



Regina Airport
Authority Inc.

yqrr.ca



2013 ANNUAL REPORT



FUNDAMENTAL BELIEFS & VALUES

ACT WITH INTEGRITY AND ETHICALLY
MEET OR EXCEED ALL APPLICABLE SAFETY, SECURITY AND ENVIRONMENTAL REGULATIONS
BE FISCALLY RESPONSIBLE
DEVELOP EFFECTIVE COMMUNICATIONS PROGRAMS
CONSISTENTLY EXCEL AT MEETING CUSTOMER AND STAKEHOLDER EXPECTATIONS
PROMOTE POSITIVE AND RESPECTFUL LABOUR RELATIONS
DEVELOP OUR EMPLOYEES TO REALIZE THEIR POTENTIAL
BE ADAPTIVE

VISION

A SUSTAINABLE AND CUSTOMER SERVICE FOCUSED GATEWAY AIRPORT
THAT ENHANCES ECONOMIC GROWTH AND ACCESS TO REGINA AND SOUTHERN SASKATCHEWAN.

MISSION

TO MANAGE AND OPERATE OUR AIRPORT IN A SAFE, SECURE, EFFICIENT,
COMMERCIALY VIABLE AND ENVIRONMENTALLY RESPONSIBLE MANNER.

CORPORATE PROFILE



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It is tempting to simply say “more of the same” as the Regina Airport Authority Inc. (RAA) Board and management reports on another year of record passenger levels, progress and preparation for further growth and capital expansion to meet the accelerating needs and expectations of the Regina region and Saskatchewan. That would be both an accurate statement and an understatement as it would not fully convey the context and magnitude of the standing, role and positioning of the Regina International Airport.

The Board annually reviews and refreshes its Strategic Plan and objectives starting with an industry assessment and projections. Driven always by the vision to be customer ready and responsive, safe and secure and with those values deeply entrenched the Board focus has been fiscal and capital planning to ready the airport for its continued value added role to the economic growth. That means both terminal and airside improvements and capacity increases for our passengers, their baggage and services on arrival and departure, the airline support facilities and aeronautical businesses and coordination with the security and customs providers. It is a complex matrix with multifaceted challenges that require thoughtful and orderly preparation, months of planning and relationship cooperation.

2013 has been particularly gratifying for the increase in airline service from the major airlines, supported by interactive and timely attendance of route and scheduling personnel from WestJet and Air Canada, increasing the reach and access connections to existing additional markets. The industry has recognized the opportunity and need to match the growing economic presence of our region. Connectivity for business and recreational travel are major location advantages and catalysts. The decision factors are robust, a market demand from the region, industry capacity and recognition and an airport infrastructure and service model that are contemporary and competitive. This last year has been more than just one more good year, it has confirmed and added to the foundation for the future that glows incessantly.

As the Board prepares for this exciting and challenging future, a more active and engaged relationship with our major stakeholders and users will be essential. The City of Regina, tourism and business sectors, the provincial officials and users are all critical participants to ensure we meet the needs and expectations. Major financial and user commitments will be made to position the airport financially and physically. Parking options, user fees, onsite services and users, and, of real significance, recognition of the requirement to protect the airport growth parameters as the land use and activities encircle the airport to an increasing degree will be in focus. Our location in close and time sensitive proximity to the commercial and user base is a strategic advantage but it is also a challenge to ensure future growth and expansion are not impeded. The airport is a regional asset that transcends municipal boundaries. The Rural Municipality of Sherwood and our regional trading area population base must be engaged and supportive to fulfill our defined path.

RAA continues to be the beneficiary of a committed and active Board and management that have worked together to forge the plans and services that meet our vision and stay ahead of an ever changing and demanding industry and user base. We

recognize the competitive regional and global economic factors that demand a progressive and timely response and positioning. We will work diligently to this end and engage our Saskatoon sister airport authority to present a stronger Saskatchewan coalition. Board and management succession and skills capacity will be of utmost importance in maintaining the governance and leadership excellence.



I express my heartfelt appreciation and thanks to my fellow Board members, management and staff, users, industry and service providers for working tirelessly together to make the Regina International Airport a key component of the Saskatchewan Advantage and Infinite Horizons for our city and region. It has been my distinct privilege to serve as Chair for these last three years.

“Bob Linner”

Bob Linner
Board Chair

As I perused my last year's Annual General Report comments, I was struck by the note of achievement and optimism in my message, and I am pleased to be able to report that 2013 reflects both sentiments. Our 2013 passenger numbers set yet another record (our ninth consecutive), coming at 1,227,224, an increase of 3.5% over last year. Not only does this increase reflect the ongoing prosperity of Regina and southern Saskatchewan, but also of your airport's ability to keep up to the demand of this very significant increase. Our check-in hall and post security expansion efforts from 2012 were timely and effective in meeting this demand and I and all the employees of Regina Airport Authority Inc. (RAA) are proud of being able to provide the best of service to our traveling public.

Much of this accomplishment reflects our ongoing efforts to maintain and expand air service into and out of our airport. We have continued to work closely over this past year with our airline partners, ensuring their continued awareness of the economic dynamism of Regina and southern Saskatchewan and the potential this offers them to engage in profitable business here. I am pleased to say these efforts have borne fruit, with increased frequency announced on routes to Edmonton and Calgary, and the reintroduction of Winnipeg service from WestJet with their new Encore subsidiary. Air Canada has also entered into a closer relationship with us with a high level outreach effort that has allowed us to improve and expand our dialogue with them to enhance our services, for example with a through flight to Ottawa on their Toronto service. We look forward to continuing this dialogue with all of our airline partners to maintain and expand our services, both domestically and internationally.

As our Board Chair states, however, such success must be carefully monitored and responded to with prudent, fiscally sound and timely action. In close coordination with our Board, RAA management undertook numerous activities this past year that will position us for our next major terminal expansion. Design contracts were let for a hold baggage system expansion in 2015 and a taxiway relocation project at a date to be determined that will prepare us for the next major redevelopment of our terminal building. We continue to work with our primary ground handling, cargo and catering service providers in the development of the final design and impending construction of two new tenant facilities. These new air and ground side facilities will allow for modernization and operating efficiencies supporting our continued growth into the future. Both design and construction contracts were also let this past year for a major apron rehabilitation project in 2014 whose upgrades and improvements will serve us and our passengers well into the future.

As we move forward with these exciting and meaningful projects, we must be ever mindful of our Mission Statement: "To manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner." I am pleased to inform you that RAA has made significant progress in 2013 on all aspects of this statement with the development of an automated incident reporting format for our safety management reporting systems, the creation and vetting in cooperation with Transport Canada of an Airport Security Plan, and the standup and implementation of a comprehensive and now well established environmental management program. And, as you will see from the financial reports contained herein, your airport continues to thrive under a fiscally prudent and responsible administration.

As RAA moves towards completion of its fifteenth year as an airport authority, I join our Chair in assuring the traveling public of Regina and southern Saskatchewan that the RAA Team will continue to work in close cooperation with the Board to anticipate and cater to their needs in a strategic, competent and timely manner such that we will continue the success we enjoyed in 2013.

"James D. Hunter"

James D. Hunter
President and Chief Executive Officer

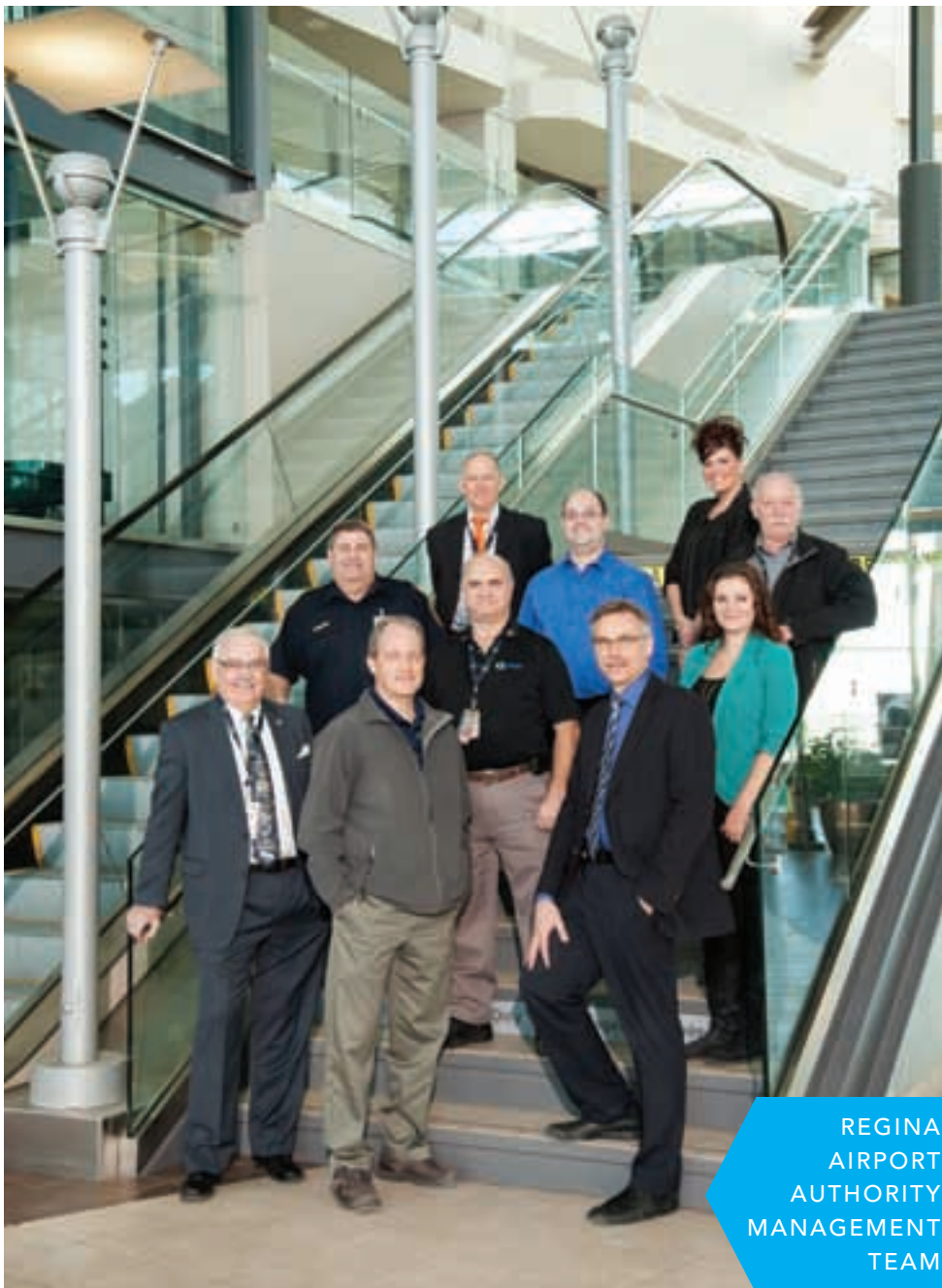


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EMPLOYEES AND STRUCTURE

Regina Airport Authority Inc. (RAA) continues to strengthen connections with its employees, and the airport community as a whole, as part of our commitment to the responsible growth of the airport.

The employees of Regina Airport Authority – and the broader airport community – are dedicated to the 24/7 seamless operation of the Regina International Airport. RAA employees have a multitude of roles from keeping the runways operational, to administering contracts, to ensuring the airport's safety, security and environmental responsibilities are met.



REGINA
AIRPORT
AUTHORITY
MANAGEMENT
TEAM

FIRST ROW (L-R): JIM HUNTER, STEVE BURCHI, DERRICK THUE
SECOND ROW (L-R): KEVIN HEMBROFF, EMILE FOREST, JENNA KHOURY
THIRD ROW (L-R): EARL SPENCER, CURTIS TUTTHILL, RICK PROULX
LAST ROW: KARI DEAN

As of December 31, 2013 the RAA team was comprised of the following individuals:

EXECUTIVE



Jim Hunter
President and CEO



Steve Burchi
VP Operations



Derrick Thue
VP Administration and CFO

ADMINISTRATION

Balazs Csongradi, Corporate Technology Lead Coordinator

Kari Dean, Communications, Customer Service and Marketing Director

Valentina Gavrilov, Administration Assistant Finance

Laura Haider, Administration Assistant Finance

Jenna Khoury, Controller/Manager of Finance

Carolyn Turner, Lease and Contracts Officer

Curtis Tutthill, Corporate and HR Administrator

OPERATIONS

Rick Proulx, Manager Airport Operations

John Maczko, Security Operations Officer

Dennis Sandoff, Airport Operations Officer

Dave Skene, Terminal and Groundside Operations Officer

ENVIRONMENT

Emile Forest, Manager Airport Environment

FIRE HALL

Kevin Hembroff, Manager Airport Safety/Fire Chief

Kevin Joa, Firefighter Captain

Chad Kemery, Firefighter Captain

Ray Silzer, Firefighter Captain

Dean Davyduke, Firefighter

Chris Grant, Firefighter

Mark Kress, Firefighter

Trevor Martel, Firefighter

Kelly Schwartz, Firefighter

Jamie Smith, Firefighter

MAINTENANCE

Earl Spencer, Manager Airport Facilities

Eldon Blenkin, Supervisor Airfield Mobile

Josh Morris, Supervisor Building Electrical

Elizalde Acob, Electrician

Megan Barss, Summer Groundskeeper

Joanne Bell, Operations Assistant

James Birrell, Seasonal Equipment Operator

Norm Cowan, Seasonal Equipment Operator

Wes Crofts, Seasonal Equipment Operator

Gary Eckel, Seasonal Equipment Operator

Martin Fortier, Equipment Operator

Kelly Heichert, Equipment Operator

Jessica Knaus, Summer Groundskeeper

Darren Lingelbach, Seasonal Equipment Operator

Wade McKim, Seasonal Equipment Operator

Bruce Munro, Seasonal Equipment Operator

Randy Papegnies, Mechanic

Dale Peterson, Projects Officer

Ryan Pope, Plumber

Larry Prychak, Equipment Operator

Doug Scheibel, Equipment Operator

Levi Scheibel, Summer Groundskeeper

Gatlin Schwartz, Summer Trades Helper

Warren Terry, Equipment Operator

George Toro, Equipment Operator

Brent Wesley, Building Maintenance Mechanic

Rod Wheeler, Equipment Operator

Regina Airport Authority would like to wish the following staff a fond farewell and congratulate them on their retirement:

Terry Klimosko

Chris Mickleborough



2013 SAFETY ACHIEVEMENTS:

- Full compliance with regulated airport safety and occupational health standards.
- Continued evolution of the airports' Safety Management System (SMS), including full transition to online reporting and development of safety metrics.
- Ongoing initial and recurrent SMS training for staff and a focus on enhancing a safety awareness culture.
- Initial SMS self assessment program effectiveness review completed.
- Active participation with our industry partners and agencies in support of continued enhancement of airport safety initiatives.
- Developed and implemented daily "Shift Start-up Safety Meetings" for all maintenance staff.
- Developed and implemented the use of JSA (Job Safety Analysis) forms used by Regina Airport Authority Inc. (RAA) staff prior to performing high risk tasks with the intent to reduce job hazard risks.

FOR 2014, WE HAVE PLANNED THE FOLLOWING SAFETY OBJECTIVES:

- Demonstrate regulatory compliance with safety standards and reporting criteria.
- Accommodate, participate and respond to the Safety Management System (SMS) Program Validation Audit requirements.
- Evolve and refine SMS automated reporting in the establishment of benchmark reporting of key performance indicators focused on continual improvement, compliance and best practices.
- Expand online training in support of employee safety certification.
- Review bird and wildlife control programs in an effort to maximize effectiveness.
- Review and re-issue airport operational circular documentation, in an electronic format, and readily available to airport stakeholders.



2013 SECURITY ACHIEVEMENTS:

- Demonstrated compliance in meeting all airport security legislative standards through feedback from regulatory agencies, airport inspections and internal programming.
- Finalization of the Airport Security Program (ASP) documentation.
- Upgrades to the airport's closed circuit television (CCTV) network as well as the emergency and security operations control centers.
- Completion of an annual table-top security exercise.
- Continued participation with industry security stakeholders (Transport Canada, air carriers, Canadian Air Transport Security Authority, Canada Border Services Agency, Transportation Security Administration) with a focus on security enhancements and best practices.

FOR 2014, SECURITY FOCUSED GOALS INCLUDE:

- Demonstrate regulatory compliance with aerodrome security standards.
- Roll out and implementation of the recently developed Airport Security Program (ASP).
- Participate in the coordination and establishment of non-passenger screening (NPS) protocols in coordination with regulatory and operational agencies (Transport Canada and Canadian Air Transport Security Authority).
- Develop and implement security awareness programs for airport employees, tenants and service providers.
- Develop and implement online training in support of employee security certification and recertification requirements and development.
- Complete an annual table-top security exercise with mutual aid agencies participation as required under regulations.



2013 ENVIRONMENTAL ACHIEVEMENTS:

- Demonstration of environmental regulatory compliance.
- Continued emphasis on implementing elements of our Environmental Management System (EMS) including legislative compliance, risk based inspection protocols, sampling, data capture and reporting.
- Dedication of a full time personnel resource focused solely on environmental priorities.
- Completion of our initial tenant risk based audits.
- Greenhouse gas emissions tracking.
- Environmental employee training for Workplace Hazardous Materials Information System (WHMIS).
- Incident tracking.
- Phase 2 environmental remediation for land redevelopment infill areas is complete and meets the standards.

FOR 2014, ENVIRONMENTAL TARGETS INCLUDE:

- Participate with our industry partners in the evolution of environmental objectives and programming.
- Develop, implement and evolve in house and online training in support of employee environmental certification and recertification requirements and development.
- Demonstrate regulatory compliance with environmental standards and RAA environmental policy including key performance indicators.
- Complete 2014 scheduled risk based tenant inspections.
- Evolve communication strategy for improved internal and external agency operational accountability.
- Complete assessment for the land farm and fire training areas decommissioning requirements and related costs.
- Assess outfall sluice gate containment requirements and design a phased program to perform these required upgrades and improvements.
- Implement improvements identified in the RAA Environmental Compliance Audit and recent self assessment criteria.
- Inform RAA of impending and evolving environmental programming and legislative requirements.
- Participate in the implementation of capital programming programs providing oversight for environmental requirements including environmental screening assessments.

For the ninth straight year, Regina International Airport continues to welcome record breaking passenger numbers, and as we grow, our variety and frequency of flight service options also continues to increase.

In 2013, we received increased frequency to both Calgary and Edmonton, and new service to Winnipeg (to start in January 2014) was announced, enabling our domestic service to continue to meet the demands of our growing passenger numbers. In addition to the success of our transborder routes to Denver and Minneapolis, in August 2013 our non-stop direct Chicago flight began originating in Regina allowing for a more reliable service for our passengers. Demand for Las Vegas and Phoenix has maintained the frequency and length of these two seasonal transborder routes in addition to an announcement of year round service (twice per week*) for Las Vegas starting in 2014. Complementing our domestic and transborder flight services are our excellent variety of international sun and tourist destinations during the winter period.

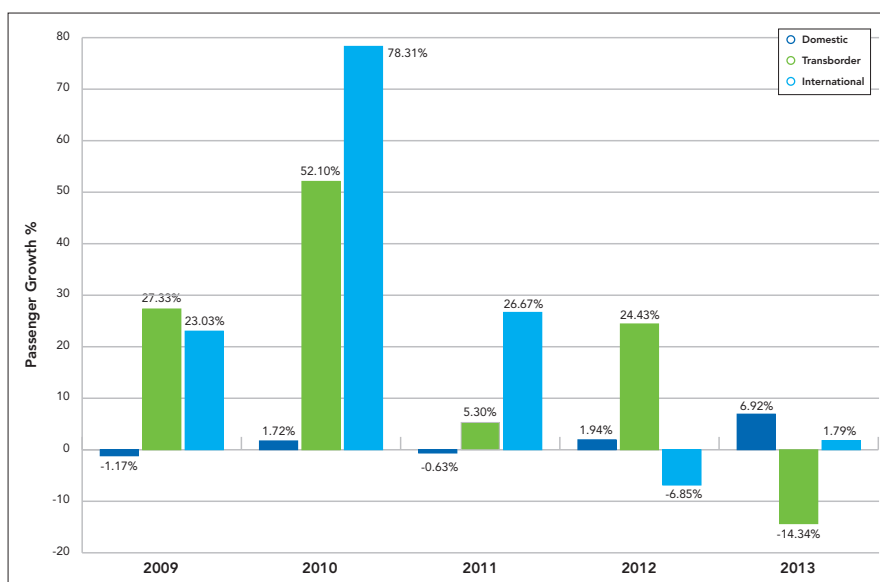
In 2014, we will continue to focus on enhancing, securing and solidifying existing domestic and transborder services. As we continue our efforts on the maintenance of these existing airline services, through aggressive marketing of the economic prosperity and growth of our region, we will also continue to research and review future route development opportunities.

Of note, we maintain awareness of the continued demand for more efficient flights to Europe and Asia, and as in past years we will continue to explore these opportunities in partnership with our provincial and community stakeholders.

Domestic activity remains strong at 80.93% of total passenger traffic, with transborder traffic at 11.84% followed closely by our international routes at 7.23% (inclusion of seasonal southern traffic to Las Vegas and Phoenix). In 2013, our domestic segment had a modest increase of 6.92% over 2012 as well as a slight increase of 1.79% in our international segment, while our transborder segment had a decrease of 14.34%.

The figure below illustrates the growth in each air service segment.

FIGURE 1. BREAKDOWN OF AIR SERVICE PASSENGER GROWTH ACCORDING TO SEGMENT TYPE



Note: International figures include seasonal southern traffic to Las Vegas and Phoenix.

**In addition to the two direct non-stop flights per week commencing in 2014, an additional flight on a seasonal basis is also offered increasing the number of direct non-stop flights to Las Vegas to three times per week.*





DOMESTIC

DESTINATION	FREQUENCY	AIR CARRIER(S) serving this destination
Calgary, AB, Canada	Daily	Air Canada WestJet
Edmonton, AB, Canada	Daily	Air Canada WestJet
Ottawa, ON, Canada	Seasonal	Air Canada
Prince Albert, SK, Canada	Tues	Express Air (West Wind Building)
Saskatoon, SK, Canada	Mon - Fri	Express Air (West Wind Building)
Toronto, ON, Canada	Daily	Air Canada WestJet
Vancouver, BC, Canada	Daily	Air Canada WestJet (Summer Seasonal 3x/week)
Winnipeg, MB, Canada	Daily	Air Canada WestJet (Daily starting January 15, 2014)

Number of daily flights is dependent on the day of the week. Due to demand there is increased frequency to both Calgary & Toronto. WestJet denotes the inclusion of WestJet Encore.



TRANSBORDER

DESTINATION	FREQUENCY	AIR CARRIER(S) serving this destination
Chicago, IL, USA	1x Daily	United
Denver, CO, USA	2x Daily	United
Las Vegas, NV, USA	Mon, Wed, Sat Seasonal	WestJet
Minneapolis, MN, USA	2x Daily	Delta
Phoenix, AZ, USA	Tues, Thurs, Sat Seasonal	WestJet

In 2014, service to Las Vegas will be year round twice weekly and seasonal three times weekly.



INTERNATIONAL

DESTINATION	FREQUENCY	AIR CARRIER(S) serving this destination
Cayo Coco, Cuba	Seasonal	Sunwing
Santa Clara, Cuba	Seasonal	Sunwing
Varadero, Cuba	Seasonal	Air Transat Sunwing
Punta Cana, Dominican Republic	Seasonal	Air Transat Sunwing
Montego Bay, Jamaica	Seasonal	Air Transat Sunwing

DESTINATION	FREQUENCY	AIR CARRIER(S) serving this destination
Cancun, Mexico	Seasonal	Air Transat Sunwing WestJet
Huatulco, Mexico	Seasonal	Sunwing
Los Cabos, Mexico	Seasonal	Sunwing
Manzanillo, Mexico	Seasonal	Air Transat
Puerto Vallarta, Mexico	Seasonal	Air Transat Sunwing WestJet

All information contained above subject to change.

Regina Airport Authority Inc. (RAA) is committed to ensuring our guests and passengers have a positive customer experience. To meet our customers' needs, we remain focused on how to reach and make an impression on our customers through marketing, communications and customer service.

We meet our passengers' expectations by listening and responding to them by sharing information through various means of communication. In 2013, we used the following to establish effective receipt and delivery of communications:

AIRPORT SERVICE QUALITY (ASQ)

- RAA continues to conduct regular ASQ benchmarking surveys on a quarterly basis to gauge our service and performance. The ASQ surveys focus our attention on customer satisfaction and continuous improvement. They assist us in targeting required improvements and are supplemented by other forms of feedback we receive and respond to by email, Facebook, our website and comment cards. Through these means RAA continues to review, monitor and make adjustments to our services.

YQREVIEW QUARTERLY NEWSLETTER

- Our community newsletter continues to be a valuable source of communication with members of our airport community, stakeholders and passengers. This newsletter allows us to share our "airport city" by highlighting activities, events and airport news.

All of our newsletters are available for viewing on our website at www.yqr.ca.

YQR.CA AND WWW.FACEBOOK.COM/YQRAIRPORT

- RAA continues to share and update valuable information through online mediums - our website (available in condensed mobile version as well) and on our Facebook page. Through these channels, we continue to provide up-to-date messaging and a means for our passengers and guests to engage in two-way communications.

TALK TO THE EXPERTS

- RAA continued to share information with our passengers, customers and stakeholders through quarterly update sessions on 980 CJME News Talk Radio's Talk to the Experts. These half hour segments provided listeners in both Regina and southern Saskatchewan with valuable information on the current happenings and upcoming activities at Regina International Airport. To ensure this valuable information was shared outside of these quarterly sessions, weekly advertising spots provided an additional means of communication.

COMMUNITY PARTNERS

- RAA continues to demonstrate our commitment to our passengers by partnering with key members of our community. In 2013, RAA continued to participate with our community partners on various events and initiatives: Regina Hotel Association (Conventions Regina), Regina Regional Opportunities Commission (Tourism Regina), Regina Downtown, Evraz Place and Tourism Saskatchewan. By participating with our community partners RAA had additional opportunities and means to reach out to our community on a municipal, provincial, national and international level.

In 2014, we will continue to focus our efforts on communications and meeting the requirements of our passengers. We are determined to maintain our engagement in activities and initiatives that centre on the needs of our customers.

Regina Airport Authority Inc. (RAA)'s commitment and involvement with community and charitable organizations continues to increase in combination with our growing number of passengers. We continue to demonstrate the importance of charitable and community events and activities and in doing so made a difference with many community organizations throughout Regina and southern Saskatchewan in 2013.

IN 2013, SOME OF THE ORGANIZATIONS ASSISTED INCLUDE:

- 34 Roland J. Groome Air Cadet Squadron – an annual \$3,500 sponsorship was donated by RAA (www.34rcac.ca)
- Canadian Red Cross – \$1,000 donation to assist in relief efforts for Typhoon Hainan in the Philippines (proceeds matched by the Government of Canada) (www.redcross.ca)
- Elks and Royal Purple Fund for Children – \$1,183 donation from our BBQ fundraiser with proceeds matched by RAA for a total donation of \$2,366 (www.elks-sask.org)
- Regina Flying Club – an annual \$2,000 RAA Flight Scholarship Award (recipient Kurtis Schindel) (www.reginaflyingclub.ca)
- Saskatchewan Aviation Council – \$2,000 toward the Saskatchewan Aviation Council annual conference (www.saskaviationcouncil.ca)
- Teddy Bears Anonymous – raised \$3,372 at the annual RAA Golf Tournament with proceeds matched by RAA for a total donation of \$6,744 (www.erinsgift.ca)

WE ALSO WELCOMED THE OPPORTUNITY, IN ADDITION TO THE MONETARY COMMITMENT WE MAKE TO OUR COMMUNITY, TO PROVIDE:

- Advertising in support of charitable organizations
- Support to Air Cadet Squadrons throughout Saskatchewan
- In-kind donations and support to various golf tournaments and charitable events
- Assistance and support within our facility to community and charitable organizations

In 2013, Regina Airport Authority had additional opportunities to participate with our community, most notable, the Juno Awards in April and the 101st Grey Cup Festival in November. RAA was pleased to assist each of the hosting committees in ensuring visitors for these events, and many other activities held in 2013, were greeted to a warm welcome and a display of our "prairie" hospitality.

Once again, Regina Airport Authority was also fortunate to work directly with members of our community in showcasing their talents within our facility. Throughout 2013, members and guests of our facility were treated to individual and group performances that made Regina International Airport a more memorable experience. We are thankful and appreciative of those individuals and groups who have shared their talents.

We are also proud to be a part of the many member-initiated charitable activities that took place in 2013 as we support and welcome the social efforts of our airport community.

With a continued focus in 2014 on the support of Regina and southern Saskatchewan's community and charitable events, we plan to maintain our participation and support of our airport community's social efforts as well as our investment in our social responsibility program.

Regina Airport Authority Inc. (RAA) manage our efforts to provide Regina and southern Saskatchewan with an outstanding, modern and effective facility that will continue to meet the needs of our passengers. The following demonstrates our 2013 achievements and highlights our upcoming 2014 initiatives that will ensure we meet the projected demand on our facility well into the future while maintaining a high level of satisfaction among our passengers.

OPERATE A SAFE, SECURE AND ENVIRONMENTALLY SUSTAINABLE AIRPORT

Consistent with past plans and for continuity, we have outlined the three main thrusts under this objective separately.

SAFETY

2013 objectives achieved include:

- Completion and implementation of the Safety Management System (SMS) automated incident reporting system.
- Completion of employee training re-certification.
- Finalization of the self assessment program effectiveness review (to be followed by a Transport Canada program validation audit scheduled for early 2014).
- Substantive achievement of all reporting and compliance standards for health and safety.
- Developed and implemented daily "Shift Start-up Safety Meetings" for all maintenance staff.
- Implemented the use of JSA (Job Safety Analysis) forms used by RAA staff prior to performing high risk tasks with intent to reduce job hazard risks.

For 2014 and in support of our updated strategic plans, we have the following planned initiatives:

- Accommodate, participate and respond to regulatory Safety Management System (SMS) program validation audit and review requirements.
- Evolve and refine SMS automated reporting in the establishment of benchmark reporting of key performance indicators focused on continual improvement and compliance.
- Expand online training in support of employee safety certification and re-certification requirements and development.

SECURITY

2013 objectives achieved include:

- Substantive compliance with regulator findings and requirements in the area of security.
- Security awareness training and upgrades to CCTV and emergency and security operations control centers.
- Completion of Airport Security Program development.
- Creation of an automated reporting system.

For 2014 and in support of our updated strategic plans, we have the following planned initiatives:

- Participate in the coordination and implementation of non-passenger screening (NPS) protocols in coordination with regulatory and operational agencies (Transport Canada and Canadian Air Transport Security Authority).
- Develop and enhance security awareness programs for airport employees, tenants and service providers and online training in support of employee security certification and recertification requirements and development, including the implementation of the Airport Security Program.
- Assess and enhance bilingual signage and programming in public areas.
- Complete an annual table-top security exercise with mutual aid agencies participation as required under regulations.

ENVIRONMENTALLY RESPONSIBLE

2013 objectives achieved include:

- Completion of initial tenant risk based audits, greenhouse gas emissions tracking, and environmental employee training for WHMIS.
- Completion of Phase 2 environmental remediation for land redevelopment infill areas.

For 2014 and in support of our updated strategic plans, we have the following planned initiatives:

- Develop, enhance and evolve in-house and online training in support of employee environmental certification and recertification requirements and development.
- Complete assessment for the land farm and fire training areas decommissioning requirements and related costs.
- Assess outfall sluice gate containment requirements and design a phased program to perform these required upgrades and improvements.
- Participate in the implementation of capital programming providing oversight for environmental requirements including environmental screening assessments.



ADVANCE REGINA INTERNATIONAL AIRPORT AS A GATEWAY OF CHOICE

Consistent with past plans and for continuity, we have outlined three main thrusts under this objective that include: air services, airport marketing, and customer service/enhancement of image and profile.

AIR SERVICES

2013 objectives achieved include:

- Completion of an external air services assessment to better understand and improve the airport's dialogue with carriers (focused on opportunities and risks).
- Strengthening relationships with air carriers through attendance at various airline hosted conferences, quarterly teleconferencing, airline headquarter visits and joint hosted community events.

For 2014 and in support of our updated strategic plans, we have the following planned initiatives:

- Finalize 2014/2015 airline risks and opportunities analysis and strategy to mitigate risks and explore opportunities.
- Continue to monitor, trend and benchmark airlines utilizing our airline services consultant.
- Implement air services components as identified in the Communications Plan supported by air services market monitoring and customer service feedback (Airport Service Quality surveys).
- Continue to engage business leaders and requisite associations focused on air services needs.

AIRPORT MARKETING

2013 objectives achieved include:

- Completion of Regina International Airport's Economic Impact Study focused on the airport as an economic generator and the communication of these results through the media and hosted events.
- Promotion of RAA branding, focused on the themes of "Why Fly YQR" and the "YQR Advantage" through radio and other media programming and in attendance at various conferences and events through marketing materials.

For 2014 and in support of our updated strategic plans, the following initiatives are planned:

- Implement airport marketing components as identified in the Communications Plan supported by customer service feedback (Airport Service Quality surveys) and airport strategic planning.
- Attend and participate in airport conferences and industry supported events.
- Continue to engage media and requisite associations focused on airport initiatives and vision.

CUSTOMER SERVICE/ENHANCEMENT OF IMAGE AND PROFILE

2013 objectives achieved include:

- Completion of Airport Service Quality (ASQ) surveys and reporting that have been incorporated into 2014 programming initiatives.
- Identified customer service plans and airport wide customer service initiatives.

For 2014 in support of our updated strategic plans, we have the following planned initiatives:

- Finalize customer service training and development offerings for employees and for tenants in the delivery of the airport wide customer service initiative.
- Implement customer service/image and profile enhancement components as identified in the Communications Plan and as supported by customer feedback (ASQ surveys).
- Continue programming focused on enhancing communication of the airport's impact on the economy and promotion of the airport's presence in the community.
- Explore partnership opportunities to facilitate the introduction of an airport shuttle service.

REMAIN FINANCIALLY VIABLE AND COST COMPETITIVE

2013 objectives achieved include:

- Evolution of risk management programming and the identification of the organization's top risks and an agreed upon approach to scorecard reporting.
- Internal and external benchmarking parameters for financial metrics formulated into a standardized format for use in 2014.
- Completion of the 2012/2013 key processors trigger analysis and its application in financial planning and phasing.
- Implementation of the 2013 rates and fees changes.

For 2014 and in support of our updated strategic plans, the following initiatives are planned:

- Utilize internally and externally developed benchmarking parameters to monitor and evolve planning to stay cost competitive and financially viable.
- Complete a full review of all rates and fees by benchmarking the industry; incorporating strategic direction established for the airport with a focus on revenue enhancement objectives.
- Complete financial modeling in support of Program Definition Report (PDR) development and the maintenance of existing infrastructure supported by trigger analysis for the key processors.

ENSURE FACILITIES ADDRESS CURRENT AND FUTURE DEMANDS OF USERS

2013 objectives achieved include:

- Development of an ongoing annual terminal and parking assessment program for the airport's main processors.
- Completion and/or advancement of the following components that fall within the comprehensive terminal expansion plan:
 - Apron 1 rehabilitation detail design (construction 2014)
 - Hold baggage systems (HBS) upgrades detail design (construction 2015)
 - Taxi "C" relocation design
 - Multi-tenant facility detailed design (construction 2014)
- Completion of major upgrades to CCTV and access controls systems.
- Participation in external benchmarking initiative with other Canadian airports.

For 2014 and in support of our updated strategic plans, we have the following planned initiatives:

- Completion of the comprehensive Program Definition Report (PDR).
- Complete the Apron 1 reconstruction project within the 2014 construction season.
- Complete the multi-tenant building construction for ground handling and cargo including roadway improvements for terminal support reserve.
- Complete the negotiation of land acquisitions to protect ongoing airport operations and related strategic initiatives for lands adjacent to airport operating surfaces/boundaries (land southwest of the airport).
- Develop a general aviation/corporate aviation strategy to develop airside access lots for hangar and commercial development.



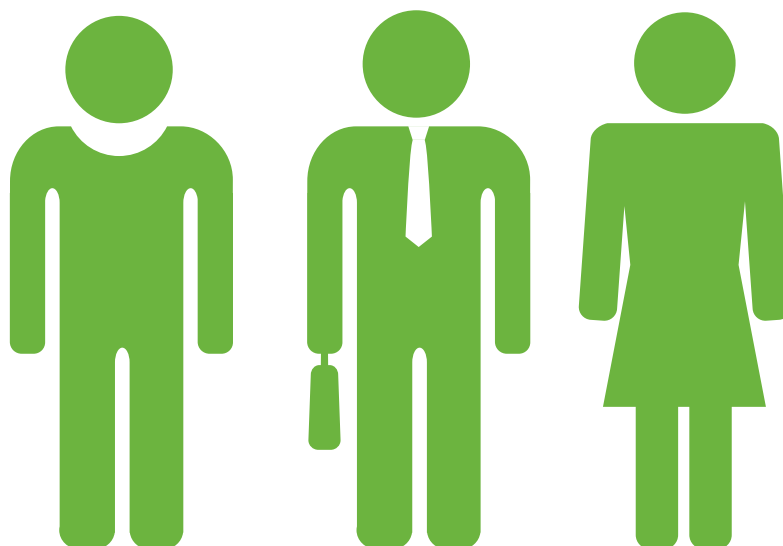
DEVELOP AND MAINTAIN A TALENTED AND MOTIVATED ORGANIZATION

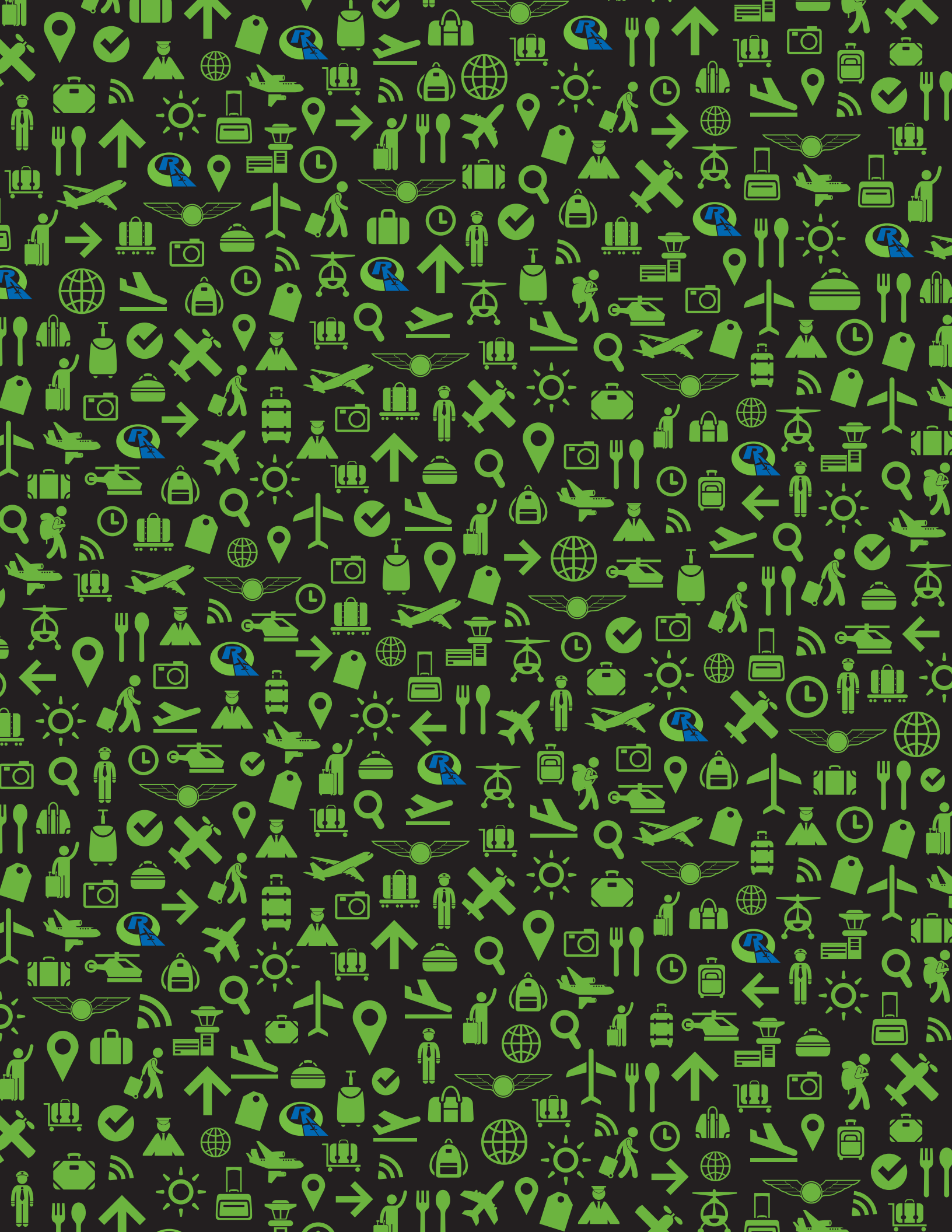
2013 objectives achieved include:

- Reorganizational adjustments through the initiation and implementation of the human resources strategy that was completed in 2012.
- Creation and amendment of positions focusing on succession.
- Commencement of collective bargaining negotiations (CBA expired June 30, 2013).
- Establishment of an employee training and development policy.

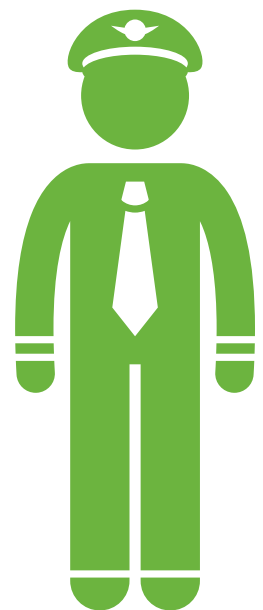
For 2014 in support of our updated strategic plans, we have the following planned initiatives:

- Conclude and implement agreed upon programming for compensation and benefits resulting from the finalization of the collective bargaining agreement.
- Rollout the Employee Training and Development Policy and implement externally supported programming.
- Review and update the human resource strategy for an evolving and growing operation reflecting RAA's updated strategic initiatives.
- Develop, finalize and implement human resources policies regarding: Substance Abuse Prevention and Programming; Privacy Policy Review and Updates; and Social Media Use.





CORPORATE GOVERNANCE



CORPORATE GOVERNANCE	24	•	BOARD REMUNERATION AND ATTENDANCE	26
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GOVERNANCE AND NOMINATING COMMITTEE	32	•	HUMAN RESOURCES COMMITTEE	36

Regina Airport Authority Inc. (RAA) is committed to implementing corporate governance practices that are aligned with those required for public companies as a non-share corporation under National Policy 58-201 Corporate Governance Guidelines, which requires disclosure of corporate governance practices.

MEMBERSHIP AND COMMITTEES

Board membership is comprised of 11 – 13 members; currently there are 12 serving members appointed by the following governmental bodies and RAA as represented below:

City of Regina – 6
City of Moose Jaw – 1
R.M. of Sherwood – 1
Province of Saskatchewan – 1
Government of Canada – 2
Regina Airport Authority Inc. – 2 (1 RAA position is currently vacant)

RAA utilizes four primary Committees; each committee has its own charter and/or mandate. Copies are available upon request. The four Committees include Audit and Finance, Community Consultative, Governance and Nominating, and Human Resources. Committee Chairs have provided a written summary of their activities within this annual report. A complete listing of the Community Consultative Committee membership will be provided upon request.

ROLES AND RESPONSIBILITIES

The fundamental role and responsibility of the Board is to provide direction to, and oversight of, Regina Airport Authority Inc.

ROLES

The Board sets strategic direction, approving the strategic planning document and the annual business plan. The Board provides stewardship overseeing management of RAA's business affairs through determination of policy, and the monitoring of performance and progress in meeting the objectives of the Corporation.

The Board's role is to ensure effective communication of plans and policies, including appropriate transparency of processes and disclosures to the community it serves.

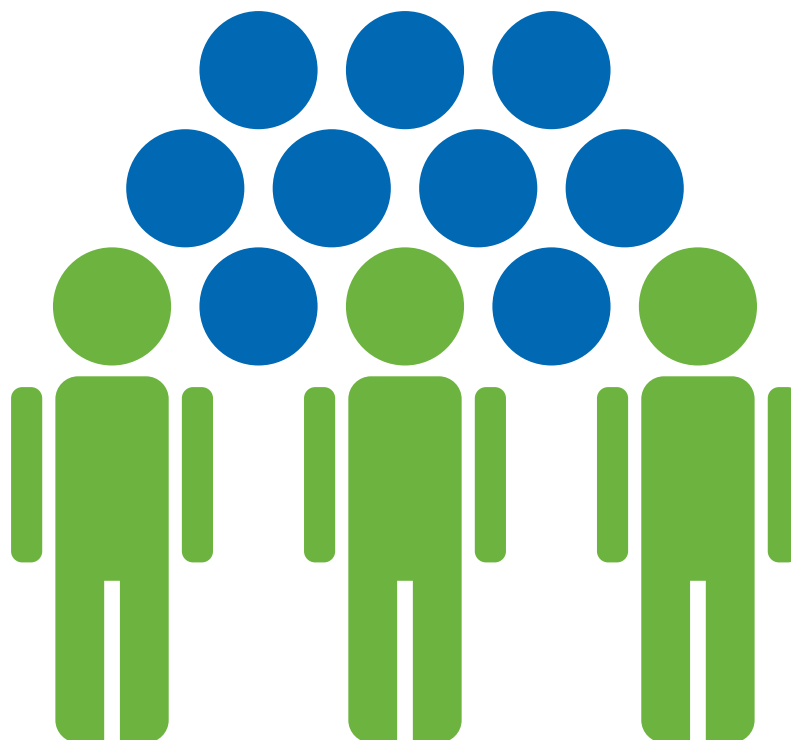
RESPONSIBILITIES

A key responsibility of the Board is to be aware of the nature and extent of strategic and critical business risks faced by the RAA, and to ensure that there are appropriate systems in place to address and manage these risks.

Directors are independent of management. Regular Board meetings are held; written position descriptions including delineation of duties and responsibilities are in place for the Board Chair and Committees; and further a written President and Chief Executive Officer position description including duties and responsibilities is in place.

Board orientation and continuing education processes are identified. A written code of conduct for Directors, officers and employees is in place and available upon request. The Board is responsible for compliance and is monitored through the Governance and Nominating Committee which is responsible to review and recommend Board compensation. The Human Resources Committee carries out the responsibility of completing the annual assessment of the President and Chief Executive Officer consistent with the President and Chief Executive Officer's evaluation criteria and recommends to the Board the appropriate compensation.

The auditor for RAA is KPMG LLP; audit fees for 2013 totaled \$43,905 (\$36,225 – 2012). The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.




Bob Linner, Chair

REMUNERATION: \$35,300
 BOARD ATTENDANCE: 7/7
 OCCUPATION: Retired - City Manager, City of Regina
 COMMITTEES & (COMMITTEE ATTENDANCE): Governance & Nominating (6/6), Audit & Finance* (6/6), Human Resources* (4/4)
 NOMINATOR: Province of Saskatchewan (2006)


Brian Martynook, Vice Chair & Chair of Human Resources Committee

REMUNERATION: \$19,750
 BOARD ATTENDANCE: 7/7
 OCCUPATION: Executive Director, Moose Jaw Chamber of Commerce
 COMMITTEES & (COMMITTEE ATTENDANCE): Human Resources (4/4)
 NOMINATOR: City of Moose Jaw (2004)


Alex Taylor, Secretary

REMUNERATION: \$18,100
 BOARD ATTENDANCE: 7/7
 OCCUPATION: Retired - Minister of United Church of Canada
 COMMITTEES & (COMMITTEE ATTENDANCE): Human Resources (4/4)
 NOMINATOR: City of Regina (2011)


Paul Bourassa, Chair of Audit and Finance Committee

REMUNERATION: \$17,500
 BOARD ATTENDANCE: 7/7
 OCCUPATION: General Counsel and Chief Compliance Officer, Western Surety
 COMMITTEES & (COMMITTEE ATTENDANCE): Audit & Finance (6/6)
 NOMINATOR: City of Regina (2011)


Catherine Roberts, Chair of Community Consultative Committee

REMUNERATION: \$16,947
 BOARD ATTENDANCE: 7/7
 OCCUPATION: Accountant, Consultant
 COMMITTEES & (COMMITTEE ATTENDANCE): Human Resources (4/4), Community Consultative Committee (1/1)***
 NOMINATOR: City of Regina (2005)


Ken Waschuk, Chair of Governance & Nominating Committee

REMUNERATION: \$18,850
 BOARD ATTENDANCE: 7/7
 OCCUPATION: President, Tanka Resource Group Inc.
 COMMITTEES & (COMMITTEE ATTENDANCE): Governance & Nominating (6/6), Community Consultative (2/2)
 NOMINATOR: Government of Canada (2009)



Trent Fraser

REMUNERATION: \$4,300
BOARD ATTENDANCE: 2/2
OCCUPATION: President, Fraser Strategy
COMMITTEES & (COMMITTEE ATTENDANCE):
Governance & Nominating (2/2)***
NOMINATOR: City of Regina (2013)



Nigel Harris

REMUNERATION: \$15,400
BOARD ATTENDANCE: 7/7
OCCUPATION: Network Director, Colt
International, LLC
COMMITTEES & (COMMITTEE
ATTENDANCE): Governance & Nominating
(5/6)
NOMINATOR: City of Regina (2012)



Darlene Hincks

REMUNERATION: \$15,400
BOARD ATTENDANCE: 7/7
OCCUPATION: President of Damara Day Spa
Franchises
COMMITTEES & (COMMITTEE ATTENDANCE):
Governance & Nominating (3/3)**,
Human Resource Committee (2/2)***
NOMINATOR: Government of Canada (2011)



Sean McEachern

REMUNERATION: \$15,100
BOARD ATTENDANCE: 6/7
OCCUPATION: Director of Policy and
Communication, Saskatchewan Urban
Municipalities Association
COMMITTEES & (COMMITTEE
ATTENDANCE): Audit & Finance (5/6)
NOMINATOR: City of Regina (2012)



Larry Smart

REMUNERATION: \$17,050
BOARD ATTENDANCE: 7/7
OCCUPATION: Retired - Director,
Distribution Utility Accounting, SaskEnergy
COMMITTEES & (COMMITTEE
ATTENDANCE): Audit & Finance (6/6)
NOMINATOR: R.M. of Sherwood (2007)



David Walsh

REMUNERATION: \$16,445
BOARD ATTENDANCE: 6/7
OCCUPATION: Principal, Virtus Group LLP,
Chartered Accountants and Business Advisors
COMMITTEES & (COMMITTEE ATTENDANCE):
Audit & Finance Committee (6/6)
NOMINATOR: Regina Airport Authority (2006)

REGINA AIRPORT AUTHORITY INC. (RAA) BOARD RETAINERS ARE AS FOLLOWS:

POSITION	RETAINER
Chair	\$20,000
Vice-chair	\$12,250
Directors	\$10,000
Committee Chairs	\$12,250
Task Force Chairs	\$12,250

All Board members including the Chair receive per diem rates of \$300 per Board or Committee meeting less than 3 hours and \$600 per meeting over 3 hours attended. Further, \$150 per diems are paid for attendance at Nominators and public meetings. Per diem rates are paid at \$600 per day and/or \$300 per half day (3 hours or less) for authorized business and training/attendance. Travel time for in town and out of town activities are not compensated. Travel expenses are reimbursed.

The Board incurred \$40,420 in expenses during the year in conducting its responsibilities. These activities included Board development, orientation and participation in industry interest groups.

Board members are entitled to incur up to \$3,500 per year in training and development expenses as well as a technology allowance of up to \$700 once every three years.

Note: President & CEO is the sole employee of the Board and not a Director.



THANK YOU

Regina Airport Authority's Board of Directors would like to thank the following Director for his tenure on the Board up to and including April 26, 2013.

BOARD MEMBER: James Rybchuk

REMUNERATION: \$5,583

BOARD ATTENDANCE: 2/2

OCCUPATION: Lawyer, Partner, McDougall Gauley LLP; Adjunct Professor Law, University of Regina

COMMITTEES & (COMMITTEE ATTENDANCE): Human Resources (2/2)

NOMINATOR: City of Regina (2007)

OFFICERS AND SENIOR MANAGEMENT COMPENSATION:

Remuneration paid to RAA senior officers during the year total \$479,364. The salary ranges for these senior positions are:

James D. Hunter, President and CEO; (\$146,740 - \$185,000)

Derrick B. Thue, VP Administration and CFO; (\$110,000 - \$165,000)

Steven D. Burchi, VP Operations; (\$110,000 - \$165,000)

TERMS OF REFERENCE:

The Audit and Finance Committee (the "Committee") will assist the Board of Directors in fulfilling its obligations and oversight responsibility for financial strategy and performance, risk management, internal controls, financial and management information systems, audit and related accounting matters and financial reports prepared for public distribution.

It is the responsibility of the Committee, management, the external auditors and the Board to ensure there are adequate financial reporting, disclosure, risk management and control systems in place. The Committee is responsible for reviewing the adequacy and effectiveness of these activities.

2013 HIGHLIGHTS:

The Committee met six times in 2013 to conduct its business. Specific activities of note in 2013 include the following:

- Reviewed, endorsed and recommended for Board approval banking arrangements for line of credit and long term debt financing.
- Considered the scope of the annual audit plan, reviewed accounting observations and recommendations and financial reporting matters arising from the year-end audit and recommended engagement and related compensation of the auditor.
- Met with KPMG (the external auditor) without management present to review specific issues as deemed appropriate.
- Met with management without the external auditor present and independently assessed the effectiveness and overall satisfaction with the auditor (KPMG).
- Reviewed interim financial statements, external auditor reports and management's discussion and analysis of financial results for Board approval.
- Reviewed, endorsed and recommended Board approval of the 2014 business plan and associated capital and operating budgets.
- Reviewed, endorsed and recommended for Board approval significant transactions and business development initiatives as deemed appropriate.
- Conducted an assessment of its activities to ensure that its responsibilities, as set out in its terms of reference, had been fulfilled including annual review of the Committees terms of reference.
- Provided oversight and recommended funding requirements to sustain pension obligations.
- Scrutinized business case analysis as presented by management related to current and future airport facility developments and strategic initiatives.

2014 OBJECTIVES:

- To lead, with the support of management, further evolution of risk management processes and risk tolerances and mitigation strategies to address key critical risk priorities.
- To oversee continued enhancement of financial and performance indicator reporting for monitoring progress towards the achievement of strategic and financial objectives.
- To guide the development of a financial strategy that supports Regina Airport Authority Inc. (RAA)'s long term development plan while ensuring RAA continues to be financially sustainable.
- Review and scrutinize facility development proposals and endorse asset replacement plans as recommended by management.
- To oversee the development of a Project Definition Report (PDR) and related project resourcing and procurement requirements.
- To oversee a full rates and fees review to ensure strategic financial considerations are incorporated with final recommendations provided for by management.
- To complete its responsibility for financial strategy and performance, risk management, internal controls, financial and management information systems, audit and related accounting matters and financial reports prepared for public distribution.

COMMITTEE MEMBERSHIP:

The Board has determined that all the members of the Committee meet the standards set out within the Audit and Finance Committee Terms of Reference:

- Independence – to eliminate conflict of interest for Directors.
- Financial Literacy – the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues reasonably expected to be raised by RAA's business activities.

This report has been reviewed and endorsed by the members of the Audit and Finance Committee.

- Committee Members: Paul Bourassa (Chair), Larry Smart, Sean McEachern, and David Walsh; Bob Linner (Board Chair; ex officio).



I wish to thank my fellow Committee members and management for their commitment, dedication and support.

Respectfully submitted,

"Paul Bourassa"

Paul Bourassa
Committee Chair

TERMS OF REFERENCE:

The Community Consultative Committee assists the Board of Directors in fulfilling its obligations to consult with the community for effective dialogue on matters related to the corporation.

For clarity, and as required under the ground lease with the Crown, the Committee provides effective dialogue with the community on matters of airport planning, operational aspects of the airport, municipal concerns and noise abatement.

2013 HIGHLIGHTS:

- Reported on 2012 noise abatement management and actual results including abatement operational goals that assist with minimizing the overall impact of aircraft noise on the surrounding community. During 2013, only 9 noise complaints were logged (2012 – 17) with the Authority; a decrease of 53% over the reporting period. Of those 9 complaints registered, 6 resulted from military aircraft operations and 2 from cargo aircraft activities. Abatement protocols are achieving intended goals and objectives.
- Highlighted airport business development achievements of current year:
 - Security Operations Centre (SOC) upgrades
 - Emergency Control Center (ECC) upgrades
- Highlighted airport business development planned activities for upcoming year:
 - Reconstruct main apron
 - Backroom baggage system improvements
 - Ongoing future planning for the next terminal expansion

2014 OBJECTIVES:

- Focus on expanding communications with the community about the airport community and potential impacts to passenger movement throughout the airport.
- Focus on timely communications with the community in all areas of airport planning, development and growth and in particular, sharing of terminal reserve planning results.

COMMITTEE MEMBERSHIP:

The Committee membership includes two Regina Airport Authority Inc. (RAA) Directors, one of whom is the Chair along with other member representatives of the community including various interest groups of consumers, the traveling public, aviation and provincial and municipal government. The Committee is supported by senior executive management of the RAA in carrying out its mandate.

During 2013, Catherine Roberts (Chair) and Ken Waschuk were active RAA Directors on the Committee. A complete listing of active participants and representative organizations can be obtained from RAA upon request.

In closing, I wish to thank management and my fellow Board members for their assistance in the sharing of airport communications with our community.

Respectfully submitted,

"Catherine Roberts"

Catherine Roberts
Committee Chair



TERMS OF REFERENCE:

The Governance and Nominating Committee will assist the Board of Directors in fulfilling its obligations and oversight responsibility for the following:

- Establishing and delivering effective and appropriate approaches to corporate governance;
- Planning for Board succession; recruiting new Directors;
- Providing orientation and ongoing training of Directors;
- Assessing the effectiveness of the Board, its committees and the Chair;
- Communicating effectively with Nominators and other stakeholders; and
- Ensuring Board and Director compliance with regard to ethics and conflict of interest policies.

Note: The full mandate of the Committee is contained within the Regina Airport Authority Inc. (RAA) Corporate Policy Manual and a copy will be provided upon request.

BELOW, THE RAA CORPORATE GOVERNANCE CRITERIA CHECKLIST HIGHLIGHTS THE CORPORATE GUIDELINES AND RAA'S ALIGNMENT WITH ITS APPROACH TO GOVERNANCE AND BEST PRACTICES.

CORPORATE GUIDELINES	DOES RAA ALIGN?	COMMENTS
1. STEWARDSHIP		
Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:		
i. Adoption of a strategic planning process	Yes	Annual process completed September 2013
ii. The identification of principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks	Yes	Principal risks identified; Audit and Finance is the lead committee for completing strategies in 2014
iii. Succession planning of senior management	Yes	HR strategy implemented 2013
iv. A communications policy	Yes	Governance Committee led - 2013
v. The integrity of the corporation's internal control and management information systems	Yes	Audit & Finance Committee and External Auditor.
vi. Satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity throughout the organization	Yes	Human Resources Committee considered in annual review and evaluation process
vii. Developing a set of corporate governance principles and guidelines that are specifically applicable to the Regina Airport Authority Inc.	Yes	NP Policy 58-201 provides guidance in striving to achieve evolving best practices

CORPORATE GUIDELINES	DOES RAA ALIGN?	COMMENTS
The written mandate of the Board should also set out:		
i. Measures for receiving feedback from stakeholders	Yes	Nominator and AGM provide; Community Consultative Committee provide; in addition stakeholder briefing sessions
ii. Expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials	Yes	Terms of Reference annual evaluation completed orientation for new members

2. COMPOSITION AND MEETINGS OF THE BOARD

i. The Board of Directors should be constituted of independent Directors	Yes	100%; annual review updates done
ii. In addition to ongoing regular meetings, the Directors should hold regularly scheduled meetings at which members of the management team are not in attendance	Yes	In-Camera meetings of the Board and Committees are a regular agenda item

3. POSITION DESCRIPTIONS

i. The Board should develop clear position descriptions for the Board Chair and Committee Chairs	Yes	Position descriptions are reviewed and updated annually by the Human Resources Committee
ii. The Board together with the CEO should develop a clear position description for the CEO which includes delineating management responsibilities. The Board should also annually develop with the CEO, and approve, the corporate goals and objectives the CEO is responsible for meeting.	Yes	Human Resources Committee recommended and Board approved annual CEO Parameters and position requirements

4. ORIENTATION AND CONTINUING EDUCATION

i. The Board should ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including in particular, the commitment of time and effort that the corporation expects from its Directors). All new Directors should also be given sufficient information so they are able to understand the nature and operation of the corporation's business.	Yes	Overview and high level presentation provided. Past minutes and agenda materials are provided with emphasis placed at orientation session on Director responsibilities.
ii. The Board should provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the corporation's business remains current.	Yes	Policies were amended focused on generative processes and continuous development; Two working sessions completed in 2013

CORPORATE GUIDELINES	DOES RAA ALIGN?	COMMENTS
5. CODE OF CONDUCT AND ETHICS		
The Board should adopt a written code of conduct and ethics (a code). The code should be applicable to Directors, officers and employees of the corporation. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	Yes	Disclosure Compliance Statements completed 2013; recognized as ongoing duty
i. Conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest;	Yes	Annual declarations for 2013 complete
ii. Protection and proper use of corporate assets and opportunities;	Yes	
iii. Confidentiality of corporate information;	Yes	
iv. Fair dealing with corporate customers, suppliers, competitors and employees;	Yes	
v. Compliance with laws, rules and regulations; and	Yes	
vi. Reporting of illegal or unethical behaviour	Yes	Respectful Workplace and Whistleblower in place – no exceptions reported for 2013
The Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements in place
6. APPOINTMENT OF COMMITTEES		
i. The Board should appoint the following Committees:		
- Governance Committee	Yes	
- Audit and Finance Committee	Yes	
- Community Consultative Committee	Yes	
- Nominating Committee	Yes	Function fulfilled by Governance Committee
- Compensation Committee	Yes	Function fulfilled by HR Committee
ii. The Committees should have a written charter that clearly establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations and manner of reporting to the Board. In addition, the Committees should be given authority to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties	Yes	Human Resources Committee in combination with Governance and Nominating Committee deal with CEO and executive compensation and executive HR policies completed its 2013 mandate
iii. The Board, in its discretion, may combine the duties of more than one Committee into a single Committee.	Yes	Governance and Nominating Committee is combination of governance and nominating functions
7. REGULAR BOARD ASSESSMENTS		
The Board and its Committees should have their effectiveness and contributions regularly assessed.	Yes	Annual evaluation processes established; reviews for 2013 ongoing

2013 HIGHLIGHTS:

- Coordinated Board development sessions focused on Regina Airport Authority's Economic Impact Study, governance (Board and management relations), project management (understanding the Board role) and strategic initiatives.
- Completed and implemented a technology allowance to reduce the environmental impact of paper committee and Board packages.
- Completed review of Directors and officers and airport operator's liability requirements and policy limits.
- Completed corporate governance responsibility checklist items and annual policy reviews.
- Provided oversight into the development of a fully endorsed communications/marketing strategy.
- Provided for the development and implementation of a corporate social media policy.

2014 OBJECTIVES:

- Provide assurance that the affairs of the corporation were conducted in compliance with all statutory requirements, bylaws, codes and all previously approved policies and plans.
- Monitor developments in corporate governance and provide review of overall new governance framework.
- Consult Directors and identify Board development initiatives.
- Revise and refine planning succession questionnaires for key Board positions and committees.
- Review industry norms and finalize Board remuneration.
- Complete integrity review of corporate governance policy statements.
- Provide oversight for the continual evolution of a robust communication/marketing strategy including its implementation.

COMMITTEE MEMBERSHIP:

This report has been reviewed and endorsed by the entire Committee comprised of the following individuals:

- Ken Waschuk (Chair), Bob Linner, Trent Fraser and Nigel Harris.

I would like to thank my fellow Committee members and RAA management.

The Committee reports that the airport regulator has provided RAA with a clean report with no issues of significance outstanding as primarily contained in the Annual Lease Monitoring report prepared by Transport Canada. The Committee confirms that the affairs of the Authority are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans.

Respectfully submitted,

"Ken Waschuk"

Ken Waschuk
Committee Chair



TERMS OF REFERENCE:

The terms of reference (mandate) of the Human Resources Committee (HRC) assists the Board of Directors in fulfilling its obligations and oversight for the following:

- Management and/or oversight of executive officers;
- Compensation and benefit structures and programs;
- Performance Management; and
- Human resource strategies, frameworks and practices.

2013 HIGHLIGHTS:

- Provided oversight in completion of the tri-annual Regina Airport Authority Inc. (RAA) compensation that resulted in updates to RAA's Compensation Philosophy and Practices.
- Analyzed the executive compensation survey report in the development of Board recommendations for adjusting executive compensation pay ranges.
- Reviewed and confirmed HR strategy objectives ensuring alignment with strategic and executive succession planning objectives.
- Completed 2012 CEO annual and 2013 CEO interim reviews.
- Considered and recommended to Board the approach, financial guidelines and strategy as established by senior management.
- Monitored Occupation Health and Safety and Respectful Workplace Policy reporting for compliance.
- Completed ongoing terms of reference requirements applicable to 2013 operations and considered evolving trends, emerging practices and proposed legislation for functional areas.

2014 OBJECTIVES:

- Review organizational structure in consideration of updated HR strategy implementation to ensure alignment with strategic core business priorities and ongoing succession plans.
- Approve Collective Bargaining Agreement settlement for ratification and implementation once complete.
- Complete ongoing terms of reference requirements applicable to 2014 operations and consider evolving trends, emerging practices and proposed legislation for functional areas.
- Complete 2013 formal CEO Evaluation, and identify 2014 performance measure objectives.
- Review Committee effectiveness and adjust policy and practices as may be required.

COMMITTEE MEMBERSHIP:

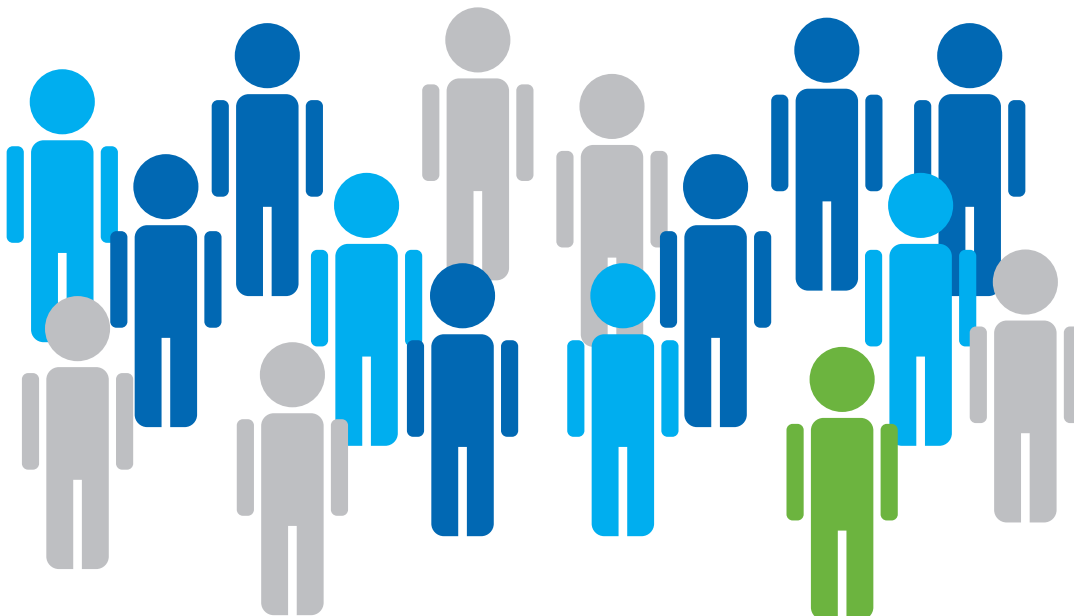
This Committee has completed its responsibility through the dedicated efforts of my fellow Committee members, and the support of RAA management.

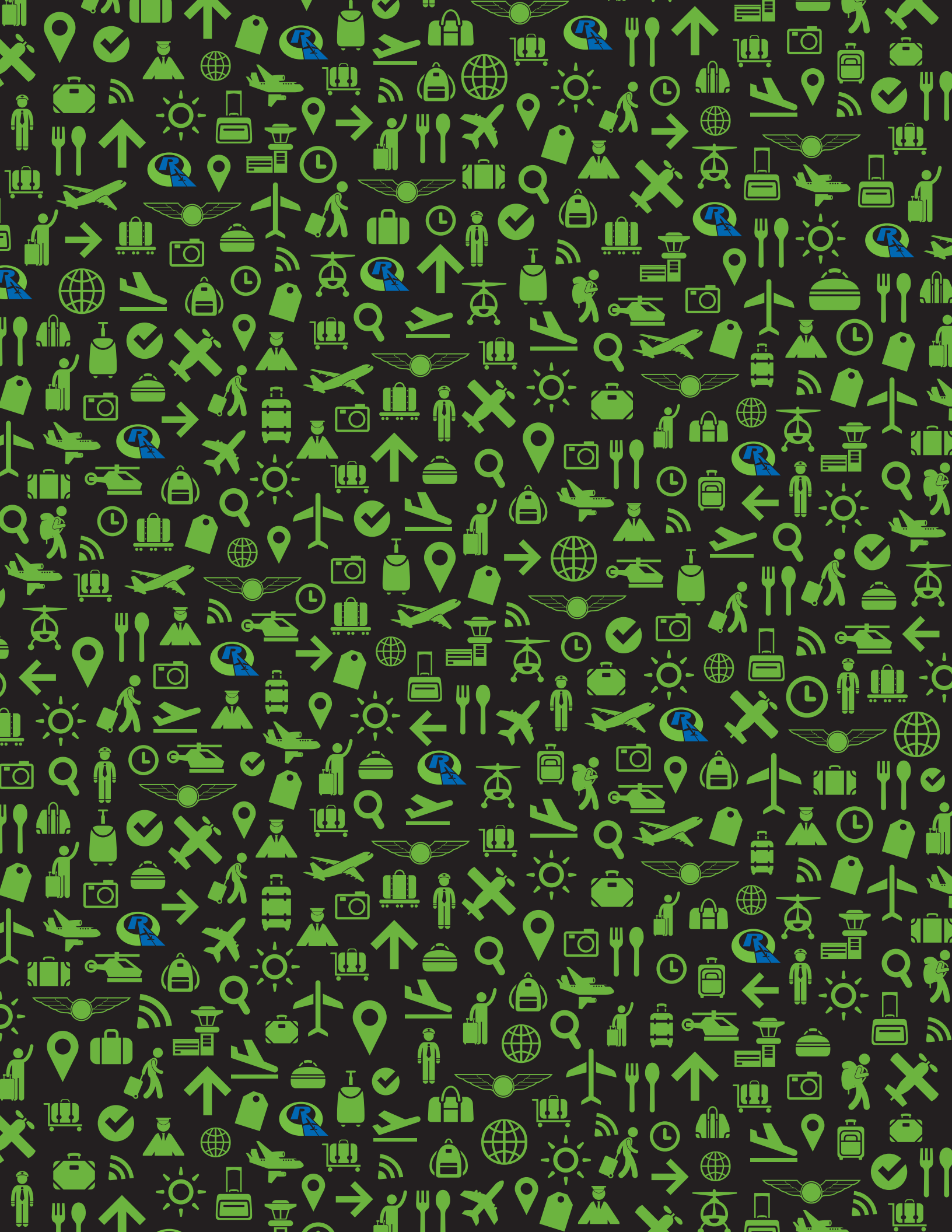
- Committee Members: Brian Martynook (Chair), Alex Taylor, Catherine Roberts, and Darlene Hincks; Bob Linner (Board Chair; ex officio).
- Management representation: Jim Hunter, Derrick Thue and Curtis Tutthill.

Respectfully submitted,

"Brian Martynook"

Brian Martynook
Committee Chair





FINANCIAL STATEMENTS



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	Year	Passenger Count	Growth Rate %	Aircraft Movements	Growth Rate %	Operating Revenues	Growth Rate %
ACTUAL	2008	1,005,270	4.42%	59,724	-6.23%	9,005,482	12.40%
	2009	1,022,042	1.67%	64,063	7.27%	9,447,173	4.90%
	2010	1,120,134	9.60%	59,632	-6.92%	10,957,019	15.98%
	2011	1,141,177	1.89%	58,300	-10.00%	11,373,703	3.80%
	2012	1,185,715	3.90%	55,431	-4.80%	12,351,704	8.60%
	2013	1,227,224	3.50%	56,624	2.15%	13,486,549	9.19%
PROJECTED	2014	1,254,000	2.18%	57,473	1.50%	14,063,000	4.27%
	2015	1,291,620	3.00%	58,335	1.50%	14,484,890	3.00%
	2016	1,330,369	3.00%	59,210	1.50%	14,919,437	3.00%
	2017	1,370,280	3.00%	60,099	1.50%	15,367,020	3.00%
	2018	1,411,388	3.00%	61,000	1.50%	15,828,030	3.00%
	Year	AIF Revenues	Growth Rate %	Capital Expenditures	Variance Rate %	Assets of Corporation	Growth Rate %
ACTUAL	2008	6,826,672	19.82%	7,483,354	168.60%	39,135,013	14.97%
	2009	7,072,704	3.60%	7,248,358	-3.14%	47,770,431	22.07%
	2010	7,526,325	6.41%	8,067,117	11.30%	51,953,337	8.76%
	2011	7,614,092	1.17%	23,019,994	185.36%	67,369,692	29.67%
	2012	10,673,386	40.18%	17,406,872	-24.38%	82,081,410	21.85%
	2013	11,382,846	6.65%	5,554,423	-68.09%	85,664,710	4.37%
PROJECTED	2014	11,314,000	-0.60%	27,959,000	403.36%	105,116,000	22.71%
	2015	11,653,420	3.00%	31,440,000	12.45%	126,000,000	19.87%
	2016	12,003,023	3.00%	31,992,875	1.76%	151,000,000	19.84%
	2017	12,363,113	3.00%	6,841,469	-78.62%	155,000,000	2.65%
	2018	12,734,007	3.00%	44,505,642	550.53%	190,000,000	22.58%
	Year	Operating Expenses	Growth Rate %	Ground Lease Rent	Variance Rate %		
ACTUAL	2008	8,145,871	10.61%	350,922	43.96%		
	2009	8,504,958	4.41%	381,100	8.60%		
	2010	9,591,979	12.78%	488,960	28.30%		
	2011	10,501,401	9.48%	531,334	8.67%		
	2012	11,007,519	4.82%	743,399	39.91%		
	2013	11,778,082	7.00%	857,781	15.39%		
PROJECTED	2014	12,131,424	3.00%	900,000	4.92%		
	2015	12,495,367	3.00%	945,000	5.00%		
	2016	12,870,228	3.00%	972,000	2.86%		
	2017	13,256,335	3.00%	1,041,000	7.10%		
	2018	13,654,025	3.00%	1,093,000	5.00%		
	Year	Operations Net Results	Return on Revenues	Net Revenue over Expenses	Variance Rate %		
ACTUAL	2008	859,611	9.55%	5,352,494	21.54%		
	2009	942,215	9.97%	5,412,190	1.12%		
	2010	1,365,040	44.88%	5,681,311	4.97%		
	2011	872,662	-36.07%	5,084,570	-10.50%		
	2012	1,380,285	2.33%	7,514,525	47.79%		
	2013	532,067	-61.45%	7,554,918	0.54%		
PROJECTED	2014	100,000	-81.21%	4,910,000	-35.01%		
	2015	400,000	300.00%	5,057,300	3.00%		
	2016	412,000	3.00%	5,209,019	3.00%		
	2017	424,360	3.00%	5,365,290	3.00%		
	2018	437,091	3.00%	5,526,248	3.00%		

Management Discussion and Analysis (MD&A) provides details to assist in the interpretation of the operations and financial condition of Regina Airport Authority Inc. (RAA) for the fiscal period ending December 31, 2013. RAA has prepared these statements in accordance with accounting standards for not-for-profit organizations (ASNPO); details of this report should be read in conjunction with the financial statements and the related note disclosures.

RAA is a not-for-profit private corporation without shareholders where all excess revenues over expenditures are applied to managing and operating our airport consistent with the mission statement. RAA, operating as a local authority, as of December 31, 2013 is into its fifteenth year of operation of a sixty year lease arrangement with the Crown; a further option to renew for an additional twenty years remains.

PASSENGER STATISTICS

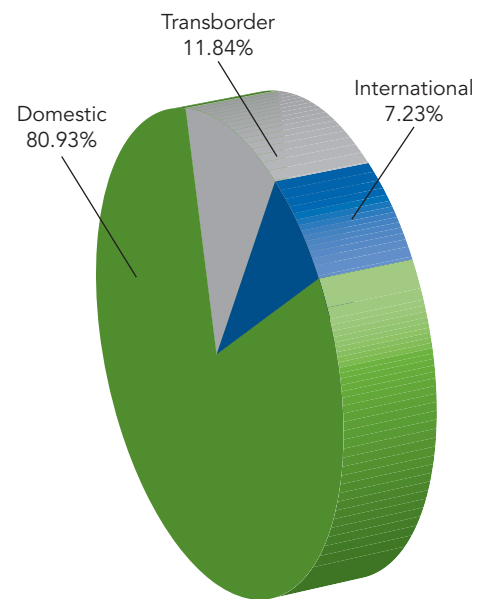
2013 total enplaned and deplaned passenger growth was 3.5%; 2012 growth was 3.9%. This translates into a new record number of 1,227,224 passengers; an additional 41,509 passengers over last year's total of 1,185,715.

Domestic activity increased, up 64,274 passengers or up 6.92% over 2012 values to 993,139; Transborder traffic passenger counts decreased by 24,326 down 14.34% over 2012 to 145,353 passengers; and international, charter traffic increased 1,561 passengers up 1.79% over 2012 to 88,732. The breakdown by passenger type is illustrated on the pie chart (right).

RAA budgeted for a 2013 passenger growth rate of 2.6% (slightly lower than the expected local GDP indicators of 3%) as it was anticipated that limited fleet expansion opportunities by domestic carriers would carry into 2014. However, new market opportunities occurred in the second half of 2013 leading to significant domestic expansion. Rationalization of routes for transborder services resulted in some reduction in frequencies and decreased overall traffic for this sector. Charter frequency and demand remained stable and static over 2012. RAA exceeded its 2013 budgeted target of 2.6% by 0.9%.

RAA has established a 2.8% passenger growth target for 2014 in line with targeted GDP growth estimates. The 2014 targeted passenger count utilizing a growth rate of 2.8% applied to 2013 posted actual results would be 1,261,586.

Total Passenger Traffic in 2013



RATES AND FEES

Effective January 1, 2013, RAA introduced new common use fees for common use check-in, departure and upgraded self serve check-in solutions. This new fee was introduced to offset the ongoing costs for day to day automated IT systems and on-site support. There were no other rates and fees adjustments introduced during 2013.

Within our workplan of 2014 we will be completing a full review of all rates and fees and associated methodology. We anticipate average fee adjustments in the 3-5% range to offset the continued increased costs of doing business.

AIRPORT IMPROVEMENT FEES (AIF)

Airport Improvement Fees (AIF) rates have a direct relationship and correlation to capital planning and other revenue generating opportunities/capabilities. During 2013, \$11,382,846 (2012; \$10,673,386) net of collection fees was generated and \$5,082,149 (2012; \$13,100,583) was expended on eligible AIF capital programming including eligible interest.

As at December 31, 2013 AIF eligible expenditures exceed AIF revenues generated by \$3,363,478 since its inception (May 1999). This shortfall is backstopped by long-term debt and over the longer planning period will be repaid from future AIF funds generated.

CAPITAL ACTIVITY HIGHLIGHTS

2013 RAA capital programming included the following major project highlights on a capital spend of \$5,554,423:

- \$216,680 – detail design works for Multi Tenant Facility (MTF)
- \$18,898 – door upgrades at rental car common use facility
- \$236,517 – sanitary line upgrades for hangar line
- \$265,114 – land infill rehabilitation and remediation works

In total, \$737,209 was spent on non-eligible AIF funded capital improvements during the year; while \$4,817,214 was spent on eligible AIF funded activities as follows:

- \$1,343,897 – check-in hall/mezzanine infill improvements and common use solutions
- \$172,983 – emergency and security control centre upgrades
- \$691,437 – closed circuit television and access control upgrades
- \$144,452 – detail design of Multi Tenant Facility (AIF eligible portion)
- \$184,676 – cell phone lot upgrades
- \$74,726 – irrigation equipment upgrades
- 137,325 – holdroom seating and fixtures
- \$44,695 – firehall living quarter and maintenance garage upgrades
- \$33,672 – annual Surfaces crack sealing program
- \$106,329 – Apron rehabilitation detail design
- \$287,582 – fleet replacement (trucks)
- \$45,114 – detail design for hold baggage screening enhancements
- \$239,488 – heavy and special equipment replacement programming
- \$331,781 – IT cabling (out buildings and WIFI upgrades)

- \$140,793 – glycol valve relocation and upgrades
- \$651,349 – runway guard lights and airfield lighting upgrades
- \$186,915 – other continual existing facility programming and studies

For 2014, we have an increased capital plan in terms of dollars spent on core activities of \$14,989,000 made up primarily for Apron 1 surface redevelopment and regular ongoing infrastructure renewal of existing infrastructure.

CASH FLOW

The 2013 cash flow position remains positive. The 2013 current ratio remains in good standing at 3.94 to 1 (the 2012 current ratio was 1.83 to 1); a ratio of 1.5 to 1 or better is considered to be excellent. RAA is well positioned to meet its short term obligations. RAA has an undrawn \$12,000,000 capital facility in addition to an undrawn \$500,000 line of credit providing further liquidity.

Growth in revenues generated increased the earning before income tax, depreciation and amortization (EBITDA) and enhances RAA's ability to meet its debt servicing obligations. RAA must maintain, at all times, a current service ratio (CSR) of 1.25 to 1 or better. EBITDA divided by annual interest payments and current portions of long term debt.

The 2013 CSR ratio is approximately 6.76 - 1 (2012 – 7.14 – 1); we continue to be very well positioned to meet our debt and interest obligations.

BALANCE SHEET

Assets of the corporation increased by \$3,583,300 (4.37%) to \$85,664,710. Investment in property, plant, and equipment decreased \$315,823 (net of amortization and disposals) as amortization outstripped actual additions on a relatively light year of activity. Receivables increased \$356,889 primarily due to the timing of yearend receipts. Prepaid material and supplies increased by \$3,536. Investments held increased \$180,352. Unrealized market appreciation gains contributed \$115,214.

Cash on hand increased \$3,358,346 to \$7,698,497 over 2012 as expected with the light capital expansion program planned for 2013.

Accounts payable and accrued liabilities decreased \$1,393,777 over 2012; this reduction is as expected as the significant 2012 holdbacks related to the check-in hall and land infill projects were released during 2013. The current portion on the bank term loans have also increased by \$175,000 and is related to terming out the debt incurred for completion of check in hall renovations. Deferred revenue decreased \$31,713 as fewer lease prepayments occurred before December 31, 2013 as compared to 2012.

Long term bank term debt decreased \$1,555,528 on repayments of \$1,380,528 and readjustments to the current portion. No new debt was drawn during the year. Other liabilities are recorded in the statements for pension plan and retirement allowance liabilities in the amount of \$1,219,700; this amount is \$1,165,600 lower than last year's posted \$2,385,300. Investment returns on pension funds were very positive and combined when with special payment requirements it improved the plan position significantly.

Overall net assets increased \$7,554,918 (\$7,514,525 during 2012) reflective of excess revenues over expenses.

STATEMENT OF OPERATIONS

Revenues: 2013 revenues increased \$1,942,577 over 2012. Airport improvement fees (gross) increased \$684,638; \$1,633 on the rental car customer facility charge; \$91,851 on landing fees ; \$116,962 on general terminal fees reflective of continue passenger growth; \$501,947 on other airline fees and new common use fees (baggage and EMS recovery fee increases and continued traffic growth contributing); \$200,392 on public parking (built on increased demand and passenger growth); \$179,128 on improved airside concessions sales (improvements) and continued traffic growth. Operating revenues exceeded plan by \$213,549 with the variance primarily attributed to parking and concession revenue growth.

Operating revenues generated were \$13,486,549 (net of AIF, CFC, interest, realized and unrealized gains, and other car rental support activities). This represents an increase of \$1,134,845 over 2012 posted results, well ahead of planned revenue of \$13,273,000. Aeronautical and common use fees contributed \$710,761 in new revenues with concessions, parking and miscellaneous recoveries making up the difference.

Expenses: 2013 expenditures increased \$1,902,184 over 2012; \$968,338 more for amortization of property, plant and equipment; \$114,382 more for ground lease commitments based on the increased revenue base; and a \$313,127 reduction in personnel costs. It should be noted that with the transition to immediate recognition for pension liabilities, current year's personnel costs were reduced by \$1,171,000 (2012 - \$451,200); and increased \$5,400 (2012 - \$487,300) for the establishment of retirement obligations. After backing out these adjustments the actual salaries and benefits are just slightly better than plan. There were modest increases to property taxes of \$76,894, utilities \$80,322, and materials and supplies increased \$66,348, \$138,881 professional consulting services and \$363,090 for operation and support of common use equipment.

Operating expenditures incurred (net of amortization, AIF collection costs, interest expense and the car rental operation) during 2013 were \$11,778,082 (\$770,563 over last year's totals).

Overall net operating revenues over operating expenses for 2013 generated (net of pension valuation and retirement obligation adjustments) \$532,067 exceeding the plan by \$100,067.

CONTRACTS NOT TENDERED

All projects with a value in excess of \$75,000 (base year 1992=100 CPI annually adjusted) require a public tender or request for proposal process. In 2013 dollars this value approximates - \$125,000. All projects in excess of these values were tendered with the exception of the following:

Snow blower:

- ➔ Contract value of \$850,500
- ➔ Vendor: Airport Technologies Inc.
- ➔ Sole sourced due to pricing provided per Winnipeg Airport Authority purchase price and Winnipeg's positive experience with the equipment

The aviation segment within the transportation services sector continues to be highly complex, volatile and uncertain. Significant advancements within safety and security management systems continue to evolve to assure operators, regulators and the general public that this mode of transportation is safe, secure, proven and dependable. Airport operators are required to be responsive to regulatory change in an industry of continued growth creating an environment of uncertainty (with uncertainty comes risk). Airline travel demand is dependent upon economic rates of growth and/or retraction adding further complexities that result in new and evolving risks and uncertainties, several of which are discussed below.

AIRLINE OPERATORS

Operators are being challenged by human resource succession challenges, mainly pilot shortages that are already beginning to be felt and that will continue for the next several years. These shortages will affect the lower level regional airlines responsible for much of our traffic (SkyWest, Encore and Air Canada Express) as the larger airlines draw from these pilot pools to address their own shortages. As airline operators identify where resources will be deployed, it will be increasingly important for airport operators and their community to work with these carriers to maintain current and sustainable service levels.

Also of concern is that there are very few if any 50 seat aircraft on global aircraft manufacturing production lines. As the older model Dash 8 and Regional Jet (RJ) aircraft begin to phase out, this will also place pressure on current service into and out of Regina. Frequency and service may well be affected as airlines struggle to operate profitably with larger aircraft less well suited to the current level of operations than the current fleets of 50 seat aircraft.

AIRPORT OPERATORS

Operators are faced with frequent change to regulatory standards that require significant responses within very short timelines. While these changes are playing out federally, the government is cutting resources and funding. Programs such as non-passenger screening, pre-security screening of carry-on bags and changes to airport infrastructure standards and guidelines for capital improvement and life cycling continue to add to processing, planning and overall costs of operations.

AIRPORT USERS

Level of service expectations of the traveling public remain at odds with the decisions of industry regulatory programming and funding. Airport traffic continues to increase significantly each year while related funding to backstop programming for security, screening and safety initiatives is being cut. The result is lower levels of customer service, long line ups and at times an unsatisfying overall experience to the traveling public over which the local airport operator has limited control.

Facility capital and financing requirements for infrastructure remain a challenge in the highly active Regina marketplace as they relates to the cost of labour and materials. Additionally, succession challenges internal to Regina Airport Authority Inc. (RAA) to ensure that the overall organizational continuity continues into the future are a real risk. Effective succession strategy implementation is required for timely and informed strategic and financial decision making into the future. RAA is well positioned to respond to these risks and challenges and will continue to be responsive in the execution of its strategic initiatives in the continuum of constant change.

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these are set out in Note 3 of the financial statements.

Regina Airport Authority Inc. (RAA)'s accounting procedures and related systems of internal control are designed to provide reasonable assurance that its' assets are safeguarded and its' financial records are reliable. These financial statements include some amounts based upon management's best estimates and judgments. Recognizing that RAA is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit Committee consisting of five independent Directors. The committee meets periodically during the year to review with management and the auditors any significant accounting, internal control, and auditing matters. They also review and finalize the annual financial statements of RAA together with the independent auditors' report before the submission of the financial statements to the Board of Directors for final approval.

The financial information throughout the text of this annual report is consistent with the information presented in these consolidated financial statements.

On behalf of Regina Airport Authority Inc.:

"James D. Hunter"

James D. Hunter
President and CEO

"Derrick B. Thue"

Derrick B. Thue
VP Administration and CFO



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of Regina Airport Authority Inc., which comprise the statement of financial position as at December 31, 2013, the statements of operations and net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Airport Authority Inc. as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

February 27, 2014
 Regina, Canada

STATEMENT OF FINANCIAL POSITION

As at December 31, 2013, with comparative figures for 2012

	2013	2012
ASSETS		
Current Assets:		
Cash (note 4)	\$ 7,698,497	\$ 4,340,151
Accounts receivable and accrued revenue (note 5 and 9)	3,127,632	2,770,743
Prepaid materials and supplies	399,369	395,833
	11,225,498	7,506,727
Investments (note 6)	1,800,788	1,620,436
Capital assets (note 7)	72,638,424	72,954,247
	\$ 85,664,710	\$ 82,081,410
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 1,446,674	\$ 2,840,451
Deferred revenue	18,869	50,582
Current portion of long-term debt (note 10)	1,380,528	1,205,528
	2,846,071	4,096,561
Long-term debt (note 10)	15,912,182	17,467,710
Tenant security deposits	65,352	65,352
Pension plan liability (note 15)	727,000	1,898,000
Retirement allowance liability (note 16)	492,700	487,300
	20,043,305	24,014,923
Net assets	65,621,405	58,066,487
	\$ 85,664,710	\$ 82,081,410
Commitments (note 14)		

See accompanying notes to financial statements

Approved on behalf of the Board:

"Bob Linner"

 Bob Linner, Chair of Board

"Paul Bourassa"

 Paul Bourassa, Chair of Audit and Finance Committee

STATEMENT OF OPERATIONS AND NET ASSETS

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Revenue:		
Airport improvement fees (note 11)	\$ 12,175,239	\$ 11,490,601
Customer facility charge (note 12)	706,896	705,263
Landing fees	2,552,466	2,460,615
General terminal fees	1,961,670	1,844,708
Other airline fees	1,820,908	1,318,961
Public parking	3,871,650	3,671,258
Concessions	2,245,385	2,066,257
Rentals	936,304	942,734
Other	456,324	283,868
	26,726,842	24,784,265
Expenses:		
Airport improvement fee collection costs (note 11)	792,393	817,215
Salaries and benefits	4,081,234	4,394,361
Services, supplies and administration	5,560,135	4,605,044
Ground lease	857,781	743,399
Property taxes	915,157	838,263
Amortization	5,870,246	4,901,908
Utilities	799,285	718,963
Other	295,693	250,587
	19,171,924	17,269,740
Excess of revenue over expenses	7,554,918	7,514,525
Net assets, beginning of year	58,066,487	50,551,962
Net assets, end of year	\$ 65,621,405	\$ 58,066,487

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 7,554,918	\$ 7,514,525
Add (deduct) non-cash items:		
Amortization of capital assets	5,870,246	4,901,908
Unrealized gain on investments	(115,214)	(37,062)
Realized (gain) loss on investments	(4,871)	6,492
	13,305,079	12,385,863
Change in non-cash working capital:		
Accounts receivable and accrued revenue	(356,889)	(666,038)
Prepaid materials and supplies	(3,536)	(63,325)
Accounts payable and accrued liabilities	(1,393,777)	1,294,004
Deferred revenue	(31,713)	14,443
Tenant security deposits	-	(2,000)
Retirement allowance liability	5,400	24,700
Pension plan liability	(1,171,000)	(451,200)
Cash flow from operations	10,353,564	12,536,447
Investing:		
Purchase of capital assets	(5,554,423)	(17,406,872)
Purchase of investments	(214,803)	(187,271)
Proceeds on sale and maturity of investments	154,536	128,225
Total investing activities	(5,614,690)	(17,465,918)
Financing:		
Advances of long-term debt	-	7,145,000
Repayments of long term debt	(1,380,528)	(834,762)
Total financing activities	(1,380,528)	6,310,238
Increase in cash	3,358,346	1,380,767
Cash, beginning of year	4,340,151	2,959,384
Cash, end of year	\$ 7,698,497	\$ 4,340,151

See accompanying notes to financial statements

1. Purpose and description of business:

Regina Airport Authority Inc. (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the *Canada Corporations Act* (the "Act"). The Authority is exempt from federal and provincial income tax. The Authority has operated Regina International Airport since May 1, 1999, under a lease from the Government of Canada (the "Ground Lease"). The Ground Lease has an initial term of 60 years with an option to extend for 20 years.

Pursuant to the Act, the Authority shall operate as a not-for-profit corporation and as such, the Authority reinvests all excess of revenue over expenses in the capital renovation and expansion requirements of the airport for which it is responsible. In addition to the investment of the excess of revenue over expenses, the Authority is authorized to borrow to invest in the airport infrastructure, and current borrowings are detailed in Note 10. Capital requirements are generally determined on an annual basis in conjunction with the Authority's business planning cycle, although longer term projects may involve financial commitments that extend beyond one year. The Authority annually re-evaluates its economic condition and facility demands in setting its objectives.

The mandate of the Authority is to manage and operate the airport in a safe, secure, efficient and commercially viable and environmentally responsible manner in its objective to advance economic and community development by means that include promoting and encouraging improved airline transportation for the general benefit of the public in its region.

2. Basis of preparation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook- Accounting.

3. Significant accounting policies:

The following accounting policies are considered significant:

a) *Capital assets*

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated lives at the following rates:

Asset Category	Years
Leased land	48
Office furniture and equipment	3-10
Computer equipment	3- 5
Vehicles and equipment	3-15
Leasehold improvements	1-30
Work in progress	not amortized, as not available for use

3. Significant accounting policies (continued):**a) *Capital assets (continued)***

The various components of the air terminal building, other building structures, roadways and airfield surfaces included in leasehold improvements are amortized on a straight-line basis over their estimated economic life of the component asset, limited to the term of the Ground Lease. These assets revert back to the Government of Canada upon expiry of the Ground Lease.

The Authority has previously purchased Land for operational purposes and future development. The Ground Lease requires that at commencement of development the applicable Land be transferred to the Government of Canada at which time the Authority reclassifies Land to Lease Land and commences amortization on a straight-line basis over the remaining full fiscal years of the Ground Lease.

Capital projects uncompleted at year end are capitalized to work in progress at cost. Costs are transferred to the appropriate capital asset class and amortization commences when the project is completed and the assets become operational.

b) *Impairment of long-lived assets*

The Authority uses a two step process for determining whether an impairment of long-lived assets should be recognized in the financial statements. If events or changes in circumstances indicate that the carrying value of the long lived asset may have been impaired, a recoverability analysis is performed on the estimated undiscounted cash flows to be generated from the asset's operations and its projected disposition. If the analysis indicates that the carrying value is not recoverable from future cash flows, the long lived asset is written down to its estimated fair value and an impairment loss is recognized in the statement of operations. If circumstances change impairment loss may be adjusted reflecting a partial or full reversal.

c) *Employee future benefits***(i) Pension plan**

The Authority has a retirement pension plan (the "Plan") for all permanent and term employees. The plan provided employees with an option to elect to continue as defined benefit members or elect to become defined contribution members at the time of transfer (May 1, 1999) to the Authority from the Government of Canada. The defined benefit membership is limited to those that continued on as defined benefit members with all new employees since transfer classified as defined contribution members. The Authority does not provide any non-pension post retirement benefits.

3. Significant accounting policies (continued):

c) *Employee future benefits (continued)*

(i) Pension plan (continued)

The Authority accrues its obligations under the pension plan as the employees render their services necessary to earn the pension benefits. For the defined benefit plan, the fair value of pension assets is used for the purpose of calculating the expected return on plan assets. Pension obligations are determined by an independent actuary using the projected benefit method prorated on service and management's best estimate assumptions. The cost of the defined contribution component of the plan is recognized based on the contributions required to be made during each period. Actuarial gains and losses arise because of changes in assumptions and from experience differing from what has been assumed. Actuarial gains and losses are immediately recognized through the statement of operations.

(ii) Retirement allowance

The Authority accrues a retiring allowance for all permanent employees, which is calculated on the basis of current salary at one week per year of service or part thereof to a maximum of thirty weeks.

d) *Revenue recognition*

Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government re-imbursements of specific operating costs are offset against the costs incurred.

Specifically, revenue is recognized as follows:

- Landing, general terminal and other airline fees are recognized when airport facilities are utilized.
- Public parking and concession revenues are recognized when facilities are utilized. Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum guaranteed amounts over the terms of the respective leases.
- Rental revenues are recognized over the terms of the respective leases at the commencement of each month when rent is due.
- Other income is recognized when earned or received.
- Airport Improvement Fee ("AIF") revenue is recognized when the originating departing passengers board their aircraft as reported by the airlines.
- Customer Facility Charge ("CFC") revenue is recognized based on the transaction day information contained in the rental car agreements as reported by the operators.

3. Significant accounting policies (continued):**d) *Revenue recognition (continued)***

Deferred revenue consists primarily of land leasing, space rental, aeronautical fees and concession fees received in advance of land or facilities being utilized.

e) *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

f) *Use of estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets, and the determination of the pension plan and retirement allowance liabilities. Actual results could differ from those estimates.

4. Cash:

Cash earns interest at an effective rate of 1.25% (2012 - 1.25%).

5. Accounts receivable and accrued revenue:

Accounts receivable and accrued revenue are reported net of any allowance for bad debts that are estimated to occur. The allowance for 2013 is \$19,303 (2012 – \$7,647). Bad debts expense for 2013 is \$12,496 (2012 - \$5,725).

6. Investments:

The carrying value of the Authority's investments is as follows:

	2013	2012
Guaranteed Investment Certificates (GIC's), growth notes and savings account	\$ 695,633	\$ 791,675
Common shares	975,407	817,393
Investment savings account	129,748	11,368
	<u>\$ 1,800,788</u>	<u>\$ 1,620,436</u>

The fair value of the investment savings account, GIC's, growth notes and savings account approximates cost due to their short-term nature. The fair value of common shares is based on quoted market values.

7. Capital assets:

Capital assets	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Leased land	\$ 2,734,844	\$ 115,557	\$ 2,619,287	\$ 2,677,066
Leasehold improvements	90,811,113	26,306,492	64,504,621	56,469,316
Vehicles and equipment	8,302,153	4,811,227	3,490,926	3,413,874
Computer equipment	806,088	665,592	140,496	212,823
Office furniture and equipment	184,563	119,797	64,766	86,809
Work in progress	1,818,328	-	1,818,328	10,094,359
	<u>\$104,657,089</u>	<u>\$ 32,018,665</u>	<u>\$ 72,638,424</u>	<u>\$ 72,954,247</u>

8. Operating line of credit:

The Authority has a \$500,000 operating line of credit (the "Operating Facility") bearing interest at the bank's prime lending rate less 0.25%. The Operating Facility is unsecured and repayment terms are on demand. As at December 31, 2013 and December 31, 2012 no amounts were drawn against this line of credit.

9. Accounts receivable and accrued revenue and accounts payable and accrued liabilities:

Included in accounts receivable and accrued revenue are government remittances receivable for goods and services taxes of \$nil (2012 - \$102,914); and government remittances payable for goods and services taxes and provincial sales taxes are included in accounts payable and accrued liabilities of \$53,746 (2012 - \$9,784).

10. Long-term debt:

Details of the long-term debt outstanding are described in the following table:

	2013	2012
Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$180,000 plus interest, due February 2015.	\$ 1,080,000	\$ 1,260,000
Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$500,000 plus interest, due November 2016.	6,500,000	7,000,000
Term loan bearing interest at 2.75% per annum, repayable in monthly installments of \$25,794 plus interest, due September 2017.	7,273,710	7,583,238
Term loan bearing interest at 2.75% per annum, repayable in quarterly installments of \$54,000 plus interest, due November 2017.	864,000	1,080,000
Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$175,000 plus interest, due July 2018.	1,575,000	1,750,000
	17,292,710	18,673,238
Less current portion:	1,380,528	1,205,528
	\$ 15,912,182	\$ 17,467,710

The Authority has a credit agreement with Scotiabank that provides for an ongoing \$12,000,000 commitment to finance construction and acquisition of capital assets. The facility is undrawn at December 31, 2013.

Interest on long-term debt of \$498,521 was paid during 2013 (2012 - \$408,336).

10. Long-term debt (continued):

Future principal payments required on all long-term debt, without considering any renegotiation of the due dates, for the next five years are as follows:

2014	\$ 1,380,528
2015	2,100,528
2016	6,200,528
2017	6,736,126
2018	875,000

The Authority is required to maintain at all times a current service ratio of 1.25:1 or better.

11. Airport improvement fee:

The Authority derives revenue from the AIF which is collected by the carriers pursuant to an agreement among various airports in Canada, the Air Transport Association of Canada ("ATAC") and air carriers serving airports that are signatories to the agreement (the "AIF Agreement"). Pursuant to the AIF agreement, signatories receive a 7% collection fee. AIF revenue is used to fund the costs of new airport infrastructure, as well as major improvements to existing facilities, at the Regina International Airport. The AIF as at December 31, 2013 was \$20 (2012 - \$20) for each originating passenger departing Regina International Airport. Intra-provincial flights are charged an AIF of \$5 (2012 - \$5) per enplaned passenger.

AIF funding activities on the year are outlined below:

	2013	2012
Earned revenue	\$ 12,175,239	\$ 11,490,601
Airline/ATAC handling and administration fees	(792,393)	(817,215)
Net AIF revenue earned	11,382,846	10,673,386
Eligible capital asset purchases	(4,817,214)	(12,882,408)
Eligible interest expense	(264,935)	(218,175)
Excess (deficiency) of AIF revenue over AIF expenditures	\$ 6,300,697	\$ (2,427,197)

AIF funding activities on a cumulative basis since inception of the AIF are outlined below:

Earned revenue	\$ 88,142,162	\$ 75,966,923
Airline/ATAC handling and administration fees	(6,276,371)	(5,483,978)
Net AIF revenues earned	81,865,791	70,482,945
Eligible capital asset purchases	(84,573,972)	(79,756,758)
Eligible interest expense	(655,297)	(390,362)
Excess of AIF expenditures over AIF revenue	\$ (3,363,478)	\$ (9,664,175)

12. Customer facility charge:

The Authority derives revenue from the CFC which is collected by the rental vehicle concession operators pursuant to the Rental Vehicle Concessionaires Agreements (the "RVCA"). Pursuant to the RVCA agreements, revenue is used to fund the capital investment, financing, operation and maintenance of the common use support facility at Regina International Airport. The CFC as at December 31, 2013 was \$4.50 (2012 - \$4.50) applied for each transaction day under the rental agreement.

13. Government assistance:

The Authority has a Maintenance Contribution and Support Agreement (the Support Agreement) with the Canadian Air Transport Security Authority ("CATSA") under which CATSA agreed to pay to the Authority a contribution in respect to baggage handling systems maintenance support and handler support services. The contribution is equal to the lesser of the maximum amount defined in the support agreement or the amount of allocated costs incurred. The support agreement can be extended annually by mutual agreement. Contributions were received during 2013 in the amount of \$96,250 (2012 - \$96,250) and are recorded in services, supplies and administration in the statement of operations.

14. Commitments:

a) Ground lease commitments:

The Authority pays an annual ground lease rental payment based on a sliding scale percentage of gross revenue to Transport Canada pursuant to the Ground Lease. The estimated operating lease payments over the next five years are:

2014	\$ 900,000
2015	945,000
2016	972,000
2017	1,041,000
2018	1,093,000

b) Contracted and other operating leases:

The Authority is committed under contractual and operating lease agreements with the following estimated annual payments over the next five years:

2014	\$ 2,582,036
2015	2,637,974
2016	2,170,396
2017	904,113
2018	120,939

14. Commitments (continued):

During the year the Authority also entered into contractual agreements for certain capital projects. As at December 31, 2013, \$1,884,465 in work remains to be completed on these projects.

15. Pension plan liability:

The Authority sponsors and funds a registered pension plan (the "Plan") on behalf of its employees, which has both defined benefit and defined contribution components. Pensions payable from the defined benefit component are generally based on the member's average annual earnings near retirement and indexed annually at 100% of the consumer price index. The Authority accrues its obligations and related costs under the Plan, net from plan assets.

The last actuarial valuation for funding was prepared as at January 1, 2013 using a December 31 measurement date. The results of the valuation have been extrapolated to December 31, 2013. The next scheduled valuation for funding purposes will be completed as at January 1, 2014, final valuation results will not be available for this reporting period.

Significant actuarial assumptions used in measuring the Authority's accrued benefits are:

Discount rate for 2013 was 5.0% (2012 - 5.0%), rate of compensation increases for 2013 was 4.0% (2012 - 4.0%) and pre and post retirement indexing for 2013 at 2.5% (2012 - 2.5%).

Information about the defined benefit component of the Authority's pension plan is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 8,023,000	\$ 7,511,000
Current service cost	228,000	233,000
Interest cost	400,000	379,000
Employee contributions	47,000	49,000
Benefits paid	(393,000)	(149,000)
Actuarial loss	32,000	-
Balance, end of year	\$ 8,337,000	\$ 8,023,000

	2013	2012
Fair value of plan assets:		
Balance, beginning of year	\$ 6,125,000	\$ 5,162,000
Actual return on plan assets	895,000	324,000
Employer contributions	936,000	739,000
Employee contributions	47,000	49,000
Benefits paid	(393,000)	(149,000)
Balance, end of year	\$ 7,610,000	\$ 6,125,000

15. Pension plan liability (continued):

Funding Status of Plan:	2013	2012
Accrued Benefit Obligations	\$ 8,337,000	\$ 8,023,000
Fair Value of Plan Assets	7,610,000	6,125,000
Funding Status - deficit	\$ (727,000)	\$ (1,898,000)

The Authority is required to make annual special payments over the next five years to cover pension solvency and ongoing funding liabilities. Special payments paid during 2013 total \$626,000 (2012 - \$450,000).

The Authority's policy is to invest fund assets in a balanced and diversified manner in accordance with the Pension Benefits Standards Act. The asset allocation benchmark and actual balanced fund asset allocations are:

	Benchmark	2013	2012
Equities	60.0%	66.0%	61.9%
Fixed income	37.0%	30.7%	34.0%
Cash/cash equivalents	3.0%	3.3%	4.2%

The total defined benefit pension recovery recorded in salaries and benefits for the year ended December 31, 2013 was \$251,984 (2012 - \$850,000 expense) and the total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2013 was \$127,998 (2012 - \$118,483).

16. Retirement allowance liability:

When the Authority began operating the Regina International Airport on May 1, 1999, the Authority assumed obligations to pay employees retirement and termination allowances on a go forward basis. This agreement was in accordance with the collective agreement and as agreed to in subsequent collective agreement renewals and past practices. The Authority has completed an actuarial valuation as of December 31, 2013. Annual estimates will be extrapolated between valuation years that are scheduled to occur every three years.

The significant economic assumptions used by the Authority's actuary in measuring the unfunded accrued retirement and termination allowance as at December 31, 2013 are as follows:

Discount and compensation rates increases in 2013 were 4.1% and 3.0% respectively (2012 – 3.5% and 3.0% respectively).

16. Retirement allowance liability (continued):

Information about the unfunded obligation of the Authority is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 487,300	\$ 462,600
Current service cost	48,400	47,100
Interest cost	18,000	17,000
Benefits paid	(35,400)	(39,400)
Actuarial gain	(25,600)	-
Balance, end of year	\$ 492,700	\$ 487,300

17. Financial risk management:

a) *Risk management*

The Authority's Board is responsible for understanding the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority. There has been no change to the risk exposures from 2012.

b) *Credit risk*

The Authority is subject to credit risk through its accounts receivable, which consists primarily of airline fees and AIF owing from the carriers and concession and CFC fees owing from concession operators. The majority of concessions and CFC owing are settled within 15 days after the end of the month. The majority of airline fees are billed monthly and settled within 30 days thereafter. The majority of AIF owing is settled on a monthly basis on the first day of the subsequent month. Accounts receivable credit risk is reduced further by the Authority's requirement for letters of credit, customer credit evaluations and maintenance of an allowance for potential credit losses. Provisions under the Airport Transfer (Miscellaneous Matters) Act provide the Authority with the right to seize and detain aircraft until unpaid airline fees are paid further mitigating risk. There has been no change to the risk exposures from 2012.

c) *Liquidity risk*

The Authority manages its liquidity risk by maintaining adequate cash, investments and credit facilities by updating and reviewing multi-year cash flow projects on a regular and as-needed basis and by matching its long-term financing arrangements with its cash flow needs. The Authority achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as lines of credit through a credit facility. The Authority has an investment policy in place providing for the ability to liquidate investments on short notice. The policy restricts investments to high grade securities. There has been no change to the risk exposures from 2012.

17. Financial risk management (continued):**d) Foreign currency risk**

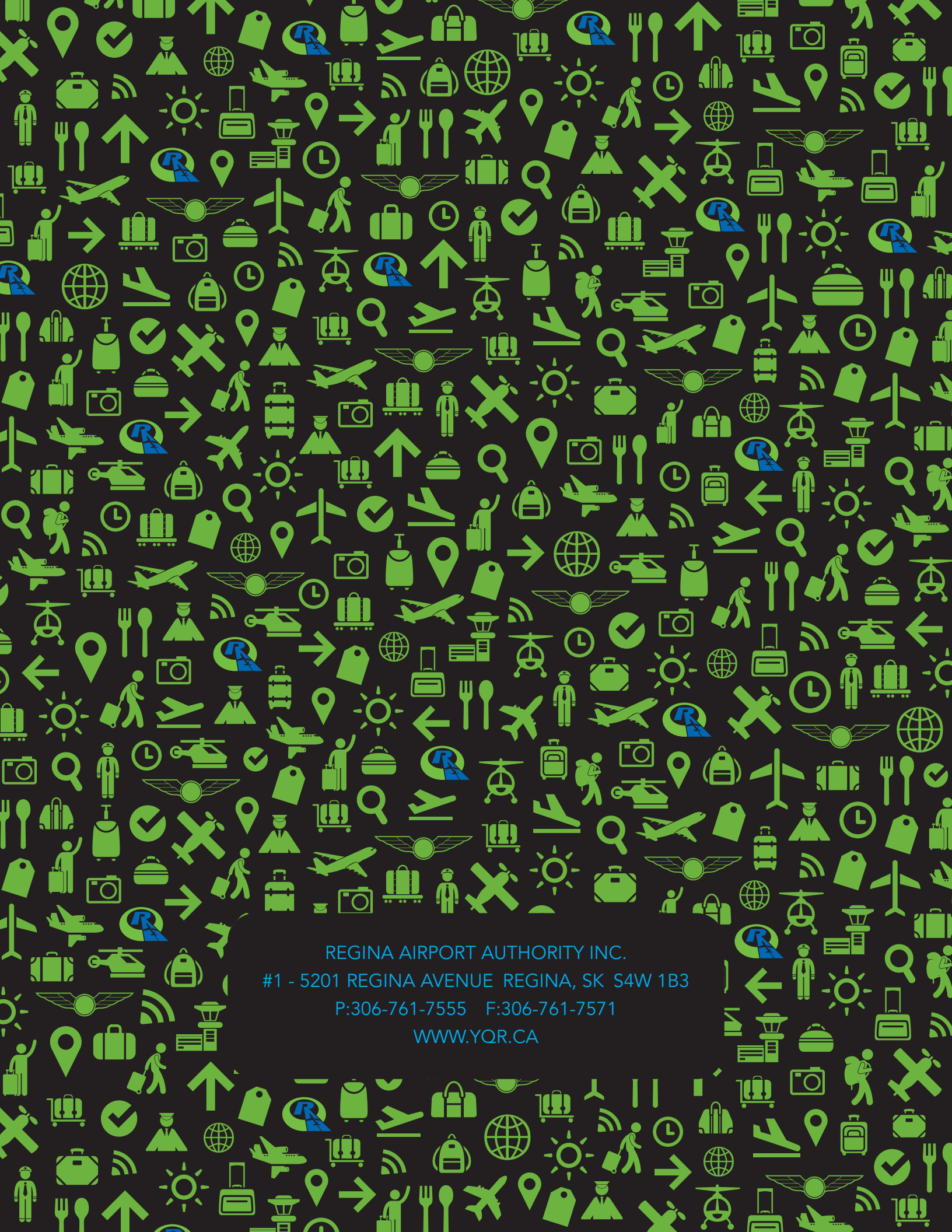
The Authority's functional currency is the Canadian dollar, and major purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible. There has been no change to the risk exposures from 2012.

e) Interest rate risk

Interest rate risk arises because of fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash and interest-bearing accounts, and investments which are maintained to provide liquidity while achieving a satisfactory return. The Authority is also exposed to interest rate risk associated with its long term debt. There has been no change to the risk exposures from 2012.

18. Supplemental information:

Interest and investment income of \$125,365 was received (2012 -\$116,888).



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