

On behalf of the Board of Directors and staff, I thank you for your work with CBT.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Josh Smienk". The signature is stylized with a large, sweeping initial "J" and "S".

Josh Smienk
Chair, Board of Directors

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Overview

After working with Columbia Basin residents, including leaders from local communities and First Nations, the Province of B.C. created the Columbia Basin Trust in 1995. Columbia Basin Trust's origins are unique and its formation recognized the continuing impacts from the historical management of water in the Columbia Basin.

In 1964, Canada and the United States ratified the Columbia River Treaty (CRT), which coordinates flood control and optimizes potential electrical energy production in the Columbia River Basin in the U.S. and Canada.



Map of the
Columbia
Basin region
of British
Columbia

Under the CRT, Canada agreed to build three storage dams, and agreed to a fourth dam being built in the U.S. with a large portion of its reservoir in southeastern B.C. In return for the storage of water, Canada is entitled to one half of the additional potential power generated at the American power plants on the Columbia River.

As a result of the creation of the dams and the reservoirs behind them, areas critical to the social, economic and environmental well-being of the Columbia Basin were lost. In addition, the Columbia Basin is still dealing with significant and ongoing impacts related to the rise and fall of water levels on the Columbia River.

CBT serves the residents of the southeast corner of B.C., the region most affected by the CRT dams and reservoirs. The region's boundaries are generally defined by those watersheds which flow into the Columbia River within Canada. CBT supports the efforts of the people of the Columbia Basin to create a legacy of social, economic and environmental well-being. CBT works out of four office locations in Columbia Basin communities: Nakusp, Golden, Cranbrook and the head office in Castlegar.

Core Business Areas

One of the requirements of *Columbia Basin Trust Act* was that CBT had to seek input from Columbia Basin residents on its objectives, priorities, and programs. This guidance from residents is captured in the *Columbia Basin Management Plan*. According to the *Plan*, CBT's two core functions are to:

- invest capital and manage the assets of CBT, and
- spend the income earned from the CBT's investments to deliver benefits to the Columbia Basin.

CBT's investment portfolio has two key components, power projects and non-power investments. CBT provides social, economic and environmental benefits to the Basin in different ways.

Investments

CBT's investments generate the returns that fund various social, economic and environmental benefits in the region each year. CBT manages its overall investment portfolio, but carries out some investments in partnership with other organizations.

The initial funding for non-power investments came from a \$45 million endowment provided by the Province of B.C.

Real Estate

CBT has invested in six housing facilities that provide congregate care to seniors of the Columbia Basin. Locations in Castlegar, Cranbrook, Invermere, Fernie, Creston, and Kimberley house 585 living suites and offer a range of care depending on the needs of the resident. Seniors enjoy comfortable housing and compassionate care while maintaining dignity and independence in their daily lives.

Business Loans

Both directly and through partnerships, CBT invests in a number of Basin based business entities. The loans are made in accordance with accepted market terms and are generally secured by real estate.

Income Securities

In order to optimize the return on cash, CBT purchases income producing market securities. The instruments are short term in nature and generate a guaranteed rate of return.

CBT is also a half owner of three major power projects in the Columbia Basin and half owner of the development rights to a fourth power project, also in

the Columbia Basin. Columbia Power Corporation (CPC) is the other half owner of these projects and manages them on behalf of the partners.

CBT's investments in the power projects are based on initial funding of \$276 million from the Province of B.C.

Arrow Lakes Generating Station

The Arrow Lakes Generating Station is a power plant that consists of two generating units with a capacity of 185 MW that will deliver approximately 770 gigawatt hours of electricity annually. Water enters the power plant via a 1,400 metre approach channel bypassing the existing Hugh Keenleyside Dam. The project also consists of a 49 km 230 kilovolt transmission line that extends from the power plant to BC Hydro's Selkirk substation.

Damage to the intake channel first discovered in May 2004 has been successfully repaired and operations were fully restored in 2006.

Brilliant Dam

The Brilliant Dam includes a power generation facility with a capacity of 145 MW, located on the Kootenay River. The Brilliant Dam was constructed in 1944 and was purchased by CBT and CPC in 1996. Most of the power entitlement for the Brilliant Dam is sold under a 60 year agreement with FortisBC. CBT and CPC have largely completed a multi-year capital program on the project, including upgrades and life extension work for each of the four generating units.

Brilliant Expansion

The Brilliant Expansion Project involves the construction of a 120 MW power generation facility near the existing Brilliant Dam. Construction of this facility is ongoing and is expected to be complete in June 2007.

The commercial operation date is now later than originally expected due to delays in the construction process. The Brilliant Expansion Consortium, consisting of the Skanska-Chant Joint Venture, SNC-Lavalin and Skanska International Civil Engineering, is constructing this project under the terms of a design-build contract.

Waneta Expansion

The Waneta Expansion Project is a proposal to install an additional power generation facility with a capacity of up to 435 MW at the existing Waneta Dam. It is expected that the construction of the Waneta Expansion Project would take place over a three-and-a-half year period. The environmental certification process is well underway

and engineering and financial evaluations are currently being carried out to determine the optimal size and capacity of the plant.

Delivery of Benefits

CBT's range of delivery of benefits activities foster the social, environmental and economic well-being of the Columbia Basin, and vary in scope, cost and objective.

CBT develops its delivery of benefits programs in consultation with advisory committees of Columbia Basin residents, who help identify regional priorities, as well as priorities related to specific issues.

In its delivery of benefits programs, CBT frequently partners with other organizations and agencies in the Columbia Basin which have similar interests in the region.

In accordance with the *Columbia Basin Trust Act*, CBT's work in the region does not relieve any level of government of its obligations within the Columbia Basin.

Delivery of benefits activities include:

- Funding social, economic and environmental projects that demonstrate strong community support, build on a community's strengths and encourage growth through the Community Development Program.
- Partnering with each of the five Regional Districts in the Columbia Basin and the Ktunaxa Nation Council who use CBT funds to support projects that are identified as priorities within their communities through the Community Initiatives Program.
- Ensuring long-term water quality and quantity issues in the Columbia Basin region are addressed according to residents' values and views.
- Providing free and expert counselling to businesses through the Basin Business Advocates Program.
- Sponsoring tuition and course fees for short-term training that helps people get jobs through the Training Fee Support Program.
- Funding for Environmental Initiatives in partnerships with The Land Conservancy of BC, Columbia Kootenay Fisheries Renewal Partnership and the Columbia Basin Environmental Education Network.
- Protecting ecologically-sensitive land and maintaining it for a range of community values through the Land Conservation Initiative.
- Helping Columbia Basin youth become engaged community members by supporting youth-driven and youth-selected projects.
- Creating a forum for Columbia Basin youth to connect with one another and exchange information about issues through a magazine and website: www.scratchonline.ca

- Helping address Basin literacy issues through the Columbia Basin Alliance for Literacy.
- Funding for post-secondary education for high school and college students.
- Supporting arts, culture and heritage projects throughout the Basin through the Columbia Kootenay Cultural Alliance.
- Supporting the establishment of community foundations in the Basin by contributing towards their endowment.

For a full list of CBT programs visit our website: www.cbt.org

For more information on our activities related to water initiatives visit: <http://water.cbt.org>

Strategic Context

Vision

The Columbia Basin is a place where social, environmental and economic well-being is fostered, where collaborative relationships and partnerships exist among stakeholders and form the basis for social and economic activities, and where the economy is diverse, resilient and energized.

Mission

The CBT supports efforts by the people of the Columbia Basin to create a legacy of social, economic and environmental well-being and to achieve greater self-sufficiency for present and future generations.

Values

The values that govern the management and operations of CBT are:

Inclusiveness

- CBT includes the people of the Columbia Basin in planning and decision-making.

Collaboration

- CBT works with the public and other agencies and organizations.

Respect for diversity

- CBT respect the history and diversity of the people and communities of the Columbia Basin.

Responsibility

- CBT takes into account the Columbia Basin residents' economic, environmental, social and sustainability values. CBT strives to openly and explicitly balance maximizing benefits and minimizing negative impacts.

CBT recently completed a review of these core values, and is currently developing revised core values for the organization, which will appear in the next service plan.

Planning Context and Key Strategic Issues

Investments

CBT's investment priority is opportunities located in the Columbia Basin. Given this is a relatively small market with significant economic reliance on traditional resource sectors, there are challenges in constructing a diversified investment portfolio. CBT therefore attempts to pursue investment opportunities in a range of industries and locations to partially mitigate this exposure.

In order to make quality investments, most often in a competitive environment, efforts are made to form relationships with key financial partners who understand CBT's investment appetite. Establishing these relationships can be a challenge for investment staff given limited resources. Once an investment has been made, an administrative system is developed to ensure investment performance tracks expectations. This represents a continuing challenge as a result of the same resource limitations identified above. In order to mitigate this risk, efforts are made to partner with like-minded investors who have the size and resources to cost effectively administer the investment.

This partnership model has been successfully applied to CBT's power project investment structure where Columbia Power Corporation acts as both investment partner, and power project manager. Although this structure reduces the administrative responsibilities of CBT, it results in significant dependency on Columbia Power Corporation. To reduce associated risks CBT participates on the CPC Board and various joint venture committees, and also actively engages with CPC management.

CBT has also applied this partnership model with success to the investment structure for its congregate care facilities. CBT's partner in congregate care facilities acts as both a part owner and a manager, which results in shared oversight responsibility.

CBT recently conducted a comprehensive review of all aspects of its investment portfolio. In the coming months, CBT expects to deliver an investment policy that is (1) consistent with its mandate (2) relevant in relationship to performance expectations and (3) transparent and available to residents of the Basin.

Delivery of Benefits

This year, CBT conducted an internal scan to determine the main factors that could affect the organization in the coming years. The following are approaches which CBT is undertaking to address the major issues that emerged from this analysis.

CBT has a broad mandate to return social, economic and environmental benefits to the Columbia Basin and each year, CBT returns several million dollars in benefits in Columbia Basin communities. Due to the numerous social, economic and environmental issues in the Columbia Basin, the challenge for CBT is in determining how to best return benefits to the region and accomplish its mission in the most meaningful and effective manner. Over the past year, CBT has been developing its capacity to set strategic priorities so that funding decisions are responsive to the evolving needs of the Columbia Basin.

Another challenge for CBT is in determining the degree to which expenditures have been effective and consistently evaluating ongoing programs. CBT is establishing a framework to evaluate its longer term benefits programs on a scheduled basis to ensure a more comprehensive understanding of how the Columbia Basin was impacted by CBT activities. Such an understanding will help CBT make future funding decisions and compare the end results of its programs to its goals and objectives. Currently, the long running Community Initiatives Program is undergoing an evaluation, and a number of other ongoing programs will be evaluated over the next year.

CBT is also beginning the process of creating indicators of the overall state of the Columbia Basin. These indicators will be useful tools to track progress toward sustainability goals, to report on key social, economic, environmental trends, and to promote dialogue that will improve decision-making and facilitate action. Eventually, these indicators may help CBT understand how its social, economic and environmental initiatives have impacted the region, and provide one means of guiding future decision-making. The development of indicators will also be a useful resource to Basin communities, agencies, organizations and individuals within the region. Over the next year, a number of critical steps will be taken in the development of the prototype phase of this project, including:

- Design of a suitable overall approach for an ongoing State of the Basin model;
- Selection of appropriate social, economic and environment indicators (with valid, available and useful data);
- Development and public review of a prototype indicator report;
- Development of a CBT State of the Basin website where information, interpretation and resources will be available;
- Plans for the ongoing collection and warehousing of data; and
- Recommendations for sustaining and evaluating the State of the Basin initiative in the future.

Finally, CBT recognizes and values the broad range of groups that make up the Columbia Basin, including geographic communities and communities of interest. In the coming year, CBT will increase its engagement with Columbia Basin residents and communities. Each community has its own specific needs and plans, and in order to benefit those communities, CBT

must build strong and effective relationships with a variety of community members.

Goals, Strategies, Measures and Targets

CBT primarily uses internal data in the measurement of its performance. Some of the financial data originates with third parties.

Investments

The following outlines goals, strategies, measures and targets that relate to CBT's portfolio of investments, including power assets.

Goal

CBT's investment program goal is to generate a predictable, sustainable, and appreciating income stream to fund delivery of benefits obligations and corporate operating expenses.

This has been changed from previous service plans to clearly link the primary function of the investment program (generation of income) to delivery of benefits.

Investment Guidelines

1. CBT adheres to the principles of a prudent investor and requires investment returns commensurate with the level of risk assumed.
2. The investment priority will be opportunities located in the Columbia Basin region.
3. CBT believes the best performing and most profitable investments are those that maintain high ethical and environmental standards, and commit to the principles of strong corporate governance.
4. Notwithstanding CBT's large investment in hydroelectric projects, efforts will be made to diversify non-power investments by industry and location.
5. CBT values financial partnerships and when possible, will undertake investments in cooperation with other organizations.

Strategies

1. Communicate directly with financial partners throughout the Basin in order to originate high quality investment opportunities.
2. Develop strong working relationships with the management of companies in which CBT has invested in order to fully appreciate risk, as well as uncover future opportunity.
3. Identify and develop investment programs that target areas of quality opportunity not otherwise addressed by conventional lenders.
4. Remain fully engaged with management of CPC during the pre-development and operating phases of our jointly held power projects.
5. Complete development and implementation of a new investment policy that supports the goal identified above.

Guidelines/Strategies have been changed from previous service plans to reflect the recommendations arising from CBT's comprehensive review of the investment portfolio.

Measures	Actual	Forecast			Targets	
	2005/06	2006/07	2007/08	2008/09	2009/10	
Nominal annual return on non-power investments	2.9%	6%	6%	6%	6%	

Financial performance benchmarks are currently under development for the power assets.

Delivery of Benefits

Goal						
<p>CBT's goal is to deliver benefits which serve to strengthen the social, economic and environmental well-being of the Basin, its residents and communities. These benefits are delivered through CBT's range of programs, projects and strategic initiatives.</p>						
Strategies						
<ol style="list-style-type: none"> 1. Engage in communities throughout the Columbia Basin to help them address their needs. 2. Work with advisory committees in social, economic, environmental, water and youth areas to identify strategic priorities. 3. Develop tools for assessing the social, economic and environmental State of the Columbia Basin. 4. Establish and implement an evaluation schedule of delivery of benefits programs and use the results to help guide future funding decisions. 5. Ensure information is available on its programs to Columbia Basin residents through staff and the website, www.cbt.org, and develop and implement a communications strategy. <p>Strategies have been changed from previous service plans to reflect the current and future direction of CBT's approach to delivery of benefits.</p>						
Measures	Actual	Forecast			Targets	
	2005/06	2006/07	2007/08	2008/09	2009/10	
Benefits delivered by projects / programs	Three programs evaluated	One program evaluated	At least one program evaluated	At least one program evaluated	At least one program evaluated	

CBT defined the next steps for its State of the Columbia Basin work (this work entails developing indicators on the social, economic and environmental State of the Columbia Basin)	Continue development of prototype indicator report on the social, economic and environmental state of the Columbia Basin	Public review of prototype indicator report, review and revise where necessary	Set target in 2007/08	Set target in 2007/08
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The challenge for CBT is to create measures for its delivery of benefits programs that indicate how CBT’s work is strengthening the overall social, economic and environmental well-being of the Columbia Basin. By committing to evaluating at least one program a year, CBT will receive valuable information about the impact of its funding on Columbia Basin residents. CBT keeps records of all of its evaluation work and those evaluations will be considered when CBT annually reviews its delivery of benefits programs. CBT’s second target relates to the process of collecting information on the current state of Columbia Basin. By first collecting and analyzing this information, CBT aims to eventually be able to set a baseline for its performance and measure its long-term impact on the Columbia Basin.

The forecast for 2006/07 and target for 2007/08 have been revised to clarify that the main focus of CBT’s State of the Basin work in that time span is to develop a prototype indicator report.

Corporate

Corporate operations at CBT support the two core business areas, investments and delivery of benefits. Corporate operations include management, accounting, administration, information technology and human resources. The effective and efficient operation of each of these functions ensures that CBT is able to run its investments and delivery of benefits programs. The Province is providing \$2 million per year for CBT’s operating costs until 2010/11.

<p>Goal</p> <p>CBT’s goal is to support and enable the effective management of the investments and delivery of benefits programs.</p>
<p>Strategies</p> <ol style="list-style-type: none"> 1. Review and revise financial management policies. 2. Implement a new human resources framework. 3. Develop tools to identify, assess and address risks and opportunities.

Strategies have been changed from previous service plans as a result of a CBT review of existing policies and practices related to corporate operations.

Measures	Actual	Forecast			Targets	
	2005/06	2006/07	2007/08	2008/09	2009/10	
Corporate operations as a percentage of revenues	27%	25%	25%	22%	20%	

CBT prepares forecasts of its revenues and corporate operations costs quarterly and is able to report out on its actual performance after fiscal year end and once the external audit is complete. CBT forecasts are affected by information provided by CPC relating to the power projects.

CBT recently made changes to its financial statement presentation of revenues and expenses. Previously, all expenses incurred at a subsidiary level of CBT were netted off their respective revenue category. CBT now presents all revenues on a gross basis and then deducts all the consolidated operating expenses on a line by line basis. The intent of this new format is to provide a reader of the financial statements with a better understanding of all the expenses incurred that are within control of CBT management.

As a result of these changes in financial statement presentation, the measure "corporate operations as a percentage of revenues" now reflects expenses which used to be netted off from CBT revenues. The actual percentage for 2005/06 has therefore increased from what was previously reported, 21%, to 27%. In the future, this percentage is expected to stabilize at around 22% to 20% of total revenues. The future targets also reflect the changes in financial statement presentation.

Summary Financial Outlook







Table 1. CBT Summary Financial Information

(Not audited, in thousands)	2005/06 Actual	2006/07 Forecast	2007/08 Forecast	2008/09 Forecast	2009/10 Forecast
Revenues					
Deposits and Securities	\$563	\$800	\$1,000	\$1,000	\$1,000
Business Loans	881	885	880	885	875
Real Estate	473	294	235	882	912
Power Projects	3,232	12,122	13,242	15,881	17,358
Contribution from Province	12,110	2,000	2,000	2,000	2,000
Total Revenues	17,259	16,101	17,357	20,648	22,145
Expenditures					
Corporate Operations	4,630	3,992	4,267	4,500	4,500
Delivery of Benefits	4,156	5,000	7,000	10,000	15,000
Total Expenditures	8,786	8,992	11,267	14,500	19,500
Net Income	\$8,473	\$7,109	\$6,090	\$6,148	\$2,645

Power project revenues are expected to increase significantly once the Brilliant Expansion Project is in operation. Forecasts reflect recoveries of Arrow Lakes Generating Station channel repair costs as agreed to with the project's insurer but do not include recoveries from other parties given uncertainties regarding their amount and timing. Beginning in 2007/08, total revenues are forecasted to be in excess of \$17 million and net income is expected to exceed \$6 million. This may allow CBT to substantially increase delivery of benefit disbursements in the following years, provided there are no unforeseen events associated with the completion of the Brilliant Expansion Project and the Arrow Lakes Generating Station. The forecasts of net income for 2008/09 and 2009/10 will allow CBT to increase delivery of benefits to \$10 million and \$15 million in those fiscal years. It is also assumed that there will be no write-downs or write-offs of non-power investments.

The forecasts for the delivery of benefits shown for the next three fiscal years are subject to significant risks and assumptions. The total amount budgeted for delivery of benefits in a given fiscal year is confirmed by CBT just prior to the start of that fiscal year.

Revenues

Key Assumptions		Forecast Risks and Sensitivities
<ul style="list-style-type: none"> Deposits and Securities Income: 4% interest earned per annum 		<ul style="list-style-type: none"> Fluctuating interest rates have a direct effect on the income from deposits and securities. A 1% rate change would have a \$300,000 impact on revenue earned from deposits and securities.
<ul style="list-style-type: none"> Business Loans Income: 7% earned per annum 		<ul style="list-style-type: none"> Fluctuating interest rates have a direct effect on the income from business loans. A 1% change in market interest rates would have a \$50,500 impact on revenue earned from business loans.
<ul style="list-style-type: none"> Business Loans: No write-downs 		<ul style="list-style-type: none"> Changes in the economic environment influence the performance of business loans. A negative material change in economic activity could result in business loan write-downs.
<ul style="list-style-type: none"> Brilliant Expansion Project: Forecasted completion in the summer of 2007 		<ul style="list-style-type: none"> Project construction has been delayed by 10 months. Further delays are possible. The delay has resulted in a loss of power revenues previously forecasted.
<ul style="list-style-type: none"> Brilliant Expansion Project: Contractor claim 		<ul style="list-style-type: none"> A significant claim has been received from the contractor. No provision has been made for the claim as it is considered unfounded, but the outcome cannot be forecast with certainty.
<ul style="list-style-type: none"> Waneta Expansion Project: Construction forecasted to commence in the spring of 2008 		<ul style="list-style-type: none"> Project studies are in process and final approval will be subject to environmental, economic and industry feasibility.

Expenditures



Key Assumptions		Forecast Risks and Sensitivities
<ul style="list-style-type: none"> Corporate Operations 		<ul style="list-style-type: none"> Current staffing levels are expected to be sufficient for the administration of increased delivery of benefits funds.
<ul style="list-style-type: none"> Delivery of Benefits: \$7 million distributed in the Basin in 2007/08 		<ul style="list-style-type: none"> Financial contributions by CBT to organizations are subject to certain conditions. If these conditions are not met, funds are not released by CBT. Some CBT programs are not able to use all of the funds provided in a given fiscal year. Funds are then carried over to the next fiscal year, and programs are reassessed.

Table 2. CBT Consolidated Capital Spending

(Not audited, in thousands)	2005/06 Actual	2006/07 Forecast	2007/08 Forecast	2008/09 Forecast	2009/10 Forecast
Arrow Lakes Power Corporation					
Arrow Lakes Generating Station	\$3,242	\$2,242	\$428	\$280	\$324
Brilliant Expansion Power Corporation					
Brilliant Expansion	11,483	5,521	7,160	\$570	\$578
Power Project Planning					
Waneta Expansion	2,028	2,560	4,313	\$70,459	\$96,339
Other Projects	-	65	200	\$65	\$65
General Power Project Planning	-	200	200	\$200	\$200
Brilliant Power Corporation					
Brilliant Sustaining Capital/Upgrades	926	1,840	2,294	\$2,220	\$1,746
CBT Corporate					
Computers, furniture, equipment	268	185	185	300	300
Total	\$17,947	\$12,728	\$14,925	\$74,157	\$99,651

Table 3. Employees

CBT Business Area	Employees
Investments	2.0
Delivery of Benefits	16.5
Corporate	14.0
Total	32.5

Governance

Board of Directors

A board of twelve directors governs CBT. The five regional districts of the Columbia Basin and the Ktunaxa Nation Council each nominate a minimum of one and a maximum of four directors and the Province of B.C. nominates the remaining six directors. The Lieutenant Governor in Council makes all of the final appointments to the Board. All directors must reside in the Columbia Basin.

Governance Principles

In governing CBT, the Board of Directors is committed to upholding the core values of CBT, and is also committed to acting in accordance with the following principles:

Preparation

Directors will ensure they are fully prepared to address the business of CBT.

Transparency

To the greatest extent possible, the actions and decisions of CBT, including those of the Board of Directors, will be transparent and open to Columbia Basin residents.

Participation and Commitment

Directors will ensure they participate fully as Directors and are capable of meeting their commitments to CBT.

Service

The Board of Directors will act in the best interests of CBT, which serves the Columbia Basin region as a whole.

Directors

Josh Smienk, Chair	Garry Merkel, Vice Chair	Mike Berg
Denise Birdstone	Dieter Bogs	Evelyn Cutts
Greg Deck	Ron Miles	Jim Miller
Ron Oszust	Mike Rouse	Jeannette Townsend

Board Committees

CBT's Board of Directors currently has two standing committees, the executive committee and audit committee. There are also three program committees of the Board, responsible for different areas of CBT's work. Members of Board committees are chosen for their expertise and experience relevant to the committee's mandate.

The **Executive Committee** oversees matters on behalf of the Board of Directors.

Members

Josh Smienk, Chair Garry Merkel, Vice Chair Greg Deck
Ron Oszust Mike Rouse

The **Audit Committee** is responsible for financial oversight and ensures that CBT's financial information is accurate.

Members

Mike Berg, Chair Ron Miles Jeannette Townsend

The **Investment Committee** oversees the management of CBT investments and develops and reviews investment policies and procedures.

Members

Mike Rouse, Chair Greg Deck Jim Miller
Josh Smienk

The **Delivery of Benefits Committee** recommends an overall approach to returning benefits to the Board, and is responsible for the administration of the CBT Community Development Program.

Members

Ron Oszust, Chair Evelyn Cutts, Vice Chair Denise Birdstone
Dieter Bogs Ron Miles Josh Smienk

The **Water Initiatives Committee** is responsible for developing and overseeing a strategy to address water initiatives in the Columbia Basin.

Members

Garry Merkel, Chair Dieter Bogs Evelyn Cutts
Josh Smienk Ron Oszust Jeannette Townsend

Senior Management

Neil Muth, President & CEO
Bob Kryzac, VP, Finance & Operations
Wally Penner, VP, Community Partnerships
Johnny Strilaeff, VP, Investments

Boards of CBT Subsidiaries

For commercial and legal reasons, CBT has a number of subsidiaries that hold its interests both in power projects and other investments. The boards of these subsidiaries do not address policy matters, which are the responsibility of the CBT Board.

The following members of senior management at CBT are the directors of each CBT subsidiary.

Neil Muth

Bob Kryzac

Johnny Strilaeff

CBT Commercial Finance Corp. holds CBT interests in business loans.

CBT Real Estate Investment Corp. holds CBT interests in real estate.

CBT Venture Capital Corp. holds CBT's interests in existing venture capital investments. CBT is not currently pursuing any new venture capital investments.

CBT Energy Inc. (CBTE) is the main CBT subsidiary related to power projects.

CBT Arrow Lakes Power Development Corp. is a subsidiary of CBTE and holds interests in the Arrow Lakes Generating Station joint venture with CPC.

CBT Brilliant Expansion Power Corp. is a subsidiary of CBTE and holds its interests in the Brilliant Expansion joint venture with CPC.

CBT Power Corp. is a subsidiary of CBTE and holds interests in the Brilliant Dam joint venture with CPC. CBT Power Corp. also holds interests in the Power Project Joint Venture with CPC, which is responsible for assessing joint venture power projects before they are developed.

For more information on CBT governance practices, visit www.cbt.org.


Reporting Relationship with the Province of B.C.

CBT is a Crown corporation subject to the *Budget Transparency and Accountability Act* and is within the Minister of Economic Development's portfolio.

In the summer of 2006, CBT and the Minister of Economic Development agreed to the Shareholder's Letter of Expectations, which confirmed the roles and responsibilities of each, and identified specific actions. CBT activities have been consistent with those actions. To view the Shareholder's Letter of Expectations, visit www.cbt.org.

Alignment with the Province of B.C.'s Strategic Plan

CBT supports each of the Province's five goals for British Columbians, in cases where the goals correspond to CBT's regional priorities.

CBT Activities		Provincial Goals
<p>CBT continues to support family literacy programs throughout the Columbia Basin and provide tuition for short-term courses that lead to employment. CBT has also recently expanded the scholarships it offers to high school students to include awards for mature students attending college in the Columbia Basin.</p>		<p>Make B.C. the best educated, most literate jurisdiction in North America</p>
<p>In the last year, CBT supported a number of upgrades to existing recreational facilities and parks in the region.</p>		<p>Lead the way in North America in healthy living and physical fitness</p>
<p>CBT increased its investments in seniors' housing projects, including a new investment in a Kimberley facility that will provide accommodation for low-income seniors.</p>		<p>Build the best system of support in Canada for persons with special needs, disabilities, children at risk and seniors</p>
<p>CBT's power projects produce green power using a renewable resource and improve fish habitat downstream. CBT also supports a number of significant environmental projects in the region. In the last year, CBT sponsored a major water conversation symposium.</p>		<p>Lead the world in sustainable environmental management, with the best air and water quality, and best fisheries management, bar none</p>
<p>A number of CBT investments create jobs in the Columbia Basin, whether during construction at Brilliant Expansion or during the operation of seniors' housing projects. CBT also continues to fund free one-on-one counseling for small and medium businesses, employers within the region.</p>		<p>Create more jobs per capita than anywhere else in Canada</p>

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