



ACCOUNTABILITY REPORT

Message from the CVAC Board Chair

The past year was a full one at the Comox Valley Airport. As a result of the global economic environment we have faced a number of key challenges that have affected both our operations and our outlook going forward. However, like the community in which we are located, we are positive, forward looking, and optimistic about our future. On behalf of the CVAC Board, I am pleased to present this overview of the 2008/09 year.



Like airports worldwide, YQQ has witnessed a downturn in total passenger numbers and has had to respond to a pace of economic change and volatility not seen in decades. Our passenger numbers declined approximately 18% on a year over year basis.

The good news is the horizon looks promising over the medium and long term. Passenger load factors with WestJet, our key airline, demonstrate excellent commitment by the travelling public. Passenger support for WestJet destinations, both in and out of Comox, exceeds that airline's overall corporate load factors. It is this demonstration by the travelling public that will ensure our medium and long term success at YQQ. The trend looks promising indeed. In June of 2009 WestJet announced direct Comox to Puerto Vallarta flights during the winter travel season, as well as expanded service on its Comox to Calgary/Edmonton flights this summer.

As a result of the economic downturn, the board made a strategic decision in December 2008 to defer the further expansion of the terminal building until warranted by passenger and air service development increases. This was a prudent decision by the board; a recognition that development decisions must always be tested against both the business case and the economic realities of the day.

One of our most prized accomplishments over the past year was to be recognized again – for the fifth straight year – the top award for customer service as measured through InterVISTAS Consulting. This is a real testament to our staff and volunteers, each of whom makes a strong commitment to ensuring that each passenger at YQQ leaves with a positive experience. Our staff and volunteers are truly our most valuable resource; we are proud that they have chosen to be part of our team.

We enjoy significant support from our community partners and Nominating Entities as well. Municipal and regional elected officials, the Comox Valley Economic Development Society and the Comox Valley Chamber of Commerce support our many initiatives. Whether improving key transportation infrastructure, or working together to create economic growth for the region, we have always been able to count on them to assist us in our work. A recent example of purposeful collaboration centered upon the common good is the road improvement on Knight Road. These improvements benefit both the travelling public and the community at large. The design and construction of the traffic circle, the aesthetic improvements along Knight Road, and the acknowledgment of the importance that our First Nations are to all communities effectively demonstrates that through partnership comes lasting achievement. We generously thank our community's leaders for their strong support.

The year also saw some departures from the Comox Valley Airport. The suspension of service of Air Canada Jazz flights to Calgary was disappointing news for both us and the travelling public; however we look forward to their re-entry into this market in future.

Some key individuals at CVAC also moved on during the past year. I want to recognize their service to the organization. In August 2008, Mr. Dave Mellin resigned as a Director and Board Chair, and in April 2009 Ms. Judith Round and Mr. Terrance Law both resigned their positions as members of the Board of Directors. On behalf of the board, I thank them all for their service to the airport.

In April 2009 the board ended its employment relationship with CEO Chuck Fast. Mr. Fast played a key role in the development of the terminal building over the past number of years. We appreciate his many contributions to CVAC.

Sadly, during the past year, the Comox Valley lost one its most outstanding citizens and public servants. CVAC always enjoyed unparalleled support from Stan Hagen for our goals, aims, and vision. Stan was a champion of CVAC from the very beginning. He never wavered in his support for the Comox Valley Airport and was an enthusiastic backer of all of our initiatives over the years. The leadership that Stan Hagen brought to CVAC, the community, and the province will be felt for years to come.

In closing, I wish to thank my colleagues from the board for their support and for their service to CVAC and the community. Your dedication is valued and I am proud to serve with each of you.

Respectfully submitted,



Ken Dawson
Board Chair
Comox Valley Airport Commission

Operations Review and Outlook

The Comox Valley Airport Commission (CVAC) is a without share capital, not for profit corporation federally incorporated under Part II of the Canada Corporations Act. CVAC received its Letters Patent in February 1996. CVAC's mandate is to undertake the management and operation of the commercial civil aviation facilities at Canadian Forces Base (CFB) Comox for the general benefit of the public. CVAC constructed new airport facilities in the south west corner of CFB Comox and holds a 25 year lease for this land from the Department of National Defence.



The Commission's facilities and leased land area are known as the "Comox Valley Airport". These facilities are also informally referred to by the international identifier for the Comox Airfield, "YQQ".

Comox Valley Airport Commission's Mission Statement

CVAC's Mission is to "operate safe, secure and efficient civil aviation facilities and services which consistently exceed the expectations of our customers and communities."

Comox Valley Airport Commission's Vision

To be Vancouver Island's preferred gateway.

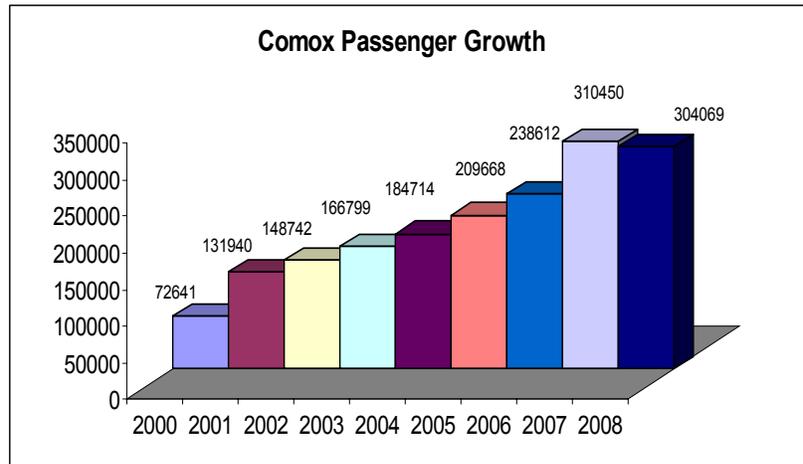
Goals

Four goals are identified in CVAC's five year Strategic Plan:

1. Provide facilities that address current and future demands of customers;
2. Promote and foster regional development and community pride;
3. Expand air services; and
4. Financial viability.

2008 in Review

The Comox Valley Airport Commission started where it left off at the end of fiscal year 2007/2008 with dynamic growth that continued until June 2008. Exceptionally high fuel prices in the summer of 2008 coupled with a worldwide economic crisis that saw much of the world's economy slip into recession led first to a flattening of airport passenger numbers in the summer of 2008 to outright decreases in passenger numbers throughout the fall and into the winter. There are signs that that the economic recovery will begin in late 2009 or early 2010. Economists believe that the recovery will unfold more slowly than previous recoveries and BC will not be back to full economic capacity until 2012. This has greatly impacted the Comox Airport's ability to meet all key financial and operational objectives in 2008.



Total passenger movements for 2008 were 304,069 passengers which represents a decrease of two percent over 2007. The Comox Valley Airport is the sixth busiest airport in British Columbia. The Comox Valley Airport Commission is exceptionally pleased to again be voted by customers as the number one airport in Canada in 2008 for customer satisfaction, which is the fifth year in a row that Comox has received this recognition. The survey is conducted by the Canadian Airports Council for its members.

Total revenues for fiscal year 2008/2009 decreased by eight percent for the year while direct operating costs increased eight percent. Decreased revenues were due to decreased passenger numbers and a correspondingly lower return, with minor exceptions, from non-airline revenues. Operating cost increases are largely due to increased repair and maintenance costs, increased utility rates, increased amortization expense, and increased wages due to staffing increases. As of 31 March 2009, the CVAC debt was reduced to \$5.35 million.

The Comox Valley Airport Commission invested an additional \$390,282 in property, plant and equipment to expand the airport infrastructure in the 2008/2009 fiscal year. Included in these investments were:

- Fuel facility planning and soil testing
- Operations building concept development and plans
- International terminal building concept development
- Upgrade of rental property on airport land purchased in March 2008

Outlook for 2009

The economic environment in British Columbia is slowly beginning to improve as infrastructure projects begin and credit markets loosen following the economic and credit crisis of 2008 that slipped the world economy into recession. The Comox Valley Airport is a significant driver for regional economic development and the transportation link provided by the Comox Valley Airport remains vital to the growing needs of the region. This year it is anticipated that the passenger numbers will be lower than 2008 by approximately five percent. Commencing in 2010, however, a moderate growth rate of 5.1% per year is forecast through 2015. WestJet passenger numbers have been least affected of all carriers in the Comox Airport market and their continued strength bodes well for the predicted growth of passenger numbers in 2010. WestJet will increase their summer service and intends to serve Mexico to at least one destination in the winter of 2009. To meet the growing demand and the future needs of the community, additional investment in infrastructure will be required by the Comox Valley Airport Commission. The Comox Valley Airport Master Plan will guide major capital investments while our ongoing continuous improvement process will determine the minor capital requirements.

The Comox Valley Airport Commission investment program is considering the following projects for 2009/2010:

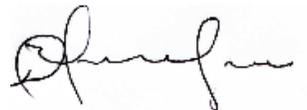
- A commercial fuel facility
- Land acquisition
- Airside expansion
- Design development for an operations and maintenance facility
- Parking lot improvements



The adequacy of the current facilities to meet the expanding needs of the region is being aggressively examined through the Master Planning process. A major expansion to the terminal building is required to meet the continuing high passenger growth environment.



Ken Dawson
Board Chair



Ian Heselgrave
Acting Chief Executive Officer

CEO's Report

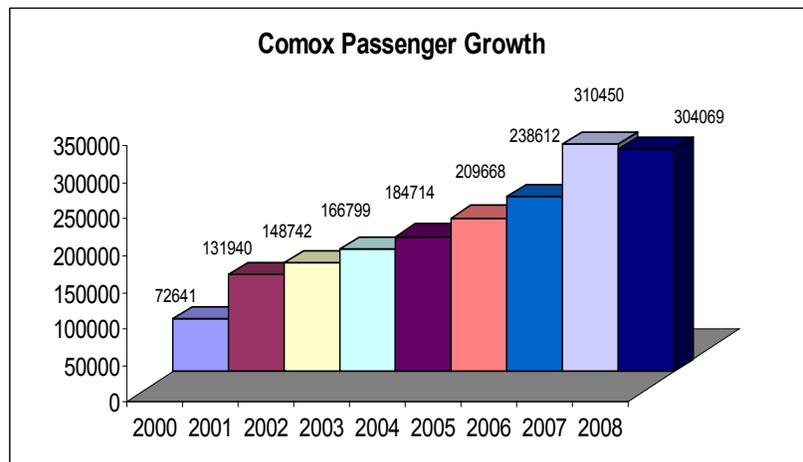
2008 was another interesting year at the Comox Valley Airport. A year characterized by changes on many fronts. For the first time in a decade passenger numbers decreased on a year over year basis and April 2009 witnessed the departure of our long time CEO Mr. Chuck Fast. The management team remains steadfastly committed to outstanding customer service, safe and efficient operations and a continuous improvement process. Staffing levels, particularly operation staff, steadily increased through 2008 to meet the customer and operational needs of the airport following the phenomenal growth in 2007 and the first five months of 2008. To be voted by the customers as the number one airport in Canada for customer satisfaction for the fifth year in a row, is a testament to the quality of the operations staff and management's commitment to continuous improvement. The loss of Air Canada Jazz service in September 2008 and the unexpected economic slowdown, however, was a reminder of the volatility inherent in all industries and particularly the aviation industry. With the current slow down in growth, CVAC has sufficient capacity in the terminal building, on the ramp and in the parking lots to meet current demand, but growth will resume within the next two years and CVAC must be adept and forward looking to continue to provide the necessary infrastructure and services to accommodate further demand.



The Comox Valley Airport Commission has provided five performance targets to gauge the success of the airport. These targets are to be achieved over a five year period from 2007 through 2012.

Passengers – 400,000 annually by 2012

By the end of 2012, the CVAC intends to fly 400,000 passengers annually. With the economic downturn in 2008 and the forecast slow recovery, this goal will be difficult to achieve. Passenger decreases are due to economic conditions and the loss of Air Canada Jazz service. There is still a significant draw to Vancouver Island due to increased regional awareness, regional market development primarily through tourism, and a continued focus on customer service. The domestic market continues to fare well with the WestJet direct daily service to Edmonton and Calgary. The Mexico charters are very popular and we hope to provide similar capacity again this year.



Destinations

The Comox Valley Airport intends to increase the number of destinations served from 6 to 10 by the year 2012. The economic downturn, H1N1 virus and subsequent pandemic plus the severing of ties between Air Transat and WestJet have created some uncertainty within domestic and the sun destination market. Economic recovery within the commodity markets and a focus on regional marketing will allow CVAC to entice additional airline service for Vancouver Island.

Available Cash

The Comox Valley Airport Commission requires a very aggressive business plan that addresses the long-term viability and the future infrastructure needs of the airport. This performance target has been upgraded from a fixed amount annually to 49% for revenue by 2012. Fiscal year 2008/2009 generated \$941,000 dollars available (28%) which was all invested in infrastructure improvements and to pay down the long term debt.

Customer Satisfaction Ranking – 4.5

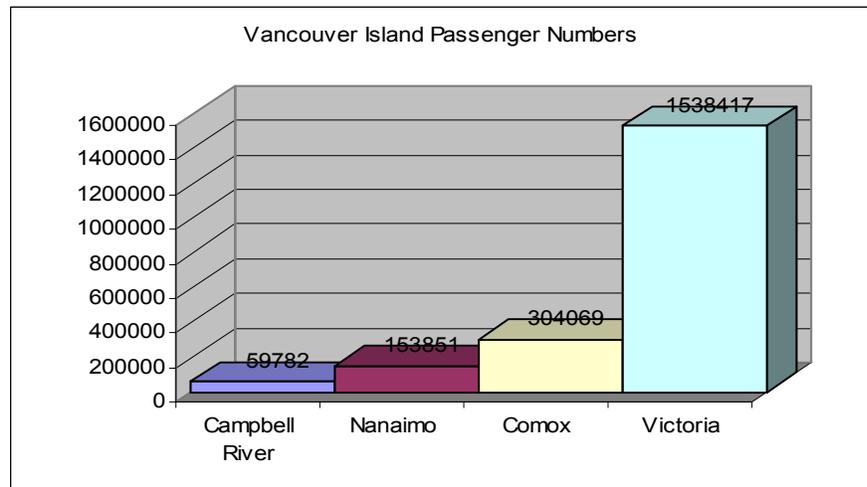
“To exceed the expectations of our customers and communities” it is necessary to offer a high degree of customer service. Customer satisfaction is measured annually through a program administered by the Canadian Airports Council. The Comox Valley Airport provides customer service through a continuous improvement process that requires a dedicated effort from our staff and our airport volunteers. We were very pleased to receive 4.58 rating in 2008 which maintains us as the number one airport in Canada for customer service.



Share of Regional Passengers

Regional passenger traffic is measured by adding the annual passenger totals of the major regional airports of Vancouver Island and now includes the Victoria Airport. CVAC’s market share for 2008 was 14.8%. CVAC’s 2012 goal is 17%.

A special thanks to the airport staff and the volunteers. This was a challenging and



exciting year as we continue to improve the service we offer to the travelling public. The flexibility of the staff and the volunteers to accommodate our passengers was simply outstanding.



Ian Heselgrave
Acting CEO



The Volunteers

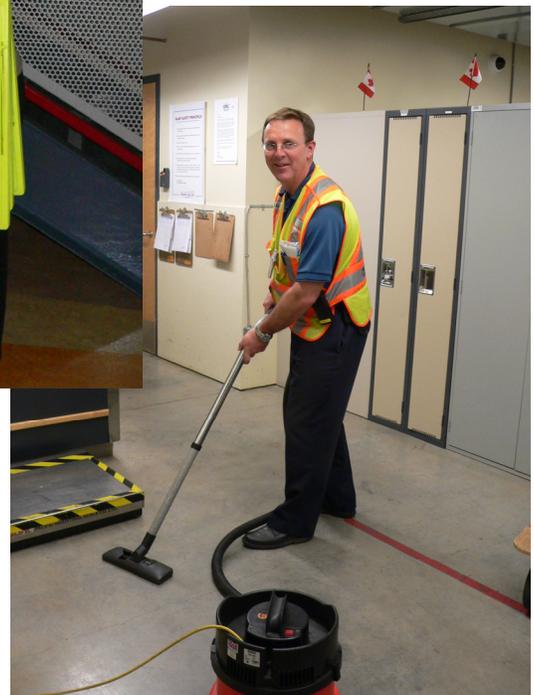


The volunteer Ambassadors play a vital role in the day to day function of the Comox Valley airport. They are easy to spot wearing cheerful red vests and greeting visitors with warm smiles. They have been serving our airport seven days a week since 2001 when West Jet commenced flights to Comox. The Ambassadors concentrate on assisting visitors at arrivals and departures, and answering a wide array of questions. For the past 5 years the Comox Airport has been voted #1 in customer service in Canadian Airports. Reaching and maintaining this honoured spot can be highly attributed to the dedication of these community minded citizens.

Names of Volunteers

Ollie Acorn	Maureen Holmes	Sandy Nowik
Sally Atton	Donnamae Ireland	Novello Riley
Rosemary Alexander	Shelley Irving	Stan Robinson
Don Beeler	Margie & Clem Jean	Rick Rodriguez
Skip Blain	Hank Jolley	Lynnea Ross
Evelyn Bowers	Wayne King	Judi Rupert
Joy Bruce	Cathy Lane	Edie Tapp
Terry Chaney	Karen Lange	Mike Taylor
Joan Clarke	Donna Laplante	Isabel Thomas
Norma Cronmiller	John LeRoss	Joan & Ernie Turner
Winona Demone	Kim Lessard	Lori Tymchuk
Alice Doherty	Helmut Lewandowsky	Liz Verret
Bernice Dueck	Val Little	Audrey Yates
Enid Farmer	Annie Lord	June Watson
Heather Ferraby	Jan MacArthur	Eva Wilson
Karin Franzen	Linda Magnuson	Bev Wolsey
Rick Forward	Heather Mikulas	John Wolsey
Gerry Hancock	Joanne Murphy	
Lois Hayhurst	Peter Murphy	

CVAC Staff on the job....



Corporate Governance

Board Of Directors as of March 31st, 2009



Ken Dawson
Chair
 Executive Committee
 Ex Officio All Standing
 Committees
 Commission Spokesperson



Daryl McLoughlin
Vice Chair
 Executive Committee
 Audit Committee
 Finance Committee



Darlene Neuman
Treasurer
 Finance Committee (Lead)
 Audit Committee (Lead)



Russell Irvine
Secretary
 Executive Committee
 Governance and
 Nominating Committee (Lead)



Terry Law
Director
 Finance Committee



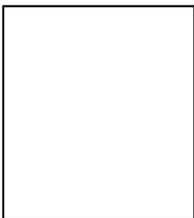
Linda Oprica
Director
 Governance Committee



Scott Torry
Director
 Finance Committee
 Audit Committee



Jay Oddleifson
Director
 Audit Committee
 Finance Committee



Judith Round
Director
 (Photo unavailable)
 Governance and
 Nominating Committee



Chuck Fast
CEO
 All Committees as appropriate
 Spokesperson

Fiscal Year 2008 – 2009

CVAC Board Attendance				AGM									
Fiscal Year 2008 - 2009		08	08	08	08	08	08	08	08	08	08	09	09
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
David Mellin	Chair			A	A					N			N
Daryl McLoughlin	Vice Chair						A			O	A		O
Ken Dawson	Secretary/Chair			A									
Russell Irvine	Treasurer/Secretary									M	A		M
Darlene Neuman	Director/Treasurer									E		A	E
Jay Oddleifson	Director				A			A		E			E
Linda Oprica	Director									T			T
Scott Torry	Director									I		A	I
Terry Law	Director									N			N
Judith Round	Director									G			G

Note: The areas shaded in green represent the term of the Director

Corporate Officers

Chuck Fast Chief Executive Officer

Corporate Service Providers

CORPORATE BANK

AUDITORS

CORPORATE LEGAL

The Royal Bank of Canada

Meyers Norris Penny LLP

Cook Roberts LLP

Corporate Governance

ACCOUNTABILITY

The Comox Valley Airport Commission is a federally incorporated not-for-profit corporation which provides a public service. The corporate governance processes of the Commission are structured to promote the purposes and business of the Commission as set forth in the Commission's Letters Patent. Pursuant to the Commission's By-Laws, the following bodies nominate Directors to the Board:

- Local government nominates five members, one appointee must live in Courtenay, one must live in Comox
- The Comox Valley Chamber of Commerce nominates one member
- Comox Valley Economic Development Society nominates one member
- Two members are appointed by the Board

STANDING BOARD COMMITTEES

The Commission's Board of Directors has four standing Committees tasked with general oversight in specific areas. The standing committees and their committee chairs are:

Executive Committee	Ken Dawson
Audit Committee	Darlene Neuman
Governance Committee	Russell Irvine
Finance Committee	Darlene Neuman

PUBLIC AND STAKEHOLDER ACCOUNTABILITY

The Commission strives to achieve a high level of public and stakeholder accountability. The processes involved in achieving this level of accountability include:

- An Annual Public Meeting;
- A published accountability report including audited financial statements;
- Disclosure of the Canadian Airport Authorities required public information through the web site;
- An annual meeting with all Nominating Entities attended by the Board of Directors and CEO;
- Compliance with the DND Lease;
- Regulatory compliance;
- Meetings with key stakeholders;
- Accessibility compliance for federally regulated transportation;
- Regular meetings with airport operators and tenants; and
- Regular briefings to Comox Valley civic and business organizations

CODE OF BUSINESS CONDUCT AND CONFLICT OF INTEREST POLICY

The Commission Board of Directors has adopted a Code of Conduct and Conflict of Interest Policy. All directors sign an attestation on an annual basis indicating knowledge and compliance with this Policy.

COMPETITIVE TENDERING

The Commission, reports all goods, services and construction contracts in excess of \$100,000 which were entered into during the year and which were not awarded on the basis of a competitive tendering process. There were no contracts in excess of \$100,000 that were not awarded by contract.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Commission has implemented corporate governance policies and practices which are in alignment with best practices for effective corporate governance. The following information relates to the current corporate governance practices of the Commission:

1. The Board has responsibility for the stewardship of the Commission with the aim of fulfilling the stated purposes as set forth in the Letters Patent.
2. The Board has adopted a strategic planning process that includes a land-use plan, a long-term Airport Master Plan and a Strategic Plan. Critical elements of these plans are reviewed by the Board on an annual basis in conjunction with the establishment of annual goals and budget.
3. The Commission had a number of systems in place to identify, manage, and mitigate various risks, including:
 - An organizational structure with dedicated safety, security and emergency planning and response personnel;
 - Corporate policies and plans covering key governance, strategic and financial issues;
 - Risk transfer through contract;
 - Incident reporting and response procedures;
 - An Airport Safety Committee and an Occupational Safety and Health Committee; and,
 - Comprehensive insurance coverage.
4. The Board appoints the CEO. Succession planning, including the appointment, training and evaluation of senior management, which is regularly monitored by the Board.
5. The Commission has a communications policy and program, which include communication processes associated with the general public, industry stakeholders, Nominating Entities and employees.
6. The Commission has a comprehensive management information and reporting system in place, which includes regular reporting to the Board on key financial and operations results.
7. The Board is comprised exclusively of unrelated, non-management Directors. Each Director must sign the Commission's Code of Conduct and Conflict of Interest Policy on an annual basis and follow the procedures prescribed therein with respect to disclosure of any potential conflicts

of interest. When a potential conflict of interest arises, the Director does not participate in any Board activities related to such activities.

8. Board appointments are made by the Nominating Entities in accordance with the Commission's By-Laws. The Commission's Governance and Nominating Committee is responsible for providing a list of qualified nominees to the Board for submission to the Nominating Entities for their decision and nomination.
9. The Board has a self-evaluation process in place to review the performance of the Board and Board Committees.
10. Each new Director receives a comprehensive orientation, which includes a meeting with the Chair, CEO, facility tour, a Policies and Procedures Manual, and information regarding Board and corporate operations. Ongoing education on relevant topics is provided to all Board members.
11. A Role Statement has been developed for the Board of Directors and terms of reference have been developed for the Board Officers including the CEO. A Policies and Procedures Manual, approved by the Board, defines the Board and Management authorities. The Commission's corporate objectives are approved by the Board and the CEO is assessed against these objectives on an annual basis.
12. The Board has four standing committees, each Committee Chair reports directly to the Board on the activities of his or her Committee. The Board meets in camera as required at each Board meeting. The Board Chair and the Nominating and Governance Committee ensure that the Board's independence is respected and preserved.
13. The Commission's Governance and Nominating Committee is responsible to the Board for the monitoring of corporate governance issues.
14. All members of the Commission's Audit Committee are Directors who are financially literate. The Committee's responsibilities include;
 - Oversight of corporate level financial policies and issues which affect the overall operation, planning and management of the Commission;
 - Review of financial management policies and issues including annual budgets, banking arrangements, accounting systems and procedures, internal financial controls, significant changes to relevant legislation, insurance policies, statutory remittances, regular financial status reports and oversight of information technology systems; and
 - Monitoring of the external and internal audit programs and preparation of the annual financial statements.