



FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

SUMMARY

CORPORATE PLAN (2020-21 to 2024-25) AMENDMENT

The Federal Bridge Corporation Limited
55 Metcalfe Street, Suite 200
Ottawa, Ontario K1P6L5

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Canada 

EXECUTIVE SUMMARY

The Federal Bridge Corporation Limited (FBCL) is a federal Crown corporation that has been entrusted with the administration of Canada's interests in four international crossings between Ontario and the United States. Each bridge has unique geographic, cultural, climactic, trade, employment and administrative characteristics that present unique environments while delivering crucial benefits to their local communities.

The past few years of global events have created challenging operational contexts at FBCL bridges. As the persistent, revenue diminishing effects from pandemic-induced restrictions to non-essential, cross border travel have compounded themselves to prior international trade disputes, manufacturing sector labour unrest and global market volatility, its negative impact on Canada's international bridge traffic is unmistakable.

Effective March 21, 2020, by mutual agreement, the Canada-US border was closed to non-essential traffic in order to curtail the spread of the novel corona virus pandemic. Although the impact of this restriction affected less than two weeks of the 2019-20 fiscal year, the continued extension of the closure has had a profound impact on FBCL's fiscal health. This strain is likely to linger for years to come. As of the time of writing of this document, border restrictions were scheduled to remain in place until November 21, 2020, however additional extensions stretching deeply into 2021 can be readily envisaged given the current levels of infection prevalence on both sides of the border.

Restrictions to non-essential travel does not directly impact the cross border movement of commercial vehicles, however the evolving restrictions and closures imposed on various manufacturing and retail facilities impacts the demand for goods and their movement. At this stage, while factories are largely operational, declines in the fifteen to fifty percent range to commercial vehicle traffic persist, depending on the crossing. The effects of lost toll revenue resulting from restrictions on non-commercial traffic are even more dramatic.

In addition to the impact on toll revenue, travel restrictions have significantly affected FBCL's lease and tenant revenue sharing income. Since the start of the pandemic, FBCL has met or exceeded the requirements of Canada Emergency Commercial Rent Assistance (CECRA) program. FBCL is operating under the assumption that CECRA type benefits remain in effect for all eligible tenants for each month that cross-border travel restrictions prevail.

All of FBCL's international crossings are seeing major revenue shortfalls from restrictions on non-essential travel. Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitutes only 5% of traffic loads, these operations have been significantly impacted by COVID-19 restrictions to non-essential travel. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the more than 70% of toll-exempt travellers that depend on the bridge in order to access necessary food and medical services suppliers. Revenues at both of these crossings is down by more than 85%.

A federal Canadian Crown corporation entrusted with the oversight of selected international bridges:

- Sault Ste. Marie International Bridge
Sault Ste. Marie, Ontario
- Blue Water Bridge
Point Edward, Ontario
- Thousand Islands International Bridge
Lansdowne, Ontario
- Seaway International Bridge
Cornwall, Ontario

For the Thousand Islands International Bridge, commercial vehicles typically make up about twenty percent of crossing's users and the on-going construction of new US Customs and Border Protection facilities on Wellesley Island have helped prop up a vital source of cash flow. Despite these advantages, the strong cross-border tourism industry in this region collapsed, resulting in traffic trends that caused more than a 60% reduction in revenues.

Within the FBCL portfolio, the Blue Water Bridge is uniquely positioned to deal with this pandemic's impacts. As Canada's second busiest commercial border crossing, it benefits from a user base that is comprised of roughly forty percent commercial vehicles. Initially, the pandemic caused dramatic reductions to both private and commercial traffic. Recent data indicates that commercial trends have returned to within seasonal and annually expected values, although at the lower end of the characteristic range. While this situation is allowing the Blue Water Bridge to operate effectively, the significant loss in revenue from private passenger vehicles has forced the Corporation to defer the majority of its planned, required capital investments indefinitely.

FBCL's prudent toll and cost management strategies have helped to delay the disastrous impact of this evolving marketplace, however, the Corporation's prior planning will not be sufficient to sustain it independently in the face of continued uncertainty affecting cross-border movements. Decisions related to the timing of capital investments have been seriously re-evaluated and adjusted but the total deferral of some on-going projects is not possible due to existing bi-national partner commitments and/or the urgency of essential infrastructure activities.

To date, FBCL has relied heavily on its cash reserves to sustain its operations. In order to ensure the continued safety and security of Canada's vital trade arteries, FBCL has not yet had to resort to drastic cuts to non-seasonal staffing, as has been the case for the crossings operated by its US ownership partners. As revenue streams remain constricted, these protections to critical trade corridors are becoming increasingly at risk.

While it remains unclear when cross-border travel restrictions will be lifted and when the restoration of regular toll revenue could recommence, from a Corporate Planning perspective, the Corporation's needs, goals and strategies remain largely unchanged from those expressed in the prior version of this Plan.

In the construction of this document, various scheduling models and forecasts were defined and subjected to detailed analysis. For tactical purposes and to facilitate discussion, April 1, 2022 was selected as the likely date for the removal of travel restrictions. It must be clearly noted that the precise timeline to execute this plan is presently impossible to specify and, as such, its schedule will continue to slip roughly proportionately for every additional month travel restrictions remain in place. Moreover, the criteria used by the Governments of Canada and the United States to trigger a border reopening schedule and strategy remain unknown. Also unclear are the social and public health conditions that will be in effect when travel restrictions are lifted. These will largely dictate the rate at which regular cross-border travel is restored.

Prior to the pandemic, the Corporation had prudently managed to slowly build its liquidity position to roughly \$25M. Over the course of the 2020-21 fiscal period, due to revenue losses, spending to satisfy non-deferrable expenses at all of its bridges, increases in operational costs resulting from pandemic protection measures and, most significantly, to service the outstanding debt of the legacy Corporation, this reserve has been eroded. The rainy day for which the Corporation has planned has come however, the rain continues to fall for a much longer period than any could have realistically anticipated.

Immediate Concern

Having identified a precarious future for its cash position and the potential of compromise to its security and operations, the Corporation actively engaged the Crown through the intermediary of this amended Corporate Plan to jointly identify mechanisms that would allow the Corporation to seamlessly maintain its operations while supporting the Government's priorities in the areas of international trade and control of virus propagation as the Government executed its pandemic mitigation and recovery program. The following were identified as potential measures:

- Where feasible in the context of responsible management of social health and welfare, reduction or removal of restrictions on the cross border movement of non-essential travel so that toll revenue collection may begin to be resumed (*as previously stated, at present, this is a scenario that appears to be highly unlikely by January 2021 and will probably carry on well into the 2021-22 fiscal period*); and/or,
- The Crown supports FBCL with COVID emergency funding to help address revenue shortfalls. In addition to the prior commitment of \$2.6M to support the operational needs of subsidiary SIBC in 2020-21, the amounts required by FBCL are projected to be at least \$6.9M in FY2020-21 and \$2.4M per month for every month in which travel restrictions remain in effect in FY2021-22 and beyond.

Additionally, in order to improve its fiscal flexibility, with Minister of Finance approval, during the 2020-21 to 2021-22 fiscal period, FBCL will be re-establishing the terms of its credit vehicles. The Corporation will be seeking to establish a new \$10M loan facility that will allow it to better independently handle short-term cash pressures, should they arise in the future from unavoidable events such as the present global COVID-19 pandemic.

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CORPORATE OVERVIEW

Background

The Federal Bridge Corporation Limited (FBCL) was created by articles of amalgamation under the *Canada Business Corporations Act*. It is an agent of Her Majesty in Right of Canada and is a parent Crown corporation as listed in Schedule III, Part 1 of the *Financial Administration Act*. It reports to the Parliament of Canada through the Minister of Transport. The Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario and is headquartered in Ottawa, Ontario.

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

FBCL's mission, vision and pillars underpin the framework for the Corporation's strategic direction as approved by the Board of Directors.

Core Responsibility Statement

In accordance with the Treasury Board Secretariat Policy on Results, FBCL's Core Responsibility statement is "Managing international bridges". This responsibility was further qualified to also include its mission and vision statements. FBCL manages these international bridges with a focus on enhancing revenue sources, excellence in governance, best practices in portfolio management, optimization of processes and strong relationships with its stakeholders. This Core Responsibility aims to maintain safe and secure international trade routes and enable the efficient transit of people and goods.

Mission

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in selected international bridge crossings between Canada and the United States.

Vision

Striving to optimize the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

Mandate

FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business and undertakings of the Corporation are limited to the following:

- a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;

- b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and
- c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act*, the *Canada Business Corporations Act*, and its mandated articles, as amended from time to time, the capacities and powers of a natural person.

Strategic Pillars

FBCL will fulfill its mission through these key pillars:

- **Mandate** of unified bridge portfolio delivered proficiently by agile, innovative and skilled teams;
- **Stewardship** of assets and infrastructure emphasizing safety, security and asset lifecycle management;
- **Technology** adoption aligned with solid data-driven operational efficiency, limiting risk and resource expenditure;
- **Sustainability** based on enhanced revenue, prioritized investment, toll optimization and cost containment; and,
- **Governance** through strong corporate oversight, profound employee engagement and positive stakeholder relations.

FINANCIAL POSITION

For the purposes of this plan, it is assumed that restrictions to non-essential cross-border travel will remain in effect up to March 31, 2022 and, once removed or amended, traffic levels will remain depressed, featuring, at best, progressive improvements in small increments over a protracted period estimated to be at least 1.5 years in duration.

Given its progressive approach to debt management amid a generally unpredictable and changeable external context, to date, FBCL's overall financial position is best described as having been resilient. This perspective is supported through the assessment of Standard & Poor's Financial Services LLC. FBCL's financial risks are assessed regularly and, in August 2020, S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A+' reaffirming the strategic framework governing FBCL operations. Additionally, their outlook for the business was revised from "stable" to "negative" due to the unpredictable nature and duration of the COVID-19 pandemic. This outlook is a reflection of an operating environment impacted by a global pandemic, rather than of the internal administration of the business. S&P concluded that "FBCL's very strong management and governance characteristics have allowed it to achieve financial and operational goals. We believe the management team has considerable expertise and experience. It proactively adjusts operating and capital spending to minimize the impact of traffic volatility on its financial profile and monitors performance against its budgets. We believe management is reacting quickly to current adverse economic conditions by reducing discretionary operating expenditures where possible and deferring capital spending. Furthermore, management has policies and strategies to mitigate key risks, including debt management, cash and investment management, and a suite of insurance policies." S&P pointed out that FBCL benefits from a strong federal government link.

FBCL is currently servicing debt that was amassed by its legacy corporations prior to its legislated amalgamation in 2015. Outstanding loans and corporate bonds are locked and subject to a debt-servicing program that is scheduled to be completed in 2027, unless restructured in response to pressures imposed by the COVID-19 pandemic. Any future independent FBCL capital investments within its portfolio will need to be funded either through additional debt or be scheduled for implementation at its present modest pace through operational funding (or perhaps a combination of both). For this reason, FBCL aims to accelerate its asset management plans by opportunistically leveraging support from relevant governmental capital or economic stimulus funding avenues when these are feasible and accessible.

The latest tabled Annual Report (2019-20) is posted at <https://www.federalbridge.ca/wp-content/uploads/2020/09/FBCL-Annual-Report-2019-20.pdf>. For FY2020-21, due to the pervasive cross-border travel restrictions imposed on non-essential travellers as a result of the COVID-19 pandemic, as internal fiscal reserves dwindle, the financial outlook is quite stark. Revenue has been severely impacted throughout the portfolio and spending for both the short and long terms have been significantly curtailed or, where feasible, indeterminately postponed.

OPERATING ENVIRONMENT

A bridge is a passive facilitator of travel and trade. Due to its presence, it enables the transit of people and goods while possessing no fundamental or intrinsic means of enticing its usage. The provision of a safe, well-maintained and functional crossing ensures the bridge's viability and appeal, however the decision to cross relies much more significantly on the availability of local and regional attractors on the opposite side. Without those external attractors, a bridge has limited ability to affect consumption behaviour on its prospective users.

Strategic Issues

Within that operational context, the key strategic issues faced by the Corporation remain largely unchanged and include:

- **The Economy:** The overall state of local and broader international economic health and outlook manifest their effects on FBCL in a number of ways. These include effects derived from currency exchange rates, employment and productivity as well as from travel attractors serviced by bridges.
 - a. Currency exchange rates affect bridge usage both in term of the commercial attractiveness of Canadian export goods to foreign buyers and/or the affordability of desirable import goods. While it has experience a few larger shifts, the Canada-US exchange rate has generally been stable around 1.33 for the past year;
 - b. Local, regional, provincial and national general employment, manufacturing and economic health enhances the presence of thriving exporting and importing industries and manufacturers operating within a stable or growing international business climate and these contribute to the creation of a well-remunerated population empowered with disposable income for spending and investing on both sides of the border;
 - c. Stable international trading environments allow for the predictable movement of goods across Canada's borders, and,
 - d. Given that between 80 and 95% of passenger car crossings originate locally, the presence and/or demise of bridge-accessible travel attractors and destinations have a significant impact on the number of prospective travellers. Bridge users seek value for dollar and uniquely available products, services or entertainment. A marquee retail outlet or a notable employment source each impact travel decisions and bridge activity.
- **Throughput at the border:** A reputation for speed and ease of crossing is the single most important factor affecting crossing choice for non-local travellers and commercial goods transporters. Safe spaces, free of obstructions, complemented by well-staffed, efficient and stable customs processing systems collectively ensure the fluidity of a crossing. Successful delivery of these services is a joint operational obligation of both the bridge operator and border protection services who necessarily must find the appropriate balance between security protection and processing efficiency.

- **Evolving transportation logistics:** Even when the absolute volume of commercial vehicles crossing Ontario’s border with the United States shows annual declines, the reported value of goods has been increasing at a rate higher than inflation over the course of recent years. This is an indication of freight consolidation and improvements in transportation logistics.
Any change in transportation logistics and modalities will have an impact on cross-border bridge usage.
- **Trade and Tariff Stability:** The re-establishment of a stable North American trade agreement, regardless of any potential advantages or short-comings, is a fundamental resource for the facilitation of international trade and commercial growth on both sides of the border.
- **Technology and its security:** Customer pressures to adopt support for an ever expanding diversity of novel rapid payment options prevails across the bridge portfolio. Multi-component systems with various integrated interfaces are required to link customer transaction processing with internal financial management systems, customer account management resources and external payment processing systems. FBCL must ensure that its underlying transaction management technologies remain current, adaptable and secure. Additionally, the security of these systems is fundamental to ensuring customer trust and confidence.
- **Competition:** The international crossing landscape in southwestern Ontario is headed towards a paradigm shift as the competitive battleground sees new options. Changes are afoot in the Windsor-Detroit corridor. As shovels hit the ground, the riverfront skyline will experience change with the introduction of the new Gordie Howe International Bridge and, potentially, the proposed replacement to the Ambassador Bridge. While these development projects are not anticipated to have a significantly material effect on car transits at the Blue Water Bridge, the same is not accurate for highly lucrative long-haul transport trucks. Blue Water Bridge is expected to remain the option of choice for western and southwestern tractor trailers, however a disruptive cycle to Blue Water Bridge’s commercial traffic is anticipated and a new status quo is not expected be established in the region for at least five years following the opening of the new bridge(s), now projected for 2024.

With the exception of well-maintained bridge assets and support for secure and novel payment technologies, all of the strategic issues affecting FBCL’s line of business are external and detached from the organization’s direct influence.

International Bridge Traffic Trends

The following table outlines the evolution of traffic flows at each FBCL crossing. Also provided are regional comparables. The Ambassador & Peace Bridges serving as regional peers to the Blue Water Bridge and the Ogdensburg Prescott International Bridge as a peer to the Seaway International Bridge and to the Thousand Islands International Bridge. While each of the crossings possesses its own individual attributes and challenges, no bridge truly operates free of an overarching international and regional economic context.

A unique factor affecting the Seaway International Bridge is the toll exempt passage for members of the indigenous community. For that reason, the table provides traffic trends for the crossing holistically as well as a view solely on usage that generates a compensation.

* Forecasted Data 1 April 2021	All Traffic			Commercial		
	2018-19	2019-20	2020-21*	2018-19	2019-20	2020-21*
Sault Ste. Marie International Bridge	-2.47%	-6.92%	-91.07%	-0.46%	0.32%	-45.62%
Blue Water Bridge	0.69%	-5.02%	-70.30%	2.41%	-5.00%	-18.14%
Thousand Islands International Bridge	-2.27%	5.32%	-58.88%	-2.61%	1.74%	-13.77%
Seaway International Bridge (All Traffic)	0.59%	0.75%	-38.15%	7.57%	-10.02%	-24.45%
Seaway International Bridge (Paid Traffic)	-1.49%	-2.70%	-81.87%	1.57%	-5.02%	-30.50%
All FBCL Total:	-0.34%	-2.01%	-63.49%	1.51%	-4.08%	-19.29%
Ambassador Bridge	2.55%	-4.66%	-54.41%	0.82%	-1.92%	-18.82%
Peace Bridge	-3.36%	-3.09%	-78.35%	-4.39%	-3.32%	-13.02%
Ogdensburg-Prescott International Bridge	-4.08%	-1.01%	-82.63%	-6.22%	-1.79%	-19.52%
All Crossings:	-0.62%	-2.28%	-71.72%	-0.18%	-2.77%	-18.16%

From this table, we see the impact on commercial traffic of recent years of trade uncertainty and imposed tariffs on imports and exports. The recent implementation of a lasting trade agreement and return to a predictable international trade climate could and should facilitate improvements of these numbers. Although the amount of commercial traffic may be declining, the value of goods transported continues to climb at a rate higher than inflation. This is a sign of increasing efficiencies in the transport logistics sector and trans-border cargo consolidation.

COVID-19 related travel restrictions began to manifest their influence on traffic and revenues as of the final 2 weeks of the 2019-20 fiscal year. The COVID-19 pandemic's effects are quite notable in the forecasts for the present fiscal year. After an initial decline, commercial traffic at Blue Water Bridge has begun trending towards more expected levels. For passenger vehicles at Blue Water Bridge and all categories of vehicles at all other crossings, FBCL bridges are experiencing dramatic losses in traffic and commensurate toll revenues.

The impact of currency exchange disparity manifests its presence in the form of fluctuating tourism and rates of private vehicles entering Canada to benefit from favourable prices. The relative stability of the exchange rate in recent years has generally encouraged renewed movement of Canadian travellers, when permitted.

For overall transits, collectively FBCL's crossings continue to witness modestly better growth and faster recovery than that of the overall marketplace, likely due to the higher rates of commercial vehicles and lower dependencies on regional tourism. Tariffs on metals and labour action in the automotive sector were clearly felt in the crossings between Michigan and Ontario in the prior year.

In typical circumstances, for the Seaway International Bridge, it must be noted that more than 71% of its cars and nearly 33% of its commercial vehicle traffic is toll exempt. This equates to roughly \$6.5M annually in uncollectable toll revenue that would normally contribute to bridge operations, maintenance and long-term capital project reserves. This critical financial constraint continues to hold much managerial attention. Prior to pandemic travel restrictions, traffic volume at the Seaway International Bridge increased modestly; however, the rate of growth of non-tolled crossings increased at a much stronger pace than that of tolled traffic. Identifying Crown sources of financial support for the impact of these uncompensated transits remains a critical concern for the long-term financial sustainability of the crossing and of the SIBC subsidiary itself.

Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitutes only 5% of traffic loads, these operations have been significantly impacted by COVID-19 related travel restrictions. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the more than 71% of toll-exempt travellers that depend on the bridge in order to access essential food and medical services suppliers. Without the temporary financial support of \$2.6M from the federal *Public Health Events of National Concern Payments Act*, the travel restrictions imposed by the pandemic would have been permanently catastrophic for subsidiary The Seaway International Bridge Corporation, Limited.

For the Thousand Islands International Bridge, commercial vehicles typically make up about twenty percent of crossing's users and the ongoing construction of new US Customs and Border Protection facilities on Wellesley Island have helped maintain a vital source of cash flow as supplies and workers travel to the site.

Blue Water Bridge is uniquely positioned in the FBCL portfolio to deal with the pandemic's impacts. As Canada's second busiest commercial border crossing, it benefits from a user base that normally consists of more than forty percent commercial vehicles.

While these traffic levels are insufficient to fund the long-term capital requirement for the crossing, when complemented with initial cash reserves, they were temporarily adequate to ensure that the Corporation did not succumb to imminent failure.

FINANCIAL OVERVIEW

Introduction

FBCL's goal is to generate adequate revenue to cover its daily operations, carry out a risk-based asset management program, and make required payments on its legacy debt while also building fiscal surpluses to responsibly address the present and future major capital requirements of the bridges, approaches, and facilities. At present, with the exception of temporary *Public Health Events of National Concern Payments Act* support for subsidiary SIBC, both the Corporation's operating and capital expenditures are funded internally as there are no on-going Crown funded projects. FBCL is actively collaborating with the Crown regarding its future needs and plans.

Situational Update: While FBCL sought authority for up to \$28.5 million in 2021-22 through this amended Corporate Plan, access to \$18.5 million in 2021-22 was approved by the Government for FBCL through the 2020 Fall Economic Statement.

COVID-19 Impact

The effects of COVID-19 on FBCL's financial situation were immediate and impactful. Across its portfolio of bridges, FBCL dramatically reduced expenses where appropriate, and delayed or cancelled a number of capital projects. One critical area of cash outlays that FBCL could not affect/reduce was its debt payments. In the 2020-21 fiscal year, that represents \$9.2M in payments. FBCL has no choice but to spend more cash on a monthly basis than it receives in revenue, due to the requirement to ensure the safe and efficient flow of traffic across the borders, primarily commercial trucking operations to ensure the adequate continuation of Canada's economic viability. Negative effects have been slightly reduced relative to the first months of the pandemic related border restrictions, due to numerous issues, including some improvement in overall commercial traffic, temporary expense reductions put in place, and the deferral of capital projects. However, the present constrained state of operations is not sustainable for the continued practical future of the crossings. FBCL bridges are very expensive assets that must be properly maintained and kept secure. Protracted periods of restricted investments in their upkeep will only result in very expensive complications in the future.

Impactful changes and assumptions

This Corporate Plan Amendment contains certain significant financial changes and new assumptions compared to the original plan submitted prior to the 2020-21 fiscal year. The primary areas relate to:

- The proportionate recording of SIBC's (FBCL's subsidiary) Statement of Income recognizes 100% of revenue and 100% of expenses in both 2020-21 and 2021-22. This is due to the funding provided to FBCL for SIBC in July 2020 under the *Public Health Events of National Concern Payments Act* for the entirety of the crossing, as opposed to the 50% recognition between Canadian and US bridge owners that has occurred in the past. This funding was for an amount up to \$2.56M to be used in 2020-21. This assumption has been carried forward into the 2021-22 fiscal year, as well, included in the overall funding FBCL is requesting for 2021-22. FBCL has forecasted \$2.42M to be used in 2020-21 for SIBC and has included this assumption in the Amendment.
- In addition to the SIBC crossing, FBCL is working with the Crown to assist FBCL with a further \$6.9M in 2020-21 to assist with continuity of operations at its three other international crossings. These \$6.9M in

funds are forecasted to be fully required and used in the fiscal period.

- For the 2020-21 fiscal year, FBCL has identified that with continued border travel restrictions in place, it will require up to \$28.5M in funding support. As FBCL has forecasted that the Corporation will have utilized the full extent of its cash reserves, this funding will be required in order to allow the international bridges to remain open and properly functional. FBCL is currently working with the Crown to include this funding in the Main Estimates for 2021-22, and the full \$28.5M in funding has been included in this Amendment.
- For the 2020-21 and the 2021-22 fiscal years, FBCL is also requesting Minister of Finance approval to enter into a loan facility of up to \$10M. As FBCL is expecting to fully utilize its cash reserves, this \$10M is required both for immediate working capital cash flow purposes, as well as for emergency back-up purposes in future years (2022-23 and beyond). While it is expected that the border restrictions should be lifted by that time, the recovery in traffic levels is currently forecasted at taking between 1.5 – 2 years from the full lifting of travel restrictions. For the purposes of this Amendment, it is assumed that approval from the Minister will be granted, and so the full \$10M loan is accounted in 2021-22, and may be required earlier if other assistance referenced in this Amendment is not forthcoming.
- Where appropriate in the 2020-21 fiscal year, expenses have been reduced and all discretionary spending has been indefinitely deferred. These expenses are partially offset by additional measures required in order to keep the traveling public safe (including FBCL's legislated obligations towards CBSA and the CFIA under the provisions of Section 6 of the *Customs Act*). This is additionally offset by the fact that 100% of SIBC's expenses are being recognized by the Corporation in 2020-21 and 2021-22.

Operating budget

FBCL primarily records revenues from three primary sources. While the dollar values expected from each category vary over the course of this 5-year Corporate Plan Amendment due to the cross-border travel restrictions, the percentage contribution remains within a relatively narrow band. FBCL's revenue from operations consists of:

- Tolls collected at international bridges (**95%**);
- Leases and licenses (up to ~4%) from:
 - Commercial properties on the bridge plazas such as duty free stores, food services and brokerage facilities;
 - Properties bordering bridges that are retained for future use;
 - Licenses and permits for utilities and services exploiting the bridges' rights of way; and,
- Interest and other miscellaneous revenue (**1%-3%**).

The Corporation budgets to record an average deficit of expenses over revenue of \$9.9M per year. Net of depreciation, deferred capital funding, and interest expense, this results in an average surplus of \$7.3M per year, ranging from a minor deficit in 2022-23 to a high of \$12.5M in 2024-25, when it is expected that there are no lingering effects from depressed traffic volumes due to COVID. However, this also coincides with the first year that FBCL expects to be affected by competition from the new Gordie Howe International Bridge. These funds in excess of operating expenses are to be used to pay down the substantial legacy debt and to procure capital investments. As the debt is repaid, FBCL will see significant decreases in its interest expense, dropping from \$3.9M in 2019-20 to \$1.8M in 2024-25.

CONSOLIDATED STATEMENT OF INCOME								
for the year ending March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget				
				2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUE	42,783	43,106	44,783	21,387	21,789	30,799	42,637	44,641
TOTAL EXPENSES	43,357	44,734	46,053	48,090	50,061	49,291	49,544	50,774
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(574)	(1,628)	(1,270)	(26,703)	(28,272)	(18,492)	(6,907)	(6,133)
TOTAL GOVERNMENT FUNDING	3,395	3,535	3,506	12,738	24,972	4,096	4,096	4,096
TOTAL NON-OPERATING ITEMS	(4,401)	(3,891)	(3,889)	(3,430)	(3,087)	(2,695)	(2,251)	(1,777)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,580)	(1,984)	(1,653)	(17,395)	(6,387)	(17,091)	(5,062)	(3,814)

Capital Investments

In 2020-21, the Corporation plans to engage in \$10.7M in capital investment projects and a further \$19.5M in the subsequent four years. At the outset of the pandemic, FBCL was already committed to over \$8.9M in projects. Over the course of this 5-year Corporate Plan Amendment, \$8.2M in projects have been eliminated from the previously submitted Plan. Some of these projects have been deferred to years outside of those considered by this Plan and others have been eliminated altogether. Approximately 75% of the spending on capital projects over these five years is to take place on the bridges and plaza at the Blue Water Bridge in Point Edward, Ontario. The remaining 25% of the capital projects result from the Corporation's share of joint projects with operating partners and other miscellaneous works at FBCL's other three bridge locations.

CAPITAL INVESTMENTS								
for the year ending March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget				
				2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Government funded	3,464	-	-	60	7,090	-	-	-
FBCL funded	10,068	4,455	13,937	10,703	-	3,787	2,567	6,036
TOTAL FUNDING	13,532	4,455	13,937	10,763	7,090	3,787	2,567	6,036
<i>(1) Funding proposal to Transport Canada for consideration as part of proposed funding due to loss of revenue with international border restrictions in place at Canada/US border. Realization dependant on specific authorities granted.</i>								
FBCL Proposal to Transport Canada								
FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ⁽²⁾⁽³⁾	-	-	-	-	-	2,000	8,000	9,000
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	-	-	2,000	8,000	9,000
<i>(2) Funding proposal to Transport Canada for consideration as part of land claim discussions for Cornwall international crossing and related broader federal issues. Realization dependant on project specific authorities granted.</i>								
<i>(3) Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.</i>								

Debt

The Corporation has financing arrangements to fund portions of past major capital projects. Pursuant to the *Economic Action Plan 2013 Act*, No. 2, the maximum that FBCL can borrow is \$130.0M, subject to Minister of Finance approval.

FBCL currently has two financing arrangements in place to address capital redevelopment and infrastructure. These are comprised of an outstanding loan agreement and a bond issuance that were established by one of the Corporation's legacy entities prior to amalgamation in 2015. These financing arrangements have each received approval from the Minister of Finance pursuant to Section 127(3) of the *Financial Administration Act*. The debt load of loans and bonds payable will reduce from \$3.1M and \$51.9M, respectively, at March 31, 2020, to \$20.2M in bonds payable only at March 31, 2025, a reduction of 63%. Interest payments that largely service this debt will fall from \$3.9M for the 2019-20 fiscal year to \$1.6M in the 2024-25 fiscal year.

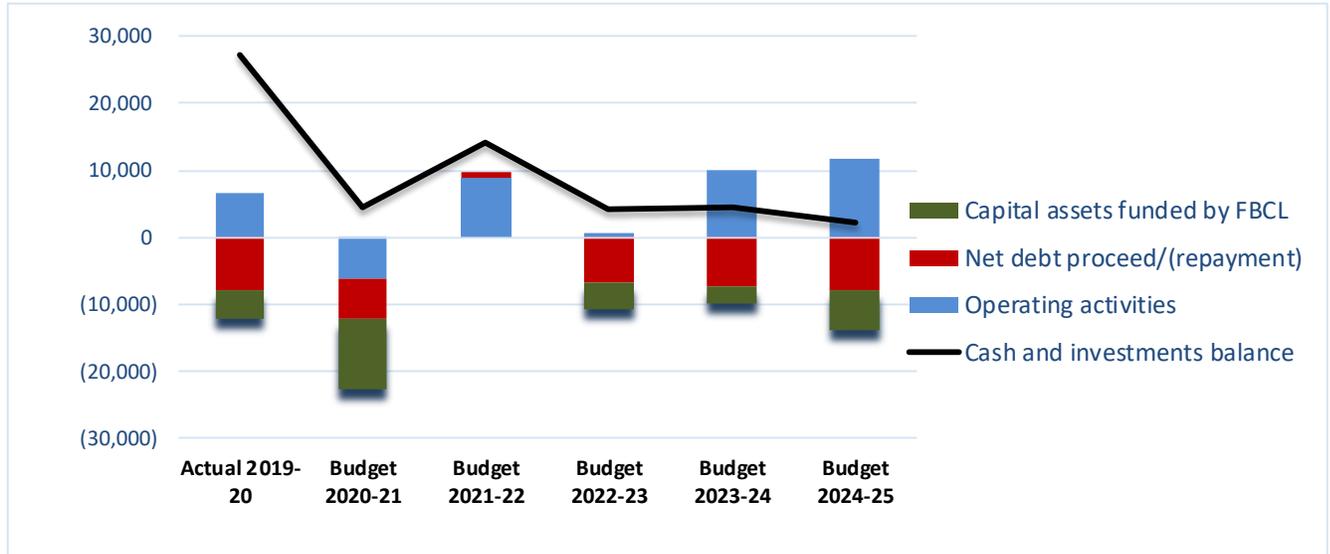
In January 2016, FBCL put in place a debt repayment plan that specified its intent to pay down the loans payable as they came due. Consequently, the one loan arrangement of \$2.8M (at its term end date) will be paid in 2021-22. In order to maintain appropriate cash flow during the 2020-21 and 2021-22 fiscal years (and beyond), and pursuant to Section 127(1) of the *Financial Administration Act*, FBCL has included \$10M in a new loan facility in this current Corporate Plan Amendment, for the purposes of soliciting the necessary borrowing authorities for this purpose. The borrowing authority is requested to commence in 2020-21 and expire (any portion of the \$10M not accessed) at the end of the 2021-22 fiscal year. For the purposes of this Amendment, this borrowing is forecasted to take place in the 2021-22 fiscal year.

FBCL is unable to accelerate payments on its bonds payable as the premium associated with doing so is substantial and extends beyond FBCL's financial authorities and capacity. Consequently, the bonds payable will mature in July 2027 with FBCL repaying \$31.7M in principal and \$12.2M in interest over the next five-year horizon.

In addition to the loans and bonds payable, FBCL has a capitalized lease liability of \$1.5M as at March 31, 2020 for its Ottawa office space. By the end of 2024-25, the remaining lease liability will be \$0.4M. FBCL does not have plans to enter into significant new lease agreements in the upcoming five-year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated Crown Corporation General Regulations, 1995.

Forecast Cash Flow Position

A summary of FBCL's financial status for the period of the Corporate Plan is illustrated by the following figure. Cash flow for each fiscal period is mapped against the total value of budgeted cash and investments.



At the conclusion of this 5-year period, FBCL's cash position is expected to be significantly worse than it was at the end of the 2019-20 fiscal year. Even with up to the \$37.8M in government appropriations forecasted by this plan, FBCL will exit this five-year period with a little over \$2M. However, FBCL's bridges will have remained open, and will have continued to have the same level of safety, security, and oversight that has made FBCL so successful in recent years. The primary reason for this drop in cash position is the servicing of the legacy debt that is required on FBCL's outstanding bonds. These payments total \$44.4M over these five years. In addition to over \$2.9M in a legacy loan to be repaid in 2021-22, these debt payments continue to be a significant burden for FBCL.

STRATEGIC OBJECTIVES

In early 2015, following the amalgamation of the previous operating entity with its subsidiaries, the present structure of FBCL began operation. In the intervening years, the strategic focus of the organization has centered on the consolidation and rationalization of internal processes. The Corporation is presently leveraging its operational efficiencies to take action based on insights acquired over the course of recent years. FBCL continues to evolve its strategy towards portfolio growth, innovation and operational excellence.

Corporate Strategic Goals

The Corporation continues to focus on the core and future of its business. While the sustainability and security of assets and operational optimization remain foundational pieces of the mandate, increasing weight is being placed on skills development and retention in order to ensure the long-term sustainability of the corporation and its subsidiary.

The organization's targeted outcomes will be achieved through an emphasis on:

1. Preparing FBCL's people for the future labour & skills landscape;
2. Managing assets and infrastructure;
3. Safeguarding the Corporation's financial sustainability; and,
4. Investing in technology and innovation.

On-going Operational Priorities

International bridges are complex operations that feature the collection of tolls, traffic flow management, on-going asset inspection and maintenance functions, capital renewal projects, and activities associated with leases to third parties.

A number of policy and operational issues are being tracked internally to ensure the most effective and efficient behaviour and to reduce risk. During the planning period, FBCL will be reviewing and measuring each of these components across the portfolio in order to implement best-practices, and to continuously improve the delivery of the mandate. These on-going operational areas include but are not limited to:

- Quality customer service;
- Improvement to bridge facilities;
- Financial self-reliance for daily operations;
- Positive relationships with stakeholders; and,
- Sustaining intrinsic engagement of employees

ANNEXES

1. **Chief Executive Officer Results Commitment**
2. **Chief Financial Officer Attestation**
3. **Financial Statements**
4. **Borrowing Plan**

CHIEF EXECUTIVE OFFICER RESULTS COMMITMENT

I, Natalie Kinloch, as Chief Executive Officer of The Federal Bridge Corporation Limited, am accountable to the Board of Directors of The Federal Bridge Corporation Limited for the implementation of results described in this Corporate Plan Amendment and outlined in this Appendix. I verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Natalie Kinloch,
Chief Executive Officer
The Federal Bridge Corporation Limited

22 October 2020

Date

CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer of The Federal Bridge Corporation Limited, accountable to the Board of Directors of The Federal Bridge Corporation Limited through the Chief Executive Officer, I have reviewed the Corporate Plan Amendment, budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observation:

The Strategic Issues and external factors (such as COVID-19 induce border restrictions) have the potential to be highly disruptive to FBCL business. Prudent budgeting and investment decisions have been made within this Corporate Plan Amendment to enable FBCL to mitigate the risks of these issues. Despite this mitigation, there remains a risk that the impact of one or more of such disruptions, should they occur or align in timing, materially impact the assumptions, forecasts and budgets of this Corporate Plan Amendment and require future amendments.

3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan Amendment, with the following observations, including, observations with regards to appropriations that have not yet been approved.
5. The Corporate Plan Amendment is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly-owned subsidiary, with the following observation:

FBCL presents consolidated budgets and financial statements within its Corporate Plans and Amendment that includes financial information and assumptions for bridge operations of a subsidiary and American bridge partners. Although the financial information received is validated through qualitative and quantitative processes and internal controls, there remains a budgetary risk related to potential error in forecasting, application of accounting standards and/or omission of information by third parties. Should such a risk materialize, dependent on its magnitude, it could materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

In my opinion, the financial information contained in this Corporate Plan Amendment is sufficient overall to support decision making.



22 October 2020

Richard Iglinski,
Chief Financial Officer

Date

The Federal Bridge Corporation Limited

CORPORATE PLAN

FINANCIAL STATEMENTS

This Corporate Plan Amendment is presented under International Financial Reporting Standards (IFRS).

2019-20 Actual: Given that FBCL's 2019-20 financials are now audited and final, actual results have been presented. The strong year (and preceding years) at FBCL and its partners allowed FBCL to start this pandemic plagued 2020-21 fiscal year off on a strong footing with over \$27M in cash and investments.

Budget Outlook: The five-year (2020-21 to 2024-25) budget outlook has been severely affected by COVID-19 and its effects on the closure to the Canada/US border to all but essential traffic. This Plan Amendment is assuming such border restrictions remain in place until April 2022, and the effects of these closures are felt for a further two fiscal years. FBCL, much like the rest of Canada and the world, will not get back to normal for at least five years, and possibly longer. In the fifth year of the budget outlook, FBCL will likely be faced with another shock to its business and traffic levels, in that the opening of the competing Gordie Howe International Bridge is expected within the 2024-25 fiscal year, and will affect FBCL's most prominent crossing, the Blue Water Bridge. These years of COVID-19 induced restrictions will most definitely give rise to a new way of looking at spending and planning for the future. While FBCL is asking for access to appropriations in the fiscal year and the next year, there is the hope that the border restrictions will ease sooner than budgeted and a new way of looking at expenses can come to the forefront.

Financial Planning Factors

When preparing its forecast and budgets, FBCL considers a variety of elements, both financial and non-financial. During the budget preparations, the following assumptions have been applied:

Traffic volumes:

Traffic volumes across FBCL's entire portfolio of bridges have been significantly affected. This is reflected in the first two years of this plan with severely depressed volumes, particularly at those crossings where passenger traffic is the primary source of revenue (as opposed to commercial traffic). Traffic volumes are not expected to return to prior levels (in par with the 2018-19 and 2019-20 fiscal years) until 2024-25. This will be the case at FBCL's crossings in Sault Ste. Marie, Lansdowne, and Cornwall. Volumes at the Blue Water Bridge in 2024-25 will have just recovered from COVID-19 restrictions, however are then projected to decrease 4% for commercial and 2% for passenger vehicles due to the planned opening of the competing Gordie Howe International Bridge.

Competition:

Gordie Howe International Bridge – will become operational in year five (2024-25) of the planning cycle.

Ambassador Bridge – any potential changes will become operational after the current planning cycle.

Economy:

COVID-19 induced restrictions at the border were immediately felt as much of the economies in Canada and US all but shut down for over a month. This had an immediate effect on FBCL's commercial traffic volumes. With the opening up of industry, commercial traffic has been coming back to approximate seasonal volumes, however this is not consistent across the portfolio of bridges. It is assumed in this Amendment, that the current level of commercial volumes will persist during the length of further border restrictions, and be fully back to normal (along with passenger vehicle volumes) by the fifth year of this Plan Amendment.

Thousand Islands International Bridge Agreement:

A renewed agreement, to replace the prior, expired agreement, was signed in December 2019 for a 10-year term, taking effect as of June 2020. The agreement's terms are similar to the prior terms and do not result in significant material impact on Thousand Islands International Bridge revenues and expenses.

Safety and Security:

It is assumed that no finding or event, internal or external, would occur and result in a major investment requirement, which is defined as more than \$10.0M, or modify US or Canadian border processing times in a significant manner.

Inflation rate:

Rates for inflation, related to goods and services, have been set as 2.00%, annually. Employee wage and salary increases, where known, have been incorporated into the annual expense values.

Exchange rates:

2020-21	1 CDN \$ = 0.75 US \$	1 US \$ = 1.34 CDN \$
2021-22 & onwards	1 CDN \$ = 0.74 US \$	1 US \$ = 1.35 CDN \$

Interest rates:

Based on forecasts the following interest rates have been used:

Short term (under one year)	0.50%
One year rate	0.50%
Long term average (over one year)	1.00%

Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
as at March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget					
				2020-21	2021-22	2022-23	2023-24	2024-25	
ASSETS									
Current Assets									
Cash and cash equivalents	9,054	7,382	3,933	4,455	8,943	3,965	4,269	2,119	
Investments	19,988	17,847	8,000	-	5,000	-	-	-	
Trade and other receivables	1,258	936	1,500	1,200	1,200	750	750	750	
Prepays	847	346	500	1,300	1,300	900	900	900	
TOTAL CURRENT ASSETS	31,147	26,511	13,933	6,955	16,443	5,615	5,919	3,769	
Non-current Assets									
Capitalized assets	395,407	383,554	397,607	376,003	364,356	349,718	334,055	321,411	
Lessor Inducement	235	204	218	188	172	156	140	124	
Investments	3,000	2,000	2,600	-	-	-	-	-	
TOTAL NON-CURRENT ASSETS	398,642	385,758	400,425	376,191	364,528	349,874	334,195	321,535	
TOTAL ASSETS	429,789	412,269	414,358	383,146	380,971	355,489	340,114	325,304	
LIABILITIES									
Current liabilities									
Trade and other payables	3,706	4,041	4,000	3,000	3,000	4,000	4,000	4,000	
Employee benefits	1,357	1,327	805	1,332	1,337	1,293	1,299	1,306	
Provisions	6,047	-	-	-	-	-	-	-	
Holdbacks	811	88	500	50	50	500	200	200	
Deferred revenue	2,490	2,476	2,674	1,228	1,251	1,768	2,449	2,564	
Current portion of capitalized leases	-	182	280	202	215	220	227	232	
Current portion of loans payable	2,419	132	139	2,943	316	322	329	335	
Current portion of bonds payable	5,191	5,540	5,540	5,914	6,312	6,737	7,191	7,675	
Current portion of deferred capital funding	3,535	3,504	3,474	3,565	4,096	4,096	4,096	3,450	
TOTAL CURRENT LIABILITIES	25,556	17,290	17,412	18,234	16,577	18,936	19,791	19,762	
Non-current Liabilities									
Capitalized leases	-	1,323	1,887	1,088	873	653	426	194	
Loans payable	3,075	2,943	2,834	-	9,477	9,155	8,826	8,491	
Bonds payable	51,861	46,320	46,320	40,407	34,095	27,358	20,167	12,492	
Employee benefits	7,247	7,220	7,632	7,220	7,220	7,920	8,670	9,470	
Deferred revenue	1,517	1,366	1,600	1,291	1,216	1,141	1,066	991	
Deferred capital funding	104,235	100,731	100,746	97,225	100,219	96,123	92,027	88,577	
Leasee inducement	252	-	216	-	-	-	-	-	
TOTAL NON-CURRENT LIABILITIES	168,187	159,903	161,235	147,231	153,100	142,350	131,182	120,215	
TOTAL LIABILITIES	193,743	177,193	178,647	165,465	169,677	161,286	150,973	139,977	
EQUITY									
Retained earnings	235,789	234,525	235,934	217,130	210,743	193,652	188,590	184,776	
Accumulated other comprehensive income	257	551	(223)	551	551	551	551	551	
TOTAL EQUITY	236,046	235,076	235,711	217,681	211,294	194,203	189,141	185,327	
TOTAL LIABILITIES AND EQUITY	429,789	412,269	414,358	383,146	380,971	355,489	340,114	325,304	

Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME									
for the year ending March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget					
				2020-21	2021-22	2022-23	2023-24	2024-25	
REVENUES									
Tolls and services	31,020	31,334	32,024	16,360	17,301	24,332	31,819	32,914	
Leases and permits	4,910	4,691	4,909	1,377	800	2,188	4,689	4,934	
International Thousand Islands Bridge revenue	6,038	6,222	6,955	3,071	3,588	4,068	5,915	6,572	
Interest	640	535	651	408	70	70	71	76	
Other	175	324	244	171	30	141	143	145	
TOTAL REVENUE	42,783	43,106	44,783	21,387	21,789	30,799	42,637	44,641	
EXPENSES									
Operations	4,926	5,568	5,961	6,149	6,704	6,246	6,428	6,591	
Thousand Islands International Bridge expenses	4,900	4,656	4,587	4,993	5,240	5,332	5,424	5,518	
Maintenance	4,755	6,344	6,070	7,653	7,447	7,367	7,207	7,408	
CBSA & CFIA operations	3,305	3,793	3,295	3,732	4,191	4,297	4,406	4,517	
Administration	8,062	6,491	7,732	7,388	7,742	7,624	7,849	8,060	
Depreciation	17,409	17,882	18,408	18,314	18,737	18,425	18,230	18,680	
TOTAL EXPENSES	43,357	44,734	46,053	48,229	50,061	49,291	49,544	50,774	
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(574)	(1,628)	(1,270)	(26,842)	(28,272)	(18,492)	(6,907)	(6,133)	
GOVERNMENT FUNDING									
Funding in relation to operating expenses	-	-	-	9,372	21,407	-	-	-	
Amortization of deferred capital funding	3,395	3,535	3,506	3,505	3,565	4,096	4,096	4,096	
TOTAL GOVERNMENT FUNDING	3,395	3,535	3,506	12,877	24,972	4,096	4,096	4,096	
NON-OPERATING ITEMS									
Interest expense	(4,401)	(3,891)	(3,889)	(3,430)	(3,087)	(2,695)	(2,251)	(1,777)	
TOTAL NON-OPERATING ITEMS	(4,401)	(3,891)	(3,889)	(3,430)	(3,087)	(2,695)	(2,251)	(1,777)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,580)	(1,984)	(1,653)	(17,395)	(6,387)	(17,091)	(5,062)	(3,814)	

GOVERNMENT FUNDING					
for the year ending March 31 (in thousands of dollars)	Budget				
	2020-21	2021-22	2022-23	2023-24	2024-25
Appropriations from Government of Canada					
Vote 1 - Payments to the corporation					
New Funding	6,876	28,497	-	-	-
Total Vote 1 - Payments to the Federal Bridge Corporation Limited	6,876	28,497	-	-	-
<i>Total New Funding</i>	<i>6,876</i>	<i>28,497</i>	<i>-</i>	<i>-</i>	<i>-</i>
Approved Funding	2,556	-	-	-	-
<i>Total Approved Funding</i>	<i>2,556</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Grand Total	9,432	28,497	-	-	-
Reconciliation of government funding					
Total funding received in current year	9,432	28,497	-	-	-
Amortization of Deferred Capital Funding	3,505	3,565	4,096	4,096	4,096
Government funding deferred to future years	(60)	(7,090)	-	-	-
Total amount recognized in Statement of Operations	12,877	24,972	4,096	4,096	4,096

Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CASH FLOWS FROM OPERATING ACTIVITIES								
Net Income	(1,580)	(1,984)	(1,653)	(17,395)	(6,387)	(17,091)	(5,062)	(3,814)
Adjustments for:								
Amortization of deferred capital funding	(3,395)	(3,535)	(3,506)	(3,505)	(3,565)	(4,096)	(4,096)	(4,096)
Depreciation of capitalized assets	17,409	17,882	18,408	18,314	18,737	18,425	18,230	18,680
Change in employee benefits	840	(57)	605	5	5	656	756	807
Loss on disposal of assets	59	-	-	-	-	-	-	-
Changes in working capital:								
(Increase) decrease in trade and other receivables	119	322	-	(264)	-	450	-	-
(Increase) decrease in prepaids	(216)	501	-	(954)	-	400	-	-
Increase (decrease) in trade and other payables	(595)	335	-	(1,041)	-	1,000	-	-
Increase (decrease) in holdbacks	-	(723)	-	(38)	-	450	(300)	-
Increase (decrease) in provisions	(245)	(6,047)	(5,920)	-	-	-	-	-
Increase (decrease) in deferred revenue	(222)	(165)	13	(1,323)	(52)	442	606	40
Increase (decrease) in lease inducements	16	31	4	16	16	16	16	16
Net cash generated by operating activities	12,190	6,560	7,951	(6,185)	8,754	652	10,150	11,633
CASH FLOWS FROM INVESTING ACTIVITIES								
Payments for property and equipment (government funded)	(3,464)	(95)	-	(60)	(7,090)	-	-	-
Payments for property and equipment (FBCL funded)	(10,659)	(4,360)	(13,937)	(10,703)	-	(3,787)	(2,567)	(6,036)
Government funding related to acquisition of property and equipment received	5,484	95	-	60	7,090	-	-	-
Proceeds on sale (purchase) of investments	8,836	3,141	14,000	19,847	(5,000)	5,000	-	-
Net cash generated (spent) on investing activities	197	(1,219)	63	9,144	(5,000)	1,213	(2,567)	(6,036)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds (Repayment) of bonds payable	(3,494)	(5,192)	(5,191)	(5,539)	(5,914)	(6,312)	(6,737)	(7,191)
Proceeds (Repayment) of loans payable	(4,863)	(2,419)	(2,429)	(132)	6,850	(316)	(322)	(329)
Proceeds (Repayment) of lease liability	-	(179)	-	(215)	(202)	(215)	(220)	(227)
Net cash generated (spent) on financing activities	(8,357)	(7,790)	(7,620)	(5,886)	734	(6,843)	(7,279)	(7,747)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,030	(2,449)	394	(2,927)	4,488	(4,978)	304	(2,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,024	9,054	3,539	7,382	4,455	8,943	3,965	4,269
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,054	6,605	3,933	4,455	8,943	3,965	4,269	2,119

Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
for the year ending March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget				
				2020-21	2021-22	2022-23	2023-24	2024-25
BALANCE, BEGINNING OF YEAR	237,424	236,046	237,364	235,076	217,681	211,294	194,203	189,141
IFRS 16 adjustment (lease liability)		169						
Net income / (loss)	(1,580)	(1,984)	(1,653)	(17,395)	(6,387)	(17,091)	(5,062)	(3,814)
Actuarial gains / (losses)	(278)	551	-	-	-	-	-	-
Investments (AOCI)	480	294	-	-	-	-	-	-
BALANCE, END OF YEAR	236,046	235,076	235,711	217,681	211,294	194,203	189,141	185,327
Made up of:								
- Retained earnings	235,789	234,525	235,934	217,130	210,743	193,652	188,590	184,776
- Accumulated OCI	257	551	(223)	551	551	551	551	551

Operating and Capital Budgets

OPERATING BUDGET								
for the year ending March 31 (in thousands of dollars)	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	Budget				
				2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Tolls	31,020	31,334	32,024	16,360	17,301	24,332	31,819	32,914
Leases and permits	4,910	4,691	4,909	1,377	800	2,188	4,689	4,934
International Thousand Islands Bridge operating revenues	6,038	6,222	6,955	3,071	3,588	4,068	5,915	6,572
Interest	640	535	651	408	70	70	71	76
Other	175	324	244	171	30	141	143	145
Federal government appropriations	-	-	-	9,372	21,407	-	-	-
TOTAL FUNDING	42,783	43,106	44,783	30,759	43,196	30,799	42,637	44,641
EXPENSES								
Operations	4,926	5,568	5,961	6,149	6,704	6,246	6,428	6,591
Thousand Islands International Bridge expenses	4,900	4,656	4,587	4,993	5,240	5,332	5,424	5,518
Maintenance	4,755	6,344	6,070	7,653	7,447	7,367	7,207	7,408
CBSA & CFIA operations	3,305	3,793	3,295	3,732	4,191	4,297	4,406	4,517
Administration	8,062	6,491	7,732	7,388	7,742	7,624	7,849	8,060
TOTAL EXPENSES	25,948	26,852	27,645	29,915	31,324	30,866	31,314	32,094
EXCESS OF FUNDING OVER EXPENDITURES	16,835	16,254	17,138	844	11,872	(67)	11,323	12,547

CAPITAL BUDGET

for the year ending March 31 (in thousands of dollars)	Budget							
	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Appropriations:								
Emergency funding due to COVID border closures ⁽¹⁾	-	-	-	60	7,090	-	-	-
Cornwall Island roadway improvements	3,464	95	-	-	-	-	-	-
Total appropriations	3,464	95	-	60	7,090	-	-	-
SMRBC Contribution agreement - Custom Plaza	-	-	-	-	-	-	-	-
Other revenue / cash reserves	10,068	4,360	13,937	10,703	-	3,787	2,567	6,036
TOTAL FUNDING	13,532	4,455	13,937	10,763	7,090	3,787	2,567	6,036
<i>(1) Funding proposal to Transport Canada for consideration as part of proposed funding due to loss of revenue with international border restrictions in place at Canada/US border. Realization dependant on specific authorities granted.</i>								
EXPENDITURES								
Government funded:								
Blue Water bridge paving, repairs, painting	-	-	-	-	133	-	-	-
Blue Water Equipment and Electronic Systems	-	-	-	-	2,783	-	-	-
Blue Water Plaza design improvements and rehabilitation	-	-	-	-	62	-	-	-
Cornwall bridge repairs	-	-	-	-	952	-	-	-
Cornwall Island Roadway Improvements	3,464	95	-	-	-	-	-	-
Sault Ste Marie Electronic Systems	-	-	-	-	1,688	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	-	-	-	-	175	-	-	-
CBSA E-gate at three locations	-	-	-	-	600	-	-	-
Other capital projects	-	-	-	60	697	-	-	-
Total appropriations funded projects:	3,464	95	-	60	7,090	-	-	-
FBCL funded:								
Blue Water bridge paving, repairs, painting	153	191	610	236	-	1,055	17	4,590
Blue Water Equipment and Electronic Systems	827	1,011	4,580	5,658	-	1,497	1,052	662
Blue Water Plaza design improvements and rehabilitation	6,781	2,309	5,126	3,750	-	-	540	-
Cornwall bridge repairs	119	95	768	619	-	196	190	121
Sault Ste Marie painting and maintenance projects	986	71	-	-	-	-	-	-
Sault Ste Marie Electronic Systems	-	-	-	-	-	-	-	-
Lansdowne Toll Upgrade & Electronic Tolling	308	27	150	-	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	691	121	915	250	-	25	205	25
CBSA E-gate at three locations	-	-	-	-	-	-	-	-
Property acquisitions	-	19	500	-	-	450	-	-
Other capital projects	203	516	1,288	190	-	564	563	638
TOTAL EXPENDITURES	13,532	4,455	13,937	10,763	7,090	3,787	2,567	6,036
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES	-	-	-	-	-	-	-	-
FBCL Proposal to Transport Canada								
FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ⁽²⁾⁽³⁾	-	-	-	-	-	2,000	8,000	9,000
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	-	-	2,000	8,000	9,000
<i>(2) GBCF funding proposal to Transport Canada for consideration as part of proposed Seaway land claim settlement agreement. Realization dependant on project specific authorities granted.</i>								
<i>(3) Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.</i>								

BORROWING PLAN

Borrowing Authority

The Corporation has financing arrangements to fund the portion of major capital projects that the legacy corporations could not cover by available funding at the time. Pursuant to Section 127(3) of the *Financial Administration Act*, the Corporation is only engaged in borrowings that have been approved by the Minister of Finance. This approval from the Minister is valued at no more than \$130.0M per *Economic Action Plan 2013 Act, No. 2*.

Overview of Existing Borrowing

At March 31, 2020, the Corporation had three types of outstanding financing arrangements:

- Bonds for Blue Water Bridge capital redevelopment in June 2002: \$51.9M principal balance remaining outstanding at March 31, 2020, on an original face value issue of \$110M, 6.41% Revenue Bonds, payable semi-annually, due July 9, 2027, subject to maintenance of bond rating.
- Loans for infrastructure improvements to Blue Water Bridge issued as a Third Supplemental Indenture in June 2010: \$15.0M non-revolving term facility on a fixed rate, non-current basis with periodic payments of interest and principal, not to exceed a maturity of 25 years. The term facility originally carried maturities through July 27, 2021 at rates varying from 2.85% to 4.42%. These facilities were split into four tranches, with three tranches having been fully paid down by March 31, 2020. The remaining tranche totaling \$3.1M at March 31, 2020 must be paid down in July of 2021.
- In the 2019-20 fiscal year, the Corporation adopted IFRS 16, Leases. This requires the Corporation to account for all material leases as a liability equal to the discounted present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases. On April 1, 2019, FBCL recorded \$1.7M of currently existing leases as a liability, as a result of this IFRS standard. This liability ends December 2026.

New Borrowing

Pursuant to Section 127(1) of the *Financial Administration Act*, through this Corporate Plan Amendment FBCL is requesting authority to be able to enter into a new loan facility agreement for up to \$10M in 2020-2021 and 2021-22. FBCL recognizes that Minister of Finance approval is also required. This funding is required to ensure FBCL has the appropriate level of working capital cash flow during the course of the 2020-21 and 2021-22 fiscal years when appropriations are expected (as presented in this Amendment). This \$10M will also be required to fund operations for future years, as traffic levels will not immediately return to normal levels and it is expected the traffic may take as much as two years to return to normal expected levels.

FBCL does not have plans to enter into significant new lease agreements in the upcoming five-year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated *Crown Corporation General Regulations, 1995*.

OUTSTANDING BORROWINGS

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
LONG-TERM BORROWINGS:								
CURRENT PORTION								
Capitalized leases	-	182	280	202	215	220	227	232
Loans payable	2,419	132	139	2,943	316	322	329	335
Bonds payable	5,191	5,540	5,540	5,914	6,312	6,737	7,191	7,675
TOTAL CURRENT PORTION OF BORROWINGS	7,610	5,854	5,959	9,059	6,843	7,279	7,747	8,242
NON-CURRENT PORTION								
Capitalized leases	-	1,323	1,887	1,088	873	653	426	194
Loans payable	3,075	2,943	2,834	-	9,477	9,155	8,826	8,491
Bonds payable	51,861	46,320	46,320	40,407	34,095	27,358	20,167	12,492
TOTAL NON-CURRENT PORTION OF BORROWINGS	54,936	50,586	51,041	41,495	44,445	37,166	29,419	21,177
TOTAL BORROWINGS	62,546	56,440	57,000	50,554	51,288	44,445	37,166	29,419

PEAK BORROWINGS

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Capitalized leases	-	1,684	2,167	2,167	1,290	1,088	873	653
Loans payable	8,988	5,494	5,402	2,973	12,943	9,793	9,477	9,155
Bonds payable	61,915	57,052	57,052	51,860	46,321	40,407	34,095	27,358
PEAK BORROWINGS	70,903	64,230	64,621	57,000	60,554	51,288	44,445	37,166

Note: All forms of borrowing by FBCL are denominated in Canadian dollars.

LONG-TERM BORROWING CONTINUITY

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Actual 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Capitalized leases								
Opening balance	-	-	-	1,505	1,290	1,088	873	653
IFRS assumption of existing lease	-	1,684	-	-	-	-	-	-
Maturities	-	(179)	-	(215)	(202)	(215)	(220)	(227)
New issuances	-	-	-	-	-	-	-	-
TOTAL CAPITALIZED LEASES	-	1,505	-	1,290	1,088	873	653	426
Loans payable								
Opening balance	8,988	5,494	5,402	3,075	2,943	9,793	9,477	9,155
Maturities	(3,494)	(2,419)	(2,429)	(132)	(3,150)	(316)	(322)	(329)
New issuances	-	-	-	-	10,000	-	-	-
TOTAL LOANS PAYABLE	5,494	3,075	2,973	2,943	9,793	9,477	9,155	8,826
Bonds payable								
Opening balance	61,915	57,052	57,051	51,861	46,321	40,407	34,095	27,358
Maturities	(4,863)	(5,191)	(5,191)	(5,540)	(5,914)	(6,312)	(6,737)	(7,191)
New issuances	-	-	-	-	-	-	-	-
TOTAL BONDS PAYABLE	57,052	51,861	51,860	46,321	40,407	34,095	27,358	20,167
TOTAL LONG-TERM BORROWINGS	62,546	56,441	54,833	50,554	51,288	44,445	37,166	29,419

ABBREVIATIONS

BTOA	Bridge and Tunnel Operators Associations
BTS	Bureau of Transportation Statistics(United States)
BWB	Blue Water Bridge
CBCA	Canada Business Corporations Act
CBSA	Canada Border Services Agency
CEO	Chief Executive Officer
CFIA	Canadian Food Inspection Agency
FAA	Financial Administration Act
FBCL	Federal Bridge Corporation Limited
IBA	International Bridge Administration
IBTA	International Bridges and Tunnels Act
IFRS	International Financial Reporting Standards
MCA	Mohawk Council of Akwesasne
MDOT	Michigan Department of Transportation
SIBC	Seaway International Bridge Corporation Limited
SLSDC	Saint Lawrence Seaway Development Corporation
SSM	Sault Ste. Marie
SSMIBA	Sault Ste. Marie International Bridge Authority
TC	Transport Canada
TIBA	Thousand Islands Bridge Authority
TIIB	Thousand Islands International Bridge



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The Federal Bridge Corporation Limited wishes to acknowledge and recognize the invaluable assistance received from its international bridge partners in planning, operating and realizing capital projects at all crossings:

- the International Bridge Administration;
- the Michigan Department of Transportation;
- the Thousand Islands Bridge Authority; and
- The Saint Lawrence Seaway Development Corporation.

The preparation of this plan amendment was accomplished with the dedicated cooperation and collaboration of many individuals. It is intended to provide complete and reliable information as a basis for the establishment of governmental approvals, managerial decisions, and to ensure the diligent stewardship of the assets and resources of the Corporation.