

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

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

FRIDAY, AUGUST 24, 2012

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

MINUTES

Bruce Williams, Moderator, 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. Williams 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 Michael J. Corrigan, President & Chief Executive Officer and Robert P. Clarke, Executive Vice President & Chief Financial Officer, both from Services.

Mr. Williams 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, 2012.

In her opening remarks, Ms. Peverett reported that this past fiscal year the Authority has continued to focus on implementing the changes to the governance structure of the Authority and Services arising from *Miscellaneous Statutes Amendment Act (No.3) – 2010*, commonly referred to as “Bill 20”.

Enacted in June 2010, Bill 20 changed the mandate of the Authority to include responsibility for approving the compensation plans for the Directors, as well as certain Executive Officers of Services. In addition, the Authority is responsible for appointing the Board of Directors of the Company.

Ms. Peverett advised that the Authority has continued this past fiscal year to ensure its full compliance with the *Coastal Ferry Act* as amended by Bill 20.

Ms. Peverett advised that this past fiscal year the Authority established an executive compensation plan which governs the total annual remuneration Services may provide to its new President & Chief Executive Officer.

Ms. Peverett reported that during the past fiscal year no appointments to the Services Board expired and that the Authority made no changes in the composition of the Services Board.

Ms. Peverett advised that the close of the past fiscal year brought with it a change in the membership of the Authority Board. On behalf of the Board of Directors, she extended thanks to outgoing Director Thomas W. Harris for his commitment and valuable service to the Authority.

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 noted that the Authority’s compliance with its legislated obligations is also independently reviewed and publicly reported on annually by the British Columbia Ferries Commissioner (“Commissioner”).

In addition, she also noted that public meetings, such as this, reflect the Authority's continued commitment to ensuring transparency and public accountability.

Ms. Peverett closed her presentation by noting that the Authority 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 past fiscal year on delivering an exceptional travel experience to its passengers, while exercising fiscal responsibility.

On behalf of the Board, Mr. Hayes congratulated and thanked the employees of Services on another year of providing outstanding service to millions of customers across coastal British Columbia.

Mr. Hayes reported that effective January 1, 2012, the Authority Board appointed Mr. Corrigan as President & Chief Executive Officer of Services. He commented that Mr. Corrigan's past business experience, as well as his nine years at Services in the separate roles of Executive Vice President & Chief Operating Officer and Executive Vice President, Business Development have prepared him well to take over the helm of the Company. Mr. Hayes also recognized the many contributions of David L. Hahn who retired as President & Chief Executive Officer on December 31, 2011.

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, 2012;
- the annual report to the Commissioner, pursuant to Section 66 of the *Coastal Ferry Act*, for the fiscal year ended March 31, 2012; and
- the business plan for the fiscal year ended March 31, 2013.

Mr. Hayes introduced the members of the Board of Directors of Services. He noted that Elizabeth J. Harrison resigned from the Services Board effective March 31, 2012 and extended a special thank you to her for her many years of valuable service.

Mr. Hayes described the high standards of accountability that must be met by Services. He noted that in January 2012, the Commissioner released his report following a comprehensive review of the Company and the commercial regulatory structure in which it operates. He observed that the report states that Services is efficient and well-run, but will continue to face challenges which put a strain on fare affordability and financial sustainability. He further noted that the report suggests that all of the principal stakeholders will need to be part of the solution in order to achieve a ferry system which continues to be both affordable and financially sustainable.

Mr. Hayes advised that Services looks forward to continuing to pursue opportunities for further enhancing the efficiency of its operations, and to supporting the upcoming dialogue between the Provincial Government and coastal communities on identifying service level adjustments and developing a long term vision for connecting coastal communities.

Mr. Hayes reflected on some of the Company's accomplishments over the past fiscal year, such as achieving the highest on-time performance record ever at 91 per cent. He further noted that the Company successfully maintained a high standard of service reliability, delivering a rating of 99.8 per cent of scheduled round trip sailings and that the all-important customer satisfaction rating was also very strong at 88 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 is the priority each and every day. He further noted that the Company is committed to the growth and development of its employees, and this past fiscal year had recorded over 12,000 training days. 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 in information technology.

Mr. Hayes closed his presentation by saying that Services is not immune from the current global economic challenges that face many transportation companies today. Strong leadership and diligent Management will continue to guide the Company through this period of uncertainty. He also noted the Company remains committed to providing a world-class service to all of its customers.

President's Report

Mr. Corrigan provided a summary of the “year in review”, noting the traffic levels in the past fiscal year and the investment the Company has made in capital expenditures.

Mr. Corrigan provided an update on the Morfitt follow-up safety review and the key findings of the Commissioner’s review.

He provided a report on the key accomplishments of the Company during the past fiscal year regarding safety, training, the extended collective agreement, customer service, investments in the fleet and terminals, financial integrity, stakeholder relations, and business expansion, including commercial services and BC Ferries Vacations.

Mr. Corrigan also reported on the status of initiatives that are underway, including the automated customer experience program, cable ferry, and liquefied natural gas. He reviewed the key cost drivers affecting fares, and outlined the recent amendments to the Coastal Ferry Services Contract for performance term three (“PT3”), including the target savings from service level adjustments and efficiencies. He further reported on the additional payments from the Provincial Government over PT3, and the Company’s role in the Government’s upcoming public engagement process on service level adjustments and the development of strategies to support a long term vision for connecting coastal communities. His presentation included an overview of traffic levels for the first part of fiscal year 2012/13 and a report on capacity utilization by route in fiscal year 2011/12.

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

Financial Report 2011/12

Mr. Clarke provided an overview of the 2011/12 fiscal year financial results and capital expenditure program for the Company.

Open Dialogue

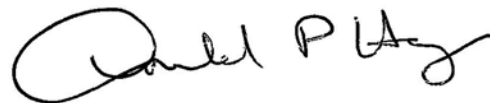
A question and answer session ensued. This session was facilitated by Mr. Williams.

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.