

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

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

FRIDAY, AUGUST 21, 2015

**West Meeting Room
220 – 222 Vancouver Convention Centre
1055 Canada Place
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 Roderick D. Dewar, 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 Dennis M. Dodo, 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 – B.C. Ferry Authority

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

- the annual report of the Authority, including the audited financial statements for the fiscal year ended March 31, 2015.

In his opening remarks, Mr. Dewar 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.

Mr. Dewar reported that the Authority's activities this past fiscal year were focused on ensuring BC Ferries continues to have a strong and effective board of directors to oversee the key operational and strategic objectives of the Company. During the year, the Authority appointed two new directors to the board of BC Ferries to replace two retiring directors, and extended the appointments of five directors for subsequent terms. The Authority also determined not to fill a vacant position on the BC Ferries board and reduced the size of the board from nine to eight. He remarked that the Authority is confident that the depth of skills and experience represented on the BC Ferries board will ensure that the oversight and stewardship of the company continues to be effective.

Mr. Dewar reported that no changes were made to the director and executive compensation plans for BC Ferries previously established by the Authority.

Mr. Dewar advised that the past fiscal year brought with it a change in the membership of the Authority Board. He introduced the current directors of the Authority and, on behalf of the board, extended thanks to outgoing director and chair Jane Peverett and director Stephen Smith for their commitment and valuable service to the Authority.

Mr. Dewar 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").

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

Mr. Dewar closed his 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 opened his remarks by stating that the past year has been a successful one for BC Ferries. He commented that the Company has stayed focussed on what it does best – delivering safe, reliable and efficient service to the nearly 20 million customers that sailing with it last year. He further stated that the Company has also kept its eye on the future and continued to invest wisely in its fleet, terminals and information technology systems to ensure that safe, reliable and sustainable marine transportation continues to be a reality in the years ahead.

Mr. Hayes acknowledged that the employees of BC Ferries are the Company's key to success and, on behalf of the board, commended them for their commitment and dedication in delivering quality service to the Company's customers and the communities it serves.

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 of BC Ferries, including the audited financial statements for the fiscal year ended March 31, 2015
- the annual report of BC Ferries to the Commissioner for the fiscal year ended March 31, 2015; and
- the business plan of BC Ferries for the fiscal year ended March 31, 2016.

Mr. Hayes reflected on some of the significant accomplishments made by the Company over the past year. He observed that BC Ferries has continued to experience the benefits of its ongoing investments in safety and security. He cited the award to BC Ferries of WorkSafe BC's certificate of recognition in June 2014 which generated a rebate of \$600,000 in WorkSafe BC premiums last year and a further rebate of over \$550,000 this year.

Mr. Hayes reported that in the last quarter of the past year, and continuing into the current year, the Company has seen its traffic grow.

He commented that overall, the Company's financial performance this past year was very strong and noted that for customers, the direct benefit of this will be realized in the fourth performance term (April 1, 2016 through March 31, 2020), with annual fare increases set at or below projected inflation. Mr. Hayes observed that this is one full performance term sooner than originally anticipated.

Mr. Hayes commented that the Company is optimistic its financial performance this year will also be strong. He observed that it is important BC Ferries produces strong financial results so that it can fund a \$3 billion capital program to replace its aged ships, terminals and information technology systems. He noted that wisely investing in these assets will help ensure the long-term sustainability of coastal ferry services.

Mr. Hayes reported that this past year, the Company entered into contracts to build four new vessels, and several of its ships underwent extensive refits to prepare them for many more years of service.

He noted that BC Ferries continues to keep customer service at the forefront, and provided operating highlights for the year which included a very high on-time performance record of 91.7 percent and an exceptional service reliability score of 99.8 percent.

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 the Company's operating expenses this past year were \$15.3 million below previously planned levels and overall, BC Ferries is projecting to reduce operating expenses in the third performance term (April 1, 2012 through March 31, 2016) by approximately \$20 million dollars from the level incorporated in the Commissioner's performance term three price cap determination. He noted this is in addition to an efficiency target of \$54 million as set out in that determination.

Mr. Hayes remarked that the Company was pleased this year to receive the Commissioner's report on his *Performance Review of the Efficiency of BC Ferries*. He noted that the Commissioner concluded that "BC Ferries is demonstrating good cost control," and also said that "cost control has been achieved while obtaining good outcomes with customer satisfaction and passenger and employee safety."

Mr. Hayes introduced the current directors of BC Ferries and extended thanks to recently-retired Board members Maureen Macarenko and Graham Wilson for their years of valuable service.

Mr. Hayes confirmed that over the next year, the Company will continue to concentrate on safety as its number one priority, as well as improving the customer experience and looking at further internal efficiencies.

He remarked that the year ahead promises to be an exciting one for BC Ferries as it welcomes into service the first new vessel in six years and it continues to progress on capital projects that will provide greater fleet interoperability and vessel standardization, as well as improved service for its customers. Mr. Hayes closed his presentation by confirming the board's ongoing commitment to ensuring the continued success of BC Ferries.

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 successes realized in this area, including reductions in employee time loss injuries and passenger safety incidents, as well as the award of WorkSafe BC's certificate of recognition. He reported on the annual number of training hours and the number of employees trained through the simulator program in the past year, as well as the number of rescues at sea performed by the Company's employees. He confirmed the Company's commitment to continuing to focus on its safety culture and reviewed several of the employee health and wellness initiatives.

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 remarked on the positive findings of the performance reviews of the Company

undertaken by the Commissioner during the year, which confirmed the Company is operating efficiently, appropriately focusing on ancillary revenue generation, and actively pursuing innovation, all of which help to keep fares lower than they otherwise would need to be.

Mr. Corrigan reported on the growth year-to-date in the Company's traffic. He continued by reviewing the key accomplishments of the Company in the past year. He reported on the fleet revitalization initiatives, including the construction of the three new Salish Class vessels and the new cable ferry, the upgrades of the *Queen of Oak Bay* and *Queen of Capilano*, and noted that 18 vessel refits were also undertaken. He also reviewed the terminal revitalization initiatives, reporting that there were 71 terminal projects underway this past year, including significant upgrades at Port McNeill, Buckley Bay/Denman West and McLoughlin Bay.

Mr. Corrigan reported on some of the key initiatives that will be focused on in the year ahead, including the Spirit Class mid-life upgrades project, the Fare Flexibility & Digital Enhancement Initiative, the new SeaForward program and initiatives to transition to liquefied natural gas.

Mr. Corrigan closed his presentation by announcing that the Company would be launching a passenger pricing promotion, offering a fleet-wide 50 percent discount on passenger fares on selected sailings between September 8 and October 14th for major and minor routes, and on all sailings on the Northern Routes for the month of October.

Financial Report - Fiscal 2015

Mr. Dodo provided an overview of the financial results and capital expenditure program for the Company for the fiscal year ended March 31, 2015.

Open Dialogue

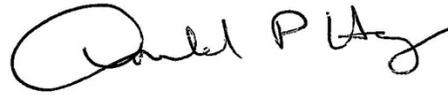
A question and answer session ensued. This session was facilitated by Mr. Williams.

Closing Remarks

Mr. Dewar closed the Annual General Meeting of the Authority and the Annual Public Meeting of BC Ferries.



Roderick D. Dewar
Chair
B.C. Ferry Authority



Donald P. Hayes
Chair
British Columbia Ferry Services Inc.