



VICTORIA AIRPORT AUTHORITY

Annual Public General Meeting Summary of Proceedings

**7:00 – 8:50 pm, Thursday, May 10, 2012
Mary Winspear Centre
2243 Beacon Avenue, Sidney, BC**

ATTENDANCE

VAA Board Members:

Chair: Lindalee Brougham

Vice Chair: Colin Smith

Peter Bray, Bob Coulter, Jim Crowley, Chad Rintoul, Graeme Roberts,
Mel Satok and Christine Stoneman.

Regrets: Glen Crawford, Bruce Knott and Mel Rinald

VAA Management:

Geoff Dickson, President and Chief Executive Officer

Randy Bogle, Chief Financial Officer

Melinda Orłowski, Executive Assistant and Recording Secretary

James Bogusz, Director – Airside Operations, Technology and Environment

Terry Stewart, Director – Marketing and Community Relations

Ian West, Director – Security and Terminal Operations

Debbie Hansen, Manager – Corporate Services

Stephanie Long, Manager – Finance and Accounting

VAA Staff:

Sherri Brooks, Shireen Clark, Anita Kardos and Lisa Nunn.

Total in Attendance: 75

1. CALL TO ORDER

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

2. WELCOME TO ATTENDEES

The Board Chair welcomed the public and thanked them for coming to the Annual Public General Meeting. She recognized the local elected representatives and other officials to the meeting including:

- District of North Saanich:
Councillor Ted Daly
- Town of Sidney:
Councillor Mervyn Lougher-Goodey
Councillor Steve Price
- District of Saanich:
Councillor Paul Gerrard
- External Auditor:
Sang Kiet Ly, KPMG LLP Victoria

3. REPORT FROM THE VAA BOARD CHAIR

President and Chief Executive Officer

Geoff Dickson has been the President and Chief Executive Officer of the Victoria Airport for 16 months. He is taking the airport in a fresh direction and has a number of interesting strategies to improve the customer experience.

Starting in the fall, VAA will be expanding the security screening checkpoint, making improvements to the food, beverage and retail offerings, and reconfiguring the passenger departure lounges for better intuitiveness and flow. The CEO will outline the project during his presentation later in the meeting.

VAA Board of Directors

There are 12 Board members from the community on the VAA Board of Directors. Each member has a high level of knowledge and expertise as well as unique set of skills and experiences to complement the VAA Board of Directors.

The following are the Officers of the Corporation and Committee Chair positions for 2012:

<i>Chair</i>	<i>Lindalee Brougham</i>
<i>Vice Chair, and Chair - Airport Consultative Committee</i>	<i>Colin Smith</i>
<i>Secretary, and Chair - Governance Committee</i>	<i>Mel Rinald</i>
<i>Chair - Audit and Finance Committee</i>	<i>Glen Crawford</i>
<i>Chair - Planning and Development Committee</i>	<i>Chad Rintoul</i>

Biographies of all current Directors and CEO are on the VAA Website at www.victoriaairport.com.

Master Plan

VAA is in the process of updating its 25-year Master Plan. In April, the Board and Management team met for an all day strategic planning session to discuss the future direction of the airport. The Master Plan is expected to be complete before the end of the year.

Runway Extension Project

Discussions regarding a three-way funding partnership to extend the main runway at Victoria International Airport are ongoing with the Province of British Columbia and the Federal Government.

At 7,000 feet, Victoria International Airport has one of the shortest runways of all the provincial capitals. VAA has completed the requisite studies and is shovel-ready should funding from the governments come through. The total cost of the project is estimated at \$32.1 million.

VAA is also working with Boeing to quantify the performance capabilities of various aircraft.

Accessible, efficient transportation is critical to the tourism and technology sectors. By extending the main runway, construction jobs would be created and businesses would benefit by being globally connected. It would also generate much needed tax revenue for the local and provincial governments. Victoria International Airport plays a vital role in the region's economic success.

VAA will continue to work with the two senior levels of government encouraging financial support for the project.

Ground Transportation

With the completion of the McTavish interchange, VAA worked closely with BC Transit to dramatically improve public access to and from the airport. As a result, the number of daily trips in each direction between the terminal building and the McTavish Transit Exchange have nearly tripled - from 10 to 28 trips, essentially offering half-hour service. VAA thanks BC Transit for their willingness to provide a viable and affordable transportation alternative to the traveling public.

VAA Board of Directors

Matthew Watson concluded his eight year term on the VAA Board of Directors on December 31, 2011. Mr. Watson served on the Steering Committee, Audit and Finance Committee, Governance Committee, Airport Consultative Committee, Runway Extension Task Force and Highway Interchange Task Force.

Christine Stoneman concluded her eight year term on the VAA Board of Directors on June 30, 2012. Ms. Stoneman served on the Steering Committee, Governance Committee, Audit and Finance Committee, Planning and Development Committee, Airport Consultative Committee and Runway Extension Task Force. Ms. Stoneman also served as Board Chair from January 1, 2009 to December 31, 2011 and assisted with the recruitment process for the new CEO.

VAA thanks Mr. Watson and Ms. Stoneman for their leadership, wise counsel and many contributions while on the Board of Directors. They will be missed.

VAA is currently working with the Provincial Board Resourcing and Development Office to identify Ms. Stoneman's replacement on the Board. We expect the new Provincial Nominee to be named before July 1, 2012.

4. PRESENTATION OF THE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010

Randy Bogle, VAA Chief Financial Officer (CFO), presented the 2011 Financial Report and went through the Financial Statements for the year ended December 31, 2011.

The VAA 2011 Annual Report was distributed at this meeting. Copies of the Annual Report are available upon request and can also be accessed on the VAA website:

<http://www.victoriaairport.com/pdfs/VAA%20Annual%20Report%202011%20FINAL.pdf>

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 can be found on page 38 of the Annual Report.

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

The financial statements demonstrate that the VAA is in good financial shape, with a strong balance sheet and relatively low debt.

The CFO referenced the Statement of Operations, as reported on page 40 of the Annual Report.

Revenue

Landing fees saw a 3% increase over 2010, coming in at \$2.9 million for the year.

General terminal charges increased by \$121,000 to \$2.4 million.

Concession revenues were down slightly from 2010 at \$6.9 million. After the introduction of the Harmonized Sales Tax, VAA elected to not increase its parking fees and thus absorbed the 7% HST increase.

Rental revenue increased by \$69,000 to \$2.6 million.

Other revenue increased by \$462,000 to \$859,000.

AIF revenue decreased by \$67,000 to \$7.4 million. This is a direct result of the decrease in passengers from 2010 - 2011.

Total Revenue for 2011 was \$23.2 million, a \$638,000 increase over 2010.

Expenses

Salaries and employee benefits totaled \$3.9 million.

Services, Supplies and Administration expenses increased by \$113,000 to \$5.4 million.

Rent paid to Transport Canada for 2011 increased by \$15,000 to \$697,000.

Property taxes for 2011 increased by \$40,000 to just over \$1 million.

AIF administration and handling fees, which are the fees paid to the airlines to collect the AIF, were essentially unchanged at \$532,000.

Amortization expenses increased by \$277,000 to \$4.4 million.

Utilities expenses increased by \$42,000 to \$585,000 as a result of increased rates.

Interest expense decreased by almost \$75,000 to \$424,000 as the VAA's long-term debt was reduced to \$9.4 million.

Total expenses for the year were \$17.1 million, an increase of \$600,000.

In summary:

Total revenue increased by 2.8% to \$23.2 million.

Expenses excluding amortization increased by 2.6% to \$12.7 million, leaving an excess of revenue over expenses or cash generated of \$10.5 million. This cash is available to fund capital improvements and contributions, as well as repay our long-term debt in the amount of \$1.8 million per year.

Amortization was \$4.4 million.

The final contribution to the McTavish Road interchange was \$2 million.

During 2011, the VAA invested \$9.8 million in capital improvements to the airport and the airport lands. Since transfer, the total capital investment is in excess of \$95 million. A portion of these capital improvements are funded through the AIF. At \$10, Victoria's AIF is among the lowest in Canada. The low AIF coupled with some of the lowest landing and terminal fees in Canada help make Victoria very competitive and assists in attracting new air services.

In conclusion, VAA is pleased to report that it is in good financial shape. Our strong balance sheet and relatively low debt allow us to weather any ups and downs in the current economy.

REPORT FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Geoff Dickson, President and Chief Executive Officer of the Victoria Airport Authority, shared some highlights from Year 2011 and included some of the plans for Year 2012. A PowerPoint presentation accompanied the CEO's report (*posted to the VAA public website*).

The CEO first wished to acknowledge the VAA team. They are an amazing group of professionals dedicated to making the airport a better place. The CEO also wished to recognize retired VAA President and CEO, Richard Paquette, for his past contributions and assistance with the transition.

Air Services

The CEO presented a slide highlighting the routes currently served by YYJ. Of the estimated two million passengers flying out of Victoria, approximately 1.5 million are destined for major hubs like Seattle, Calgary and Vancouver.

VAA worked with Air Canada to introduce same-plane service from Victoria to Ottawa via Toronto, which makes Victoria the final capital-to-capital link in the Air Canada network.

In November 2011, WestJet launched new seasonal service to Phoenix, Arizona. Initial load factors were estimated at 70%, which was a good start for the new route. VAA hopes to see this new air service continue to grow.

Passenger Traffic

In the early 2000s, YYJ experienced growth in passenger traffic of approximately 5% each year. With the economic downturn around 2007, there was a slight decline in passenger numbers. Over the past six months traffic has once again started to return to previous levels, with growth anticipated to continue through 2012.

Capital Program

Significant investments have been made in VAA's capital program:

- **Willingdon Road Realignment** – in order to improve transportation access around the airport lands and allow for future parking expansion, Willingdon

Road was relocated to the south and a roundabout was installed to improve safety for vehicles exiting the terminal. By undertaking this work in the current market conditions, VAA was successful in saving approximately 15 to 20% on the overall costs.

- **Improved Public Transportation** – VAA worked with BC Transit to nearly triple the frequency to and from the McTavish Transit Exchange, at no cost to the airport. Service increased from 10 to 28 trips daily in each direction, which essentially translates into half-hour service.
- **Intersection Improvements at Mills Road / McDonald Park Road** – in order to accommodate the increased commercial traffic from the Mills Road Business Park, VAA invested \$300,000 to install dedicated turning lanes and make improvements to the intersection at Mills Road and McDonald Park Road.
- **McTavish Road Interchange** – in June 2011, the Province of BC completed construction of the McTavish Road interchange. VAA contributed \$3 million toward the project. The intersection will improve safety and accessibility to and from the airport, and ease traffic flow to and from the ferries.
- **Rehabilitate Airfield Pavements** – VAA conducts regular pavement condition surveys to ensure its runways are well maintained. Safe runways are the most important element of running an airport. In 2011, over \$1.4 million was invested to keep the runways in peak operating condition.
- **Runway 27 High Intensity Lights** – Transport Canada mandated the replacement of the aging High Intensity Approach Lighting system (HIAL) with a new Short Simplified Approach Lighting with Runway system (SSALR). The new system provides enhanced visual guidance to pilots under inclement weather conditions. VAA worked with the community to minimize the impact of light pollution.
- **Safety Equipment** – while VAA hopes never to need the equipment, a new state-of-the-art fire truck was purchased in 2011. The new fire truck has fuselage piercing capability that delivers foam and water in the event of an aircraft emergency. An additional new fire vehicle will be arriving later in 2012.
- **Flight Information Display System** – in 2012, the ten year old Flight Information Display System will be replaced. The new system will provide accurate, automated flight information and visual paging to give customers the information they need in a timely manner.

- **Improvements to International Arrivals Area** – improvements have been made to the international arrivals area to increase space, reduce congestion and improve flow.
- **Terminal Development** – starting in the fall of 2012, the terminal will undergo a number of renovations to improve circulation, security and concessions.

The pre-board screening area will be reconfigured, and additional screening lines will be added to reduce congestion.

The food and retail selections post-security will be expanded to provide the traveling public with additional options. VAA will be introducing local food and beverage offerings that are a true expression of Victoria.

Investments will be made to the upper passenger departure lounge to ensure the experience is commensurate with the lower lounge.

The elevators, escalators and stairs will be centralized to be more intuitive and improve passenger flow.

Construction on the project will commence in the fall of 2012. VAA will keep the public informed as the project progresses.

Environment

VAA has pioneered a number of exciting and innovative environmental initiatives including a rainwater management program, ongoing farming operations and management of live fish streams.

In 2011, VAA expanded its recycling program to include pre-consumer food waste such as coffee grounds. Paper towel composting has been added, and a glycol recovery program has been implemented. Discharged de-icing product is now recaptured and recycled.

New satellite-driven irrigation controllers have been installed outside of the terminal building. This leading edge technology will reduce water consumption as watering will be based on the weather rather than on a timer.

VAA is continually looking at ways to improve its environmental programs and conserve resources where possible.

Land Development

The CEO presented a slide that outlined the designated areas and permitted uses of the airport lands including general aviation, airport reserve, light industrial and commercial developments.

- **Willingdon Road Business Park** – VAA plans to construct a new 43-acre campus style business park along Willingdon Road. VAA is working with Transport Canada to ensure all environmental, archaeological and engineering requirements are met.
- **New 443 Maritime Helicopter Squadron** – the Department of National Defence is building a new hangar to house its new fleet of Cyclone helicopters. At 212,000 ft², the hangar will be larger than the airport terminal building itself. Construction is expected to be complete in 2014.
- **Thrifty Foods / Sobeys Retail Support Centre** – Thrifty Foods wanted to build a new retail support centre in close proximity to the ferries and airport. Construction of a new 150,000 ft² warehouse distribution centre is currently underway and is expected to be operational later this year.

Land Tenants

VAA is proud to have over 60 land tenants that provide significant economic benefits to the region. Companies like Viking Air, Slegg Lumber and Scott Plastics continue to thrive and provide numerous employment opportunities for the community.

Community Relations

- **Charitable Donations** – VAA understands the importance of giving back to the community. In 2011, over \$55,000 was donated to charitable organizations including Ronald McDonald House, Sidney Lions Food Bank, United Way, Peninsula Streams, Jeneece Place and the Horticultural Centre of the Pacific. VAA continues to be a good community partner.
- **Multi-Use Bike and Walking Path** – one of the VAA's biggest and most exciting community initiatives is the construction of a 9.3 km path that will eventually encircle the airport. In 2009, VAA completed the first phase of the path along Mills Road. Phase II is currently under construction and will see the Mills Road portion connected to East Saanich Road via Willingdon Road. Phase III will link the remainder of the path back to Mills Road and is expected to be complete by summer 2013. This project has been fully funded by VAA for the benefit of the community.

New Air Service

VAA continues to engage in discussions with its airline partners in order to introduce new air service to Victoria.

Potential new markets within Canada include Prince George, Winnipeg and Halifax, with same-plane service to Regina and Saskatoon.

Once US Customs issues can be resolved, Palm Springs may be a new sunspot destination.

Los Angeles is the number one market not currently served from YYJ. VAA is working closely with WestJet to present market opportunities to them. VAA is optimistic that Los Angeles service will soon become a reality.

Denver is a major hub for United Airlines and would provide access to the east coast. The current United Express flight to San Francisco has proven to be very successful, keeping Victoria's vibrant technology sector connected.

YYJ expects to add new seasonal charter service to Los Cabos.

Times Colonist

When the weather turns cold, people get the urge to visit warmer climates. VAA has partnered with the Times Colonist to promote its non-stop sun destinations on the weather page for the information of the traveling public.

WestJet

WestJet recently announced they will be introducing new Q400 aircraft to their fleet which may present new regional opportunities for Victoria. VAA continues to engage in discussions with WestJet to explore new route destinations.

Extension of Main Runway

The CEO presented a slide showing Victoria's existing runway. At 7,000 feet, Victoria has one of the shortest runways of all Canadian provincial capitals. A 10,000 ft. runway would be the optimal length; however as Victoria International Airport is land constrained, other options must be explored.

Extending the runway 800 feet to the east and 600 feet to the west would allow non-stop flights to Europe, which would in turn provide new economic opportunities for the region.

VAA is working with Boeing regarding the performance capabilities of their aircraft in order to better understand what runway length is actually needed.

VAA has conducted research into both the Asian and European markets. With the current economic climate, airlines are focusing on larger markets such as Vancouver and Toronto. Victoria is not a priority market for Asia in the foreseeable future.

The total cost of the project is estimated at \$32.1 million. VAA's annual capital envelope is approximately \$10 million, and as such completing the runway extension would be beyond its financial means. Despite competing with numerous other governmental priorities, VAA continues to explore a three-way funding partnership with the Provincial and Federal governments.

CNNGo

In a 2011 travel poll, CNNGo asked people around the world to rank the 10 Most Loved Airports In the World. VAA is pleased to advise that Victoria International Airport placed number eight on that list.

As the only Canadian airport to be named, VAA is extremely proud of the airport staff that continually goes above and beyond the call of duty. Victoria International Airport conveys a sense of ease, efficiency and a sense of caring not experienced at other airports

Fatal Motor Vehicle Accident involving Yellow Cabs

On July 29, 2011, a tragic motor vehicle accident claimed the life of Yellow Cab driver Ramesh Sharma and injured seven others. This was a very sad day that will forever remain in the memories of the airport family. Mr. Sharma was a dedicated husband, father and friend to many. His presence is a loss to all who knew him. VAA is working with the Sharma family to install a permanent memorial in his memory.

GENERAL QUESTION PERIOD

Comment / Question: A member of the public thanked the CEO for his hard work and informative presentation. VAA has been a good community partner. Living close to the airport in Sidney she was pleased to see BC Transit provide improved bus service on the #83 and #88 routes. However there are still long waits in between trips. Would it be possible to add more frequency on these two routes?

The CEO advised that this decision is ultimately up to BC Transit; however he would be pleased to share her comments with them.

Comment / Question: A member of the public stated that he found this meeting to be very informative. From the financials, it appears the best way of increasing short-term revenue is through land rentals and developing business opportunities around the airport. Also, Viking Air does much of their assembly work at their Calgary plant. Could VAA encourage Viking to do the assembly work in Victoria to create more local jobs?

With respect to rental income, VAA generated nearly \$3 million in land rentals. This amount is expected to increase significantly in the future, but any commercial expansion needs to be done intelligently. VAA would prefer to see new green developments with a campus-style feel.

When the new DND hangar is complete, the old hangar will revert back to the VAA and will provide new commercial opportunities at the airport.

With respect to Viking Air, they have likely conducted an analysis of their operations to determine what makes the most financial sense for them.

Comment / Question: A member of the public recently attended a Sidney Breakfast Club meeting. In order to attract workers to the area, a group of Sidney business owners would like to see more affordable housing options and better transportation infrastructure in the area. Can the airport assist with this initiative?

The CEO was involved in facilitating the initial meetings with the Sidney industrial business owners, BC Transit, the Town of Sidney and the District of North Saanich. VAA is aware of the challenges of work force housing and viable transportation alternative, and we have committed to assist wherever possible. The Transit team is currently doing the market research necessary to establish dedicated bus service for shift workers.

Comment / Question: Haji Charania, former VAA Board member, advised that public transit has been an ongoing issue for the airport. He is pleased to see that BC Transit is finally recognizing Victoria International Airport as a main transit stop. With the 28 daily frequencies in each direction, has Transit been able to quantify the ridership? If the service is not used, they will likely take it away.

Ridership from Victoria International has been fairly low so far -- approximately five passengers per trip. A business case must be made in order to justify the continuation of the service.

Comment / Question: A member of the public commented on an incident back in 2005 where an Air France jet overshot the runway at Toronto Pearson International Airport. Has VAA factored a safety allowance into their runway extension design?

The issue of Runway End Safety Areas (RESA) is the topic of much discussion at airports around the world. Current standards call for a 60m (200 ft) allowance on each end to reduce the risk to aircraft in the event of an undershoot or overshoot. However Transport Canada is seeking to extend the area to 150m (500 ft) on each end. This move has been met with resistance as many airports don't have the land needed to expand. This being said, VAA has factored a RESA into its design.

Comment: A member of the public complimented VAA on its wonderful airport. However accessing the airport from the Pat Bay Highway and using the new McTavish interchange has had its challenges. The current signs refer to the exit as "YYJ". He would like to see dedicated signage for "Victoria International Airport".

VAA continues to work with the BC Ministry of Transportation to improve signage to the airport. VAA has already requested dedicated airport signage and will pass along the gentleman's comments with respect to the wording.

There were no further comments or questions.

CONCLUDING REMARKS

Both the CEO and the Board Chair thanked the members of the public for their support and attendance. The Annual Public General Meeting is a good opportunity for the airport to keep the citizens of Victoria informed about its progress.

ADJOURNMENT

This concluded the Victoria Airport Authority Annual Public General Meeting at which time the Financial Statements and 2011 Annual Report were presented.