

FACT SHEET

Vancouver Airport Fuel Facilities Corporation

Corporate Profile, Membership and Structure

- Vancouver Airport Fuel Facilities Corporation (VAFFC) is a not-for-profit company owned by a consortium of international and domestic commercial airlines that operate at Vancouver International Airport (YVR), Canada's second largest airport. Currently, there are 25 airlines who are VAFFC members. The main function of VAFFC is to provide efficient sharing of facilities, costs and risks between member airlines. VAFFC has over 22 years of experience in fuel handling activities at YVR.
- VAFFC owns, constructs, operates and maintains the aviation fuel storage and distribution facilities at YVR, and has invested over \$60 million in fuelling infrastructure over the last 15 years. Similar fuel facility corporations operate at all of the major international airports across Canada. The largest in Canada is Pearson International Fuel Facilities Corporation (PIFFC), which operates facilities that handle over 1.7 billion litres of aviation fuel each year.
- VAFFC contracts the planning, management, construction and operation of its facilities to qualified organizations, and draws expertise from a network of experienced engineering and environmental consultants specializing in fuel infrastructure. FSM Management Group Inc. (FSM) is responsible for administering the day-to-day finances for VAFFC, managing its construction projects, and overseeing operations at YVR. FSM specializes in the planning and management of fuel-related projects and infrastructure across Canada.
- VAFFC operates the only fixed fuel system servicing YVR's main domestic and international terminals. VAFFC contracts the operation and maintenance of this system to Globeground Fuel Services (Globeground). Globeground also manages the storage and handling of each airline's fuel and ensures its delivery to the airline's respective aircraft.
- Each member airline purchases fuel for its own use and arranges delivery to the VAFFC fuel facilities at YVR, either through the existing delivery pipeline system or via tanker trucks. On behalf of its member airlines, VAFFC is responsible for:
 - Operating and maintaining its fuel facility system at YVR;
 - Working with Vancouver Airport Authority and Transport Canada to develop fuel demand forecasts and comply with regulations;
 - Directing new investment, maintaining insurance, and structuring debt;
 - Planning, constructing and operating safe, reliable and cost-effective fuel infrastructure to meet near and long-term demand projections; and
 - Obtaining regulatory permits, approvals and authorizations as they relate to fuel system operation and expansion, and new developments such as the Vancouver Airport Fuel Delivery Project (VAFDP).

Credit Rating and Financing

- As recently as August 2013, VAFFC's financial outlook was rated as 'Stable' and its credit rated as A2 by Moody's Investors Service. A2 is an investment grade rating.
- A few years ago, VAFFC raised \$40 million through a bond issue, and would expect to raise the capital required for the Vancouver Airport Fuel Delivery Project through the same means, up to \$120 million. The lending institutions have confirmed VAFFC's rating as suitable for this size of bond.
- The high rating is due to the consortium structure of the corporation, where member airlines each contribute to amortization payments and, if any member is in default or withdraws, the debt service is spread amongst the remaining members. The airline corporations are each responsible for a representative portion of overall VAFFC debt and operating costs, which would include payments on loans for its facilities, premiums for insurance, legal, and other services.

Insurance Summary

- VAFFC currently carries over \$500 million aviation liability insurance and \$25 million environmental liability insurance. Higher coverage is possible depending on the risk assessment of new operations, or changes to its existing operations.
- VAFFC will maintain insurance coverage at commercial rates for VAFDP components and participants during construction and operation of the facilities. VAFFC will change the insurance coverage limits, as necessary during operations, to continue to align with or exceed industry standard practice as that practice evolves over time.
- Operational phase insurance coverage for VAFDP will include the following separate policies:
 - Aviation legal liability, which applies to property damage or injury related to fuelling operations.
 - Environmental impairment liability, which will cover contamination or pollution resulting from operation of the project facilities.
 - Marine liability, which will cover potential liability from pollution into the marine environment from the project facilities.