

New Beginnings

Prince George Airport Authority
2009 Annual Report



DC3 propeller aircraft, circa 1957

What's Your Story?

www.pgairport.ca





The Prince George Airport Authority

“You can’t know where you are going, until you know where you’ve been.”

The Prince George Airport experienced an incredible transformation since the move to becoming a local airport authority. Over the years we have looked at the stories of our people, region and market – now, this is OUR story . . .

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Archival photographs used throughout this report are courtesy of Trelle A. Morrow, and The Exploration Place [www.theexplorationplace.com]

What's Your Story?

www.pgairport.ca



The first airplane landing at the old Prince George Airport.
Highway 97 and 16. Flown by Jimmie McLaren



Some Expedition leaving Prince George

Western Canada Airways
Summit Lake, B.C. 1929



Summit Lake 1929

Aviation North

Since 1920, Prince George has been a destination point for international air travel en route to Alaska and northern British Columbia. A United States Air Service expedition exploring links to Alaska stopped in Prince George in 1920 en route from New York to Nome, Alaska. The expedition was undertaken at the instigation of General "Billy" Mitchell, who was concerned about Alaska being an exposed flank with respect to the continental United States. The flight was strictly a United States military venture, but had the approval and cooperation of the Canadian government through the newly established Air Board. The flight was composed of four DH-4B aircraft, World War I vintage open cockpit biplanes from the Wolf Squadron, and placed under the command of Capt. St. Clair Street. This flight marked the beginning of Prince George as an aviation destination point in the northwest part of the continent.

Following the sensational New York to Nome flight in 1920, C.O. Prest attempted to duplicate the event in 1921 by flying from Mexico to Siberia. Prince George again became a key destination point en route for fuel, food and lodging. Although the Prest flight was terminated by an accident out at the Pacific Coast, the value of the inland route was established. More locally, a Junkers JL-6 was being ferried from Edmonton to Hazelton, B.C. in 1922, and made a re-fuelling and service stop at Prince George, half way through the flight.

Air traffic through Prince George began to increase significantly by 1929. As well as catering to through traffic, Prince George became the home of local aviation entrepreneurs. In the early 1930s, mineral exploration was one of the few bright lights of the Depression years. Prospectors soon found the advantage of air travel to remote sections of the continental northwest. The great benefactor of aviation in the 1930s was James Richardson of Winnipeg, the owner of Western Canada Airways, later to become Canadian Airways Limited. Richardson established two bases in the Prince George area in 1929. One base was at Summit Lake, with the Junkers W-34, CF-ABK, to undertake aerial survey work, the other at Tabor Lake, with the Fokker Super Universal, G-CASQ, for charter services.

Another United States military flight under the command of Colonel H. H. Arnold made a re-fuelling stop in Prince George in 1934. The flight of ten Martin B-10 aircraft en route to Alaska was entertained royally by City officials. The flight then departed for Whitehorse, YT.

Prince George really became a focal point with the operations of G.W.G. McConachie in the mid-1930s. His United Air Transport air service, and the later Yukon Southern Air Transport were key in facilitating air mail service and linking communities all through central and northern British Columbia. By 1938, air service linked Vancouver and Whitehorse. The advent of World War II in 1939 produced a huge amount of air traffic in the northwest corner of the continent, and the operations of McConachie played a vital role in liaison services for support of ground facilities and the establishment of radio range communication. In 1942, Yukon Southern Air Transport, along with several other companies were amalgamated to form Canadian Pacific Airlines, with Grant McConachie becoming the company President.

The Second World War also brought inauguration of an Inland Staging Route to Alaska, which would complement the Northwest Staging Route established through the north-east section of the Province. Pacific Alaska Airways had been operating through Prince George as a link between

(continued)

Seattle and Juneau since the 1930s. Through wartime emergencies, the parent company, Pan American Airways established a base in Prince George in 1940 to provide fuel and other services to the airline. By 1942, a firm integration of the Inland and the Northwest routes was in effect to provide links from Seattle, Spokane and Great Falls to points in Alaska.

Aviation continued to develop after the Second World War with Prince George maintaining its focal position in the central part of the Province. Canadian Pacific Airlines continued to connect the city with venues spread over the continent. Both twin-engine and four-engine aircraft were used throughout northern regions.

The state-of-the-art Bristol Britannia was one of the spectacular aircraft on northern service briefly in the early 1960s. The Britannia was found to be too expensive to operate on domestic routes and all equipment was sold by 1965. Service on domestic flights reverted to the use of four-engine DC-6Bs until jet aircraft were acquired. Canadian Pacific Airlines had commenced operating the DC-8 jet aircraft in 1961, but on international flights only. Jet aircraft were finally introduced to the Vancouver-Prince George-Whitehorse route with Boeing 737 equipment in November, 1968. Prince George was now in the jet age.

Jet aircraft have served the industry faithfully with ever increasing sizes of aircraft. Not to be outdone by North American equipment, the huge Russian aircraft, the Antonov 124, delivered mechanical equipment to West Coast Transmission in Prince George in 1994. The flight originated in Italy, stopped in Ohio, USA for re-fuelling and then touched down in Prince George.

Prince George has truly become a destination point in the northwest part of the continent. Ninety years of international aviation participation has made a permanent mark on the City and the Province.

- Trelle A. Morrow, 2010

(Please see Trelle's story on page 31)



Pan American Airways at Prince George, circa 1943



Nome expedition airplane in Prince George, B.C. 1920



Canadian Pacific wartime mail service, circa 1943



deHavilland DH4, 1920



Bi-planes, part of the Nome Expedition, sitting at the U.S. military airstrip located in the 15th Avenue and Central Street area of Prince George. August 13, 1920



August 13, 1920



Bristol Britannia at Prince George, circa 1962



The Gibson Family

Moving your entire life to a new and unfamiliar place can be an unsettling experience. But a truly warm welcome awaited John Gibson when he relocated from Ontario to Prince George in July 2009 to become the PGAA's new President and CEO. Coming from the Hamilton International Airport, his 37 years of aviation industry experience will help move the PGAA forward into the future. John and his family are excited to now call Prince George their home - his wife Corrine, son Jon, and daughter Chelsea having joined him here in the fall of 2009.

We see thousands of stories within YXS just like the Gibsons'.
What's your story?

Chairman and CEO Report

2009 certainly set the stage for the *New Beginnings* of the Prince George Airport Authority (PGAA), its management team, the Board of Directors and our partners.

2009 brought the completion of the new Cargo and Refueling Apron in September. With the completion of this facility PGAA was in the market to land and service the large transpacific aircraft.

On November 18th our *New Beginnings* were celebrated with the arrival of a Southern Air 747 from Shanghai enroute to Caracas Venezuela. This was our first wide body aircraft. Although this was a single flight, it signaled to the world that we are in the transpacific servicing business.

The cargo marketing programs have continued by traveling to world trade shows, meeting in carrier headquarters, working with our International cargo marketing agency Landrum Brown and Allied Aviation support services, and bringing carriers to Prince George to see our facilities and future Logistics Park opportunities.

These initiatives have also helped PGAA evaluate the impact that the Global Economy has had on our business plan. The logistics companies and air carriers have identified areas in government policy, cargo facilities and fuel storage that must be rectified in order to be more competitive. Initiatives were started in late 2009 to deal with PGAA being more competitive on the world stage.

We also continue to be very proud of our passenger operation. WestJet and Air Canada connect Prince George to the world with nine flights per day in the business week. WestJet also launched a Prince George - Puerto Vallarta flight in November operating weekly until April.

The *New Beginnings* also impacted management. The Board, staff and community welcomed John Gibson as the new President and CEO. John came from Hamilton International Airport where he helped develop the cargo and passenger initiatives as the VP of Marketing. Mark Miller, Director of Operations and Mike Davis, Communication Manager left the Airport Authority in 2009 to accept positions with other organizations in the community. Their contributions towards Operations and Marketing will continue to benefit the airport. Cuyler Green was promoted to the Director Operations and Todd Doherty was promoted to the Director of Marketing and Business Development. *New Beginnings* for both of them.

Todd, Cuyler, Diane Bertram, Director of Finance, and the remainder of the staff performed yeomen service in keeping the airport running true to the business plan while there were significant shortfalls and changes in staffing.

PGAA is proud to represent the airport and our community in various industry associations.

Jim Blake represents PGAA on the BC Aviation Council and the Canadian Airports Council (CAC) Council of Chairs.

John Gibson is a Director on the newly formed Tourism Prince George Society and the Vice-Chair of the CAC Small Airports Caucus.

Todd Doherty represents PGAA on the CAC Air Policy and Facilitation Committee, Air Cargo Subcommittee, CBSA Working Group, ACI-NA Air Cargo Committee, ACI-NA Marketing Committee, and has been a Director on the Northern BC Tourism Board.

Cuyler Green represents PGAA as the Vice-Chair of the International Association of Airport Executives - Canada, member of the Airport Association of BC, and member of the Canadian Airports Council's Operations, Safety and Technical Affairs and Security Committees.

Diane Bertram represents PGAA on the CAC Human Resources Committee.

[continued]

The Board also experienced *New Beginnings* with the welcoming of new Directors TJ Grewal and Carol Brown. The Board Governance Committee also revisited the Corporate Bylaws. A revision to the Bylaws was approved in 2009. The Board also received its “5 Year Performance Review” in March 2009 from Rideau Consultants. PGAA received a passing grade.

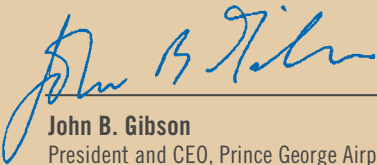
The Global Economic decline certainly impacted the PGAA in 2009. Passenger traffic declined by 10% over 2008. A 30% reduction in transpacific freighter traffic reduced the market potential for the new runway. In the course of 18 months the US/Canada exchange rate went from \$.65 to \$.95 and definitely changed the economic benefits of the new runway in comparison to its US competitors such as Anchorage and Fairbanks.

With these changes in the economy, the Strategic Plan was revisited with Board and management taking part in a two day facilitated workshop. Reaffirmation of the role of Cargo Tech Stop business and the tactics to launch this business were reviewed. The importance of our passenger business and ways to strive for excellence and expand passenger service as the economy strengthens, were also reviewed.

On a sad note, on December 19th we lost the NTAir hangar to a fire. The hangar was a historic landmark on the Prince George Airport grounds, as it had been built during the Second World War and housed a number of airport businesses. The impact to owners, tenants and friends was devastating. PGAA management and Board extend a thanks to all the staff and partners who kept the operation going as close to normal as possible that day.

Looking ahead for 2010 we also see *New Beginnings* as we develop more infrastructure and revisit Open Skies solutions with the Federal Government that will allow access to Prince George by more world-wide carriers. We also look for the continued development of the Logistic Park Lands adjacent to the airport to encourage more businesses to select Prince George as a location for future development. We also look forward to the continued development of Tourism in the region.

Thanks again to all those people who worked so hard in a year of economic decline to deliver a successful business plan for the Prince George Airport Authority.



John B. Gibson
President and CEO, Prince George Airport Authority



Jim Blake
Chair, Prince George Airport Authority

Pictured [L-R]: **Todd Doherty** [PGAA, Director of Marketing & Business Development], **Mayor Dan Rogers** [Prince George], **Al Leier** [Director, PGAA Board], **Jim Blake** [Chair, PGAA Board], and **John Gibson** [CEO, Prince George Airport Authority].



SOUTHERN AIR

YXS
PRINCE GEORGE
AIRPORT AUTHORITY



Overview of Operations

The accomplishments for 2009 while not as large in scale as the runway expansion of 2008, are important for the continued safe operation of the airport.

New parking equipment in both the long and short term slots was made operational in 2009. This new equipment allows for faster entry and exit from the lots and provides additional payment options, including debit and being able to complete the transaction inside out of the weather.

The University of Northern British Columbia (UNBC) in cooperation with the Prince George Airport Authority (PGAA) continues to study bird and mammal activities and to date this research has provided significant information on local migration and feeding routes allowing the PGAA to mitigate better bird and wildlife hazards. UNBC is also in its second year of testing vegetation seed mix that provides protection against soil erosion but does not attract wildlife and requires less mowing maintenance.

The final phase of the runway expansion project, the 36,105 m² aircraft parking area with its integrated glycol collection system was completed in September. This apron with space to park and service two large wide-body aircraft at once saw its first official use with the arrival of Southern Air's Boeing 747-200 aircraft in November.

The communities and the airport's response to emergency situations was tested this year with a mock exercise that involved 17 agencies including the PGAA, RCMP, City of Prince George Fire Department, Pine View Fire Department and BC Ambulance. The scenario had a forest fire tanker aircraft that crashed on take-off which then caused a school bus to run off the road. Having to deal with two separate but related incidents gave the local emergency response agencies a real challenge, and all agencies were pleased with their ability to meet that challenge. The mock exercise was in addition to the PGAA's regular emergency training that saw nine staff complete their annual aircraft fire fighting qualifications.



Growth and Development

2009 will go down as a year of challenge and opportunity. Despite opening Canada's third longest commercial runway in September of 2008, 2009 saw the world gripped in an economic meltdown that affected global industry & manufacturing and saw trade volumes between Asia and North America slip to levels not seen in decades. When forecasting the world and industry's recovery from this recession, economists and experts routinely spoke of U versus V curve projections. Industry events and conferences were dominated with expert panels and discussions on these topics.

The Prince George Airport Authority (PGAA) approached this downturn as an opportunity to better prepare for when the market recovers. This break gave the PGAA and industry the opportunity to look within and adjust accordingly. Looking towards regulatory and prohibitive cost structures that make the Canadian Cargo industry less appealing to global industries and attempting to make changes so that when the world comes knocking, we are prepared to act upon the Asia Pacific Gateway opportunities.

The PGAA remains focused on our target markets. Perhaps now more than ever the opportunity to make inroads and develop partnerships abroad is present. Efforts were centred on forging relationships with key Asian and North American carriers, logistics and freight companies. The PGAA saw this as an opportunity to sharpen its tools and remained committed to building a product that rivals our biggest competitor.

The PGAA attended nine international Air Cargo and Freight conferences and has struck partnership MOUs with strategic targeted organizations in China to help promote YXS. The PGAA has used print, live and online media for promotion, including developing a website and annual report that was internationally recognized as "best in class", nominated by industry colleagues and Airports Council International – North America (ACI-NA).

2009 was primarily spent ensuring our story was firmly implanted within our target market in the Pearl River Delta and with our targeted carriers. Over the course of the year whether in market, at the headquarters or at industry events the message was clear – Prince George Airport was now open for business. As of October 2009, presentations have been made to over 20 carriers directly (with some multiple meetings). Industry publications such as Hong Kong Shippers, Payload Asia and Asia Pacific Cargo News have all featured articles on Prince George.

In September, the PGAA, through partnership with Initiatives Prince George hosted 30 delegates from China. Representing aviation, manufacturing, freight forwarding and land development the attendees spent three days in Prince George learning of the opportunities surrounding the airport, the Global Logistics Park and our regional transportation corridor.

During this forum three key Asian carriers attended and have since revisited Prince George - with consideration of using YXS as North American fuel and cargo operations. From the September through to December, the PGAA hosted five international carriers and a municipal group from the Pearl River Delta.

November 17th, 2009 will go down in the Prince George Airport history books as a momentous occasion – one marked with enthusiasm and optimism. To much fanfare and media attention that spanned all over the industry and world, Southern Airlines, operating a 747-200f aircraft en-route from Shanghai, China to Caracas, Venezuela, landed in Prince George for a refueling flight. After uplifting just short of 100,000 liters of jet fuel, receiving in-flight catering, and a brief media event, the crew and aircraft rumbled down the runway amidst the cheers of the flocks of locals who came to witness this great event!

As our core business, we remain committed to working with our passenger carriers in building a strong regional and national route structure out of YXS. 2009 saw passenger levels fall below current trends and finished 9.93% below that of 2008. Our relationship with them is significant to the continued success of YXS, our local and regional economy, tourism and the people of Northern BC.

Our carriers WestJet, Air Canada and Central Mountain Air offer affordable and dependable air services from our region. We have refocused our efforts in working with each carrier to strengthen the overall Prince George and Northern BC business and tourism opportunities.

Over the past four seasons WestJet partnered with Air Transat to offer direct services to Puerto Vallarta. For the fifth season WestJet alone offered an extended sunspot season. Sun seekers enjoyed direct flights from early November through to the end of March.

Although 2009 brought the PGAA strong challenges – our team, board and management remain focused on providing an airport that truly serves our region. We have become stronger in our resolve in offering a product that carriers – passenger and cargo - move toward, and one, which promotes business, tourism and industry growth in our region.

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Deloitte & Touche LLP
500 - 299 Victoria Street
Prince George, BC V2L 5B8
Canada

Tel: (250) 564-1111
Fax: (250) 562-4950
www.deloitte.ca

Auditor's Report

To the Members of
Prince George Airport Authority Inc.

We have audited the statement of financial position of Prince George Airport Authority Inc. as at December 31, 2009 and the 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 amount 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 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 the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte - Touche LLP
Chartered Accountants

Prince George, British Columbia
February 23, 2010

Statement of Financial Position

Year ended December 31, 2009

	2 0 0 9	2 0 0 8
CURRENT ASSETS		
Cash (Note 5)	\$ 168,411	\$ 2,965,709
Accounts receivable (Note 6)	988,973	1,288,711
Inventory	44,398	42,603
Prepaid expenses	289,247	237,930
	<u>1,491,029</u>	<u>4,534,953</u>
CAPITAL ASSETS (Note 7)	<u>55,271,077</u>	<u>52,934,796</u>
	<u>\$ 56,762,106</u>	<u>\$ 57,469,749</u>
CURRENT LIABILITIES		
Bank demand loan (Note 8)	\$ 7,023,085	\$ 13,000,000
Accounts payable and accrued liabilities (Note 9)	1,073,606	4,353,997
Deferred revenue and deposits	89,507	88,777
	<u>8,186,198</u>	<u>17,442,774</u>
LONG-TERM DEBT (Note 10)	<u>11,507,455</u>	<u>9,522,034</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 11)	<u>29,191,126</u>	<u>23,297,385</u>
	<u>48,884,779</u>	<u>50,262,193</u>
COMMITMENTS (Note 13)		
NET ASSETS		
Invested in capital assets (Note 14)	7,549,170	6,187,641
Restricted airport improvement fee (Note 15)	1,285,037	1,625,343
Unrestricted	(956,880)	(605,428)
	<u>7,877,327</u>	<u>7,207,556</u>
	<u>\$ 56,762,106</u>	<u>\$ 57,469,749</u>

APPROVED BY THE BOARD

 Director

 Director

Statement of Operations

Year ended December 31, 2009

	2 0 0 9	2 0 0 8
Revenue		
Landing fees	\$ 1,585,498	\$ 1,535,945
General terminal charges	967,552	914,297
Concessions	106,751	169,335
Parking	1,059,277	965,525
Rentals	535,808	505,866
Other	340,154	346,133
	<u>4,595,040</u>	<u>4,437,101</u>
Expenses		
Salaries and employee benefits	1,919,975	2,355,359
Services, supplies and administration	2,516,681	2,680,335
Property taxes	190,554	199,405
Utilities	319,282	354,087
	<u>4,946,492</u>	<u>5,589,186</u>
Operating deficit	<u>(351,452)</u>	<u>(1,152,085)</u>
Other revenue (expense)		
Airport improvement fee (Note 15)	2,534,061	2,801,008
Amortization of deferred contributions (Note 11)	1,645,637	851,086
Amortization	(2,362,032)	(1,520,439)
Loss on disposal of assets	(11,865)	-
Interest on long term debt	(784,578)	(300,592)
	<u>1,021,223</u>	<u>1,831,063</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 669,771</u></u>	<u><u>\$ 678,978</u></u>

Statement of Change in Net Assets

Year ended December 31, 2009

	Invested in Capital Assets (Note 14)	Restricted Airport Improvement Fee (Note 15)	Unrestricted	2009	2008
Balance, beginning of year	\$ 6,187,641	\$ 1,625,343	\$ (605,428)	\$ 7,207,556	\$ 6,528,578
Excess (deficiency) of revenue over expenditure	-	1,749,483	(1,079,712)	669,771	678,978
Capital asset additions, net of related debt	2,089,789	(2,089,789)	-	-	-
Capital asset disposals, net book value	(11,865)	-	11,865	-	-
Amortization of capital assets	(2,362,032)	-	2,362,032	-	-
Amortization of deferred contributions	1,645,637	-	(1,645,637)	-	-
Balance, end of year	<u>\$ 7,549,170</u>	<u>\$ 1,285,037</u>	<u>\$ (956,880)</u>	<u>\$ 7,877,327</u>	<u>\$ 7,207,556</u>

Statement of Cash Flows

Year ended December 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 669,771	\$ 678,978
Items not affecting cash		
Amortization	2,362,032	1,520,439
Loss on sale of capital assets	11,865	-
Amortization of deferred contributions	(1,645,637)	(851,086)
	<u>1,398,031</u>	<u>1,348,331</u>
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	299,747	(473,185)
(Increase) decrease in inventory	(1,795)	6,782
Increase in prepaids	(51,314)	(5,838)
(Decrease) increase in accounts payable and accrued liabilities	(3,020,871)	819,141
Increase in deferred revenue and deposits	730	-
	<u>(1,375,472)</u>	<u>1,695,231</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset additions	(4,709,955)	(24,954,783)
Proceeds on disposal of capital assets	-	3,549
	<u>(4,709,955)</u>	<u>(24,951,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank demand loan proceeds	1,420,000	8,200,000
Repayment of bank demand loan	(7,396,915)	-
Proceeds from long-term debt	1,985,422	8,289,535
Decrease in construction payables	(259,521)	(3,759,177)
Increase in deferred contributions related to capital assets	7,539,143	13,399,801
	<u>3,288,129</u>	<u>26,130,159</u>
(DECREASE) INCREASE IN CASH	(2,797,298)	2,874,156
CASH, BEGINNING OF YEAR	2,965,709	91,553
CASH, END OF YEAR	\$ 168,411	\$ 2,965,709
Supplementary disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 288,833</u>	<u>\$ 79,380</u>

Notes to the Financial Statements

Year ended December 31, 2009

1. NATURE OF OPERATIONS AND TRANSFER OF AIRPORT OPERATIONS

The Prince George Airport Authority Inc. (the "Authority") is incorporated under Part II of the Canada Corporations Act as a non-share capital, not-for-profit corporation and all earnings from operations are reinvested in airport development.

The Authority signed a 60-year ground lease with Transport Canada effective March 31, 2003 ("Canada Lease") and assumed responsibility for the management, operations and development of the Prince George Airport.

The lease provides for an option to extend the term a further 20 years.

2. BASIS OF PRESENTATION

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business.

The Authority's borrowing arrangements with the CIBC are on a demand basis while at the same time the bank is accepting payments on an instalment basis pursuant to the banking agreement. As a result of the demand feature Canadian generally accepted accounting principles require the full amount of the debt to be included in current liabilities. This has contributed to a working capital deficiency of \$6,695,169 at December 31, 2009. However, the Authority will receive contributions totaling \$663,403 from Western Economic Diversification during 2010 which will not be subject to repayment. These funds will be applied to reduce the CIBC bank demand loan and other current liabilities. Reduction of the remaining working capital deficiency and satisfaction of other liabilities and commitments is dependent upon the Authority continuing to maintain profitable operations.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Authority are prepared in accordance with Canadian generally accepted accounting principles.

Financial Instruments – Recognition and Measurement

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below:

- * Cash is classified as a financial asset held for trading and is measured at fair value. Fair value fluctuations in these assets including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income;
- * Accounts receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest method;
- * Accounts payable and accrued liabilities and other long-term liabilities are classified as other liabilities and measured at amortized cost using the effective interest method.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

Notes to the Financial Statements

Year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

The inventory of consumable supplies is recorded at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value.

Canada Lease

The Canada Lease (see Note 1) is accounted for as an operating lease.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Leasehold improvements:	
Buildings	4%
Parking facilities and roadway systems	5%
Other	5%-33%
Office furniture and equipment	20%
Computer hardware and software	33%
Vehicles	10%
Machinery and other equipment	10%-20%
Runway extension	5-50 years

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Income taxes

The Authority is exempt from federal and provincial income taxes as well as capital tax.

Revenue recognition

The Authority follows the deferral method of accounting for contributions whereby unrestricted revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Revenues are recorded when services are performed, the facilities are utilized, or the amounts are earned pursuant to the related agreements. Airport Improvement Fee revenue (Note 15) is recognized when passengers depart the terminal building.

Government Contributions

Contributions towards capital expenditures are accounted for under the deferral method whereby the contributions are deferred and brought into income on a basis consistent with the amortization of the related capital assets.

Notes to the Financial Statements

Year ended December 31, 2009

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Future accounting changes

The Accounting Standards Board is working to develop an exposure draft to address the direction and timing of transition from current standards. The Board has tentatively decided that the exposure draft will propose a free choice for Not-for-profit organizations not subject to public sector accounting standards.

This means the Authority could choose between International Financial Reporting Standards (IFRS) or accounting standards for private enterprises with a modified section 4400 series.

In the interim, the Board has confirmed that the existing CICA Handbook will be maintained for use by the Not-for-profit sector until the new standards are approved.

4. CHANGES IN ACCOUNTING POLICIES

Fair value measurements

Effective for its fiscal year ended December 31, 2009, the Authority adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures relating to fair value measurements. Section 3862 Financial Instruments – Disclosures has been amended to require enhanced disclosures for fair value measurements recognized on the balance sheet. The Authority is required to classify and disclose fair value measurements using a three-tier value hierarchy based on the lowest level input that is significant to that fair value measurement.

Liquidity risk

Effective for its fiscal year ended December 31, 2009, the Authority adopted the Canadian Institute of Chartered Accountants' new recommendations for disclosures relating to liquidity risk. Section 3862 Financial Instruments – Disclosures has been amended to require enhanced disclosures for liquidity risk in response to market conditions. The Authority is required to disclose maturity analysis for derivative and non-derivative financial liabilities based on how the Authority manages its liquidity risk.

5. CASH

	2009	2008
Cash and term deposits	<u>\$ 168,411</u>	<u>\$ 2,965,709</u>

The Authority has a \$500,000 operating line of credit bearing interest at the prime lending rate plus 1% (December 31, 2009 – 3.25%). The operating line of credit is secured by a demand collateral first mortgage of the Authority's leasehold interest and assignment of rents for an unlimited amount. The Authority has a bank covenant of cash coverage of capital expenditure and debt repayment, with which it is in compliance.

Notes to the Financial Statements

Year ended December 31, 2009

6. ACCOUNTS RECEIVABLE

	2 0 0 9	2 0 0 8
Trade receivables	\$ 930,848	\$ 752,226
GST recoverable	58,125	536,485
	<u>\$ 988,973</u>	<u>\$ 1,288,711</u>

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
Land	\$ 15,376,424	\$ -	\$ 15,376,424	\$ 14,468,095
Leasehold improvements				
Buildings	14,298,483	2,757,436	11,541,047	12,221,084
Parking facilities and roadway systems	4,859,557	909,349	3,950,208	3,845,839
Other	65,447	16,526	48,921	30,008
Runway	21,946,292	963,494	20,982,798	18,386,153
Computer hardware and software	453,379	400,112	53,267	47,542
Vehicles	29,540	29,540	-	-
Machinery and other equipment	6,249,722	3,238,602	3,011,120	3,584,796
Construction in progress	307,292	-	307,292	351,279
	<u>\$ 63,586,136</u>	<u>\$ 8,315,059</u>	<u>\$ 55,271,077</u>	<u>\$ 52,934,796</u>

Notes to the Financial Statements

Year ended December 31, 2009

8. BANK DEMAND LOAN

	2009	2008
CIBC demand instalment loan - payable in interest only instalments per month, until January 31, 2009. Principal payments of \$54,265, secured by a general security agreement and a first leasehold mortgage by way of a sublease over all of the Authority's assets, bearing interest at the Bankers Acceptance Rate (0.45% December 31, 2009) plus a 225 basis point stamping fee.	\$ 6,403,085	\$ 7,000,000

CIBC demand instalment loan - Principal payments are to be permanently reduced upon receipt of Federal grant funding with the entire facility to be liquidated within 12 months from drawdown. There remains \$663,000 of government grants to be received at December 31, 2009. These moneys will be used to repay this loan balance upon receipt. Payment schedule is interest only at the Bankers Acceptance Rate (0.45% December 31, 2009) plus a 225 basis point stamping fee.

	620,000	6,000,000
	<u>\$ 7,023,085</u>	<u>\$ 13,000,000</u>

Under the terms of the agreement, the principal payments required in each of the next five years would be as follows:

	2010	2011	2012	2013	2014
	\$ 1,271,161	\$ 651,161	\$ 651,161	\$ 651,161	\$ 651,161

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Trade payables	\$ 682,461	\$ 3,502,277
Construction in progress payable	-	259,521
Payroll accruals	391,145	592,199
	<u>\$ 1,073,606</u>	<u>\$ 4,353,997</u>

Notes to the Financial Statements

Year ended December 31, 2009

10. LONG-TERM DEBT

	2009	2008
Northern Development Initiative Trust, unsecured, bearing interest at 5.0% per annum, due October 2013 unless renegotiated.	\$ 11,507,455	\$ 9,522,034

The Authority has a funding agreement with the Northern Development Initiative Trust to provide funding to a maximum of \$11,000,000 to assist in completion of the runway extension project. Interest accrues on the outstanding principal and accumulated interest balance at a fixed rate of 5.0% compounded once per year and calculated monthly. The loan, and accrued interest, will be paid on the last day of the term of the loan, unless the Authority elects to renegotiate the term and repayment schedule with the Trust.

11. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions represent the unamortized balance of contributions received from government and other entities to fund capital projects.

	2009	2008
Opening balance	\$ 23,297,385	\$ 10,748,668
Contributions received from		
Ministry of Transportation	2,710,963	7,891,621
Western Economic Diversification	4,828,415	5,508,182
Amortization	(1,645,637)	(851,086)
	<u>\$ 29,191,126</u>	<u>\$ 23,297,385</u>

12. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to safeguard the entity's ability to operate and develop the Airport in a high quality manner while maintaining reasonable rates and charges for its users. The Authority meets this objective by generating adequate resources from operations to minimize the need for long-term debt financing.

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 maintains and manages an internally restricted Capital Fund in anticipation of those plans.

Notes to the Financial Statements

Year ended December 31, 2009

13. COMMITMENTS

Transport Canada lease

The Lease agreement provides for lease payments to Transport Canada, which are calculated under a formula based on annual airport revenue, passenger volumes, operating costs and capital expenditures. The lease provides for a rent-free period until January 1, 2011.

14. INVESTED IN CAPITAL ASSETS

	2 0 0 9	2 0 0 8
Opening balance	\$ 6,187,641	\$ 6,055,830
Capital asset additions, including construction in progress	4,709,955	24,954,783
Less: Long-term debt, accounts payable and deferred contributions related to additions	(2,620,166)	(24,150,070)
	<u>2,089,789</u>	<u>804,713</u>
Capital asset disposals at net book value	(11,865)	(3,549)
Amortization	(2,362,032)	(1,520,439)
Amortization of deferred contributions	1,645,637	851,086
	<u>(728,260)</u>	<u>(672,902)</u>
Closing balance	<u>\$ 7,549,170</u>	<u>\$ 6,187,641</u>

15. AIRPORT IMPROVEMENT FEE ("AIF")

On January 30, 2003 the Authority entered into an agreement (the "AIF Agreement") with the Air Transport Association of Canada and major air carriers serving the Prince George International Airport. The AIF Agreement provides for a consultation process with the air carriers on airport development as well as the collection of an AIF by air carriers. AIF revenues can only be used to pay for airport passenger service facilities development and related financing costs. Effective October 1, 2006 the AIF increased to \$15 to further help fund capital expansion. Earned AIF is net of the 7% handling fee withheld by the airlines.

Notes to the Financial Statements

Year ended December 31, 2009

16. PENSION

The Authority sponsors a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined contribution component of the pension plan has five current participating employees. The Authority pension expense for the defined contribution component was \$295,477 in 2009. The defined benefit component applies to employees employed by the Authority on the date of airport transfer, including former Transport Canada employees who may elect to transfer their pensionable service credits under the Public Service Superannuation Act plan to the Authority plan.

Assets will be transferred from the federal government to support the pension liabilities assumed by the Authority plan in respect of former Transport Canada employees who elect to transfer their entitlements to the defined benefit component of the plan.

Based on an actuarial valuation as at December 31, 2009 of the Authority's defined benefit plan under CICA Handbook Section 3461, the net pension expense is as follows:

	2009	2008
Service costs	\$ 60,000	\$ 132,000
Interest cost on accrued benefit obligation	136,000	86,000
Expected return on assets	(111,000)	(100,000)
	<u>85,000</u>	<u>118,000</u>
Pension expense	\$ 85,000	\$ 118,000

Information about the Authority's defined benefit plan contained in the actuarial report prepared as at December 31, 2009 is as follows:

	2009	2008
Market value of plan assets	\$ 2,026,000	\$ 1,648,000
Accrued benefit obligation	(2,453,000)	(1,760,000)
	<u>(427,000)</u>	<u>(112,000)</u>
Deficiency of plan assets	(427,000)	(112,000)
Unamortized net actuarial loss	651,000	203,000
	<u>224,000</u>	<u>91,000</u>
Net pension asset	\$ 224,000	\$ 91,000

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

	2009	2008
Discount rate	6.25%	7.50%
Expected long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase	4.00%	4.00%
Rate of inflation	2.50%	2.50%

Notes to the Financial Statements

Year ended December 31, 2009

16. PENSION (continued)

Other information about the Authority's defined benefit plan is as follows:

	2 0 0 9	2 0 0 8
Employer contribution	\$ 218,000	\$ 181,000
Employees' contribution	25,000	24,000
Transfer in	-	1,124,000
Benefits paid	29,000	87,000

Plan assets consist of:

Equity securities	63.6%	65.8%
Debt securities	36.4%	34.2%

17. FINANCIAL INSTRUMENTS

Fair value

The Authority's cash, accounts receivable and accounts payable and accrued liabilities are reflected in the financial statements at carrying values which approximate fair values due to the immediate and short term maturity of these financial instruments. The fair value of the bank demand loan and long term debt approximates their carrying value as the loans bear interest at current market rates.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. It stems from the possibility of the lender demanding repayment in full of their demand loans.

The Authority manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash.

Accounts payable and accrued liabilities are generally repaid within 30 days. As described in Note 8, the demand installment loan requires regular principal payments which do not pose a cashflow concern, however, the lender does have the right to demand payment in full.

Interest rate risk

The Authority is exposed to interest rate risk on its floating interest rate financial instruments, as changes in these rates could significantly impact cash flows.

Credit risk

The Authority is subject to credit risk through its accounts receivable. A significant portion of the Authority's revenues, and resulting receivable balances, are derived from airlines. The Authority performs ongoing credit valuations of receivable balances and maintains provisions for potential credit losses.

18. OTHER INFORMATION

During the year ended December 31, 2009, the fees paid to the Board of the Authority for their services as directors amounted to \$80,409 (2008 - \$107,000).



Trelle A. Morrow

A lifelong fascination with postal history with a particular interest in airmail material led retired architect Trelle Morrow to author the book “Aviation North” - a documentation of how the air industry developed in northern BC and the characters behind it all. Residents of Prince George since 1954, Trelle and his wife Allison have watched the Prince George Airport evolve from a small field runway into the international airport that it is today. Read some of Trelle’s historical observations about air travel in northern BC on page 5 of this Annual Report.

We see thousands of stories within YXS just like the Morrrows'.
What’s your story?



The Iwama Family

The chance to champion and lead one of Canada's top-rated universities comes along only once in a lifetime. And for the University of Northern British Columbia's new President, Dr. George Iwama, his wife Marilyn and their dog Minku, their summer 2009 relocation to Prince George was all "clear skies". With three sons living in communities scattered right across Canada, the direct links possible through the Prince George Airport ensure the Iwama family can still easily connect with one another.

We see thousands of stories within YXS just like the Iwamas'.
What's your story?



Pictured [L-R]: Daniel, Adam, and Samuel Iwama

Corporate Governance

Board Governance

The Prince George Airport Authority Inc. was incorporated on July 27, 2000.

In accordance with Bylaw No. 3, a bylaw relating generally to the transaction of the business and affairs of the Prince George Airport Authority (PGAA), and based on the principles of accountability and transparency desired by the Federal Government and endorsed by the Board of Directors, the Board is composed of twelve members who are nominated or appointed by:

- The Federal Government [2 Representatives]
- The Provincial Government [1 Representative]
- The City of Prince George [3 Representatives]
- The Regional District of Fraser-Fort George [2 Representatives]
- Prince George Chamber of Commerce [1 Representative]
- The Prince George Airport Authority [3 Representatives]

The Board members represent consumer interests, the business community and organized labour. It includes Directors having legal, engineering, accounting, commercial banking and experience in various other industries.

Committees are structured to support management and the Board of Directors and to act in accordance with the Board's requirements and decisions. The following standing Committees have been established:

- Finance and Audit Committee
- Governance / Nominating Committee
- Community Consultation Committee
- Human Resource Committee
- Airline Consultation Committee
- Environment / Noise Committee

The Prince George Airport Authority holds annual Governance & Strategic Planning Workshops. The guidelines for the workshops have been approved at the Board level.

Conflict-of-Interest Rules

The PGAA is acutely aware of the trust that has been placed in them by the community and all stakeholders involved in the airport industry. The principles of public accountability and conflict of interest are detailed in the Transport Canada lease and our bylaws. It is, therefore, prudent that proper controls and policies be adopted by the Authority that ensure due diligence and maintain the integrity of future management of the Prince George Airport.

In keeping with the spirit of the public accountability guidelines of the National Airports Policy, section 6.12 of the PGAA's operating bylaws has a very thorough section dealing with conflict of interest guidelines.

The policy requires each Board member to disclose any real, perceived or potential areas of conflict. This disclosure must be in writing and updated annually. The policy also addresses the appropriate procedures to be followed, should a Director propose independently to provide services to the authority on a contractual basis.

The Board has ensured that all Directors, officers and employees complied with these rules in 2009.

Contracts Over \$75,000

In 2009 all contracts valued at over \$75,000 were awarded by bid.



Governance Guidelines

Introduction

While not obligated to do so, The Prince George Airport Authority believes it to be a responsibility of its accountability to the community to model its Governance practices as if it were a listed company on a Canadian Securities Exchange.

Following is the Authority's application of those guidelines.

1. Composition of the Board

Guideline

The Board should have a majority of independent Directors, in that being independent means non-management or having no conflict.

Disclosure

The Board is composed exclusively of independent Directors. The Board Chair and other officers are to be elected bi-annually from within the members of the Board.

2. Meetings of Independent Directors

Guideline

The independent Directors should hold regularly scheduled meetings at which non-independent Directors and members of management are not present.

Disclosure

A meeting of Board members only is held at the conclusion of regularly scheduled Board meetings or other times if necessary.

3. Board Mandate

Guideline

The Board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the organization by:

- 3.1 Satisfying itself as to the integrity of the management team
- 3.2 Adopting a strategic planning process
- 3.3 Identifying the principal risks
- 3.4 Having a management succession plan in place
- 3.5 Adopting a communications policy
- 3.6 Having internal controls and information systems operational
- 3.7 Having Governance guidelines and principles in place

Disclosure

The Mission Statement for the Prince George Airport Authority is to "provide leadership as a regional economic driver and a gateway for passengers and cargo by providing exceptional services and facilities."

To achieve this mandate:

- 3.1 The Authority has an in-depth monthly and quarterly reporting and performance measurement system, including regular Board presentations from all levels of management and the ongoing monitoring, comparison, analysis and explanation of results and expectations. External professional resources are employed to test the integrity of internal control systems.
- 3.2 The Authority has a strategic planning process, which includes a long-term Airport Master plan, a dynamic five year Strategic Operating plan and annual operating and capital budgets with goals and expectations reviewed and revised annually.
- 3.3 The Authority continuously implements necessary changes to safety and security management functions relating to aircraft and passenger movement and protection of airport assets through consideration of:
 - (a) An environmental management plan and policies addressing all airport environmental issues including aircraft de-icing and the use and application of fertilizers and pesticides.
 - (b) An airport emergency evacuation plan, a disaster recovery plan and Airport Safety and Security plans.
 - (c) A comprehensive insurance program to protect the airport assets and its financial viability to meet the ground lease obligations.
 - (d) An organizational structure with dedicated safety, security and emergency planning and response personnel.
 - (e) Risk transfer through contract
 - (f) Incident reporting and response procedures.
 - (g) An Airport Safety Committee.

[continued]

Governance Guidelines

3. Board Mandate

- 3.4 A management organizational structure has been approved by the Board.
- 3.5 An extensive communication policy is in place identifying the prime contacts, their roles and responsibilities. The policy defines the process for stakeholders to contact the Authority and for Airlines and Industry service providers to communicate with the Authority.
- 3.6 A comprehensive Management Information and Reporting System which tracks, measures and monitors the integrity of the financial statistics, to provide reliable data for decision making. Service improvement, safety, environmental and security statistics are regularly tracked and monitored.
- 3.7 The Board has established a Governance Committee and a policy and procedure manual has been completed for the Authority's Directors and employees guidance.

4. Position Descriptions

Guideline

The Board should develop clear position descriptions for the Chair, each Committee and the CEO.

Disclosure

Detailed position descriptions have been developed for the Authority's Board and for each Board officer's position. The CEO's job description is in place, as are job descriptions for each of the management team.

Staff job descriptions are also in place and specific job training is conducted continuously.

5. Orientation & Continuing Education

Guideline

The Board should ensure that all new Directors receive a comprehensive orientation.

Disclosure

Each new PGAA Director receives a Director's manual that contains current PGAA policies and procedures at the airport as well as the

Director's role and responsibilities. Tours of the airport including Nav Canada and Canadian Air Transport Security Authority site tours as well as procedures are part of the orientation. Subsequent presentations on airport maintenance and safety procedures are provided. Management and staff receive initial job orientation and follow up specific job element training as required.

6. Code of Business Conduct & Ethics

Guideline

The Board should develop a written code of business conduct and ethics applicable to Directors and employees of the Authority.

The code should address in particular:

- 6.1 Conflicts of interest.
- 6.2 Protection of corporate assets.
- 6.3 Confidentiality of corporate information.
- 6.4 Fair dealing with customers, suppliers, competitors and employees.
- 6.5 Compliance with laws and regulations.
- 6.6 Reporting of any illegal or unethical behavior.

Disclosure

- 6.1 Directors annually complete conflict of interest disclosure documents.
- 6.2 Purchases and approval of payments to employees and customers have established approval protocols in place.
- 6.3 Confidential corporate information is disseminated on a need-to-know basis.
- 6.4 Equal opportunity is stressed for suppliers and contractors and employee working agreements provide equity for employees.
- 6.5 No Director or employee will be required to break any law and compliance with regulations is paramount for employees.
- 6.6 Directors and employees are encouraged to report any behaviour that is outside legal or ethical circumstance to management.

Governance Guidelines

7. Nomination of Directors

Guideline

The Board should appoint a Nominating Committee comprised exclusively of independent Directors who will have a clear mandate established for them including the manner in which they report to the Board.

Disclosure

It is the duty of the Chair of the Governance Committee to chair the Nominating Committee and the remaining members of the Nominating Committee are also to be members of the Governance Committee. The Nominating Committee communicates with the various nominating entities and appointers to seek a balance of Director skills.

8. Compensation

Guideline

The Board should appoint a Compensation Committee composed entirely of independent Directors to make recommendations to the Board with respect to CEO's and the Directors' compensation.

Disclosure

The Board has charged the Human Resources Committee with the responsibility to bring a recommendation annually to the Board as to the method and level of compensation the CEO should receive, based on market comparisons and personal performance.

The Governance Committee has the responsibility to bring a recommendation to the Board, from time to time, as to the level of compensation the Directors should receive.

9. Regular Board Assessments

Guideline

The Board, its Committees, and each individual Director should be regularly assessed regarding his or her effectiveness and contribution.

Disclosure

The Board has adopted a formal evaluation process in which each Director annually completes an assessment of the Board's effectiveness. Attendance expectations objectives for Directors have been established.

10. Board & Management Compensation

The annual remuneration for the Board during 2009 was as follows:

Chair	\$ 12,000
Vice Chair	\$ 7,000
Directors	\$ 3,500

The Board Chair received an additional stipend for the first 6 months of 2009 in the amount of \$5,000.

Committee Chairs receive \$200 per Board and Committee meeting.

Directors receive \$150 per Board and Committee meeting.

Director meeting fees were reduced by \$50 per meeting from April to October 2009.

Compensation during 2009 for all Directors was \$79,908

The combined salaries of the Senior Managers [i.e.] President and CEO, Director of Finance and Administration, Director of Marketing & Business Development and Director of Operations in the year 2009 was \$374,423.

11. YXS Senior Management

President and CEO

John Gibson

Email: jgibson@pgairport.ca

Director of Finance & Administration

Diane Bertram

Email: dbertram@pgairport.ca

Director of Marketing & Business Development

Todd Doherty

Email: tdoherty@pgairport.ca

Director of Operations

Cuyler Green

Email: cgreen@pgairport.ca

The Loehndorfs'

For Gerald Loehndorf, his wife Lynn and their family, the Prince George Airport has always been a place of adventure and discovery. As his children grew up, Gerald would regularly take them to watch plane arrivals and departures - their imaginations stoked by questions of where those winged tubes were coming from and dreams about what exciting adventures they might be travelling on to. For more than 37 years Gerald and his family have witnessed the dramatic changes and expansion of the Prince George Airport and they fondly remember the dreams it inspired for their children.

We see thousands of stories within YXS just like the Loehndorfs'.
What's your story?



Goals and Objectives

1. Support of Staff

- a. Establish organizational values and obtain employee commitment.
- b. Establish a career development plan and implement individualized training plans.
- c. Maintain a workplace where respect and fairness is demonstrated openly: a workplace free of harassment plus fun for everyone, while still providing professional and first-class services.
- d. Involve all staff in strategic planning and decision-making.

2. Operate In A Safe, Secure and Environmentally Responsible Manner

- a. Maintain and exceed any required safety programs.
- b. Maintain and exceed all security requirements.
- c. Develop and apply an effective and proactive environmental management program.

3. Provide Our Customers With A User-Friendly, First-Class Facility

- a. Maintain a competitive cost environment for airlines.
- b. Maintain and upgrade existing airside and groundside facilities.
- c. Improve facilities to support growth and new opportunities.
- d. Improve the customer experience by developing great customer service.
- e. Drive down the cost of travel using the YXS Gateway.

4. Operate As A Financially Viable Entity

- a. Maximize all sources of revenue.
- b. Provide cost-effective service, minimizing expenditures without compromising safety, security or customer service.
- c. Operate within operational revenues.
- d. Capital program will be funded through the Airport Improvement Fee.

5. Ensure Public Accountability

- a. Establish public accountability mechanisms.
- b. Implement a commitment to excellence through strategic planning.

6. Form Partnership Stakeholder Relationships With the Community, Airport Tenants and Users

- a. Develop a Protocol Agreement with the City of Prince George and the Regional District that illustrates the philosophy of co-operation, good communications and addresses a common vision.
- b. Maintain and grow existing relationships with Initiatives PG, the Northwest Corridor Development Corporation, Northwest Tourism Association, Chamber of Commerce and other organizations to work at improving the economic climate of Northern British Columbia.
- c. Ensure good communications and co-operation are maintained with airline partners by continuing the Airline Operating Committee and through the Airline Consultation Committee.
- d. Encourage open communication with community members through the Community Consultation Committee.

7. Pursue Marketing Initiatives and Economic Development

- a. Develop and implement a strategic marketing plan.
- b. Develop airport lands while supporting community objectives.
- c. Retain and strengthen existing air services.
- d. Develop new markets (international, national & transborder).

8. Cultivate and Promote the Airport's Role and Image With The Community

- a. Focus information campaigns regionally.
- b. Continue trade shows regionally and locally.
- c. Continue developing expertise on northern transportation issues.
- d. Strengthen media relationships.
- e. Promote school programs.

5 Year Business Plan

Business Plan Cash Flow Forecast 2010 - 2014

Shown in thousands of dollars.

YEAR	2010	2011	2012	2013	2014
Revenues	7,570.3	7,608.2	8,735.8	8,901.8	9,070.9
Expenses	6,179.1	6,210.0	6,578.0	6,703.0	6,830.3
Capital	1,456.4	605.0	1,060.0	3,150.0	500.0

Assumptions:

1. Forecasted revenues and expenses assume 0.5% annual growth for 2010 and 1.9% growth each year thereafter.
2. Amortization is not included.



Shelby Travers

Diagnosed with a life-threatening medical condition, young Shelby Travers bravely faces the day-to-day challenges that confront a person with a multitude of permanent disabilities. Recognizing that Shelby's dreams and inspirations give her the strength to deal with her illness, her social worker, Karen at Sunnyhill Centre, made a request to the Sunshine Foundation to "make a dream come true" for Shelby. Enchanted as a child by the Madeline books and fascinated by fashion, Shelby has always wanted to see Paris. And thanks to the efforts of the Sunshine Foundation and the Prince George Airport Authority, she's on her way!

We see thousands of stories within YXS just like the Shelby's.
What's your story?



Maintenance Crew

With the recent completion of our airport runway expansion, YXS has not only made an investment in our community and our region, but also in the employees and their families who help maintain our Airport.

We see thousands of stories within YXS just like our employees and their families. **What's your story?**



Pictured [R]: **Ron Caldwell** [Superintendent of Fleet], retired last year after 16 years of service with the Prince George Airport.

Board of Directors



James (Jim) Blake
Chair
Nominated by City of Prince George
Attendance: 7/7 Board*



Les Waldie
Vice-Chair
Chair, Human Resource Committee
Nominated by Initiatives Prince George
Attendance: 6/7 Board, 9/9 Committee



Tom Newell
Secretary
Nominated by Federal Government
Attendance: 5/7 Board, 9/9 Committee



Ron Epp
Treasurer
Chair, Finance & Audit Committee
Nominated by City of Prince George
Attendance: 6/7 Board, 7/7 Committee



Neil King
Chair, Governance & Nominating Committee
Chair, Airline Consultation Committee
Nominated by Initiatives Prince George
Attendance: 7/7 Board, 3/4 Committee



Don Gould
Chair, Community Consultation Committee
Nominated by Provincial Government
Attendance: 7/7 Board, 1/1 Committee



Mike Tkachuk
Chair, Environment / Noise Committee
Nominated by Regional District of Fraser-Fort George
Attendance: 7/7 Board, 1/1 Committee



Andy Clough
Director
Appointed by Federal Government
Attendance: 6/7 Board, 4/7 Committee



Marion Bartlett
Director
Nominated by Prince George Airport Authority
Attendance: 7/9 Board, 1/3 Committee



Al Leier
Director
Nominated by Prince George Airport Authority
Attendance: 4/6 Board



Tejinder Grewal
Director
Nominated by City of Prince George
Attendance: 4/4 Board



Carol Brown
Director
Nominated by Regional District of Fraser-Fort George
Attendance: 1/2 Board

*The Board Chair attends all Committee meetings as required.

*"You can't know where you are going,
until you know where you've been."*

4141 Airport Road - 10
Prince George, British Columbia
Canada V2N 4M6

Telephone: (250) 963-2400

Facsimile: (250) 963-3313

Email: info@pgairport.ca

Web: www.pgairport.ca



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