

	<p>Edmonton Region Airport Authority</p>
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PURPOSE

To manage and operate its airport properties in a safe, secure, and efficient manner, and to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation history.

LEGISLATIVE AUTHORITY

Regional Airports Authority Act.

REPORTS TO

Is an independent body.

MEMBERSHIP

One director representing Parkland County (member of public-at-large) appointed by Council.

TERM OF OFFICE

The term of office for a director is four years, and a director may serve up to two (2) consecutive terms.

CHAIRMANSHIP

Members vote for chairman at beginning of two-year term.

MEETINGS

Once a month or more often if necessary.

TERMS OF REFERENCE

Attached.

ADMINISTRATIVE RESPONSIBILITY

President of the Authority

The Edmonton Regional Airports Authority is an independent body whose purpose is to manage and operate the local airports system on behalf of and in the best interests of the Edmonton region. As defined by the enabling legislation and its articles and bylaws, the Airports Authority is a unique community-based organization which combines many of the best features of private and public sector corporations.

Establishment of the Edmonton Regional Airports Authority

The establishment and operation of airports authorities in Alberta is governed by the Regional Airports Authorities Act. This Act was introduced into the provincial legislation on July 24, 1989 and received third reading on August 18, 1989.

Under procedures set out in the Act, communities wishing to establish a regional airports authority are required to petition the Minister of Transportation and Utilities to create an airports authority for the region. The requirements for the petition are set out in the legislation, and include the submission of:

- the name of the authority and the airports for which the authority will be responsible;
- the organizations which are to serve as appointers to the authority will be responsible;
- methods by which the appointers are to exercise and perform their functions under the Act;
- restrictions, if any, on the activities of the authority.

The incorporators of the authority are also required to submit to the Minister a copy of the bylaws of the authority, as well as signed resolutions by each of the appointers to the authority, agreeing to serve as appointers.

The Regional Airports Task Force Association, incorporators of the Edmonton Regional Airports Authority, petitioned the Minister on June 21, 1990, and on July 26, 1990 an Order in Council was passed establishing the Edmonton Regional Airports Authority.

Purposes

In proceeding with the establishment of local airport authorities, the primary objective is to expand the contribution, which airports make to local economic development, and to improve the cost-effectiveness and commercial orientation of airports in Canada. This objective is reflected in the purposes as defined by the Regional Airports Authorities Act. Under the Act, an airport authority in Alberta has two purposes:

1. to manage and operate airports for which it is responsible in a safe, secure and efficient manner; and
2. to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry.

These purposes are to be pursued by the airports authority for the general benefit of the public in its region.

Legal Status

The Airports Authority is a statutory corporation which has the rights, powers and privileges of a natural person. The definition of the Authority as a “natural person” is a key feature of the provincial legislation

and one which has important implications for the legal status of the Authority and its relationship with governments and other bodies.

As a natural person, the Authority has rights, powers and privileges comparable to those of any other private corporation established in Alberta. It is an independent body with the right to acquire and dispose of assets, to enter into agreements, to acquire debt and issue securities, and to sue and be sued. As the Authority is legally and financially independent, no government or any other body has a call on the assets of the Authority, nor are they liable for the debts of the Authority.

However, it is important to note that the Airports Authority differs from other typical corporations in two important respects. First, the enabling legislation does not allow the Airports Authority to have equity shareholders or provide any outside organizations with an equity interest in the Authority or its assets. Second, the legislation restricts the Authority to operation as a not-for-profit corporation, and requires that the Authority apply all income and surpluses to the promotion of its purposes. Similar to certain other public institutions such as universities and hospitals, the Airports Authority will operate the local airport system as a non-profit corporation on behalf of and in the interests of the region.

The designation of the Authority as a natural person also clarifies the Authority's relationship with governments and other organizations. With the exception of the local municipalities' role in appointing members to the Airports Authority Board of Directors, the Authority generally has the same relationship with the local municipalities as would any other private corporation. The Authority is subject to municipal bylaws and regulations, its airports will be required to comply with local land use, zoning and development regulations, and it will pay local property, business, and improvement taxes (or a comparable grant in lieu).

Board of Directors

One of the greatest challenges faced by the Regional Airports Task Force Association was the development of an Authority Board of Directors which would properly reflect the interests of the Edmonton region, and be acceptable to the region's municipalities and the public at large. The structure and composition of the Board of Directors as described below is the result of many months of discussion and negotiations with the Task Force's Sponsors, business and economic development interests, airport users and methods of the general public.

A number of factors and criteria were considered in the development of the Board of Directors. Three of the most important factors considered were:

1. **Representation of Regional Interest:** the individual directors, and the Board of Directors as a whole, have a fiduciary responsibility to represent the interests of the Airport Authority and the overall Edmonton region. Although the directors must remain sensitive to the requirements of individual communities and interest groups within the region, their primary fiduciary responsibility is the Authority and the overall region;
2. **Qualifications of Directors:** the Board of Directors is comprised of qualified individuals who have wide experience and a demonstrated capacity in the area such as industry, commerce, finance, administration, law, engineering, organized labour, the representation of consumer interests, and the air transportation, aviation and aerospace industries;
3. **Independence from Government:** no elected officials or public servants are eligible for appointment as directors. This restriction is set out by the federal government in the Supplementary Principles governing the transfer of federal airports to local authorities.

The rules governing the appointment, removal and conduct of the Authority Board of Directors were included in the petition for the establishment of the Airports Authority. These rules address the factors

discussed above, as well as related issues such as confidentiality requirements and the need for strict conflict of interest guidelines.

Appointments to the Authority Board of Directors were made on the following basis:

City of Edmonton	6 directors
City of Leduc	1 director
County of Leduc	1 director
Parkland County	1 director
Strathcona County	1 director
M.D. of Sturgeon	1 director
Edmonton Regional Airport Authority	<u>2 directors</u>
Total	13 directors

As appointers to the Authority, the Task Force sponsors recognized the need for wide ranging consultation in the appointment of the Airport Authority Board of Directors. The appointers consulted with the various community interest groups, including chambers of commerce, economic and tourism development authorities, and bodies representing organized labour.

To satisfy the board representative goals of the Authority, the Board of Directors itself is responsible for two appointments to the Board. These appointments will be members at large appointed to ensure that the Board is comprised of individuals with the required qualifications, and that it includes individuals representative of the interest groups affected by or dependent on the airports system.

All municipal appointments to the Board of Directors serve at the pleasure of the appointed body and may be removed and replaced at any time. Subject to the requirements for staggered terms, all appointments are made for a term of 4 years. **Directors are eligible to serve a maximum of two consecutive full terms.** In the event of the resignation or death of a director, the appointing body may appoint an individual to serve the remainder of the term.

Accountability

The Regional Airports Authorities Act contain a number of provisions which will ensure that the Airports Authority is accountable, and that it represents the best interests of the region and the public. These accountability measures include:

- **Appointment of Directors:** without question the most important avenue of accountability is through the Authority Board of Directors. Eleven of the thirteen directors were appointed by area municipalities, and it is the responsibility of these directors to represent what they view as the best interests of the Airports Authority and the region;
- **Public Reports and Information:** the Authority is required to make publicly available copies of its annual report, audited financial statements and the membership of the Board of Directors;
- **Annual Public Meeting:** the Authority is required to hold an annual public meeting open to the public at large. At this time the Authority Board of Directors and management will present the annual report of the Authority, its annual financial statements, and its statement of operational goals for the current fiscal year. These meetings will provide the public with an opportunity to ask questions of and make comments to both the Board of Directors and the senior management of the Authority;
- **Annual Appointers Meeting:** similar to the annual public meeting, the Authority will hold an annual private meeting with representation of appointers to the Authority;
- **Performance Review:** every five years the Authority is required to commission an independent performance review by a qualified firm. This independent evaluation will review the extent to

which the Authority has fulfilled its purposes, and assess the overall management, operation and financial performance of the Authority;

- **Ministerial Approval:** any amendments to the Authority's articles of association must be approved by the Minister of Transportation and Utilities;
- **Notice of Special Resolution:** the Regional Airports Authorities Act requires that the appointers to the Authority receive advance notice of any special resolution to be considered by the Board of Directors.

Combined, these accountability measures ensure that the Airport Authority operates in a public manner and that it is responsive to the interests of the region.

It is expected that the Authority will establish other mechanisms, which will ensure that it fully understands and properly reflects the concerns and interests of airport users, tenants and the general public. Once such mechanism will be the creation of advisory committees, which will report directly to the Authority Board of Directors. The types of committees which may be established include: a good neighbour committee comprised of residents living in the vicinity of airports, an economic development committee comprised of economic development officials and representatives of recognized business groups; and airport user committees comprised of airline, general aviation, and commercial tenants of the airports.

Finally, the Airports Authority articles of association include provision which allow outside parties an opportunity to make direct representations to the Authority Board of Directors. This mechanism could be used to provide direct citizen or municipal input into Board decisions, as well as an avenue to appeal decisions of senior management. The decision to hear such representations will be made at the sole discretion of the Board of Directors.

Financial Structure

The enabling legislation governing the establishment of airport authorities in Alberta is intended to create a public body which is financially independent and self-financing. Two notable features of the Airports Authority are its non-profit status and the prohibition of equity investment in the Authority.

The Regional Airports Authorities Act specifically states that airports are to be established and operated as non-profit corporations. The legislation requires that all revenues and surpluses of an airport authority be used in the fulfillment of its purposes, and it prohibits the payment of any dividends or similar distributions to its members.

Through the restriction on the issuance of shares, the legislation effectively establishes the Airports Authority as a financially independent body. While the area municipalities have the right to appoint members to the Authority Board of Directors, they have no call on the assets or revenues of the Authority, and they have no responsibility for its liabilities.