



Victoria Airport Authority

**Annual Public General Meeting
Summary of Proceedings**

7:00 – 8:50 pm, Thursday, May 12, 2011

**Held at the Mary Winspear Centre
2243 Beacon Avenue, Sidney, BC**

ATTENDANCE

VAA Board Members:

Chair: Christine Stoneman.

Peter Bray, Bob Coulter, Glen Crawford, Jim Crowley, Bruce Knott, Mel Rinald, Chad Rintoul, Graeme Roberts, Mel Satok, Colin Smith and Matthew Watson. Lindalee Brougham sent regrets.

VAA Management and Staff:

Geoff Dickson (President and Chief Executive Officer)

Randy Bogle (Chief Financial Officer)

James Bogusz, Scott Cunningham, Ian West, Rick Robertson, Terry Stewart, Anita Kardos and Melinda Orłowski.

Recording Secretary: Paul Connolly.

Total Attendance: 70

1. CALL TO ORDER

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

2. WELCOME TO ATTENDEES

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

Christine Stoneman also recognized local Municipal elected representatives and other officials to the Annual Public General Meeting of the VAA including:

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

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

- Transport Canada:
 - Signe Clouthier – sent regrets

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

3. REPORT FROM THE VAA BOARD CHAIR

New VAA President and CEO

There have been a couple of major changes since VAA's last Annual Public General Meeting.

The Board of Directors of the Victoria Airport Authority, VAA staff and friends of Richard Paquette said a heartfelt goodbye to Richard Paquette in early January 2011. Richard Paquette decided to retire from the VAA after 12 years as the VAA President and Chief Executive Officer. He earned the respect of the Board, the community and the aviation industry.

The Board began the search for a new President and Chief Executive Officer in summer 2010. As it turned out there were a number of strong candidates who applied.

At this Annual Public General Meeting, on behalf of the Board of Directors, Christine Stoneman welcomed the successful candidate for the position of President and Chief Executive Officer, Geoff Dickson, to this, his first VAA Annual Public General Meeting. Geoff Dickson became President and Chief Executive Officer of the Victoria Airport Authority in January 2011. As President and CEO he is responsible for the strategic planning, operations and financial performance of Victoria International Airport.

Geoff Dickson has over twenty five years experience in the airline and marine transportation industries with a background in marketing, business development, operations, customer service and finance, and is a graduate of the University of British Columbia Sauder School of Business.

Geoff Dickson is carrying on the traditions of VAA's commitment to customer service, as well as financial and environmental sustainability of Victoria International Airport.

VAA Board of Directors

There are 13 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 2011:

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

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

Christine Stoneman stated that her eight year term on the VAA Board of Directors will soon end; as such Year 2011 is her last year as VAA Board Chair.

McTavish Interchange

Construction of the McTavish Interchange on the Pat Bay Highway is virtually complete. The BC Ministry of Transportation and Infrastructure is in the process of completing the final piece of the Interchange which is the southbound entrance to the Highway from the Airport. It is expected to be completed by July 2011.

The BC Ministry of Transportation and Infrastructure has heard feedback from the public about the new McTavish Interchange, some of it humorous. The Board Chair quoted from a Jack Knox Times Colonist newspaper article in which he took a humorous approach to transportation in Victoria. In his article Jack Knox described the new Interchange this way: "The spanking new McTavish interchange proves to be a carnival ride that spins drivers dizzy before spitting them out like a bad relationship."

Although there is a learning curve for the public to the use of roundabouts, the Interchange will improve road safety and efficiency not only for visitors to the Region but our surrounding communities, the District of North Saanich and the Town of Sidney. Staff who work at the Airport stated they appreciate not having stop lights; they find it not only safer but more time efficient. It is also a benefit to the environment, as vehicles are not idling at stop lights. Once the Interchange is fully operational by summer 2011 traffic should move more smoothly through the system of roundabouts at the Interchange.

Diagrams showing routing to / from the Airport and surrounding roads, as well as videos about roundabouts can be accessed through VAA's website.

The VAA is also pleased the McTavish Interchange includes a separate bicycle / pedestrian overpass for safer access to / from the Airport; it connects directly into the bicycle trail on Lochside Drive.

Runway Extension Project

The Board Chair stated the public and business communities have directly expressed their wish for an extended runway at Victoria International Airport. The runway extension project is the number one priority of the VAA Board.

The VAA has completed the runway extension design. All it takes is a funding partnership commitment from the Province of British Columbia and the Government of Canada. The VAA Board of Directors will continue to work with the public and business communities to encourage the two senior levels of government to be funding partners, so the runway extension can proceed.

Now that new British Columbia Premier, Christy Clark, has appointed her new cabinet, VAA contacted the new BC Minister of Transportation and Infrastructure, Blair Lekstrom, to discuss the runway extension project. The Board Chair, and VAA President and CEO will be meeting with Minister Lekstrom May 17, 2011 at the BC Legislature.

Once funding is in place VAA can then put the shovel in the ground and begin the journey to non-stop service to places like Europe. VAA continues to market the opportunities to air carriers. Accessible and efficient transportation are critical to the success of tourism, job creation and businesses including the high technology industry as well as providing tax revenue for governments. Victoria International Airport is vitally important to the Region's and Province's economic future.

Totem Dedication

VAA held a Dedication of three Coast Salish Totem Poles May 5, 2011. They were created by Coast Salish Master Carver Charles Elliott.

The Board Chair thanked the participation of First Nations, the local Municipalities and the community for coming out to support this special public event. One of the Totems is a traditional Salish Welcome Figure which greets visitors each time they arrive at Victoria International Airport.

These creations complement other commissioned artworks at the Airport including other works by Charles Elliott in the terminal building's third floor Eagles Landing Observation Lounge and on the main floor in the area of the baggage carousels.

The Community and VAA Team

Christine Stoneman stated the Board is proud of the leadership and staff at the VAA and thanked them for their contribution. Some photos of staff and community events are in the 2010 Annual Report which was distributed at this meeting.

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

Randy Bogle, VAA Chief Financial Officer (CFO), presented the 2010 Financial Report and went through the Financial Statements for the year ended December 31, 2010 – the VAA 2010 Annual Report was distributed at this meeting; it is also available upon request and is posted to the VAA website www.victoriaairport.com

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

The VAA was incorporated April 1, 1997 as a not-for-profit corporation with a 60 year lease with Transport Canada with an option for 20 more years. All profits generated by the Authority are reinvested in the development of the Airport and the Airport Lands.

As the Financial Statements show, the VAA is in good shape financially, with comparatively low debt and strong working capital.

Statement of Operations

Revenue

- Landing fees were essentially the same as 2010 coming in at \$2.8M (Million) for the year
- Terminal charges increased by \$49K (Thousand) to \$2.35M
- Concession revenue decreased by \$199K to just under \$7M. The main reason for the reduction in revenue was the introduction of the HST (Harmonized Sales Tax). The VAA's parking fees include tax; when the HST was introduced the VAA elected to not increase its parking fees and thus absorbed the 7% HST tax increase.
- Rental revenue increased by \$67K to \$2.5M
- Other revenue increased by \$41K to \$397K
- AIF (Airport Improvement Fee) revenue decreased by \$98K to \$7.4K. This is a direct result of the (1.2%) decrease in passengers from 2009 – 2010.
- Total Revenue for 2010 was \$22.6M a \$130K decrease over 2009

Expenses

- Salaries & Employee Benefits totaled \$3.7M
- Services, Supplies and Administration Expenses increased by 9% to \$5.4M primarily as a result of increased cost for security, administration, supplies and costs associated with operating VAA's new Fire Hall / Maintenance Facility (Airside Operations Centre)

- Rent expense for 2010 was \$682K. It should be noted that the 2009 rent expense of \$927K was the rent for accounting purposes; the actual cash rent for 2009 was \$670K.
- Property taxes for 2010 were \$967K, a 6% increase over 2009
- AIF administration and handling fees which are the fees paid to the airlines to collect the AIF were \$532K in 2010
- Amortization expense increased by \$438K to \$4.1K primarily as a result of amortization taken on the now completed Airside Operations Centre.
- Utilities expense increased by \$32K to \$542K as a result of increased rates
- Interest expense decreased by \$73K to \$499K as VAA's long-term debt declined to \$11.25M
- Total expenses for the year were \$16.4M an increase of 3.88%

Summary Revenue and Expense

- Total revenue for the year was \$22.6M
- Total expenses were \$16.5M
- Excess of revenue over expenses from operations was \$6.1M
- This is further reduced by the payment of the \$1 million first installment of VAA's commitment toward the construction of the Pat Bay Highway / McTavish Road Interchange. The final \$2 million of VAA's commitment will be paid in 2011 when the Interchange is scheduled to be completed.
- During 2010 there was a \$59K unrealized gain on a derivative instrument. This relates to the change in the market value of VAA's interest rate swap agreement that VAA has with CIBC.
- The Excess of Revenue over Expenses, or Net Income for 2010 is \$5.2M. This amount is added to Net Assets bringing the total Net Assets at year end 2010 to just over \$58M.

CFO's Concluding Remarks

VAA is in good shape financially. VAA has a strong balance sheet, with healthy working capital and total assets of just under \$73M. VAA's long term debt at \$11.25M is comparatively low and it continues to be repaid at \$1.8M per year

5. REPORT FROM THE PRESIDENT AND CEO

Geoff Dickson, Victoria Airport Authority new President and Chief Executive Officer (CEO), stated he was honoured to have been given the opportunity to lead the Victoria Airport Authority. He followed the devolution of airports by the Federal Government in the 1990's, understanding the purpose was to make Canadian airports better and to make each a vital part of their respective community and a stronger financial business structure. The CEO stated he believes the community sees the Victoria Airport Authority is a model in this regard. The new CEO's challenge is to take Victoria International Airport to the next level.

Geoff Dickson highlighted some of the accomplishments for Year 2010 and then the focus for Year 2011.

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

Passenger Traffic

The CEO stated one of the most vital statistics is the number of passengers travelling through the airport. It is the key to revenue generation as well as future customer services and expansion plans for the terminal building and other facilities.

YYJ (Victoria International Airport) experienced relatively steady growth through to 2008. Then a number of events occurred which impacted growth, including a recession, exchange rates, as well as passport requirements. In 2010 there was a (1.2%) decline in passenger traffic over 2009. Domestic traffic was flat, US (Transborder) was down but offset by continued growth in air charter service (International). The CEO continues to monitor the trends.

Air Service

In today's world connectivity is the key to economic prosperity. The public and businesses have told the VAA their preference is for non-stop service; rather than connecting through another airport. YYJ presently has non-stop service east to Canadian destinations including Toronto, Calgary, Edmonton, Vancouver, Kelowna and Abbotsford; north to Vancouver Island destinations including Nanaimo and Comox. There is also non-stop air service geared up and down the West Coast such as to San Francisco which is a particularly good fit with the high tech sector and Seattle. There are seasonal flights to Las Vegas, Honolulu, Puerto Vallarta and Cancun.

Generating Revenue

The CEO noted the CFO's report and how VAA generates revenue which is then reinvested back into the Airport. VAA has a diverse source of revenue not just AIF (Airport Improvement Fee) and other aviation related fees. Land rental revenues have grown by approximately 60% and concession revenue by approximately 35% over the past five years. Finding new sources of revenue is key to keeping VAA's AIF one of the lowest in Canada.

Customer Service

The community has told the VAA one area that sets Victoria Airport apart is the friendliness seen throughout the terminal building facilities. This was recognized by Airport Revenue News as YYJ was the 2010 winner of the North American Airport with the Best Customer Service in the Small Airport Category. The award is not because of a single act by a specific company or person, but recognition of all the people at YYJ providing courteous service to passengers and customers every day.

VAA also participates in Customer Satisfaction and Benchmarking Surveys throughout the year. The 2010 results reflect well on YYJ which placed exceptionally well in courtesy, efficiency and helpfulness of airlines check-in staff, security staff, Commissionaires, Canada Border Services Agency, Red Coat Volunteers, Concessionaires and other Airport staff. In a most recent survey that measured 154 airports in 50 countries, YYJ came 18th overall which is a tremendous accomplishment.

There was significant public feedback to VAA in surveys with respect to internet access. VAA was pleased to introduce in December 2010 free WiFi in the terminal building.

Environment

Part of the guiding principles as an organization for the VAA is to lead the way in environmental management. Some examples are the continued expansion of rainwater management capturing rainwater runoff in native gardens which is visible in the public parking lots, the installation of solar hot water system for the terminal building, and in partnership with BC Hydro high efficiency lighting within the terminal building. Efficient lighting saved approximately 750,000 kwh or the total energy savings equivalent of powering 68 homes a year. VAA also incorporated geothermal heating and cooling in the new Airside Operations Centre (Fire Hall / Maintenance Garage).

Our Community

In 2010, VAA joined with Camosun College Fine Furniture Department in a partnership of learning and skills development to create five more new tables for the public areas of the terminal building.

Adding to the VAA's Mills Road bike / walking path completed in 2009, In 2010, with the assistance of the local District of North Saanich Heritage Committee, VAA re-created the historic 1939 airport gates which are on the site of the original entry to the Patricia Bay Royal Canadian Air Force Operations Training Facility. Benches and tables are placed on the site affording a spectacular view of the surrounding landscape and Pat Bay.

VAA contributes to a variety of charities and participates in various sponsorships and initiatives each year. Donations in 2010 amounted to \$52,500 including the United Way, Saanich Peninsula Hospital Foundation, and Boys and Girls Clubs. While VAA cannot say yes to all; VAA does recognize the importance in being a strong community partner.

Looking to Year 2011

VAA continually endeavours to enhance its customers' experiences. VAA's 2011 Capital Plan is valued at \$12.7 million.

Improved Access to / from the Airport

VAA (\$3M) partnered with the Province of British Columbia (\$10.5M) and the Government of Canada (\$10.5M) to undertake the construction of the McTavish Interchange on the Pat Bay Highway 17. Construction started in November 2009 and is scheduled for completion in summer 2011. The purpose of the new interchange is to improve road safety and access to the airport and transportation efficiency for local residents, visitors and motorists travelling along Highway 17. One of the safety features of the Interchange is a separate pedestrian / bicycle overpass connecting to the Lochside Trail. Part of the Interchange is open which has already resulted in the decrease in the number of accidents.

The next access improvement to / from the Airport is the realignment of Willingdon Road (which runs from the roundabout at East Saanich Road to West Saanich Road). The realignment will improve intersection concerns on the Exit Road leading from the terminal building while at the same time creating more physical space for airport land development. VAA will also be adding a pedestrian / bicycle path to the portion of Willingdon Road being realigned. In the longer term the goal is to extend the bicycle path all the way around the Airport lands. Within the realignment project VAA will

be adding a cell phone parking lot with 10 spaces. This type of facility is meant to increase safety by constructing a holding area for those drivers who would otherwise constantly circle while waiting to pick up passengers.

In surveys Victoria International Airport scored poorly on public transit service to / from the Airport. Presently there are 10 trips a day; however, starting mid-summer, when the McTavish Interchange is complete BC Transit created a schedule such that they will operate 28 trips a day connecting to the McTavish Interchange BC Transit Bus Exchange.

With the construction of new development and an increase in truck traffic on the north / east side of the airport lands VAA worked with the local municipalities to plan improvements to the McDonald Park / Mills Road Intersection to accommodate this type of activity. Tender closes May 24; construction on the widening and re-laning of the Intersection starts June; completion scheduled for September 2011. VAA will be paying 100% of the cost for the improvements to the Intersection.

Terminal Building

VAA's next area of focus will be the flow of passengers within the terminal building. The first step is to reduce the congestion at preboard security screening. The second step is to improve the amenities airside both lower and upper holdrooms, and step three to reduce congestion within the area of Customs and Immigration by additional queue lines for both the primary and secondary screening. These projects will be implemented over the next 18 months.

The 10-year-old Flight Information Display System (FIDS) in the terminal building will be updated with current technology which permits instantaneous information from air carriers and a better interface with the Public Address system to give visual paging for the hearing impaired.

Airfield

Airfields are vital to any airport and the key to smooth air service operations. Without an efficient airfield system nothing else really matters. Passengers rarely are aware of the behind-the-scenes activities related to runway conditions, wildlife management and emergency preparedness; all to keep aircraft landing and taking off safely.

Runways and taxiways are the backbone of a successful airport operation. As a result of wear and tear, rehabilitative paving is undertaken. VAA will be repaving identified areas of taxiways and runways requiring rehabilitation in 2011 at a cost of \$1.4 million. These types of programs are ongoing each year.

The airfield lighting system on Runway 27 installed in the 1970's has been rendered obsolete by regulation and is also at the end of its life-cycle. In order to install a full length system of 13 groups of lights, three of the lights will be located in the Town of Sidney. A full consultation process took place with the local community prior to work being undertaken. To help reduce the visual impact to the neighbourhood the lights will be positioned on top of 30 foot green poles and the lights themselves will be provided with shielding to minimize the downward component of the light. The lights in Sidney are flashing lights and typically only operated during inclement weather or at pilot request.

Big investments in safety equipment are necessary to ensure safe operations. To comply with current regulation a new Rosenbauer fire truck costing \$800K with a high-reach extendable turret with fuselage piercing capabilities was recently delivered to VAA. It replaces an older model 1994 fire truck.

To ensure VAA can safely deal with all season conditions including any snow event on airside VAA has purchased additional runway surface maintenance equipment including a tow-behind high speed runway sweeper and a new truck to pull the sweeper.

Land Development

VAA has over 60 tenants on airport lands including world class companies like Viking Air, Scott Plastics, Vancouver Island Helicopters and a new Sobeys (Thrifty Foods) 150K square foot Leed Certified Distribution Centre scheduled to start construction in 2011 . Land tenants are a revenue growth area for the VAA.

DND 443 Maritime Helicopter Squadron is constructing a new 212K square foot hangar facility to house nine new Cyclone helicopters. Construction is expected to be completed in 2014.

Air Service Development

VAA is working on marketing air service improvements including year-round twice daily non-stop service to Toronto. Air Canada currently offers one flight a day, year-round to Toronto. Summer 2011 Air Canada will be offering three daily flights to Toronto. WestJet will offer twice daily service to Toronto during the summer; they do not currently offer year-round service to Toronto.

Air Canada has posted on their website one daily one-stop arrival from Ottawa through Toronto; however, because of aircraft type, they were unable to post a one stop flight going east to Ottawa through Toronto. Once a market to Ottawa is established the hope is to de-link it from the Toronto connection.

Los Angeles is another underserved destination to market for non-stop service out of YYJ. US sunspots like Palm Springs and Phoenix present opportunities to pursue. Palm Springs, however, does not have Custom facilities and YYJ is not large enough, in terms of the number of passengers, to qualify for preclearance facilities. YYJ requires at a minimum 300K passengers to apply for preclearance facilities; YYJ presently has approximately 150K passengers travelling to the US.

Building on the success of the Mexico air service program out of YYJ noted earlier in this meeting, Cabo San Lucas is another market opportunity to pursue.

YYJ faces a constraint with respect to its main runway length of 7000 feet. In order to access the European market VAA would need to accommodate an aircraft such as a Boeing 767-300 ER; this requires, at a minimum, an 8450 foot runway. Detailed design of the runway extension is complete; however, the resultant Regional economic benefits are such VAA needs partnership funding with government(s). There has been a precedent set recently with the two senior levels of government in partnership with Authorities in Atlantic Canada and Quebec City to construct runway improvements and extensions. The CEO stated he has heard the argument, "build it and they will come," he added, "If we do not build it, they will never come." As for Europe, it would be a challenge for the scheduled carriers to service the YYJ / Europe service initially; it will likely be serviced by charter carriers.

Totem Dedication

The VAA CEO stated the three totems carved by Charles Elliott, as noted in the Report from the Board Chair above, are stunning works of art. The colour and placement of the totems are welcoming to travelers as they exit the terminal building.

Concluding Remarks

Geoff Dickson concluded his remarks with an excerpt from a letter from a traveler that truly summarizes what Victoria Airport is all about – the vision to be the best airport anywhere regardless of size. One of the Preboard Screening Security Officers assisted a woman who was on her way to catch

a flight from Victoria to Ontario to see her dying Mother. It was a rushed and emotional day for the woman; as it turned out she forgot her wallet at home containing her cash, credit cards and driver's license (she did have her passport for identification). Without any of these items she would have missed her flight and been stranded at her destination in Ontario without any cash or credit. The Victoria Airport Security Officer took her by the arm and walked her over to the ATM machine where he proceeded to take \$100 cash out of his own account. He then led her to the boarding gate so she could get on the plane. As it turned out, she made it to the hospital and managed to have just over an hour before her Mother died. This story says a lot about the character of people working at Victoria International Airport.

6. PUBLIC QUESTIONS / COMMENTS

- GA (General Aviation) has a long history at the Airport and is the backbone of the airport; it should be recognized as such by the VAA. An opinion was expressed that there should be more opportunity for aviation related businesses such as aircraft manufacturing and hangars for aircraft and less non-aviation related businesses such as the warehouses on the north east side of YYJ lands. Non aviation businesses cause less affordable alternatives for GA operators at YYJ. He pointed to Langley Airport as a business success when it comes to GA.

During the Report from the CEO, Geoff Dickson showed a graph outlining land uses at the airport including areas for General Aviation, aviation reserve, as well as commercial and light industrial areas. Most of the airport lands are categorized as aviation use.

VAA is very proud to support many of its aviation tenants including Viking Air which in 2007 officially launched its new production program to build the Series 400 Twin Otter at YYJ. Viking also provides support for the worldwide fleet of de Havilland heritage line of aircraft (DHC-1 through DHC-7). VIH (Vancouver Island Helicopters) is also located at YYJ. VIH Aviation Group is a Canadian asset holding company whose Head Office is located at Victoria International Airport. Viscount Aero Centre is also building new hangars at its facility. Island Pacific Flight Academy is located in the Viscount Aero Centre; they are a leader in Professional Pilot Training.

The Federal Government recently approved a new hangar development at YYJ for 443 Maritime Helicopter Squadron. It will house nine new Cyclone helicopters in the West Camp of the airport. The project is scheduled to be completed in 2014.

- What is the term of the major leases at YYJ?

The CEO stated the leases are generally 40 to 50 years.

- The fundamental purpose of an airport is to get passengers through the terminal as quickly as possible and on to their destinations at the lowest cost possible. The higher the AIF (Airport Improvement Fee) the more passengers will look to departing from US airports where taxes and fees are lower. VAA has done an exceptional job in maintaining a balance in its facilities and keeping the airport functional, as a result keeping its AIF one of the lowest in Canada.

American airports do enjoy a cost advantage as they are not subject to the same Federal Government rent charges and taxes that are applied to Canadian Airports. In 2010 VAA paid \$682,000 in rent to the Federal Government. There also higher taxes as a result of the implementation of the HST (for example HST on parking rates which VAA did not pass on to the travelling public in 2010).

- VAA is on the right track with non-stop service out of YYJ to places on the west coast such as San Francisco. Such connections make business travel between the two cities much more efficient (for example, connections between San Francisco's High Tech companies and businesses in Victoria).
- Thank you to the VAA for its report on the McTavish Interchange. Although the first time through the Interchange it appears to be confusing, familiarity with the system does it make it easier to use.

Once the permanent southbound route through the Interchange to the Pat Bay Highway 17 is complete in summer 2011; the roundabout system will be that much easier to navigate.

- Cyclists have suggested they do not feel safe using the Interchange.

The CEO stated the Interchange is not fully constructed; as such cyclists are temporarily using the roadway with vehicles. Once the Interchange is complete in summer 2011 the separate pedestrian / bicycle overpass will be open making it safer for cyclists who can then connect directly to the Lochside Bicycle Trail through the Interchange from Victoria International Airport.

- Thank you to the VAA and BC Transit for working together to improve public transit service to the airport. It is a good move in the right direction - increased frequency to the airport from the BC Transit Exchange at the McTavish Interchange from 10 to 28 trips a day in each direction starting in summer 2011 once the BC Transit Exchange at the McTavish Interchange is fully operational.

- BC Transit should be urged to accommodate luggage on their buses; otherwise it becomes an impediment to taking the bus to the airport.
- Is there a cost benefit analysis to demonstrate the need to construct a runway extension at YYJ? It doesn't appear to make economic sense to spend on a runway extension for a couple of flights a week, primarily for those who can afford to pay the higher fares out of YYJ, when it is easy enough to travel to YVR where there are competitive fares and flights to Europe. There is also the environmental impact to the local communities to consider.

Noise impacts of departures over the Town of Sidney could be less with the runway extension because a longer runway allows pilots to take off using less thrust and / or be higher up when over populated areas off the runway. Also, new generation aircraft have reduced noise impact. Noise impacts are still the same with landing because the current thresholds / landing points remain in place.

The Board Chair stated all projects at the Airport are undertaken with thorough analysis and review. Only when there is a demand from the community for the services such as non-stop service to Europe and projects are financially viable are they constructed.

Because the benefit of a runway extension is to the Region and Southern Vancouver Island, VAA is looking for a funding partnership with the two senior levels of government. Accessible transportation is critical to the success of job opportunities, tourism, high technology and other businesses on Vancouver Island. Airports are key to the Region's economic strategy, as it seeks to reach tourism revenue objectives, take its place as a world leader in high technology, and attract international visitors and investors.

The CEO stated, although no one can accurately predict the future, the world aviation market is anticipated to grow at a rate of approximately 2-3% per year over the next decade. Air carriers investing in additional aircraft indicate, from their perspective, an increase in the number passengers in the foreseeable future.

Charter flights would be the first service out of YYJ to Europe followed by scheduled flights within ten years.

- Is the length of the runway extension adequate enough to get a fully loaded aircraft that is destined to London England off the ground under adverse weather conditions?

The CEO stated the VAA did obtain information based on worst possible weather conditions from a major carrier's flight operations engineers, as well as other engineering consultants to ensure the runway length meets the requirements.

The Board Chair stated the Board conducts due diligence to confirm airport operations are safe.

- Are all members of the VAA Board of Directors present at this Annual Public General Meeting?

At the beginning of the meeting the Board Chair did introduce the twelve members of the Board in attendance at this meeting. The thirteenth member of the Board sent regrets as being unable to attend.

- How are members of the VAA Board of Directors appointed?

As noted in the 2010 Annual Report, Corporate Governance Guidelines, the VAA Board can comprise 15 members – 7 Nominees from the Municipalities, 1 from the CRD, 1 from the Province, 1 from the Greater Victoria Chamber of Commerce and 2 appointed by the Federal Government. Three can be appointed by the VAA Board; one of which is currently appointed.

The Board Chair explained the process for appointing nominees to the VAA Board of Directors. Each Nominator has its own search process in place. A nominator then submits a candidate's name for consideration and appointment by the VAA Board of Directors.

The VAA Board can also appoint up to three Board nominees. Having the option to appoint up to three Board nominees provides continuity and flexibility to the VAA Board of Directors. Each year the Board reviews the Board matrix. Should the overall experience of the Board at any time be considered insufficient to meet the listed disciplines in the matrix and as required by the VAA General Operating By-laws the Board retains the option of appointing up to three Board nominees to redress the necessary balance. At this time the VAA Board of Directors has one Board Nominee. The position was filled to provide the Board with the appropriate skills, experience and expertise to fulfil its fiduciary responsibilities at this time.

- Bruce Carter, President and CEO, Greater Victoria Chamber of Commerce, and a member of the Greater Victoria Development Agency (GVDA) Board thanked the local Municipalities, Town of Sidney and the District of North Saanich for hosting VAA's Annual Public General Meeting.

Bruce Carter stated the number one priority for the Greater Victoria Chamber of Commerce is the runway extension project at Victoria International Airport and promoting funding partnerships from governments. The VAA has successfully completed a major terminal expansion over the past years and is now setting the stage to attract additional international air service. YYJ provides connectivity essential to keeping companies competitive such as those in the high tech industry, and to realize the Region's economic potential. Others that benefit include the film industry, Victoria Conference Centre, hotels and the cruise ship industry.

- Have other airports attracted funding partnerships from Provincial and Federal Governments?

The VAA CEO stated in the past few months funding partnerships have been announced at major airports in Atlantic Canada and Quebec for runway extensions and airport infrastructure. The percentage of funding contribution varies. For example, in Gander and St. John's, Newfoundland and Labrador the amounts were equal between the three partners; whereas in Moncton, New Brunswick the Authority paid a greater proportion. This is good news to see the change in shift by governments towards funding partnerships for runway improvements and extensions.

- One person stated he was very impressed with the turnout at this VAA Annual Public General Meeting. He stated this is the place where good ideas are expressed and encourages more of these interactions.

The Board Chair stated the VAA Board and Staff are also pleased to have an opportunity to dialogue with the community, and to see a great turnout at this meeting. In addition, there are also a couple of other public meetings held twice a year; the Airport Consultative Committee meetings, one is usually held in the downtown area of Victoria and a second here in the local community. Notices are posted in the newspapers and on the VAA website to inform the public about the meeting dates.

There were no further comments or questions.

7. CONCLUDING REMARKS

The VAA Board Chair, Christine Stoneman, stated, as a frequent user of the Airport she has often heard compliments from the public about Victoria International Airport. The community has expressed to her and the Board how proud they are of their airport and of the positive changes over the years.

Christine Stoneman stated she appreciates the involvement of the local Municipalities and thanked the Mayors and Councillors for their attendance and interest in these meetings.

Christine Stoneman thanked everyone who came out to the meeting.

8. ADJOURNMENT

This concluded the Victoria Airport Authority Annual Public General Meeting at which time the VAA Financial Statements to December 31, 2010 and 2010 Annual Report were presented.