



Victoria Airport Authority

**Annual General Meeting
Summary of Proceedings**

**7:00 – 7:50 pm, Thursday, May 3, 2007
Held at the Mary Winspear Centre at Sanscha
2243 Beacon Avenue, Sidney, BC**

ATTENDANCE

VAA Board Members:

Chair: Gordon Denford
Peter Bray, Lindalee Brougham, Bob Coulter, Mel Couvelier, Glen Crawford,
Peter Dolezal, Bruce Knott, Victoria Kuhl, Mervyn Lougher-Goodey,
Peter Parsons, Chad Rintoul and Matthew Watson.
Christine Stoneman sent regrets

VAA Management and Staff:

Richard Paquette (President and Chief Executive Officer),
Danita Ouellette, Randy Bogle, Mike Booton, Ian West,
Vincent Miller, Terry Stewart,
Paul Connolly (Recording Secretary),
Anita Kardos (Video Assistant).

Total Attendance: approximately 65

- 1) CALL TO ORDER**
- 2) WELCOME TO ATTENDEES**
- 3) WELCOME TO ELECTED OFFICIALS,
TRANSPORT CANADA, AND OTHERS**

Gordon Denford, VAA Chair, welcomed everyone to the Annual General Meeting of the Victoria Airport Authority including:

- District of North Saanich:
 - ✓ Mayor Ted Daly
 - ✓ Councillor Peter Chandler
 - ✓ Councillor Bob Shaw

- District of Central Saanich:
 - ✓ Councillor Susan Mason
 - ✓ Councillor John Garrison

- Town of Sidney:
 - ✓ Councillor Bob Jones

- Transport Canada – Pacific Regional Office:
 - ✓ Signe Clouthier – Senior Programs Officer

- External Auditor
 - ✓ Randy Decksheimer, KPMG LLP Victoria

- DND 443 Maritime Helicopter Squadron
 - ✓ Lieutenant Commander Stephen Allan

4. INTRODUCTION OF VAA BOARD OF DIRECTORS

2007 BOARD OF DIRECTORS

There are 14 Board members representing nine nominating bodies.

	Director / Nominee	Nominator
1.	Peter Bray	City of Victoria
2.	Lindalee Brougham	Greater Victoria Chamber of Commerce
3.	Bob Coulter	Federal Government
4.	Mel Couvelier	Town of Sidney
5.	Glen Crawford	The Corporation of the District of Saanich
6.	Gordon Denford	Board Nominee
7.	Peter Dolezal	District of North Saanich

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| 8. | Bruce Knott | Federal Government |
| 9. | Victoria Kuhl | Capital Regional District (CRD) |
| 10. | Mervyn Lougher-Goodey | Town of Sidney |
| 11. | Peter Parsons | District of Central Saanich |
| 12. | Chad Rintoul | District of North Saanich |
| 13. | Christine Stoneman | Province of British Columbia |
| 14. | Matthew Watson | Board Nominee |

5) REPORT FROM THE VAA CHAIR – GORDON DENFORD

Victoria Airport Authority Board Executive and New Directors - 2007

Board Executive for 2007

Chair	Gordon Denford
Vice Chair	Matthew Watson
Secretary	Christine Stoneman
Chair, Audit and Finance Committee	Peter Dolezal
Chair, Planning and Development Committee	Mervyn Lougher-Goodey

Joining the Board in 2007

Bruce Knott	Federal Government Appointment
Bob Coulter	Federal Government Appointment
Lindalee Brougham	Nominated by the Greater Victoria Chamber of Commerce
Chad Rintoul	Nominated by the District of North Saanich
Glen Crawford	Nominated by the Corporation of the District of Saanich

Retired from the Board - December 31, 2006

Linda Petch	Board Chair 2004-2006 – Board Nominee
Bob Skene	Chair, Audit and Finance Committee 2001-2006 Nominated by the Greater Victoria Chamber of Commerce
Haji Charania	Nominated by the Corporation of the District of Saanich
Wayne Tremblay	Nominated by the District of North Saanich

Canada Airports Act (CAA)

The original Canada Airports Act, introduced in 2004, was strongly opposed by airports because it was overly prescriptive and costly to administer; it ultimately died in Committee. The current version of the Act was introduced for first reading in the House on June 15, 2006. This Bill is not a high priority on the government's legislative agenda and is not expected to be passed until the fall session – at the earliest. VAA already exceeds accountability and transparency requirements of the proposed Act. The biggest impact will be a reduction in the number of municipal appointments from 8 to 5.

Master Plan

VAA has had a consultant working on the update to the Airport Master Plan since the middle of 2006. The Board has reviewed a draft. Staff is now underway with a round of public and stakeholder consultation. Richard Paquette, VAA CEO, provides an update on the status of the Master Plan in the CEO's report under agenda item 7.

McTavish Road / Pat Bay Highway Interchange

The intersection at McTavish Road and Pat Bay Highway 17 is dangerous and inadequate. The Provincial Minister of Transportation, Minister Falcon, responded to VAA's request on April 4th without committing to the project. At a follow-up meeting Minister Falcon advised that he wants to see a greater portion of the cost borne by the Municipality, the VAA and the federal government. The VAA Board sees the McTavish Road / Highway 17 intersection as a high priority for the Airport and the Region. VAA will be looking at the options to see this project completed for 2010.

Red Coat Volunteers

The Chair thanked the Victoria Airport Authority Red Coat Volunteers who are located at the information desk in the arrivals area for their dedication and excellent customer service to travelers. They are people-oriented and have a wealth of knowledge of Greater Victoria.

6) PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

Randy Bogle, VAA Controller, presented the 2006 Financial Report and went through the Financial Statements for the year ended December 31, 2006 – the VAA 2006 Annual Report was distributed at this meeting and also posted to the VAA website.

It has been another successful year for the VAA. In addition to having a record year for passengers VAA had an excellent year on the financial front as well. Once again VAA received a “clean” audit opinion from the External Auditor, KPMG. A copy of the Auditors’ Report is included on page 19 of the VAA 2006 Annual Report.

The Statement of Operations and Statement of Financial Position were reviewed, highlighting variances from the prior year and providing explanations.

Statement of Operations

Revenue

Landing fees totaled just over \$2.4 million while terminal fees were just under \$2.0 million, this amounts to increases of 10.5% and 3.5% respectively over 2005.

Concession Revenue increased by 5.6% to just under \$5.2 million the increase is primarily due to the passenger increase

Rental revenue increased by 12% to \$1.7 million primarily as a result of new land leases and changes to existing leases.

Other Revenue increased by 96% to \$645K largely as a result of increased revenue related to interest income, the Common Use Self Service Terminals and the aircraft loading bridges.

AIF Revenue increased by 5.2% to \$6.3 million dollars, this increase is tied to the passenger increase

Total Revenue for the year was \$18.3 million, an 8.2% increase over 2005.

Expenses

Total expenses for the year increased by \$1.1 million to just under \$12 million.

Salaries and employee benefits increased by 6.5% to \$3 million

Services supplies and Administration increased to \$3.9 million

VAA rent expense for accounting purposes was \$927K which is 19% less than 2005. However the actual cash rent paid in 2006 was \$1.1 million which is actually only a 3.4% decrease. As a result of accounting standards VAA averaged out the rent expense from 2006 – 2009 and expensed it on a straight line basis. As a result the \$177K difference between the cash rent paid and the rent expense is shown as an asset on the balance sheet. The treatment is further explained in Note 7.

Property taxes increased by 32% to \$848,000 primarily as a result of the new parking lot area and the increased value of the now completed terminal building

Amortization also known as Depreciation of capital assets increased by 28% to \$2 million as a result of the commencement of amortization on the now completed terminal building.

Utilities increased by 14% to \$435 primarily as a result of increased utility costs and the increase in the size of the building.

Interest expense on debt increased 2.5% to \$805k

The Excess of Revenue over Expenses, which is the net income for the year was \$6.29 million dollars an increase of 4.5% over 2005

The total net assets as at year end was \$33.3 million.

Statement of Financial Position – Balance Sheet

Cash at year end was \$6.4 million dollars, \$3.1 million of this relates to a draw that was taken on VAA's CIBC credit facility in December prior to its term out date. The draw is being used to finance AIF Eligible Capital Projects.

Accounts Receivable at year-end was \$972K a \$2 million dollar decrease from 2005. The 2005 balance was significantly higher as a result of \$1.8 million due from the Canadian Air Transport Security Authority (CATSA).

The NBV of Capital Assets increased by \$12.1 million to over \$47 million. The large portion of the increase is attributable to the expanded parking facilities and the completion of the terminal building construction project. Over 95% of the \$ 47 million relates to Leasehold Improvements undertaken since transfer.

The \$177k Deferred Recognition of Rent Paid is as a result of accounting standards.

The Assets of the VAA total \$55.4 million

Liabilities

Accounts payable at year end is \$3 million; a significant portion of this relates to payables to contractors for the Parking Lot expansion project.

The Current portion of the long term debt is \$1,350,000

Long Term Liabilities

Long Term Debt which is the portion of the debt that is not due within the current year is \$16.6 Million. VAA's long term debt is scheduled to be repaid quarterly in \$450,000 installments over the next 10 years.

The final section of the balance sheet is the Net Assets section. The total Net assets at year-end totaled \$33.3 million, this amount is the sum of the Net Income of the VAA since inception.

\$29.5 million of the Total Net Assets is invested in Capital Assets.

\$1.5 million of net assets have been internally restricted by our board for future capital asset acquisitions.

The other net assets of \$2.3 million relates to the remaining net assets of the VAA.

The total Liabilities and Net Assets at year end is \$55.4 million

Question: Given the size of the long term debt, why is so much cash on hand?

Answer: \$3.1 million of the cash on hand at the end of the year relates to a draw that was taken on VAA's CIBC credit facility in December prior to its term out date. The draw is being used to finance AIF Eligible Capital Projects.

7) **REPORT FROM THE PRESIDENT AND CEO**

Richard Paquette, VAA President and Chief Executive Officer, highlighted Year 2006 in review and some of Year 2007 priorities. The CEO's Power Point presentation is attached to this AGM Summary of Proceedings.

The Victoria Airport Authority manages Victoria International Airport to the benefit of the community. The CEO said, "this is your airport and your chance to ask questions and to tell us what you think about the job we have been doing."

Air Terminal Building (ATB)

- The Airport celebrated the final phase of ATB development with a Grand Opening October 21, 2006.
- Two new pieces of commissioned artworks are featured – *Bouquet of Memories* by Illarian Gallant, and *Airplay* (stained glass artwork) by Ed Schaefer and Tom Mercer
- The rotating artwork program has begun with the Art Gallery of Greater Victoria's collection.
- Food and beverage services are improved with the addition of Tim Horton's which opened in 2006 and a White Spot restaurant which is planned to open in June 2007.
- The parking facility was expanded, adding 575 spaces. An overflow parking lot will be built to accommodate an increasing number of vehicles, particularly over the Christmas peak season.
- New landscaping is nearing completion.

Passenger Traffic and Airlines

- Passengers were up by 5.4% to 1,390,000 by the end of 2006.
- Air Canada Jazz began direct service to Edmonton.
- Delta Airlines direct service to Salt Lake City returns in 2007 on a year-round basis.
- Horizon Air introduced a 70 seat Q400 aircraft translating into a 43% increase in passengers.
- For 2007 VAA will continue to target flights to Los Angeles and Las Vegas.

Trident Fury

- VAA successfully hosted a multi national military exercise in 2006 which provided millions of dollars of economic benefits to the community including accommodating approximately 400 personnel associated with the Exercise.
- DND has asked for VAA's support for "Trident Fury 2007", to be held from May 7-18, 2007.

Land Development

- A 4-bay car rental service facility near the ATB will be completed on May 17, 2007.
- The site is prepared for Viking Air's new production facility in the East Camp.
- West Sidney Business Park at Henry and Galaran is now complete and a majority of units are sold.
- Purolator's on airport package distribution facility now operates out of upgraded Awood Hangar in the East Camp.

Safety and Security

- New biometric identification cards are now used at YYJ, providing improved access control for airport personnel to restricted areas.
- The number of Closed Circuit TV cameras increased from 13 to 62 providing greater coverage throughout the airport.
- The RCMP now has a regular presence in the Terminal Building.
- VAA took delivery of a new state-of-the-art fire truck on April 16, 2007.
- VAA is beginning to plan for 2010 – security requirements and the role the Airport can play to support the games and the community.

Environment

- Transport Canada's 2006 annual audit was very successful. The activities of six VAA tenants were audited by VAA's consultant; minor issues were identified and cleaned up.
- An environmentally friendly rainwater management system was incorporated into the newly expanded parking lot to clean rainwater runoff before it reaches Reay Creek.
- A new glycol blending facility will be in operation for the 2007 / 08 winter season. It is temperature based blending which reduces glycol use by half.
- WestJet retired its 737 – 200 series which means less noise and reduced CO2 emissions.
- In 2007 VAA plans to address a couple of areas in Reay Creek with elevated heavy metal levels and continue our extensive water quality monitoring program.
- Transport Canada will use Victoria Airport as a pilot site to study effects of airport operations on air quality.

Master Plan

Transport Canada lease requires an Airport Master Plan update every 10 years.

Master Plan Objectives:

- Define probable growth of aviation activity
- Define runway, taxiway, apron and navigational aids requirements
- Determine passenger terminal expansion requirements
- Protect lands for required development
- Develop the Airport in an environmentally sustainable manner

Status of Master Plan Process

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| ➤ Consultant presented draft to VAA Board | April 2 |
| ➤ Consulted with Airlines, Nav Canada, etc. | April 20 |
| ➤ Consult with Land Tenants and DND | May 15 |
| ➤ Report back to VAA Board | May 28 |
| ➤ Consult with Sidney and North Saanich Councils | TBA |
| ➤ Public consultation | September |
| ➤ VAA Board approval | October 15 |

VAA Partners

There are literally thousands of people that make our airport work. A few are:

- Red Coat Volunteers
- Commissionaires
- Airlines' staff
- (CATSA) Garda employees at pre-board security screening
- Yellow Cabs
- HDS Retail staff
- Compass Group restaurant / café staff
- Canada Customs staff
- Viking Air
- Nav Canada
- National Defence 443 Maritime Helicopter Squadron
- Vancouver Island Helicopter

and many others.

VAA's success depends on everybody, working together co-operatively as a team and VAA is fortunate to have a great team.

VAA Board and Staff

The CEO thanked the board for their support and guidance and VAA's dedicated, professional staff who juggle many priorities with the goal of serving Victoria with an airport that is first class in every respect.

8) GENERAL QUESTION PERIOD

- Haji Charania asked about alternative ground transportation services to the Airport. The VAA CEO stated although BC Transit (Victoria Regional Transit Commission) now provides service to the Airport, it is limited. Although VAA is pleased public transportation is available it hopes BC Transit will be in a position to provide more frequent service in the future. VAA is also open to viable opportunities for alternative services such as direct bus links to the Western Communities and Duncan.
- Tony Dambzauskas asked, from the point of view of the air traveller, if the cost of security is worth the inconvenience to the traveling public. The CEO stated the Victoria Airport Authority does not define security requirements; it is the responsibility of the federal government, Transport Canada, to assess the degree of risk. CATSA (Canadian Air Transport Security Authority), the Crown Corporation responsible for screening passengers and baggage,

strives to make sure at the preboard screening checkpoint, where security is most visible to air travelers, that travellers are treated with courtesy and respect. CATSA also uses equipment behind the scenes to screen all checked baggage for both domestic and international flights.

9) CONCLUDING REMARKS

This concluded the Victoria Airport Authority Annual General Meeting at which time the Financial Statements and the VAA 2006 Annual Report were presented.

The VAA Chair, Gordon Denford, thanked the community, the VAA CEO, staff and management for their contribution to making 2006 a successful year and helping to build an airport to be proud of. He said, as the Master Plan unfolds the Airport can only get better. Gordon Denford thanked everyone for their interest and for coming to the AGM.

10) ADJOURNMENT