



MINUTES

2014 Annual General Meeting

(MM0003)

Held at 5:30 p.m. on September 25, 2014

Greater Victoria Harbour Authority
Marriott Hotel, 728 Humboldt Street, Victoria, BC

In attendance:

GVHA Member Agencies

Capital Regional District
The Chamber
City of Victoria
Esquimalt Nation
Songhees Nation
Tourism Victoria
Township of Esquimalt
Victoria Esquimalt Harbour Society

Members' Representatives

Alastair Bryson
Al Hasham
Pamela Madoff
Millie Modeste
Chief Ron Sam
Bill Lewis
David Schinbein
Hannah Horn

Resources: Bill Wellburn, Board Chair
Curtis Grad, President/CEO
Kathrn Stuart, Parliamentarian
Ryan Bortoln, Recording Secretary

Meeting Chair: Bill Wellburn, GVHA Board Chair

1. Call to Order

The Chair called the meeting to order at 5:30 p.m.

2. Introduction of Member Representatives

Capital Regional District, Alastair Bryson, Chair
City of Victoria, Councillor Pamela Madoff
Esquimalt Nation, Millie Modeste
Tourism Victoria, Bill Lewis, Vice Chair
Songhees Nation, Chief Ron Sam
Township of Esquimalt, Councillor David Schinbein
The Chamber, Al Hasham, Vice Chair
Victoria/Esquimalt Harbour Society, Hannah Horn, President

3. Notice of Meeting and Confirmation of Quorum

The Chair confirmed there was a quorum present for the meeting.

4. Approval of Agenda

AGM/M-2014-09-25 #001: MOVED and SECONDED THAT the agenda is approved.

CARRIED

5. Approval of Standing Rules

The Chair drew attention to Rule 3 of the Standing Rules and stated that as this was an AGM, any resolutions would be the privy of the members' representatives, with the public welcome to ask questions and make comments at the end of the meeting.

AGM/M-2014-09-25 #002: MOVED and SECONDED THAT the Members approve the Rules of Order as presented.

CARRIED

6. Appointment of Parliamentarian and Recording Secretary

Kathryn Stuart and Ryan Bortolin of the law firm Stewart McDannold Stuart were appointed as Parliamentarian and Recording Secretary, respectively.

The Chair acknowledged the large turnout for the meeting, noting the presence of many Board members.

7. Approval of Minutes

7.1 August 15, 2013

AGM/M-2014-09-25 #003: MOVED AND SECONDED THAT the minutes from the Annual General Meeting of August 15, 2013 be approved.

CARRIED

7.2 January 17, 2014

AGM/M-2014-09-25 #004: MOVED AND SECONDED THAT the minutes from the Special General Meeting of January 17, 2014 be approved.

CARRIED

8. Report from the Board of Directors

The Chair began by acknowledging the hard work of staff in contributing both to the Report from the Board and the Report from the President.

Overview of GVHA's operations

The Chair provided an overview of the GVHA's constitution and the 13 purposes it contains. He stated that GVHA is required to maintain its operations on a self-sufficient basis, to develop and maintain a strategic plan, and establish sufficient working capital. He stated that to further these purposes, the Board has established a restricted reserve policy that will result in seven million dollars being set aside in a contingency fund. He stated that the fund is currently in the four million dollar range but that it is expected to reach seven million over the next few years.

The Chair then discussed GVHA's role in the harbour. The Chair reviewed the purposes listed under the GVHA's constitution that relate to this role and stated that the GVHA is an advocate for a working harbour. He noted that gentrification is an issue in every harbour, but that Victoria's harbour must continue as a force for moving goods and people between land and sea. He stated that GVHA is an infrastructure builder, and that a lot of what the Harbour Authority has accomplished recently cannot be seen by the naked eye, as it is either underground or underwater. He stated that one of the most important recent projects that GVHA has completed recently is the installation of handrails on Ogden Point.

The Chair then noted that GVHA is not only a self-funded organization, but that it also is a municipal taxpayer of some note. He stated that GVHA pays property taxes in excess of one million dollars. He

stated that GVHA has become an economic engine for the region, and noted the number of people who come to Victoria for the first time on a cruise ship and then come back is significant.

Director Nomination Process

The Chair then discussed the director nomination process. He stated that the Board is trying to regularize the rotation of directors so that each year 3 to 4 seats become vacant, with directors being elected or re-elected for a three-year term.

He stated that this year there will be four Member Agency Board positions that expire and, in addition, there are currently two vacant community Board positions. The Board has developed a matrix of skills and experiences it wants to have represented on the Board and that the gaps within the matrix inform the current needs of the Board.

In this current fiscal year, the Board is hoping to have new directors appointed who have experience in government relations and public engagement; cruise industry and destination tourism experience; commercial real estate experience, including urban planning and design; commercial marine experience and understanding of the harbour-related business sector.

Following interviews of interested candidates, the nominations sub-committee will bring recommendations to the Board to fill upcoming vacancies.

9. Report from the President and CEO

The President & Chief Executive Officer (P/CEO) began by outlining the GVHA's major initiatives over the past year. He noted that the year involved investing in infrastructure that did not directly generate revenue but was still very important to the GVHA's operations. He also pointed out improvements made in the Inner Harbour, including those made to the Steamship Terminal, and thanked Victoria City Council and Councillor Madoff in particular for the guidance and support GVHA received in that area.

The P/CEO also noted the Pacific Undersea Gardens lease that was assigned to GVHA a few months ago and stated that securing that property was important to future planning/flexibility for Belleville Terminal redevelopment. He also discussed the importance of the Hyack Terminal, stating that the purchase will ensure that the terminal remains available to facilitate business and competition amongst float plane companies.

Ogden Point Improvements

The P/CEO then discussed the improvements made to Ogden Point over the past year, including the Pier A bollards installation and the caisson repairs. He noted that these repairs were long-term investments made to ensure the facilities are available for decades to come. He also pointed out the investments made in repaving and wayfinding on GVHA properties.

Master Planning Process

The P/CEO then discussed GVHA's initiatives for harbour planning. He stated that now that the Fisherman's Wharf Master Plan was concluded, the next step is to initiate the master plan for Ogden Point, which will be a more complex/difficult exercise. He stated that GVHA plans to reinstate consultation for the Ogden Point Master Plan in spring of 2015.

First Nations Economic Development

He then discussed First Nations economic development, noting that one of the 13 purposes in GVHA's constitution is to help identify creative methods of facilitating a meaningful role for First Nations in the economic development of the Harbour area. He stated that GVHA had been working on this for a number of years, but that the most concrete and meaningful initiative has been the creation of the First Nations

economic development company, Skwin'ang'eth Se'las Development Corporation ("Helping Hand") with Esquimalt Nation and Songhees Nation. He stated that the new company will be working with the two local First Nations and GVHA to advance opportunities and incubate new businesses that will prosper under First Nation management.

Sustainability

The P/CEO then discussed sustainability initiatives. He stated that GVHA is investigating strategies to ease transportation concerns. He discussed the shuttle bus pilot project, and stated that the goal was to step away from direct operation of the project once the pilot phase is complete.

He then discussed the water shuttle pilot project, and how phase 2 of that project involved integration into of the service into Victoria Harbour Ferry's regular operations. GVHA is now going to analyze the two phases of the project to see what works before deciding whether to go into a long term contract.

He then discussed GVHA's walking strategy and stated that GVHA subscribes to the City's objectives for David Foster Way. He stated that GVHA wants to build on that initiative. He noted the increase in walking as a method to get downtown from the cruise ship terminal, with the numbers up to 27% from 18%. He also stated that speed management initiatives, such as speed-reader boards and enforcement through licensing of taxi drivers has been successful.

The P/CEO then discussed GVHA's Green Marine program. The President noted that since the first audit in 2012, GVHA's rankings have gone up from level 2 to level 3. The results as a whole show that the GVHA is in the top 3 in North America of participants in this program.

Community Engagement

The P/CEO then discussed GVHA's community engagement initiatives. He stated that community engagement has become a bigger part of what GVHA does. He stated that effective community initiatives could not happen without cooperation between the City, GVHA and the Province.

Operating Results

The P/CEO then discussed the operating results for the year. He stated that it had been a challenging year, and that was reflected in the operating results. He stated that operating performance was not as strong as had been budgeted. He noted that there was an increase in lost cruise ship calls from 5 to 7, and that occupancy was down from 105% to 103.5%. This had an overall impact of approximately \$100,000.

He then noted the delay in tenanting the Steamship Terminal. He stated that GVHA had budgeted receiving lease revenue from the Steamship Terminal earlier in the year than they actually did. He stated that the lack of revenue earlier in the year had a significant impact on the operating results for the year. He noted that now there is a solid restaurant tenant, and the Robert Bateman Centre operating in the building.

He then stated that the other decision that had a big impact on the operating results was the purchase of the Hyack terminal. The purchase replaced a reliable source of rent with individual licenses. He also explained that it was important to secure these assets in order to ensure conditions for continued competition in the local float plane market.

He then discussed the shuttle contract, which roughly broke even. He stated that there was no profit incentive in this program because operating this program on a for-profit basis would incent more passengers using the service and, hence, more buses on the road, which is not the GVHA's goal. Although GVHA anticipates the vast majority of cruise passenger will be transported downtown by bus, it is keen to see distribution over various modes (taxi, pedi-cabs, horse-drawn carriages, limos, walking, water shuttle, etc.)

The P/CEO noted that the double-digit growth of the past 10 years in cruise ship passengers/calls is now leveling out, which allows GVHA the chance to pro-actively plan services and infrastructures which it has previously been unable to do due to the steep growth curve.

Organizational Growth

The President then noted the growth in the organization. He stated that for 2014/2015 there are 38 full-time employees and 6.8 seasonal employees. He illustrated by graphical means that these numbers tracked proportionally against overall revenue growth. In its next 3-year plan, GVHA foresees a flattening out of expenses and a modest increase in revenue based on GDP growth. He stated that GVHA is becoming a much more mature organization so a plateauing of revenue and expenses is to be expected.

He then noted that there is a great deal of accountability within the corporate structure of GVHA. He is accountable to both the Chair and the Board of Directors. But he also stated that there is a great deal of informal accountability to business/industry and the community.

The P/CEO then stated that tremendous thought and effort had been invested in the past year reorganizing the team to be more accountable and stakeholder focused. He noted that the Chief Operating Officer, Sonterra Ross, is now focusing exclusively on operations and commercial development and ensuring that the GVHA's customers get all their information from the same source. He stated that the strength of their team has allowed him to step up and focus more on strategic development.

The P/CEO then discussed property taxes and that he sees it as a point of pride that they are the only non-profit organization in the top 30 taxpayers in the City. He noted that property taxes have doubled since 2002 due to property improvements, acquisition of leasehold property and a general increase in assessments.

Capital Program

The President then discussed the GVHA's capital program. He noted that investment is sometimes uneven from year to year. It was low in 2012, but last year it was a record in capital investment. He stated this has drawn down GVHA's reserves. He stated that the Board has recently approved a restricted reserve policy to ensure GVHA has sufficient capital on hand in the event of a significant unplanned event.

He then discussed the capital assets of the GVHA. He stated that a value of Harbour Authority assets has increased from \$50 million to \$60 million since inception. Approximately \$2.4 million of this growth in assets happened last year representing ¼ of the overall increase since 2002. He stated this has, however, had an impact on reserves and capital costs.

10. Receipt of Financial Statements and Auditors reports

AGM/M-2014-09-25 #005: MOVED and SECONDED THAT the Members receive the March 31, 2014 audited financial statements as approved by the Board of Directors and accompanying the Auditor's report.

CARRIED

11. Appointment of Auditors for the year ending March 31, 2015

AGM/M-2014-09-25 #006: MOVED and SECONDED THAT the Members approve the Board of Director's recommendation for KPMG's reappointment as the GVHA's external auditor for the year ending March 31, 2015 and that their remuneration be approved by the Board

CARRIED

The Board Chair then extended the meeting by 30 minutes.

12. Members Question and Comments

Pamela Madoff

Question: Ms. Madoff asked how the GVHA is dealing with the current vacancy on the Board created by the dissolution of the Provincial Capital Commission.

Answer: The Chair answered that the Bylaws were specific in this regard. When a corporation is dissolved it is no longer a member. There would need to be an Initiative of the Board recommending that a particular body be added as a member agency. Alternatively, the member agencies would have to bring forward a recommendation by special resolution that another entity become involved. The Chair stated that this issue is on the Board's radar and that he expected that in due course the Board would bring forward recommendations.

Question: Ms. Madoff then addressed the City Harbour Pathway Initiative and asked if GVHA's statements regarding working with the City on the initiative includes any financial contribution on the part of the GVHA.

Answer: The Chair stated that GVHA is happy to participate in this initiative and it looks forward to working with the City, but that it cannot make any financial commitment at this point.

The P/CEO stated that he spoke with City Council a few weeks ago on this matter and noted that there are many areas where the path goes across GVHA's property. He stated that he would work with the Board to see how the program could be advanced on GVHA property. Although no commitment on dollars at this time, GVHA is looking at how it can integrate this initiative with GVHA's own capital programs.

Question: Ms. Madoff addressed the reduction of buses attending Ogden Point. She asked what type and age of rolling stock would be permitted on site.

Answer: The P/CEO stated that, with the solid progress made on the cruise shuttle side, GVHA has now turned its attention to tour operators regarding how to modernize their rolling stock. GVHA knows it is desirable to modernize the fleet but does not want to cripple the industry. For 2015 forward, GVHA implemented a moratorium on any additional pre-1999 buses attending the site. He also noted that older buses are starting to come off the site through natural attrition.

Al Hasham, the Chamber

Question: Mr. Hasham asked if GVHA has any data on pleasure craft visits to Victoria, and if there are any trends on pleasure craft visits in this regard.

Answer: The P/CEO answered that there is not a lot of rich data out there on pleasure craft but that GVHA sees pleasure craft visits as an important opportunity. It is looking forward to working with Tourism Victoria regarding to investigate/penetrate this market.

Hannah Horn, VEHS Representative

Question: Ms. Horn asked whether increased GVHA expenditures would lead to increased rents for the cost of doing business with GVHA.

Answer: The P/CEO stated that last year was the largest capital expenditure year that GVHA has had, and that there is no expectation that this trend will continue into the future. He stated that increased capital expenses and/or overhead costs do not have any relation to rent, which is market based. He stated that bringing rents up to market value has already been done.

Question: Ms. Horn asked what GVHA's policies on risk was.

Answer: The Chair responded that GVHA has created a risk register consistent with best practices in enterprise risk management. He stated that these initiatives will help guide the organization forward, and that risk management is always on the table.

Question: Ms. Horn asked about the kind of resources GVHA plans to dedicate to funding personnel for traffic management moving forward.

Answer: The P/CEO answered by saying that currently there is no single person involved in this issue but that it occupies about 20-25% of the leadership team's time, particularly in the fall and winter.

Question: Ms. Horn inquired as to who is responsible for setting policy regarding emergency response in the harbour and for collaborating with the federal government in this regard.

Answer: The P/CEO answered that GVHA works with Transport Canada /the Harbour Master and Coast Guard which are ultimately responsible for emergency responses in the harbour. He stated that Ian Crocker, who is retiring at the end of the year, is working with their team to further develop GVHA's emergency plan for its own properties.

Question: Ms. Horn asked how the dissolution of the PCC fit with GVHA's strategic priorities.

Answer: The P/CEO answered that GVHA's strategic priorities are about coordinating harbour planning. He stated that GVHA looks to Victoria for leadership because they are the zoning authority, but that GVHA consults with others as well.

Question: Ms. Horn asked whether GVHA intends to purchase any electric vehicles for its fleet.

Answer: The P/CEO stated that GVHA is keen to replace its fleet with electric powered vehicles but the type of vehicles that GVHA requires do not exist in electric powered form. He stated that when the technology catches up with GVHA's needs, it will make serious efforts to green its fleet.

13. Public Questions

Randy Wright – Lifetime Member

Mr. Wright provided a spreadsheet tracking GVHA's revenue and expenses since 2004. He stated that he did not feel that the current level of growth was sustainable.

The Chair stated that it has been interesting to watch the organization grow and that the organization has taken major steps forward. He acknowledged that expenses have gone up and that revenues have gone up as well. He stated that GVHA works on a careful budgeting basis on 3-year intervals. The organization is getting to the point of seeing its cash from operations increase. The Chair has stated that he is comfortable with where the GVHA is now.

Bernie Talbot – ILWU Longshoreman

Mr. Talbot stated that he felt this year had gone very well, in terms of Ogden Point operations. He stated that when talking to people at Ogden Point most cruise passengers had good comments about wanting to come back to the City. He also noted that he had started a car show at Ogden Point on Saturday night and that it had increased from 20 cars on the first night to 70 cars throughout most of the year.

The Chair responded by thanking Mr. Talbot and his colleagues for the work that they do. The P/CEO stated that the car show was another way to draw people from the cruise ships to the pier.

Marg Gardner – James Bay Neighbourhood Association

Ms. Gardiner stated that she had concerns regarding GVHA pays a disproportionately smaller amount in taxes, based on land area, compared to other individuals and companies that have land holdings elsewhere in Victoria. She stated that she had concerns regarding GVHA's social licence and the manner in which Board members were approved. She stated she wanted new buses attending Ogden Point rather than many of the current older vehicles that are used by tourism operators.

The Chair thanked Ms. Gardiner for her comments.

Brett Hartley – ILWU

Mr. Hartley stated that a lot of the money GVHA had recently spent on infrastructure in the harbour increased the safety of his union's workers. He stated most of the residents he talks to who visit Ogden Point are happy with the job GVHA are doing. He thanked GVHA for its efforts.

The Chair noted that Mr. Hartley and Ms. Gardiner represented two different perspectives. He stated that the GVHA does its best to reach its goals. He stated that the GVHA's commitment is to do the best it can to balance the needs and expectations of the various stakeholders.

MOVED and SECONDED that the Annual General Meeting be adjourned.

CARRIED

The meeting was adjourned at 7:05 pm.



Bill Wellburn, Chair