

Chairman's Address

**Windsor Port Authority
Annual General Meeting**

**June 9, 2010
Windsor Club**



Members of City Council and Administration, ladies & gentlemen, it is my great pleasure to welcome you to the 2010 Annual Meeting of the Windsor Port Authority. This is my third Annual Meeting as Chairman of the Board, and I am happy to report that despite the economic downturn experienced both nationally & globally in 2009, the Port of Windsor had a relatively successful season this past year. We have several new projects on the go and the prospects for the port for the next several years are very encouraging.

Before I get into the details, I would like to acknowledge the other members of our Board of Directors & ask those who are here this afternoon to stand & be recognized:

Representing Federal Government & Board Vice Chair :
Al Santing

Representing the Provincial Government
Walter Benzinger

Representing the City of Windsor
Michael Ray

Representing our Port Users
Armando DeLuca George Sandala
Rocco Lucente & myself

I wish to express my personal appreciation to each of the Directors who have served this past year. The issues we face and the regulatory framework in which we operate have become increasingly more complex and I want to thank them for their outstanding support and guidance.

Finally by way of introduction I want to acknowledge Michael Frenette of our accounting firm Collins Barrow. Mr. Frenette will be available to answer any questions arising from our financial statements, a summary of which was made available earlier. I also wish to formally advise that the Board of Directors has re-appointed Collins Barrow as our auditors for the upcoming year.

Last year I was pleased to report that total cargo had increased by just over 2% in 2008, despite the onset of a world-wide economic recession. As that recession deepened, it was not surprising that cargo volumes declined in 2009 - by just over 6%. However, to put those results in proper perspective it is important to note that the St. Lawrence Seaway as a whole was down by over 25%. While a decline in cargo is never something we are pleased with, by comparison with the rest of the ports on the Great Lakes we are not overly disappointed with last year's results.

Turning to individual cargo statistics for 2009, stone, construction aggregates and salt shipments continued to be the major commodities shipped through the Port. Construction aggregates are handled at 6 major terminals across the city, operated by Lafarge Canada, Southwestern Sales, Coco Aggregates, Dunn Paving, Essroc and CBM, giving Windsor access to high-grade and well priced product from around the Great Lakes.

Due in large part to the slowdown in industrial and residential construction as well as major infrastructure projects, we have experienced declines in shipments over the prior 4 year period. This decline continued and accelerated in 2009, with total stone and construction aggregate shipments dropping by 22%.

However, as we are all well aware the City of Windsor is poised for a significant construction boom with numerous major infrastructure projects either already commenced or scheduled to start within the next year. This is very good news for our local stone terminals, and we are projecting that the next 5 years should meet and potentially surpass the records established in the late 1990's.

Canadian Salt operates the Windsor Salt Mine and ships between 1.5 - 2.5 million tonnes annually through its Ojibway dock. After very strong growth in 2008, this past season continued the upward momentum with gains of just over 2%. With significant underground reserves still available, we are forecasting that salt will continue to be one of the major commodities handled within the Port for the foreseeable future.

The successful partnership between McAsphalt Industries and the Windsor Port Authority has been ongoing for almost 20 years. McAsphalt operates and handles petroleum products for ship re-fueling as well as liquid asphalt for the local construction industry at

the Sterling Fuels dock which is owned by the Windsor Port Authority. McAsphalt has continued to up-grade and expand its facilities and recently completed construction of 2 new asphalt tanks which has more than doubled its liquid asphalt handling capacity.

This expansion will be critical over the next several years to allow us to meet the increased demand for high quality asphalt products generated by the major infrastructure projects scheduled for our region. In addition, we anticipate that within the next few weeks we will be making an announcement about a major new expansion project which will support future development and generate new jobs for our community.

As we are all aware, the new global economy and volatile international markets have become the new reality for many manufacturers and suppliers of consumer goods. In the Port of Windsor, this is particularly true for 2 of our major commodities – grain and imported steel. Steel which is handled at the port's only general cargo terminal, Morterm Limited, has suffered significant declines in recent years, and this continued into 2009 with volumes down by over 40%.

However, this decline in imported steel has been somewhat offset by a new cargo – imported windmills for electrical generation. With numerous windmill farms planned for the region, we anticipate this cargo will be an important one for the port for the next several years.

Grain shipments through the ADM Windsor Grain Terminal have been affected by numerous domestic and international factors including: global growing conditions, currency fluctuations, freight rates and domestic and international demand. ADM which is one of the world's largest grain traders has been able to react decisively to these diverse market conditions, consistently maintaining tonnage over the past 5 seasons in the 500,000 tonne range.

As we have emphasized in the past, one of the major requirements of the Canada Marine Act is that Port Authorities must remain financially self-sufficient; to that end, we were able to realize a profit in 2009, despite the downturn in the economy, of \$170,114. We remain proud of our overall financial record since becoming a Port Authority in 1999, particularly given the significant increases in costs which were imposed upon us by the Canada Marine Act – not the least of which is a requirement to pay the City of Windsor

approximately \$100,000 annually in PILTS - payments in lieu of taxes. Despite these added costs, the Windsor Port Authority continues to be - by far - the lowest cost Port Authority in the Great Lakes and one of the lowest cost ports in all of Canada. Our port fees are in every case less than ½ those at the other major Port Authorities in the Great Lakes – Toronto, Hamilton and Thunder Bay. And additionally, our land lease rates are approximately 1/10th – that’s right 1/10th – of those at our 2 major competitors – Toronto and Hamilton.

The Port of Windsor is clearly open for business – our balance sheet remains strong, we have no debt, and available reserves for port development of almost \$6 million. We have waterfront land available and we are in a very strong position to bring new development to the port. We will continue to play a strong role in the reinvention, diversification and resurgence of our local economy by working closely with the City & our private sector partners.

The Port Authority continues to be a strong advocate for marine issues affecting the Great Lakes – St. Lawrence Seaway System. We are one of the founding members of the OMTF – the Ontario Marine Transportation Forum – which brings together both public and private marine interests, with the goal of educating the Province of Ontario on the advantages of marine transportation.

This organization has realized tangible results in the last few years, with the Province of Ontario becoming much more engaged in issues which affect our industry – including the removal of tariffs on imported vessels, infrastructure renewal, and the promotion of the advantages of short sea shipping.

The Port Authority continued its commitment to the environment in 2009 through its involvement as a founding sponsor of “Green Marine” – a marine industry environmental partnership. The stated objective of this organization is to develop a focused course of action to address environmental issues of concern to the Great Lakes – St. Lawrence Seaway System. I am very proud to report that we were amongst the first ports in Canada to receive the primary level of certification under this program last year.

Those of you who were able to attend our Annual Marine Night on May 6 heard Allister Paterson, President & CEO of Seaway Marine Transport announce the launch of a new industry sponsored program - “Marine Delivers”. This \$2 million initiative is a combined

effort of major ports, carriers and shippers aimed at increasing the awareness of the general public about the importance of our industry to the Great Lakes region – including the significant economic impacts the industry generates, the environmental advantages of the marine industry versus other modes and what we are doing to combat the introduction of invasive species into the Seaway System. I must stress that our industry appreciates the significance of the invasive species problem and I am pleased to report that technologies are currently being tested which we believe will produce an economically viable and environmentally sustainable solution within the next few years. The Port of Windsor is pleased to be an early sponsor and supporter of this important initiative.

As I advised last year, the Port Authority was one of the hosts of the Multi Modal Transportation Hub conference held in May 2009 at Caesars Windsor. The goal of that conference was to bring transportation experts from around Canada & the United States together to determine what is required to position Windsor/Detroit as one of the major multi – modal transportation centres in North America. Our staff has taken the lessons learned from that conference and is working diligently with our partners to put together the pieces necessary to accomplish this goal – and I can tell you that we will have a very significant announcement in this regard in the near future.

In closing, I want to thank all our marine users and other stakeholders in the Port for their continued support, and to acknowledge the hard work of our staff over the past year. On a very somber note, I must also acknowledge the passing in October 2009 of our long time marina manager, Chuck Robinson. Chuck was a fixture for almost 20 years at our Riverside Marina & he is deeply missed by everyone in the boating community.

Finally, I want to introduce 3 new staff members to you – our new Harbourmaster, Peter Berry, who many of you may have met in his travels around the City; Michele Arquette, our new receptionist and administrative assistant; and Scott Salter, who has replaced Chuck Robinson as manager of Riverside Marina. We are a small organization with a great deal of legislative responsibility and the new staff members are fitting in very well and doing a terrific job.

Thank you again everyone for joining us this evening and we would be happy to answer any questions.