

It's Your Airport
Celebrating 10 Years of Success

The Sky's the Limit



Regina Airport
Authority Inc.

BUSINESS AND OPERATIONS

The Sky's the Limit

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CEO Message



2009 has proven to be yet another record year for the Regina Airport Authority Inc. (RAA), with 1,022,042 passengers having traversed our facility during that time, an increase of 1.7% over our record year of 2008. Given the turmoil of the Canadian economy during that year, our increase in activity stands as an exceptional statistic.

Such activity was also reflected in the completion of some major projects at the airport in 2009. Our ambitious and extensive groundside parking project was for the most part completed, providing an increase in available parking of almost twice the previous capacity. As well, the successful installation of two additional boarding jetways was completed, allowing much more flexibility in the provision of modern and comfortable boarding options for our passengers and tenant airlines. Internally, the terminal building saw the opening of two Tim Hortons "On the Go" locations (pre and post security), that answered the oft stated demands of our passengers. As well, and as part of this project, our new Gateway Lounge was also opened post security, ensuring that all travellers through the airport are provided the maximum in comfort and travelling options.

Such options were also evident in the provision of more service to more destinations from the Regina International Airport (RIA) this past year. Of particular note was the inauguration in July of two non-stop flights daily to Denver with United Airlines. The uptake on these flights has proven to be very successful, and bodes well for future service opportunities with United into 2010. As well, WestJet is now providing a daily non-stop service to Toronto, reflecting the success of this hitherto (2008) seasonal service. WestJet also followed up another success story, its Las Vegas non-stop service, with additional flights and an extension of the season by three weeks, as well as adding four weekly scheduled seasonal non-stop flights to sun destinations. Finally, WestJet inaugurated a seasonal non-stop flight to Vancouver. Air Canada, in addition to upgrading the equipment on its thrice daily non-stop Toronto flights, added additional flights to both Calgary and Winnipeg.

As this air service continues to increase to meet the needs of Regina and southern Saskatchewan, the RAA will continue to focus on the diversification of its revenue stream through the vigorous pursuit of development of the airport lands. We have hired a consulting firm to aid us in this complex undertaking, and steady progress has been made such that in 2010 we hope to begin to reap the benefits of this work. Such undertakings do not occur in isolation, of course, and the RAA is looking forward to increasing its cooperation with the City of Regina and the surrounding municipalities to ensure the proper integration of these efforts into the overall scene.

In closing, I commend to you the employees of the RAA without whom such progress could not have been achieved. Their daily, dedicated efforts ensure that the RIA's excellent domestic and international reputation continues to be maintained, and to attract the increased service and development that we seek to provide.

A handwritten signature in dark ink, appearing to read "J. Hunter".

James D. Hunter
President and CEO



Celebrating 10 Years of Success



In May 1999, Regina Airport Authority Inc. (RAA) assumed, from the Federal Government, the responsibility for the development and daily operations of the Regina International Airport. In 2009, we proudly celebrated our 10th Anniversary.

During this time the airport has seen many changes including a major expansion of the Air Terminal Building in 2005, an expansion to the public parking lot and two new aircraft loading bridge installations to help service the needs of the increased air carrier service that we work continuously at obtaining.

On May 4th, in conjunction with the Annual General Meeting, we held our 10th Anniversary celebrations. The meeting was held in the south end of the terminal building, outside the RAA offices with a Snowbird aircraft and a Hawk One aircraft parked on the apron as the meeting's backdrop. In the RAA window display was a miniature replica of the airport from three different periods of time (current, 1981 and 1955) courtesy of Mr. Spence Bourassa.

All attendees received commemorative tins filled with airplane paperclips and a chance to win one of several door prizes, including the grand prize draw of a hot air balloon ride. Among those who attended were former board and staff members. At the conclusion of the meeting, everyone enjoyed anniversary cake and airplane shaped cookies.

It is the support from the community we serve that has enabled the Regina Airport Authority to achieve the success we have to date. It is that support, and the support and dedication of our staff, which will carry us into the future.



The People Behind The Scenes

Many of our employees have been with RAA since its inception and served the RIA with Transport Canada prior to the transition. We thank all our staff for their loyalty, hard work and dedication.

Jim Hunter, President and CEO – 1.8 years

Derrick Thue, Vice President Administration & CFO – 8.7 years

Steve Burchi, Vice President Operations & Corporate Services – 22.3 years

Administration

Donna Brown, Corporate Administrator & HR Officer – 1 year

Don Carvalho, Administrative Assistant – Finance – 4.4 years

Kelly Hugli, Administrative Assistant – Finance – 4 mths

Terry Klimosko, Lease & Contracts Officer – 29.4 years

Luanne Quick, Lease & Contracts Officer (Part-time Term)

Operations

Airport

Rick Proulx, Manager Airport Operations – 2.4 years

Dennis Sandoff, Operations Officer – 28.2 years

Doug Cascaden, Security Operations Officer – 2 mths

Dave Skene, IT/Groundside Officer – 26.1 years

Facilities

Emile Forest, Manager Airport Facilities – 9.5 years

Dale Peterson, Project Officer – 23.5 years

Joanne Bell, Operations Assistant – 19 years

Eldon Blenkin, Supervisor Airfield Mobile – 20 years

Martin Fortier, Equipment Operator – 19.2 years

Kelly Heichert, Equipment Operator – 8 years

Chris Mickleborough, Mechanic – 29.5 years

Randy Papegnies, Mechanic – 23.8 years

Larry Prychak, Equipment Operator – 14.2 years

Doug Scheibel, Equipment Operator – 8.1 years

Gerry Schumann, Equipment Operator – 12 years

George Toro, Equipment Operator – 16.3 years

Rod Wheeler, Equipment Operator – 22 years

Earl Spencer, Supervisor Building Electrical – 15.9 years

Rick Penner, Building Technician – 27.9 years

Eugene Hrehor, Trades Helper – 10 years

Elizalde Acob, Electrician – 6 mths

Joshua Morris, Electrician – 4 mths

Wes Croft, Seasonal Equipment Operator – 1 year

Warren Terry, Seasonal Equipment Operator – 1 year

Jean Dagenais, Seasonal Equipment Operator – 2 mths

Leon Urszulan, Seasonal Equipment Operator – 2 mths

James Birrell, Seasonal Equipment Operator – 1 mth

Fire Hall

Kevin Hembroff, Manager of Airport Safety & Fire Chief – 32.1 years

Kevin Joa, Firefighter Captain – 21.3 years

Ray Silzer, Firefighter Captain – 24.5 years

Brian Stewart, Firefighter Captain – 29.8 years

Dean Davyduke, Firefighter – 21.6 years

Chris Grant, Firefighter – 1 year

Chad Kemery, Firefighter – 6.9 years

Mark Kress, Firefighter – 1.1 year

Kelly Schwartz, Firefighter – 1.2 years

Jamie Smith, Firefighter – 18.9 years

RAA & The Community

Regina Airport Authority Inc. (RAA) supports the community by providing sponsorship to various organizations by way of donations for door prizes, raffles, etc.

RAA provides annual support to two local groups. The 34 Roland J. Groome Sabre Squadron, Royal Canadian Air Cadet receives an annual donation of \$3,500. Through the Regina Flying Club, RAA provides a \$2,000 scholarship to an individual working toward their pilot's license. This year's recipient was Kathleen Furgason.

Each year RAA hosts the Regina International Airport Golf Tournament. The 2009 tournament was held on August 28th at the Avonlea Long Creek Golf Course with 128 golfers. A charity raffle raised \$1,232. With the RAA's matching contribution, a total donation of \$2,500 was made to the 2009 chosen charity, the Kids Help Phone.



L to R: Jim Hunter, RAA CEO & President, Kathleen Furgason, Larry Schneider, RAA Chair



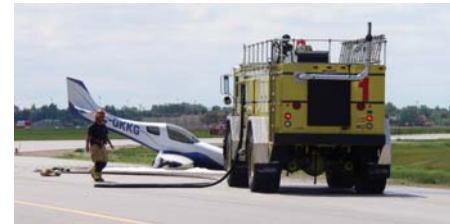
L to R: Jim Hunter ~ RAA CEO; Brenda Bancescu ~ Kids Help Phone, Donna Brown ~ RAA Corporate Administrator; Rick Proulx ~ RAA Manager of Airport Operations; Kevin Hembroff ~ RAA Fire Chief & Manager of Airport Safety



Airport Operations and Infrastructure

Regina International Airport offers a diverse, balanced and growing mix of air carriers and destinations that serve our community well. With this diversity, airfares remain competitive and southern Saskatchewan travelers enjoy numerous options to a wide variety of business and leisure destinations worldwide. But value is only part of the equation; Regina Airport Authority staff members also strive to provide the highest levels of safety and security for airport users while focusing on similarly high levels of customer service and satisfaction.

To achieve these goals and provide value and customer service, an airport requires a significant amount of infrastructure. RAA continues to invest in Regina International Airport facilities to meet the needs of today's travelers while simultaneously laying a foundation for future growth.



All operational and development activities must also be cost effective, measured, and sustainable with an environmentally responsible focus. Bringing it all together in a seamless manner is the daily challenge presented to RAA staff, who work tirelessly behind the scenes to this end.

The following initiatives were completed in 2009:

Safety and Security

- The Airport continues to meet all Transport Canada regulatory requirements in the safety and security area as evidenced by numerous audit and inspection findings.
- A new emergency response plan including terminal building evacuation procedures was developed and distributed to all mutual aid agencies in the community.
- Phase I of the RAA Safety Management System (SMS) was developed and submitted to Transport Canada and subsequently accepted as meeting all Canadian airport SMS requirements.
- A tabletop security exercise for RAA Operational Staff and other responding agencies was undertaken
- The Airport, in cooperation with the Canadian Air Transport Security Authority (CATSA), participated as a pilot site to test the effectiveness of modified passenger screening processes,

with lessons learned and best practices to be rolled out to other Canadian airports.

- A site wide re-keying of primary RAA facilities was completed.
- A new 20-hour shift for airport firehall operations was implemented to better serve the needs of the airline community at YQR.
- The Airport Emergency Response Team successfully responded to 123 calls for support, including aviation related incidents and medical first aid responses.

Terminal Building Enhancements

- Substantial completion of the groundside redevelopment project was achieved including the addition of 400 public parking stalls.
- A new automated, state-of-the-art parking control system was also introduced as part of the larger groundside redevelopment project.
- A 4th Pre-Board Screening Line intended to ease early morning congestion in this area was brought on line in early January 2009.
- A flow through passenger check-in study was completed to evaluate new methodology and associated technology trends for improving passenger handling throughput.





Airport operations

a focus on the core essentials of enhancing safety and security – every day.

- The Airport continued to work with service providers and the City of Regina on identifying feasible solutions to ground transportation challenges.
- The introduction of Tim Hortons products and services both pre and post security significantly enhanced food and beverage product offerings.
- An update to exterior wayfinding / directional signage was completed.



Airside Infrastructure

- Two additional passenger loading bridges were added to the terminal building to facilitate increased demand for aircraft parking and servicing options.
- New airfield lighting systems were installed: new industry standard PAPI (Precision Approach Path Indicators) to provide for enhanced airside safety operations, and RGL (Runway Guard Lights) to facilitate operations during periods of reduced visibility.

People

- Staffed a new Security Operations Officer position.
- Two airport electricians were recruited and hired.
- RAA staff, in addition to day-to-day operational demands, facilitated various community hosted events such as the World Junior Hockey Championships and the Cross Canada Century of Flight celebrating 100 years of aviation history in Canada.

For 2010, a major effort is underway to complete designs for two major runway redevelopments slated for 2011 and 2012 as well as apron expansion in 2011. Operational plans will also be developed and communicated to airlines and airport users as far in advance as possible so that contingency plans can be developed to mitigate expected construction impacts.

Five-Year Performance Review 2009

The Airport Ground Lease corporate matters provisions requires the completion of an independent performance review at each fifth (5th) year anniversary date. Our second performance review was completed for the five year period ending April 30, 2009. Those findings in executive summary are provided below:

Summary of Major Findings

- A – Major Finding: We conclude that the RAA is in compliance with the terms of the Ground Lease and the Corporate Objects expressed in the Letters Patent.
- B – Major Finding: The RAA has demonstrated during the period of review its willingness to support the necessary enhanced safety and security requirements and responsibilities that come with local airport authority management. This commitment is subject however to external factors (such as the new Air Cargo policy) to which in the past the RAA has responded effectively.
- C – Major Finding: The RAA has demonstrated during the period of review a commitment to regional economic development through its adoption of an active strategy to directly invest in the local economy.
- D – Major Finding: The RAA has demonstrated during the period of review an exemplary commitment to its management of the airport environment. It consistently demonstrates its awareness and concern about its environmental responsibilities, and is open in conducting its environmental program.
- E – Major Finding: RAA has demonstrated through its public statements about customer service and its placement of customer service at the top of its priorities, an exemplary commitment to high quality customer service.
- F – Major Finding: Throughout the period under review the RAA has effectively utilized its assets, (capital and operating) and maintained a financially viable operation.
- G – Major Finding: RAA has demonstrated during the period of review its commitment to consistent, high quality, strategic and business planning. It has evolved a structure that is well understood, well documented and effective in guiding the RAA as an effective not for profit corporation, run with due regard for its stakeholder communities.





2010 Business Plan Highlights

Enhanced Air Services

- Pursue increased domestic service to enhance frequency and fleet options for our community. Increased focus will be for the addition of Ottawa as a new destination.
- Focus on continued and consistent communication strategies with all major carriers to ensure existing services are maintained and enhanced where possible.

Maintain and Enhance Core Operations

- Complete phase 2 safety management system implementation for internal reporting process, culture and remaining training requirements.
- Complete review of the effectiveness of the airside vehicle operator's program (AVOP) and assess required refresher training opportunities.
- Establish formalized stand alone safety and security committee to promote, support and monitor effective site wide safety and security programming.
- Increased focus on environmental programming in the areas of wildlife management, tenant and overall airport compliance programming.
- Continued evaluation for operational improvements and related systems required for effective customer service experience.

Create an Affordable Capital Development Plan

- Complete long range capital planning and related cash flow analysis with supporting analysis that will ensure appropriate levels of funding are in place to meet operator and community needs.

Create a Strategic Marketing Plan

- Develop and roll out an effective communication plan for Regina Airport Authority Inc. to tell our story and communicate our corporate identity.
- Develop and roll out our formalized marketing and business development diversification plan.

Create a Comprehensive Business Development Plan

- Completion of an infrastructure feasibility/costing study to incorporate into future business planning and diversification alternatives both for core and non-core business activities.
- Complete conceptual feasibility analysis, policy and procedural reviews in the establishment of the finalized business development plan roll out.



Enhance Customer Service

- Actively participate and contribute to the City of Regina Ground Transportation Study Report to ensure that there is an appropriate focus on airport solutions.
- Identify resources to bring more focus to customer service resulting in improved strategies for advancing customer service excellence.
- Assess electronic systems and related data base processes to improve communication to both internal and external stakeholders and for the community at large.

Create a Human Resources Strategy

- Recruit communications, marketing and customer service specialist focused on improving internal and external communications strategies and responsiveness to stakeholders, clients and employees.
- Focus on employee development and improved information sharing in addressing critical elements to enhance effective human resources programming for 2011 and beyond in meeting strategic objectives.

Customer Satisfaction Benchmark Scores and Rankings

RATING: 1 – Very Dissatisfied 2 – Dissatisfied 3 – Neither Satisfied Nor Dissatisfied 4 = Satisfied 5 = Very Satisfied	2003	2005	2006	2009	2009 Airport Average
Overall Satisfaction	4.28	4.42	4.37	4.32	4.50
Ease of access for the disabled	3.88*	4.41*	4.16*	4.71**	4.34
Speed of check-in	4.51	4.57	4.53	4.52	4.62
Safety and security	4.29	4.41	4.49	4.40	4.53
Cleanliness of terminal	4.23	4.56	4.49	4.37	4.51
Courtesy of security screening staff	4.41	4.47	4.49	4.36	4.51
Speed of processing at security screening	4.38	4.35	4.47	4.20	4.46
Courtesy of airport staff	4.28	4.34	4.27	4.19	4.46
Directional signage in terminal	4.22	4.17	4.27	4.18	4.33
Availability of baggage carts	4.16	4.18	4.22	4.17	4.25
Availability of flight monitors	4.08	3.90	4.09	4.13	4.23
Access roads to/from airport	4.40	4.51	4.37	4.11	4.27
Convenience of parking to terminal	4.39	4.33	4.28	4.10	4.35
Overall décor/atmosphere	3.96	4.27	4.19	4.10	4.26
Roadway signage to/from airport	4.34	4.43	4.31	4.06	4.28
Availability of information services	4.05	4.08	4.11	4.06	4.28
Amount of public seating	4.09	4.06	4.19	4.04	4.19
Speed of baggage delivery	4.12	4.03	3.78	3.96	4.15
Signage to/from parking	4.24	4.24	4.27	3.76	4.25
Availability of car rentals	4.16	4.17	4.03	3.64	4.02
Availability of taxis	4.06	4.13	4.03	3.62	3.89
Quality of food/beverage service	3.65	3.70	3.67	3.60	3.89
Value for money of taxis	3.83	3.89	3.94	3.59	3.66
Value for money of limousines	3.85	3.84	3.86	3.59*	3.66
Availability of limousines	4.02	4.00	3.96	3.56*	3.56
Cost of airport parking	3.82	3.47	3.53	3.50	3.88
Quality of retail service	3.69	3.60	3.61	3.48	3.78
Quality of food/beverage	3.59	3.46	3.50	3.46	3.79
Value for money of car rentals	3.78	3.61	3.79	3.44*	3.79
Quality of retail merchandise	3.70	3.39	3.61	3.42	3.72
Value for money of scheduled bus/shuttles	3.48	3.47*	3.52*	3.35*	3.76
Value for money of food/beverage	3.53	3.44	3.32	3.24	3.58
Value for money of retail	3.52	3.32	3.39	3.23	3.50
Availability of scheduled bus/shuttles	3.54	3.67*	3.35*	3.17*	3.66
Selection of food/beverage facilities	3.36	3.17	3.17	3.15	3.50
Variety of retail stores	3.38	3.05	3.12	3.08	3.38
Children's play facilities	3.78	3.56	3.82	-	-

* Small Sample Size

** Insufficient Sample Size





2008 Economic Impact Study

In 2009, RP Erickson & Associates, Aviation Consultants were contracted to provide an Economic Impact Study for the Regina International Airport. The following is the Executive Summary from the study.

Executive Summary

The Regina International Airport is an economic engine for the community, generating hundreds of millions of dollars in local economic activity while providing one of the largest employment generators in the region. The Regina Airport Authority is a not-for-profit, non-government corporation whose vision is to operate this community asset to enhance economic growth and air access to Regina and southern Saskatchewan.

This report documents the 2008 economic impact activity generated by 61 on-airport firms. The impact is reported in terms of full-time equivalents (FTEs), labour income and value-added gross domestic product (GDP). Direct, indirect and induced forms of activity have been considered. The response rate to the survey questionnaire was exceptional : a 98 percent completion rate for the data sought.

Since the expansion of the Airport Terminal Building, considerable air carrier growth at Regina has led to a +36.5% increase in air passenger traffic. This factor alongside other on-airport developments has resulted in a +35% expansion of the overall impact of the airport compared to 2005, including +10% growth in the number of full-time workers.

In 2008, the Regina International Airport supported a significant level of economic activity :			
DIRECT IMPACT			
FTEs	Labour Income	Other Expenditures	Total Value added GDP
3,220 †	\$95 million	\$124 million	\$220 million
TOTAL IMPACT			
FTEs	Labour Income	Other Expenditures	Total Value added GDP
5,226	\$183 million	\$290 million	\$472 million
† 985 jobs are located on the airport			

The on-airport economic benefits are distributed :				
	FTEs	Labour Income	Other Expenditures	Total Value added GDP
Air Carriers	15%	15%	43%	31%
ATB Concessionaires	13%	9%	17%	13%
General & Corporate Av	5%	5%	10%	7%
Air Cargo	5%	4%	2%	3%
Airport & Gov't Services	33%	34%	16%	24%
On-Airport, Non-Aviation	29%	33%	13%	22%

Each 1000 E&D passengers supports 5.2 full time jobs. Each 1000 E&D passengers supports \$182,000 of annual labour income. Each 1000 E&D passengers supports \$470,000 of total GDP activity.
Each time a B737 lands and takes off, it supports 1.35 FTEs; \$47,000 of annual labour income; and \$122,000 of GDP activity. Each time a Bombardier CRA lands and takes off, it supports 0.78 FTEs; \$27,000 of annual labour income; and \$71,000 of GDP activity. A new daily Bombardier CRJ service linking Regina to Ottawa would support annual benefits of : 71 FTEs; \$2.5 million of labour income; and \$6.4 million of total GDP activity

In 2008, the Regina International Airport generated \$182 million in taxes.

This total is divided :

Federal Government	\$91.6 million
Province of Saskatchewan	\$65.5 million
Regina Area Municipal Gov'ts	\$24.9 million

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Regina Airport Authority Inc.

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Annual Report 2009

C O R P O R A T E G O V E R N A N C E

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RAA VISION STATEMENT

A sustainable and customer service focused gateway airport that enhances economic growth and access to Regina and Southern Saskatchewan.

RAA MISSION STATEMENT

To manage and operate our airport in a safe, secure, efficient, commercially viable and environmentally responsible manner.

FUNDAMENTAL BELIEFS AND VALUES

To successfully realize its Vision and achieve its Mission the RAA must:

Act with integrity and ethically: we understand the power of a trusted relationship with our partners and community.

Meet or exceed all applicable safety, security and environmental regulations: the well-being of our customers and employees, and the preservation of our facilities dictate that we meet the highest possible standards.

Be fiscally responsible: to ensure that RAA can sustain and grow, we need to manage our operations and develop our facilities in a financially prudent manner.

Develop effective communications programs: we will develop communication strategies that reinforce the understanding of our contribution to the Saskatchewan economy and actively engage our community and business partners.

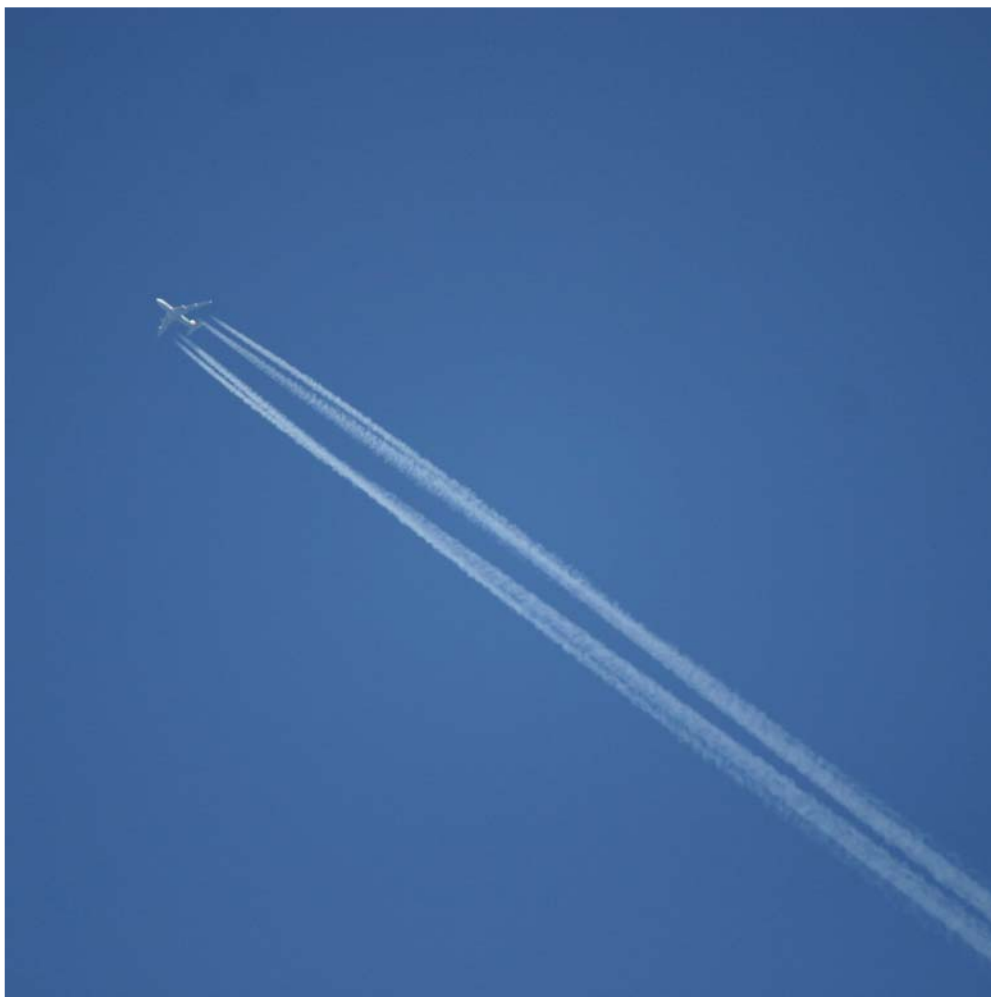
Consistently excel at meeting customer and stakeholder expectations: we will actively seek to understand customers' needs and meet or exceed them.

Promote positive and respectful labour relations: every level in the organization makes a contribution which is valued and deserves to be heard and recognized.

Develop our employees to realize their potential: we believe engaged employees will enable us to realize our Vision.

Be adaptive: change is a constant in our business environment – we understand the underlying risks and plan for the unexpected.





Chair Message

It is again my pleasure to bring good news regarding the activities at the Regina Airport Authority Inc. (RAA) during the past calendar year. Indeed, we have built on the successes we achieved during 2008 with another record year in terms of passenger growth, and, as you will see in the succeeding pages, much progress has been made on other fronts at "your airport."

Your Board of Directors has continued to proactively pursue such complex projects as governance improvement and modernization, as well as the provision of guidance and direction to RAA management on our business development initiatives. Indeed, the RAA has, on Board direction, made a significant land acquisition on the north-west and north boundaries of the airport with a strategic eye not only to development but also future synergies with the Global Transportation Hub. Your Board will continue to exercise this strategic mandate in close cooperation with the RAA management team to ensure that the Regina International Airport (RIA) remains in the forefront of Regina's and southern Saskatchewan's great economic growth and potential.

This type of leadership depends, of course, on a hard working and dynamic board membership, which underwent one change during the past year. It is my pleasure to welcome our newest Board member, Mr. Ken Waschuk, representing the Government of Canada, who is replacing Ms. Patricia Warsaba who completed nine years of stalwart service to the RAA, culminating in a term as Vice Chair of the Board. Many thanks for your outstanding service, Patricia, you are missed. Welcome again Ken, you have already made an impact, and we look forward to working with you into the future.

As in past years, we must pay for a service that Transport Canada once provided and that was an airport. There isn't an airport in Canada that understands why airports are charged a fee for operating a service that the public have paid for. They call it rent, when in actuality it is a tax. In 2008, Regina paid \$350,000 to Transport Canada. In 2009, the charge was increased to \$370,000. Through our national association, the Canadian Airports Council, we continue to make the point that it is patently unfair that this "tax" is placed on the travelling public for them to use their own facility.

The RAA Board of Directors is proud with the success and progress made during 2009. We have overseen increases in revenue, customer service, and route expansion. This year we have seen growth in charter and scheduled operations. We are expecting even greater things from our hardworking and dedicated RAA management team and work force in the upcoming year. We will continue to ensure that the people of Regina and southern Saskatchewan have reason to share our pride in "your airport," the Gateway to Saskatchewan, the United States and the world.

Larry Schneider
Board Chair



Corporate Governance

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.

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

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

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

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

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

Executive Officer position description including duties and responsibilities is in place.

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

The Authority utilizes three primary Committees; each committee has its own charter and/or mandate. Copies are available upon request. The three Committees include Audit and Finance, Community Consultative, and Governance and Nominating. 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.

The auditor for the RAA is KPMG LLP. Audit fees for 2009 totaled \$31,500 (\$28,600 – 2008) for non-consolidated and consolidated financial statements of Regina Airport Authority Inc. and its subsidiary, Jenny Aviation Developments Inc.

The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.



Board of Directors

BOARD MEMBER: Larry Schneider,
Chair (2002)
NOMINATOR: City of Regina
OCCUPATION: Past Mayor, Regina;
Former Minister Western
Diversification and Canada Post;
Semi-retired
REMUNERATION: \$24,450
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Bob Linner,
Vice-Chair (2006)
NOMINATOR: Province of Saskatchewan
OCCUPATION: Retired – City Manager
City of Regina
COMMITTEES: Governance and
Nominating
REMUNERATION: \$10,717
BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Brian Martynook,
Secretary (2004)
NOMINATOR: City of Moose Jaw
OCCUPATION: Executive Director,
Moose Jaw Chamber of
Commerce
COMMITTEES: Chair, Community
Consultative; Audit and Finance
REMUNERATION: \$8,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Frank Flegel,
(2003)
NOMINATOR: City of Regina
OCCUPATION: Retired – Media
Relations Consultant
COMMITTEES: Audit and Finance
REMUNERATION: \$7,050
BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: David MacLeod
(2002)
NOMINATOR: City of Regina
OCCUPATION: Retired – Professional
Engineer
COMMITTEES: Audit and Finance
REMUNERATION: \$7,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Catherine Roberts
(2005)
NOMINATOR: City of Regina
OCCUPATION: Accountant and
currently studying Engineering at
the University of Regina
COMMITTEES: Governance and
Nominating
REMUNERATION: \$8,850
BOARD MEETING ATTENDANCE: 8/8

BOARD MEMBER: Blair Ross (2008)
NOMINATOR: Government of Canada
OCCUPATION: President and Chief
Operating Officer SRG Security
Resource Group Inc.
COMMITTEES: Governance and
Nominating
REMUNERATION: \$7,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER:
Vaughn Solomon-Schofield
(2007)
NOMINATOR: City of Regina
OCCUPATION: President and CEO
Western Limited Group of
Companies
COMMITTEES: Audit and Finance
REMUNERATION: \$9,450
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: David Walsh
(2006)
NOMINATOR: Regina Airport
Authority
OCCUPATION: Principal – Virtus
Group LLP, Chartered Accountants
and Business Advisors
COMMITTEES: Chair, Audit and
Finance
REMUNERATION: \$8,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Patricia Warsaba
(2000)
NOMINATOR: Government of Canada
OCCUPATION: Lawyer, Robertson
Stromberg Pederson LLP
COMMITTEES: Audit and Finance
REMUNERATION: \$3,192
BOARD MEETING ATTENDANCE: 3/3



BOARD MEMBER: James Rybchuk (2007)
NOMINATOR: City of Regina
OCCUPATION: Lawyer, Partner, McDougall
Gauley LLP
Adjunct Professor Law – University of
Regina
COMMITTEES: Chair, Governance
and Nominating
REMUNERATION: \$11,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Larry Smart (2007)
NOMINATOR: R.M. of Sherwood
OCCUPATION: Retired – Director,
Distribution Utility Accounting,
SaskEnergy Incorporated
COMMITTEES: Audit and Finance
REMUNERATION: \$7,050
BOARD MEETING ATTENDANCE: 8/8



BOARD MEMBER: Ken Waschuk
(2009)*
NOMINATOR: Government of Canada
OCCUPATION: President, Tanka
Resources Group Inc.
COMMITTEES: Governance and
Nominating
REMUNERATION: \$4,425
BOARD MEETING ATTENDANCE: 5/5



TOTAL REMUNERATION

\$116,434
(2008 - \$110,384)

* New Board Member replaced Patricia Warsaba
who left the board following the Annual General Meeting

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

Board Remuneration

The next independent formal compensation review is planned for 2010. For 2009, the Board remuneration was as follows:

Board Position	
Chair	\$15,000
Vice Chair	\$ 5,500
Regular Board Member	\$ 4,500
Committee Chairs	\$ 5,500
Task Force Chairs	\$ 5,500

All Board members including the Chair receive per diems of \$300 for each Board meeting attended. Further, \$150 per diems are paid for attendance of nominators and public meetings. Per diem rates are paid at \$600.00/day and/or \$300/half day (3 hours or less) and includes time for travel and attendance for authorized business and training. (Note: Per diems do not apply for attendance of committee meetings).

It should be noted that the Board incurred \$24,007 in expenses during the year (2008 - \$28,909) in conducting its responsibilities. These amounts include dollars spent on training, orientation and participation in industry interest groups.



Community Consultative Committee Meeting, May 26, 2009



Report of the Audit and Finance Committee

The Audit and Finance Committee (Committee) is charged to ensure effective control systems are in place, which inform the Board of the integrity of the financial statements and that accounting practices are in compliance with applicable laws, its fiduciary duties, the code of conduct and corporate policies as required.

It is the responsibility of the Audit Committee, Management, the External Auditors and the Board to ensure that there are adequate financial reporting, disclosure, risk management and control systems in place.

Management is responsible for the preparation, presentation and integrity of the Authority's financial statements. Further they maintain the appropriate accounting and financial reporting policies, internal controls, and procedures designed to ensure compliance with applicable accounting standards and regulations.

The external auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Authority's financial statements and internal controls over financial reporting.

The Audit Committee is responsible for reviewing the adequacy and effectiveness of these activities. The full mandate is contained within RAA Corporate Policy Manual and a copy will be provided upon request.

Independent Committee

The board has determined that all the members of the Committee are independent under the standards identified by the Board within Appendix "A" of the Corporate Charter Mandate of the Audit and Finance Committee.

Financial Literacy

The Board has determined that the Committee is "financially literate" within its definition as contained in Appendix "A" of the Mandate of the Committee. In considering financial literacy, the board looks at the ability to read and understand a balance sheet, an income statement and a cash flow statement of the Authority.

Membership

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

David Walsh (Chair); Frank Flegel; David MacLeod; Brian Martynook; Larry Smart; Vaughn Solomon-Schofield.

2009 Activities and Highlights:

- Considered the scope of the annual audit plan, reviewed observations and recommendations regarding accounting and reporting matters arising from the yearend audit and recommended for approval the engagement of the auditor.
- Considered management's internal controls in consultation with the external audit process for adequacy, effectiveness and integrity in exercising oversight responsibilities.

- Met regularly with KPMG, the external auditor, without management present to review specific issues as deemed appropriate.

- Met with management without auditor present and independently as a Committee to assess the effectiveness and overall satisfaction with the auditor (KPMG).

- Provided the annual review of compensation to the auditor and recommendations to the Board for auditor.

- Received written disclosure from Auditor disclosing all relationships with the Authority through an independence letter and summary of provisions of services.

- Received and considered regular updates from management on changes to accounting standards.

- Reviewed annual insurance renewal, annual attestation provisions for ground lease compliance (financial and business matters) and enterprise risk considerations including and specifically related to financial risk and RAA plans to manage and control any risk posing a threat.

- Reviewed any and all material changes in accounting policies and practices

- Reviewed interim financial statements, external auditor reports and management's discussion and analysis required for Board approval.

- Considered and recommended for Board approval Board and Executive expenses.

- Considered management business development reports and recommended for Board approval as appropriate.

- Completed the annual review of investment policy.

- The Committee conducted an assessment of its activities to ensure that the Committee had effectively fulfilled its responsibilities as set out in its charter.

The Committee met six times during 2009 to conduct its business. Quarterly to review and recommend for approval to the Board financial statements, once for a special meeting and once to consider and recommend to the Board the approval of 2010 capital, operating and business plan.

I would like to thank the management and my fellow Committee members for their continued dedication and support.

Respectfully submitted,



David Walsh
Chair, Audit and Finance Committee



Report of the Community Consultative Committee

Mandate

The ground lease requires that the Regina Airport Authority Inc. (RAA) establish a Community Consultative Committee (CCC) to provide effective dialogue and dissemination of information on various matters, including airport planning, operational aspects of the airport and municipal concerns.

Membership

The committee membership is generally representative members including persons capable of representing the interest of consumers. The community met twice during 2009.

2009 Activities

- A presentation was provided by Kevin Hembroff, RAA Fire Chief and Manager of Safety. He gave an overview of the operation of the RAA fire hall and emergency response services (ERS). ERS shifts cover 20 hours a day or until the last commercial aircraft for that evening has arrived plus 15 minutes.
- A review of the current RAA issues/air services update/2009 business plan was presented by RAA administration.
- CEO gave an overview of the economic impact study which shows that the Regina International Airport contributes significantly to the local economy. Nearly \$.5 billion in value added GDP activities – roughly more than \$1 of every \$20 the city produces is generated by the airport.
- CFO gave an overview of the 2009 results and upcoming 2010 priorities which anticipated 2.6% growth and a \$7.1 million capital program with no fee increases planned.

- As required under the ground lease with the Crown, RAA must meet at least once annually with the community regarding noise management. For the year 2009, RAA had 19 noise complaints -7 military operations, 8 air carrier operations, 4 cargo and 12 of 19 originated from 3 individual sources.

- RAA will continue to monitor and maintain vigilance, responding proactively to each concern brought forward.

I would like to thank all committee members for their continued interest and support in growing our community asset – “your airport”, the Regina International Airport.

Respectfully submitted,



Brian Martynook, Chair
Community Consultative Committee



Report of the Governance & Nominating Committee

The Committee met on a quarterly basis during 2009 in conducting its business and responsibilities. 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.

More specifically highlighted below are the Committee works and responsibility checklists of completion:

2009 Major Highlights:

The Committee considered and approved a briefing prepared by Management recommending an external consultant to work with Senior Management and the Committee focused on governance renewal. The objective of the consultant is to assist in crystallizing, streamlining and improving the corporate governance manual. The review considered gap analysis and recommended enhancements incorporating industry best practices, sound governance considerations with emphasis on improved board training. During our fall meeting, the Corporate Governance Manual Review report was presented by the consultant and received as final for consideration and action planning. The Committee recommended to the Board that Management develop in consultation with the Consultant a work plan to address high priority items identified in the report including associated board training opportunities. The initial focus is to be in the areas of improved strategic oversight and board delegation to management with findings to be reported back early in 2010.

The Committee reviewed, revised and recommended approval to the Board of an updated Procurement Policy; and a new Authorities Framework Document to assist in providing a clear understanding of the respective authorities of the Board of Directors and Management relative to the business operation of the Regina Airport Authority Inc.

The Committee initiated a market review process regarding Board remuneration that is required to occur every three years. Management is to report back options for Board consideration early in 2010.

Overview:

The Governance Committee shall ensure the affairs of the Authority are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans. Its functions include those of the Nominating Committee. The Committee assists the Board in fulfilling its responsibilities to:

- ensuring appropriate orientation and training opportunities for the Board;
- assessing effectiveness of the Board and individual Directors;
- monitoring developments in corporate governance;
- identifying and recommending to Nominators, candidates for appointment to the Board; and
- Reviewing and recommending to the Board the compensation of Directors and the Chief Executive Officer (CEO).

The full mandate of the Committee is contained within the RAA Corporate Policy Manual and a copy will be provided upon request.

Independent Committee

The board has determined that all of the members of the Committee are independent under the standards identified by Board within Schedule "A" of the Governance and Nominating Committee Mandate.

Membership

This report has been approved by the members of the Governance and Nominating Committee.

James Rybchuk (Chair); Bob Linner, Catherine Roberts; Blair Ross; and Ken Waschuk

Other Activities:

In accordance with its mandate, the Committee accomplished the following in 2009:

- Conducted the annual evaluation assessing the effectiveness of the Board of Directors.

- Reviewed the amount and form of compensation of the Directors to ensure compensation is comparable and appropriate to industry benchmarks and ranges.

- Developed annual corporate goals and objectives with the CEO for performance evaluation of the CEO; and recommendation for CEO compensation.

- Completed board orientation session in conjunction with RAA Management for the new Board member; and establishing appropriate continuing education opportunities for the Board.

- Provide review and guidance on portions of RAA's Annual Report that pertain to the Committees Mandate.

- Completed continuous monitoring of compliance with Governance principles through development of a monitoring checklist; and provision of recommendations to Board and Committees as deemed necessary or advisable.

- Continued to monitor new legislation and best practices related to corporate governance.

- Completed the annual assessment competencies of the Board in consideration of future composition requirements of the Board; and identified as appropriate and consistent with the Bylaws a list of candidates for consideration by the Nominators for appointment to the Board.

RAA Corporate Governance Criteria Checklist

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
1. STEWARDSHIP		
Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:	Yes	
i. Adoption of a strategic planning process	Yes	Part of annual planning cycle.
ii. The identification of principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks	Yes	Part of corporate Governance review and individual Committee and Board Reviews.
iii. Succession planning of senior management	Yes	Currently under review (renewal).
iv. A communications policy	Yes	Further development and renewal to occur 2010.
v. The integrity of the corporation's internal control and management information systems	Yes	Audit & Finance Committee and External Auditor
vi. Satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity throughout the organization	Yes	Governance Committee considered in annual review and evaluation process.
vii. Developing a set of corporate governance principles and guidelines that are specifically applicable to the Regina Airport Authority Inc.	Yes	Adopted updated standard in 2007; Corporate Governance review 2010 to revisit.
The written mandate of the Board should also set out:		
i. Measures for receiving feedback from stakeholders	Yes	Nominator and AGM provide; Community Consultative Committee provide; in addition business development stakeholder survey for 2009.
ii. Expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.	Yes	Policy in place and annual evaluation conducted.
2. COMPOSITION AND MEETINGS OF THE BOARD		
i. The Board of Directors should be constituted of independent directors	Yes	100%
ii. In addition to ongoing regular meetings, the Directors should hold regularly scheduled meetings at which members of the management team are not in attendance	Yes	In-Camera meeting of the Board regular agenda item.
3. POSITION DESCRIPTIONS		
i. The Board should develop clear position descriptions for the Board Chair and Committee Chairs	Yes	In place; corporate governance review 2010 reviewing these areas for best practices.
ii. The Board together with the CEO should develop a clear position description for the CEO which includes delineating management responsibilities. The Board should also annually develop, with the CEO, and approve the corporate goals and objectives the CEO is responsible for meeting.	Yes	Board approved 2009-2010 CEO Parameters and position descriptions being further honed in 2010 as part of governance review process.

RAA Corporate Governance Criteria Checklist

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
4. ORIENTATION AND CONTINUING EDUCATION		
i. The Board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including in particular, the commitment of time and effort that the corporation expects from its directors). All new directors should also be given sufficient information so they are able to understand the nature and operation of the corporation's business.	Yes	Overview and high level presentation provided. Past minutes and agenda materials as provided with emphasis placed at orientation session on Director responsibilities.
ii. The Board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the corporation's business remains current.	Yes	Governance review and education and training – annual opportunities provided
5. CODE OF CONDUCT AND ETHICS		
The Board should adopt a written code of conduct and ethics (a code). The code should be applicable to directors, officers and employees of the corporation. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:	Yes	Disclosure Compliance Statements completed 2009 and recognized as ongoing duty.
i. Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;	Yes	
ii. Protection and proper use of corporate assets and opportunities;	Yes	
iii. Confidentiality of corporate information;	Yes	
iv. Fair dealing with corporate customers, suppliers, competitors and employees	Yes	
v. Compliance with laws, rules and regulations; and	Yes	
vi. Reporting of illegal or unethical behavior	Yes	
The Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements
6. APPOINTMENT OF COMMITTEES		
i. The Board should appoint the following committees:		
- Governance Committee	Yes	
- Audit and Finance Committee	Yes	
- Community Consultative Committee	Yes	
- Nominating Committee	Yes	
- Compensation Committee	Yes	

RAA Coporate Governance Criteria Checklist

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
ii. The committees should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations and manner of reporting to the Board. In addition, the committees should be given authority to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties	Yes	Corporate Governance Consultant engaged to complete Corporate Governance manual Review.
iii. The board, in its discretion, may combine the duties of more than one committee into a single committee.	Yes	Governance and Nominating Committee is combination of: (1) Governance (2) Nominating; and (3) Compensation
7. REGULAR BOARD ASSESSMENTS		
The Board and its committees should have their effectiveness and contributions regularly assessed.	Yes	Annual evaluations of effectiveness.

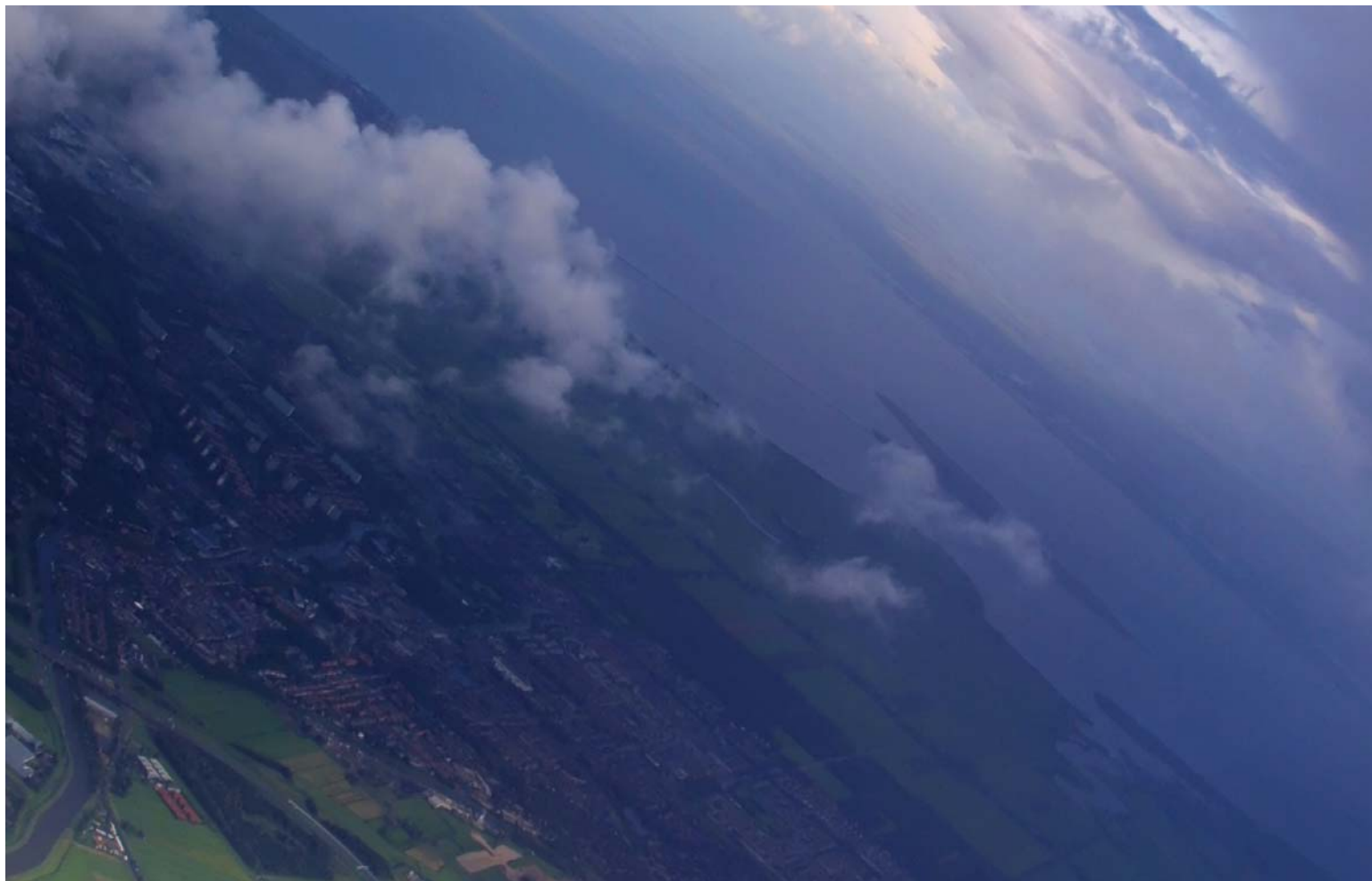
I wish to thank all Members of the Committee for their continued commitment, dedication and support. I also would like to thank Management for their support and assistance in carrying out our responsibilities.

Respectfully submitted:



James Rybchuk
Chair, Governance and Nominating Committee





Regina Airport Authority Inc.

#1 - 5201 Regina Avenue Regina, Saskatchewan S4W 1B3 p: 306-761-7555 f: 306-761-7571

www.yqr.ca

FINANCIAL STATEMENTS

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Regina Airport
Authority Inc.

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Management Discussion and Analysis

Management Discussion and Analysis (MD&A) provides the reader with details to assist in interpreting the operational and financial condition of Regina Airport Authority Inc. (RAA) for the fiscal period ending December 31, 2009 and comparative periods. RAA has prepared these statements in accordance with Generally Accepted Accounting Principles (GAAP), and details contained within this report should be read in conjunction with the financial statements and the related note disclosures.

RAA is a not-for-profit private corporation without shareholders where all excess revenues over expenditures are applied to managing and operating our airport consistent with the mission statement. RAA, operating as a local authority, as of December 31, 2009 is into its eleventh year of operation of a sixty (60) year lease arrangement with the Crown; a further option to renew for an additional twenty (20) years remains.

Passenger Statistics

RAA posted another positive increase over 2008 record numbers with a 1.7% increase in enplaned and deplaned passengers. This was a major achievement given the dramatic economic decline that happened in late 2008 and early 2009. Significant retraction occurred in the air transportation sector with declines across Canada in the range of 6-8% on average. Effects of the decline were felt locally as supported by our shortfall in reaching our projected 2.85% budgeted increase. However, the impact of the domestic traffic declines was offset somewhat by the new transborder service (United to Denver) that commenced on July 1. RAA anticipates a 2.6% increase in passenger growth for 2010 as the economy continues to recover and demand for leisure travel remains high.

Rates and Fees

RAA has maintained operations without an increase in rates and fees for 2009, and additionally no fee increases for 2010 are forecasted. Operational revenue growth remains strong and continues to outpace increased operational costs resulting in current rates and fees stability for the short to medium term. However, longer term planning will see a need to consider annual rates and fees increases year over year in the 3% range to assist with organizational growth and market condition pressures in meeting operational demands. For 2010, RAA will focus its rates and fees analysis primarily around capital generation required to deal with major resurfacing projects and facility growth constraints. RAA recently received engineering cost estimates for major components and improvements identified in the 20-year Airport Master Plan. These major ticket items suggest costs in excess of \$120,000,000 will be required, not taking into account other infrastructure and facility renewal upgrades.

Airport Improvement Fees (AIF)

RAA last increased AIF fees in April 2007, moving from \$10 to \$15 per enplaned passenger. Annually, capital funds generated through this program raise in excess of \$7,000,000. RAA is assessing its capital cash requirements and will be providing a recommendation that will ensure AIF funding requirements match the ten year capital expenditure horizon. As described above, major facility and infrastructure costs are pending and will drive our final recommendations.

During 2009, \$7,072,704 was generated and \$7,072,717 was expended on eligible capital programming. Overall since AIF fee inception, revenues collected have fallen

\$3,566,000 short of actual eligible AIF expenditures. These shortfalls have been covered by excess revenues generated from operations and general reserves avoiding the need for external debt financing.

Capital Activities

During 2009, RAA completed an aggressive \$7,248,000 capital program that included:

- \$507,000 - addition of Tim Hortons to both pre and post security locations
- \$2,920,000 - additional costs incurred relative to the carry over of the roadway, parking lot expansion and related improvements project (total investment over two years approximates \$6,000,000)
- \$1,685,000 - design, purchase and installation of two used jetway bridges
- \$250,000 - additional parking lot equipment and installation costs resulting in a modernized new parking solution (total project cost \$550,000 over two years)
- \$400,000 - new exterior wayfinding signage
- \$365,000 - runway and guard light lighting improvements
- \$1,121,000 - a number of other smaller projects

For 2010, \$8,456,000 in capital expenditures are identified with \$2,548,000 related to identified 2009 works carried into 2010. Major items include:

- \$550,000 to complete the groundside parking and roadway expansion project

- \$109,000 for remaining parking lot equipment installation
- \$73,000 for exterior signage programming
- \$350,000 for interior signage project
- \$500,000 for landscaping and irrigation
- \$60,000 for HVAC improvements
- \$175,000 for sanitary/storm upgrades
- \$140,000 for business development master planning
- \$40,000 for a charging station (Kiosk solution)
- \$40,000 for Airport zoning updates
- \$56,000 for Apron 1 Slab Failure remediation

For 2010, items include:

- \$1,649,000 - consisting of major engineering design and planning for resurfacing of runways 13-31 and 08-26 and expansion of Apron 1 maneuvering areas; design, mill and overlay for resurfacing of Taxi-way C; design for rehabilitation of Taxi-way P; and the annual crack sealing surfaces program
- \$575,000 - Air Terminal Building emergency power solution
- \$1,570,000 - heavy equipment and fleet program (includes new runway sweepers - \$700,000; loader - \$250,000; street sweeper - \$270,000; trackless snow cleaning sweeper - \$145,000; forklift - \$75,000; 3 fleet vehicle replacements - \$100,000; and mower replacement - \$30,000)
- \$125,000 - replacement of two (2) HVAC air conditioning units
- \$461,000 - water loop installation and infrastructure study assessments
- \$1,335,000 - a number of other operational projects



Cash Flow

Cash flow remains positive and manageable for the short to medium term with \$5,893,000 available in cash and investments on hand at year end. However, for the longer term over the ten-year planning cycle additional capital cash generation options will be required that will include increasing AIF fees and debt financing. The current capital facility of \$3,700,000 is adequate to meet the short to medium term capital funding requirements. RAA obtained a term loan for the land addition for \$1,800,000 to preserve cash given the low cost of debt and anticipated shorter-term capital spending requirements for the 2010-2011 planning period.

Balance Sheet

Assets of the corporation grew by \$8,635,000: \$4,286,000 through reinvestment in capital assets net of amortization charges; and \$4,256,000 in cash/investments of which \$1,800,000 were derived from bank loan proceeds. Cash on hand was up but offset by a significant increase in outstanding project work payables over the prior year explaining the increase.

Statement of Operations

During 2009 total airport revenues generated tallied \$16,771,288 as compared to \$16,213,944 for the year prior; an increase of \$557,344. AIF revenues collected account for \$246,032 of the increase; \$195,000 for public parking; \$86,399 in concessions and \$147,148 in landing, general terminal and other airline fees offset by a \$118,778 reduction in interest and other revenues.

In particular, increased airport improvement fees and airline fee increases are directly attributed to very strong growth in sun destination charters and increased transborder flights to Denver that commenced operation on July 1, 2009. Demand for parking and concessions also grew in parallel to these increased activities.

On the expenditure side, overall increases were \$497,648 of which \$423,726 is directly attributed to increased amortization charges on capital assets. As a highly capital intensive operation, amortization grew significantly but as expected. Salaries and benefits increased \$123,126 consistent with staffing plans and the recent collective bargaining settlement that included retroactivity adjustments. Overall, growth in our operations resulted in increased costs for contracted services related to security, janitorial and front end customer service delivery. The improved investment market conditions from 2008 are reflected in an unrealized \$110,422 gain on investments (for 2008 we experienced an unrealized loss of \$177,145). Modest cost increases for repairs, maintenance, materials and supplies were incurred due to market pricing and the additional utilization of our facilities.

Overall excess operating revenues over operating expenses improved to \$942,215 as compared to \$852,439 (2008) for an overall year over year increase of \$89,776. Excess of revenues over expenses generated \$5,412,190 as compared to \$5,352,494 from one year ago.

The following table highlights key financial and operating results in detail for the past five years including 2009 and the anticipated results for the next five year period. The assumptions used are based on management's best estimates. These assumptions include compounded growth rates for various categories as follows:

– passengers - 3%; aircraft movements - 1.65%; operating revenue - 3%; AIF revenue growth - 3%; assets - 10%; operating expenditures - 3%; ground rent - 5%.

		Year	Passenger Count	Growth Rate %	Aircraft Movements	Growth Rate %	Operating Revenues	Growth Rate %
ACTUAL		2005	826,506	13.52%	52,221	13.52%	6,476,847	10.75%
		2006	871,416	5.43%	58,010	11.09%	7,461,605	15.20%
		2007	962,692	10.47%	63,690	9.79%	8,068,158	7.37%
		2008	1,005,270	4.42%	59,724	-6.23%	9,005,482	12.40%
		2009	1,022,042	1.67%	64,063	7.27%	9,447,173	4.90%
PROJECTED		2010	1,048,615	2.60%	65,120	1.65%	9,702,300	2.70%
		2011	1,080,074	3.00%	66,195	1.65%	9,993,369	3.00%
		2012	1,112,476	3.00%	67,287	1.65%	10,293,170	3.00%
		2013	1,145,850	3.00%	68,397	1.65%	10,601,965	3.00%
		2014	1,180,226	3.00%	69,526	1.65%	10,920,024	3.00%
		Year	AIF Revenues	Growth Rate %	Capital Expenditures	Variance Rate %	Assets of Corporation	Growth Rate %
ACTUAL		2005	3,729,183	13.06%	7,812,668	13.52%	28,780,955	10.75%
		2006	3,930,416	5.40%	2,421,660	-69.00%	29,922,038	3.97%
		2007	5,697,210	44.95%	2,786,019	15.05%	34,039,758	13.76%
		2008	6,826,672	19.82%	7,483,354	168.60%	39,135,013	14.97%
		2009	7,072,704	3.60%	7,248,358	-3.14%	47,770,431	22.07%
PROJECTED		2010	7,200,000	2.60%	8,456,000	16.66%	54,935,500	15.00%
		2011	7,416,000	3.00%	8,984,000	6.24%	60,429,050	10.00%
		2012	7,638,480	3.00%	7,500,000	-16.52%	66,471,955	10.00%
		2013	7,867,634	3.00%	7,500,000	0.00%	73,119,151	10.00%
		2014	8,103,663	3.00%	7,500,000	0.00%	80,431,066	10.00%
		Year	Operating Expenses	Growth Rate %	Ground Lease Rent	Variance Rate %		
ACTUAL		2005	6,114,214	10.27%	–	–		
		2006	7,069,705	15.63%	122,765	100.00%		
		2007	7,420,731	4.97%	243,771	98.57%		
		2008	8,145,871	10.61%	350,922	43.96%		
		2009	8,504,958	4.41%	381,100	8.60%		
PROJECTED		2010	9,644,700	13.40%	407,000	6.80%		
		2011	9,934,041	3.00%	427,000	4.91%		
		2012	10,232,062	3.00%	448,000	4.92%		
		2013	10,539,024	3.00%	471,000	5.13%		
		2014	10,855,195	3.00%	495,000	5.10%		
		Year	Operations Net Results	Return on Revenues	Net Revenue over Expenses	Variance Rate %		
ACTUAL		2005	362,633	5.60%	3,315,947	-4.99%		
		2006	391,900	5.25%	2,652,842	-20.00%		
		2007	647,427	8.08%	4,403,955	66.01%		
		2008	859,611	9.55%	5,352,494	21.54%		
		2009	942,215	9.97%	5,412,190	1.12%		
PROJECTED		2010	57,600	0.59%	3,825,600	-29.36%		
		2011	299,801	3.00%	4,000,000	4.56%		
		2012	308,795	3.00%	4,000,000	0.00%		
		2013	318,059	3.00%	4,000,000	0.00%		
		2014	327,601	3.00%	4,000,000	0.00%		

Contracts not Tendered

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

- Procurement and installation of two used jetway bridges sole sourced from Greater Toronto Airport Authority (GTAA). In addition, the installations (specialty requirements) were completed by Robly Mechanical Ltd on a sole source basis. The board received the sole source details and supported management's recommendation.



Post Security in Hold Room

Officers and Senior Management Compensation

James D. Hunter, President & CEO
Derrick B. Thue, Vice President Administration & CFO
Steve Burchi, Vice President Operations & Corporate Services

Total remuneration paid to RAA senior officers and managers for 2009 was \$393,141 (2008 - \$338,373).



Post Security in Hold Room



Pre Security in Aviator Grille

Risks and Uncertainties

Strong Economic Growth

Although this indicator is seen as mostly positive, the tremendous growth has resulted in challenges in keeping pace with facility requirements. To mitigate some of the pressure, RAA is in the process of completing a major review of all core and non-core capital and operational requirements. This process will involve prioritization and cash flow identification requirements (primarily around capital expenditures). The key here is to identify infrastructure that currently exists and ensure we have a plan to maintain what we have and a plan to meet anticipated growth. RAA over the course of 2009 has identified major cost components and anticipated timelines for major improvements as contained in the conceptual requirements in the 2008 Airport Master Plan. For 2010, RAA will evolve planning to solidify a longer term vision ensuring that capital is available for the major improvements. This strategic review and allocation will ensure RAA is appropriately positioned to manage this risk while meeting its growth requirements.

Increased Competition

Increased competitive pricing and marketing from the neighboring US states into our region are having a noticed impact within our catchment area. RAA must be more responsive by gaining a better understanding of these impacts and putting in place strategies to protect the catchment area through more aggressive marketing strategies. Further, as the economy improves RAA will see increased competition on limited fleet with all carriers. Therefore, it is imperative that aggressive and active attention (dialogue) continues in getting our local message out. Understanding our customers and their needs are critical to ensure RAA provides the very best customer experience while using our facility. During 2009, RAA obtained an updated snapshot of our performance benchmarked against three previous rankings. RAA uses this data and rankings to respond and put into place programs, activities and enhancements focused on continued improvement. We believe that by focusing on customer experience and continued improvement that we can attract repeat users to help respond or offset increased competition.





Lack of Awareness

Regina International Airport is a key economic generator for the community at large, and is primarily responsible to assist the community in enhancing economic growth through increased air service into Regina and Southern Saskatchewan. The Airport's continued economic success and ability to diversify revenues is critical to ensuring long term sustained growth and development within the region. RAA must be more interactive with stakeholders in sharing and gaining knowledge to allow the Airport to continue to flourish. This approach will assure RAA of a more supportive environment in meeting its mandate. Improved and increased communications are critical to success.

In order to diversify, core and non-core business development activities must be assessed with a final plan of action to be developed. All assets should contribute in support of sustained operation. One of the assets entrusted to the RAA is land; currently this asset is under performing. RAA will complete a long-term vision (plan) and market the opportunities for growth to bring increased long-term stability to our Airport.

Industry Threats

The volatility of the air travel industry remains high as demonstrated by the recent events which occurred in Detroit that questioned the reliability of airport security. As a result, increased transborder (US destined) passenger security requirements have resulted in increased regulation. The ability of airport authorities to meet these new requirements within short time frames is very difficult from a facility perspective. Capital requirements to implement new technologies (full body screening) and to meet segregation of passenger requirements will likely be in the millions of dollars for our airport alone should current plans proceed.

From an overall regulatory compliance perspective, increased focus on safety and security management programming and changing environmental standards continue to place the Airport under extreme pressure with a substantial increase to our ongoing operating costs. The above considerations combined with the fragile airline sector leaves the Airport extremely vulnerable to the next industry crisis, economic downturn or other unforeseen event. RAA believes a federal government response for ground rent relief would provide the necessary assistance to airport authorities to meet the increased compliance and regulatory burdens placed on them. For example, removing airport improvement fees from the current rent formula would return about \$350,000 annually to RAA alone. Substantive rent relief would assist in paying for additional resources and assist in ensuring stability to airlines serving our airport as it relates to rates and fees.

The above discussion identifies several challenges but is not considered to be an exhaustive list. Along with these challenges and risks comes opportunity. In that regard, the continued positive performance of the Airport, both financially and operationally, provides an excellent footing to meet these challenges and risks now and into the future.

FINANCIAL STATEMENTS

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

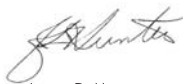
The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The most significant of these are set out in Note 2 of the financial statements.

The Airport Authority'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 consolidated financial statements include some amounts based upon Management's best estimates and judgments. Recognizing that the Airport Authority is responsible for both the integrity and objectivity of the consolidated financial statements, Management is satisfied that these consolidated financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit Committee consisting of six 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 consolidated financial statements of the Regina Airport Authority Inc. together with the independent auditors' report before the submission of the consolidated financial statements to the Board of Directors for final approval.

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

On behalf of the Airport Authority:



James D. Hunter
President and CEO



Derrick B. Thue
Vice President Administration and Chief Financial Officer



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Chartered Accountants
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Auditor's Report

To the Directors of Regina Airport Authority

We have audited the consolidated balance sheet of Regina Airport Authority as at December 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Regina, Canada
February 25, 2010


KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

REGINA AIRPORT AUTHORITY INC.
Consolidated Balance Sheet
December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 4,426,966	\$ 3,130,424
Restricted cash (note 16)	2,831,171	-
Accounts receivable and accrued revenue	1,544,729	1,484,527
Current portion of loans receivable (note 4)	29,000	29,000
Prepaid materials and supplies	297,850	236,341
	9,129,716	4,880,292
Property, plant and equipment (note 5)	37,174,500	32,887,942
Loans receivable (note 4)	-	29,000
Investments (note 6)	1,466,215	1,337,779
	\$ 47,770,431	\$ 39,135,013
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,648,915	\$ 1,052,973
Security deposits	185,352	134,425
Current portion of bank term loan (note 7)	180,000	-
	3,014,267	1,187,398
Bank term loan (note 7)	1,620,000	-
Accrued benefit liability (note 8)	144,000	168,000
Deferred contributions (note 9)	399,283	598,924
Net assets:		
Invested in property, plant and equipment (note 10)	34,975,217	32,289,018
Restricted airport improvement fee (note 11)	-	-
Unrestricted	7,617,664	4,891,673
	42,592,881	37,180,691
Commitments (note 12)		
	\$ 47,770,431	\$ 39,135,013

See accompanying notes to consolidated financial statements.

APPROVED BY THE BOARD

 Director
 Director

REGINA AIRPORT AUTHORITY INC.
Consolidated Statement of Operations
Year Ended December 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Landing fees	\$ 2,252,680	\$ 1,963,153
Public parking	2,121,301	1,926,301
Concessions	1,683,163	1,596,764
General terminal fees	1,557,569	1,442,359
Other airline	1,026,150	1,283,739
Rental	764,625	763,082
Amortization of deferred contributions	199,641	199,641
Interest and other	93,455	212,233
	9,698,584	9,387,272
Airport improvement fees (note 11)	7,072,704	6,826,672
	16,771,288	16,213,944
Expenses:		
Salaries and benefits	3,219,961	3,096,835
Amortization of property, plant and equipment	2,961,800	2,538,074
Contracted services	1,787,975	1,687,084
Repairs, maintenance, material and supplies	864,038	739,886
Property taxes	748,154	741,911
Utilities	653,324	595,923
Transport Canada ground rent	381,100	350,922
Professional and consulting fees	276,849	325,099
Services, supplies and administration	225,860	256,045
Insurance	207,079	204,472
Board	140,441	147,694
Interest and other	2,959	360
Unrealized (gain) loss on investments	(110,442)	177,145
	11,359,098	10,861,450
Excess of revenue over expenses	\$ 5,412,190	\$ 5,352,494

See accompanying notes to consolidated financial statements.

REGINA AIRPORT AUTHORITY INC.

Consolidated Statement of Changes in Net Assets

Year Ended December 31, 2009, with comparative figures for 2008

	Invested in property, plant and equipment (note 10)	Restricted airport improvement fee (note 11)	Unrestricted	2009 Total	2008 Total
Balance, beginning of year	\$ 32,289,018	\$ -	\$ 4,891,673	\$ 37,180,691	\$ 31,828,197
Excess of revenue over expenses	(2,762,159)	7,072,704	1,101,645	5,412,190	5,352,494
Net change in invested in property, plant and equipment	5,448,358	(7,072,717)	1,624,359	-	-
Appropriation (note 11)	-	13	(13)	-	-
Balance, end of year	\$ 34,975,217	\$ -	\$ 7,617,664	\$ 42,592,881	\$ 37,180,691

See accompanying notes to consolidated financial statements.

REGINA AIRPORT AUTHORITY INC.

Consolidated Statement of Cash Flows

Year Ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,412,190	\$ 5,352,494
Items not affecting cash:		
Amortization of deferred contributions	(199,641)	(199,641)
Amortization of property, plant and equipment	2,961,800	2,538,074
Decrease in accrued benefit liability	(24,000)	(38,000)
Realized gains on investment disposals	-	(10,684)
Unrealized (gain) loss on investments	(110,442)	177,145
Loss on disposal of property, plant and equipment	-	1,380
Net change in non-cash working capital items (note 13)	1,525,158	(54,632)
	9,565,065	7,766,136
Investing activities:		
Increase in restricted cash	(2,831,171)	-
Collections of loans receivable	29,000	34,813
Purchase of property, plant and equipment	(7,248,358)	(7,483,354)
Proceeds on disposal of property, plant and equipment	-	397
Purchase of investments	(1,816,939)	(4,183,456)
Proceeds on sale or maturity of investments	1,798,945	4,146,468
	(10,068,523)	(7,485,132)
Financing activities:		
Repayments of obligations under capital lease	-	(21,631)
Proceeds from bank term loan	1,800,000	-
	1,800,000	(21,631)
Increase in cash	1,296,542	259,373
Cash, beginning of year	3,130,424	2,871,051
Cash, end of year	\$ 4,426,966	\$ 3,130,424

See accompanying notes to consolidated financial statements.

1. Purpose of organization:

The Regina Airport Authority (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the Canada Corporations Act. The objective of the non-profit Authority is:

To manage and operate our airport in a safe, secure, efficient and commercially viable and environmentally responsible manner.

The Authority signed a 60 year Ground Lease with Transport Canada, effective May 1, 1999, and assumed responsibility for the management, operation and development of the Regina International Airport.

The Authority is exempt from federal and provincial income tax, and Saskatchewan capital tax.

2. Significant accounting policies:

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant of these accounting policies are summarized below.

a) *Basis of Accounting*

The consolidated financial statements include the amounts of the Authority's 100% owned subsidiary, Jenny Aviation Developments Inc. All significant intercompany balances and transactions have been eliminated on consolidation.

b) *Financial assets and liabilities*

The measurement basis for financial assets and liabilities depends on whether the financial assets or liabilities has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets classified as held for trading are measured at fair value and changes in fair value are recognized in increase in net assets for the year. Financial assets or liabilities classified as available for sale are measured at fair value with changes in fair value recorded in other comprehensive income, however, unrealized losses considered other than temporary continue to be recognized as a decrease in net assets for the year. Financial assets or liabilities designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Authority has no financial instruments designated as available for sale.

The Authority has designated its cash and investments as held for trading. Accounts receivable and accrued revenue and loans receivable are designated as loans and receivables. Accounts payable and accrued liabilities and the bank loan have been designated as other financial liabilities.

The Authority has elected to apply the disclosure requirements of the CICA Handbook Section 3861 in place of Handbook Sections 3862 and 3863 which results in more limited disclosure of the nature and extent of risks arising from financial instruments.

c) *Revenue recognition*

The Authority follows the deferral method of accounting for contributions. 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-imbursement of specific operating costs are offset against the costs incurred.

2. Significant accounting policies (continued):

d) *Property, plant and equipment*

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Office furniture and equipment	3-10 years
Computer equipment and software	3 years
Vehicles and equipment	3-15 years
Leasehold improvements	1-30 years
Work in progress	Not amortized, as not available for use

e) *Employee future benefits*

The Authority maintains a pension plan for its employees which has both a defined benefit and defined contribution component. 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.

f) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

g) *Future accounting policy changes*

The Authority has chosen not to adopt IFRS in place of Canadian GAAP for fiscal years commencing January 1, 2011, including comparatives for the prior year until a determination is made of all options available for non-profit entities.

3. Cash:

Cash on hand earns interest at Prime less 1.75%-2.50% on a tiered basis dependent upon the average cash on hand during the month.

REGINA AIRPORT AUTHORITY INC.
Notes to the consolidated Financial Statements
December 31, 2009

4. Loans receivable:

	2009	2008
Non-interest bearing loan to a concessionaire, receivable in five annual installments of \$29,000, commencing October 1, 2006	\$ 29,000	\$ 58,000
	29,000	58,000
Less: Current portion of loans receivable	29,000	29,000
	\$ —	\$ 29,000

The fair value of the loans receivable is \$27,550 (2000 - \$55,100) based on current interest rates for loans of a similar nature.

5. Property, plant and equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Leasehold improvements	\$ 37,176,645	\$ 9,992,848	\$ 27,183,797	\$ 28,120,751
Vehicles and equipment	4,548,006	3,115,034	1,432,972	1,530,384
Computer equipment and software	422,732	396,672	26,060	29,133
Office furniture and equipment	68,682	34,439	34,243	3,980
Work in progress	8,497,428	—	8,497,428	3,203,694
	\$ 50,713,493	\$ 13,538,993	\$ 37,174,500	\$ 32,887,942

6. Investments:

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

	2009	2008
Bonds	\$ 271,117	\$ —
Common shares	419,546	306,735
Investment savings account	775,552	1,031,044
	\$ 1,446,215	\$ 1,337,779

The fair value of the investment savings account approximates cost and bonds and common shares are based on quoted market values.

7. Bank term loan:

	2009	2008
Bank term loan	\$ 1,800,000	\$ —
Less: Current portion	180,000	—
	\$ 1,620,000	\$ —

REGINA AIRPORT AUTHORITY INC.
Notes to the consolidated Financial Statements
December 31, 2009

7. Bank loan (continued):

The bank term loan is repayable in four equal instalments of principal commencing December 1, 2010, with a final payment of the balance of principal and interest then outstanding on December 1, 2014. Interest is paid on the last banking day of each month at a rate of prime less .25%. The loan is secured by a general assignment of book debts.

The Authority has a \$500,000 operating line of credit available on which no funds had been drawn at December 31, 2009. Any advances will bear interest at a rate of prime less .25%. This operating line of credit is secured by a general assignment of book debts.

8. Employee future benefits:

The Authority sponsors and funds a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined benefit component is for employees who were employed by the Authority on the date of transfer, including former Transport Canada employees, some of whom transferred their vested benefits from the Public Service Superannuation Plan to the Authority's pension plan. Pension plan costs are charged to operations as services are rendered.

The most recent actuarial valuation of the defined benefit component of the pension plan occurred effective December 31, 2007. The results of the actuarial valuation have been extrapolated to December 31, 2009. Information about the defined benefit component of the Authority's pension plan is as follows:

	2009	2008
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,577,000	\$ 4,583,000
Current service cost	108,000	157,000
Interest cost	275,000	256,000
Employee contributions	52,000	41,000
Benefits paid	(87,000)	(84,000)
Change in actuarial assumptions	780,000	(1,376,000)
Balance, end of year	\$ 4,705,000	\$ 3,577,000

	2009	2008
Fair value of plan assets:		
Balance, beginning of year	\$ 3,656,000	\$ 4,365,000
Actual return on plan assets	498,000	(877,000)
Employer contributions	209,000	211,000
Employee contributions	52,000	41,000
Benefits paid	(87,000)	(84,000)
Balance, end of year	\$ 4,328,000	\$ 3,656,000

	2009	2008
Accrued benefit obligation	\$ (4,705,000)	\$ (3,577,000)
Fair value of plan assets	4,328,000	3,656,000
Funded status - surplus (deficit)	\$ (377,000)	\$ 79,000

REGINA AIRPORT AUTHORITY INC.
Notes to the consolidated Financial Statements
December 31, 2009

8. Employee future benefits (continued):

	2009	2008
Funded status – surplus(deficit)	\$ (377,000)	\$ 79,000
Unamortized transitional obligation	81,000	107,000
Unamortized net actuarial gain (loss)	152,000	(354,000)
Accrued benefit liability	\$ (144,000)	\$ (168,000)

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligation are as follows:

	2009	2008
Discount rate	6.80%	7.50%
Expected long-term rate of return on plan asset	6.00%	6.10%
Rate of compensation increase	4.20%	3.90%

The Authority's pension expense is as follows:

	2009	2008
Defined benefit component	\$ 208,590	\$ 177,174
Defined contribution component	82,109	58,294
	\$ 290,699	\$ 235,468

9. Deferred contributions:

Deferred contributions relate to grants provided by Transport Canada for capital projects and represent the unamortized portion of the contributions received. The deferred contributions are recognized as income as the related assets are amortized.

Cumulative amounts received to date are as follows:

	2009	2008
Transport Canada grant	\$ 3,000,000	\$ 3,000,000
Accumulated amortization	(2,600,717)	(2,401,076)
	\$ 399,283	\$ 598,924

10. Invested in property, plant and equipment:

(a) Invested in property, plant and equipment is calculated as follows:

	2009	2008
Property, plant and equipment	\$ 37,174,500	\$ 32,887,942
Bank loan	(1,800,000)	–
Deferred contributions	(399,283)	(598,924)
	\$ 34,975,217	\$ 32,289,018

REGINA AIRPORT AUTHORITY INC.
Notes to the consolidated Financial Statements
December 31, 2009

10. Invested in property, plant and equipment (continued):

(b) Excess of revenue over expenses is calculated as follows:

	2009	2008
Amortization of deferred contributions related to property, plant and equipment	\$ 199,641	\$ 199,641
Amortization of property, plant and equipment	(2,961,800)	(2,538,074)
	\$ (2,762,159)	\$ (2,338,433)

(c) Change in net assets invested in property, plant and equipment is calculated as follows:

	2009	2008
Net change in investment in property, plant and equipment:		
Purchase of property, plant and equipment	\$ 7,248,358	\$ 7,483,355
Proceeds on disposal	–	(397)
Loss on disposal	–	(1,380)
Proceeds from bank term loan	(1,800,000)	–
Repayment of obligations under capital lease	–	21,631
	\$ 5,448,358	\$ 7,503,209

11. Restricted airport improvement fee:

The Authority entered into an agreement dated May 31, 1999 with the Air Transport Association of Canada and major air carriers serving the Regina International Airport ("the AIF Agreement"). The AIF Agreement provides for a consultation process with air carriers on airport development as well as the collection of an airport improvement fee ("AIF") by air carriers. The AIF is to be used for airport infrastructure development. Earned AIF reported below is net of the handling fee of 7% withheld by the airlines.

The AIF fee is \$15 per enplaned passenger for all commercial flights with the exception of Intra-provincial flights, for which the AIF fee is \$5 per enplaned passenger.

During the current year the Authority transferred \$13 (2008 - \$657,043) from unrestricted net assets.

	2009	2008
Balance, beginning of year	\$ –	\$ –
Earned during the year	7,072,704	6,826,672
Eligible interest expense	–	(360)
Eligible property, plant and equipment purchases	(7,072,717)	(7,483,355)
Appropriation from unrestricted net assets	13	657,043
Balance, end of year	\$ –	\$ –

12. Commitments:

a) *Ground lease*

Effective May 1, 1999, the Authority entered into a 60 year lease of the Regina Airport facilities with Transport Canada, with an option to renew for an additional 20 years. Estimates based on rent projections indicate that rent payable over the next five years will be approximately as follows:

2010	\$	407,000
2011		427,000
2012		448,000
2013		471,000
2014		495,000

b) *Contracted services and operating leases:*

The Authority is committed under contracted services and operating leases with the following minimum annual payments over the next five years:

2010	\$	1,688,581
2011		1,069,278
2012		270,782
2013		20,144
2014		—

13. Net change in non-cash working capital:

	2009	2008
Accounts receivable and accrued revenue	\$ (60,202)	\$ (8,649)
Prepaid materials and supplies	(61,509)	(48,016)
Accounts payable and accrued liabilities	1,595,942	(35,540)
Security deposits	50,927	37,573
	\$ 1,525,158	\$ (54,632)

14. Capital Management

The Authority determines the amount of capital that may be required by monitoring the long term airport infrastructure development plans to meet the needs of passengers, tenants and other airport users and stakeholders. The Authority defines capital to be net assets and bank term loans.

15. Risk Management

The Authority, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and market risk (interest rate risk and other price risk).

Credit risk

The Authority's principal financial assets are cash, accounts receivable, bonds and investment savings account, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Authority's maximum credit exposure at the balance sheet date.

15. Risk Management (continued):

The Authority's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by management of the Authority based on previous experience and its assessment of the current economic environment. The Authority does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash, bonds and investment savings account is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

Interest rate risk

Cash on hand, bonds and investment savings account have limited exposure to interest rate risk due to their short term maturity.

16. Subsequent Events

The Authority finalized the purchase of approximately 225 acres of agricultural land neighboring the airport on January 15, 2010. As at December 31, 2009, \$2,831,171 in funds required to complete the transaction were held in trust and are classified on the balance sheet as restricted cash. Under the terms of the ground lease with Transport Canada, all lands acquired by the Authority are required to be transferred to the Crown. Transport Canada will subsequently lease this land back to the authority through a ground lease amendment consistent with its current use for airport operation and revenue generation.

17. Fair values

The carrying value of cash, restricted cash, accounts receivable and accrued revenue, accounts payable and accrued liabilities, security deposits and bank term loan approximate fair value due to the short-term nature of these items. The fair value of investments is disclosed in note 6 and the fair value of loans receivable are disclosed in note 4.

18. Comparative figures

Certain of the prior year's figures have to been changed to conform to the current year's presentation.

It's Your Airport
Celebrating 10 Years of Success





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