



Victoria Airport Authority

**Annual Public General Meeting
Summary of Proceedings**

6:00 – 7:40 pm, Tuesday, May 11, 2010

**Held at the Victoria Airport Authority
Airside Operations Centre (AOC)
9751 Dakota Road, North Saanich, BC**

ATTENDANCE

VAA Board Members:

Chair: Christine Stoneman.
Peter Bray, Glen Crawford, Jim Crowley, Bruce Knott, Mel Rinald,
Chad Rintoul, Graeme Roberts, Mel Satok, Matthew Watson and Joan Young.
Lindalee Brougham and Bob Coulter sent regrets.

VAA Management and Staff:

Richard Paquette (President and Chief Executive Officer),
Randy Bogle (VAA Chief Financial Officer),
James Bogusz, Scott Cunningham, Debbie Hansen, Rick Robertson,
Melinda Orłowski, Bob Nalleweg, Jim Wood, Jay Krieger, Gary Wilson,
Paul Connolly (Recording Secretary).

Total Attendance: 90

1. CALL TO ORDER

The Victoria Airport Authority (VAA) Board Chair, Christine Stoneman,
called the VAA's Annual Public General Meeting to order.

2. WELCOME TO ATTENDEES

The VAA Board Chair, Christine Stoneman, welcomed and thanked the public for coming to the VAA Annual Public General Meeting and to the opening of the Airside Operations Centre.

3. WELCOME TO ELECTED OFFICIALS AND OTHER GUESTS

Christine Stoneman also welcomed elected officials and other guests to the Annual Public General Meeting of the Victoria Airport Authority including:

- District of North Saanich:
 - ✓ Mayor Alice Finall
 - ✓ Councillor Peter Chandler

- Town of Sidney:
 - ✓ Councillor Jeannette Hughes
 - ✓ Councillor Steve Price
 - ✓ Councillor Kenny Podmore

- Transport Canada:
 - ✓ Signe Clouthier

- External Auditor:
 - ✓ Sang Kiet Ly, KPMG LLP Victoria

- Banker:
 - ✓ John Webber - CIBC

- VAA Past Board Chair 2007-2008:
 - ✓ Gordon Denford

4. OFFICIAL OPENING OF AIRSIDE OPERATIONS CENTRE (AOC)

The VAA Board Chair, Christine Stoneman, thanked VAA's President and CEO, Richard Paquette, for his inspiration in guiding the team to do the best job in designing and constructing the new Airside Operations Centre. She asked the CEO to come forward and start the official opening of the new Airside Operations Centre.

Richard Paquette thanked everyone in attendance for joining with the Victoria Airport Authority to help celebrate the opening of the new Airside Operations Centre.

He stated, soon after he arrived at Victoria International Airport 11 ½ years ago he took a tour to get a good understanding of the Airport's facilities. He found the Fire Hall and Operations Buildings were old – WW II vintage buildings not designed for the function they were serving. The Fire Hall was an old farm house with some vehicle bays added on. The Maintenance Complex was a collection of buildings mostly constructed at the beginning of WW II, the main structure being an old torpedo warehouse. There were no sprinklers or seismic protection in any building. Critical emergency response vehicles were at risk in the event of an earthquake – just when they would be needed the most.

Over the past decade VAA worked on plans for what was needed to improve this Airport. Replacing the operations facilities was not at the top of the list, because there were airfield and terminal building requirements that had to be given priority.

In 2008, a window of opportunity opened. The terminal building improvements were completed; VAA had set aside some cash reserves and had a very manageable debt as a result of the cost effective terminal building expansion. The VAA Board appreciated the need and supported the development of a dedicated operations building that would meet the needs of this Airport and the community for the foreseeable future.

The CEO thanked the VAA Board of Directors, without their foresight and support the Airside Operations Centre (AOC) would not have happened.

The next step was to clearly define the operational and functional requirements for the AOC building. Scott Cunningham, VAA's Director, Facilities, was appointed as the Project Manager to lead the project. He was VAA's key person leading the project from start to finish. Rick Robertson, VAA's Manager, Safety and Emergency Response, also played an important role in ensuring the requirements of the fire service were satisfied. The CEO thanked both Scott Cunningham and Rick Robertson and their teams.

Chang Holovsky Architects were awarded the Architect Services Contract through a competitive process. The public toured the building before this meeting and from the comments VAA received, Ladi Holovsky, the lead architect, designed a great building. It has character, it's attractive and at the same time it's functional and cost effective. The CEO recognized and thanked Ladi Holovsky for a job very well done.

Durwest Construction Management Ltd was awarded the contract for Construction Management Services, through another competitive process. The CEO thanked their team for their contributions and for a job well done:

- Dary Kray – Durwest President
- Rod Pendlebury – Durwest Project Manager
- Rory Anderson – Durwest Site Superintendent

There are many more engineers, professionals, consultants, contractors, suppliers and others who had a part to play in the project. Because of the numbers VAA recognized all by listing each company on the boards displayed in the AOC. They are Victoria based companies, so the economic impact of this construction was spread throughout the region, and during the economic recession, when it was most needed.

The building brought together the Airport Fire Service and Airport Operational Staff in a common work location, sharing resources and improving efficiency.

The 2,252 m² building was delivered on-time and on-budget. Total cost \$9.7 million. The project was funded by the Airport Improvement Fee and Operating revenues.

The building includes an energy efficient geothermal heating and cooling system that could cut energy needs by close to half.

No government money was used to pay for this project. Victoria Airport Authority pays rent to the federal government and property taxes too.

Total property taxes for this building based upon 2009 mill rate are estimated to be \$175,000. The break down is:

- \$76,500 to the District of North Saanich
- \$6,200 to the Regional Library
- \$23,000 to the CRD
- \$56,000 School taxes
- \$6,400 Regional Hospital District
- \$6,600 BC Transit

As a result, this new AOC is an important investment in the future of the Airport and services provided. It will also mean a significant source of tax revenue for local governments.

At this point the ribbon to officially open the Airside Operations Centre was cut. As it is a building for large fire trucks and heavy equipment, the usual ribbon cutting with scissors was not used; rather the ribbon was “cut” with VAA’s large loader driven by Gary Wilson. He’s been working at the airport since 1988 and plays a key role keeping the Airport operational.

5. REPORT OF THE VAA BOARD CHAIR

On behalf of the VAA Board of Directors, Christine Stoneman thanked the VAA President and CEO, Richard Paquette, for his leadership in pulling together the team to build the AOC. She stated the Board is proud of the leadership and the team of workers, and thanked them for their contribution.

Changes to Board of Directors:

There are a number of changes on the Victoria Airport Authority Board (VAA) of Directors:

Peter Dolezal's final term as the Nominee from the District of North Saanich and Mel Couvelier's final term as the Nominee from the Town of Sidney on the VAA's Board of Directors expired at the end of December 2009. Victoria Kuhl's final term as the Nominee from the CRD expired in July 2009. Christine Stoneman thanked each of them for their leadership on the Board and invaluable contribution in establishing the direction for the successes at Victoria International Airport.

The Board welcomed Mel Satok as a new Nominee from the Town of Sidney in April 2009, and Joan Young as the new Nominee from the CRD in July 2009.

In February 2010 the Board welcomed Jim Crowley as a new Nominee from the District of North Saanich and Mel Rinald as a new Nominee from the Town of Sidney.

The following are the Officers of the Corporation and Committee Chair positions for 2010:

Chair	Christine Stoneman
Vice Chair, & Chair, Airport Consultative Committee	Peter Bray
Secretary, & Chair, Governance Committee	Lindalee Brougham
Chair, Audit and Finance Committee	Glen Crawford
Chair, Planning and Development Committee	Chad Rintoul

Biographies of all current Directors are on the VAA Web Site at www.victoriaairport.com.

VAA Strategic Plan

The VAA Board reviewed and approved an updated Strategic Plan which will guide the Airport Authority's path for the next five years (2010 – 2014). In keeping with VAA's Green Initiatives the Strategic Plan was not printed out. It is posted on VAA's web site, for public review on the lead page of the VAA web site: www.victoriaairport.com.

McTavish Interchange on the Pat Bay Highway

The Government of Canada and the Province of British Columbia each contributed \$10.5 million and the Victoria Airport Authority \$3 million toward the funding of the \$24 million Highway 17 / McTavish Road Interchange to improve road safety and transportation efficiency for local residents, visitors and motorists travelling along Highway 17. Construction which is managed by the Province started at the end of November 2009. The Board Chair thanked the local Councils and community for their support. VAA looks forward to completion of the interchange by the end of March 2011

Runway Extension Project

Unfortunately the proposed extension to Victoria International Airport's main runway did not receive a funding partnership commitment from the two senior levels of government in 2009. In 2010, VAA will continue to refine the project design, market the opportunity to target airlines, and continue discussions with Provincial and Federal Governments. The extension will permit non-stop flights to Europe, and will offer the community significant economic stimulus in terms of tourism, jobs and tax revenue for governments.

Community Relations

VAA maintains a comprehensive public communications program through this Annual Public General Meeting and the bi-annual Airport Consultative Committee meetings

As well, VAA holds Environmental Committee and Noise Management Committee meetings, and publishes the On Approach Airport Magazine, participates in community events and charities, speaking engagements, has membership and involvement in community organizations including Tourism Victoria, the Greater Victoria Economic Development Agency, Chambers of Commerce as well maintaining a very comprehensive public web site

First Nations Cultural Ceremony

Representatives of the VAA were invited by the Tseycum and Pauquachin First Nations to attend a cultural ceremony in the Tseycum First Nation Longhouse in June 2009. First Nations were very gracious hosts and accepting of the VAA into their community.

6. PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

Randy Bogle, VAA Chief Financial Officer (CFO), presented the 2009 Financial Report and went through the Financial Statements for the year ended December 31, 2009 – the VAA 2009 Annual Report was distributed at this meeting; it is also available upon request and is posted to the VAA website www.victoriaairport.com

VAA received an unqualified external audit opinion from its Auditors KPMG. Representing the External Auditors at this APGM was Sang Ly, a partner with the firm.

The VAA is a not-for profit corporation, all profits generated by the Authority are reinvested in the development of the Airport and the Airport Lands.

Revenue

- Landing Fees revenue increased by 2.5% to \$2.8m
- Terminal Fees revenue increased by \$143K to \$2.3m
- Concession revenue increased by 4% to \$7.1M
- Rental revenue increased by 15% to \$2.5m, primarily as a result of new land tenants in the Mills Road Business Park (north side of the Airport)
- Other revenue declined to \$356K primarily as a result of a decrease in interest income
- AIF Revenue was 7.0 million
- Total Revenue for 2009 was \$22.2 million a 2.7% increase over 2008

Expenses

- Salaries & Employee Benefits totaled \$3.7 million
- Services Supplies & Administration Expenses decreased by 1% to \$4.9m
- Rent expense for accounting purposes was \$927K
- 2009 property taxes were \$913K a 10% increase over 2008
- Amortization expense was \$3.6 million
- Interest expense on VAA's long term debt was \$573K
- Total expenses for the year were \$15.3m

Summarizing Revenue and Expense Categories

- Total revenue for the year was \$22.2m
- Total expenses were \$15.3m
- Excess of revenue over expenses from Operations was \$6.9m a 2.8% increase over 2008
- The unrealized gain on derivative instruments of \$566K is a non-cash gain related to the interest rate swap agreement that VAA has in place with its bank
- The Excess of Revenue over expenses or Net Income for 2009 after the non-cash gain is \$7.4m
- This \$7.4m is added to our Net Assets bringing the total Net Assets at year end to just under \$53m

In closing, the CFO reported that VAA is in good shape financially. VAA has a strong balance sheet with total assets in excess of \$70m

VAA's long term debt at \$13m is comparatively low and it continues to be repaid at \$1.8m per year

VAA is able to meet any current or future financial commitments.

7. REPORT FROM THE PRESIDENT AND CEO

Richard Paquette, VAA President and Chief Executive Officer (CEO), highlighted some of the accomplishments for Year 2009 and some of the plans for Year 2010.

A pictorial PowerPoint presentation accompanied the CEO's comments (the photos are posted to the VAA website).

The VAA is a not-for-profit corporation with a 60 year lease with Transport Canada with an option for 20 more years. Revenue is invested back into the facilities of the Airport.

Passenger Traffic

Although 2009 was a year of challenges for the aviation industry during the economic slowdown, there was only a slight decline in the number of passengers flying into and out of Victoria International Airport by less than 1% at -0.4% in 2009. YYJ (Victoria International Airport) continues to be the ninth busiest airport in Canada; numbers of passengers exceeded 1,500,000. The number of passengers destined to the US in 2009 was 17% of total passengers compared to 12% in 2000.

Air Services:

In today's world, connectivity is the key to prosperity. United Airlines introduced twice daily non-stop service to San Francisco from Victoria in 2009; last year there was one flight a day.

Seasonal Services:

WestJet

- 3 x weekly to LAS (Las Vegas)
- 1 x weekly to Honolulu
- 1 x weekly to Cancun
- 1 x weekly to Puerto Vallarta
-

Transat Holiday (Using CanJet B737-800)

- 1 x weekly to Puerto Vallarta
- 1 x weekly to Cancun

VAA is working on marketing air service improvements with year-round two times daily non-stop service to Toronto, and a flight to London England.

In the summer of 2009 there were 4 daily non-stops to YYZ (Toronto); five flights are expected in the summer 2010.

Long Term Plans - Parking and Terminal Roadway Improvements

In October 2009 the VAA Board received a Report and Conceptual Design for Parking and Terminal Building Roadway Improvements which are expected to be required to meet anticipated demand incrementally over the next 30 years – including a parkade, additional paved parking spots, roadway realignment, improvements to bus service, bicycle and pedestrian access routes, as well as a dedicated right-of-way for light rail. Passenger growth is anticipated to be on average 3% a year to a total of 3.4 million passengers 30 years out. The report outlining requirements can be reviewed on VAA's web site: www.victoriaairport.com. The CEO stated the plan will not determine the pace of development; there are elements that will proceed incrementally based solely on demand by the community.

Environment

VAA's Carbon Budget includes reducing water, fuel and electricity consumption by 5% in 2010. Solar panels will be installed in 2010 for hot water usage in the Terminal Building. BC Hydro conducted a lighting audit through its Power Smart Program and will be covering 60% of the cost of the conversion to power smart lighting in 2010 resulting in reduction in power usage in the Terminal Building. VAA also supported the replacement of Jazz Airline's diesel powered tugs with electronically powered units.

2.5 KM Bike Path

Cyclists and pedestrians are now enjoying the new 2.5 kilometer bicycle / walking path which was constructed by the VAA and officially opened in 2009 at the north side of the Airport.

Terminal Building Third Floor Observation Lounge – Eagles Landing

Eagles Landing, the Airport Terminal Building's third floor observation lounge, was officially opened in 2009. It is a great place to relax, enjoy the artwork by Coast Salish Artist, Charles Elliott, and story-boards depicting the history of Airport lands and to enjoy views of the airfield. VAA invites the public to visit Eagles Landing; as it is well worth the visit. There is signage which directs the public to the third floor.

Two New Passenger Loading Bridges

In 2009 VAA added two new loading bridges to the Terminal Building increasing capacity to bridge large jet aircraft.

Developments

VAA constructed a new business park in the north east quadrant of the Airport lands. New tenants in the Mills Road Business Park include:

- Slegg lumber wall board & truss plant
- Distribution Centre for Central Island Distribution
- Distribution Centre for Pacific Express

Viking Air

Viking Air's new Production Plant which accommodates the production of parts for the new DHC-6 Series 400 Twin Otter is complete.

2009 GEM Award

In 2009 VAA was presented with the GEM Award – Going the Extra Mile – from the Victoria Hospitality Award Program recognizing the Airport and the companies that operate at YYJ for going the extra mile to make visitors and local residents alike feel there is no better place to visit or come home to.

Distinguished Visitors and Special Events at YYJ in 2009

- Visit by Japanese Emperor Hirohito and Empress Michiko in July 2009
- Arrival of Winter Games Olympic Flame from Greece, October 30, 2009
- Visit by Charles, Prince of Wales, and Camilla, Duchess of Cornwall in November 2009

Public Transit

VAA also realizes how critical it is to have access to public transit for employees of the various companies located at the Airport, as well as for air carrier passengers. Users of public transit expressed a concern with low frequency of bus service. VAA and BC Transit continue to discuss what can be done to increase service and ridership to / from Victoria International Airport by visitors and employees.

2010 Capital Plan - \$8.3 Million

Highlights of the 2010 Capital Program:

- Completion of Airside Operations Centre (Fire Hall and Maintenance Garage) – officially opened May 11, 2010
- Detailed design for the proposed main runway extension project
- Resurface short term parking lot and pave overflow gravel parking lot
- Preliminary design for the realignment of Willingdon Road and multi-year parking expansions
- Approach lighting system on Runway 27 and Runway Guard Lights
- Rehabilitate airfield pavements
- Energy reduction in the Terminal Building including solar heating for the Terminal Building hot water system, and high efficiency lighting
- Purchase new fire truck
- Purchase additional winter runway surface maintenance equipment

8. GENERAL QUESTION PERIOD

- A member of the public noted Short Term Lot parkers spending \$10 at any airport food outlet will have the \$1 parking cost taken off of their bill upon presentation of their parking receipt. A question was asked if the program was working well.

The CEO stated the VAA has received positive feedback about the reduced rate from \$2.00 to \$1.00 for two hours of parking in the Short Term Lot and the return of same after enjoying a meal in the White Spot.

- Councillor Kenny Podmore, Town of Sidney, thanked the VAA Board Chair, and the VAA CEO for their support and contributions to the local community.
- Mayor Alice Finall, District of North Saanich, also thanked the VAA Board Chair and VAA CEO for working with the District on a collaborative and congenial basis.

There were no further comments or questions.

10. CONCLUDING REMARKS

The VAA Board Chair, Christine Stoneman, stated, as a frequent user of the Airport she has often heard compliments from other passengers about the beautiful airport Terminal Building and the artwork. The community is very proud of the positive changes over the years.

Christine Stoneman was interviewed by a Reporter from the Times Colonist prior to this meeting and she told him with the new facility now operational and construction ahead of schedule on the McTavish Interchange to provide safe access to and from the Airport, the Board's focus is on extending the main runway. She stated, Victoria as the Capital City of the Province has the Airport with the shortest runway of Canadian Capital Cities. The Provincial Government has contributed to the extension of several runways throughout the Province, so VAA will continue its discussions with them and the Federal Government to join together in partnership to construct the extension. The resulting benefits will be to the community and the Province with increased economic activity, jobs and tax revenue for Governments.

Christine Stoneman thanked everyone who came out to the meeting and the official opening of the Airport Operations Centre. VAA appreciates the good turn out and input by those in attendance.

11. ADJOURNMENT

This concluded the Victoria Airport Authority Annual Public General Meeting at which time the Financial Statements and the VAA 2009 Annual Report were presented and the Airside Operations Centre officially opened.