

400S, 8500 MacLeod Trail S.
P.O. Box 5244, Station A
Calgary, Alberta T2H 2N7 Canada

formerly Sypher

June 6th, 2007

Our File: JU703500

The Calgary Airport Authority
President and Chief Executive Officer
Mezzanine Level
2000 Airport Road NE
Calgary, Alberta T2E 6W5

Attention: Mr. Garth Atkinson

Dear Mr. Atkinson:

Re: Five-Year Performance Review: The Calgary Airport Authority

Jacobs Consultancy Canada Inc. (JC) was retained by The Calgary Airport Authority ("the Authority") as a qualified firm to conduct the third Five Year Performance Review of the Authority pursuant to the Lease between the Authority and Her Majesty the Queen in Right of Canada represented by the Minister of Transport dated July 1, 1992 (the Ground Lease), and the Regional Airports Authorities Act of Alberta (RAAA).

Section 29 of the RAAA states, *inter alia*, that every five years, the Authority shall engage an independent entity (s. 34) to make an examination of, and report on, the operations of the airport and the performance of the Authority. The Scope of this Review, as defined by the Act and followed by the Authority, encompasses a high level review of airport management, operation and financial performance over the five-year period 2002 – 2006 of Calgary International Airport and Springbank Airport.

The Review Team's overall approach was undertaken in three phases: 1) Data gathering, interviews, and situation review; 2) Analysis; and 3) Identification and documentation of issues, findings and opinion.

To meet the Review's Terms of Reference, JC carried out the following broad tasks:

- An extensive review of external and internal documents pertinent to the assignment;
- Interviews with, and presentations from, the Authority's Senior Staff;
- Interviews with Board members and external stakeholders concerning the performance of the Authority during the review period;
- Assessment of the operational and business performance of the Authority;
- Review of the fixed assets; and
- Analysis of the financial performance of the Authority during the review period.

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Jacobs Consultancy's assignment did not include a review of compliance with the Ground Lease, other than the requirements of Section 9.02, and does not constitute a financial, engineering, code compliance or other formal audit of the Authority's well being.

Specifically, JC was engaged to provide its professional opinion concerning a number of specific issues which are summarized below:

1. The scope, extent and nature of the Terms of Reference of the review issued by The Authority:

Finding: In the Consultant's professional opinion based on its knowledge and experience of similar studies, the Terms of Reference for the Review were appropriate to ensure a comprehensive review of the five year performance of the Authority. Further, it is the Consultant's opinion that these Terms of Reference accurately reflect the intent of the federal contract and provincial legislation calling for the Review.

2. The extent to which the Authority has been and is operating a safe and efficient service to the public:

Finding: Based on its extensive review of the documentation provided, its professional knowledge and experience, and its independent consultations with stakeholders, the Authority's employees, management and members of the Board, JC believes that the Authority has and continues to operate a safe and efficient service to the public;

Finding: In its opinion, the Consultant finds that the Authority has met the many challenges inherent in its line of business and has responded appropriately to changes in its external environment – be they of a regulatory, environmental, social, technological, or business nature; and

Finding: The Consultant finds that the Authority has demonstrated its commitment to customer service, many of its initiatives having been recognized with external awards, and has implemented many tools to monitor its performance from a variety of perspective.

3. The extent to which the Authority has been and is operating an efficiently run undertaking in accordance with its business plans:

Finding: To the satisfaction of the Consultant, the Authority has demonstrated the importance it places on a comprehensive strategic and business planning process which accords with industry best practices, and by most objective measures has demonstrated its commitment to continuous improvement in meeting the Authority's legislated mandate; and

Finding: From a review of the documentation provided during the review, including such documents as the audited financial statements and its monthly and annual reports to the Board and the public, it is JC's professional opinion that the Authority is focused on efficiently meeting its stated goals, which are relevant to such an undertaking.

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4. The extent to which financial and management controls, information systems and management practices have been and are maintained:

Finding: The Authority has a comprehensive and appropriate management structure which employs sound planning and control mechanisms to safeguard the Authority's and Landlord's assets at both the Calgary International and Springbank Airports. Furthermore the Consultant finds that the Authority appropriately safeguards and controls its assets through an ongoing program of maintenance, rehabilitation and replacement, as required;

Finding: From the Consultant's review of the documentation provided, its discussions with stakeholders and the Authority's employees, management and members of the Authority's Board, and its industry knowledge and experience, the Consultant finds that the Authority manages its financial, human and physical capital resources economically and efficiently;

Finding: From observation of the airport's operational staff and facilities, JC is of the opinion that airport operations have been carried out effectively and in the best interests of the various user groups which depend on the airport to provide first class facilities;

Finding: The Authority has demonstrated during the Review its on-going commitment to environmentally responsible airport operations and has in place plans, monitoring, processes and advisory mechanisms to ensure commitments are met; and

Finding: In the Consultant's opinion, the Authority has shown itself to be consistently in the vanguard of adding value-for-money services for its customers and tenants, and has prudently managed its financial assets, both in terms of trends and standing among peer airports.

5. Other information as required by a special resolution of the Authority's Board:

No other information outside of the Terms of Reference was requested during the course of the Consultant's review.

6. Any concerns Jacobs Consultancy has with the preceding:

The Consultant was afforded every opportunity to access any and all appropriate documentation and to consult with any and all individuals and organizations it saw fit. JC found the Authority's management and staff focused and prepared for the Review, and its employees knowledgeable, committed and cooperative. JC has no concerns with the preceding.

7. Any other relevant information about the Authority:

Finding: The Authority has been proactive and open in communicating with the aviation industry at large, and with key external stakeholders in the community.

Respectfully submitted,
Jacobs Consultancy Canada Inc.



Neil Raynor
Director