

VICTORIA AIRPORT AUTHORITY

GENERAL OPERATING BY-LAWS

Head Office and Definition

- 1.1 Until changed in accordance with the Canada Corporations Act (the "Act") the Head Office of the corporation shall be in the Capital Regional District of the Province of British Columbia.
- 1.2 In these by-laws, the word "Airport" means the Victoria International Airport.

Corporate Seal

- 2.1 The seal, an impression of which is stamped in the margin hereof, shall be the seal of the corporation.

Conditions of Membership

- 3.1 Membership in the corporation shall consist of the persons named in the Application for Incorporation of the Victoria Airport Authority (the "Applicants") and all persons who are nominated and appointed in accordance with these by-laws. Each member shall be entitled to one vote at all meetings of members and shall have identical rights and obligations.
- 3.2 The members of the corporation, as far as practicable, shall consist of individuals who collectively have experience and have shown capacity in such disciplines as air transportation, industry, aviation, business, commerce, finance, administration, law, government, engineering, the organization of workers, and the representation of the interests of consumers and who have the business acumen and experience to assist in the management of the affairs of the corporation as an ongoing, viable, commercial enterprise.
- 3.3 Each member shall also:
 - (a) be at least nineteen years of age;
 - (b) be a Canadian citizen;
 - (c) be a resident of the Province of British Columbia;
 - (d) have consented to becoming a member;

- (e) have undertaken to conform to and be bound by the corporation's code of conduct as from time to time in force. The initial code of conduct is annexed to these by-laws as Schedule A; and
- (f) have notified the corporation and the member's nominator of any business or other activity which could pose an actual or perceived conflict of interest.

3.4 No member shall:

- (a) be other than a natural person;
- (b) be a person who has the legal status of a bankrupt or is insolvent;
- (c) be a person who is found by a court to be a mentally incompetent person or of unsound mind;
- (d) be a person holding federal, provincial or municipal elected office;
- (e) be a person employed by or providing services on a full time basis under contract to any federal, provincial or municipal government, department or agency, or by any corporation owned by Her Majesty the Queen in Right of Canada or Her Majesty the Queen in Right of any Province of Canada;
- (f) be a person who has been convicted of a criminal offense relating to the employment of that person;
- (g) be a person who has not met the conflict of interest and other requirements set forth in these by-laws.

3.5 There will be no membership fees, dues, charges or other membership levies.

3.6 Membership in the corporation shall terminate upon the happening of any of the following events:

- (a) if a member dies or delivers to the corporation a resignation in writing;
- (b) if a member ceases to meet the qualification criteria set out in these by-laws;
- (c) for cause, confirmed by resolution of the Board carried by a margin of two-thirds of the members of the Board excluding the member being the subject matter of the resolution.

Nomination of Members and Term

4.1 Members of the corporation shall be the Applicants of such other persons who attain membership by being appointed pursuant to these By-laws after being nominated by the following entities, all of which have consented to the exercise of such appointment or nomination of rights:

- (a) two members by the Town of Sidney. One of such nominees shall be identified as a representative of organized labour;

- (b) two members by the Corporation of the District of North Saanich. One of such nominees shall be identified as a representative of consumer interests;
- (c) one member by the Corporation of the District of Central Saanich;
- (d) one member by the Corporation of the District of Saanich;
- (e) one member by the City of Victoria;
- (f) one member by the Capital Regional District of British Columbia;
- (g) one member at the option of and by Her Majesty the Queen in Right of the Province of British Columbia;
- (h) two members at the option of and by Her Majesty the Queen in Right of Canada, with the proviso that during any fiscal year during which the corporation is subsidized by Her Majesty the Queen in Right of Canada, Her Majesty the Queen in Right of Canada shall be entitled to nominate an additional member for a total of three;
- (i) one member by the Greater Victoria Chamber of Commerce;
- (j) three members by the board of Directors of the corporation, provided that such appointments shall be made only as the terms of membership of three of the applicants for incorporation expire, it being the intent of these By-laws that three of the Applicants may occupy the three positions to be appointed by the Board until their successors are appointed. One of the board nominee appointments shall be reserved for a person with air carrier experience.

4.2 All nominations shall be reviewed by the nominating committee to ensure that nominees are properly qualified to become members of the corporation, with particular reference to actual or perceived conflicts of interest. A report shall be made to each nominee's nominator, who may then choose to withdraw the nomination should a defect as to qualifications become evident. The report shall also be presented to the Board, who shall either confirm the nomination and appoint the nominee as a member, or reject the nominee as not being qualified. The Applicants shall perform all functions of the Board in this regard with respect to the first persons nominated.

4.3 The term of membership in the Corporation shall be three years, and each member may again be nominated for membership; provided that no member shall serve for a continuous period longer than eight years. Once a member has served the allotted term on the Board, the member may not be re-nominated again.

4.4 At least two months prior to the expiration of the term of a member, or forthwith following termination of a membership pursuant to by-law 3.6, the corporation shall request the nominating body (referred to in by-law 4.1) who nominated the departing or departed member, to nominate a replacement member (who may be the same person should that person be properly qualified in accordance with these by-laws). The provisions of by-laws 4.2 and 4.3 shall then apply.

- 4.5 If a nominating body, with the exception of the federal and provincial governments, has not advised the corporation of its nominee within 45 days of service of the request to nominate as contemplated by by-law 4.4, the Board, as agent for the defaulting nominating body, may nominate a person to membership for a normal or lesser term as the Board may determine. Such person shall be deemed to be the nominee of the defaulting nominator, and notice of such nomination shall forthwith be given to the defaulting nominating body.

Board of Directors

- 5.1 The property and business of the corporation shall be managed by a Board of Directors comprised of all members. That is, all directors shall be members, and all members shall be directors to the effect that a person ceasing to be a member shall also cease to be a director and vice versa. Eight directors shall constitute a quorum. The Chief Operating Officer (as referred to in by-law 9.1) shall be an ex officio member of the Board but shall not be entitled to vote unless such person is also a director and member of the corporation.
- 5.2 Meetings of the Board may be held at such time and place as determined by the Board, provided that forty-eight hours notice of such meeting shall be given to each director if by means other than by mail. Notice by mail shall be sent at least fourteen days prior to the meeting. No error or omission in giving notice of any meeting or adjourned meeting of the Board shall invalidate such meeting however, or make void any proceedings taken and any director may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had. Each director is authorized to exercise one vote. There shall be at least six meetings per year of the Board.
- If all the directors of the corporation consent generally or in respect of a particular meeting, a director may participate in a meeting of the Board or of a committee of the Board by means of conference telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such meeting by such means is deemed to be present at the meeting.
- 5.3 Directors and committee members shall receive reasonable remuneration for their services, commensurate with their duties. They may also be employed by the Authority as an officer or in any other capacity and receive compensation therefor.
- 5.4 The Board may appoint agents and engage employees as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the Board.

Indemnities to Directors and Others

- 6.1 Every director or officer of the corporation or other person who has undertaken or is about to undertake any liability on behalf of the corporation or any company controlled by it and their heirs, executors and administrators, shall at all times be indemnified and saved harmless out of the funds of the corporation, from and against:
- (a) all costs, charges and expenses which such person sustains or incurs in or about any action, suit or proceeding which is brought or prosecuted against the person or in respect of any act, matter or thing whatsoever, made, done or permitted by the directors, in or about the execution of the duties of such person;
 - (b) all other costs, charges and expenses which such person sustains or incurs in relation to the affairs of the corporation, except such costs, charges or expenses as are occasioned by the person's own willful improper act or neglect.

Power of Directors

- 7.1 The Board may administer the affairs of the corporation in all things and may make or cause to be made for the corporation any kind of contract which the corporation may lawfully enter into and, save as hereinafter provided, generally may exercise all such other powers and do all such other acts and things as the corporation is by its charter or otherwise authorized to exercise and do.
- 7.2 The Board shall have power to authorize expenditures on behalf of the corporation from time to time and may delegate by resolution to one or more officers or other executives and managers of the corporation the right to employ and pay salaries and remuneration to employees and others.
- 7.3 The Board shall take such steps as it may deem requisite to enable the corporation to acquire, solicit or receive legacies, gifts, grants, settlements, bequests, endowments and donations of any kind for the purpose of furthering the objects of the corporation. The Board shall also have the power to enter into a trust arrangement with a trust company for the purpose of creating a trust fund in which the capital and interest may be made available for the benefit of the corporation in accordance with such terms as the Board may prescribe.
- 7.4 In investing monies of the corporation, the Board shall not be restricted to securities permitted by law to a trustee but may invest monies in such manner and in such securities, properties and investments as the Board in its absolute discretion deems in the best interests of the corporation, with liberty to vary the same time to time.
- 7.5 Subject to sanction by two-thirds of the members of the Board from time to time:

- (a) may borrow money on the credit of the corporation;
- (b) may limit or increase the amount to be borrowed;
- (c) may issue, bonds, debentures or other securities of the corporation;
- (d) may pledge or sell bonds, debentures or other securities for such sums and at such prices as may be deemed expedient; and
- (e) may secure any bonds, debentures or other securities, or any other present or future borrowings or liability of the corporation, by mortgage, hypothec, charge, pledge or other security interest relating to all or any currently owned or subsequently acquired real and personal, movable and immovable property and leasehold interests and reversionary interests of the corporation, and the undertaking and rights of the corporation.

Committees

- 8.1 The Board's Chair, or the Board Chair's delegate, shall be an Ex Officio Member of all Committees and would have a vote.
- 8.2 There shall be a Steering Committee, which shall be comprised of the elected Officers of the Corporation and Chairs of the Standing Committees. The Steering Committee shall exercise such powers as are specified in these By-laws and as are delegated to it by the Board. The Chair shall be the Chair of the Steering Committee.
- 8.3 There shall be a Governance Committee, which shall be comprised of the Secretary, and four other members, two of whom, where possible, to be outgoing Directors. The Governance Committee shall exercise such powers as are specified in these By-laws and as are delegated to it by the Board. The Secretary shall be the Chair of the Governance Committee.
- 8.4 Meetings of the Committees shall be held at such time and place as determined by the respective members thereof provided that forty-eight hours notice of a meeting shall be given to each member if by means other than mail. Notice by mail shall be sent at least fourteen days prior to the meeting. Three members shall constitute a quorum for a meeting of either committee. No error or omission in giving notice of any meeting or any adjourned meeting of such committee shall invalidate the meeting however, or make void any proceedings taken and any member of a committee may at any time waive notice of any meeting thereof and may ratify, approve and confirm any or all proceedings taken or had thereat.
- 8.5 The Board shall establish an Airport Consultative Committee, which shall meet no less than twice each year at times and places within the Capital Regional District of British Columbia as determined by the Board, to provide for effective dialogue on matters relating to the corporation including:

- (a) the dissemination of information on Airport matters and plans;
- (b) the timely discussion of planning and operational matters; and
- (c) the consideration of municipal concerns.

The committee shall include Board members as recommended by the steering committee and confirmed by the Board, and other members so as to be generally representative of the community and shall include persons capable of representing the interests of consumers (particularly the travelling public) and organized labour.

- 8.6 The Board may create such other committees consisting wholly or partly of directors and for such purposes as the Board thinks fit. Any committee shall, in the exercise of its duties, conform to any rules that may from time to time be imposed on it by the Board. Each such committee shall make periodic recommendations to the Board in respect of the subject on which the committee was created to advise. The Board shall take into consideration, but shall not be bound, by the recommendations of such committees.
- 8.7 With the exception of the Governance Committee and the Airport Consultative Committee, the Chairs of the Standing Committees shall be elected.
- 8.8 Subject to by-law 8.5 the members of a committee may meet and adjourn as they think proper. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present.

Officers; Terms

- 9.1 The officers of the corporation shall be the Chair, Vice-Chair, Secretary and Chief Operating Officer (who may be designated as such or as President, Chief Executive Officer or such other title as the Board may from time to time determine) and such other officers as the Board may by by-law determine. Any two offices, except Chair and Vice-Chair, may be held by the same person. The Chair, Vice-Chair and Secretary shall be directors but other officers need not be directors. No director who has been an elected official or government employee at any time during the previous two years shall be eligible to be elected as Chair or Vice-Chair.
- 9.2 Officers of the corporation shall be appointed by resolution of the Board, provided that the first Chair and the first Vice-Chair shall be chosen by the first members (the Applicants) immediately following the issue of Letters Patent.
- 9.3 The officers of the corporation and all committee members shall hold office at the pleasure of the Board and are eligible for reappointment.
- 9.4 The remuneration of all board members, officers, senior executives and managers of the corporation shall be fixed by the Board by resolution.

Duties of Officers

- 10.1 The Chair shall preside at all meetings of the members and Board.
- 10.2 The Vice-Chair shall, in the absence of the Chair, perform the duties and exercise the powers of the Chair. The Vice-Chair shall be the Chair of the Airport Consultative Committee.
- 10.3 The Chief Operating Officer shall have the general and active management of the affairs of the corporation, and shall see that all orders and resolutions of the Board are carried into effect.
- 10.4 The Secretary shall arrange for a recording secretary to attend all meetings of the members and the Board and act as clerk thereof and record all votes and minutes of all proceedings in books to be kept for that purpose. The Secretary shall ensure that giving of notice of all meetings of the Members and of the Board when requested by the Chair or upon receipt of a requisition for a special Board of Members meeting signed by four or more directors. The Secretary shall arrange for the custody of the seal of the corporation and shall perform such other duties as may be prescribed by the Board. The Secretary shall be the Chair of the Governance Committee.
- 10.5 The duties of all other officers of the corporation shall be such as the Board from time to time determines.

Execution of Documents

- 11.1 Contracts, documents and any instruments in writing requiring the signature of the corporation may be signed by any two officers and all contracts, documents and instruments in writing so signed shall be binding upon the corporation without any further authorization or formality. The Board shall have power from time to time by resolution however, to appoint any person or persons on behalf of the corporation to sign specific or types of contracts, documents and instruments in writing. The Board may give the corporation's power of attorney to any registered dealer in securities for the purposes of transferring and dealing with any stocks, bonds and other securities of the corporation. The seal of the corporation when required may be affixed to contracts, documents and instruments in writing signed as aforesaid by the Secretary or, by resolution of the Board by any one or more other officers or employees of the corporation.

Corporation Meetings

- 12.1 The annual and any other general meeting of the members shall be at such time and place in the Capital Regional District of British Columbia as the Board shall from time to time determine.
- 12.2 Fourteen days written notice shall be given to each member of any annual or special general meeting of members. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the member to form a reasoned judgment on the decision to be taken. Notice of each meeting of members shall remind the member of the right to vote by proxy.

Each member present at a meeting shall have the right to exercise one vote. A member, may, by means of a written proxy, appoint a proxyholder to attend and act at a specific meeting of members, in the manner and to the extent authorized by the proxy. A proxyholder must be a member of the corporation.

- 12.3 No error or omission in giving notice of any annual or general meeting or any adjourned meeting of the members of the corporation shall invalidate such meeting or make void any proceedings taken thereat and any member may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat.
- 12.4 For the purpose of sending notice to any member, director or officer for any meeting or otherwise, the address of the member, director or officer shall be the last address recorded on the books of the corporation.
- 12.5 At every annual meeting, in addition to any other business that may be transacted, the report of the Board, the financial statements and the report of the auditors shall be presented and auditors appointed for the ensuing year. The members may consider and transact any business either special or general at any meeting of the members.
- 12.6 The Chair or Vice-Chair shall have power to call, at any time, a general meeting of the members of the corporation. The Secretary shall call a special general meeting of members on the written requisition of four members. Eight members present in person at a meeting shall constitute a quorum.
- 12.7 At or in addition to the annual general meeting referred to in by-law 12.5, the corporation shall within one hundred thirty-five days of the end of each of its fiscal years, hold an annual public meeting open to the public at a location on or near the Airport and in premises that are adequate for the size of audience that may reasonably be anticipated. Such meeting shall relate to the management, operation and maintenance of the Airport and audited financial statements and an annual report shall be presented. In connection with such meeting, the corporation shall:
 - (a) give at least thirty days prior notice by using appropriate media to ensure public awareness of the meeting;

- (b) afford a reasonable opportunity to the public for the asking of questions and the expressing of views;
- (c) ensure that a majority of the members of its Board including the Chair or Vice-Chair and the Chief Operating Officer are present; and
- (d) present to the meeting copies of its audited annual financial statements approved by the Board, together with the auditor's report and the corporation's annual report for the previous year.

12.8 In advance of each annual public meeting the corporation shall publish an annual report which shall include the financial statements of the corporation, the annual auditor's report, a summary of its affairs during the previous fiscal year and it shall:

- (a) report on performance relating to the business plan and objectives established by the corporation for the previous year and, as applicable, the previous five year period;
- (b) explain variances and corrective actions taken by the corporation;
- (c) present for the up-coming year and for the forecast five year period a summary of its business plan including specific objectives (measurable where feasible) relating to the purposes of the corporation;
- (d) report on remuneration provided to each of the members of the Board and either the salary or salary ranges of each of the senior officers of the corporation;
- (e) report on the corporation's compliance or non-compliance with the corporation's conflict of interest principles and code of conduct;
- (f) provide information concerning the parties, financial particulars and circumstances of each transaction entered into during the preceding year that was not at arm's length as defined in by-law 18.1;
- (g) contain information concerning the contractor, amount and circumstances of each contract for goods, services or construction entered into during the preceding year by the corporation in excess of \$75,000, as referred to in by-law 18.3 which was not awarded on the basis of a public tendering process and the reasons for so doing.

Such annual report shall be provided to each nominator and the Minister of Transport in advance of the public annual general meeting as well as to the public on request.

12.9 At the request of any nominator (as referred to in by-law 4.1) the corporation shall cause a meeting to be held with the duly authorized representatives of the nominators at which the Chair and such other directors and officers of the corporation as the Chair deems appropriate concerning the business of the corporation. The nominator's request shall state the general nature of the business desired to be discussed.

Voting of Members

- 13.1 At all meetings of members of the corporation, every question shall be determined by a majority of votes unless otherwise specifically provided by the statute of these by-laws.

Financial Year

- 14.1 Unless otherwise ordered by the Board, the fiscal year end of the corporation shall be December 31.

Auditors

- 15.1 The members shall at each annual meeting appoint an auditor to audit the accounts of the corporation for report to the members (and others) at the next annual meeting. The auditor shall hold office until the next annual meeting provided that the Board may fill any casual vacancy in the office of the auditor. The remuneration of the auditor shall be fixed by the board.

- 15.2 (a) The corporation shall cause financial audits to be conducted in accordance with generally accepted auditing practices;
- (b) Her Majesty the Queen in Right of Canada shall at any time have the right to cause a complete audit by an independent auditor of the corporation's entire business affairs, records and procedures.

Books and Records

- 16.1 The Board shall see that all necessary books and records of the corporation required by the by-laws of the corporation or by any applicable statute or law are regularly and properly kept.

Amendment of By-laws

- 17.1 These general operating by-laws of the corporation may be amended by a resolution of the Board confirmed by a resolution of the members, provided that any such amendment shall be of no force or effect until approval in writing has been obtained from the Minister of Industry and the Minister of Transport with respect to change in the composition of the Board and changes affecting any Principle listed in the Public Accountability Principles for Canadian Airport Authorities as released by the Minister of Transport (Canada) on July 13, 1994 (attached as Schedule B).

Miscellaneous Matters

- 18.1 The corporation shall obtain prior acceptance by the Minister of Transport that the financial terms and conditions of each intended use and occupancy of Airport premises which would not be at arm's length from the corporation will produce for the corporation

- gross revenue equivalent to that from an arm's length use and occupancy of such premises.
- 18.2 To the extent practicable and with due consideration to Canada's international obligations, the corporation shall endeavour to optimize Canadian content and industrial benefits in the procurement of goods, services and construction contracts, particularly in the area of high technology services and equipment and construction contracting, all in line with good private sector commercial practices and where there is sufficient competition for such procurement in the Canadian market.
- 18.3 As a general practice, goods, services and construction contracts for the corporation in excess of a total value of \$75,000, in 1994 dollars subject to annual adjustment for inflation, shall be awarded following a competitive public tendering process.
- 18.4 The corporation shall give not less than sixty days advance public notice through appropriate local media of planned increases in Airport user charges, excluding lease and other rental charges. The notice shall include an explanation of the justification for such increases.
- 18.5 At least once every five years, and on such other additional occasions as the Board or a majority of the nominators may demand, the Board shall cause a review of the corporation's management, operation and financial performance to be conducted by a qualified independent person ("Consultant"). The Consultant shall prepare a written report incorporating the findings of the review and the report of the Consultant shall include, but not be limited to:
- (a) the terms of reference of the review;
 - (b) the extent to which the corporation was operating:
 - i. a safe and efficient service to the public;
 - ii. an efficiently run undertaking in accordance with its business plans and purposes;
 - (c) the extent to which financial and management control and information systems and management practices were maintained in a manner that provided reasonable assurance that:
 - i. the assets of the corporation were safeguarded and controlled;
 - ii. the financial, human and physical resources of the corporation were managed economically and efficiently and its operations carried out effectively;
 - (d) any further information that is reasonably requested by any nominator or a majority of the Board;
 - (e) any concerns or qualifications that the Consultant has with respect to any matter described in this section.

The report shall be provided to the Minister of Transport and to the Board within three months of the commencement of the review. The Consultant shall also provide to each nominator both a report and a summary of the report, excluding commercially confidential material or personnel information of a personal nature. If issues arise in the course of the review which prevent it being concluded on time, an interim report and summary shall be submitted by the due date and a final report shall be submitted not later than six months after the commencement of the review. Any nominator shall have the right to convene a meeting of the Board with the Consultant and other nominators to determine, with the Consultant, the course of action to be taken to resolve problems disclosed by the Consultant's report.

- 18.6 The corporation shall make available to any person, on request, for examination at a reasonably convenient time at its head office during its usual business hours and free of charge:
- (a) the current Master Plan for the Airport;
 - (b) a summary of its current five year business plan;
 - (c) the most recent and the previous annual financial statements of the corporation and of each of its subsidiaries and of each corporation whose accounts are consolidated in the corporation's financial statements, all with the accompanying auditors' reports on them;
 - (d) its five most recent annual reports each of which shall include a general summary of its affairs during the previous fiscal year;
 - (e) summaries of its five most recent business plans;
 - (f) its articles of incorporation and by-laws, including any amendments thereto; and
 - (g) all signed airport transfer agreements relating to the transfer of the airport;
 - (h) a summary of any interim report and final report prepared pursuant to by-law 18.5.

The corporation shall provide to any person, on payment of a reasonable fee, a copy of any document or portion of any document referred to above.

- 18.7 At least once per year each director, other than directors nominated by the Board, shall report to the director's nominator or representative thereof, information in general terms as to the affairs of the corporation not confidential to the corporation. Such director's report may be made by way of a report by the Board as a whole made collectively to all nominators.
- 18.8 The Board shall adopt and maintain a code of conduct for directors, officers and senior employees, designed to prevent real and perceived conflicts of interest. Such code (the first of which is attached as Schedule A) shall be provided to the nominators described in by-law 4.1 and published in local media at least 30 days prior to the first annual general meeting of the corporation together with invitations for written and oral comments to be

submitted by the public. Subsequently the code of conduct and proposed amendments shall be provided to such nominators at least 30 days before each annual general meeting.

The code shall in no event be less stringent than the rules respecting conflicts-of-interest applicable to a director of a company incorporated under the Canada Business Corporations Act.

These by-laws were made by the Board on the 6th day of June, 2005 and confirmed by the Members on the 6th day of June, 2005.