

**ANNUAL GENERAL MEETING OF
B.C. FERRY AUTHORITY**

**ANNUAL PUBLIC MEETING OF
BRITISH COLUMBIA FERRY SERVICES INC.**

WEDNESDAY, AUGUST 24, 2011

**Simon Fraser University, Harbour Centre
Fletcher Challenge Canada Theatre
515 West Hastings Street
Vancouver, BC**

MINUTES

Mark Stefanson, Vice President of Public Affairs of British Columbia Ferry Services Inc., welcomed those in attendance to the Annual General Meeting of B.C. Ferry Authority ("Authority") and the Annual Public Meeting of British Columbia Ferry Services Inc. ("Services" or the "Company").

Mr. Stefanson introduced Jane L. Peverett, Chair of the Board of Directors of the Authority, Donald P. Hayes, Chair of the Board of Directors of Services, and David L. Hahn, President & Chief Executive Officer and Robert P. Clarke, Executive Vice President & Chief Financial Officer, both from Services.

Mr. Stefanson noted some general guidelines for the conduct of the meeting and reviewed the agenda for the proceedings.

Disclaimer

A caution regarding forward looking statements was provided to the meeting.

Chair's Report - Authority

Ms. Peverett welcomed the group and, as Co-Chair of the proceedings, called the joint meetings to order. As the first order of business, Ms. Peverett tabled the following document as required for the Authority under the *Coastal Ferry Act*:

- the annual report, including the audited financial statements for its fiscal year ended March 31, 2011.

In her opening remarks, Ms. Peverett noted the amendments that were made during the fiscal year to the *Coastal Ferry Act* arising from *Miscellaneous Statutes Amendment Act (No.3) – 2010*, commonly known as “Bill 20”, which changed the governance framework within which the Authority and Services operate.

Ms. Peverett reported that among other things, Bill 20 changed the mandate of the Authority to include responsibility for approving compensation plans for the Directors of Services, as well as certain future members of its Executive Management. She advised that during the fiscal year, the Authority approved a compensation plan for the Directors of Services, which took effect October 1, 2010. She further advised that as there were no members of Executive Management of Services to whom an executive compensation plan would apply pursuant to Bill 20, no such plan was required or in effect as at March 31, 2011.

Ms. Peverett reported that changes were also made during the fiscal year to the remuneration for Directors of the Authority, which took effect October 1, 2010.

Ms. Peverett advised that Bill 20 required the Authority to replace the Directors of Services on September 30, 2010. In accordance with this requirement, the Authority appointed eight Directors to the Services Board effective that date. A ninth Director was appointed effective November 26, 2010. Ms. Peverett further noted that certain changes arising as a result of Bill 20 also occurred during the fiscal year in the membership of the Authority Board.

Ms. Peverett introduced the members of the Board of Directors of the Authority.

Ms. Peverett described the high standards of accountability that must be met by the Authority and also noted that the activities of the Authority are subject to independent review by the independent British Columbia Ferries Commissioner (“Commissioner”). She reported that the Commissioner has found the Authority to have fully met its obligations under the *Coastal Ferry Act* during the fiscal year.

Ms. Peverett closed her presentation by noting that the Board looks forward to continuing to execute its mandate over the next year.

Chair's Report - Services

Mr. Hayes noted the continued focus of the Company in the fiscal year on the safety and efficiency of its operations.

Mr. Hayes reported that while the Company is not immune from the effects of the global economic downturn, its employees continue to work diligently to provide the best ferry service in the world. On behalf of the Board, Mr. Hayes congratulated and thanked the employees of Services for consistently addressing the evolving expectations of its customers and for contributing to the success of the Company in so many meaningful ways.

As his first order of business, Mr. Hayes tabled the following documents as required for Services under the Coastal Ferry Services Contract:

- the annual report, including the audited financial statements for its fiscal year ended March 31, 2011;
- the annual report to the Commissioner, pursuant to Section 66 of the *Coastal Ferry Act*, for the fiscal year ended March 31, 2011; and
- the business plan for the fiscal year ended March 31, 2012.

Mr. Hayes introduced the members of the Board of Directors of Services and reviewed the role of the Board.

Mr. Hayes described the high standards of accountability that must be met by Services. He noted the appointment of Gordon Macatee as the new Commissioner effective May 1, 2011, replacing outgoing Commissioner, Martin Crilly. Mr. Hayes reported that the Commissioner has found the Company to have fully met its obligations under the *Coastal Ferry Act* and the Coastal Ferry Services Contract during the fiscal year.

Mr. Hayes reflected on some of the accomplishments made over the past fiscal year, such as achieving the highest on-time performance record ever at 89.1 per cent. He further noted that the all-important customer satisfaction rating was equally high at 89 per cent.

Mr. Hayes confirmed that the Company's primary focus remains on the safety of its operations and the continued improvement of service to its customers. He noted the continuation of the SailSafe program, a joint initiative of the Company and the BC Ferry & Marine Workers' Union to ensure the safety of its customers and employees. In addition, Mr. Hayes noted the Company's continued investment to renew its assets and upgrade its infrastructure, as well as the significant enhancements that have been made to other areas of the Company.

Mr. Hayes closed his presentation by saying that the Company remains committed to providing a world-class service to all of its customers.

President's Report

Mr. Hahn provided a summary of the "year in review", noting the decline in the Company's traffic levels. He compared the Company's experience with that of airports in the province which he observed have experienced similar declines in traffic, and also noted the downward trend in hotel occupancy province-wide. Using Bellingham and Washington airport and border traffic as an example, he noted that travel to the U.S. from Canada is up significantly, while travel is down from the U.S. to Canada, both of which he suggested are factors contributing to the lower traffic levels experienced by the Company.

Mr. Hahn provided an overview of the major cost drivers affecting fares. He also reported on the financial transactions that have occurred between the provincial government and the Company since 2003, noting that Services has made total payments to the provincial government of \$503.5 million.

He provided a report on the key accomplishments of the Company during the fiscal year, and noted the various initiatives and opportunities that are either currently underway or that will be addressed in the future. He reported on the Company's achievements regarding customer service, CoastSaver promotion, customer satisfaction, investments in the fleet and terminals, financial integrity, safety and security, bridge simulator training, stakeholder relations, charitable giving, and business expansion, including commercial services and BC Ferries Vacations.

Mr. Hahn also reported on the status of requests received by the Company under the *Freedom of Information and Protection of Privacy Act* since it became subject to that statute on October 1, 2010.

Mr. Hahn closed his presentation by affirming the Company's commitment to safety and security, and noting its current focus on the minor route vessel and infrastructure replacement strategy, the impact of the Federal shipbuilding initiative, the expanded travel and tourism packages, the continued improvement to the customer experience, and the continued prudent management and cost containment strategy that responds to the current economic environment.

Financial Report 2010/11

Mr. Clarke provided an overview of the 2010/11 fiscal year financial results and capital expenditure program for the Company.

Open Dialogue

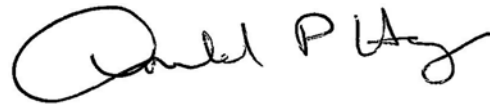
A question and answer session ensued. This session was facilitated by Mr. Stefanson.

Closing Remarks

Ms. Peverett closed the Annual General Meeting of the Authority and the Annual Public Meeting of Services.



Jane L. Peverett
Chair
B.C. Ferry Authority



Donald P. Hayes
Chair
British Columbia Ferry Services Inc.