

**Toronto
Port
Authority**



**Administration
Portuaire
de Toronto**

60 Harbour Street, Toronto, Ontario, Canada M5J 1B7
Tel/Tél: 416.863.2000 • Fax/Télécopieur: 416.863.4830 • www.torontoport.com

July 15, 2010

His Worship Mayor David Miller
City of Toronto
100 Queen Street West, 2nd Floor
Toronto, ON M5H 2N2

Your Worship:

Re: Payments in lieu of taxes

I write to you today regarding the City of Toronto (the "City") and the Toronto Port Authority's (the "TPA") ongoing discussions regarding the TPA's Payments in lieu of taxes ("PILTs").

As you know, the Federal Court of Canada has overturned the 2009 advice of the Federal PILT Dispute Advisory Panel (the "DA Panel") that the City had requested to review the appropriate amount of PILTs that the TPA should pay to the City.

Under the terms of the Macro Settlement Agreement, the TPA and City agreed that the TPA would pay \$6,419,086 to the City upon the closing of that agreement, subject to the ultimate determination of what amount of PILTs were appropriate for the TPA to make for the period 1999-2009. I am pleased to report that in addition to these payments, the Board of Directors of the TPA has determined at its July 12, 2010 meeting to immediately pay the following additional PILT amounts, totaling \$1,439,613 (subject to the City's formal acknowledgement that these payments are creditable against the outcome of a future process before a DA Panel and subsequent decision by our Board):

- For the year 2009: a payment of \$572,179, which is in addition to an amount of \$931,232 for 2009 as per the Macro Settlement Agreement;
- An estimate for the first six months of 2010: a payment of \$867,434.

As we have said on many occasions, the TPA has every intention of paying a fair and reasonable amount of PILTs, and in a timely manner. The fact that we have gone beyond the terms of the Macro Settlement Agreement, and of our own accord, proves this point.

As was highlighted at our 2010 Annual General Meeting on July 12th, the amount of PILTs the TPA resolved to pay the City in 2009 reflects 6.4% of our gross revenue, as compared to an average of 3.8% as paid by other well-known Canadian Port Authorities to their local municipalities. We believe this is further proof of our bonafides on the matter.

In addition, although we have 90 days to consider the recent Court decision, the Board of Directors has also directed management to request the striking of a new DAP, rather than seek an Appeal of

Canada

the previously-announced decision of the Federal Court of Canada. This is strong evidence of our stated desire to resolve this last matter between our two organizations at the earliest opportunity.

Thank you for your ongoing efforts, and we look forward to receiving the above-stated acknowledgement at your convenience.

Respectfully,

per Mark McQueen

Mark McQueen
Chairman

cc: Hon. John Baird, P.C., M.P., Minister of Transport, Infrastructure and Communities