



VICTORIA AIRPORT AUTHORITY

Annual Public General Meeting Summary of Proceedings

**7:00 – 8:45 pm, Thursday, May 7, 2015
The Sidney Pier Hotel and Spa
Sallas Room
9805 Seaport Place, Sidney, BC**

ATTENDANCE

VAA Board Members:

Board Chair: Mel Rinald

Board Vice-Chair: Graeme Roberts

Board Secretary: Colin Smith

Chair, Audit and Finance Committee: Gordon Safarik

Chair, Planning and Development Committee: James Crowley

Board members: Rod Dewar, Eric Donald, Wendy Everson, Lynne Henderson,
Frank Leonard, Marilyn Loveless, and Sharlene Smith

VAA Management:

Geoff Dickson, President and Chief Executive Officer

Randy Bogle, Chief Financial Officer

James Bogusz, Vice-President – Operations and Development

Stephanie Long, Manager – Finance and Accounting

Ian West, Director – Security and Terminal Operations

Recording Secretary:

Melinda Orłowski, Executive Assistant

VAA Staff:

Anita Kardos, Terminal Operations Officer

Siobhan O'Donnell, Lease and Contract Administrator

Total in Attendance: 60

1. CALL TO ORDER

The Victoria Airport Authority (VAA) Board Chair Mel Rinald called the meeting to order.

2. WELCOME TO ATTENDEES

The Board Chair welcomed the public and thanked them for coming to the Annual Public General Meeting. This is Mr. Rinald's first year as Board Chair, and he expressed his appreciation at being able to serve in the position.

The APGM is an opportunity for the VAA to engage in dialogue with the community. A number of elected representatives and business partners were recognized at the meeting, including:

- Gary Holman, MLA – Saanich North and the Islands
- District of North Saanich:
 - Mayor Alice Finall
 - Councillor Celia Stock
 - Councillor Jack Thornburgh
 - Councillor Murray Weisenberger
 - Councillor Heather Gartshore
- Town of Sidney:
 - Councillor Mervyn Lougher-Goodey
- District of Central Saanich
 - Councillor Alicia Cormier
- External Auditor:
 - Sang Kiet Ly, KPMG LLP Victoria

3. REPORT FROM THE VAA BOARD CHAIR

VAA BOARD OF DIRECTORS

With the assistance of a PowerPoint presentation, Mr. Rinald provided a brief background about the VAA.

The Victoria Airport Authority commenced on April 1, 1997 and was incorporated under the Canada Corporations Act. This act provided the framework and governance model for not-for-profit organizations. In 2011, new legislation was introduced by the Federal government giving non-share capital corporations a deadline to transition to the *Canada Not-for-profit Corporations Act* (CNFPCA). On April 8, 2014, the VAA was granted continuance under Section 211 of the CNFPCA.

The VAA is a private, not-for-profit corporation. There are no equity shareholders and as such VAA does not distribute any earnings as dividends. All earnings are reinvested in the business of the airport.

The role of the Board is to provide strategic guidance and oversight to Management in order to ensure financial responsibility, exceptional customer service, environmental stewardship and strong community relations. VAA's objective is to be one of the best airports in the world.

2014 was an unusual and challenging time, with seven Board members retiring and six new members joining the VAA. The transition saw the departure of a number members who contributed much to the success of the airport. The new members bring experience and skill sets that will ensure good governance.

The Chair introduced the twelve members on the VAA Board of Directors who represent nine nominating bodies. Each member possesses a high level of skills and expertise, acting as liaisons between their nominator, the community and Management. The members are:

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|-----|------------------|--------------------------------------|
| 1. | Jim Crowley | District of North Saanich |
| 2. | Rod Dewar | Greater Victoria Chamber of Commerce |
| 3. | Eric Donald | City of Victoria |
| 4. | Wendy Everson | Town of Sidney |
| 5. | Lynne Henderson | Province of British Columbia |
| 6. | Frank Leonard | Government of Canada |
| 7. | Marilyn Loveless | Government of Canada |
| 8. | Mel Rinald | Town of Sidney |
| 9. | Graeme Roberts | District of Central Saanich |
| 10. | Gordon Safarik | District of North Saanich |
| 11. | Colin Smith | Capital Regional District |
| 12. | Sharlene Smith | District of Saanich |

The following are the Officers of the Corporation and Committee Chair positions for 2015:

Chair	Mel Rinald
Vice Chair, and Chair - Airport Consultative Committee	Graeme Roberts
Secretary, and Chair - Governance Committee	Colin Smith
Chair - Audit and Finance Committee	Gordon Safarik
Chair - Planning and Development Committee	Jim Crowley

New Board Members

VAA is pleased to introduce the following new Board members:

Rod Dewar joined the VAA on January 1, 2015 and is nominated by the Greater Victoria Chamber of Commerce. Mr. Dewar currently serves on the Audit & Finance Committee and the Governance Committee. He is the past President and CEO of Island Savings Credit Union, past Senior Vice-President and CEO of BCAA, and past President of the North American operations of Canadian Airlines, having over 30 years of experience in the aviation industry. He is very active in the community and is accredited through the Institute of Corporate Directors Rotman School of Management Directors Education Program.

Eric Donald joined the VAA on April 1, 2015 and is nominated by the City of Victoria. He serves on the Audit & Finance Committee and the Planning & Development Committee. Mr. Donald began his 30-year business career with Bank of Montreal, working in BC and Ontario before retiring in 2000. He is currently the President and General Manager of the Danzo Group of Companies. Past positions include Chair of the University of Victoria, with past board memberships at Science World BC, the David Foster Foundation, the Pacific Sports Training Centre and the Greater Victoria Eldercare Foundation. He is a graduate of University of Victoria and holds certificates for Advanced Management and Finance from a number of academic institutions.

Wendy Everson joined the VAA on April 1, 2015 and is nominated by the Town of Sidney. She serves on the Planning & Development Committee and the Airport Consultative Committee. Ms. Everson maintains a private legal practice in Sidney and provides legal services to clients in the areas of real estate, development, business, corporate/commercial, wills and estate planning. Prior to entering law school, she worked with Transport Canada and at Winnipeg International Airport. She holds Bachelor of Science and Bachelor of Commerce Honours (Finance) degrees from the University of Manitoba, and her Juris Doctor of Laws (J.D.) from the University of Victoria. Ms. Everson is a recipient of a national award in Trusts and Estate Planning.

Frank Leonard joined the VAA on January 1, 2015 and is appointed by the Government of Canada. He serves on the Audit and Finance Committee and the Airport Consultative Committee. Mr. Leonard was Mayor of Saanich from 1996-2014 after serving as a Councillor since 1986. While in public office, he chaired the Municipal Finance Authority of BC, the Capital Regional District and was President of the Union of BC Municipalities. He is currently the Chair of Parkbridge Lifestyles Communities, Vice-Chair of the Municipal Pension Plan and previously served as a director of the BC Investment Management Corporation. He holds a Bachelor of Arts (Honours) and Masters from the University of Victoria and is accredited through the Institute of Corporate Directors.

Marilyn Loveless joined the VAA on January 1, 2015 and is appointed by the Government of Canada. She serves on the Planning and Development Committee and the Airport Consultative Committee. A former councillor with the Town of Sidney, Ms. Loveless was also past Alternate Director and member of the Arts & Housing Committee at the Capital Regional District. She is the former Chair of the District 63 School Board and served on the National Seniors Council, providing advice to the Minister of Employment and Social Development, the Minister of Health, and the Minister of State for Seniors. Extremely active in her community, she has served on a number of service groups including Sidney Silver Threads. She was honoured with the Governor General's Award for Community Service and is an inductee in the Victoria Sports Hall of Fame.

Sharlene Smith joined the VAA on January 1, 2015 and is nominated by the District of Saanich. She serves on the Governance Committee and the Planning and Development Committee. Sharlene is the owner/operator of CommPlan Canada, a Victoria-based communication management consulting firm. Ms. Smith is a founding member of both the UVic and Royal Roads public relations certificate programs, where she has taught hundreds of public relations practitioners from across Canada. She is past Chair of the Broadmead Care Society, Greater Victoria Police Victim Services and the Saskatchewan Parks and Recreation Association. She has also served on the Saanich Police Board and Tourism Regina. Ms. Smith is a graduate of the ICD Governance Essentials program and Leadership Victoria.

Departing Board Members

The Board Chair wished to acknowledge the dedication, exceptional service, skill and counsel that the seven departing members brought to the Board. Many of them continue their service to the public through other organizations, but during their tenure at the VAA, they helped move the organization forward.

Peter Bray joined the Board on April 1, 2009 and his term ended on March 31, 2014 after serving for eight years. Nominated by the City of Victoria, Mr. Bray was Vice-Chair from 2009 to 2011. He served on the Steering Committee, Governance Committee, Audit and Finance Committee and Airport Consultative Committee.

Lindalee Brougham joined the Board on January 1, 2007 and her term ended on December 31, 2014 after serving for eight years. Nominated by the Greater Victoria Chamber of Commerce, she served as the Board Chair for the past three years and was an Ex Officio member of all committees. VAA thanks Ms. Brougham for her service and leadership.

Bob Coulter joined the Board on January 1, 2007 and his term ended on December 31, 2014 after serving for eight years. Mr. Coulter was appointed by the Government of Canada and was a member of the Planning and Development Committee, Airport Consultative Committee, Audit and Finance Committee, and Runway Extension Task Force.

Glen Crawford joined the Board on January 1, 2007 and his term ended on December 31, 2014 after serving for eight years. Mr. Crawford was nominated by the District of Saanich and served as Chair of the Audit and Finance Committee for five years. He also served as a member of the Steering Committee, Governance, Committee, Audit & Finance Committee, Airport Consultative Committee and Runway Extension Task Force.

Bruce Knott joined the Board on January 1, 2007 and his term ended on December 31, 2014 after serving for eight years. Appointed by the Government of Canada, Mr. Knott served on the Audit and Finance Committee, Airport Consultative Committee, Governance Committee, Planning and Development Committee and Runway Extension Task Force.

Mel Satok – it is with deep regret that the VAA announced the early departure of Mr. Satok, who left the Board two years early due to health reasons. Nominated by the Town of Sidney, he joined the Board on April 6, 2009 and served on the Audit and Finance Committee, Airport Consultative Committee, Governance Committee and Planning and Development Committee, serving as Vice-Chair of that Committee for a number of years. Mr. Satok was an avid supporter of the airport and spent a significant amount of time engaging with the community at public and private airport events, quietly supporting the VAA team behind the scenes.

Suromitra Sanatani was a Board Appointee and left the VAA to move out of province after serving for two years on the Board. She was a member of the Audit and Finance Committee and Governance Committee. VAA wishes Ms. Sanatani well as she pursues new career opportunities.

Biographies of all current Directors and the President & CEO are available on the VAA's website at <http://www.victoriaairport.com/board-of-directors>

Airport Updates

2014 was a truly exceptional year for the Victoria Airport Authority. Annual passenger traffic surpassed all past records once again, and each month of the year was a record month. The first quarter of 2015 saw the trend continue. The financial situation at Victoria International Airport continues to be strong. YYJ continues to be one of the lowest cost airports in Canada.

The VAA is grateful for the awards and recognition that the airport receives locally, nationally and internationally. The CEO recently returned from Amman, Jordan where he accepted VAA's latest award for customer service excellence.

Environmental Initiatives

VAA continues to be a leader in environmental programs. Each year VAA conducts audits of several airport tenants to ensure compliance with environmental regulations. The airport received a clean environmental review from Transport Canada in 2014.

A new process for screening capital projects using the Canadian Environmental Assessment Act (CEAA) framework was implemented, which ensures projects are carried out in ways that mitigate adverse environmental impacts.

VAA continued its partnership with Peninsula Streams Society through the donation of planting materials to enhance and restore local habitat.

The Board is particularly proud of the remediation work done on Reay Creek. VAA earned local, national and international recognition for the restoration project which saw the construction of a 200 metre bypass channel to reduce the amount of pollutants to the lower reaches of Reay Creek. VAA received BC Aviation Council's Silver Wings Environmental Award and Airports Council International North America's Environmental Achievement Award for this initiative.

Community

The VAA believes in being a strong community partner, giving back in a variety of ways by supporting a number of charities and worthwhile causes within our region. Staff participate in public events and speaking engagements throughout the year.

The Flight Path, a 9.3 kilometer bike and walking trail that encircles the airport, is well used and has been positively received by the community. The official opening was held on May 31, 2014 and was a popular event attended by members of the community. A series of interpretive signs have been installed at a number of vantage points around the path, noting areas of historical or geographical significance.

Capital Projects

Two significant capital projects were completed in 2014:

The Circulation, Security and Concessions project saw the addition of a new circulation core to ease movement throughout the terminal, enhancements to the security screening area, and the addition of new food, beverage and retail offerings.

The overlay of Runway 09-27 was a major challenge and success. This project will be expanded upon during the CEO's presentation.

Concluding Remarks

Copies of the 2014 Annual Report were provided at the meeting. An electronic copy of the document is available on VAA's public website at www.victoriaairport.com under the document library.

The Board and Management team are continually working to make Victoria International Airport the best airport that it can be. VAA welcomes and encourages feedback from the community.

4. PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Randy Bogle, VAA Chief Financial Officer (CFO), presented the 2014 Financial Report and reviewed the Financial Statements for the year ended December 31, 2014.

Representing the External Auditors at this meeting was Sang Ly, a partner with the firm KPMG LLP. VAA received an unqualified external audit opinion from its Auditors, KPMG. The Independent Auditors Report is located on page 41 of the Annual Report.

The CFO referenced the Statement of Operations, as reported on page 43 of the Annual Report.

2014 Highlights

- Net income was \$6.7 million, which was \$1.04 million or 18.5% ahead of budget.
- 2014 had record months of passenger traffic, with a total of 1,650,904 passengers
- \$1.8 million in debt was retired, leaving a balance of \$4.05 million at year end. The debt is due to be retired in January 2017.
- Fixed charged ratio is 4.47 : 1
- 2014 capital additions totaled \$13.6 million.
- Total capital investment in Victoria International Airport since transfer from Transport Canada in 1997 is \$120 million.

Revenue

The four primary areas which constitute 97% of VAA's revenue are concessions, rentals, aviation fees and AIF.

Landing fees were \$3.3 million.

General terminal charges were \$2.8 million.

Concession revenues were \$8.3 million.

Rental revenue was \$3.1 million.

Other revenue was \$0.5 million.

AIF revenue was \$8.0 million.

Total Revenue for 2014 was \$26.2 million, a \$1.5 million increase over 2013.

Expenses

Salaries and employee benefits were \$4.4 million.

Services, Supplies and Administration were \$3.6 million.

Security and Terminal Services were \$2.4 million.

Rent paid to Transport Canada \$947,000.

Property taxes for 2014 decreased by \$28,700 to \$865,000.

AIF administration and handling fees, which are the fees paid to the airlines to collect the AIF, increased by \$30,000 to \$580,000.

Amortization expenses increased by \$638,000 to \$5.7 million.

Utilities increased by \$4,800 to \$689,000 as a result of increased rates.

Interest expense decreased by over \$74,000 to \$201,000 as the VAA's long-term debt was reduced.

Total expenses for the year were \$19.5 million, an increase of \$1.2 million.

In summary:

Total revenue increased by \$1.5 million to \$26.2 million.

Expenses excluding amortization increased to \$13.8 million, leaving an excess of revenue over expenses or cash generated of \$12.4 million. This cash is available to fund capital improvements and contributions, as well as repay the long-term debt in the amount of \$1.8 million per year. VAA is on track to retire its debt by January 2017.

Amortization was \$5.7 million.

Excess revenue over expenses or net income was \$6.7 million.

Referencing the Statement of Financial Position on page 42 of the Annual Report:

Current assets were \$7.9 million.

Tangible capital assets were \$81.7 million.

Current liabilities were \$4.4 million.

Long term debt, retirement allowance liability, future rent payments, deferred capital contributions and tenants' security deposits were \$7.9 million.

Net assets were \$81.7 million.

VAA has had a historical surplus since it divested from Transport Canada in 1997.

The VAA's strong balance sheet and relatively low debt positions it well for the future.

5. REPORT FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Geoff Dickson, President and Chief Executive Officer of the Victoria Airport Authority, shared highlights from Year 2014 and future plans for Year 2015 and beyond.

In the spring of 2014, the Board and Management team mapped out a broad strategic framework to guide the activities of the VAA over the next five years. The range of initiatives will ensure its overall approach is balanced and focused, while ensuring strong financial management with a focus on safety, customers, the environment and growth for the entire region.

VAA's strategic goals are:

- ♦ Operate a safe and secure airport;
- ♦ Operate in a financially responsible manner;
- ♦ Be a leader in environmental protection;
- ♦ Retain and attract a talented and motivated team of employees;
- ♦ Attract and retain air service;
- ♦ Provide exceptional airport facilities and customer service.

Operate a Safe and Secure Airport

Safety is the VAA's number one priority. In 2014, there were zero preventable workplace injuries and security violations. Transport Canada recently completed an extensive audit of YYJ's Safety Management System and while a few opportunities to improve were identified, they were very pleased with the systems in place.

Operate in a Financially Responsible Manner

With respect to its financial performance, 2014 was a record year for the VAA. The objective is to blend a high quality airport at a low cost to its users. A study undertaken by the Air Transport Research Society identified Victoria International Airport as having one of the lowest costs per enplaned passengers among Canadian airports. Domestic turnaround fees for a 737 are nearly the lowest in the country, and the AIF is the lowest of Canadian airports in the National Airport System.

Be a Leader in Environmental Protection

VAA is proud of the remediation work undertaken on Reay Creek in 2012 and 2013, for which a number of local, national and international awards were received.

In 2014, efforts turned to TenTen Creek, another fish-bearing stream that runs through airport lands to Patricia Bay. VAA is partnering with Transport Canada to undertake a geotechnical review of the creek to identify areas of focus that need to be improved.

Victoria International Airport was the third airport in North America, after Montreal and Seattle, to receive Airport Carbon Accreditation Level I status. This establishes a baseline from which to measure and mitigate YYJ's carbon footprint going forward. The program follows principles of the World Business Council for Sustainable Development.

Retain and Attract a Talented and Motivated Team of Employees

VAA is fortunate to have an extremely talented team of employees. For the third year in a row, Excellence Canada awarded a Certificate of Merit for VAA's efforts to create workplace wellness. Staff are encouraged to seek a work-life balance, with a strong focus on taking care of themselves in order to be healthier and more energetic.

Attract and Retain Air Service

VAA's philosophy is to keep aviation fees low in order to attract and retain air service. Since the fall of 2013, each subsequent month saw record passenger growth. The first quarter of 2015 is also seeing record numbers despite the swing in oil prices. The expansion of WestJet Encore has added approximately 155,000 new seats through Victoria in one year. The VAA is pleased with this robust growth.

Provide Exceptional Airport Facilities and Customer Service

Airports Council International's Airport Service Quality Awards are the industry's most prestigious accolades recognizing the best airports in the world. VAA has been participating in this independent benchmarking study of customer satisfaction for a number of years. This independent study helps airports understand where they are performing well and identifies areas where improvements can be made.

In 2014, some of the award winning airports included Amman Queen Alia International Airport; Keflavik International Airport; Seoul Incheon International Airport; Mauritius International Airport; and Guayaquil Jose Joaquin de Olmedo Airport.

For the second time in three years, Victoria International Airport was recognized as the Best Airport in North America for Service Quality serving up to two million passengers. The CEO recently returned from the award ceremonies in Amman, Jordan where he accepted the award on behalf of the men and women who work at YYJ. It is quite an achievement to be on an international stage where Victoria is recognized as one of the best airports in the world.

2014 Capital Projects

VAA expended \$13.6 million on its 2014 Capital Program. The CEO touched on two of the major projects that were carried out.

Overlay of Runway 09-27 – One of the most complicated projects executed at Victoria International Airport was the strengthening of the main runway. This \$7.1 million project took over two years of consultation with the air carriers and other stakeholders in order to have the least impact to operations.

Over the course of six weeks, the runway was closed to aviation traffic between midnight and 6 AM. After the last flight of the day touched down, a team of 75 workers operating 70 pieces of equipment converged onto the runway. Over 1,400 tonnes of asphalt were used each night, and between 60 to 100 metres were paved. Edge lighting, painting, surveying and sweeping for debris was completed in time for the following day's flights. Despite being a challenging and difficult undertaking, it was a practically flawless execution of the project.

Terminal Building Improvements – The second significant project was an \$8.1 million terminal renovation project that reshaped several components of the airport. The primary focus was to minimize disruption to the customer. Despite the airport being under construction for half of the year, YYJ won an award for the best service quality.

A new circulation core was added which improved passenger flow between the upper and lower levels and make transiting the airport more intuitive.

VAA worked with CATSA to expand and improve processing of passengers in the security screening area. The physical space was doubled, and a number of features were added including a dedicated NEXUS line, calming water feature, countdown clock, new art, a water disposal station and comfortable re-vesting area. These small touch points offer customers a better, more comfortable way to travel.

The iconic Victoria restaurant Spinnakers was introduced at YYJ. In a recent article published in April by 'Travel and Leisure Magazine', eight of the best restaurant-pub concepts were featured and included London, Keflavik, Dulles, Los Angeles, San Diego and Spinnakers at Victoria International Airport. The restaurant is resonating well with the public.

New retail stores were added to offer a wider selection of local products, as well as new business centres to allow the busy traveler a place to work.

Updated flooring and soft seating were introduced throughout the terminal to refine and improve the spaces.

In partnership with the Art Gallery of Greater Victoria, YYJ's Art at the Airport Program is an innovative way to support local artists. A new display of rotating art was recently added to the upper passenger departure lounge.

Air Service Development

In terms of air service, Victoria continues to add to its growing route map, with a focus primarily on the North American market. Due to its geographical location, Victoria is within close proximity to three major hubs: Victoria, Seattle and Calgary. Connectivity to these large airports provide a wide opportunity for visitors to the region, benefiting the tourism sector as a whole.

After struggling for years, the aviation industry is on strong financial footing and remains in growth mode. Both Air Canada and WestJet have seen record profits.

Pacific Coastal airlines introduced new non-stop service to Prince George, which is proving to be a successful market.

With respect to Victoria's unserved and underserved markets, the VAA is focusing on adding to its domestic routes. WestJet adopted one-stop service to Saskatoon and Winnipeg, which is a way for them to test the market for possible non-stop service in the future.

Los Angeles may be a good opportunity for trans-border service. Maui and Palm Springs are driven by the need for U.S. pre-clearance, which is a number of years away. The VAA will continue to push for expanded service to these unserved markets.

With the current positive business climate, several ultra-low cost carriers are looking to enter the market. If they are successfully launched, customers may see air fares at nearly half the price of the legacy carriers. All of these carriers see Victoria as a year-round tourism destination. The VAA has been engaged in ongoing discussions with these airlines to Victoria forms part of their startup plans.

Looking at aircraft manufacturing forecasts, it is anticipated that there will be significant growth over the next 15 to 20 years. Boeing and Airbus both forecast that there will be twice as many aircraft operating by 2031.

Passenger Traffic

In 2014, Victoria International Airport served 1,650,904 passengers – an increase of 6%. The VAA is currently planning for 2 million passengers by 2020. This growth requires a substantial amount of planning for expanded parking facilities, check-in counters, concessions, aircraft loading bridges and the related services that come with increased traffic.

Air Terminal Expansion

To accommodate the anticipated passenger growth, the VAA will be executing a multi-phase terminal and apron expansion project within a 10 year planning window.

To alleviate some of the congestion issues, the first phase of the apron expansion project will create more capacity for overnight aircraft parking and a de-icing facility will be constructed. Phase 2 will see the taxiways widened. In phase 3, the terminal building will be taken to the north to increase seating for up to 300 more passengers. Future phases will see the creation of additional loading bridges, a westerly expansion of the air terminal building and a dedicated U.S. pre-clearance facility.

Vehicle Parking

In 2012, Willingdon Road was relocated to meet anticipated growth. The VAA had been planning for 3% but realized 6%. For the 2014 holiday travel season, vehicle parking overflowed onto Willingdon Road which is not desirable. The VAA is working to mitigate this situation for the upcoming year, but in 2016 an additional 325 parking spots will be added to meet demand.

Baggage Screening

The Federal government mandated that YYJ change from a five-step baggage screening process to a three-step process. The Hold Baggage Screening recapitalization project is expected to get underway in the September, which will house a temporary baggage facility. This 16 month project will cost \$9.7 million to complete, which will be fully funded by CATSA.

Capital Expenditures

Over the next 10 years, these projects will require a significant capital investment of nearly \$166 million. Since the VAA came into existence, nearly \$124 million of capital improvements have been invested in Victoria International Airport. With the anticipated growth, the VAA faces a steady increase of its capital expenditures.

Considerations

The VAA reviewed its net income available to invest in the airport. With \$12 million cash on hand, there will be a funding gap. Considerations to meet the capital requirements included options for growing revenue, reducing expenses, reducing capital investments and increasing debt servicing.

VAA is already one of the lowest cost airports in the country with the highest percentage of non-aeronautical revenue. Its finances are already prudently managed. The capital program can be pushed out, but this places YYJ behind the demand curve.

2015 - 2024 Financial Plan

A chart highlighting VAA's capital requirements for the next 10 years was shown. If the AIF remains at \$10, it is anticipated there would be a \$60 million funding shortfall.

Moving Forward

In order to meet the current funding deficit, effective July 1, 2015, the Airport Improvement Fee will be increased to \$15 (from the current fee of \$10). There was a significant amount of debate at the Board level, but the decision was ultimately made to increase the AIF by \$5. YYJ's AIF has remained unchanged since 2004 and despite this increase, Victoria's fee remains among the lowest in the National Airport System.

The VAA will continue to provide exceptional airport facilities and customer service at a low cost. The increased revenue from the AIF will enable growth for the entire region through product and staged airport investments.

The CEO shared an editorial from the Time Colonist newspaper dated March 13, 2015, entitled 'Airport Improvement Fee Money Well Spent'. An excerpt from the editorial reads:

The airport authority did not garner its good reputation by sitting on its hands. The airport is constantly changing, constantly improving. The authority is forward looking without over-reaching, ensuring improvements keep pace with growth. Its long-term plans are realistic and practical. Revenue from the improvement fee will go toward the \$165 million in capital expenditures mapped out for the next decade.

This type of editorial is a tribute to the VAA team who take their role as a community airport seriously. Victoria International Airport will continue to be a high quality, low cost airport as it strives to be the best airport anywhere.

6. QUESTION PERIOD

The floor was opened up to questions from the public.

Comment / Question:

Gary Holman, MLA for Saanich North and the Islands, inquired about the shift away from plans for a runway extension to accommodate long haul destinations.

In 2007-2008 as part of the Federal government's emphasis on infrastructure projects, there was an opportunity to present shovel-ready projects for partnership funding. Shortly thereafter the economy faced some challenges and demand in the European economy dropped off.

A runway extension has been identified in VAA's Master Plan and a possible extension remains in the planning horizon for 2020, but is not currently a priority. VAA continues to monitor the international market for opportunities.

A resident living Lochside Drive complained about the amount of light aircraft traffic overflying his house. He noted that there is documentation indicating people exposed to excessive noise pollution suffer negative health impacts, not to mention a reasonable expectation of quiet enjoyment. He asked if VAA would be willing to commit to funding an environmental impact study to determine appropriate aircraft limits.

James Bogusz, VAA Vice-President of Operations and Development, addressed the issue. With the mix of commercial, general aviation and military aircraft, Victoria International Airport is one of the busiest airports in Canada. VAA frequently measures noise contours and emissions, which haven't materially changed over the past eight years. The noise forecasts are available on the VAA's public website which displays contours of where the higher noise areas are located. It should be noted that the annoyance level of aircraft activity can vary from person to person.

The primary complaint is about training circuits by private aircraft, which is actually 30% lower than at its peak activity. VAA continually works with the Nav Canada control tower to address complaints about circuit training. Nav Canada is required to balance all aviation traffic, being mindful of both safety and noise.

VAA holds two Noise management Committee meetings each year. The suggestion of conducting an environmental impact study can be added to the next agenda for discussion.

Mr. Bogusz offered to make himself available any time to discuss any further concerns and invited the resident to meet with the VAA, the Victoria Flying Club and Nav Canada.

A member of the public who has resided in Cordova Bay since 2012 voiced his extreme dissatisfaction with the amount of float plane traffic that flies over his residence. He said there are now cracks in the walls of his house, he is unable to open his windows and he is looking for a resolution to the steady stream of float planes going over his house. In addition, he was frustrated with the military helicopters that fly late into the night.

He was not satisfied with the lack of accountability mechanisms between the military, Nav Canada and the VAA. He asked what VAA was going to do to resolve his situation.

The Vice-President explained that VAA has no control over float planes as they are overflights that do not originate or land at Victoria International Airport. Nav Canada controls the air space; VAA's role as the landlord is to provide a safe airport facility. Mr. Bogusz offered to put the gentleman in touch with Nav Canada to address his concerns.

A neighbour of the Cordova Bay resident confirmed that vibrations from float planes are an issue.

The Vice-President reminded the public that VAA manages the airport lands, not the air space. He offered to facilitate a meeting with Nav Canada but was unable to promise there would be a resolution.

A member of the public advised that she frequently enjoys walking along the Flight Path. She suggested that VAA consider installing seating around the path for user comfort. Additionally, she voiced concerns around the lack of lighting in the overflow parking lot of Mary's Bleue Moon restaurant. The restaurant advised her it was the airport's property, that VAA told them there was no money in the budget and that the municipality would need to install the lights. She asked in there was anything that could be done in both cases.

VAA has future plans to add benches around the flight path every 3 km or so. There is no firm date for installation.

With respect to the lighting issues, the restaurant leases the property from the VAA so improvements fall to the tenant. A quote for lighting improvements was obtained by the VAA and provided to the tenant, but it appears they chose not to carry out the work. If the property one day reverts back to the VAA, the situation will be revisited. VAA encourages its tenants to make the necessary investments in their leaseholds.

District of North Saanich Councillor Celia Stock advised that the issue of parking lot lighting was raised with Sidney Council a number of years ago. Sidney installed a sidewalk to improve safety, but the issue of lighting remains unresolved. She encouraged VAA to return to the tenant and encourage them to make the necessary lighting improvements.

VAA thanked the Councillor for her comments and will take it under advisement.

A U.S. resident living on Henry Island south of Sidney, traveled to Canada to attend the meeting. She commented that there has been a significant increase in aircraft flying over her property and that the flight path appears to have changed.

Having heard the explanation about the roles of Nav Canada and the VAA, she recognized that this meeting may not be the correct forum to voice her concerns.

The CEO advised that airports do the best job they can to manage noise with curfews and restrictions, but that airports do not set the flight path. The only organization that makes those kinds of decisions is Nav Canada. However it should be noted that the Federal government is reviewing the issue of improved stakeholder consultation.

As part of VAA's community outreach program, the CEO offered to meet with any member of the public to listen to their concerns. VAA routinely meets with the planning departments at the Town of Sidney and District of North Saanich so that airport activity is taken into consideration as residential developments are growing.

A resident of Canora Mews complained about the noise and vibration from the military helicopters that fly over her house at all hours of the night. She said that the house vibrates, dishes have smashed onto her granite countertop and that the entire subdivision is affected. She suggested that the helicopters fly over Pat Bay or fly at a different angle. She realized that there would be aircraft activity, however the developer of the subdivision failed to inform residents that helicopters would be an issue.

The Vice-President advised that military aircraft activity is a standing item at the Noise Management meetings. The Department of National Defence does their best to avoid impacting the local community, however the design of the Sea King helicopter dictates their takeoff profile. Additionally, the military are exempt from certain regulations and are mandated to do night training at specific times throughout the year.

VAA also noted that there are noise/nuisance covenants placed on each property within the subdivision. YYJ's noise contour maps indicate that the development's location may not be the most optimal place to build houses given the close proximity to the airport.

There were no further questions from the public.

7. ADJOURNMENT

This concluded the Victoria Airport Authority Annual Public General Meeting at which time the Financial Statements and 2014 Annual Report were presented.

The Board Chair thanked the public for attending and for their interest in the Victoria International Airport.

The meeting was adjourned.