

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

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

**FRIDAY, AUGUST 22, 2014**

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

**MINUTES**

Bruce Williams, Moderator, welcomed those in attendance to the Annual General Meeting of B.C. Ferry Authority ("Authority") and the Annual Public Meeting of British Columbia Ferry Services Inc. ("BC Ferries" or the "Company").

Mr. Williams introduced Jane L. Peverett, Chair of the Board of Directors of the Authority, Donald P. Hayes, Chair of the Board of Directors of BC Ferries, and Michael J. Corrigan, President & Chief Executive Officer and Robert P. Clarke, Executive Vice President & Chief Financial Officer, both from BC Ferries.

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

**Disclaimer**

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

**Chair's Report - Authority**

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

- the annual report, including the audited financial statements for the fiscal year ended March 31, 2014.

In her opening remarks, Ms. Peverett provided an overview of the principal responsibilities of the Authority, which comprise appointing the Board of Directors of BC Ferries and approving compensation plans for the Directors and certain Executives of the Company.

Ms. Peverett reported that the Authority's activities this past fiscal year were focused on ensuring BC Ferries continues to have a strong Board of Directors to oversee the Company. She advised that during the year, the Authority amended the skills and experience profile, which guides the Authority in its decisions concerning appointments to the Board of BC Ferries, to ensure the continued alignment of the skills and experience represented on the BC Ferries Board with the key operational and strategic objectives of the Company.

Ms. Peverett reported that in fiscal 2014, three positions on the BC Ferries Board were vacated, without replacement. In June of this current year, the Authority appointed two new Directors to the BC Ferries Board to replace two Directors whose terms expired at that time. She remarked that the new Directors bring with them a depth of skills and experience that the Authority is confident will serve the BC Ferries Board well in performing its stewardship role.

Ms. Peverett advised that the past fiscal year also brought with it a change in the membership of the Authority Board. She introduced the current Directors of the Authority and, on behalf of the Board, extended thanks to outgoing Director Bohdan Bodnar for his commitment and valuable service to the Board.

Ms. Peverett described the high standards of accountability that must be met by the Authority, noting that the Authority's financial and operating performance, meeting outcomes and by-laws are open to public view, as are the compensation plans it has established for Directors and Executives of BC Ferries, and its processes for appointing and remunerating directors of the Authority and of BC Ferries. In addition, the Authority's compliance with its legislated obligations is independently reviewed and publicly reported on annually by the British Columbia Ferries Commissioner ("Commissioner").

She further noted that public meetings, such as this, reflect the Authority's continued commitment to ensuring transparency and public accountability.

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

### **Chair's Report – BC Ferries**

Mr. Hayes reported that over the past fiscal year, the Company has continued to strive towards its goal of providing the best possible travel experience for its customers to enjoy.

Noting that the past year had been successful in many ways, Mr. Hayes, on behalf of the Board, thanked the employees of BC Ferries for their dedication in providing safe and outstanding service to the 20 million customers that sailed with the Company during the fiscal year.

As his first order of business, Mr. Hayes tabled the following documents as required for BC Ferries under the Coastal Ferry Services Contract ("CFSC"):

- the annual report, including the audited financial statements for the fiscal year ended March 31, 2014;
- the annual report to the Commissioner for the fiscal year ended March 31, 2014; and
- the business plan for the fiscal year ended March 31, 2015.

Mr. Hayes reflected on some of the significant accomplishments made over the past fiscal year, such as achieving high on-time performance. He further noted that the Company successfully maintained a high standard of service reliability and that the all-important customer satisfaction rating was also very strong.

Mr. Hayes acknowledged that customers have concerns about affordability of fares, and confirmed that the Company is running the business as efficiently as possible while constantly looking for ways to reduce costs without compromising safety. He reported that during the year, the Company realized substantial operating cost efficiencies and expects to exceed the total efficiency target of \$54 million set by Commissioner for the four years ending March 31, 2016. He remarked that these

achievements demonstrate the Company's clear commitment to customer service and prudent fiscal management.

Mr. Hayes introduced the current Directors of BC Ferries and, on behalf of the Board, extended thanks to outgoing Board members Maureen Macarenko and Graham Wilson for their years of valuable service.

Mr. Hayes closed his presentation by observing that the Company has navigated through challenging times by exercising strong fiscal leadership. While concerns about the current economic conditions and traffic levels remain, the Company remains optimistic about the year ahead and looks forward to continuing to provide a world-class ferry service.

### **President's Report**

Mr. Corrigan commenced his presentation by confirming the Company's continued commitment to the safety and security of its customers and employees. He reviewed the activities undertaken during the year to achieve enhanced safety performance and the successes realized in this area, including reductions in employee time loss injuries. He remarked on the external recognition received in regard to the Company's focus on safety, citing the three prestigious safety awards received during the year.

Mr. Corrigan provided an overview of the mandate of BC Ferries and the Company's role as provider of ferry services under contract to the provincial government. He referred to the service level adjustments arising from the government's announcement in February, 2014, noting that further adjustments to the Major Routes are yet to be identified.

He noted that the year ahead brings with it the start of work leading to the establishment by the Commissioner of the price caps for performance term four, commencing April 1, 2016, and reviewed the regulatory filings and timelines associated with this activity.

He provided a report on the strong performance of the Company during the past fiscal year regarding safety, service reliability, on-time performance, customer

satisfaction, employee absenteeism and fuel consumption. In addition, Mr. Corrigan reported on traffic levels and capacity utilization by route in the year.

Mr. Corrigan reviewed the key accomplishments of the Company in the year, focussing on the significant investments made in the fleet and terminals, and the initiatives directed at enhancing customer service, financial integrity, stakeholder relations and business expansion, including commercial services and BC Ferries Vacations. He reported on the status of key initiatives that are underway such as the automated customer experience program, catering and retail enhancements, and the vessel replacement program, including the new cable ferry and the three new intermediate class ferries which will be able to operate on lower cost liquefied natural gas.

Mr. Corrigan closed his presentation by affirming the Company's commitment to safety and security, and noting that the vessel new build program, customer-facing IT systems, onboard ancillary revenue generating initiatives and employee engagement through health and wellness will continue to be important areas of focus in the year ahead, in addition to the Company's ongoing commitment to cost containment and fare affordability.

#### **Financial Report - Fiscal 2014**

Mr. Clarke provided an overview of the financial results and capital expenditure program for the Company for the fiscal year ended March 31, 2014.

#### **Open Dialogue**

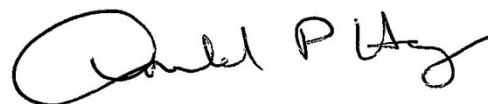
A question and answer session ensued. This session was facilitated by Mr. Williams.

#### **Closing Remarks**

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



Jane L. Peverett  
Chair  
B.C. Ferry Authority



Donald P. Hayes  
Chair  
British Columbia Ferry Services Inc.