

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

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

FRIDAY, AUGUST 23, 2013

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

MINUTES

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

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

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

Disclaimer

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

Chair's Report - Authority

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

- the annual report, including the audited financial statements for the fiscal year ended March 31, 2013.

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

Ms. Peverett reported that no changes were made in the fiscal year to the Director and Executive compensation plans for Services previously established by the Authority. She noted that these plans are available for public view on the Authority's website at www.bcferryauthority.com.

Ms. Peverett reported that the Authority's activities this past fiscal year were focused on ensuring Services continues to have a strong Board of Directors to oversee the key operational and strategic objectives of the Company. She advised that the Authority appointed three new directors to the Services Board during the year. The new Directors bring with them a depth of skills and experience that the Authority is confident will serve the Services' Board well in performing its stewardship role.

Ms. Peverett advised that the past fiscal year also brought with it a change in the membership of the Authority Board. On behalf of the Board of Directors, she welcomed two new Directors, Robin Kenyon and Christopher Causton.

Ms. Peverett introduced the members of the Board of Directors of the Authority.

Ms. Peverett described the high standards of accountability that must be met by the Authority, and noted that the Authority's compliance with its legislated obligations is also independently reviewed and publicly reported on annually by the British Columbia Ferries Commissioner ("Commissioner").

In addition, she also noted that public meetings, such as this, reflect the Authority's continued commitment to ensuring transparency and public accountability.

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

Chair's Report - Services

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

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

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

- the annual report, including the audited financial statements for the fiscal year ended March 31, 2013;
- the annual report to the Commissioner for the fiscal year ended March 31, 2013; and
- the business plan for the fiscal year ended March 31, 2014.

Mr. Hayes reflected on some of the significant accomplishments made over the past fiscal year, such as achieving the highest on-time performance record ever at 92 percent. He further noted that the Company successfully maintained a high standard of service reliability, delivering 99.8 percent of scheduled round trip sailings and that the all-important customer satisfaction rating was also very strong at 88 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 during the year, Services realised operating cost efficiencies in excess of \$31 million, well on the way to achieving the total efficiency target of \$54 million set by the Commissioner for the four years ending March 31, 2016. He remarked that these achievements demonstrate the Company's clear commitment to customer service and prudent fiscal management.

With regard to Executive compensation, Mr. Hayes advised that the Board pays strict attention to Executive, Management and employee compensation packages. He stated that Executive compensation must be competitive with other complex organization in order to attract and retain highly-skilled and innovative individuals.

He noted that in accordance with the *Coastal Ferry Act*, the compensation of the President & CEO and future Executive Vice Presidents cannot exceed the remuneration that provincial public sector employers in British Columbia provide for similar positions. He reported that over the last several years, the Company has reduced the number of Executives by almost half, and reduced Executive compensation by approximately 54 percent.

Mr. Hayes referred to the public consultation and engagement process for input on service level adjustments and a long-term vision for coastal ferry service conducted by the provincial government this past fiscal year. He noted that Services provided technical support to this process. Mr. Hayes remarked that ferry service levels are a public policy decision of the provincial government, and the Company awaits direction from the government regarding any potential adjustments to its service levels and the resulting impact on fares.

Mr. Hayes introduced the current Directors of Services and, on behalf of the Board, extended thanks to outgoing Board members Holly Haston-Grant and Wayne Stoilen for their years of valuable service.

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

President's Report

Mr. Corrigan provided a summary of the “year in review”, noting the traffic levels in the past fiscal year and the investment the Company has made in capital expenditures.

He provided a report on the key accomplishments of the Company during the past fiscal year regarding safety, training, customer service, investments in the fleet and terminals, financial integrity, stakeholder relations, and business expansion, including commercial services and BC Ferries Vacations.

Mr. Corrigan also reported on the status of key initiatives that are underway, including the automated customer experience program, vessel replacement program, including plans respecting a cable ferry and intermediate class ferries, and the consideration of liquefied natural gas for vessel propulsion.

Mr. Corrigan reviewed the key cost drivers of the Company and reported on capacity utilization on the routes the Company serves. He also reported on the value of and timeline for achieving the service level adjustments as set out in the CFSC for the current performance term. He reviewed the Company's role in the government's upcoming public discussions on service level adjustments and the development of strategies to support a long term vision for connecting coastal communities.

Mr. Corrigan closed his presentation by affirming the Company's commitment to safety and security, and noting specific areas of focus in the year ahead, such as employee engagement initiatives, development of the minor route vessel and infrastructure replacement strategy, continued success of BC Ferries Vacations and drop trailer business, growing catering and retail revenues, continued improvement in the customer experience, and continued prudent management and cost containment.

Financial Report - Fiscal 2013

Mr. Clarke provided an overview of the financial results and capital expenditure program for the Company for the fiscal year ended March 31, 2013.

Open Dialogue

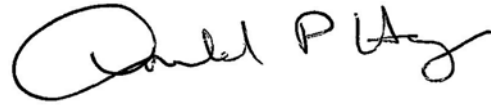
A question and answer session ensued. This session was facilitated by Mr. Williams.

Closing Remarks

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



Jane L. Peverett
Chair
B.C. Ferry Authority



Donald P. Hayes
Chair
British Columbia Ferry Services Inc.