

**IN THE MATTER OF AN ARBITRATION UNDER
CHAPTER ELEVEN OF THE NORTH AMERICAN FREE TRADE AGREEMENT
AND THE UNCITRAL RULES OF 1976**

BETWEEN:

**WILLIAM RALPH CLAYTON, WILLIAM RICHARD CLAYTON, DOUGLAS
CLAYTON, DANIEL CLAYTON AND BILCON OF DELAWARE, INC.**

Claimants/Investors

AND:

GOVERNMENT OF CANADA

Respondent

**WITNESS STATEMENT OF
WILLIAM RALPH CLAYTON**

December 15, 2016

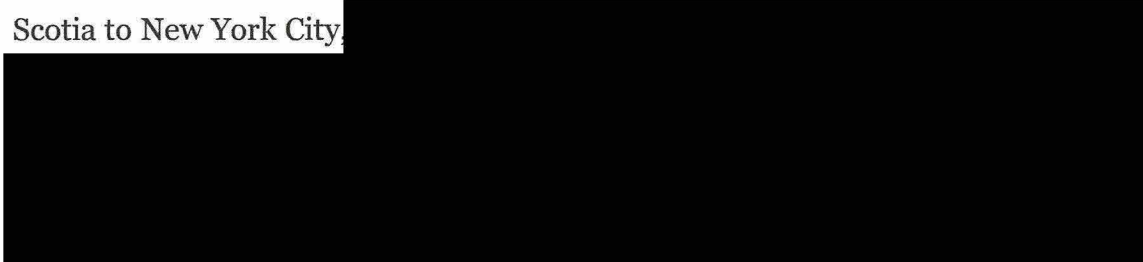
1. I graduated from High School in Lakewood, New Jersey, in 1946. I was 17. That year, I bought 100 acres in Lakewood for about \$50 an acre. That's where I started our first concrete plant, which I built from scratch. That was the beginning of our family concrete and aggregate business.
2. I worked 16-18 hours a day, seven days a week. My children often watched while I shovelled sand and gravel, set up wash plants, washed the sand and gravel to separate it, put the separated materials into concrete, and then sold the concrete.
3. When we started the Lakewood plant, we were selling our products to home developers and people building chicken coops. The poultry business was thriving at the time. Ready-mix concrete – a mixture of cement, sand, water, and coarse aggregate – was a new thing, and we were in the right place at the right time. I sold ready-mix for between \$12 and \$15 a yard in 1950. Today it sells for about \$115 - \$120 a yard. In one yard of concrete, there are about 3,400 pounds of coarse aggregate, and there are about two tons of concrete in a yard.
4. Throughout the 1950s, we rode the crest of a housing boom in New Jersey. Lots of people were moving to the State and, when the Garden State Parkway opened around 1955, there was a real construction boom. We were right there to provide all the concrete the area needed.
5. My two brothers were also involved in the business. Richard had gone into the Air Force, but returned to work with us in the early 1960s. My other brother, Paul, is 17 years younger, and he came into the business right out of high school. Both of my brothers have passed away now.
6. We sold the original Lakewood plant [REDACTED]
[REDACTED] We moved to a different plant in the same township though, so our new state-of-the-art manufacturing and distribution facilities are still in the same area.

7. Around 1955, we opened our second plant in Freehold. I purchased four-and-a-half acres to start with, and then added to that shortly after. We ran about 13-15 trucks with 10 to 15 employees. Though that original plant has moved, we still own a plant in Freehold today with around 18-20 employees.
8. Today, the Clayton Group of Companies is the largest ready-mix concrete supplier in New Jersey, with 11 plants throughout the State, from Jersey City to Atlantic City. [REDACTED]
[REDACTED]
9. The Clayton Group also supplies a variety of high quality aggregates throughout the tri-state area of New York, New Jersey and Pennsylvania. We work hard to ensure our products meet all the standards and specifications, and we take pride in being able to custom process our products to meet any special project needs.
10. Our concrete has been used in many award-winning projects, including Route 70's Freedom Bridge, the Route 52 Causeway, and many State highways in New Jersey. We were honoured for innovative design and construction at the 52nd Annual NJ Concrete Awards for our work on the Newark Bay Bridge Deck Rehabilitation.
11. Over the decades, we built a strong reputation for reliability and quality products. We grew our business based on that reputation, and all the money we made was reinvested in the business, to keep expanding. People know we make good products, and that we deliver on time. It has always been important to me not to waste another person's time or money, and our employees understand that too.
12. There are now almost 600 employees in the Clayton Group. Before the Great Recession, we had around 850. There are about 50-60 at the head office, about 250 drive more than 500 concrete trucks, dump trucks, and cement trucks, throughout the Clayton Group's distribution network.

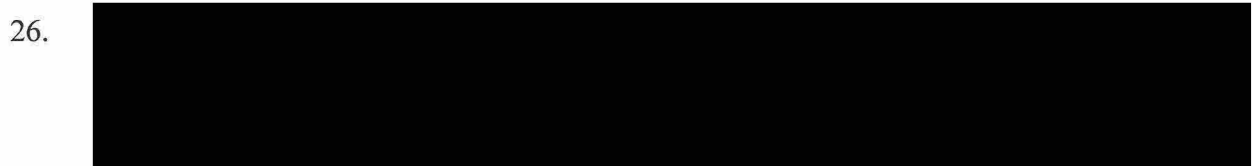
13. Some of our employees have been with us for over 40 years, since they left school. I went to a funeral recently for a man who worked for us for over 50 years, until he retired back in 1999. It's usual for us to have long-term employees.
14. We have always been dedicated to the safety and success of our employees and their families, as we are to the quality of our products. We are devoted to our customers, many of whom have been with us for decades, and we have specially trained technicians who work with our customers to ensure they get the project specifications of the concrete mixes they need exactly right.
15. It has always been my focus to give the best service possible to our customers. I think this has been a big part of our success over the years, because quality service and good products generate loyalty. It's very important to be loyal to our customers, employees, suppliers, and partners. They are loyal in return. I always honour a deal I have agreed to, even if it turns out to be a bad deal for me. I do the best I can, and take pride in what my name is on.
16. In the 70 years our family has been in business, there have been many ups and downs economically, but we've always "weathered the storms", and consistently come out on the up side. I guess I'm an eternal optimist. An example of 'weathering the storms' is when the price of oil went up in the 1970s. I had a few years before bought an oil company from a man across the street from my high school, and we were fortunate to have it when oil prices went so high. It helped us through the fluctuations of the time.
17. I'm often asked about the secret of my success. It might be that I know the difference between real oats and used oats. And I have always known that what is expensive today will be cheap tomorrow. I deal with facts. I work hard, and I know I have to get my hands dirty. I am also a competitive person who likes to succeed. And most of all, I am very proud that my sons and my grandchildren are working in our family business.

18. In many ways our success is simply based on our down-to-earth values, which are reflected in the many awards we've received for our work in the construction industry, and for our community service.
19. I have also always believed it is important to pick the best people to do the job, and then let them do it. Tom Dooley did a great job for us at New York Sand and Stone, and Paul Buxton and John Wall did a great job for us at Whites Point. John Wall would have continued to be a great quarry manager for us at Whites Point if we had been allowed to go ahead with it.
20. Over the years, it's always been my idea to buy the land and secure the permits for it, so we can operate a plant on the land. That was one of the cornerstones of our success, to buy by the acre and sell by the pound. Had the Whites Point Quarry not been taken away from us, we would have held onto that land and operated the quarry for generations.
21. In the early 2000s, I was already in my seventies, but still actively involved and making major decisions for the business. I was taking a long-term view, looking for a source of high quality stone for our own companies to use and to sell into the New York market, which was presenting a great opportunity for us to expand. The aggregate supply for New York was shrinking, and our own needs and opportunities were growing.
22. We were always looking for our own long-term supplies of high quality aggregate. That's what led us to Nova Scotia in 2002. We needed more coarse aggregate to mix with our sand being dredged by Amboy, and it was a perfect time to grow our aggregate sales through New York Sand & Stone.
23. Opening Whites Point made the most sense to me, because it had a great supply of high quality rock with 50 or 60 years of reserves. That's why we were so invested in it, and why we told Paul Buxton to spare no expense in proving to everyone the quarry was environmentally safe, which I believe we did.

24. The Whites Point location was perfect for us. It was the closest point in Nova Scotia to New York City.



25. I knew we'd have to spend a lot of time and money to develop the Quarry, but I was certain it was worth it for our family's future.



27. It was also very important for me to get to know the local residents of Digby Neck as we were preparing to build the Whites Point Quarry. We were invited to come to Nova Scotia by Ministers of the Government, but for us it was important to become engaged and active members of the community, and to be a model employer there, like we have always been here. So when my son Bill Jr. and I were invited to tour the area, our focus was on meeting the people. We did, and we enjoyed them greatly. They made it very clear to us that they wanted us to come, and were eager for the good jobs the Quarry would provide.

28. From the beginning, the Government of Nova Scotia encouraged us to invest in Nova Scotia. Its Ministers welcomed us with open arms, and government officials could not have been more helpful to us and our representatives. The officials toured them all around Nova Scotia, and pointed out the great quarry opportunities that were there. And they were right. Whites Point was the best of all the potential sites, and was an excellent business opportunity. One of the best I have seen in 70 years. Had we not been prevented from building and operating the Quarry, it would have become a major building block in growing our family business for generations to come.

29. When we start something, we see our commitment through to completion, whatever it takes. I would never have given up on the Whites Point Quarry, and I always believed we would be able to operate it.
30. We went to Nova Scotia to open the Whites Point Quarry because we wanted to grow our market share in New York City, and to support our operations in New Jersey. To me, our loss of the Quarry will be forever, as long as the Claytons stay in business. We can measure our business loss by money, but we also lost an important part of our business future, and our family's future.
31. I was in my 70s when we committed to the Whites Point Quarry, and I was keen to have a great aggregate supply for my sons and grandchildren to have in the business for a long time. Today, at 88, I've had a stroke, but I still come to the office every day, and still enjoy seeing the business succeed. The fact the Whites Point Quarry did not have a chance to start is very disappointing to me. In a perfect world, I would still have liked to see the project through. For us, our business is a family affair, and we had hoped to include the community of Digby Neck in the success of our family business.

Dated: December 15, 2016



William Ralph Clayton