

Thank you, Craig, and welcome to our annual general meeting. I am delighted to see such a great turnout.

Our Chief Financial Officer, Alan Baydala, will provide an overview of last year and our financials. I want to focus on several topics of keen interest to us and the communities in which we operate.

Before I do that I want to highlight that 2014 was an extraordinary year on so many fronts. Growth in trade through the port broke records yet again, we completed over 200 hundred environmental reviews of proposed projects, we held and participated in hundreds of community events, and we certainly received unprecedented public attention. It was a challenging and very rewarding year in so many ways.

As Craig mentioned, as a Canadian port authority, we have a mandate under the *Canada Marine Act* that requires us to focus primarily on three things.

1. To support Canada's trade objectives by ensuring commercially viable port operations and safe, efficient transportation of goods
2. To provide a high level of environmental protection
3. To consider the input of local communities

As you can imagine, these three goals don't always easily co-exist. It's a balance we work to strike every day, it's a balance we must succeed in making.

Canada's trade is growing – new trade agreements, increasing demand for our natural resources, growing Asian economies and increasing Canadian desire for foreign products.

Our job, as a port authority, is to respond to that growing demand and make sure the port is ready to handle it.

So how do we do that?

I want to share with you some examples, and I ask you to notice the thread that joins them all. It's a thread of collaboration – the port authority working with many others to address growing trade as responsively – and responsibly – as we can.

On any given initiative, our partners could be terminal operators handling cargo, tenants leasing our land, communities looking for infrastructure improvements, emergency responders planning for incident response, environmental organizations researching marine ecosystems, the business community looking to grow market share, or government wanting to advance a policy or implement a new regulation. It's hard to come up with even one example that doesn't involve working with someone outside our organization.

First and foremost, our operations must serve Canada's trade objectives by being commercially viable, efficient and safe. Commercially viable means at no cost to tax payers, unlike our U.S. competitors who are supported by local municipal taxes. It also means commercially viable for those who use, and invest in, our gateway – they must get efficient competitive services and be able to earn a return on the capital they invest.

In 2014, we completed or neared completion of several large infrastructure projects that increased capacity, improved safety and efficiency, and minimized impacts on host communities. For example, the new Low Level Road – a project in partnership with federal, provincial and municipal governments and Translink – provides better separation of road and rail traffic, allowing for more efficient and safe movement of trains, commuters, pedestrians and cyclists. As with all projects, there was some opposition at the start, but the accolades speak for themselves and we know it has improved the quality of life on the North Shore.

These and other improvements throughout the gateway have given the private sector the confidence to invest in growth and development. Collectively, in recent years, we have seen about \$9 billion invested in the region to support growing trade.

We are now working with others on the next wave of improvements. In 2014, we led the creation of the Gateway Transportation Collaboration Forum. With Transport Canada, the province, Translink, the Greater Vancouver Gateway Council and ourselves all participating, we are identifying and prioritizing new infrastructure projects that will ensure trade can continue to flow smoothly for years to come while also minimizing impacts on local communities.

Let me turn to another example of how efficient and safe operations are a product of collaboration.

One of our greatest challenges in 2014 was the labour disruption by container truck drivers in February and March. Reliability is a port's best advertisement, and any disruption – or even a threat of a disruption – can cause immediate and long-lasting loss of business, which greatly impacts local workers and companies, both large and small.

To resolve the problem, our goal was to end undercutting by trucking companies that left drivers unable to earn a living wage. Together with the federal and provincial governments, we have reached a point where we are seeing stability. It's been an incredible amount of work, but we are now becoming a model for port authorities around the world that struggle with similar issues in this sector.

So let's move on to the second pillar of our legislative mandate, environmental protection.

First we need to truly understand what it means to be "sustainable". In 2014, we led a process to develop a definition of sustainability for the Vancouver gateway. It extends beyond the port authority and we hope our terminal partners and others who helped us develop the definition will pursue it as wholeheartedly as we are. Seeing the focus on sustainability all around the gateway, I have no doubt that they will.

Our definition of sustainability has three parts: economic prosperity, environmental protection and thriving communities. You can read more about it in our 2014 Sustainability Report, which is being released today.

Here are a few environmental highlights.

Canadian port authorities have environmental decision-making responsibilities, and so we must first be assured that any project on federal lands is not likely to cause significant adverse environmental effects before we can approve any project within our jurisdiction.

In 2014, we conducted about 265 environmental reviews. We reviewed proponents' project plans and required environmental mitigations and strategies as conditions of project approval. Our most challenging review was probably the Fraser Surrey Docks coal transfer permit.

This project was the subject of unprecedented levels of public interest. Frankly, we were caught off guard by it, particularly given that coal is the port's largest export and thermal coal has moved through the port for decades.

That experience taught us a lot. Transparency and public trust are essential and we are making improvements to our permitting process to address this.

Canadian port authorities do not have the legal jurisdiction to decide what products Canada trades. Only to ensure whatever is traded, is traded safely, efficiently and sustainably. We understand there are those who would like us take a stand on certain commodities or on issues such as climate change. While we have no authority over national trade or climate change policies, what we can do is minimize the environmental footprint of port operations.

Our environmental team is comprised of around 15 experts in biology, air quality, atmospheric science, chemistry, soil science, geology, sustainability and energy management and environmental management systems. They work with our tenants, terminals and others to reduce air emissions, reduce electricity use, improve and create wildlife habitat, minimize noise impacts and much more to ensure the environmental sustainability of the port.

In addition, a separate project team, over the past four years, commissioned 77 different scientific studies that have been conducted to inform our Environmental Impact Statement for the proposed new container terminal next to Deltaport – Roberts Bank Terminal 2. Roberts Bank is now likely one of the most studied ecosystems in Canada. Our research has contributed to a large body of knowledge, and this is being broadly shared.

These studies have led us to conclude Terminal 2 can be built and, with mitigation firmly in place, will result in no adverse impacts to the environment. It is now up to an independent panel to assess our report and make a recommendation to the federal minister of environment.

The work done to prepare the Environmental Impact Statement for Terminal 2 also led us to establish an important new mitigation program. Our research has highlighted something that is already known; that human population growth and marine traffic of all kinds in our region, including, port traffic, ferries, whale watching vessels, and pleasure boats, are impacting the Southern Resident Killer Whale population. This risk exists with or without Terminal 2. To better understand the cumulative impacts of all shipping activities on whales throughout the southern coast of British Columbia and inform mitigation solutions, we established the ECHO program which stands for Enhancing Cetacean Habitat and Observation Program.

Our solution was to seek early input and advice through a collaborative working group comprised of government agencies, First Nations representatives, shipping industries, environmental and conservation organizations, and scientists.

One of the projects we are pursuing is the use of innovative, Canadian-developed hydrophone technology so we can be sure we are getting the information needed to define and take appropriate action. We are providing initial funding and exploring opportunities for additional funding from government and industry.

We are also excited about our work in air quality. Did you know that air quality related to port activities is actually improving? That's because of regulatory requirements and financial incentives to use lower-sulphur fuels, shore power for cruise ships, and requirements for truck engine standards.

I could go on and on about our various environmental programs, and you will find information about many of them in our sustainability report. Suffice it to say that our environmental team is absolutely devoted to making sure we do what we do responsibly and for the long term, a value shared throughout our organization, and I am proud of the work we do

Finally, returning to our mandate, I want to touch on the third of our three pillars: consideration for local communities.

This port is critical to Canada. One dollar of every five in goods traded by Canada flows through this port, and we are by far the largest port in Canada. All of us, including the 16 Lower Mainland municipalities and several First Nations we border, and the many others through which trains and trucks travel, all share in hosting a system that is absolutely imperative to the wellbeing of all Canadians.

However, hosting all this port-related infrastructure means there are some impacts. Our role is to minimize those impacts by informing, engaging and collaborating with communities and local governments to develop the best options and reasonable mitigations.

To build on our shared interests in environmental protection and economic development, we actively engage with Aboriginal communities to seek their involvement in the future growth, operation and stewardship of the port.

In addition, we have a municipal engagement team that meets with local governments regularly and manages our three community liaison committees.

We engage, consult and allow for public input. We always incorporate public feedback into our plans to the extent that we can and it makes sense. In 2014, we completed our Land Use Plan – similar to a municipality's community plan. We consulted for two years with over 1,000 people – despite the *Canada Marine Act* requiring we conduct one – only one – open house.

Speaking of planning for the future, in 2014 we revisited our Port 2050 scenarios. Originally developed in 2010, the scenarios are four, very long-term views of how the port might evolve. Last year, we brought stakeholders together again to provide an updated vision of the port. One that provides for Canada's ongoing trade growth,

but does so in a way that is sustainable and maintains the lifestyle and environment we all so appreciate here in the Lower Mainland.

Port 2050 provides the long-term perspective for the port. Our annual planning cycle sets out goals that form our annual corporate scorecard. Each month, we evaluate ourselves against that scorecard and other meaningful metrics to keep us on track.

So, there you have it – a quick overview of our mandate to facilitate trade in a sustainable way and with consideration for local communities, and a few examples of how we are fulfilling our federal purpose as a port authority, with a high level of stakeholder involvement.

Now, turning to the challenges we see on the horizon...

When I reflect on the largest issues we are currently managing there are three that immediately come to mind.

The first is the shortage of industrial land in the Lower Mainland. We have been sounding the alarm on this very serious issue for over two years now. Quite simply, we are running out, and by “we”, I don’t mean just the port. I mean “we” in the Lower Mainland. Any business that is involved in trade and relies on the port is going to be very challenged to find suitable space to operate. We estimate available industrial land will be fully depleted within the next decade.

What does that mean? It means warehouses and logistics hubs will go elsewhere, like Alberta and the U.S. We will lose the opportunity for jobs, and goods will be more expensive. We are certainly continuing to maximize the land we have, and we are calling on governments at all levels to work together to find ways to address this problem.

I am also concerned about our relationship with the 16 different municipalities we serve. We serve Canada’s trade interests, which don’t always jive with the way each municipality sees itself evolving.

As with everything else, our solution is to try to find common ground and shared goals that will move us forward. The reality is, we must coexist and we would much rather do that in the spirit of cooperation, creativity and comradery.

Lastly, I want to return to environmental protection, and in particular, prevention and protection against oil spills in our waters. Our national spill response regime was tested in English Bay recently. And while the cleanup, was done extremely well, there were clearly some causes for concern. We are reiterating our call, made two years ago to the tanker safety panel, for spill response on the west coast to be fully resourced. We all live here, and we know what we love best about living here. You can rest assured we are taking a firm stance on the need for improvements.

Coming back to our thread of collaboration, these and our other challenges can be overcome if we all work together.

There is a story told by Steve Jobs that provides a great metaphor for this art of collaboration. He talked of being a young boy and visiting an elderly man that lived

up the street. One day the man invited Steve to look at a dusty old rock tumbler – nothing more than a coffee can with a motor and a band between them. They got some rocks - regular old rocks - and put them in the can with a little bit of water and some grit powder, closed the can and turned on the motor. The can was making a racket as the stones went around.

And the man said, “OK, Come back tomorrow.”

The next day, they took out of the can amazingly beautiful polished rocks.

Steve Jobs used this story as a metaphor for a team working really hard on something they’re passionate about. A group of dedicated people bumping up against each other, having arguments sometimes, making some noise, and working together. In the end, they improve each other and their ideas -- what comes out are these really beautiful stones.

This story reminds me of what all of us do every day, working together as we do.

[pause]

In closing, our organization is dynamic. We:

- negotiate leases, monitor safety and manage risks
- design and create everything from habitat to infrastructure
- build relationships with First Nations, government, communities, shippers and customers
- plan, forecast and evaluate
- communicate and call for action

In closing, I want to acknowledge three groups critical to our success. First, our terminal operators, their employees, labour, and other tenants who continue to make our port the most important to Canada’s trade. We may not always agree on the details, but we are collectively totally committed to Canada’s prosperity as a trading nation.

Second, I want to thank our diverse group of board members who provide wise council and are dedicated to serving our country.

Last, I want to thank our employees. 2014 was a very, very busy year and I think we have all come to realize it set a new normal for us. I have never before worked with such an inspiring group, driven and intent on doing their best. Ours is a challenging role, but we are proud to do it and we hope you share that pride.

Thank you for your attention and support.

I would now like to call up Allan Baydala, our Chief Financial Officer, to provide you with our financial overview.

Port TV is a fun, engaging, informative online video series sharing stories of the port. This episode features Dorota Kwasnik who leads our Energy Action Initiative. It is an exciting program - advancing energy conservation at port terminals in collaboration

with tenants and BC Hydro Power Smart.

[Video]

Thank you again for your time and attention today.

After the question and answer session, please feel free to connect with us on PortTalk.ca, Twitter, Facebook, or join us in person at our reception immediately following to continue the conversation with a port representative.

We are now going to turn to questions.

Thank you for attending today.

Pam, over to you.