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1.1 Mission, Vision and Strategic Priorities

Date Amended: 18 Nov 2015

MISSION

Provide safe and efficient air service facilities and enable the economic development of the Comox Valley

CORE VALUES

Safety: We ensure that the safety and security of our customers, staff, facilities and environment is a primary concern in all aspects of doing business.

Quality: We are motivated by customer expectations in providing quality facilities and services in a customer sensitive and service driven manner.

Accountability: We are accountable for all our actions including financial management and we demonstrate integrity in our business relations, utilization of resources, treatment of our customers and staff, and in the general conduct of our business.

Economic Development: We work to support the economic development of the region.

VISION

Comox Valley Airport is the aviation gateway of the North Island

GOALS

1. Expand air services to new destinations and enhance services (passengers and cargo) to current destinations.
2. Maintain a viable airport master plan.
3. Remain financially viable and competitive.
4. Attract and retain a talented and motivated team of employees.

2.1 Code of Conduct for Directors, Officers, and Senior Staff

Date Approved:

Date Amended:

1. Prior to accepting an appointment as an Officer or to the Board of Directors of the Comox Valley Airport Commission (“The Corporation”), each such person shall provide to The Corporation and in the case of a proposed Director a Disclosure Statement and Undertaking in attached Form A, undertaking to conform to and be bound by this Code of Conduct, and detailing any business activity by the person or the person’s associate (as defined in the Canada Business Corporations Act) which would pose an actual or perceived conflict of interest in the person’s capacity as an Officer, senior employee or Director of The Corporation.
2. All Directors and Officers shall file with The Corporation on an annual basis an updated Form A Disclosure Statement and Undertaking, and in the event of a mid-year material change or anticipated change, an amended Form A shall be filed forthwith.
3. All Directors and Officers of The Corporation shall act honestly and in good faith with a view to enhancing the best interests of The Corporation; shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and shall comply with all relevant legislation, regulations, laws and by-laws applicable to The Corporation. In addition, Directors are expected to fairly and honestly weigh and endeavor to balance all competing interests in making their decisions, and notwithstanding any of the foregoing, Directors hold a fiduciary duty to The Corporation.
4. Directors and Officers during and after their association with The Corporation shall keep confidential all knowledge and information in their possession relating to The Corporation except matters that have become of general or public knowledge, and they shall not make use of confidential information for personal gain or profit.

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5. Except as permitted or requested by the Chair, or a resolution of the Directors, or as required or permitted by the Corporation By-laws, Directors and Officers shall not grant interviews to the media or others, and shall not make speeches or otherwise publicly discuss or disseminate information as to The Corporation's affairs or policies.
6. Directors and Officers shall not accept gifts or other benefits valued in excess of \$100 that could be construed as an attempt to secure from The Corporation for a third party any special concession, favor or other benefit.
7. Directors and Officers shall not place themselves in a position where they have a conflict of interest or duty between The Corporation and another party, and if a situation arises whereby a real or perceived conflict exists, the person involved shall immediately report the matter to the Chair, who may rule that the situation be disclosed to the Directors and Officers of The Corporation, and that the person not be involved in any decision making process relating to the situation in question.
8. Without limiting the generality of the obligations contemplated by above noted Clause 7:
 - a. Any Director or Officer who:
 - i. is a party to a material contract or proposed material contract with The Corporation, or
 - ii. is a Director or an officer of or has a material interest in any person, as "person" is defined in the Canada Business Corporations Act, who is a party to a material contract or proposed material contract with The Corporation,
 - iii. shall disclose in writing to The Corporation the nature and extent of that person's interest;
 - b. The person concerned shall not vote on any resolution pertaining to the contract or proposed contract except as permitted by the Canada Corporations Act or other applicable statute;
 - c. The disclosure required by subsection (a) shall be made, in the case of a person who is senior staff but is not a Director:

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- i. forthwith after becoming aware that the contract or proposed contract is to be considered or has been considered at a meeting of Directors;
- ii. if that person becomes interested after a contract is made, forthwith after becoming so interested; or
- iii. if that person is interested in a contract and later becomes an Officer, forthwith after becoming an Officer.

2.2 Form A: Disclosure Statement and Undertaking for Directors, Officers, and Senior Employees of The Corporation

Date Approved: 1 Apr 2015

Dated: _____, 20____.

TO: The Comox Valley Airport Commission and _____
(Nominating body if applicable)

I, _____ being a prospective Officer, senior employee
or member of The Board of the Comox Valley Airport Commission ("The Corporation"),
state and declare:

1. I have read and understand the Code of Conduct of The Corporation, and hereby
undertake to conform to and be bound by such Code.
2. A direct and indirect conflict with my duty as an Employee of The Corporation
may arise because:
 - a. I hold the following offices (appointed or elected):

- b. I or a Trustee or Nominee on my behalf, own or possess, directly or
indirectly, the following interests, including employment and professional
interests, whereby directly or indirectly, a duty or interest might be created
in conflict with my duty or interest as an Employee of The Corporation:

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3. The nature of any conflicting office, duty or interest referred to in Clause 2 is:

4. In addition to any company referred to or listed in Clause 2, following is a list of every company in which I, or a Trustee or Nominee on my behalf, directly or indirectly, hold 10% or more of the ownership interest, including without limitation, issued share of a corporation.

Name of company and nature of business carried on:

5. Following are brief particulars as to my present employment and my primary sources of income. (Do not disclose amounts)

6. Following is a list of each affiliate (as defined in the Canada Business Corporations Act) known to me of a company listed in clauses 2 (b), 4 and 5 of this Statement:

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Name of company, name of affiliate, and nature of affiliate's business.

7. In addition to the offices listed above, following is a list of every company of which I am an Officer or Director:

Name of company and positions held:

I hereby state that all of the foregoing statements are true and correct to the best of my knowledge and belief.

Signed:

3.1 Terms of Reference for Board Directors

Date Amended: 20 Jan 16

1. The Board of Directors of the Comox Valley Airport Commission is responsible for:
 - a. Formulating sound and effective policies at the broadest level;
 - b. Establishing the Board's vision, mission, values and goals accompanied with an ongoing review of the strategies associated with the same to include the planning and development of following documents to accommodate growth;
 - i. The CVAC Master Plan
 - ii. The CVAC Land Use Plan
 - iii. The CVAC Strategic Plan
 - iv. The CVAC Capital Plan
 - c. Establishing quality control and performance monitoring procedures to ensure the integrity of internal controls, and financial information systems, forecasts and audited statements, ensuring adequacy of resources – human, financial and material;
 - d. Ensuring identification of principal risks facing CVAC and ensuring systems to manage the risks are in place;
 - e. Communicating at the political level with elected government officials, as directed by the Board Chair;
 - f. Ensuring a dispute resolution mechanism is in place that requires a resolution to be reached in a timely manner;
 - g. Ensuring effective internal and external communication processes are maintained including communication *amongst* Board members, Board to committees, committees to committees, Board to staff and vice versa, and Board to other stakeholders within the community serviced by the Comox Valley Airport;
 - h. Providing advice and counsel to the Chief Executive Officer;
 - i. Ensuring that a succession plan is in place for the CEO;

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- j. Conducting a thorough orientation for new Directors; and
- k. Evaluating Board and committee performance annually.

2. **Matters Reserved for The Board** - The following matters may be referred to committee for study, but the decisions regarding these matters are reserved for the Board;

- a. Approval of the CVAC Master Plan, Land Use Plan, Strategic Plan and Capital Plan;
- b. The review of the Corporation's performance in light of the Strategic Plan and budget and ensuring that any necessary corrective action is taken;
- c. Approval of the annual operating and capital expenditure budgets and any material changes to them;
- d. Approval of financial statements and management's discussion and analysis;
- e. Appointment or removal of the CEO;
- f. Annual review of the CEO's performance;
- g. Establishment of Board Committees and their Terms of Reference;
- h. Approval of the Annual Report;
- i. Major Capital Projects;
- j. Contracts, which are material, strategic, or by reason of size, entered into by the Corporation;
- k. Changes to the structure, size and composition of the Board;
- l. Appointment, reappointment or removal of the external auditor;
- m. Approval of the compensation system of the CEO;
- n. Division of responsibilities between the Board and CEO; and

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- o. A formal review of the Board's performance.

3.1.1 Director Orientation Program and Responsibilities

Date Amended: 20 Jan 16

1. Candidate Interview and Post Appointment – Interview Team/Board Chair/Mentor

| Date Completed | Action |
|----------------|---|
| | CEO is to confirm candidate eligibility prior to interview. |
| | Interview team to make candidate aware of time commitments, conflict of interest guidelines, and code of conduct. |
| | After formal appointment, the Board Chair or delegate will contact the successful applicant to advise him/her of the appointment, advise of first meeting date, initial expectations, administration support and Board liaison, mentor appointment, role of the Board and the Administration, dress code, attendance at meetings, expectations with respect to attending external events and remuneration. |
| | A Board member will be recruited to serve as a mentor on matters related to Board structure and operation, meeting procedures, and serve as a resource to the Board member on matters/questions the member may have. The goal is to assist new members in becoming effective Board members within nine months. The mentor will meet with the new member prior to their first Board meeting after appointment. |
| | The Chair will introduce the new member at the next Board meeting. |

2. Background Resource and Administration Support – Administration

| Date Completed | Action |
|----------------|--|
| | <p>Within one week of appointment by the Board, the Administration shall provide the new appointee with soft copies of the following documents. If hard copies are required by the Director, staff will supply immediately on demand:</p> <ul style="list-style-type: none"> Consolidated Bylaws Most recent financial statement Minutes from the most recent Board meeting Accountability Reports for the past two years Copies of “sign on” documents |

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| | |
|--|--|
| | Policy and Procedures Manual Committee Terms of Reference (See P&P Manual) Contact List for Board Members, Committee Structure and Members including names of committee members Administration Organization Chart Meeting Schedule |
| | Secure website access log-in established |
| | Parking permit (s) issued |
| | Name tag ordered and issued |
| | CRA and banking information completed for remuneration |

3. Site Orientation – CEO/Administration

Within three months after attendance at their first board meeting, the CEO or designated appointee will provide the Board member a site inspection and engage in a discussion on current and emerging issues affecting airport operations and the roles of the Board and the Administration. The CEO/Administration will be available to respond to any follow-up questions or observations after the first meeting.

4. Orientation Feedback

Following the discussion with the CEO, the mentor will invite the Director to provide feedback on the orientation process.

5. Board Liaison will track the completion of the steps above.

3.2 Terms of Reference for Individual Directors

Date Amended: 20 Jan 16

1. Individual Directors have a duty and responsibility to:
 - a. Demonstrate high ethical standards and respect CVAC's code of conduct, confidentiality and conflict of interest guidelines;
 - b. Develop an understanding and knowledge of the aviation industry and the related environment in which CVAC operates;
 - c. Keep informed as to the policies, business and affairs of the organization;
 - d. Support Board-approved policies, positions and decisions.
 - e. Recognize the authority of the CEO and the Chair as the principal Commission spokespersons or as those delegated by the Chair;
 - f. Understand the difference between governing and managing, and comply with the distinction between the responsibilities of the Board and those of the CEO;
 - g. Prepare for Board and Committee meetings by reading reports and background materials to be able to make informed decisions when asked;
 - h. To participate as a member of at least one Board Committee;
 - i. Contribute and add value to Board discussions;
 - j. Make decisions within the Board that are consistent with CVAC's mission, vision, values and goals;
 - k. Maintain a 75% attendance record at Board and Committee meetings;
 - l. Attend Commission-related business and social events as required;
 - m. Communicate with and report to relevant Nominating Entities, if applicable, to satisfy their interests in CVAC activities;
 - n. Participate in on-going education;

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- o. Disclose any potential conflict of interest and abstain from discussing or voting in such eventuality.

3.3 Terms of Reference for the Board Chair

Date Amended: 20 Jan 16

1. The Chair of the Board of Directors shall lead the Directors in carrying out the responsibilities and function of the Board. The Chair presides over board meetings and:
 - a. Chairs Board meetings and ensures that the appropriate issues are addressed;
 - b. ensures orderly discussion and adequate opportunity for *all* opinions to be heard;
 - c. ensures that the Board refrains from administering the organization;
 - d. that, by way of the appropriate channels, members are provided with information they request;
 - e. ensures good attendance by all Board members;
 - f. ensures that Board meetings are conducted in an efficient, effective and focused manner;
 - g. builds consensus and teamwork within the Board;
 - h. addresses inappropriate Board members behaviour;
 - i. ensures an orientation process for new Board members, to utilize their expertise and to make them feel part of the team;
 - j. fosters a constructive and harmonious relationship between the Board and management;
 - k. communicates the Board's direction to the CEO;
 - l. ensures the CEO is aware of concerns of the Board and stakeholders;
 - m. serves as an official spokesperson for the Board;
 - n. act, in conjunction with CEO, as primary spokesperson on CVAC's Mission, Vision, Values, Goals, Priorities and Projects;

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- o. acts as a sounding board, counselor and confidant for the CEO including helping to review strategies, define issues, maintain accountability and build relationships;
- p. ensures that the Board is appropriately represented at industry, business and political functions and meetings;
- q. works jointly with the CEO to enhance CVAC's relationships with outside organizations, agencies and entities;
- r. appoints the Directors to committees and task forces;
- s. Chairs the Executive committee;
- t. coordinates Board and other meetings in conjunction with the CEO and prepares the appropriate agendas; and
- u. coordinates, monitors and reviews the work and function of all Committees;
- v. serves as non-voting ex-officio on all CVAC Standing Committees.

3.4 Terms of Reference for the Vice Chair

Date Approved: 1 Apr 2015

1. In this position, the Vice Chair of the Board of Directors shall assist the Chairman in carrying out the responsibilities and functions of the Board. The Vice Chair shall:
 - a. fulfill the responsibilities and duties of the Chair in his/her absence;
 - b. perform such duties as may be assigned by the Chair.

3.5 Terms of Reference for the Secretary

Date Approved: 1 Apr 2015

1. In this position, the Secretary shall:
 - a. act as Chair of the Governance and Nominating Committee;
 - b. ensure that all requirements are met to maintain the Corporation in good standing;
 - c. record or cause to be recorded all minutes and votes of all proceedings conducted by the CVAC Board of Directors;
 - d. ensure that the Seal of the Commission is secured;
 - e. ensure that a quorum exists for the transaction of Board of Directors meetings;
 - f. perform other responsibilities as assigned by the Board.

3.6 Terms of Reference for the Treasurer

Date Amended: 20 Jan 2016

1. The Treasurer is responsible to the Board of Directors. In this position the Treasurer shall:
 - a. ensure that the financial risk and affairs of the commission are conducted in accordance with the directives and policies of the Commission;
 - b. ensure that the records of the financial affairs of the Commission are properly maintained in accordance with regulatory standards;
 - c. serve as Chairperson of the Finance Committee; and
 - d. perform other responsibilities as assigned by the Board.

3.7 Terms of Reference for the Chief Executive Officer

Date Amended: 20 Jan 2016

1. The Chief Executive Officer (CEO) shall, under the Direction of the Board, and in accordance with the CVAC By-laws, lead, supervise, manage and direct the operational, administrative, financial and business affairs of the Comox Valley Airport Commission (CVAC), and execute such powers and perform such duties as may be assigned by the Board.
2. The CEO shall be an Officer of the Commission.
3. The CEO is responsible to the Board of Directors through the Chair.
4. **Responsibilities:**
 - a. Act as a signing authority on behalf of the Board;
 - b. Report to the Board, maintain open communication with the Board, and keep the Board informed of all significant matters;
 - c. With the Chair, enable the board to fulfill its governance function;
 - d. Manage and control the operation of CVAC's Comox Valley Airport civil aviation facilities on a day-to-day basis in accordance with the plans, policies and parameters approved by the Board;
 - e. Provide appropriate direction and leadership while working to implement the Commission's Strategic Plan and achieve its goals;
 - f. Act as a non-voting ex-officio member of the Board of Directors and all CVAC committees;
 - g. Work jointly with all committees in pursuit of their goals and objectives;
5. **Functions:**
 - a. Strategic Planning and Development:
 - i. Develop and recommend a Strategic Plan that is consistent with the Board's vision, mission, values and priorities;

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- ii. Subject to Board approval, develop and implement an Action Plan to fulfill the Strategic Plan's Goals and Objectives;
 - iii. Carry out the Action Plan to achieve the goals of the CVAC Strategic Plan as directed by the Board;
 - iv. Assist committees of the Board with their action plans;
 - v. Ensure all CVAC obligations related to agreements that are in effect with Transport Canada, the Department of National Defence, 19 Wing Comox and/or any other party are fully met;
 - vi. Identify the principle risks facing the Commission and recommend appropriate systems to manage the risks;
 - vii. Recommend and arrange consultant services as required and authorized;
 - viii. Develop and maintain a plan for CEO succession.
- b. Financial Administration:
- i. Develop and recommend the annual operating budget for Board review and approval;
 - ii. Prudently implement and manage the Commission's resources within the approved budget guidelines and in accordance with CVAC financial policies;
 - iii. Develop and recommend the five year budget forecast for Board review and approval;
 - iv. Develop and recommend the 15 year capital plan for board review and approval;
 - v. Develop and maintain appropriate accounting procedures and records;
 - vi. Oversee the processing of all receivable and payable accounts, and approval all payments;
 - vii. Regularly monitor, review and report monthly to the board on the implementation of the approved budget, and prepare revisions to it for approval of the Board;

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- viii. Present non-budgeted financial requirements to the Board when required;
 - ix. Present to the Board monthly and annual financial statements.
 - x. In conjunction with the Audit Chair, arrange for CVAC's annual audit to be performed.
- c. Operations:
- i. Direct the day to day activities of the Comox Valley Airport facilities, including supervision of CVAC staff, contractors and consultants responsible for the administration, operations, maintenance and public safety/security of and on the Comox Valley Airport property
 - ii. Ensure that day to day operations of the Comox Valley Airport are in accordance with applicable Transport Canada and DND/19 Wing regulations and directions;
 - iii. Ensure that plans and procedures are in place, current, and fully implemented to provide a safe, effective and efficient facility for aircraft operations;
 - iv. Ensure that service levels, maintenance standards, safety/security measures and all relevant manuals are maintained to the required levels;
 - v. Act as the primary point of contact for 19 Wing on all operational issues concerning the CVAC air terminal and associated lands;
 - vi. Maintain an active liaison with tenant airlines on operations matters of mutual interest.
- d. Property Management and Land Development:
- i. Develop, negotiate and sign on behalf of CVAC all subleases and contracts with the tenants and suppliers;
 - ii. Honour and enforce the terms of all subleases and contracts with the tenants and suppliers;
 - iii. Manage tenant agreements for those facilities and services located on CVAC managed lands;

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- iv. Actively promote the development of Comox Valley Airport managed lands, services and facilities under the oversight of the Board;
- e. External Liaison:
 - i. Act, in conjunction with the Board Chair, as primary spokesperson on CVAC's Mission, Vision, Values, Projects, Priorities and Goals;
 - ii. Respond to inquiries from elected officials, airport users, the media and tenants with respect to the operations and development of the airport. Response will be in accordance with relevant Board policy;
 - iii. Coordinate communications with and responses to the media;
 - iv. Market CVAC facilities to promote increased passenger traffic and to develop air cargo services;
 - v. Develop and maintain a close working relationship with officials in Transport Canada, Nav Canada, CATSA, DND/19 Wing and local and provincial authorities with respect to the Comox Valley Airport;
 - vi. Represent the Comox Valley Airport and CVAC at community business, economic development and tourism functions;
 - vii. Promote the Comox Valley Airport through networking with and membership in organizations such as the B. C. Aviation Council, Airport Council International and Canadian Airport Council;
 - viii. Promote the Comox Valley Airport through speaking engagements at various social and service clubs, and through direct advertising and the development of favourable media interest;
- f. Airport Commission Administration:
 - i. Ensure that the day to day administrative needs of CVAC are fulfilled;
 - ii. Prepare the CVAC Annual Report;
 - iii. Develop and maintain a CVAC filing system;
 - iv. Maintain a comprehensive record of CVAC activities;
 - v. Develop and maintain a CVAC Policy and Procedures Manual;
 - vi. Oversee the design, marketing, promotion, delivery and quality of programs, products, reports and services;

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- vii. Support operations and administration of the Board by advising and informing Board members on significant CVAC activities, and by interfacing between Board and staff.
- viii. Manage full time and part time staff and consultants of CVAC according to CVAC authorized human resources policies and procedures, and in keeping with current laws and regulations;
- ix. Prepare annual written performance reviews and appropriate training for all CVAC staff;
- x. Ensure that the Commission has written human resources policies that clarify personnel management rules for staff, provide for effective handling of grievances, and protect against wrongful conditions;
- xi. Review on an ongoing basis all facets of CVAC's organization and activities, and make recommendations for change to the Board.
- xii. Have at least one other senior manager familiar with Board and Chief Executive issues and processes to assume the role of Chief Executive Officer in an emergency.

3.8 Terms of Reference for the Board Liaison

Date Amended: 20 Apr 2016

1. Duties and Responsibilities:

- a. Organize Board, Committee and Member's meetings in accordance with procedures set out in the CVAC By-Laws and Board policies.
- b. Advise the CEO and The Chair and Committee Chairs of items for Board discussion.
- c. Prepare and distribute all agenda material and documents, as directed by The Chair or the Committee Chairs.
- d. Record all votes and maintain the minutes of all proceedings (Board of Director meetings, Committee meetings and the Annual General Meeting)
- e. Organize logistical support for Board of Directors' and Committee meetings. Arrange Board member travel to meetings and conference events.
- f. Ensure that appropriate records of The Corporation are maintained in a safe and secure environment.
- g. Ensure that adequate procedures are in place to maintain confidential data in a safe and confidential manner.
- h. Review and prepare expenses for payment, provided that the expenses fall within CVAC guidelines.
- i. Serve as a point of contact for Board member inquiries.
- j. Ensure that the Corporate record is at all times accurate and current.
- k. Provide other support functions as required from time to time by The Chair and the Board of Directors.
- l. Board Liaison will track the completion of the checklist in Policy 3.1.1.

2. Accountability:

The Board Liaison is accountable to the CEO for fulfillment of responsibilities.

4.1 Terms of Reference for Committees

Date Approved: 1 Apr 2015

1. Committees of the Board shall:
 - a. study, debate, discuss, formulate and recommend a course of action for consideration by the Board;
 - b. assist the Board through preparation of policy recommendations, for presentation to the Board at Board meetings;
 - c. when delegated and authorized by the Board, act on behalf of the Board for specific purposes; and
 - d. through the CEO, assist staff as required in meeting the objectives of the Commission.

4.2 Terms of Reference for Committee Chairs

Date Amended: 20 Jan 2016

1. In this position, the Committee Chair:
 - a. sets the Agenda;
 - b. ensures coordination of the Agenda, information packages and related events for committee meetings;
 - c. sets the tone for the committee's work;
 - d. chairs committee meetings in an efficient, effective and focused manner;
 - e. ensures the committee members have the information they need to make decisions regarding recommendations for Board consideration;
 - f. ensures the committee fulfils its monitoring responsibilities;
 - g. reports to the full Board on the committee's decisions/recommendations; and
 - h. assigns work to committee members.

4.3 Terms of Reference for the Executive Committee

Date Amended: 20 Jan 2016

1. The Executive Committee is a Standing Committee established in Section 6.4 of the Bylaws.
2. **Purpose:** The Executive Committee, as directed by Bylaw 6.4, shall provide broad oversight of the strategic activities of the corporation, undertake reviews of policy, and act in accordance with roles assigned by the Board to administer undertakings for the Commission.
3. **Composition:**
 - a. The Committee shall be comprised of the Chair, the Vice-Chair, Secretary and Treasurer.
 - b. The Chair shall be the Chair of the Committee.
 - c. The quorum for the committee shall be three (3).
 - d. As part of the oversight role of the Committee, the CEO will be asked to attend and participate in the Executive Committee meetings. In the Human Resources assignment the Executive Committee may, in reviewing certain aspects of the CEO's performance, require holding a meeting without management.
4. **Accountability:** The Executive Committee will report to the Board on all its proceedings. Minutes shall be kept of the Executive Committee Meetings. Notice of Executive Committee Meetings including a copy of the Agenda will be circulated to all Directors in advance of Executive Committee meetings.
5. **Responsibilities:**
 - a. Coordinate key meetings and events, specifically pertaining to the Annual General Meeting, Nominating Entities Meeting with the Commission, Annual Public Meeting and other such meetings and events when required.

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- b. Undertake the Human Resources coordination of the Commission as it pertains to the contract of the CEO.
 - c. Conduct the CEO recruitment process, when required, and recommend a candidate for approval to the Board.
 - d. Review Director professional development requests for funding approval.
 - e. Act on behalf of the entire Board in the event of an emergency.
6. **Meetings:** The Executive Committee, as per Bylaw 6.5, shall be held at any time and place to be determined by the respective members thereof provided that 48 hours notice of a meeting shall be given to each to each member of the Committee. No error or omission in giving notice of the Committee or any adjourned meeting of such Committee shall invalidate the meeting or make void any proceedings taken. Any member of the Executive Committee may waive notice of any meeting thereof and ratify, approve and confirm the business done.

4.4 Terms of Reference for the Audit Committee

Date Amended: 20 Jan 2016

1. **Status:** The Audit Committee is a Standing Committee established by Bylaw 6.8.
2. **Purpose:** The Audit Committee is concerned with the integrity of the Corporation's financial procedures. The Audit Committee assists the Board in fulfilling its oversight responsibilities regarding the integrity of the Corporation's accounting and financial reporting and the Corporation's internal controls.
3. **Composition:**
 - a. The Audit Committee Chair shall be assigned by the Board Chair.
 - b. The Committee shall be composed of a number of Directors that is less than a majority of Directors of the Board but not less than three Directors.
 - c. Internal staff resources will be provided for the Committee through the CEO.
 - d. A majority of Committee members constitutes a quorum.
4. **Accountability:** The Committee will report to the Board following each Committee meeting.
5. **Meetings:** The Committee shall meet at least two times a year.
6. **Responsibilities:** The duties of the Audit Committee are detailed in Section 6.8 of the Bylaws. They include:
 - a. conducting a periodic review of the accounting policies of the Commission;
 - b. providing a periodic assessment of the financial risks to the Commission and where appropriate, providing recommendations to the Board of Directors regarding the management of other identified risks;
 - c. supervising the implementation of an effective system of internal financial controls;

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- d. conducting a periodic review of the financial statements of the Commission and providing recommendations to the Board of Directors regarding those statements;
- e. determining whether an auditor or a candidate for the position of auditor is independent, in particular by examining any existing or past relationship, whether contractual or otherwise, between the auditor or candidate and the Commission or any corporation in which the Commission has an ownership interest;
- f. making recommendations to the Board regarding the appointment, removal and remuneration of the auditor;
- g. approving the scope of internal and external audits and approving non-audit services to be performed for the Commission by the auditor; and
- h. reviewing the findings of the internal and external audits and management's response to them, making recommendations to the Board of Directors regarding the findings and response and reviewing the implementation of any of the Board's decisions regarding the recommendations of the Committee.

4.4.1 Rotation of Auditors

Date Approved: 30 Nov 2016

1. The Audit Committee, assisted by input from management, will undertake an annual review of the corporate auditors' performance and compensation. If the annual review warrants, to ensure auditors of sufficient expertise are retained by the Commission for fair compensation, the Audit Committee may:
 - a. make a request for quotation from competing firms
 - b. request a partner or staff rotation from within the current auditor
 - c. undertake a full RFP process by the Committee

2. The audit committee, on behalf of the Commission, must seek competitive quotations from multiple qualified organizations at a minimum of every 5 years.

4.5 Terms of Reference for the Finance Committee

Date Approved: 1 Apr 2015

1. **Purpose:** The Finance Committee focuses on the financial performance of The Corporation, its operating and capital budgets and its adherence to financial policies and procedures.
2. **Composition:**
 - a. The Finance Committee shall be chaired by the Treasurer.
 - b. The Committee shall be composed of a number of Directors that is less than a majority of Directors of The Board but not less than three Directors.
 - c. Internal staff resources will be provided for the Committee through the CEO.
 - d. A majority of Committee members constitutes a quorum.
3. **Accountability:** The Committee will report to The Board following each Committee meeting.
4. **Meetings:** The Committee shall meet at least four times a year.
5. **Responsibilities:**
 - a. Ensure that CVAC is managed in accordance with stated financial policies.
 - b. Develop and keep current all CVAC financial policies.
 - c. Monitor expenditures/revenues throughout the year to ensure sound financial management.
 - d. Work with the CEO in coordinating the development of the annual CVAC operating and capital budget as required by the CEO.
 - e. Review and recommend to The Board approval of the annual CVAC operating and capital budgets.
 - f. Review the 5, 10, 15 year Capital Plans that support the approved Strategic Plan, and make recommendations to The Board accordingly.

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- g. On a continuous basis, review and recommend for approval by The Board any budgetary adjustments necessary to ensure the financial responsibility of CVAC.
- h. Recommend changes in financial policies and procedures when deemed advisable and,
- i. Report on Committee activities to The Board at their regular meetings.

4.6 Terms of Reference for the Governance & Nominating Committee

Date Approved: 1 Apr 2015

1. **Status:** The Governance and Nominating Committee is a Standing Committee established by Bylaw 6.6
2. **Purpose:** The Governance & Nominating Committee (G & NC) shall ensure that the affairs of The Commission are conducted in compliance with statutory requirements, bylaws, codes, approved policies and principles. Its function shall also include those of the Nominating Committee. The duties of the Governance Committee are detailed in Section 6.6 of The Bylaws.
3. **Composition:**
 - a. The Governance Committee shall be chaired by the Secretary.
 - b. The Committee shall be composed of a number of Directors that is less than a majority of Directors of The Board but not less than three Directors.
 - c. Internal staff resources will be provided for the Committee through the CEO.
 - d. A majority of Committee members constitutes a quorum.
4. **Accountability:** The Committee will report to the Board following each Committee meeting.
5. **Meetings:** The Committee shall meet at least four times a year.
6. **Responsibilities:** The duties of the Governance Committee are detailed in Section 6.6 of the Bylaws. They include:
 - a. Conducting a periodic review of the corporate governance policies of The Commission.
 - b. Generally reviewing the corporate governance of The Commission, including the effectiveness of The Board of Directors, the Committees of The Board of Directors and the individual Directors. This means conducting an annual evaluation of the Board, Committees and individual Directors.

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- c. Identifying the skills, knowledge and experience requirements for The Board of Directors as a whole;
- d. In case of a vacancy on The Board of Directors, identifying the skills, knowledge and experience required by the individual who will fill the vacancy, and if the vacancy is in respect of a Member for which one or more Nominating Entities are authorized to nominate candidates, to communicate those attributes to the affected Nominating Entities.
- e. Consulting with each Nominating Entity on the qualifications of the persons being considered by that body as candidates for nomination as a Member, and
- f. Recommending to The Board of Directors an orientation program for new Directors and a succession plan for Directors and the Chief Executive Officer.

5.1 Governance Style

Date Approved: 1 Apr 2015

1. The Governance style of the Comox Valley Airport Commission (CVAC) Board requires The Board to:
 - a. be mindful of The Board's responsibilities and the distinction between The Board and CEO responsibilities;
 - b. retain a sense of group responsibility;
 - c. focus on results;
 - d. make collective decisions;
 - e. listen actively;
 - f. operate in a collegial mode; and
 - g. support CVAC's Vision, Mission, Values and Strategic Goals.

5.2 Meetings

Date Approved: 1 Apr 2015

1. Meetings:

- a. The Board of Directors will meet a minimum of four times a year.
- b. Meetings will be held in accordance with the CVAC Bylaws.
- c. The Chair and the CEO will be responsible for developing the agenda for all Board meetings.
- d. Directors may forward items for The Board agenda to The Chair.
- e. Board materials will be sent to Directors five (5) working days in advance of the Board meeting.
- f. The quorum for Board meetings will be a majority of Members.

2. Meetings without Management:

- a. The Board may have an in camera session at each Board meeting presided over by The Chair without the CEO and management present.
- b. In order to ensure discipline and to maintain effective relations with the CEO, The Chair shall ensure that The Board:
 - i. refrains from discussing issues that would benefit from and/or require the knowledge and expertise of the CEO; and
 - ii. refrains from rehashing the agenda, revisiting issues or making business decisions.
- c. Agenda items shall be limited to concerns/kudos about the following:
 - i. The Board's relationship with the CEO, e.g. information coming to The Board from management;
 - ii. CEO performance and compensation;
 - iii. The Board's internal working relationships; and
 - iv. The Board's management of its work.

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- d. Following the meeting, The Chair shall debrief the CEO and inform the Recording Secretary of any action items.

5.2.1 Consent Agenda

Date Approved: 20 Apr 2016

1. Purpose:

- a. To expedite the conduct of routine business during Board meetings in order to allocate more meeting time to education and discussion of substantive issues.
- b. To provide an efficient process for approval of regular or routine issues that come before the Board, or matters where no debate is anticipated.

2. Policy:

- a. Typical Consent Agenda items are those which are routine and are not expected to require Board discussion. Examples of items which may be placed on a Consent Agenda include:
 - i. approval of prior Board and Committee Meeting minutes
 - ii. approval of routine policies and procedures or amendments
 - iii. approval of proposals or reports that the Board has previously discussed.

3. Consent Agenda Process:

- a. Prior to each board meeting, the Chair, in conjunction with the CEO will determine which items to place on the Consent Agenda portion of the Board meeting.
- b. At the start of each Board meeting, the Chair asks if any Board Member wishes to remove an item from the Consent Agenda in order to allow for discussion of such item. No motion or vote is required with respect to such removal.
- c. If an item is removed from the Consent Agenda, the Board Chair will place it on the regular portion of the Board Meeting Agenda in order to provide time for discussion of such item.
- d. The Board Chair asks for a motion to approve the Consent Agenda.

5.3 Board Relationship with CEO

Date Approved: 1 Apr 2015

1. The Board will adhere to the following principles in its relationship with the CEO:
 - a. The Board's sole official connection to the operating organization, its achievement, and conduct will be through the Chief Executive Officer.
 - b. Only decisions of the Board acting as a body are binding on the CEO; decisions or instructions of individual Board Members, Officers or Committees are not binding on the CEO except in instances when the Board has authorized such exercise of authority.
 - c. The Board's only link to operational achievement and conduct is the CEO, so that all authority and accountability of staff, as far as The Board is concerned is considered the authority and accountability of the CEO.
 - d. Board Members will refrain from interfering with the day-to-day administration of CVAC by contacting individual employees in order to influence their conduct or decisions.
 - e. Board member concerns or questions about management performance will be raised with The Chair.
 - f. Board member concerns or questions about airport staff performance will be raised with the CEO.

5.3.1 Accountability of the CEO

Date Approved: 19 Oct 2016

1. The CEO is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned is considered the authority and accountability of the CEO.

5.3.2 Unity of Control

Date Approved: 19 Oct 2016

1. Only decisions of the Board acting as a body are binding on the CEO; decisions or instructions of individual Board Members, Officers, or Committees are not binding on the CEO except in instances when the Board has authorized such exercise or authority.

5.4 Communication with Nominating Entities, Stakeholders and the Public

Date Amended: 20 Jan 2016

1. The Comox Valley Airport Commission (CVAC) Board will continually review its governance to ensure effective and transparent communication with Nominating Entities, Stakeholders and the Public.
2. CVAC's communication with the Public and the Nominating Entities will include:
 - a. **CVAC Website.** The primary level of communication with the general public, stakeholders and Nominating Entities is through the CVAC website.
 - b. **Annual Public Meeting (APM).** The APM is a public forum held to present the CVAC Financial Statements and CVAC Annual Report. The Public will be invited to provide input by way of comments or questions. The CVAC Annual Report will be distributed and posted to the CVAC website.
 - c. **Meeting with the Nominating Entities.** The Commission will conduct an annual meeting with the Nominating Entities. The meeting will present the Audited Financial Statements, the CVAC Annual Report, and a statement of the operational goals for the current fiscal year.
 - d. **Governance.** The Board's Policy and Procedure Manual will be posted to the CVAC website and will include such information as the Corporation's General Operating Bylaws, Code of Conduct, CVAC Mission, Vision and Strategic Priorities.
 - e. **Board Appointments.** The Governance Committee will make arrangements to meet with the Nominating Entities regarding the skills, knowledge and experience requirements desired for Board appointments.
 - f. **External Presentations to Stakeholders.** Management will meet with various organizations throughout the year to make presentations and be available to answer any questions.

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- g. **Media Releases.** The CVAC will issue timely media releases as required.
- h. **Correspondence to Nominating Entities.** The CVAC will keep Nominating Entities informed on significant issues through correspondence from the Chair of the Board.
- i. **Surveys.** The public will be surveyed periodically through the Customer Satisfaction Survey.

5.5 Board Remuneration, Per Diem Meeting Fees and Expenses

Date Amended: 24 Feb 2016

1. Remuneration:

Remuneration shall be paid on the completion of each quarter of the Fiscal Year based on the following annual amounts:

| | |
|--------------|---------|
|) Chair | \$9,690 |
|) Vice Chair | \$5,355 |
|) Secretary | \$9,180 |
|) Treasurer | \$5,355 |
|) Directors | \$4,080 |

2. Per Diem Meeting Fees:

No Per Diem Meeting Fee is to be paid for Board Meetings.

3. Expenses:

- a. Each Board member is entitled to claim reasonable and actual expenses.
- b. Board members will not be paid for time spent attending education and development activities, but will be reimbursed for expenses incurred such as conference and course fees, meals, accommodation and travel provided the Board member's participation has been pre-approved by the Executive Committee.
- c. Travel expenses arising from attendance at Commission relate functions and meetings may be reimbursed.

4. Annual Review of Remuneration and Expenses:

Board member's Remuneration and Expenses are to be reviewed annually in March by the Finance Committee.

6.1 Monitoring CEO Performance

Date Amended: 19 April 2017

1. Systematic monitoring of CEO job performance will be solely against the only expected CEO outputs: accomplishment of the results the Board expects and operation within the expectations established in its Executive Responsibility policies.
2. Monitoring is simply to determine the degree to which Board policies are being met. Data that does not do this will not be considered to be monitoring data.
3. The Board will acquire monitoring data by one or more of three methods:
 - a. by internal report, in which the CEO discloses compliance information to the Board;
 - b. by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; and
 - c. by direct Board inspection, in which a designated member or members of the Board assess compliance with the appropriate policy criteria.
4. In every case, the standard for compliance shall be by *any reasonable CEO interpretation* of the Board policy being monitored.
5. All policies that instruct the CEO will be monitored at a frequency and by a method chosen by the Board. The Board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

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6.1.1 CEO Operational Accountability and Performance Monitoring Schedule

Date Amended: 19 April 2017

| POLICY | MONITORING SCHEDULE (CEO REPORTS TO COMMITTEE) | MONITORING RESPONSIBILITY |
|---|---|--|
| User Satisfaction | | |
| ♦ Tenants (ATB & Land) | Annually – Fall | Board |
| ♦ Traveling Public | Bi-annually - Summer & Winter | Board |
| ♦ Airlines | Annually - Spring | Board |
| Financial Planning and Budgeting | Annually - Fall | Finance |
| Financial Condition and Activities | Generally each time Audit, and the Finance Committees meets | Audit Committee Finance Committee |
| Revenue Generation Contracts – magnitude, term length | Annually – Fall | Audit Committee/Finance Committee |
| Emergency CEO Succession | Annually - January | Executive Committee |
| Asset Protection and Financial Control | Annually | Audit Committee Auditor |
| Compensation and Benefits | Annually Staff: February CEO: January - March | Board through annual budget process In Camera Board |
| Communication and Support to Board | Annually - January | Board |
| Land Development | Annually | Board |
| Environmental Stewardship | Annually or immediately as issues arise | Board |
| Safety on Lands or Operations under CVAC Control | Annually or immediately as issues arise | Board |
| Information Security | Annually - May | Board |

6.1.2 CEO Performance Evaluation and Developmental Process

Date Amended: 19 April 2017

| ACTIVITY | RESPONSIBILITY | TIMELINE |
|--|-------------------------------|--|
| 360-degree feedback program to support CEO professional development | Executive Committee | January/February every 3-5 years commencing 2017 |
| CEO reviews 360 feedback results with Executive Committee | CEO and Executive Committee | March/April in applicable years |
| Executive Committee initiates Hayes Performance Evaluation Process with CEO | CEO and Executive Committee | March |
| Executive Committee discusses the results of Hayes Performance Evaluation with the CEO | CEO and Executive Committee | March |
| CEO writes annual objectives based o 360 and Performance Evaluation and presents to Executive Committee for approval | CEO and Executive Committee | April |
| Executive Committee debriefs with CEO on annual objectives | CEO and Executive Committee | May |
| Executive Committee briefs Board on 360 and Performance Appraisal and new CEO objectives | Executive Committee and Board | May |
| Mid-Year Performance Review | CEO and Executive Committee | November |

6.4 Election Process for Officers of The Corporation

Date Approved: 1 Apr 2015

1. The Governance Committee has the responsibility for overseeing an orderly election process for Officers of The Corporation.
2. **Election Process for Officers of The Corporation:** The process for the elections for Officers of the Corporation shall be as follows:
 - a. Election of Officers of The Corporation will be held by secret ballot at the first meeting of the calendar year to fill expiring terms.
 - b. Members are eligible to stand for election as an Officer of The Corporation if the remaining term as a Director on The Board does not expire during the 12 months that the office will be held, and nominations have been received prior to the Expression of Interest being submitted.
 - c. The Governance Committee will appoint a Registrar from The Committee, preferably an outgoing member, to oversee the election process.
 - d. Each year the Registrar will provide Members at least two weeks notification of the deadline to file Expressions of Interest for Officer positions.
 - e. A candidate for Officer positions (Chair, Vice Chair, Secretary, or Treasurer) shall file an Expression of Interest for a specific position to the Registrar two weeks prior to the first meeting of the calendar year.
 - f. Board Members will be notified of the candidates running as Officers of The Corporation the day after the close date for Expressions of Interest.

6.5 Board and Director Evaluation

Date Amended: 19 Oct 2016

1. The Board evaluation processes are designed to provide Directors with an opportunity to examine how the Board is operating as a whole (Appendix A); how a Director views their own performance (Appendix B); and, how a Director is viewed by peer Directors (Appendix C). The intent is to make suggestions for improvement.
2. **Process:**
 - a. Appendix A
 - i. Once a year the Board will conduct a Board evaluation (Appendix A)
 - ii. Board members will be asked to complete the evaluation (Appendix A) and submit them to the Secretary of the Board on a confidential basis.
 - iii. The Secretary will complete a summary of the evaluations and present results for discussion and action at a subsequent Board meeting.
 - b. Appendix B
 - i. Once a year each Director will complete the Director Self Evaluation (Appendix B) for their own review.
 - c. Appendix C
 - i. Once each year the Directors will evaluate their fellow/peer Board Directors (Appendix C). Board Liaison will provide a schedule for the year.
 - ii. The Directors will be asked to complete each evaluation and submit it to the Board Liaison on a confidential basis.
 - iii. The Board Liaison will compile the results and share with the Board Chair and the Director. In regards to the peer evaluation of the Board Chair, the Board Liaison will compile the results and share with the Secretary and the Board Chair.

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- iv. The Board Chair will arrange a time to review the peer evaluation with the Director. The Secretary will arrange a time to review the peer evaluation with the Board Chair.

6.5 Appendix A - Board Evaluation

Date Amended: 19 Oct 2016

THE PURPOSE OF THE CVAC BOARD EVALUATION IS TO ASSESS THE EFFECTIVENESS OF THE BOARD AS A WHOLE AND THE COMMITTEES AND THE CHAIR OF THE BOARD. COMMENTS ARE TO BE CONSTRUCTIVE AND DIPLOMATIC IN KEEPING WITH THE PROFESSIONALISM OF THE BOARD.

| Considerations | Rating |
|--|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| CVAC and Industry Knowledge | |
| 1. Directors have a solid understanding of the industry and competitive environment. | |
| <u>Comments</u> | |
| 2. Directors have a solid understanding of the CVAC. | |
| <u>Comments</u> | |
| 3. Directors have a solid understanding of the political and social environment in which the CVAC operates. | |
| <u>Comments</u> | |
| Governance | |
| 4. Directors have full and common understanding of the roles and responsibilities of a board and recognize their primary obligation is to monitor management and performance, not to manage the airport. | |
| <u>Comments</u> | |
| 5. Directors place the interests of the CVAC above any representative or constituent interests they may hold. | |
| <u>Comments</u> | |

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| Considerations | Rating | |
|---|---------------|--|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | | |
| 6. There are clear written terms of reference for | | |
| a. the Board, | | |
| b. the Chair, | | |
| c. the CEO, | | |
| d. the Committees, | | |
| e. individual Directors. | | |
| <u>Comments</u> | | |
| 7. There is an annual comprehensive CEO evaluation process. | | |
| <u>Comments</u> | | |
| 8. The Board reviews and approves the compensation plans for | | |
| a. the CEO | | |
| <u>Comments</u> | | |
| 9. The CVAC maintains a conflict-of-interest policy and all directors and management staff review and/or sign to acknowledge and comply with the policy. | | |
| <u>Comments</u> | | |
| 10. There are mechanisms in place that allow the Board to act independently of the CEO if necessary. | | |
| <u>Comments</u> | | |
| 11. There is an annual review process for the evaluation of | | |
| a. the performance of the Board as a whole; | | |
| b. the performance of committees; | | |

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| Considerations | Rating |
|--|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| <u>Comments</u> | |
| 12. The Directors communicate freely with one another—with and without management. | |
| <u>Comments</u> | |
| 13. Directors understand | |
| a. their common objectives; and | |
| b. are willing to dedicate the time to accomplish them | |
| <u>Comments</u> | |
| 14. There is a clear and well-communicated set of Board guidelines or operating procedures to which the Board is committed. | |
| <u>Comments</u> | |
| 15. The Board’s nominating process ensures that the board remains appropriately diverse with respect to age, perspective, skills, and experiences. | |
| <u>Comments</u> | |
| 16. Directors receive regular training and information about the industry and their responsibilities. | |
| <u>Comments</u> | |
| 17. New directors are oriented to the CVAC, including the mission, bylaws and policies, as well as their roles and responsibilities as Board members. | |
| <u>Comments</u> | |
| 18. The Board effectively represents the organization to the community. | |

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| Considerations | Rating |
|--|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| <u>Comments</u> | |
| Strategic Planning | |
| 19. The Board approves corporate strategy. | |
| <u>Comments</u> | |
| 20. The Board has the opportunity to provide input and advice to the strategic plan prior to its finalization. | |
| <u>Comments</u> | |
| Board CEO Linkage | |
| 21. The roles of the Board and the CEO are defined and respected, with the CEO delegated as the manager of the CVAC’s operations and the Board focused on policy and planning. | |
| <u>Comments</u> | |
| 22. The information Directors receive is in a format that is intelligible and enables them to understand the CVAC’s performance relative to similar airports. | |
| <u>Comments</u> | |
| 23. The Board is regularly exposed to the senior management team and key managers on a formal and informal basis. | |
| <u>Comments</u> | |
| Monitoring | |
| 24. The Board has the tools and knowledge to effectively monitor the organization’s performance. | |

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| Considerations | Rating |
|---|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| <u>Comments</u> | |
| 25. The Board regularly monitors and evaluates progress toward strategic goals and performance. | |
| <u>Comments</u> | |
| 26. Directors receive information on a regular basis about the CVAC’s financial performance. | |
| <u>Comments</u> | |
| 27. Directors receive information on a regular basis about the CVAC’s non-financial performance. | |
| <u>Comments</u> | |
| Board Communication | |
| 28. Board meetings allow enough time for the exchange of ideas. | |
| <u>Comments</u> | |
| 29. The Board has sufficient dialogue. | |
| <u>Comments</u> | |
| 30. The Board’s dialogue is sufficiently broad, exciting and insight generating. | |
| <u>Comments</u> | |
| 31. Board members take reasoned, independent positions. | |
| <u>Comments</u> | |
| 32. Board members share their knowledge and experience to help the CEO and the CVAC. | |

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| Considerations | Rating |
|---|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| <u>Comments</u> | |
| 33. Board discussions are open and candid. | |
| <u>Comments</u> | |
| 34. The atmosphere of the boardroom encourages critical thinking. | |
| <u>Comments</u> | |
| 35. Board discussions reach closure. | |
| <u>Comments</u> | |

6.5 Appendix B - Director Self Evaluation

Date Amended: 19 Oct 2016

| Considerations | Rating |
|--|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| Goals and Objectives | |
| 1. I fulfill the legal requirements and obligations of a director. | |
| 2. I have a comprehensive understanding of the statutory and fiduciary roles of a director. | |
| 3. I represent the interests of all shareholders in the governance of the CVAC and ensure that the best interests of the CVAC are paramount. | |
| 4. I participate in the review and approval of CVAC policies and strategy and in monitoring their implementation. | |
| Preparation and Participation | |
| 5. I come to the Board and committee meetings fully prepared. | |
| 6. I maintain an excellent Board and committee meeting attendance record. | |
| 7. I understand the CVAC's philosophy and strategy. | |
| Behavior | |
| 8. I enhance group discussion in the following ways: | |
| a) I push the discussion forward; | |
| b) I integrate various viewpoints; | |
| c) I help discussions reach closure; | |
| d) I encourage openness and candor; | |
| e) I push the group to confront reality; | |
| f) I bring new thinking; | |

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| Considerations | Rating |
|--|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| g) I challenge other directors when they sidetrack discussion or dwell on minutiae; and | |
| h) I help draw out contributions from others. | |
| 9. I respect confidentiality. | |
| 10. I have a clear understanding of what I should or should not be communicating outside the Board. | |
| 11. I identify potential conflict areas—real or perceived—and ensure they are appropriately identified and reviewed. | |
| 12. I am an available resource to the CEO and the Board. | |
| 13. I advise the CEO and/or Chair when introducing significant and/or previously unknown information or material at a Board meeting. | |
| 14. I am a “good” Board member in the following ways: | |
| a) I listen to and consider others’ comments; | |
| b) I am willing to change my viewpoint; | |
| c) I accept challenges from others without becoming defensive; | |
| d) I have the courage to say what is on my mind; | |
| e) I am free of conflicts of interest or I’ve declared any potential conflicts; | |
| f) I exercise independent judgment; and | |
| g) I support the decisions of the Board publicly. | |
| Value Added | |
| 15. I understand and focus on issues that are key to the CVAC. | |
| 16. I help colleagues understand and focus on issues that are key to the CVAC. | |
| 17. I cut through complex issues. | |
| 18. I help colleagues cut through complex issues. | |

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| Considerations | Rating |
|---|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| 19. My questions or comments are | |
| a) incisive and penetrating, | |
| b) appropriately timed, and | |
| c) value added. | |
| 20. I keep discussions on track by avoiding talking too much, reminiscing, or engaging in philosophical arguments. | |
| 21. My judgments are genuinely independent of management. | |
| 22. I apply my experience and business wisdom to matters that come before the Board. | |
| 23. I take into account the viewpoints of all stakeholders. | |
| 24. I contribute to the CEO's perspective and wisdom by sharing my knowledge and experience without trying to run the operation. | |
| 25. I open doors to my network to help the CEO and the CVAC. | |
| Committee Work | |
| 26. I participate on committees and become knowledgeable with the purpose and goals of the committee. | |
| 27. I understand that committees advise and board, not management. | |
| 28. I understand the role of management and staff in supporting the committee. | |
| CVAC and Industry Knowledge | |
| 29. I understand the unique role of the CVAC within its various communities. | |
| 30. I maintain an understanding of the regulatory, legislative, business, social and political environments within which the CVAC operates. | |
| 31. I am knowledgeable about the CVAC's facilities and visit them when appropriate. | |

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| Considerations | Rating |
|---|---------------|
| Ratings: 0 – No understanding to 5 – Excellent, full understanding | |
| 32. I am an effective ambassador and representative of the CVAC. | |

ANY COMMENTS MAY BE MADE ON THE BACK OF THIS FORM.

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6.5 Appendix C- Director Evaluation

Date Amended: 19 Oct 2016

| Considerations | Director 1 | Director 2 | Director 3 | Director 4 | Director 5 | Director 6 | Director 7 | Director 8 | Director 9 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Ratings: 1 = Exceed expectations; 2 = Meets expectations; 3 = Needs improvement; N = Not sufficient opportunity to observe | | | | | | | | | |
| Attendance, participation and responsiveness | | | | | | | | | |
| 1. Attends Board Meetings regularly | | | | | | | | | |
| 2. Prepares adequately for Board Meetings | | | | | | | | | |
| 3. Participates in Board Meetings attended | | | | | | | | | |
| 4. Available for consultation between meetings. | | | | | | | | | |
| 5. Returns calls/emails in a timely manner | | | | | | | | | |
| 6. Makes time available for unscheduled, time-sensitive meetings | | | | | | | | | |
| Substantive Issues | | | | | | | | | |
| 7. Understands CVAC's business | | | | | | | | | |
| 8. Makes quality contributions to Board Meetings | | | | | | | | | |
| 9. Is financially literate. | | | | | | | | | |
| 10. Contributes new ideas/insights on issues raised by Management | | | | | | | | | |
| 11. Provides thoughtful and constructive feedback to Management | | | | | | | | | |
| 12. Anticipates new issues that Management and The Board should consider | | | | | | | | | |
| 13. Understands and actively exercises Board Governance responsibilities | | | | | | | | | |
| 14. Makes concise contributions without distracting the discussion from the issues | | | | | | | | | |

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| Considerations | Director 1 | Director 2 | Director 3 | Director 4 | Director 5 | Director 6 | Director 7 | Director 8 | Director 9 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Ratings: 1 = Exceed expectations; 2 = Meets expectations; 3 = Needs improvement; N = Not sufficient opportunity to observe | | | | | | | | | |
| Qualitative Issues | | | | | | | | | |
| 15. Brings a different and valuable perspective and experience to The Board | | | | | | | | | |
| 16. Facilitates open and interactive discussion of issues | | | | | | | | | |
| 17. Participates in rigorous decision making | | | | | | | | | |
| 18. Takes ownership of an issue on behalf of The Board | | | | | | | | | |

ANY COMMENTS MAY BE MADE ON THE BACK OF THIS FORM.

7.1 Communication and Support to the Board

Date Approved: 1 Apr 2015

1. The CEO shall support the Board in its work and keep it informed.
2. The CEO shall:
 - a. submit monitoring data require by the Board in a timely, accurate, and understandable fashion, directly addressing the provision of Board policies being monitored;
 - b. keep the Board apprised of relevant trends, anticipated adverse media coverage, and external and internal changes, particularly changes in the assumptions upon which any Board policy has been established;
 - c. advise the Chair if, in the CEO's opinion, the Board is not in compliance with its own policies;
 - d. marshal for the Board as many staff and external points of view, issues, and options as needed for fully-informed Board choices.

7.2 Financial Condition and Activities

Date Amended: 30 Nov 2016

1. With respect to the actual financial conditions and activities, actual expenditures shall reflect the Board's priorities and remain with the Financial Accountability Framework (Appendix 1) established by the Board. At no time shall the CEO cause or allow the development of fiscal jeopardy.

Financial Accountability Framework

Appendix 1

1. Expense and Revenue Budgets:

- a. The Board of Directors will approve the Corporation's annual budgets.
- b. Subject to the terms below, the CEO is authorized to spend within the approved budget. Unusual variances are to be reported and explained to the Board in the Quarterly financial reports.

2. Procurement of Goods and Services:

- a. Board approval is required for individual procurement of goods and services in excess of \$50,000. Normally this approval will occur during the annual budgeting process.
- b. Board approval is required for procurement contracts that incur Commission liability beyond five years.
- c. The CEO will not exceed the total capital program without prior approval of the Board.
- d. The CEO may exceed the budgeted amounts for individual projects provided that the total approved capital budget is not exceeded. Increases of more than 10% on projects over \$50,000 will be reported to the Board.

3. Financial Reporting:

Financial performance will be reported to the Board on a monthly basis.

4. Contracts:

- a. All contracts involving related parties must be approved by the Board.
- b. All revenue producing contracts and expense contracts for over \$5,000 will be executed by the CEO.
- c. Every reasonable effort will be made to invite multiple bids or proposals for contracts valued in excess of \$50,000. Contracts will be awarded to the lowest bidder or to the proposal offering the best overall value.

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- d. Sole source contracts will only be entered into when there is good justifications, such as:
 - i. A specified proprietary product is required for operational reasons or where the introduction of a non-standard item would cause operating difficulties or extra costs in maintenance.
 - ii. A monopoly of the technology essential to the procurement is held because of a patent or licensing position.
 - iii. The claiming of purchase credits makes sole source procurement the most cost effective.
 - iv. There is only one qualified firm available when all factors are taken into account.
 - v. Prior experience with a firm in a specialized area makes it beneficial to continue the relationship.
 - vi. Emergency situations which preclude the normal competitive process.
- e. Contracts over \$100,000 will be awarded by public tender to the lowest bidder or to the proposal offering the best overall value except in cases of extreme emergency.
- f. Any emergency sole source contracts exceeding \$100,000 must be reported to the board as soon as possible including justification for its actions. Such exceptional awards must also be disclosed in the CVAC Annual Report.

5. Business Expenses:

- a. The Board Chair (or any other Board signatory in the Chair's absence) will approve the business expenses of other Board members and the CEO.
- b. The Treasurer (or any other Board signatory in the Treasurer's absence) will approve the business expenses of the Board Chair.

6. Payment Instruments:

- a. All payment instruments require two authorized signatures or the electronic equivalent.

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- b. Normally, payment instruments will be signed or electronically approved by the CEO and a member of the Executive Committee.
- c. In the absence of the CEO, the Operations Manager may sign or electronically approve payment instruments. The Operations Manager will be bound by all of the same financial control measures which govern the CEO's financial authority.
- d. If a member of the Executive Committee is not available and there is an urgent requirement to effect payment, the CEO and the Operations Manager may sign or electronically approve a payment instrument. In such cases, the CEO will advise both the Board and Audit Committee Chairs of payment, and the rationale for proceeding without a Director's signature/approval.

8. Use of Company Credit Card:

- a. Key senior staff members will be issued a credit card for use on corporate business. The Board Chair will review and approve the CEO's monthly credit card expenses. Supervisors will review and approve their subordinates' monthly credit card expenses.

Financial Accountability Framework - Appendix 2

Comox Valley Airport Commission Purchasing Management Services Policy Spending Commitment, Signing Authority and Capital Minimum

Goods and Services - Including Construction and Facilities Maintenance

All Prices Exclusive of Tax

| Commitment/Spending Level | Commitment Type | Number of Quotes | Method of Purchase - Quote Type | Lead Time (Working Days) | Commitment/Spending Authority | Signing Authority | Special Conditions |
|---|---|---|---|--------------------------|---|---|--|
| < \$100.00 | Petty Cash | Single | Verbal, in person | Delegated to Departments | Delegated to Staff | Petty Cash Reconciliations | Receipts req'd with Payment Claim (Record GL acct. no., purpose of purchase on receipt) |
| < \$5000.00 per item or aggregate | Purchase order; purchasing card; cheque requisition; corporate supply arrangement | Single or request at least 3 quotes | Verbal; in person; telephone; fax; e-mail; or written | Delegated to Departments | Purchase card - as delegated to staff; purchase order or cheque requisition - manager | Invoice (or purchasing card stmt) Manager (note: card holder must not approve their own stmt) | Purchase order and packing slip/receipts req'd with payment claim (record GL acct no., purpose of purchase on receipt) and monthly reconciliation log. |
| > \$5000.00 to \$ 10,000.00 | Contract/Agreement; Purchase Order | Request at least three (provide reason if direct award) | Written quotes; tender; or request for proposal, request fro quotation (min 1 page specs) | Min 4 Weeks | Contract/Agreement - CEO; purchase order - Manager | Invoice - CEO | Tender on RFP must be advertised; packing slip acknowledging receipt of goods |
| > \$10,000.00 to \$50,000.00 per item or aggregate | Contract/Agreement; Purchase Order | Public Process or request at least 3 quotes | Written quotes, tender, request for proposal (min 1 page specs) | Min 4 Weeks | Contract/Agreement or purchase order - CEO > 50,000.00 Board Approval | Invoice - CEO | |
| > \$50,000.00 to \$100,000.00 per item or aggregate | Contract/Agreement; Purchase Order with attached specs or scope of work | Public Process | Tender, request for proposal (full specs) or written quotes | Min 4 Weeks | Contract/Agreement or purchase order - CEO and Board approval | Invoice - CEO | Advertise or invite submissions appropriately for the type of goods/services required. |
| > \$100,000.00 per item or aggregate | Contract/Agreement | Public Process | Tender, request for proposal (full specs) | Min 8 Weeks | Contract/Agreement or purchase order - CEO and Board approval | Invoice - CEO | |
| Emergency Purchases | Purchase Order; Purchasing Card, Contract/Agreement | Direct Award | Verbal, written | Immediate | Purchase Order, Contract/Agreement - CEO, Manager | Invoice - Manager | Written description of circumstances to be forwarded to CEO - CVAC |
| < \$1000.00 per item | All Commitment Types | N/A | N/A | N/A | Delegated to Staff | Invoice - Manager | All Items purchased under \$1000.00 are considered an operating expense |

7.3 Financial Planning and Budgeting

Date Amended: 20 Jan 2016

1. Financial planning for any fiscal year or the remaining part of any fiscal year shall reflect the Board's priorities, demonstrate fiscal responsibility, be derived from a multi-year plan and provide adequate report procedures.
2. The CEO shall provide credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Without limiting the scope of the above statement, the CEO shall perform financial management that:
 - a. Includes provision for replacement and repair of capital assets, based on long term administrative planning;
 - b. Estimates revenues conservatively and expenses realistically;
 - c. Provides funds as determined annually by the Board for the Board's direct use during the year, such as costs of audit, Board development, Board and Committee meetings, Board remuneration, and Board legal fees; and
 - d. Preserves the fiscal soundness of future years and the building of organizational capability sufficient to achieve the Board's plans.

7.4 Asset Protection and Financial Control

Date Amended: 20 Apr 2016

1. The CEO shall protect assets by adequately insuring and maintaining them and avoiding unnecessary risk.
2. The CEO shall:
 - a. establish and maintain a current system of internal financial controls;
 - b. protect the organization, its Board and its staff from claims of liability;
 - c. protect intellectual property, sensitive information and files from loss or significant damage;
 - d. make short term investments in accordance with Policy 7.4.1;
 - e. insure against theft, fire and casualty losses to a prudent replacement value with an appropriate deductible;
 - f. Maintain Safety and Security programs that ensure regulatory compliance and minimize potential hazards on or about Commission held lands.
 - g. Maintain and exercise plans, procedures and checklists for use in the event of safety or security incidents or accidents.

7.4.1 Investment Management Policy

Date Approved: 16 Dec 2015

1. **Investment Policy Statement:** It is the policy of the Comox Valley Airport Commission that the CEO is responsible for the management of CVAC reserve funds in accordance with the direction below.
2. **Purpose and Scope:** The purpose of the Investment Management Policy is to set out the responsibilities, policies and accountability associated with the management and administration of investments of CVAC reserve funds.
3. **Guiding Principle:** The investment management policy is guided by the principle of conservative management philosophy based on preservation of capital, diversification, liquidity, return on investment and the investment parameters contained in Paragraph 10.
4. **Objectives:** The primary objective for the investment of CVAC reserve funds is preservation of capital. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The preservation of capital is accomplished through the placement of funds with institutions rated in the marketplace as having the highest credit worthiness. Supporting objectives include:
 - a. **Diversification of the Portfolio:**
 - i. Investments shall be diversified in order to minimize potential losses on individual securities and to maximize the yield in a blend of financial products. In establishing specific diversification strategies, maturities selected shall provide for stability of income and reasonable liquidity. No single industry or issuer will have more than twenty percent exposure in the portfolio, unless in fixed income or marketable debt securities where deposits are backed by the Government of Canada, Provincial Government, Chartered Banks and other financial institutions.

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- ii. There will be no long term bonds.
 - iii. Diversification strategies may be revised periodically to reflect budgetary and economic cycles in order to preserve capital and maximize the return on the portfolio.
- b. **Return on Investment:** The investment portfolio shall be designed with the objective of attaining an above average market rate of return throughout the budgetary and economic cycles. This must be achieved without taking on inappropriate risk.
- c. **Benchmarking:** Investment returns are primarily a function of asset class mix. Rates of Return within the CVAC portfolio will be reviewed at least annually with the Investment Manager (IM). For the purpose of measuring performance, the following benchmarks will be used:
 - i. Short Term Investments – FTSE TMX Canada 91 Day T-Bill Index
 - ii. Bonds – FTSE TMX Canadian Series Domestic Bond Indices
- d. **Liquidity:** The investment portfolio shall remain sufficiently liquid to enable CVAC to meet its current operational and strategic requirements.

5. Roles and Responsibilities:

- a. The CEO is responsible and accountable for the management and safe keeping of all investments, including the administration of the Investment Management Policy. The CEO will establish and employ such practices, processes, procedures or methods as are determined appropriate to the efficient and effective operation of investment management.
- b. The designated Investment Manager (IM) is responsible in conjunction with the CEO for meeting the objectives of the investment management policy. The IM is responsible for providing monthly detailed transaction reporting as well as performance reports.
- c. The IM shall be relied on for advice and information with regard to meeting the objectives of the investment management policy.

- 6. Ethics and Conflicts of Interest:** Officers and employees involved with the investment process shall refrain from personal business activity that could conflict

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with the proper execution of the investment management program, or which could impair their ability to make impartial investment decisions. If a conflict of interest arises, the person or persons will refrain and withdraw from all discussions and participation in any decisions pertaining to those matters where the conflict of interest exists, or is perceived to exist.

7. Prudence:

- a. Investments shall be made with judgement and care, under circumstances then prevailing, as they would by a prudent person who would use discretion and intelligence in carrying out the objectives of the investment policy.
- b. The CEO and the IM acting in accordance with the investment management policy and exercising due diligence, shall be relieved of personal responsibility for any individual securities, credit risk or market price change, provided deviations from expectations are reported in accordance with the investment management policy and the portfolio strategy is reviewed to control adverse developments.

8. Internal Controls:

- a. Procedures shall be established such that internal controls will prevent losses of CVAC funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of CVAC.
- b. Procedures will include but are not limited to:

| Control | Recommended Best Practice |
|----------------------------|---|
| i. Control of fraud | Two signatures on all transactions, CEO and one other authorized signing officer. |
| ii. Separation of duties | IM holds investment of portfolio funds; transfers of funds are approved by signing officers and accounting is performed by finance staff. |
| iii. Custodial safekeeping | As a third party holds all investments, a safekeeping receipt or confirmation of investment held must be |

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| | |
|---------------------------|---|
| | issued. All investments must be in the name of the Comox Valley Airport Commission. |
| iv. Authorized investment | Governed by the Investment Management Policy and approval of the CEO. |
| v. Record keeping | All transactions will be in writing. |

9. Reporting:

- a. The IM shall provide monthly statements to the CEO itemizing all transactions.
- b. A quarterly report shall be forwarded to the Finance Committee that provides a summary of performance and a total portfolio snapshot. The report will identify deviations from the policy and will include summary information on investment holdings and performance.
- c. A comprehensive portfolio review will take place annually, including performance, total portfolio analysis and review of objectives and investment guidelines.

10. Investment Parameters:

- a. Money held by CVAC that is not immediately required may only be invested or reinvested in one or more of the following:
 - i. Securities of Canada or of a Province;
 - ii. Securities guaranteed for principal and interest by Canada or by a Province;
 - iii. Securities of a municipality, regional district or greater board;
 - iv. Investments guaranteed by a chartered bank;
 - v. Deposits in a savings institution, or non-equity or membership shares of a credit union;
 - vi. GIC purchases in excess of the CDIC (Canadian Deposit Insurance Corporation) CA \$100,000 par value + interest protection will be deposited with Schedule 1 Banks only.
 - vii. Other investments specifically authorized by the Board.

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- b. The following actions are deemed unacceptable under this policy:
- i. The CVAC reserve funds will not be mortgaged or assigned by the company;
 - ii. Short sales;
 - iii. Options or futures contracts;
 - iv. Commodities;
 - v. Non-marketable securities;
 - vi. Margin transactions;
 - vii. Any borrowing of money, except for emergencies, such as a need to meet a redemption request;
 - viii. Foreign investments.

7.5 Land Development

Date Approved: 1 Apr 2015

1. The CEO shall only recommend land development decisions that encourage and support development compatible with the Comox Valley Airport Commission's mandate.
2. Accordingly, the Corporation shall only approve land development which:
 - a. conforms with the Comox Valley Airport Commission's land use plan;
 - b. ensures that the development's aesthetics are compatible with the Comox Valley Airport commission's development guidelines;
 - c. endeavors to be in overall harmony with the plans of the Town of Comox and District;
 - d. considers the economic and social value-added aspects of the development;
and
 - e. does not compromise the Comox Valley Airport Commission's ability to satisfy foreseeable requirements for expansion.
3. Expression of Interest for development of property outside approved land use designation shall only be considered if there is support by the local municipalities for the land use change.

7.6 Corporate Donations

Date Amended: 20 Jan 2016

1. The Board budgets \$7,500 annually for corporate donations. At the beginning of the FY, request for support will be judged by a Committee comprised of members of the Management Team and the Lead Hands exclusive of the CEO. The Committee will assess compliance with the commission's donation policy (below) and apportion roughly eighty percent of the budgeted amount, leaving the remainder for unplanned requests for support later in the year. The Committee's results will be passed to the CEO for approval.
2. CVAC will not make contributions to political organizations. The Committee will be guided in their deliberations by the following:
 - a. **Sponsorship and Donation Policy:**

CVAC recognizes community sponsorship, either monetary or in-kind, as a valuable conduit between the airport and the community, and appreciates being considered as a sponsor for any event or organization. All sponsorship agreements entered into are to be consistent with CVAC's Mission, Vision, Values and Strategic Objectives.
 - b. **CVAC's priorities are to support:**
 - i. **Travel and Tourism** CVAC supports organizations such as the Chamber of Commerce, the Comox Valley Economic Development Society (CVEDS), Additional Hotel Room Tax Committee (AHRT), Destination BC and Tourism Vancouver Island whose mandates are to promote travel and tourism to the region and/or encourage economic development.
 - ii. **Selected Charitable Organization** In an effort to maximize sponsorship value, CVAC concentrates its efforts on selected charitable organizations that speak to the roots of aviation. For many

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years CVAC has been a proud supporter of Hope Air and the Angel Flight program, charities dedicated to transporting patients from Vancouver Island and other remote communities to obtain medical care in Victoria and Vancouver. CVAC also supports charities that benefit children, including Y.A.N.A. (You Are Not Alone), the Children's Health Foundation of Vancouver Island and Cops for Cancer.

- iii. **Community Organizations** CVAC is proud to support many local arts and cultural organizations and partner with them to maximize awareness in the community. CVAC takes special note of requests from businesses who either operate in the Terminal, provide other goods or services to passengers, or support the aerodrome.

c. **Requests:**

- i. All requests for sponsorship will be directed to info@comoxairport.com. Please allow four to six weeks to review applications. CVAC will contact the organization directly once a decision has been made.
- ii. Requests for sponsorship should be submitted as early as possible as resources may not be available due to other sponsorship commitments. Requests must also be submitted annually as ongoing support should not be assumed. If several request are made by one organization, preference will be given to the first request received.
- iii. Although most requests are indeed worthy of sponsorship, CVAC can only support a small percentage of the total number of requests received.

d. **Evaluation Criteria** Sponsorship applications are assessed by CVAC according to the following criteria:

- i. Availability of funds or in-kind materials
- ii. Proposed benefits to the community
- iii. Relationship between level of sponsorship sought and proposed benefit to CVAC

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iv. Community visibility

e. **Generally, CVAC will not provide sponsorship for:**

i. Recreational sports teams

ii. Personal fundraisers

iii. School fundraisers

iv. Animal health

v. Social clubs

vi. Political activities

f. **Mutual Benefits**

CVAC supports its employees in community stewardship through volunteering and encourages their participation in community events. CVAC may partner with airport tenants to support the airport sponsorship program and will encourage tenant participation in the community.

3. The activities supported by the CVAC within the Airport lands for the benefit of not-for-profit organizations are recognized as the equivalent of charitable donations.