



2015

ANNUAL REPORT

Serving Milwaukee's Brewing Industry

In 2015, a partnership that began in 2014 continued at the Port as private grain elevator operator Nidera once again brought a bulk shipment of barley into Milwaukee.

In October, Port tenant and stevedore Federal Marine Terminals unloaded Polsteam's M/V ORLA and its 15,000 ton load of Danish barley at Nidera's Inner Mooring Basin dock just south of their grain elevator. The barley was then transported to various local malting operations in SE Wisconsin, processed, and ultimately sold to both large and small breweries in the area.

The Port's full service efficiency was displayed when the ORLA finished unloading its barley and pulled up alongside Nidera's grain elevator to load a cargo of locally grown soybeans for delivery to Russia.

A Message from the Port Director:

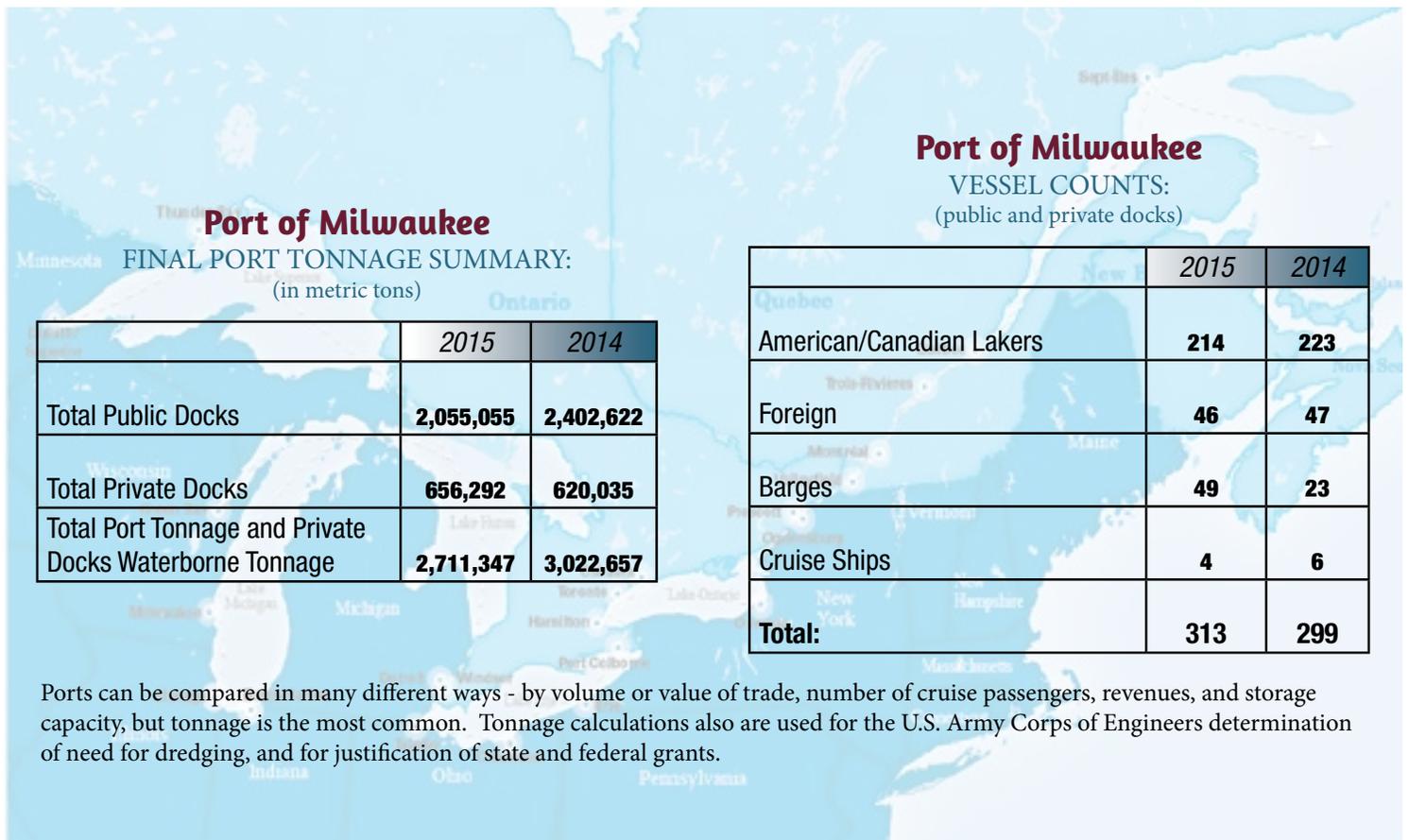


The Port of Milwaukee is an economic entity of city government that is governed by the seven-member Board of Harbor Commissioners. It administers commercial and recreational operations on the 467 acres that make up the Port. Recreational activities such as Milwaukee World Festivals and Discovery World occur north of the main gap, while commercial activities are south of the main gap.

We are the region's transportation and distribution center located on the southwestern shore of Lake Michigan. Port of Milwaukee transportation options include the St. Lawrence Seaway linking us to the Atlantic Ocean; inland river barge service between Milwaukee and the Gulf of Mexico; two major railroads, the Union Pacific and the Canadian Pacific; and immediate interstate access to I-94. The Port of Milwaukee handles a diverse mix of cargoes including

steel, salt, limestone, asphalt, scrap metal, bio-diesel, ethanol, cement, fertilizers, machinery, wind tower components, locally produced grains, and a variety of other bulk commodities. Our 400,000 pound lifting capacity makes us a dependable port for moving Wisconsin's heavy and over-dimensional manufactured goods.

We have taken steps to improve the infrastructure over the past three years, both structurally and aesthetically, and tenants are painting and upgrading their facilities as well. Although we have taken the hard hit of losing coal tonnage due to natural gas fueled power plant conversions, we have maintained a diversified cargo mix to keep the revenues and tonnage figures strong. New dry bulk and liquid bulk cargoes moved through the Port in 2015 and expect those to grow in 2016. Working with the State and local city departments we were able to get improvements on nearby roads which improved the route for high-wide machinery moving through the port. These improvements and others are attracting new tenants and new cargoes lending to the ports success well into the future.



UPDATE: Wind Turbine



The turbine provides more than 100% of the electricity needs of the administration building. Since the installation on February 27, 2012, the wind turbine has generated over 480,000 kwh

of clean power and saved over \$62,000 in energy costs.

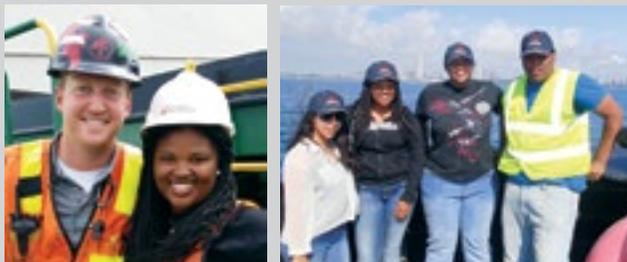
We have avoided releasing over 609,000 pounds of carbon dioxide into our air. As a result, Milwaukee's Port Administration building is the first City of Milwaukee municipal facility that is a "net zero" electric energy user! Milwaukee's wind turbine is part of the City's initiative to reduce energy use and increase renewable energy projects on City facilities.

Hoan Bridge Construction

The major portion of reconstruction work on WisDOT's I-794 Lake Freeway/Hoan Bridge project was completed this year, adding 40-50 years of life to the bridge with new concrete decking. The Lake Freeway is a vital connection between the Port and the interstate system for commercial and recreational traffic. The remaining work on this project will be from below as they blast clean and repaint the bridge steel.

Milwaukee high school interns get their first job experience at the Port

Mayor Tom Barrett's Summer Youth Internship Program (SYIP) provides youth with employment and life skills and helps them meet educational, job readiness and career exploration goals.



Luke Kvapil, FMT;
Elise McNeil-Hatchett, intern

Doors Open



The Port of Milwaukee once again took part in the City's Doors Open weekend on Saturday September 19th when over 160

local "tourists" arrived bright & early at the Administration Building.

Throughout the day, attendees were treated to hourly guided bus trips on a route that went behind the scenes. The U.S. Coast Guard Auxiliary also had displays for visitors to learn about the Coast Guard's local activities.

Compete Milwaukee Program a Success

The Mayor and Common Council started a program called "Compete Milwaukee." The Port brought on a talented young man named Anthony to work in the operations division. The program places transitional workers into City jobs to help them transition back into the workplace. The young man was successful in getting a full-time job before our time with him was even done.

Lake Classification Yard

Work began on the reconstruction of approximately 9,500 feet of railroad track in the Lake Classification Yard. With new ties, ballast, switches and 115 lb rail, the 5-track railyard will be brought up to current industry standards and increase rail car capacity at the Port. Funding for this extensive project was made possible by a railroad preservation grant from WisDOT.



Mayor Barrett Supports Manufacturing/Port



Mayor Barrett and John Vitas.

City of Milwaukee Mayor Tom Barrett and AC Equipment President John Vitas brought some welcomed attention to the Port when these sections were hoisted by Port-owned cranes onto a specially fitted deck barge.

Local manufacturer AC Equipment Services brought in heavy plate from Europe, converted them into 17 foot diameter kiln sections and loaded them to a deck barge for delivery to eastern Canada through the St. Lawrence Seaway.

This project exemplifies the Port's role in both delivering raw materials for use by local manufacturers and exporting finished products to customers using water transportation.

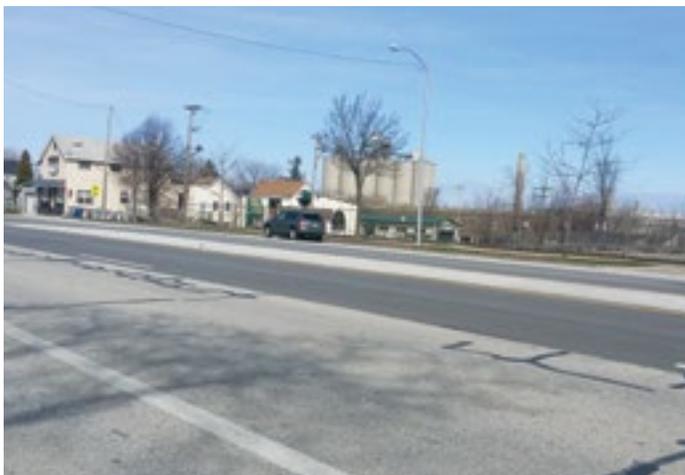


Cargill Cares



Cargill Salt does so much more than package salt on Jones Island. A program "Cargill Cares" gives back to our community and around the world. Local Cargill employees donate money and their labor to many Milwaukee organizations such as Discovery World for children's learning programs, Hunger Task Force Farm (actually working on the farm), Feeding America Mobile Food Pantry Cargill-Milwaukee, participating

in charitable walks, and so much more. Did you know that if you walked into a grocery store, more than 60% of everything there has a Cargill ingredient?



Intersection Modification

The City of Milwaukee's Dept. of Public Works was successful in obtaining a State grant to modify a major intersection near the Port. East Ward Street curbs were sloped between Allis Street and E. Bay Street to allow wide loads a greater turning radius. East Ward Street is used when over-dimensional truck loads are coming to or leaving the port.

Port of Milwaukee
REVENUES AND EXPENSES:

	2015	2014
Operating Revenues*	\$4,978,910	\$4,554,919
Operating Expenses	\$2,844,088	\$2,823,870
Net Income (Loss)	\$2,134,822	\$1,713,049
Personal Property Taxes	\$527,178	\$480,383

* Does not include Milwaukee World Festivals, Inc. The comparison of operating revenue and expenses for 2015 and 2014 excludes depreciation, debt service and interest expense.

The Port's revenues are derived from 44.5% lease income and 55.5% cargo income. Operations of the Port are expended from revenues and any excess revenues are returned to the city's general fund.



Emma Stamps became the Port's Finance Officer in 2015. Emma transferred from the Milwaukee Fire Department and brings with her extensive knowledge of finance and inner workings of the City. Emma took over after Hattie Billingsley retired in the fall.

New Crane Scale



Our rail gantry crane was fitted with a new scale for measuring cargo more accurately.



World Trade Day



The Port of Milwaukee attended and exhibited at the 2015 World Trade Day hosted by the MMAC at the Milwaukee Convention center in May.

Included in the day's events was a transportation panel hosted by Dr Richard Stewart of UW-Superior to discuss the movement of goods to market. It included representatives from railroad and airline industry as well as the agricultural sector and the State of Wisconsin Department of Transportation.

Port of Milwaukee

TENANTS:

- Cargill Salt, Inc.
- Compass Minerals
- Discovery World at Pier Wisconsin
- Federal Marine Terminals
- Great Lakes Towing
- Harbor House Restaurant
- Kinder Morgan
- Kompost Kids
- Lafarge-Holcim
- Lake Express High Speed Ferry
- Milwaukee Art Museum
- Milwaukee World Festivals
- Portland Trucking
- South Harbor, LLC
- St. Mary's Cement
- U.S. Coast Guard
- U.S. Navy
- U.S. Oil
- Ward's Welding

Federal Marine Terminals Celebrates 50 years



FMT 50th Anniversary Cake

Federal Marine Terminals, Inc. (FMT), a subsidiary of Montreal-based Fednav Limited, Canada's largest ocean-going dry-bulk shipping company, celebrated its 50th anniversary of operation.

"FMT is proud to have prospered from its humble beginnings to a successful contender in a very competitive market," said Paul Pathy, Chairman of Federal Marine Terminals. "Through the hard work of our experienced, determined employees to the loyalty of our customers and business partners, and through the solid long-range planning of our management team, we are pleased to be celebrating this milestone anniversary," added Michel Tosini, Executive Vice-President of FMT.

Incorporated in 1965, FMT is recognized worldwide as an industry leader in North American marine terminal operations. In September, 1996, Meehan Seaway Services, then Milwaukee's general cargo stevedore, assigned all of its rights, title and interest to Federal Marine Terminals. Celebrated 19 years in Milwaukee in 2015, FMT continues to leverage its experience in stevedoring, terminal handling, and logistics services for all types of dry cargo, while offering a seamless supply chain in the markets served.

A New Coat of Paint



In 2015, Port tenants Kinder-Morgan and US Oil both cleaned and painted their storage facilities.

Several storage tanks on US Oil's property in the center of Jones Island were sanded, primed and painted.

Kinder-Morgan also put forth a refinishing effort on their two storage domes adjacent to the Lake Classification Yard. At the same time they replaced the conveyor system on the northernmost dome.

NASA



In 2015, local manufacturer Weldall provided a textbook example of how to take advantage of the Port of Milwaukee's position as the northernmost Inland River Port on the Great

Lakes. Over the course of the year, intricately detailed steel framework for use in testing by NASA was manufactured at Weldall's Waukesha, WI facility.

Once completed, the pieces were transported to the Port and staged on the City Heavy Lift Dock. These sections were then hoisted in dual lifts by Port cranes into a hopper barge. They then made an approximately 30 day journey down through the Inland River System to Alabama. Use of the Inland River System avoided over the road permit costs that would have been incurred in the various states along the route.

Wisconsin Built



Since the 1800s, Wisconsin has been home to multiple shipyards that have launched vessels to ply the waters of the Great Lakes. 2015 saw three vessels built in Wisconsin spend time in Milwaukee.

In January, the 1000 foot ore carriers Edwin H. Gott and Burns Harbor came into Port as part of the Winter Fleet. Both vessels were built at Bay Ship in Sturgeon Bay. The Gott was launched in July of 1978 while the Burns Harbor followed in October of 1979. They were among six 1000 footers built at Bay Ship between 1977 and 1981. When the locks at Sault St

Marie re-opened in March, both vessels returned to service delivering iron ore to steel mills, having completing required maintenance while in Port.

In November, The USS Milwaukee LCS-5 arrived in Port to be toured and on November 21st commissioned at Veterans Park on the Milwaukee lakefront. It was the first US Navy ship built in its namesake's state and launched in its namesake city. It is one of a series of Littoral Class vessels being built for the US Navy at Marinette Marine Corporation.

Port of Milwaukee Foreign Trade Zone



In addition to promoting shipping and commerce, the Port of Milwaukee is the Grantee of Foreign Trade Zone No. 41. FTZ 41 offers economic benefits to companies involved in international trade, bringing jobs back from overseas and retaining and growing jobs in Southeastern Wisconsin. As Grantee we can support any Wisconsin company looking to start FTZ operations at their facility, but we also have expedited approval by the Foreign Trade Zone Board for these twelve counties: Milwaukee, Rock, Walworth, Kenosha, Racine, Waukesha, Jefferson, Dodge, Fond du Lac, Sheboygan, Washington and Ozaukee. U.S. Customs and Border Protection – Milwaukee oversees the day-to-day activities within the subzones.

2015 FTZ 41 Operators (subzones):

BroanNutone (exhaust fans)

CNH Industrial Americas (agricultural machinery)

Generac (generators, pressure washers and water pumps)

Hospira, LLC, a division of Pfizer (pharmaceuticals)

Kohler Company (bath and kitchen fixtures; engines and generators)

Mercury Marine (ship and boat motors)



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City Leaders Tour The Port

Port Director Paul Vornholt invited the City of Milwaukee leaders to tour the Port's infrastructure and assets. The City's Alderman approve leases and funds for improvements at the Port. The Port owns multiple buildings, maintains 15 miles of port-owned rail track, and has three City streets serving its tenants.



*Alderman James Bohl, Jr.,
5th Aldermanic District and
Commissioner of Public Works
Ghassan Korban*



*Assistant City Attorney Stuart Mukamal,
3rd District Alderman Nik Kovac and Port
Director Vornholt going through the main
gap past the Port's recreational property
known as Milwaukee World Festivals, Inc.*

Pacesetter Award



In 2015, The Port received the Pacesetter Award from the St Lawrence Seaway Administration for having seen increased tonnage move through the Seaway in between 2013 and 2014.

The award was presented by Seaway Administrator Betty Sutton to Port Director Vornholt, Mayor Tom Barrett, and Tim Hoelter President of the Board of Harbor Commissioners in a ceremony at the port Administration Building in August.

Local manufacturers rely on heavy lift capacity at the Port.

In November, Federal Marine Terminals handled a 217,376 pound base ram press, at the City Heavy Lift Dock. The press was loaded in Antwerp, Belgium on the vessel Federal Kivalina and was destined for ATI in Cudahy, WI (previously known as Ladish). The press was delivered by Manesis Transportation, Inc. on a 13-wheel axle rig.

ATI's aerospace/industrial/isothermal forging capability, based in Cudahy, Wisconsin, produces many of the most technologically advanced forgings in the world for hot-section components for jet engines, structural components for aircraft, helicopters, launch vehicles, and other demanding applications.

A world leader in isothermal forging technologies, ATI operates one of the world's largest isothermal press, rated at 12,500 tons. Their patented SuperCooler™ technology enables them to produce highly sophisticated components that have differing mechanical properties in different parts of the same piece for greater resistance to fatigue and temperature effects. They also operate the world's largest ring-roll mill, capable of forging aerospace rings up to 28 feet in diameter.