

# 2014 | YQR ANNUAL REPORT



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***Fundamental Beliefs and 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, commercially viable and environmentally responsible manner.

## CORPORATE PROFILE

### Chair Message

For the Regina International Airport, 2014 marked the tenth consecutive year of passenger growth, as Saskatchewan's economic performance and population figures both continued on upward trend lines. In the past year, and over the past decade, your airport continued to be faced with numerous challenges, amid a complex, ever-changing growth industry, in fulfilling our primary mission, to manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner.

Thanks to a dedicated team of employees led by a talented management group, I believe that 2014 was another successful year in that respect and also in terms of meeting the hopes and expectations of both our own traveling public and our guests from across the globe.

Airport operations are extremely capital intensive as our customers have readily observed in recent years, from the major refurbishment of both runways to the construction of new buildings on airport grounds, a redesigned check-in area, major concrete apron work adjacent to the terminal building, a new long-term economy parking lot and much more to come. We will remain ever vigilant as we move forward with meticulous long term financial planning and properly scheduled capital projects to meet the future growth demands and service expectations of our customers across the region.

In 2015, further steps toward the eventual expansion of the terminal building itself will proceed. Among others, they will include improvement and expansion of the Hold Baggage Screening System area, the construction of two multi-tenant buildings and the relocation of Taxiway C, which will allow a number of commercial lots to come available for long term lease, both airside and groundside. There will also be other visible internal improvements including a refresh of our concessions in the terminal building. As always, these renovations will be made with a view to minimal disruption or inconvenience for our customers.

Our management team is in constant communication with North American air carriers monitoring and discussing services, existing and potential routes and frequencies. They operate across a fiercely competitive and constantly changing landscape, each with their own individual challenges in terms of fleet, hubs, personnel, currencies, regulation and other demanding issues. While the Canadian dollar and the slowdown in the oil and gas industry may have temporarily dampened some enthusiasm for western Canadian markets, we are confident in promoting Saskatchewan along with our allies in local and provincial government as a resilient and diverse economy in an area of sustained growth and continued opportunity for all industry sectors.

In conclusion, I would like to point out that the current year will bring major personnel change to Regina Airport Authority Inc. (RAA). After seven years in the pilot's seat, Jim Hunter will be retiring as our Chief Executive Officer at the end of April 2015. On behalf of the Board of Directors and the entire RAA organization, I would like to acknowledge and thank Jim immensely for the stable leadership and guidance he has provided throughout his tenure of service to the RAA.

I would also like to thank three Directors who will be retiring from the Board in 2015, Bob Linner, David Walsh and Nigel Harris, for their many years of dedication and contribution to the RAA. As well, I would like to acknowledge the work of the CEO Task Force and the support from the Board as a whole in the recruitment of our new CEO, Dick Graham. We are delighted to have Dick on board and look forward to a long and successful relationship.

On behalf of the Regina Airport Authority, I am pleased to present our Annual Report for 2014.



Respectfully submitted,

“Ken Waschuk”

Ken Waschuk  
Board Chair

## **President and CEO Message**

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I am very pleased to be able, in cooperation with our Board, to present this Annual Report for 2014, reflecting as it does, the Regina International Airport's (YQR) continuing success and growth. Indeed, we achieved a passenger throughput growth of 2.9% over a very healthy 2013, resulting in passenger numbers of 1,262,577 for 2014, our 10th record year of passenger growth. Regina Airport Authority Inc. (RAA) thus continues to provide the traveling public of Regina and southern Saskatchewan with first class modern facilities and the service that the public has come to expect over the years.

This Report holds a special significance for me, as it will be the last I deliver as the Regina Airport Authority's President and Chief Executive Officer. I will be retiring on 30 April 2015, and it is with a great deal of pride and sense of accomplishment that I move on, passing the reins to a most capable and qualified successor, Mr. Dick Graham. I would like to take this opportunity to thank all members of the RAA Board of Directors, past and present, for the confidence they placed in me for this most challenging and fulfilling position, and the continued support they gave me over the course of my more than seven years here. I would be remiss if I did not also express my most profound gratitude to the employees of the RAA, who work so hard and diligently not only to keep the aerodrome open and operational year round, often in the face of the worst that Mother Nature can throw at us, but who also maintain and operate one of Canada's most popular airports. Not only this, but their contributions to the future development of "Your Airport" are profound and result in YQR's comprehensive anticipation of the demands that our success imposes upon us. To our Board and our employees, thank-you so much for your contributions to the success of the RAA over the years of my tenure as CEO; any success I may have enjoyed is due to your efforts on my behalf.

Success was the watchword for the RAA during 2014. More major projects were undertaken and successfully completed, the largest being the Apron 1 rehabilitation project that saw the replacement of much of the concrete and asphalt surrounding our aircraft loading bridges such that we are now positioned for operations there for many years to come. Of note, as part of this project, RAA installed a membrane beneath the newly poured concrete that will aid in the containment and collection of run-off glycol, the solution used in our de-icing activities during the winter months. Another major project was the upgrade of our overflow parking lot, including the provision of lighting, electrification, curbing and gates such that its operation and provision of service was greatly enhanced over our previous years' efforts. Also achieved was a major upgrade to our CCTV system that has greatly enhanced our security and surveillance efforts in the provision of a safe, secure operation.

Of a non-capital nature in 2014, but no less important to the future successful operation of the airport, were numerous design projects that included the expansion and upgrade of our Hold Baggage Screening System (HBS), the design of both the airside and groundside components of

our Multi-tenant Facility (MTF), and the initial phases of the Taxiway C relocation project. Indeed, physical aspects of the HBS and MTF projects have already begun at the aerodrome, and these, combined with the Taxiway C project will position the RAA for the next major terminal building expansion, the need for which our increasing passenger numbers continue to impose upon us. Aligned with these projects is a major review of our Information Technology (IT) strategic needs including risk management and IT security.

In line with our Mission Statement “To manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner” you will be pleased to know that our Safety Management Systems (SMS) programme has been officially audited and ratified by Transport Canada, and that our environmental programme continues to lead the way in Canada for airports our size. Also, once again the financial statements found within this report reflect the outstanding manner in which the RAA management team has executed its fiduciary responsibilities. Indeed, I am happy to report that the recently completed audit of our 2014 financial activities was clean with no exceptions reported. As well, and of paramount importance in the achievement of all our goals, labour stability continued at YQR in the form of a newly ratified 5 year Collective Bargaining Agreement that runs until June 2018.

Not all our news in 2014 was good as we lost our non-stop service to Chicago in October, followed in early 2015 by the complete pullout from Saskatchewan by United Airlines. While certainly a setback, the response from the community and government has been heartening with offers of support that will greatly aid RAA in its efforts moving forward to restore and expand on the already excellent airline services currently provided.

The future is both bright and exciting for Your Airport as we have developed our carefully deliberated strategic objectives and long range plans with the establishment of a major works Programme Definition Report required for the initial implementation steps for terminal redevelopment to keep up with the demands of our traveling public. I think you will agree we have met these demands with success in the past, and I have no doubt as I leave this wonderful organization that the RAA will continue this record of success into the future.



Respectfully submitted,

“James D. Hunter”

James D. Hunter  
President and CEO



## Employees and Structure

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

The employees of the 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 and everything in between.

The RAA team was comprised of dedicated individuals in the areas of Administration, Operations, Environment, Maintenance and Fire Hall, and were led and supported by RAA's Executive Team:

- Jim Hunter, President and Chief Executive Officer
- Derrick Thue, Vice President of Administration and Chief Financial Officer
- Steve Burchi, Vice President of Operations



## Core Operations

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### 2014 Safety Achievements:

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- Full compliance with regulated airport operational safety and occupational health standards.
- Safety Management System (SMS) Program Validation Audit completed by Transport Canada (TC).
- Conducted a self-evaluation assessment of the effectiveness of Regina International Airport (YQR) SMS program.
- Continued to refine SMS automated reporting and the establishment of key safety performance indicators.
- Reviewed and re-drafted airport operational circular documentation.
- Bird and wildlife control programs continued as a priority – current practices were statistically very effective.

### For 2015, the Following Safety Initiatives are planned:

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- Demonstrate regulatory compliance with aerodrome safety regulations and standards.
- Completion of a full scale emergency response exercise in cooperation with local mutual aid organizations.
- Coordinate the completion of an external audit of the YQR SMS program as required by regulation.
- Implementation of a new revised online Airside Vehicle Operator's Permit (AVOP) training program.
- Develop FOD (foreign object debris) awareness and compliance initiatives.
- Initiation of safety working sessions with airside tenant operators.
- Continue to evolve and refine SMS automated reporting and key performance indicators focused on continual improvement and compliance.

### 2014 Security Achievements:

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- Demonstrated compliance in meeting all airport security legislative standards through feedback from regulatory agencies, airport inspections and internal programming.
- Implemented an on-line Security Awareness program for airport employees, tenants and service providers.
- Implementation and utilization of our new Closed Circuit Television (CCTV) and Access Control system with over 100 safety and security related events recorded and retained.
- Established, in coordination with TC and the Canadian Air Transport Security Authority (CATSA), the Non-Passenger Screening – Terminal (NPS-T) program.
- Continued participation with industry security stakeholders (TC, air carriers, CATSA, Canada Border Services Agency (CBSA), and Transportation Security Administration (TSA)) with a focus on security enhancements and best practices.

### For 2015, Security Focused Goals Include:

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- Demonstrate regulatory compliance with aerodrome security standards.

- Participate with regulatory/operational agencies (TC and CATSA) for the coordination and implementation of non-passenger screening for vehicles (NPS- V) that becomes effective April 2016.
- Development of a computer based security incident report system.
- Initiation of security working sessions with airside tenant operators.
- Completion of an annual table-top security exercise with mutual aid agencies participation as required under regulations.
- Continue to develop and enhance security awareness programs for airport employees, tenants and service providers in response to current events and operating environment.
- Participate with our industry partners in the evolution of security objectives and programming.

#### **2014 Environmental Achievements:**

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- Demonstrate regulatory compliance with environmental standards and the RAA environmental policy including key performance indicators.
- Establishment of an internal Environmental Committee to provide oversight on environmental initiatives.
- Completion of 2014 risk based tenant inspections.
- Completion of in-house environmental employee training requirements as outlined in the environment management system (EMS) program.
- Implement improvements identified in the Regina Airport Authority Inc. (RAA) Environmental Compliance Audit and recent self-assessment criteria.
- Participate in the implementation of capital programming programs providing oversight for environmental requirements including environmental screening assessments.

#### **For 2015, Environmental Targets Include:**

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- Demonstrate regulatory compliance with environmental standards and RAA environmental policy including key performance indicators as demonstrated through the execution of the annual EMS programming responsibility checklist.
- Participate with our industry partners in the evolution of environmental objectives and programming.
- Continue to develop, enhance and evolve in-house and on-line training in support of employee environmental certification and development.
- Complete 2015 rotating scheduled risk based tenant audit inspections.
- Evolve communication strategy for improved internal and external agency operational accountability.
- Complete the fire training area decommissioning assessment to establish the process and budget for cleanup.
- Complete sluice gate upgrades and improvements to support effective stormwater management.
- Provide hands on Spill Response and Transportation of Dangerous Goods training to select RAA staff.

## Flight Services

With a tenth straight year of passenger growth at Regina International Airport (YQR) we continue to increase our capacity and frequency on many of our flight service options. In 2014, YQR continued to offer passengers a wide variety of domestic service with added service to Winnipeg at the start of the year; transborder success on the Denver and Minneapolis routes; seasonal service to Las Vegas became an annual service (two times per week; 3 times per week seasonally); continued seasonal service to Phoenix; and new additions to the international sun and tourist destinations during the winter period. In late 2014, the transborder Chicago route was suspended at both Saskatchewan airports.

In 2014, domestic passenger growth was 3.5% higher than 2013 with transborder and international traffic passenger counts increased slightly by 0.5% over 2013.

While we continue to focus on the maintenance of existing routes, we also worked on the development of additional routes that will enhance our flight offerings at YQR as a result of our community's aggressive marketing of the economic prosperity and growth of our region.

As in 2014, our main focus in 2015 is to continue securing and solidifying existing domestic and transborder services. We are aware of continued demand for more efficient flights to Asia and particularly Europe, and we will continue to explore these opportunities in partnership with our provincial and community stakeholders.

### Domestic

| Destination               | Frequency       | Air Carrier (s)<br>serving this destination    |
|---------------------------|-----------------|--|
| Calgary, AB, Canada       | Daily           | Air Canada<br>WestJet                          |
| Edmonton, AB, Canada      | Daily           | Air Canada<br>WestJet                          |
| Ottawa, ON, Canada        | Seasonal        | Air Canada                                     |
| Prince Albert, SK, Canada | Tuesday         | Express Air ( <i>West Wind Building</i> )      |
| Saskatoon, SK, Canada     | Monday – Friday | Express Air ( <i>West Wind Building</i> )      |
| Toronto, ON, Canada       | Daily           | Air Canada<br>West Jet                         |
| Vancouver, BC, Canada     | Daily           | Air Canada<br>WestJet ( <i>Summer Season</i> ) |
| Winnipeg, MB, Canada      | Daily           | Air Canada<br>WestJet                          |

## Transborder

| Destination          | Frequency                                      | Air Carrier (s)<br><i>serving this destination</i> |
|----------------------|--|--|
| Chicago, IL, USA**   | Daily (1x)                                     | United   |
| Denver, CO, USA      | Daily (2x)                                     | United   |
| Las Vegas, NV, USA   | Annual (2x per week)<br>Seasonal (3x per week) | WestJet  |
| Minneapolis, MN, USA | Daily (2x)                                     | Delta  |
| Phoenix, AZ, USA*    | Seasonal (3x per week)                         | WestJet  |

## International\*

| Destination                    | Frequency | Air Carrier (s)<br><i>serving this destination</i> |
|--------------------------------|-----------|--|
| Cayo Coco, Cuba                | Seasonal  | Sunwing  |
| Santa Clara, Cuba              | Seasonal  | Sunwing  |
| Varadero, Cuba                 | Seasonal  | Air Transat<br>Sunwing                             |
| Punta Cana, Dominican Republic | Seasonal  | Air Transat<br>Sunwing                             |
| Montego Bay, Jamaica           | Seasonal  | Air Transat<br>Sunwing                             |
| Cancun, Mexico                 | Seasonal  | Air Transat<br>Sunwing<br>WestJet                  |
| Huatulco, Mexico               | Seasonal  | Sunwing  |
| Ixtapa, Mexico                 | Seasonal  | Sunwing  |
| Los Cabos, Mexico              | Seasonal  | Sunwing  |
| Manzanillo, Mexico             | Seasonal  | Air Transat  |
| Puerto Vallarta, Mexico        | Seasonal  | Air Transat<br>Sunwing<br>WestJet                  |

\*Seasonal Service

\*\*Route suspended in October 2014

## YQR Destinations in 2014



\* Service to Chicago suspended in October 2014



## **Marketing, Communications and Customer Service**

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Regina Airport Authority Inc. (RAA) remains focused on how to reach and make an impression on our customers through marketing, communications and customer service - all in an effort to meet our customers' needs. We meet our passengers' expectations by listening and responding to them by sharing information through various means of communication. We are committed to ensuring our guests and passengers have a positive customer experience. In 2014, we used the following to establish effective receipt and delivery of communications:

### **Airport Service Quality (ASQ):**

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Since 2011, RAA continues to conduct regular quarterly ASQ benchmarking surveys to gauge our service and performance. The ASQ surveys focus our attention on customer satisfaction and continuous improvement and assist us in targeting required improvements. These surveys are supplemented by other forms of feedback we receive and respond to by email, Facebook, our website and comment cards. As a result of this feedback RAA continues to review, monitor and make adjustments to our services.

### **YQReview - Quarterly Newsletter:**

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YQReview, our airport community newsletter, continues to be a valuable source of communication that is shared with members of our airport community, stakeholders and passengers. The newsletter provides an overview of current airport initiatives, activities, events and general airport news.

*All of our newsletters are available for viewing on our website at [www.yqr.ca](http://www.yqr.ca).*

### **YQR.ca and [www.facebook.com/YQRAirport](https://www.facebook.com/YQRAirport):**

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

### **Community Partners:**

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By partnering with key members and stakeholders of our community RAA continues to demonstrate our commitment to our passengers. Through these relationships we are provided with additional opportunities and means to reach out to our community on a municipal, provincial, national and international level. In 2014, we continued to foster our relationships and create greater awareness with community partners like: Regina Hotel Association (Conventions Regina/Events Regina), Regina Regional Opportunities Commission (Tourism Regina), Rotary Clubs of Regina, Evraz Place and Tourism Saskatchewan.

In 2015, we will continue to focus our efforts on improved communications while maintaining our engagement in activities and initiatives that continue to centre on the needs of our customers.

## Community Investment

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With our growing number of passengers, Regina Airport Authority Inc. (RAA)'s commitment and involvement with community and charitable organizations continues to increase. In 2014, we made a difference with many community organizations throughout Regina and southern Saskatchewan as we understand and appreciate the importance of charitable and community events and activities.

### **In 2014, some of the organizations assisted include:**

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- 34 Roland J. Groome Air Cadet Squadron – an annual \$4,000 sponsorship was donated by RAA ([www.34rcac.ca](http://www.34rcac.ca))
- Regina Flying Club – an annual \$2,000 RAA Flight Scholarship Award (recipient Matthew Skwara) ([www.reginaflyingclub.ca](http://www.reginaflyingclub.ca))
- Saskatchewan Aviation Council – \$2,000 toward the Saskatchewan Aviation Council annual conference ([www.saskaviationcouncil.ca](http://www.saskaviationcouncil.ca))
- STARS (Shock Trauma Air Rescue Society) – raised \$3,500 at the annual RAA Golf Tournament with proceeds matched by RAA for a total donation of \$7,000 ([www.stars.ca](http://www.stars.ca))
- Teddy Bears Anonymous – \$930 donation from our BBQ fundraiser with proceeds matched by RAA for a total donation of \$1,860 ([www.erinsgift.ca](http://www.erinsgift.ca))

### **We also welcomed the opportunity in addition to the monetary commitment we make to our community, to provide:**

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- 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 2014, we were also proud to be a part of the many member-initiated charitable activities that took place, as we support and welcome the social efforts of our airport community.

Another example of how we support and are supported in our community, are the live performances prior to the holidays by local groups and individuals. We are thankful and appreciative of these talented performers who continue to ensure a most memorable experience for our passengers and guests.

As we maintain our support of Regina and southern Saskatchewan's community and charitable events, we plan to continue our participation and support of our airport community's social efforts as well as our investment in our social responsibility program.



## Business Plan Highlights

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Regina Airport Authority Inc. (RAA) has once again continued to flourish in an economic climate of global turmoil and uncertainty, while reflecting the continuing relatively strong performance of the province and more specifically the City of Regina. Indeed, our passenger numbers set yet another record, increasing by 2.9%, exceeding our Business Plan 2014 forecast of 2.8%. While we are guardedly optimistic of similar growth for 2015, it will be tempered by uncertainties abroad and potential economic slowing.

With many undertakings and project works beginning in 2015, combined with continued passenger growth at Regina International Airport (YQR) marks a coming of age as we move forward with development. The future terminal expansion, combined with airside land development and other pre-expansion activities present, offer RAA an unprecedented opportunity to move the airport into the future well prepared to serve our community in a mature and well developed manner. Our ambitious plans for 2015 reflects this forward thinking of both Board and management in our efforts to continue to anticipate and meet the needs of the traveling public in Regina and southern Saskatchewan.

### Operate a Safe, Secure and Environmentally Sustainable Airport:

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

#### **Safety**

For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Continued focus and evolution of Safety Management programs and response.
- Develop FOD (foreign object debris) awareness and compliance initiatives.
- Completion of a full scale emergency response exercise in cooperation with local mutual aid organisations.
- Implementation of a new revised online Airside Vehicle Operator's Permit (AVOP) program.

#### **Security**

For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Participate with regulatory/operational agencies (Transport Canada (TC) and Canadian Air Transport Security Authority (CATSA)) for the coordination and implementation of non-passenger screening for vehicles (NPSV) that becomes effective April 2016.
- Continued focus and evolution of security awareness programs for airport employees, tenants and service providers in response to current events and operating environment.
- Demonstrate regulatory compliance with security standards and airport security programs.

### ***Environmentally Responsible***

For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Evolve communication strategy for improved internal and external agency operational accountability.
- Initiate the fire training area decommissioning assessment to establish the process and budget for cleanup.
- Complete sluice gate upgrades and improvements to support effective stormwater management.
- Provide hands on Spill Response and Transportation of Dangerous Goods training to select RAA staff.

### **Advance Regina International Airport as a Gateway of Choice:**

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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***

For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Identify and update 2015/2016 air services initiatives for ongoing dialogue focused on risks and opportunities in the YQR market including retention and exploration strategies for existing and potential new opportunities.
- Develop key performance criteria and processes to gather information to benchmark the effectiveness of air services initiatives utilizing surveys, customer feedback and past performance.
- Incorporate the YQR Regina International brand jointly with airlines in support of air services marketing focused on retention and enhancement of services.
- Continue to engage business leaders and requisite associations on air service needs.

#### ***Airport Marketing***

For 2015 in support of our updated strategic plans, the following initiatives are planned:

- Implement airport branding initiatives identified with RAA's communications plans focused on internal and external messaging of major stakeholders and users.
- Develop key performance criteria and processes to gather information to benchmark effectiveness of airport marketing initiatives utilizing surveys, customer feedback and past performance.
- Attend and participate in airport conferences and industry supported events.

- Engage media, key stakeholders and requisite associations focused on the YQR Regina International brand and 2021 Vision.

### ***Customer Service / Enhancement of Image and Profile***

For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Complete the customer service training and development offerings for employees and tenants in support of the airport wide customer service initiatives incorporating the YQR Regina International brand.
- Continue programming focused on enhancing communication of the airport's economic impact on the economy and promotion of the airport's presence in the Regina and southern Saskatchewan.
- Continue engagement to improve relationships with major stakeholders such as the City of Regina/southern Saskatchewan communities in recognition of the airport as a major economic generator.

### **Remain Financially Viable and Cost Competitive:**

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For 2015 in support of our updated strategic plans, the following initiatives are planned:

- Evolve risk management programming for the top risks and related mitigation strategies with regular semi-annual reporting to the Board.
- Ongoing monitoring of established internal and external benchmarking parameters to evolve planning to stay cost competitive and financially viable.
- Complete the remaining rates and fees review to achieve revenue enhancement objectives.
- To continue to evolve the financial modeling in support of the project development framework, early works programs and the maintenance of existing infrastructure supported by trigger analysis for the key processors.

### **Ensure Facilities Address Current and Future Demands of Users:**

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For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Complete the groundside multi-tenant facility development by September 2015.
- Initiate Hold Baggage System (HBS) construction (first two of four phases are planned for 2015). The project timelines run from April 2015 through May 2017.
- Complete terminal renovations (adjusting operational activities) to accommodate retail strategy initiatives and finalize negotiations with affected tenants.
- Initiate Phase 1 Taxi C Relocation works and finalize general aviation strategies.
- Initiate the airside multi-tenant building construction during 2015 for ground handling and airline support operations including service roadway improvements and related

NAVCANADA renovations to accommodate development (anticipated completion August 2016).

**Develop and Maintain a Talented and Motivated Organization:**

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For 2015 in support of our updated strategic plans, we have the following planned initiatives:

- Evolve employee training and development initiatives and implement externally supported programming for online training curriculums including the areas of security, safety and environment.
- Initiate review of firehall, airport operations and facilities in terms of succession, hours of operations, coverage and overall resourcing in anticipation of expected retirements and increased infrastructure related to growing operations.
- Develop updated Human Resources (HR) Strategy built around succession and strategic initiatives.

## CORPORATE GOVERNANCE

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:

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Board membership is comprised of 11 – 13 members; currently there are 12 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 five primary Committees; each Committee has its own charter and/or mandate. Copies are available upon request. The five Committees include Audit and Finance, Community Consultative, Governance and Nominating, Human Resources and Planning and Development. 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:

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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 provide 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 Office positions description including duties and responsibilities are in place.

Board orientation and continuing education process 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 monitoring 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 Executives Officer's evaluation criteria and recommends to the Board the appropriate compensation.

The auditor for RAA is KPMG LLP; audit fees for 2014 totaled \$36,822 (\$43,905 – 2013). The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.

## Board Remuneration and Attendance



**KEN WASCHUK**  
**Board Chair**

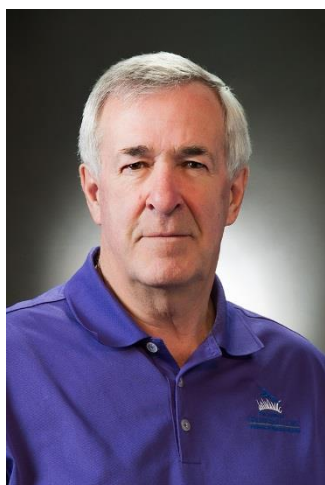
Consultant, Tanka Resource Group Inc.

Nominator: Government of Canada (2009)

Remuneration: \$33,767

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (7/7)\*~  
Human Resources (2/2)\*~  
Governance and Nominating (6/6)  
Planning and Development (4/4)~++



**BOB LINNER**  
**Vice Chair and Audit and Finance Committee Chair**

Retired City Manager, City of Regina

Nominator: Province of Saskatchewan (2006)

Remuneration: \$24,283

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (8/8)~\*\*  
Human Resources (2/2)\*~  
Governance and Nominating (2/2)\*



**ALEX TAYLOR**  
**Secretary**

Retired Minister, United Church of Canada

Nominator: City of Regina (2011)

Remuneration: \$15,400

Board Attendance: 7/7

Committees and (Attendance): Human Resources (4/4)  
Community Consultative (2/2)





**DARLENE HINCKS**  
**Human Resources Committee Chair**

President, Damara Day Spa Franchises

Nominator: Government of Canada (2011)

Remuneration: \$18,250

Board Attendance: 7/7

Committees and (Attendance): Human Resources (4/4)



**NIGEL HARRIS**  
**Community Consultative Committee Chair**

Network Director, Colt International, LLC

Nominator: City of Regina (2012)

Remuneration: \$18,400

Board Attendance: 6/7

Committees and (Attendance): Governance and Nominating (3/3)<sup>+</sup>  
Planning and Development (4/4)<sup>++</sup>  
Community Consultative (2/2)



**LARRY SMART**  
**Governance and Nominating Committee Chair**

Retired Director Distribution Utility Accounting, SaskEnergy

Nominator: R.M. of Sherwood (2007)

Remuneration: \$18,850

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (1/1)<sup>\*</sup>  
Governance and Nominating (4/4)<sup>++</sup>





**DAVID WALSH**  
**Planning and Development Committee Chair**

Principal, Virtus Group LLP, Chartered Accountants and Business Advisors

Nominator: Regina Airport Authority (2006)

Remuneration: \$16,825

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (3/3)<sup>+</sup>  
Planning and Development (4/4)<sup>++</sup>



**PAUL BOURASSA**

General Counsel and Chief Compliance Officer, Western Surety

Nominator: City of Regina (2012)

Remuneration: \$18,775

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (3/3)<sup>+</sup>  
Planning and Development (4/4)<sup>++</sup>



**SEAN MCEACHERN**

Director of Policy and Communications, Saskatchewan Urban Municipalities Association

Nominator: City of Regina (2012)

Remuneration: \$16,900

Board Attendance: 7/7

Committees and (Attendance): Audit and Finance (8/8)



**TRENT FRASER**

President, Fraser Strategy

Nominator: City of Regina (2013)

Remuneration: \$15,700

Board Attendance: 7/7

Committees and (Attendance): Governance and Nominating (2/2)<sup>+</sup>  
Human Resources (2/2)<sup>++</sup>



**TRISH MARTYNOOK**

Paralegal, Chow McLeod Barristers & Solicitors

Nominator: City of Moose Jaw (2014)

Remuneration: \$12,367

Board Attendance: 5/5

Committees and (Attendance): Governance and Nominating (4/4)<sup>++</sup>



**JIM KILKENNY**

General Manager, Delta Hotel Regina

Nominator: City of Regina (2014)

Remuneration: \$11,167

Board Attendance: 3/5

Committees and (Attendance): Audit and Finance (5/5)<sup>++</sup>

<sup>-</sup> Ex officio

<sup>\*</sup> On Committee until April 24, 2014

<sup>\*\*</sup> Started on Board / Committee April 24, 2014

<sup>+</sup> No longer with Committee as of June 18, 2014

<sup>++</sup> Joined Committee June 18, 2014

**Regina Airport Authority Inc. (RAA) Board retainers are as follows:**


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| <b>Position</b>   | <b>Retainer</b> |
|-------------------|-----------------|
| Chair             | \$20,000        |
| Vice-Char         | \$12,250        |
| Directors         | \$10,000        |
| Committee Chairs  | \$12,250        |
| Task Force Chairs | \$12,250        |

All Board members including the Chair receive per diems 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 of 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 \$30,467 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 and CEO is the sole employee of the Board and not a Director.*

## Thank you

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Regina Airport Authority's Board of Directors would like to thank the following Directors for their tenure on the Board up to and including April 24, 2014.



### **BRIAN MARTYNOOK**

Executive Director, Moose Jaw Chamber of Commerce

Nominator: City of Moose Jaw (2004)

Remuneration: \$5,583

Board Attendance: 2/2

Committees and (Attendance): Human Resources Committee\*



### **CATHERINE ROBERTS**

Accountant, Consultant

Nominator: City of Regina (2005)

Remuneration: \$5,583

Board Attendance: 2/2

Committees and (Attendance): Human Resources Committee\*

*\* On Committee until April 24, 2014*

## Officers and Senior Management Compensation

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Remuneration paid to RAA senior officers during the year total \$483,583. The salary ranges for these senior positions are:

James D. Hunter, President and CEO (\$149,235 - 188,145)

Derrick B. Thue, VP Administration and CFO (\$111,650 - 167,475)

Steven D. Burchi, VP Operations (\$111,650 - 167,475)

## **Audit and Finance Committee**

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### **Terms of Reference:**

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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.

### **2014 Highlights:**

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The Committee met eight times in 2014 to conduct its business. Specific activities of note in 2014 include the following:

- Reviewed and recommended for Board approval the annual commitment banking arrangements for line of credit and long term debt financing and subsequent amendments to permit interest rate hedging to reduce interest rate risks.
- Considered the scope of the annual audit plan, reviewed accounting observations and recommendations, 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 and recommended jointly with the Planning and Development Committee board approval of the 2015 business plan and associated capital and operating budgets including the early works and program definition report for terminal expansion.
- 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 and adjusting responsibilities with the establishment of the new Planning and Development Committee.
- Provided oversight and recommended funding requirements to sustain Regina Airport Authority Inc. (RAA) pension plan obligations.

- Provided oversight and recommended approval of RAA's response to the Office of the Superintendent of Financial institutions for updates to the statement of investment guidelines and governance review findings of the RAA Pension Plan.
- Scrutinized business case analysis as presented by management related to current and future airport facility developments and strategic initiatives that included overflow parking lot and multi-tenant facility (groundside) developments.
- Initiated the development of a Program Definition Report (PDR) and related project resourcing and procurement requirements.
- Reviewed and recommended Board approval for early execution of the 20 Year option to extend the Ground Lease with a new expiry of April 30, 2079.
- Reviewed and recommended Board approval of rates and fees increases for public parking and common use facility charges (CFC) for the rental car support facility.
- Initiated standing agenda requirements for Information Technology (IT) risk and Board responsibilities.
- Initiated a review of the Authorities Framework Document and Procurement Policy.

#### **2015 Objectives:**

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- To lead, with the support of management, to further evolve risk management processes and risk tolerances and mitigation strategies to address key critical risk priorities including special emphasis toward IT Board responsibilities.
- To update Corporate Investment Policy.
- To complete ongoing pension plan oversight responsibilities on behalf of the Board.
- To continue to oversee 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 the Authority's long term development plan while ensuring the Authority continues to be financially sustainable.
- Review and scrutinize facility development proposals jointly with the Planning and Development Committee and endorse asset replacement plans as recommended by management.
- To oversee jointly with the Planning and Development Committee the continued evolution and annual adjustments of the Program Definition Report (PDR) and related project resourcing and procurement requirements as required.
- To oversee a rates and fees review to ensure strategic financial considerations are incorporated with final recommendations provided for by management.
- To lead and assist Board in updating its commercial land lease policies.
- 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.
- To deliver the updated Authorities Framework Document and Procurement Policy resulting from the review initiated in 2014.



### Committee Membership:

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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 the Authority’s business activities.

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

- Committee Members: Bob Linner (Chair), Jim Kilkenny, Sean McEachern, and Ken Waschuk (Board Chair; ex officio).

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



Respectfully submitted,

“Bob Linner”

Bob Linner  
Committee Chair

## Community Consultative Committee

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### Terms of Reference:

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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.

### 2014 Highlights:

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- Reported on 2014 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 2014, 16 noise complaints were logged (2013 – 9) with the Authority; an increase of 78% (2013 – decrease of 53%) over the reporting period. Of those 16 complaints registered, 10 resulted from military aircraft operations and 3 from cargo aircraft activities. Regardless of the increased reporting abatement protocols are achieving intended goals and objectives.
- Provided airport business development planned activities for upcoming year:
  - Reconstruction of main apron
  - Backroom baggage system improvements and upgrades
  - Preparatory project works for execution of the 2021 Airport Vision including Taxi C relocation options (under review)
- Commented on air services initiatives, the airports economic impact and related current industry operational considerations.

### 2015 Objectives:

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- Focus on expanding communications with the broader community within the catchment area including outreach community presentations during the year.
- Focus on timely communications with the community in all areas of airport planning, development and growth and in particular the plans for execution of the 2021 Airport Vision that includes terminal expansion.
- Reporting on 2015 noise abatement management and actual results including abatement operational goals that assist with minimizing the overall impact of aircraft noise on the surrounding community.
- Providing updates on air services initiatives and related industry considerations.



### Committee Membership:

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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 2014, Nigel Harris (Chair) and Alex Taylor were active RAA Directors on the Committee and Ken Waschuk (Board Chair) has actively attended. 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,

"Nigel Harris"

Nigel Harris  
Committee Chair

## Governance and Nominating Committee

### 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 and the recruiting of 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 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 the Authority's alignment with its approach to governance and best practices.

| Corporate Guidelines  | Does RAA Align? | Comments   |
|---|-----------------|--|
| <b>STEWARDSHIP</b>  |                 |  |
| 1. Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:  |                 |  |
| a. Adoption of a strategic planning process.  | Yes             | Annual process completed September 2014.   |
| b. The identification of principal risks of the corporation's business and ensuring the implementation of appropriate strategies to manage these risks. | Yes             | Principal risks identified; Audit and Finance is the lead committee for completing strategies in 2015. |
| c. Succession planning of senior management.  | Yes             | HR strategy implemented 2014.  |
| d. A communications policy.   | Yes             | Governance Committee led - 2014.   |
| e. The integrity of the corporation's internal control and management information systems.  | Yes             | Audit & Finance Committee and External Auditor.  |
| f. 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.                          |
| g. 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.                     |

|   |     |   |
|---|-----|---|
| 2. The written mandate of the Board should also set out:  |     |   |
| a. Measures for receiving feedback from stakeholders.   | Yes | Nominator and AGM; Community Consultative Committee; and stakeholder briefings provides for.  |
| b. 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 and orientation for new members completed.  |
| <b>COMPOSITION AND MEETINGS OF THE BOARD</b>  |     |   |
| 1. The Board of Directors should be comprised of independent Directors.   | Yes | 100%; annual review updates done.   |
| 2. 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.   |
| <b>POSITION DESCRIPTIONS</b>  |     |   |
| 1. 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.   |
| 2. 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.   |
| <b>ORIENTATION AND CONTINUING EDUCATION</b>   |     |   |
| 1. 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. |
| 2. 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 2014.   |
| <b>CODE OF CONDUCT AND ETHICS</b>   |     |   |
| 1. 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  | Yes | Disclosure Compliance Statements completed 2014; recognized as ongoing duty.  |

|   |                                     |   |
|---|-------------------------------------|---|
| integrity and to deter wrongdoing. In particular, it should address the following issues:   |                                     |   |
| a. Conflicts of interest, including transactions and agreements in respect of which a Director or executive officer has a material interest;  | Yes                                 | Annual declarations for 2014 complete.  |
| b. Protection and proper use of corporate assets and opportunities;   | Yes                                 |   |
| c. Confidentiality of corporate information;  | Yes                                 |   |
| d. Fair dealing with corporate customers, suppliers, competitors and employees.   | Yes                                 |   |
| e. Compliance with laws, rules and regulations; and   | Yes                                 |   |
| f. Reporting of illegal or unethical behaviour.   | Yes                                 | Respectful Workplace and Whistleblower in place – no exceptions reported for 2014.  |
| 2. The Board should be responsible for monitoring compliance with the code.   | Yes                                 | Annual Compliance Statements in place.  |
| <b>APPOINTMENT OF COMMITTEES</b>  |                                     |   |
| 1. The Board should appoint the following Committees:<br>Governance Committee<br>Audit and Finance Committee<br>Community Consultative Committee<br>Compensation Committee<br><br>Nominating Committee  | Yes<br>Yes<br>Yes<br>Yes<br><br>Yes | Function is fulfilled by way of HR Committee.<br>Function is fulfilled by way of Governance Committee.  |
| 2. 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 and in combination with the Governance and Nominating Committee dealt with President and CEO and executive compensation and executive HR policies in completing its 2014 mandate. |
| 3. 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.  |
| <b>REGULAR BOARD ASSESSMENTS</b>  |                                     |   |
| 1. The Board and its Committees should have their effectiveness and contributions regularly assessed.   | Yes                                 | Annual evaluation processes established; reviews for 2014 ongoing.  |

### **2014 Highlights:**

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- Coordinated Board Development sessions focused on Regina Airport Authority's Board oversight of specific business functions including Risk Management, Information Technology, Procurement Policies/Procedures and Project Management as well as Board and Management culture/roles.
- Initiated the establishment of a Board Planning and Development Committee to assist the Board with oversight of strategic business development initiatives including long range capital and land use plans.
- Completed corporate governance responsibility checklist items and annual policy reviews.
- Completed oversight for the development and implementation of a robust communications/marketing strategy.
- Revised and refined the terms of reference for Board Committees as well as Board and Committee evaluation questionnaires to enhance effectiveness of the Board.
- Completed annual Board nomination recruitment requirements and arranged for orientation programming.

### **2015 Objectives:**

---

- Provide assurance that the affairs of the corporation are conducted in compliance with all statutory requirements, bylaws, codes and all previously approved policies and plans.
- Monitor developments in corporate governance and review of the Regina Airport Authority's overall governance framework.
- Consult Directors and identify Board Development Initiatives
- Review the Regina Airport Authority Bylaws and recommend changes as deemed appropriate.
- Review best practices and recommend options to evaluate Board / Director effectiveness.
- Complete integrity review of corporate governance policy statements.
- Complete annual Board nomination recruitment requirements and arrange for orientation programming.

### **Committee Membership:**

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

- Larry Smart (Chair), Trish Martynook and Ken Waschuk (Board Chair).

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

The Committee reports that the airport regulator has provided the Authority 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,

“Larry Smart”

Larry Smart  
Committee Chair

## Human Resources Committee

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### Terms of Reference:

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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.

### 2014 Highlights:

---

- Reviewed market place for annual executive compensation in the development of Board recommendations for adjusting pay ranges.
- Reviewed and confirmed Human Resources (HR) strategy objectives ensuring alignment with strategic and executive succession planning objectives.
- Completed 2013 President and CEO annual and 2014 interim reviews.
- Monitored Occupation Health and Safety and Respectful Workplace Policy reporting for compliance.
- Completed ongoing terms of reference requirements applicable to 2014 operations and considered evolving trends, emerging practices and proposed legislation for functional areas.
- Endorsed the new five (5) year Collective Bargaining Agreement (CBA) expiring June 30, 2018.
- Initiated the recruitment process of a new President and CEO.

### 2015 Objectives:

---

- Complete annual review of organizational structure in consideration of updated HR strategy implementation to ensure alignment with strategic core business priorities and ongoing succession plans.
- Complete ongoing terms of reference requirements applicable to 2015 operations and consider evolving trends, emerging practices and proposed legislation for functional areas.
- Complete the President and CEO recruitment process.
- Identify 2015 President and CEO performance measure objectives and ongoing monitoring requirements.
- Initiate the formal and tri-annual review of executive compensation pay ranges and performance based compensation.

### Committee Membership:

---

This Committee has completed its responsibility through the dedicated efforts of my fellow Committee members, and the support of Regina Airport Authority Inc. (RAA) Management.

- Committee members: Darlene Hincks (Chair), Trent Fraser, Alex Taylor and Ken Waschuk (Board Chair; ex officio).
- Management representation: Jim Hunter, Derrick Thue and Curtis Tutthill.



Respectfully submitted,

“Darlene Hincks”

Darlene Hincks  
Committee Chair



## Planning and Development Committee

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During the past year, as the result of an ever increasing work load placed on the Board related to Enterprise Risk Management (ERM) and long term planning required related to several anticipated major capital projects, the Board and management felt it necessary to establish a new Committee of the Board to reduce the workloads on its existing Committees and rationalize the long term planning and development function of the Board.

Consequently, the Board approved a motion for the creation of the new Planning and Development Committee at its June 2014 Board meeting. The newly formed Committee held its first meeting in September to familiarize Committee members with their terms of reference that will guide the overall Committee activities.

### Terms of Reference:

---

The Planning and Development Committee (the “Committee”) will assist the Board of Directors in fulfilling its obligations and oversight responsibility for:

1. **Strategic business development** opportunities for core and non-core activities;
2. **Land Use Plans** (aviation master plan requirements) and;
3. **Long Range Capital Plans (Major Projects)** primarily focused on physical and technical aspects of development; and working in coordination with the Audit and Finance Committee regarding financial, operational, borrowing and risk mitigation strategies as may be required with a major focus on the Program Definition Report (PDR).

Additionally, the Committee will:

4. **Monitor and report to the Board to ensure adherence to board policy** regarding:
  - a) Strategic business development;
  - b) Capital plans; and
  - c) Land use plans and development.

### 2014 Highlights:

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- Assisted the Governance and Nominating Committee in its work in the establishment of the final Board approved committee terms of reference.
- Reviewed and established the committee’s responsibility checklist.
- Reviewed and recommended Board approval of the Strategic Planning Retreat - Outcomes Report.
- Reviewed the current status of Master Plan and associated Land Use Plan.
- Recommended Board approval of miscellaneous land lot additions to protect future operations.

- Considered preparatory enabling works - terminal expansion for inclusion into the 2015 Business Plan. Projects included the multi-tenant groundside and airside facilities; the new economy parking lot; hold baggage screening upgrades; and Taxi C relocation and associated commercial development opportunities.
- Considered and recommended Board approval of the 2015 Business Plan jointly with the Audit and Finance Committee that included the Early Works Program (enabling works for terminal expansion) and the Program Definition Report for terminal expansion.

### 2015 Objectives:

---

- Review and recommend Board approval of the Strategic Planning Retreat - Outcomes Report.
- Monitor and complete the responsibility checklist responsibilities in compliance with committee terms of reference.
- Complete annual review of the current status of Master Plan and associated Land Use Plan.
- Consider and recommend Board approval of the 2016 Business Plan jointly with the Audit and Finance Committee including status updates of the Early Works Program (enabling works for terminal expansion) and the Program Definition Report for terminal expansion.
- Work jointly with Audit and Finance Committee in seeking final Board recommendations for approval on major works that include multi-tenant airside facilities and Taxiway C Phase 1 development that includes airside commercial development.

### Committee Membership:

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This report has been reviewed and endorsed by the members of the Planning and Development Committee.

- Committee members: David Walsh (Chair), Paul Bourassa, Nigel Harris, and Ken Waschuk (Board Chair; ex officio).

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



Respectfully submitted,

“David Walsh”

David Walsh  
Committee Chair

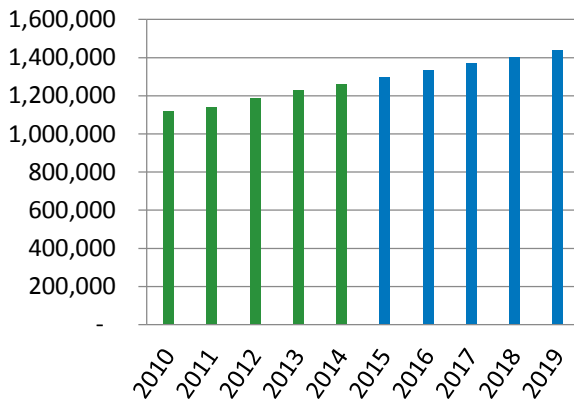
## FINANCIALS

### Looking to our Past, Looking to our Future

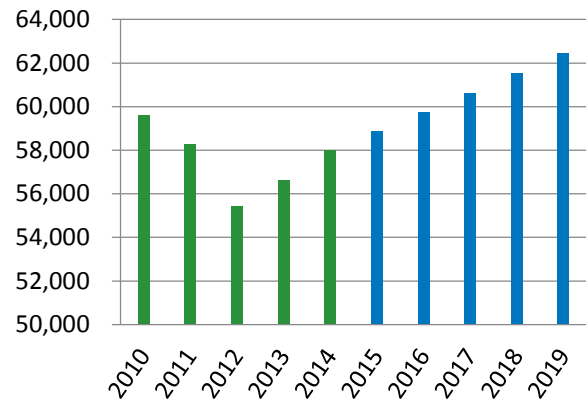
#### Actual Growth

#### Projected Growth

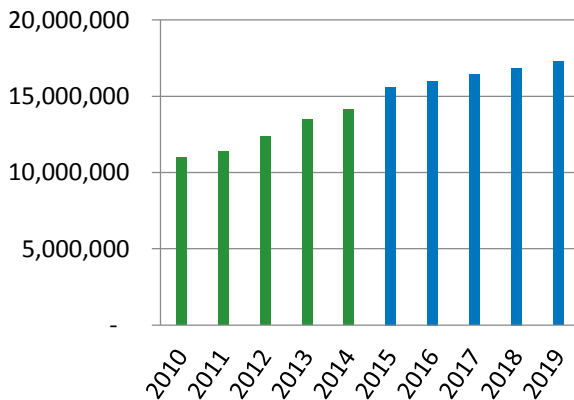
##### Passenger Growth:



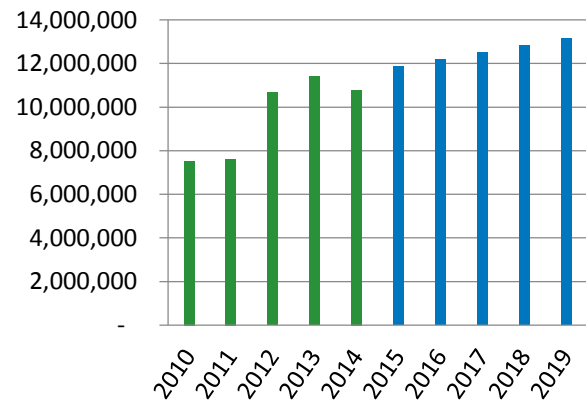
##### Aircraft Movements:



##### Operating Revenues:



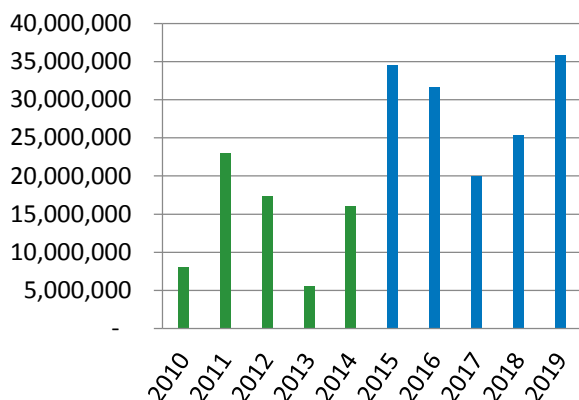
##### Airport Improvement Fees (AIF) Revenues:



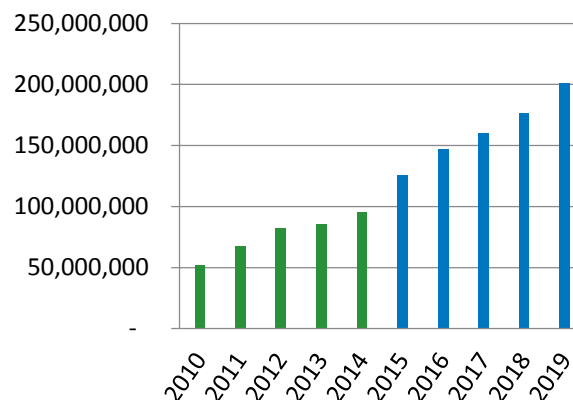
**Actual Growth**

**Projected Growth**

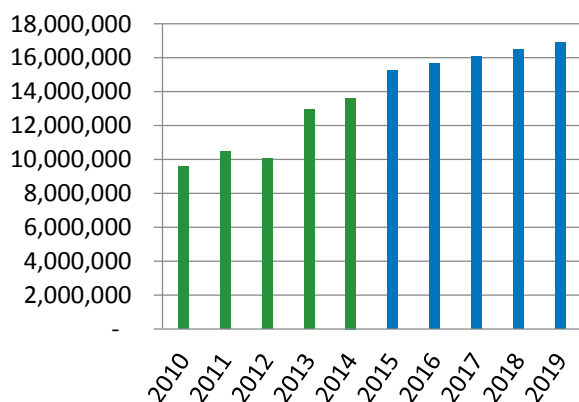
**Capital Expenditures:**



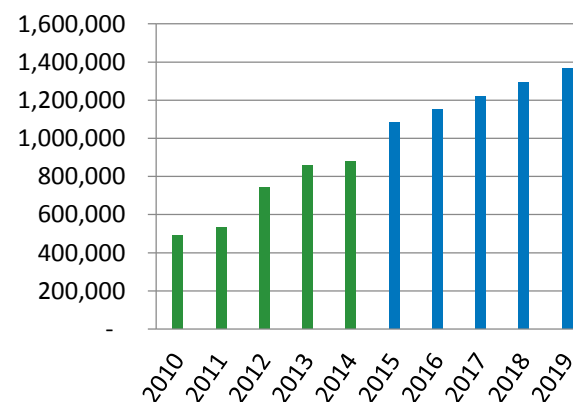
**Assets of the Corporation:**



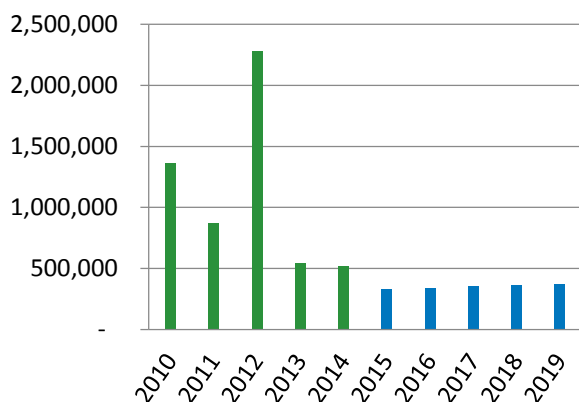
**Operating Expenses:**



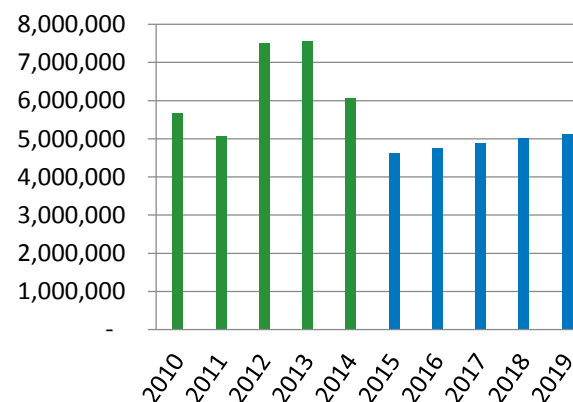
**Ground Lease Rent:**



**Operations Net Results:**



**Net Revenue over Expenses:**



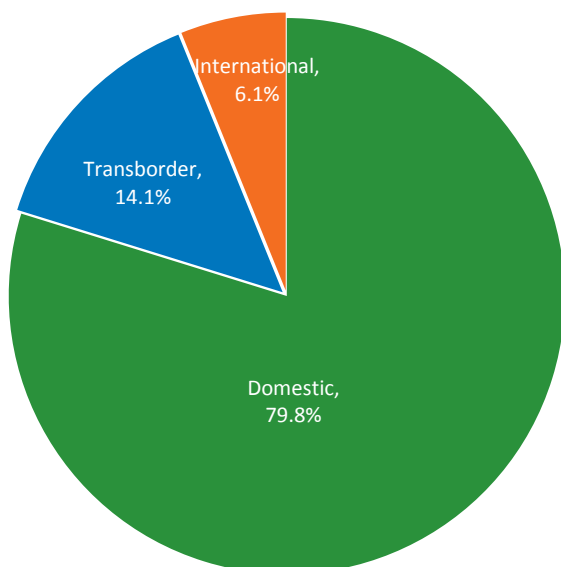
## Management Discussion and Analysis

The 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, 2014. The MD&A should be read in conjunction with the RAA's audited financial statements and note disclosures, which have been prepared in accordance with accounting standards for not-for-profit organizations in Part III of the CPA Handbook – Accounting.

The RAA is a no-share, not-for-profit entity represented by nominated members from the Regina market region. All excess revenues over expenditures are applied to managing and operating the Regina International Airport (YQR) consistent with its mission statement. RAA, operating as a local authority, as of December 31, 2014 is into its sixteenth year of operation in its lease arrangement with the Crown. During 2014, the option to extend the lease for a further twenty years was exercised and accordingly, the lease will now expire on April 30, 2079.

### Passenger Statistics:

#### Total Passenger Traffic in 2014



The RAA experienced total passenger growth of 2.9% in 2014, compared with growth of 3.5% in 2013. This translates into a new record number of 1,262,577 passengers; an additional 35,353 passengers over last year's total of 1,227,224.

Domestic passenger growth was 3.5% higher than 2013; transborder and international traffic passenger counts increased slightly by 0.5% over 2013. The breakdown by passenger segments are illustrated on the chart (left).

RAA budgeted for a 2014 passenger growth rate of 2.8% (similar to the expected local GDP indicators). A reduction in transborder services occurred with the loss of the United Chicago route in late fall 2014 and as a result performance in this sector lagged while charter frequency and demand grew slightly over 2013. RAA met its 2014 passenger target growth for 2014.

RAA has established a 2.5% passenger growth target for 2015 in line with revised GDP growth estimates. The 2015 targeted passenger count utilizing a growth rate of 2.5% and when applied to 2014 posted actual results would be 1,294,141.

## Rates and Fees:

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Effective July 1, 2014, RAA increased its customer facility charge to \$5.50 from \$4.50 per transaction day to meet actual operating cost results. This revenue is collected by the rental vehicle concession operators as part of the Rental Vehicle Concessionaires Agreement. This revenue is used to fund the capital investment, financing and operation and maintenance of the common use support facility used by the concessionaires to clean and maintain their rental vehicles.

Within its work plan for 2015, RAA will be completing additional rates and fees reviews. The anticipated average fee adjustments are expected to be in the 3-5% range, required to offset increased costs of doing business and will take effect July 1, 2015.

## Airport Improvement Fees (AIF):

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Airport Improvement Fee (AIF) rates are established as required to meet the airport capital planning programs. As at December 31, 2014 AIF eligible expenditures exceed AIF revenues generated by \$8,112,000 since its inception (May 1999). Shortfalls are backstopped by long-term debt and over the longer planning period will be repaid from future AIF funds collected. Airports are capital intensive in nature and revenue streams derived from AIF collections provide for debt servicing and loan repayment obligations.

## Capital Activity Highlights:

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2014 RAA capital programming included the following major project highlights on a capital spend of \$16,042,000:

### **Eligible AIF Funded Activities (\$15,263,000):**

|             |  |
|-------------|--|
| \$8,330,000 | Apron 1 Rehabilitation construction and engineering                        |
| 2,567,000   | Economy parking lot  |
| 820,000     | Multi-tenant Facility Groundside / Airside design and initial construction |
| 851,000     | Snow blower  |
| 555,000     | Information Technology (IT) Projects                                       |
| 308,000     | Hold Baggage Screening detailed design                                     |
| 289,000     | Fire Hall utility vehicle  |
| 276,000     | General Airport Grounds upgrades   |
| 243,000     | Taxi "C" relocation detail design  |
| 193,000     | Closed circuit television and access control upgrades                      |
| 165,000     | Fiber Optic Cabling Upgrades (support buildings)                           |
| 134,000     | Land purchase  |
| 127,000     | Equipment upgrades   |
| 103,000     | New vehicles   |

|         |   |
|---------|---|
| 87,000  | Building upgrades   |
| 67,000  | Fire Hall living quarters and maintenance garage upgrades |
| 148,000 | Other continual existing facility programming and studies |

***Non-eligible AIF Funded Activities (\$779,000):***

\$779,000 represents facility costs incurred that will be funded by tenant rents

For 2015, major capital developments include Hold Baggage Screening, Taxi “C” relocation, Multi-Tenant Facility development and the completion of the Economy Parking Lot.

**Liquidity and Capital Resources:**

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The RAA is an authority without share capital and is self-financing. The Authority is funded through operating revenues, AIF revenues and its bank credit facility. The RAA completed 2014 with a cash balance of \$7,126,000, compared to \$7,698,000 in 2013. The decrease in cash position was the result of an increased capital plan year over year, offset by a long-term debt advance during the year.

RAA revenues continue to maintain stable earnings before depreciation and amortization (EBIDA), enabling the RAA to meet its debt servicing obligations. RAA must maintain, at all times, a current service ratio (CSR) of 1.25 to 1 or better. The CSR is the EBIDA divided by annual interest payments and current portions of long term debt. The 2014 CSR ratio is approximately 5.46 - 1 (2013 – 6.76 – 1); RAA remains well positioned to meet its debt and interest obligations.

The 2014 current ratio remains in good standing at 2.66 to 1 (the 2013 current ratio was 3.94 to 1); a ratio of 1.5 to 1 or better is targeted. RAA continues to be well positioned to meet its current and future obligations. RAA has an undrawn \$12,000,000 capital facility in addition to an undrawn \$500,000 line of credit providing further liquidity.

**Balance Sheet:**

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Assets of the corporation increased by \$9,160,000 (10.7%) to \$94,825,000. Investment in property, plant, and equipment increased \$10,134,000 (net of amortization and disposals) reflecting increased capital activity in 2014. Receivables decreased \$579,000 primarily due to the timing of yearend receipts and AIF accrual adjustments. Investments held increased \$109,000 with unrealized market gains contributing \$57,000.

Accounts payable and accrued liabilities increased \$704,000 over 2013; this increase was anticipated as holdbacks related to the economy parking lot, the groundside multi-tenant facility and the warranty holdback for the Apron 1 rehabilitation remained in place at year end. The current portion on the bank term loans have also increased by \$236,000 as additional debt was drawn for Apron 1 expansion.

Long term bank term debt increased \$2,508,000 net of repayments of \$1,381,000 and advances of \$4,125,000 for Apron 1 construction. The pension plan liability decreased by \$727,000 due to positive returns and plan performance. The retirement allowance liability increased by \$332,000 as a result of the RAA's immediate recognition of discontinuing the accumulation of service time for the retirement allowances as at December 31, 2014.

Overall net assets increased \$6,080,000 (\$7,555,000 during 2013) reflective of excess revenues over expenses.

### **Statement of Operations:**

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#### **Revenues:**

2014 revenues increased \$133,000 over 2013. Increases include: \$500,000 on landing fees, general terminal fees and other airline fees; \$155,000 on the rental car customer facility charge; \$115,000 on improved airside concessions. These increases are reflective of continued passenger growth. AIF revenues are calculated and reported by the Airlines based on estimated bookings. During 2013, the gross AIF was overstated in the amount of \$436,000 and the required adjustment reversed during 2014 operations. As a result, AIF gross revenues are reduced year over year. Had the overstatement not occurred, AIF revenue would have shown an increase of \$227,000 in line with planned activities.

Operating revenues exceeded plan by \$91,000 with the variance primarily attributed to increased passenger growth offset by lower than expected parking revenues. A budgeted parking rate increase planned for July 1, 2014 was deferred to coincide with the opening of the newly constructed economy parking lot which occurred late in December, 2014.

Operating revenues generated were \$14,154,000 (net of AIF, CFC, interest, realized and unrealized gains, and other car rental support activities). This represents an increase of \$667,000 over 2013 posted results, approximating planned revenues of \$14,063,000. Additional seats in the Regina market provided for modest growth within the aeronautical sector as well as concessions and land rentals contributing to overall revenue growth.

#### **Expenses:**

2014 expenditures increased \$1,608,000 over 2013. There was an increase of \$1,260,000 in personnel costs. Included in personnel costs are the adjustments to the current value of the pension plan and retirement allowance provisions. Personnel costs were reduced by \$727,000 (2013 – \$1,171,000) for pension valuation extrapolation results; and increased \$332,000 (2013 - \$5,000) for immediate recognition of retirement obligations. There were additional costs related to the collective bargaining agreement settlements in 2014 and staff succession and realignment objectives. Common use costs increased \$110,000, reflecting a fully implemented solution for operation and support. Increases to contracted services of \$117,000, property taxes of \$105,000,



utilities of \$86,000 and repairs and maintenance of \$85,000 were incurred over 2013 costs as expected. These increased costs were offset by reductions in the materials and supplies of \$192,000, as cold winter conditions experienced in 2013 did not occur in 2014.

Operating expenditures incurred (net of amortization, AIF collection costs, interest expense and the car rental operation) during 2014 were \$13,368,000 (\$1,590,000 over last year's totals).

Overall net operating revenues over operating expenses for 2014 generated (net of pension valuation and retirement obligation adjustments) \$524,000 exceeding the plan by \$424,000.

**Contracts Not Tendered:**

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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 2014 dollars this value approximates - \$125,000. All projects in excess of these values were tendered.

## Risks and Uncertainties

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The aviation segment within the transportation services sector operates in a highly complex, volatile and uncertain environment. Improved and fully implemented security management systems provide for increased assurance to operators, regulators and the general public that this mode of transportation remains safe, secure, proven and dependable. Airport operators must be responsive to regulatory change in a growth industry with continued uncertainty. Airline travel demand is dependent upon economic rates of growth and/or retraction adding further complexities. Airport operators with this backdrop must remain focused as long-term planners and visionaries. The current economic environment and evolving industry risks as discussed below should not deter airport operators in fulfilling their strategic initiatives.

### Airline Operators:

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Airlines continue to work off minimal operational margins of 2% or less leaving little room to respond to unfolding industry, environmental and public demand. Challenges remain within human resources with pilot shortages that have contributed to lost regional air transportation transborder services. As airline operators identify where resources will be deployed, it will be increasingly important for airport operators and their communities to fully engage identified carriers to influence these decisions. The maintenance and restoration of transborder services are key for sustainable community service levels.

Frequency and service may well be affected as airlines struggle to operate profitably with larger aircraft. The optimal 50 seat sized aircraft (RJ fleet) currently servicing regional sized markets such as ours are being retired and will be replaced with less optimal larger 75-90 seat aircraft. Economics may be more difficult to justify with larger aircraft and reduced frequency may become a reality. With the slipping Canadian dollar, US carriers' service in the Canadian market will be retracted/impacted and or frozen until economic performance improves. Fuel price reductions should help carriers improve shorter term performance and balance sheets; however, the impacts of a prolonged economic slowdown may offset any savings. These outcomes remain to be determined at the time of writing.

### Airport Operators:

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Operators continue to be faced with constant change to regulatory standards that require significant responses within very short timelines. Examples include expanded security programs focused on non-passenger screening of employees and vehicles. While these changes are playing out federally, government remains in a cost cutting mode and appropriate levels of funding and resources are not keeping pace. Higher standards and guidelines for capital improvement and life cycling requirements continue to add costs to processing, planning and overall costs of operations.

The short term economic downturn and continued global instability with militant actions of various segments of society continue to plague the industry and the airport operators' ability to respond. While economic ups and downs occur, airport operators must not lose sight of the fact that air travel remains a growth industry and a long term view and vision must prevail in all of its activities and planning.

**Airport Users:**

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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 travelling public over which the local airport operator has limited control.

Facility capital and financing requirements for strategic infrastructure developments are of extreme importance and will require Regina Airport Authority Inc. (RAA) to significantly leverage debt to implement strategic initiatives to stay ahead of the operational growth curve. With these challenges airport users continue to demand more such as improved service offerings and increased retail choices. Long term focus and disciplined plan execution will see RAA through short term uncertainties. With this focus, air travel at Regina International Airport (YQR) will remain a highly respected and adaptive mode of travel.

## Management Responsibility

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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 estimate and judgements. 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 four (4) 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.

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

On behalf of Regina Airport Authority Inc.:

"James D. Hunter"

"Derrick B. Thue"

James D. Hunter  
President and CEO

Derrick B. Thue  
VP Administration and CFO

Financial Statements of

# **REGINA AIRPORT AUTHORITY INC.**

For the year ended December 31, 2014



**KPMG LLP**  
**Chartered Accountants**  
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Regina Saskatchewan S4P 4K9  
Canada

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

We have audited the accompanying financial statements of Regina Airport Authority Inc., which comprise the statement of financial position as at December 31, 2014, 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, 2014, 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.

**KPMG LLP**

Chartered Accountants

March 19, 2015  
Regina, Canada

# REGINA AIRPORT AUTHORITY INC.

## Statement of Financial Position

As at December 31, 2014, with comparative figures for 2013

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Current Assets:  |                      |                      |
| Cash (note 4)  | \$ 7,125,832         | \$ 7,698,497         |
| Accounts receivable and accrued revenue (note 5 and 9) | 2,548,655            | 3,127,632            |
| Prepaid materials and supplies                         | 467,716              | 399,369              |
|  | 10,142,203           | 11,225,498           |
| Investments (note 6)                                   | 1,909,698            | 1,800,788            |
| Capital assets (note 7)                                | 82,772,899           | 72,638,424           |
|  | <b>\$ 94,824,800</b> | <b>\$ 85,664,710</b> |
| <b>LIABILITIES AND NET ASSETS</b>                      |                      |                      |
| Current Liabilities:                                   |                      |                      |
| Accounts payable and accrued liabilities (note 9)      | \$ 2,150,444         | \$ 1,446,674         |
| Deferred revenue                                       | 47,466               | 18,869               |
| Current portion of long-term debt (note 10)            | 1,616,832            | 1,380,528            |
|  | 3,814,742            | 2,846,071            |
| Long-term debt (note 10)                               | 18,420,350           | 15,912,182           |
| Tenant security deposits                               | 64,352               | 65,352               |
| Pension plan liability (note 15)                       | -                    | 727,000              |
| Retirement allowance liability (note 16)               | 824,250              | 492,700              |
|  | 23,123,694           | 20,043,305           |
| Net assets   | 71,701,106           | 65,621,405           |
|  | <b>\$ 94,824,800</b> | <b>\$ 85,664,710</b> |
| Commitments (note 14)                                  |                      |                      |

See accompanying notes to financial statements

### Approved on behalf of the Board:

Ken Waschuk, Chair of Board

Bob Linner, Chair of Audit and Finance Committee



# REGINA AIRPORT AUTHORITY INC.

## Statement of Operations and Net Assets

Year ended December 31, 2014, with comparative figures for 2013

|  | 2014                 | 2013                 |
|--|----------------------|----------------------|
| Revenue:   |                      |                      |
| Airport improvement fees (note 11)                 | \$ 11,603,852        | \$ 12,248,631        |
| Public parking                                     | 3,932,034            | 3,871,650            |
| Landing fees                                       | 2,706,089            | 2,552,466            |
| Concessions  | 2,396,087            | 2,245,385            |
| General terminal fees                              | 2,129,019            | 1,961,670            |
| Other airline fees                                 | 2,012,802            | 1,820,908            |
| Rentals  | 961,429              | 936,304              |
| Customer facility charge (note 12)                 | 861,673              | 706,896              |
| Other  | 330,400              | 456,324              |
|  | 26,933,385           | 26,800,234           |
| Expenses:  |                      |                      |
| Airport improvement fee collection costs (note 11) | 824,088              | 865,785              |
| Amortization                                       | 5,907,880            | 5,870,246            |
| Services, supplies and administration              | 5,706,926            | 5,560,135            |
| Salaries and benefits                              | 5,341,025            | 4,081,234            |
| Property taxes                                     | 1,019,871            | 915,157              |
| Utilities  | 885,442              | 799,285              |
| Ground lease                                       | 877,364              | 857,781              |
| Other  | 291,088              | 295,693              |
|  | 20,853,684           | 19,245,316           |
| Excess of revenue over expenses                    | 6,079,701            | 7,554,918            |
| Net assets, beginning of year                      | 65,621,405           | 58,066,487           |
| <b>Net assets, end of year</b>                     | <b>\$ 71,701,106</b> | <b>\$ 65,621,405</b> |

See accompanying notes to financial statements

# REGINA AIRPORT AUTHORITY INC.

## Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

|  | 2014                | 2013                |
|--|---------------------|---------------------|
| Cash provided by (used in):                  |                     |                     |
| Operations:                                  |                     |                     |
| Excess of revenue over expenses              | \$ 6,079,701        | \$ 7,554,918        |
| Add (deduct) non-cash items:                 |                     |                     |
| Amortization of capital assets               | 5,907,880           | 5,870,246           |
| Unrealized gain on investments               | (57,081)            | (115,214)           |
| Realized gain on investments                 | (5,826)             | (4,871)             |
|  | 11,924,674          | 13,305,079          |
| Change in non-cash working capital:          |                     |                     |
| Accounts receivable and accrued revenue      | 578,977             | (356,889)           |
| Prepaid materials and supplies               | (68,347)            | (3,536)             |
| Accounts payable and accrued liabilities     | 703,770             | (1,393,777)         |
| Deferred revenue                             | 28,597              | (31,713)            |
| Tenant security deposits                     | (1,000)             | -                   |
| Retirement allowance liability               | 331,550             | 5,400               |
| Pension plan liability                       | (727,000)           | (1,171,000)         |
| Cash flow from operations                    | 12,771,221          | 10,353,564          |
| Investing:                                   |                     |                     |
| Purchase of capital assets                   | (16,042,355)        | (5,554,423)         |
| Purchase of investments                      | (157,248)           | (214,803)           |
| Proceeds on sale and maturity of investments | 111,245             | 154,536             |
| Total investing activities                   | (16,088,358)        | (5,614,690)         |
| Financing:                                   |                     |                     |
| Advances of long-term debt                   | 4,125,000           | -                   |
| Repayments of long term debt                 | (1,380,528)         | (1,380,528)         |
| Total financing activities                   | 2,744,472           | (1,380,528)         |
| (Decrease) increase in cash                  | (572,665)           | 3,358,346           |
| Cash, beginning of year                      | 7,698,497           | 4,340,151           |
| <b>Cash, end of year</b>                     | <b>\$ 7,125,832</b> | <b>\$ 7,698,497</b> |

See accompanying notes to financial statements

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

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## 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 had an initial term of 60 years with an option to extend for 20 years. During the current year, the option to extend the Ground Lease was exercised and, accordingly, the Ground Lease will now expire on April 30, 2079. The parties agreed that the extension is on the same conditions as the initial Ground Lease, except that there is no longer any option to renew the Ground Lease or further extend the term. At the end of the renewal term, the Authority is obligated to return control of the Airport to the Landlord. The Airport must be returned in a state of good order, condition and repair. The Airport must also be free and clear of any Occupancy Agreement, Transfer, Leasehold Mortgage, (as defined in the Ground Lease) or other encumbrances of any nature or kind except those which the Landlord has granted rights of non-disturbance.

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.

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

### 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 useful lives as follows:

| Asset Category                 | Years                                   |
|--------------------------------|---|
| Leased land                    | 48-65                                   |
| Office furniture and equipment | 3-10                                    |
| Computer equipment             | 3- 5                                    |
| Vehicles and equipment         | 3-15                                    |
| Leasehold improvements         | 1-40                                    |
| Work in progress               | not amortized, as not available for use |

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.

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

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## 3. Significant accounting policies (continued):

### 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.

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 also has a retirement allowance program for all permanent employees. Benefits are calculated on the basis of current salary at one week per year of service or part thereof to a maximum of thirty weeks. As per the collective agreement negotiated in 2014, the Authority discontinued the accumulation of service time for the retirement allowance as at December 31, 2014. The full retirement allowance provision based on December 31, 2014 rates of pay have been accrued. Retirement allowances must be fully drawn upon by employees no later than December 31, 2018.

### d) *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.

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

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## 3. Significant accounting policies (continued):

### d) *Financial instruments (continued)*

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.

### e) *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.

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

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 3. Significant accounting policies (continued):

### 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% (2013 - 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 2014 is \$3,941 (2013 – \$19,303). Bad debts recovery for 2014 is \$10,374 (2013 – expense of \$12,496).

## 6. Investments:

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

|  | 2014                | 2013                |
|--|---------------------|---------------------|
| Guaranteed Investment Certificates (GIC's), growth notes and savings account | \$ 845,876          | \$ 695,633          |
| Common shares  | 1,051,449           | 975,407             |
| Investment savings account   | 12,373              | 129,748             |
|  | <u>\$ 1,909,698</u> | <u>\$ 1,800,788</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.



# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 7. Capital assets:

| Capital assets                 | Cost          | Accumulated amortization | 2014<br>Net book<br>value | 2013<br>Net book<br>value |
|--------------------------------|---------------|--------------------------|---------------------------|---------------------------|
| Leased land                    | \$ 2,869,300  | \$ 173,680               | \$ 2,695,620              | \$ 2,619,287              |
| Leasehold improvements         | 101,399,121   | 31,587,529               | 69,811,592                | 64,504,621                |
| Vehicles and equipment         | 9,661,215     | 5,279,623                | 4,381,592                 | 3,490,926                 |
| Computer equipment             | 953,553       | 737,981                  | 215,572                   | 140,496                   |
| Office furniture and equipment | 218,373       | 147,731                  | 70,642                    | 64,766                    |
| Work in progress               | 5,597,881     | -                        | 5,597,881                 | 1,818,328                 |
|                                | \$120,699,443 | \$ 37,926,544            | \$ 82,772,899             | \$ 72,638,424             |

## 8. Operating line of credit:

The Authority has a \$500,000 operating line of credit (the "Operating Facility") bearing interest at the Scotiabank's prime lending rate less 0.50%. The Operating Facility is unsecured and repayment terms are on demand. As at December 31, 2014 and December 31, 2013 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 \$32,842 (2013 - nil); and government remittances payable for goods and services taxes and provincial sales taxes which are included in accounts payable and accrued liabilities of \$1,880 (2013 - \$53,746).

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 10. Long-term debt:

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

|  | 2014          | 2013          |
|--|---------------|---------------|
| Term loan bearing interest at Scotiabank's prime lending rate less 0.50% per annum, repayable in monthly installments of \$108,942 plus interest, due December 2019.                                   | \$ 13,073,000 | \$ -          |
| Term loan bearing interest at Scotiabank's prime lending rate less 0.50% (2013 – prime lending rate less 0.25%) per annum, repayable in monthly installments of \$25,794 plus interest, due July 2017. | 6,964,182     | 7,273,710     |
| Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$180,000 plus interest.  | -             | 1,080,000     |
| Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$500,000 plus interest.  | -             | 6,500,000     |
| Term loan bearing interest at 2.75% per annum, repayable in quarterly installments of \$54,000 plus interest.  | -             | 864,000       |
| Term loan bearing interest at 2.75% per annum, repayable in annual installments of \$175,000 plus interest.  | -             | 1,575,000     |
|  | 20,037,182    | 17,292,710    |
| Less current portion:  | 1,616,832     | 1,380,528     |
|  | \$ 18,420,350 | \$ 15,912,182 |

The Authority has a credit facility 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, 2014.

Interest on long-term debt of \$477,181 was paid during 2014 (2013 - \$501,868).

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 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:

|      |              |
|------|--------------|
| 2015 | \$ 1,616,832 |
| 2016 | 1,616,832    |
| 2017 | 1,616,832    |
| 2018 | 1,616,832    |
| 2019 | 1,616,832    |

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

Subsequent to year-end, commencing January 2, 2015, the Authority converted its outstanding loans to banker's acceptances at Scotiabank's prime lending rate less 0.50%. Interest rate swap financial contracts were entered into to reduce Interest rate risk on 100% of the outstanding loan balance. Accordingly, the effective interest rate on the Authority's long term debt will approximate 2.58%.

## 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, 2014 was \$20 (2013 - \$20) for each originating passenger departing Regina International Airport. Intra-provincial flights are charged an AIF of \$5 (2013 - \$5) per enplaned passenger.

AIF funding activities on the year are outlined below:

|  | 2014           | 2013          |
|--|----------------|---------------|
| Earned revenue   | \$ 11,603,852  | \$ 12,248,631 |
| Airline/ATAC handling and administration fees            | (824,088)      | (865,785)     |
| Net AIF revenue earned                                   | 10,779,794     | 11,382,846    |
| Eligible capital asset purchases                         | (15,263,446)   | (4,817,214)   |
| Eligible interest expense                                | (264,818)      | (264,935)     |
| Excess (deficiency) of AIF revenue over AIF expenditures | \$ (4,748,500) | \$ 6,300,697  |

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 11. Airport improvement fee (continued):

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

|   | 2014           | 2013           |
|---|----------------|----------------|
| Earned revenue                                  | \$ 99,746,014  | \$ 88,215,554  |
| Airline/ATAC handling and administration fees   | (7,100,459)    | (6,349,763)    |
| Net AIF revenue earned                          | 92,645,555     | 81,865,791     |
| Eligible capital asset purchases                | (99,837,418)   | (84,573,972)   |
| Eligible interest expense                       | (920,115)      | (655,297)      |
| Deficiency of AIF revenue over AIF expenditures | \$ (8,111,978) | \$ (3,363,478) |

## 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 increased to \$5.50 as at July 1, 2014 (2013 - \$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 2014 in the amount of \$96,250 (2013 - \$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:

|      |              |
|------|--------------|
| 2015 | \$ 1,081,000 |
| 2016 | 1,149,000    |
| 2017 | 1,220,000    |
| 2018 | 1,293,000    |
| 2019 | 1,367,000    |

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 14. Commitments (continued):

### *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:

|      |              |
|------|--------------|
| 2015 | \$ 2,647,001 |
| 2016 | 2,172,103    |
| 2017 | 905,821      |
| 2018 | 122,646      |
| 2019 | 427          |

During the year the Authority also entered into contractual agreements for certain capital projects. As at December 31, 2014, \$8,328,000 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, 2014 using a December 31 measurement date. The results of the valuation have been extrapolated to December 31, 2014. The next scheduled valuation for funding purposes will be completed as at January 1, 2015, 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 2014 was 5.25% (2013 - 5.0%), rate of compensation increases for 2014 was 3.75% (2013 - 4.0%) and pre and post-retirement indexing for 2014 at 2.25% (2013 - 2.5%)

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

|                             | 2014         | 2013         |
|-----------------------------|--------------|--------------|
| Accrued benefit obligation: |              |              |
| Balance, beginning of year  | \$ 8,337,000 | \$ 8,023,000 |
| Current service cost        | 220,000      | 234,000      |
| Interest cost               | 438,000      | 401,000      |
| Employee contributions      | 48,000       | 47,000       |
| Benefits paid               | (198,000)    | (393,000)    |
| Actuarial (gain) loss       | (276,000)    | 25,000       |
| Balance, end of year        | \$ 8,569,000 | \$ 8,337,000 |

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

## 15. Pension plan liability (continued):

|  | 2014         | 2013         |
|--|--------------|--------------|
| Fair value of plan assets:                               |              |              |
| Balance, beginning of year                               | \$ 7,610,000 | \$ 6,125,000 |
| Interest income  | 400,000      | 306,000      |
| Actual return on plan assets (excluding interest income) | 438,000      | 589,000      |
| Employer contributions                                   | 971,000      | 936,000      |
| Employee contributions                                   | 48,000       | 47,000       |
| Benefits paid  | (198,000)    | (393,000)    |
| Balance, end of year                                     | \$ 9,269,000 | \$ 7,610,000 |
| Funding Status of Plan:                                  |              |              |
| Accrued Benefit Obligations                              | \$ 8,569,000 | \$ 8,337,000 |
| Fair Value of Plan Assets                                | 9,269,000    | 7,610,000    |
| Valuation Allowance                                      | (700,000)    | -            |
| Funding Status - deficit                                 | \$ -         | \$ (727,000) |

The fair value of the plan assets includes a downward valuation adjustment. Although the fair value of the plan assets exceeds the benefit obligations, the plan surplus is not legally available for use in operations.

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 2014 total \$697,000 (2013 - \$626,000).

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 | 2014  | 2013  |
|-----------------------|-----------|-------|-------|
| Equities              | 60.0%     | 66.8% | 66.0% |
| Fixed income          | 37.0%     | 29.7% | 30.7% |
| Cash/cash equivalents | 3.0%      | 3.5%  | 3.3%  |

The total defined benefit pension recovery recorded in salaries and benefits for the year ended December 31, 2014 was \$456,419 (2013 - \$251,984) and the total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2014 was \$153,728 (2013 - \$127,998).

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

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## 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. As per the collective agreement negotiated in 2014, the Authority discontinued the accumulation of service time as at December 31, 2014. The full retirement allowance provision based on December 31, 2014 rates of pay have been accrued. Retirement allowances must be fully drawn upon by employees no later than December 31, 2018. Interest will not accrue on any outstanding liability owing to employees after December 31, 2014. The retirement allowance is unfunded.

## 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 2013.

### 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 2013.

### 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 2013.



# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2014

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## **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 2013.

### *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 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 2013.

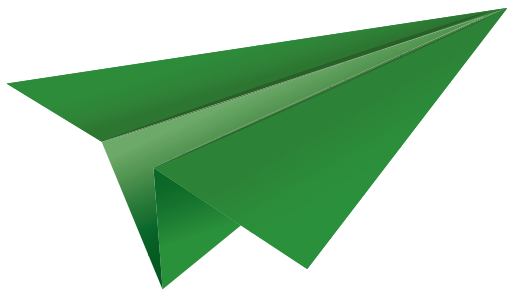
## **18. Supplemental information:**

Interest and investment income of \$166,242 was received in 2014 (2013 -\$125,365).

## **19. Comparative information:**

Certain comparative information has been reclassified to conform to the current year's presentation.





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