



Date: January 20, 2013

CEO Report to Board of Directors

Economic Development Projects:

Micro Hydro

Cash management options will be discussed at the board meeting that cover the lag between expenditures and recovery of monies from the MPIF (Major Project Investment Fund). See updated project cash flow attached.

We have not had a response to the letters sent to BC Hydro discussing the transmission line connections. See letters attached.

Tides and Trails Store and Café

NEDC has approved the XPS Business Plan contract. See attached XPS Contract and Business Plan Questionnaire and NEDC Contract Documents.

(Hidden text due to confidentiality)

Operations:

Finance

Bank reconciliation information for HFN Development LP and HFN Forestry LP will be presented at the meeting.

HFN Development LP will need a short-term credit line of \$300,000 for February/March, which will be paid off by the end of May. This is due to the delay in funds recovery from MPIF and CRA(HST). We will discuss financing options at the board meeting.

We had a final meeting with Brenda Kelm, Presley & Partners, to discuss the 2011/12 audit results. Presley & Partners communicated that they are not interested in auditing HDC books in the future.

We signed a contract with MNP for the Simply Accounting setup and accounting support. Contracts are attached.

Campground (Plan progress to be discussed at the Board meeting)

- Campground
- Gas
- Compound

Gravel

Dolan's Concrete was the successful bidder on further work for the Coast Guard Station. They will be using up to 3000 tones of pit run and gravel over the next few months.

Forestry (See activity report attached)

Bamfield East Dock (Verbal update will be provided at the Board meeting)

Fisheries (Verbal update will be provided at the Board meeting)

Sincerely,



Stan Coleman, RPF

CEO