



**PortsToronto Annual General Meeting**

**CEO's Remarks**

**Geoffrey Wilson**

**July 16, 2020**

**Check Against Delivery**

Good morning. My name is Geoffrey Wilson and I am the Chief Executive Officer of PortsToronto. On behalf of my colleagues, the Senior Management team and our Board of Directors, I would like to thank you for joining us today for PortsToronto's Annual General Meeting.

I would like to begin today by confirming that this meeting is being broadcast from our head office at 207 Queens Quay West in Toronto, and acknowledging that this office and all of our businesses are located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg (ah-nish-naw-bek), the Chippewa, the Haudenosaunee (hoodt-en-oh-show-nee), and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples.

This is obviously a very different format and platform for our AGM this year, but like many organizations committed to following public health guidance on group gatherings, we believed this was the safest and most efficient way to hold our AGM this year.

Importantly, while the platform has changed, the content of this year's meeting will be the same. In a moment I will invite the Chair of PortsToronto's Board of Directors, Mr. Robert Poirier, to provide his remarks. I will then provide an overview of our operational performance in 2019 and address the challenges we are currently experiencing in 2020 as a result of the COVID-19 global pandemic. Finally, our Senior Vice President and Chief Financial Officer, Alan Paul, to present topline financial information for 2019.

Following his remarks, we will hold a Question & Answer session. This year we did invite participants to submit questions in advance to ensure that there were multiple opportunities to ask questions. I will address the questions that were submitted in advance first, and will then address any other questions that are submitted through the "Chat Function" that is available on this AGM portal. Please be sure to include your name when submitting your question. You can type in your questions, and my colleague Deborah Wilson, Vice President of Public Affairs and Communications, will read them out for response.

I should also mention that this online AGM will be recorded and made available on our website following today's meeting. I will also draw your attention to the release of our 2019 Annual Report. The report provides operational highlights of the year as well as containing the Management Discussion and Analysis, and the 2019 audited Financial Statements. The latter two documents were first released on June 11, 2020, to ensure that our community and stakeholders had 30 days to review in advance of today's AGM.

With that I would like to invite Mr. Robert Poirier, Chair of the Board of Directors, to deliver his remarks.

*<Robert presents his remarks>*

Thank you Robert.

I would now like to review our performance in 2019 which will include information on all of our business units – Billy Bishop Toronto City Airport, the marine Port of Toronto, the Outer Harbour

Marina and our fourth business, which we call Property and Other in the financial statements, which is inclusive of our real estate holdings and investments. I will conclude by providing some insight and context into 2020 and the impact that the COVID-19 global pandemic has had on our organization.

Beginning with 2019, I am pleased to report that PortsToronto experienced another strong and profitable year with net income of \$3.5 million on revenue of \$61.0 million, and all business units reporting growth and profit. Strong financial performance is important to any company and is one of the key indicators of an organization's success. For PortsToronto our strong financial position is particularly important to our operations given that PortsToronto is mandated to be financially self-sufficient and self-sustaining.

But as important, our profitability enables our reinvestment back into infrastructure and the community. As such, our operational activities, infrastructure development projects, environmental initiatives and community investment programs are all entirely dependent on our ability to maintain profitability.

Another benefit of strong financial performance is the money contributed by PortsToronto in the form of taxes and charges such as Payments in Lieu of Taxes – or PILTs – and the Gross Revenue Charge. In 2019, PortsToronto paid \$8.6 million to the local and federal governments in the form of PILTs and the Gross Revenue Charge – payments which are paid to government, reinvested, and ultimately used to benefit Canadians.

In 2019, our four business units all reported profitable results. Billy Bishop Toronto City Airport continued to see ongoing success in 2019 welcoming approximately 2.8 million passengers and generating revenue of \$41.7 million, including \$15.4 million in revenue from Airport Improvement Fees. This supported \$8.7 million in AIF-related capital initiatives and expenditures at the airport, as well as debt service for the Pedestrian Tunnel and other AIF-related bank debt.

Our vision for Billy Bishop Airport is for it to be the global leader for how a modern airport operates in an urban environment. The last part of this vision is perhaps the most important as it relates to the unique opportunities and challenges that are before this airport due to its proximity within Toronto's city centre.

As such, our mission at Billy Bishop Airport is to invest in the areas that are meaningful to our passengers, community and stakeholders. With a focus on safety, sustainability and innovation, Billy Bishop Airport is committed to continuous improvement in safety, noise mitigation, environmental protection and air quality improvements, passenger service and convenience, community initiatives and engagement, and technology development to make what is already great even better.

We celebrated two milestones at the airport in 2019. The first was our 80<sup>th</sup> Anniversary. Billy Bishop Airport opened in 1939, and welcomed its first commercial flight on September 8, 1939. The Second World War broke out shortly after and the airport stepped-up to serve as a military base for both the Canadian Air Force and the Norwegian Air Force. During the 80<sup>th</sup> celebration

we celebrated all phases of the airport, including its military history, through photography exhibits, partner activations and a passenger appreciation initiative that ended up winning the International Association of Business Communicators Gold Quill Award for Special and Experiential Events.

Another initiative that culminated in November of 2019 was the completion of our updated Master Plan for Billy Bishop Airport. The release of the plan marked the end of a multi-year initiative that involved comprehensive public consultation and stakeholder engagement. More than 90 meetings were held with neighbourhood associations, agencies including First Nations leaders, elected officials, local businesses, airport stakeholders and community groups. Three public meetings were also held as part of the process to present updates on key areas of interest and to kick-off a 60-day public comment period when the draft could be reviewed and comments submitted. These comments were then reflected in the final document that was released last November.

Although not a regulatory document, master plans are customary for most airports and are usually updated every five years. The Master Plan released in 2019 for Billy Bishop Airport is an update of the 2012 Master Plan and focused on areas such as infrastructure requirements, activity forecasting, environmental initiatives, and future planning. The final plan also detailed priorities for Billy Bishop Airport, as well as outlining key recommendations to support the airport's commitment to managed growth that balances airport operations with community interests.

I am also proud to announce that the Master Plan process for Billy Bishop Airport was given the Environment Achievement Award in the *Environmental Improvement with Limited Resources* category from Airport Council International just last week. The award recognizes the effort made to reflect environmental improvements and community initiatives at an airport that has relatively limited resources.

Working to further decrease noise is one of our key priorities identified within our updated Master Plan. As stated earlier by Robert, efforts such as investing heavily in ground engine run-up noise dampening infrastructure and procedures, installing new muffling equipment on our ferry, promoting walking and bicycle access to the airport, and realizing the potential of infrastructure investments such as the pedestrian tunnel are key ways that we have worked to mitigate noise to date.

In 2019, we announced the commencement of another significant initiative to address ground noise – converting the Marilyn Bell I passenger ferry to electric power. With the Ground Run-up Enclosure in place, post-maintenance engine tests are no longer a key source of noise complaints at the airport. Now the ferry is at the top of the list for ground noise. So last year we announced our latest project to make the ferry almost silent. In 2018 we converted the ferry to bio-diesel which had a positive environmental impact in terms of air quality but had no effect on noise. By taking the conversion to the next step and retrofitting the ferry to electric energy we will eliminate both noise and pollution emissions from the ferry.

The cost of the ferry – like so many costs associated with infrastructure and upgrades at the airport – will be paid for out of the passenger-paid Airport Improvement Fee, and not by taxpayers.

*<Pause>*

Now, moving from air to sea, 2019 was also a significant year for the Port of Toronto and terminal operations. The Port of Toronto experienced another record year in 2019, facilitating the delivery of approximately 2.3 million metric tonnes of cargo into the heart of the city and marking the highest recorded cargo levels in 15 years. The number of ships calling for discharge at the Port of Toronto increased by nearly 20 per cent over the prior year, with 213 ships visiting the Port of Toronto.

The cruise ship business also experienced a record year with 36 ships arriving in port, carrying approximately 12,000 passengers who supported local tourism by visiting the city's restaurants and attractions. The port and its activities reported operating income from all sources of \$5.2 million, up from \$3.6 million the year prior due to higher cargo handling, storage, and property revenues that resulted in an increase in net income.

Other businesses operating on PortsToronto's properties also had strong years, including Cinespace which operates a film and television production studio out of Marine Terminal 51. The company completed an impressive reconstruction of the terminal and, in February 2019, announced that Netflix would be establishing a production hub in the leased space, bringing even more jobs and opportunity to the industry and city.

The Port of Toronto effectively re-configured its operations and land use to accommodate this additional business, which is good for the city and economy. Importantly, these non-maritime business activities have neither affected nor displaced our core industrial port operations and cruise ship activities on PortsToronto's property. As such, in early 2020 PortsToronto issued a Request for Expressions of Interest on two additional adjacent property segments, and we are currently working through this process.

Although by no means the largest in Canada, the port plays an important role in the national transportation chain and in supporting the largest economy in Canada. Not to mention the role it plays in our daily lives providing the sugar for our coffee, the salt for our roads, and the raw materials for our booming construction industry, facilitating trade and tourism for the city.

It's also important to keep in mind that the port has an important role to play in environmental sustainability, given that the cargo delivered to the Port of Toronto last year took the equivalent of approximately 54,000, 40-tonne trucks off Toronto's already congested roads and highways. Further, ship transport is significantly more fuel efficient than trucks, using one-eighth as much fuel to carry the same amount of cargo.

*<Pause>*

Transitioning from large ships to personal vessels, the Outer Harbour Marina experienced another solid year with income of \$1.8 million on revenues of \$4.7 million in 2019. We continued

to build on our program of environmental best practices, which has earned the Outer Harbour Marina a “5 Green Anchor Gold” rating from the Ontario Marine Operators Clean Marine program for the eighth consecutive year. The marina is popular among boaters, with negligible turnover and a high customer satisfaction rating.

Our fourth business unit pertains to property holdings and investments and recorded operating income of \$2.7 million up from \$2.5 million in 2018. This unit includes properties such as Pier 6 at the foot of York, 5 Queen’s Quay and various water lots throughout the harbour.

<Pause>

As I mentioned at the outset, our continuing profitability is important not only as a key indicator of our organization’s vitality, but also as a catalyst to enable reinvestment back into the community in the form of a sustainability program that includes environmental stewardship and community investment.

Each year we publish two Sustainability Reports – one for Billy Bishop Airport exclusively, and one for all PortsToronto businesses, including Billy Bishop Airport. The 2019 Sustainability Report for Billy Bishop Airport was issued on May 19, 2020. The PortsToronto Sustainability Report will be released in September of this year.

Each report provides an overview of our efforts and reports on areas such as Greenhouse-Gas Emissions (GHG), energy usage, and waste management. You will also find initiatives we are undertaking to reduce our carbon footprint such as building a habitat for fish, migratory birds and other wildlife on the Leslie Street Spit; deploying hybrid vehicles for our service fleet; and purchasing 100 per cent of our power needs from renewable sources such as wind and hydro through Bullfrog Power. PortsToronto is one of only a few organizations in Canada to use renewable energy for its entire operations, and the only airport and port authority in Canada to do so.

One of our newest initiatives that will feature prominently in the PortsToronto Sustainability Report will be the very successful launch of our Seabins program last year. The pilot began in early summer with the installation of two Seabins at the Outer Harbour Marina.

Seabins were invented in 2014 by two Australian surfers who were concerned by the amount of plastic pollution they were seeing in the ocean. The Seabin works by moving up and down with the natural flow of water, intaking all floating debris. The Seabins can collect litter ranging from larger plastics to microplastics, as small as 2 millimetres, as well as hydrocarbons such as fuel and oil. They are incredibly effective, with the capacity to collect upward of 4 kilograms of debris in one day, and filtering as much as 1.4 metric tons of trash per year.

After a very successful pilot program at the OHM, we launched two new Seabins in the northeast corner of the York Street Slip, the first such installation in a North American harbour.

To ensure that the Seabins served a research and education function, PortsToronto took the added step of partnering with the University of Toronto Trash Team on a student-research project led by Dr. Chelsea Rochman, Assistant Professor of Ecology and Evolutionary Biology.

As part of this collaborative initiative, students from the Rochman Lab collected and analyzed the plastics and microplastics captured by the Seabins to determine the origination of some of these materials. This process helped inform the Trash Team's solutions-based research and community outreach program which ultimately seeks to increase waste literacy and prevent plastics and microplastics from entering waterways in the first place.

We are very proud of this program and all of the work we do with the environment and in support of community initiatives which, represented more than \$12 million in community and environmental spending over the last decade.

### <Pause>

We ended 2019 on a high-note having achieved our 12<sup>th</sup> consecutive year of profitability as an organization, the launch or completion of many important city-building and community initiatives, and the promise of an equally successful 2020 based on planning and results experienced in the first few months of the year.

In March 2020 the world changed. In mid-March the COVID-19 global pandemic was confirmed and countries around the world closed their borders and instituted a state of emergency. In an effort to "flatten the curve" and support measures for self-isolation, Porter Airlines and Air Canada announced the temporary suspension of commercial service from Billy Bishop Airport.

The passenger terminal was closed and concessions closed. In the months since, Ornge medevac service has been the only continuous service operating from airport, in addition to a handful of Fixed-Base-Operator and General Aviation flights. Almost overnight, nearly two-thirds of PortsToronto annual revenue ceased. PortsToronto immediately contained costs, cancelled all non-essential capital projects, reduced our staff complement, and deferred expenses in an effort to weather the unknowable storm ahead.

However, four months later we are starting to see signs of recovery. Some of the smaller operators such as Helitours and FlyGTA have resumed operations from the airport, and our commercial carriers have announced that they will re-commence service at the end of August.

As borders begin to open, comprehensive health and safety programs are being introduced by airlines and airports to ensure health protocols and assure the travelling public that it is safe to fly. For its part Billy Bishop Airport is preparing to launch its *Safe Travels Program*, which is a comprehensive approach to advanced cleaning and sanitization, directing passenger flow, limiting close interactions, ensuring Personal Protective Equipment, and communicating safety messages so everyone – passengers, staff and visitors – can be safe while travelling through our airport. Our partners Porter Airlines and Air Canada have also developed advanced programs for aircraft that will also promote safe and healthy flying.

We are confident that business will recover. Indications are that the aviation industry may take up to three years to return to 2019-levels, but that regional travel will be the first segment to see growth. Regional travel is our focus at Billy Bishop Airport so we have reason to be optimistic. Having said that, trans-border travel will require opening regional business travel to the US.

While the airport and our overall profitability has been impacted by measures to contain the COVID-19 pandemic, other areas of PortsToronto's business have remained relatively strong. The marine Port of Toronto has continued largely unaffected throughout the pandemic, receiving cargo from around the world such as salt, sugar and construction materials that have kept Toronto industry moving. The Port of Toronto is an important part of the regional supply chain and we are proud of the role it has played in keeping Toronto strong.

The Outer Harbour Marina opened in May 2020 and has implemented new restrictions and protocols for public safety to ensure everyone can have a good summer.

Also noteworthy, the PortsToronto Works and Maintenance department, deemed an essential service, continued to work throughout the pandemic on important projects such as dredging of the harbour and flood protection, infrastructure maintenance, and construction at the airport associated with the City of Toronto's Bathurst Quay Neighbourhood Plan.

The contrast between 2019's strong results and 2020's new business realities is significant. However, like so many organizations impacted, PortsToronto is committed to getting the airport back to business and providing a safe and healthy passenger experience that will support the economic recovery of Toronto and the national aviation system. Our team will have to lean-in to the challenges ahead, but I am confident that we can all do what needs to be done. Our other businesses remain strong and will continue to service Toronto to aid in the economic recovery ahead.

I would now like to invite Alan Paul, Senior Vice President and Chief Financial Officer of PortsToronto, to present our 2019 financial results.

*<Alan presents financials>*

Thank you Alan. In closing, I would like to take this opportunity to recognize and thank several groups that have played such an integral role in our success in 2019. First, I would like to thank our stakeholders and community partners whose co-operation and feedback have provided us with the insight and understanding to operate effectively within our community. I would like to thank our government partners, especially members of City of Toronto Staff and in particular the Waterfront Secretariat team with whom we have worked so closely and effectively in the past year. As well as the Ontario Government who have been unwavering in their support for the economic importance of the airport and ports business, and Transport Canada for its support of our efforts to build and constantly improve our transportation infrastructure. I would also like to thank the Mississaugas of the Credit First Nations for a year of collaboration and partnership on a variety of initiatives.

To the staff and management team at PortsToronto, a very big thank you. This is an incredibly dedicated team of people whose commitment, expertise, integrity, and professionalism have driven an exceptional level of achievements in 2019, and who have remained committed and professional during the difficult months we have experienced thus far in 2020.

Finally, our board members, who are engaged and supportive in all matters of our organization and provide counsel and direction that have steered our accomplishments in 2019 and helped



us navigate the challenges in 2020. In particular, I would like to thank our Chairman, Robert Poirier for his unyielding commitment to our organization and outstanding expertise, dedication and support. We are fortunate to have him as our Chair in general, and particularly in the times ahead and for leading a board of talented individuals.

Business for PortsToronto is certain to look somewhat different in 2020, as we pivot our plans to adapt to the “new normal” and re-start the airport. What will not change is our commitment to conducting ourselves in the year ahead with transparency and in the spirit of collaboration and communication. We are, as ever, committed to doing what we can to support the economic recovery for Toronto and work with our government partners wherever needed to support plans and initiatives to get Canada on its feet again.

With that we will move into our Question Session. As I mentioned at the outset, we did receive a few questions in advance which I will answer first. I will then turn to any questions that come in through the chat function available on this portal.

I’ll ask my colleague, Deborah Wilson, Vice President of Public Affairs & Communications, to read the questions.

<Q&A Period>

<Line will stay active to allow for closing remarks>

If there are no more questions I will extend my appreciation to those who participated in today’s Annual General Meeting.

After this meeting you can always submit questions through our [communications@portstoronto.com](mailto:communications@portstoronto.com) mailbox. Our website is updated daily with news and information, and our social media platforms are very active in providing news and updates to our community.

Thank you again for joining us today. Please stay safe during these challenging times and enjoy the rest of your day.