

***THE FOLLOWING MINUTES ARE IN DRAFT FORM AND ARE SUBJECT TO CHANGE
AND TO APPROVAL BY THE BOARD***

**BOARD OF DIRECTORS MEETING
BIRMINGHAM, ALABAMA
SEPTEMBER 28, 2021, AT 4:00 P.M. CENTRAL TIME**

Pursuant to a notice posted on the Alabama Secretary of State's website seven days in advance, a meeting of the Alabama State Port Authority was held at the time specified above. Bestor Ward, Chair of the Authority, presided over the meeting. Upon a roll call, attendance by the members of the Board of Directors, either in person or by telephonic means, was confirmed as follows:

PRESENT: Tony Cochran, Daryl Dewberry, Alvin Hope, Horace Horn, Carl Jamison, Merceria Ludgood, Ben Stimpson, Dr. Pat Sims, and Bestor Ward

ABSENT: None.

OTHERS PRESENT: John Driscoll, Deb Geiger, Rebecca Givens, Rick Clark, Linda Paaymans, Bill Inge, Bob Harris, Judy Adams, Danny Barnett, Adam Graddick, Parrish Lawler, and Beth Branch (ASPA); Mark Moran (Drummond); Mark Kinney (So.Co.); Brian Sewell (Drummond); and Preston Bolt (Hand Arendall).

PUBLIC COMMENTS: None.

MINUTES:

On a motion by Horace Horn and seconded by Daryl Dewberry, the Board voted unanimously by all members present to approve the minutes of the August 24, 2021 Board Meeting, and to ratify all actions taken by the Board at such meeting.

On a motion by Ben Stimpson and seconded by Carl Jamison, the Board voted unanimously by all members present to approve the minutes of the September 13, 2021 Special Called Board Meeting, and to ratify all actions taken by the Board at such meeting.

DIRECTOR'S REPORT

The Director reported the following:

1. Financials

As expected, earnings were down for the month of August compared to previous months. Earnings before depreciation and bond expense were \$3.1M versus the budget of \$3.0M. Bottom line, net earnings for August were a negative \$556K.

2. Market Outlook

- Coal – Import coal should continue through mid-2023, but recent activity has been slow. Export coal did improve from last month but well below budgeted levels. Main factors impacting the low exports are due to two mines not in production for various

reasons. Demand for Alabama's high quality metallurgical coal is strong and trading prices are good.

- Steel – Steady numbers were reported at Pinto Island for slab shipments for the month.
- Container Terminal – We experienced an extremely strong month again in August, handling 34% more containers than in the same period of 2020. Main contributing factors were strong imports, improving refrigerated movements and high volumes of intermodal rail traffic service to Memphis, Chicago and Canada.
- General cargo – We continued to see good volumes through the main docks.

3. **Storm Impact**

There was minimal impact from recent tropical storms and hurricane hitting the gulf. Most significant impact was closure of the port for a few days due to high sea swells and tides. No significant damage from flooding or storm surge was experienced.

4. **Chief Examiner**

We received notice from the Chief Examiner's office that they would be conducting a routine legal compliance examination of ASPA over the course of the next several weeks.

5. **Legal**

We have secured the legal services of Fletcher & Sippel LLC to assist the Port Authority in defense of our interests involved in the Surface Transportation Board's review of Amtrak's desire to initiate passenger rail service on freight railroad right-of-way on an expedited basis.

6. **COVID**

We lost two active employees in August to the COVID-19 virus. These individuals worked in the Police Department and McDuffie Terminal.

Discussion ensued with the Chair requesting the Director to give the Board an update on the congestion on the west coast and how it is affecting our business. The Director stated that the west coast has approximately 72 vessels waiting at anchor with a total of about 500,000 to 600,000 containers waiting for a berth to be discharged. The back up is having an effect across the entire United States. Some container companies are finding other ports to discharge their vessels and we are picking up some of the container business as we are fortunate that we have not had the backup. But the turn around of the ships, due to the backup on the west coast, is delaying all import products. And the demurrage rates have increased from about \$1,500.00 to about \$25,000.00 per container. And, once the containers are unloaded, there is delay in transporting the product, due to a shortage in trucks and truck drivers. This is going to be long term problem for several years.

OPERATIONS UNIT

SAFETY AND HUMAN RESOURCES

Danny Barnett, Vice President of Human Resources and Safety, reported the following:

HUMAN RESOURCES AND SAFETY

We experienced two (2) reportable injuries during the month of August. Both injuries were minor and the employees have returned to full duty but considered reportable due to the medical treatment received. These two injuries increased the Port frequency rate from 1.61 reported in July to 2.00.

The number of employees reported to the Department of Labor for all payrolls encompassing August 12, 2021 was 478.

Personnel actions during the month include the following:

McDuffie Terminal:

- (1) Port electrician was hired into the maintenance dept.
- (1) Entry level port operative resigned during probation

Pinto Terminal

- (1) Crane operator was hired

GCI

- (1) Career maintenance employee retired

Terminal Railroad

- (1) Switchman/conductor was hired
- (2) Terminations (engineer and switchman)
- (2) Resignations (Maint of Way & SLE)

Sadly, we lost two highly respected employees to the pandemic in August.

- Port Police Officer Clarence Washington
- McD Maintenance Supervisor Pete Dunnam

We continue to promote the advantages of the vaccinations and have had nurses on site each Tuesday since late August offering the vaccines and flu shots.

Medical Services reported a spike in positive COVID diagnosis following the July 4th holiday. The total number of positive cases reported as of August 31 increased to one hundred thirty five (135).

Discussion ensued with the Chair asking whether the two employees that were lost due to the pandemic were vaccinated. Mr. Barnett responded that at least one was not vaccinated and he was not sure about the other. The Chair then asked if we knew approximately how many of our employees have been fully vaccinated. Mr. Barnett answered that some of the employees have been vaccinated, but not told us, so we are not sure of the number, but could be close to 50%.

BULK OPERATIONS

Rick Clark, Chief Operating Officer and Deputy Director, reported the following:

McDuffie Operations							
	Wharfage Tons (Millions)	Vessels Loaded	Vessels Unloaded	Barges Loaded	Barges Unloaded	Railcars Loaded	Railcars Unloaded
October	1.024	12	2	108	86	-	4,968
November	1.211	13	3	99	224	90	4,374
December	1.583	17	1	139	225	450	4,705
January	1	11	2	79	284	90	4,790
February	1.081	11	1	104	203	0	4,617
March	1.096	13	0	60	215	0	5,348
April	0.811	9	1	69	186	0	4,409
May	0.741	7	2	124	175	0	3,891
June	1.073	12	2	88	100	0	3,533
July	0.667	6	1	78	32	0	3,900
August	0.687	7	0	57	129	0	4,268
Plan YTD	10.715						
Actual YTD	10.974	118	15	1005	1859	630	48803
Diff YTD	0.259						

McDuffie wharfage tons fell below plan in August by 286,815 tons (687,268 vs 974,083 forecasted). McDuffie export shipments were below plan by 258,917 tons (563,333 tons actual versus 822,250 tons forecasted). Thermal barge loading was down as well by 57,713 tons (94,120 actual tons versus 151,833 forecasted). Mine closures, labor disruptions and reduced thermal import demand continue to challenge plan. September numbers are falling in line with August actuals.

Pinto Operations				
	Wharfage Tons	Vessels Handled	Barges Direct	Barges from Storage
October	154,489	3	42	36
November	91,253	2	33	59
December	198,770	4	88	23
January	373,479	8	111	44
February	246,906	6	69	62
March	319,596	6	92	55
April	352,023	7	87	65
May	256,129	6	74	85

June	313,856	6	102	64
July	213,562	4	61	95
August	231,119	5	64	64
Plan YTD	2,750,000			
Actual YTD	2,751,182	57	823	652
Diff YTD	1,182			

Wharfage tons at Pinto were just under plan in July by 18,881 tons (231,119 metric tons actual versus 250,000 metric tons forecasted). September projections are looking just a little better.

Rail Operations	
	Cars Handled
October	15,056
November	14,924
December	15,961
January	14,034
February	11,652
March	14,144
April	12,892
May	10,739
June	12,979
July	12,957
August	12,053
Plan YTD	147,594
Actual YTD	147,391
Diff YTD	-203

The T ASD handled 12,053 rail cars in August 2021 compared to a plan of 13,242. The biggest drops are attributed to reduced coal, rail ferry traffic and pig iron. The car count is down 1146 cars from same period last year.

Discussion ensued with Mr. Horn asking if most of the grain was import or export. Mr. Clark responded that most of the grain was export. And the export is mostly going out of the Mississippi or the west coast. We are an overflow port when the Mississippi or west coast gets full. The cost to move grain by rail to Mobile as compared to barging it down the Mississippi River is more expensive and we only have about 40 foot of water and those vessels are much larger and need around 45 to 50 foot of water.

GENERAL CARGO

Bill Inge, Vice President, General Cargo and Central Services, reported the following:

Steel Products

Steel products year-to-date tonnage is 1,465,652 tons which is up 15% or 188,499 tons from the same period as last year. We are still experiencing a strong market for import and export.

Forest Products

The forest products year-to-date tonnage is 1,119,626 tons which is up 2% or 25,473 tons from the same period as last year. Lumber and wood pulp are the main drivers for the increase.

Project Cargo

Our project cargo sector continues to be strong with volumes from the Far East and inbound pieces for conversion products in the southeast.

Grain

The elevator will start loading trains in September and are looking for three vessels in October.

Harbormaster

The Harbor Master count for the Port of Mobile is 126 vessels in August compared to 120 vessels for August of last year.

TECHNICAL SERVICES

Robert Harris, Vice President, Technical Services, the Director reported the following:

PROGRAM MANAGEMENT

Program Management continues to provide support and grant administrative oversight for Automobile RO-RO terminal project, the Upper Bay Beneficial Use Wetland Creation, the Volkswagen Diesel Emission Mitigation Trust Locomotive Repowering project and the Port Security Upgrade projects.

DREDGING MANAGEMENT

Mobile Harbor Improvement Project status synopsis:

- 1.) Received Scope of Work for additional Ship Simulation Modeling from the USACE Engineer Research and Development Center. This will be used to assess any channel needs to ensure safety just south of the turning basin within the upper bay Mobile Harbor Channel.
- 2.) Phase 1 construction work is 80% complete. Estimated 2 weeks to completion.
- 3.) Phase 3 construction work is 34% complete.
- 4.) USACE currently has decided to proceed with Phase 4 design instead of Phase 2 due to pipeline delays.
- 5.) USACE is evaluating direct placement of dredged material from the Turning Basin into the beneficial use project site at Dauphin Island Causeway Shoreline Protection and Salt Marsh Restoration Project. This would eliminate the need for the use of ASPA's Section 14 placement site.

ENVIRONMENTAL MANAGEMENT

The Environmental Management group and the Engineering group continue working together on the Upper Bay Beneficial Use Marsh Creation Project. The permit application was submitted to the Corps of Engineers on September 16, 2021. Engineering design is currently in progress.

The Environmental Management group's oversight of the Phase 3 Archaeological Investigation of the site of the former Civil War Fort Albert Sydney Johnston continues. The U.S. Army Corps of Engineers and the Alabama Historical Commission have completed their review of the Phase 3 report. USACE has requested that ASPA prepare a scope of work for additional investigation to address research questions focusing on additional archaeological excavations. The scope of work will have to be submitted to USACE for review and approval prior to conducting the work. We are currently awaiting clarification from USACE on some of the requested scope items.

ENGINEERING SERVICES

Demolition of Former Armstrong Industries Facility

Demolition of the former Armstrong Industries manufacturing facility continues and progress is good. This will make way for the development of a logistics park to support future growth in the intermodal container market.

Hurricane Recovery

Engineering staff continues working on recovery from damage to buildings and infrastructure as a result of Hurricanes Sally and Zeta, all while continuing their regular duties. The replacement warehouse doors for the Hurricane Zeta damage are currently being installed. Repair of damaged roofs continues on with the following progress:

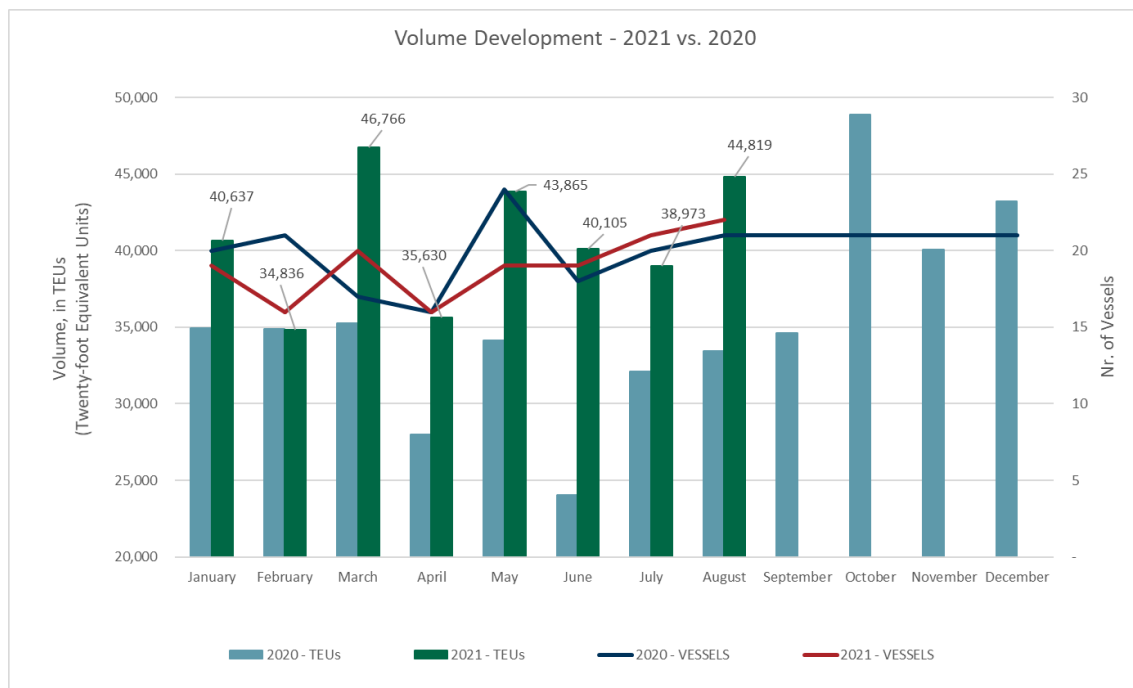
Center A Warehouse – 100% complete.
Pier 8 – 55% complete
Seaonus – 55% complete
South C Warehouse – 25% complete
32N Electrical Building – 100% complete
McDuffie Island Gazebo – 100% complete
Administration Building – 100% complete
Beach House – 100% complete

Demolition of the damaged bulkheads at Main Docks Slip C has not been progressing as planned. Notice was sent to the Contractor that they are in default. Demolition of McDuffie Island's damaged bulkheads are complete and construction of the new bulkheads is in progress.

COMMERCIAL DEVELOPMENT

Beth Branch, Chief Commercial Officer, reported the following:

APM Terminals Mobile Container Terminal reported 24,680 lifts (44,819 TEUs) in August, which included 614 refrigerated containers. The ICTF (Intermodal Container Transfer Facility) had their highest ever throughput at 1,678 revenue moves. The container terminal had 22 vessel calls. Terminal productivity remains high, though capacity is tightening.



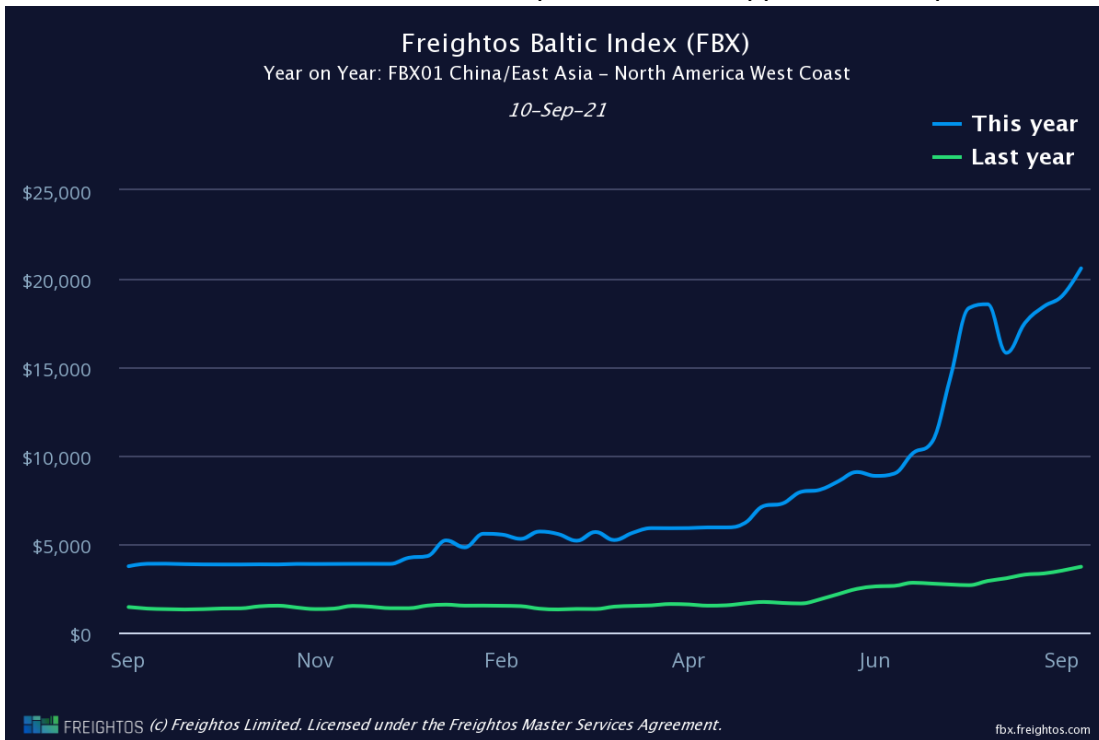
BRANDING / MARKETING / WEBSITE. Work continues on the (1) development of the website and (2) email and website migration to the new ALports.com domain. A new facilities map has been developed as part of our collateral / branding overhaul.

REFRIGERATED. Refrigerated volumes are up 37% YTD versus last year as operator MTC Logistics shows continued growth and success. Growth of import cargo should further improve as vessel space becomes available and rates come down.

INTERMODAL. While the ICTF facility is still below capacity, intermodal rail moves continue to grow with YTD volume at 200% over same period in 2020 due to cargo diversions and conversions from constrained ports elsewhere in the country.

CONTAINER SERVICES: Year-to-date volumes through August vs. the same period 2020 are up 27% at the APMT operated container terminal, and the Port continues to pursue conversion opportunities of freight currently handled via other gateways. Volumes this month were negatively impacted by the closure of a terminal at Ningbo, CN for two weeks. Supply chain challenges continue globally, including congestion at US West Coast and Southeast ports.

Spot rates have skyrocketed this year with Shanghai to Los Angeles rates now at over \$20,000 per 40' container. Same week in 2020, those spot rates were approx. \$3,740 per 40' container.



REAL ESTATE. All 17 leases approved by the Board in July have now provided the Port required insurance documentation and have been sent the new boilerplate lease for execution. Similarly, six of twenty-three office leases have been migrated to the new office lease boilerplate.

GENERAL. In addition to engaging with local, state and out-of-state customers, the commercial team's activities in the past month included:

- Meeting with various Port Stakeholders and Users
- Converting existing tenants to new Office and Land & Building lease language
- Working on branding
- Progressing marketing efforts for the Logistics Park
- Qualifying and responding to new business leads

INTERNAL / EXTERNAL AFFAIRS

Judith Adams, Vice President, Internal/External Affairs, reported the following:

The trades reported on APM Terminals / Port of Mobile volume growth due, in part, to shippers seeking new port options in the wake of heavy congestion. The trades and local media reported Hurricane Ida did little to derail Amtrak's projected return to the Gulf Coast in 2022. In local news, Lagniappe reported on the Upper Mobile Bay Wetlands Creation project.

In response to the Surface Transportation Board (STB) ruling in the Amtrak matter, the port retained Fletcher & Sippel, a Chicago based law firm specializing in rail regulatory action. The

STB denied the CSX and NS motions to dismiss Amtrak's petition and set an aggressive timeline through December to comply with filings, but required the railroads submit evidence that freight is either impacted or not. Engaging counsel ensures the STB considers the Terminal Railway's (TASD) use of the CSX track to service shippers and railroad carriers at the Port of Mobile.

Congress returned from the August break to address the bipartisan infrastructure reauthorization and spending bill, and the FY2022 federal budget. The House leadership committed to bringing the infrastructure bill to a vote by September 27. The Senate is scheduling hearings on the FY2022 budget packages. The Senate is not expected to complete its budget work by 30 September, so America can expect a short-term Continuing Resolution at FY2021 spending levels to fund government through early December. Another challenge is Congress agreeing to raise the nation's debt limit by October 30 to facilitate the budget process and to avoid a government shutdown. These bills are of critical importance with \$200M in direct spending to meet the port's infrastructure needs, as well as authorized federal competitive grant programs.

The Port hosted its first public meeting for the Upper Mobile Bay Wetlands Creation project. The virtual meeting had about 35 folks in attendance representing citizens, non-government organizations, and state and federal agencies. The project's benefits were well received by those in attendance, but we also expect detractors to the project. Lagniappe plans an in-depth feature on the project when design begins to take shape. Staff is working with Sean Sullivan at FM Talk 1065 to feature the project.

Mr. Driscoll and Ms. Adams hosted a port tour to highlight its growth and strategic importance to freight mobility for Major General Butch Graham, Deputy Commanding General for Civil and Emergency Operations, U.S. Army Corps of Engineers. This office oversees the civil works programs as well as responses to storms and natural disasters. The director and Ms. Adams also provided port presentations for the Mobile Area Black Chamber of Commerce and the Midtown Optimist Club of Mobile, respectively. Ms. Adams hosted a port tour for Horace Horn and agribusiness leaders from the Auburn region. She also attended the Coosa Alabama River Improvement Association's and the South Alabama Regional Planning Commission's board meetings.

Sheri Collins has been working on upcoming meetings as follows:

- Guntersville / Albertville November 15-17, 2021
- Mobile Customer Appreciation Reception December 21, 2021
- Montgomery Customer/Legislative Reception February 22, 2022.
- Troy, Ala. March 2022
- Raincheck events: Tuscaloosa, Ala./Warrior Met Coal and Talladega, Ala.

FINANCIAL SERVICES STATEMENT

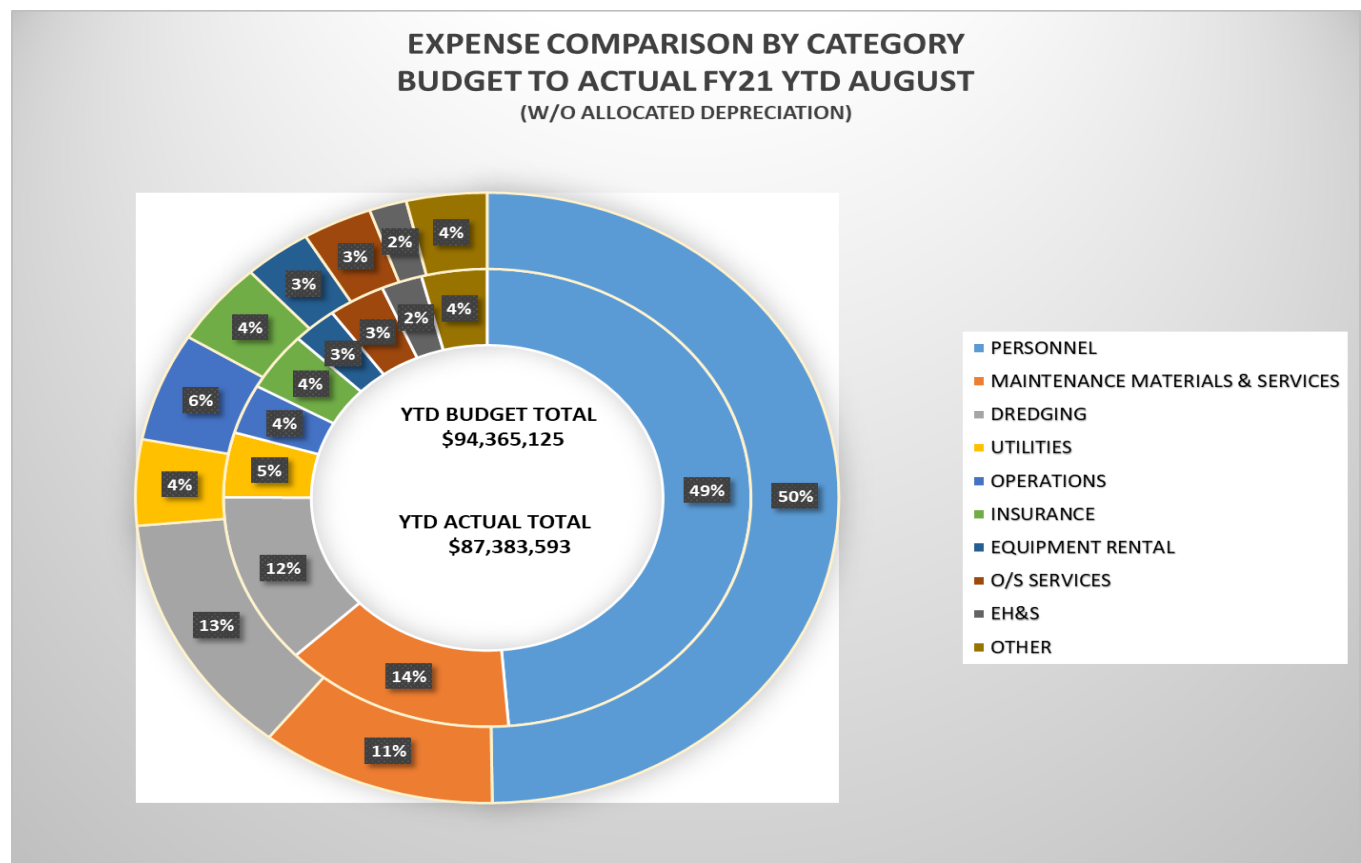
Linda Paaymans, Chief Financial Officer, reported the following:

The **Accounting Department** is performing interim work with the external auditors in preparation for year-end close, has prepared the Operating Budget for fiscal year 2022, and compiling the list of requested projects for the Capital Budget for the fiscal year 2022. Work continues on the remaining issues with the UltiPro payroll module. The State of Alabama Department of Examiners of Public Accounts has begun a routine legal compliance examination of the Authority for the

period October 1, 2014 through September 30, 2021. This review includes tests to determine if the Authority has complied with applicable state and local laws and regulations.

Risk Management remains busy with policy renewals, insurance and FEMA reimbursements, along with credit and collections activities. Mr. Malpas hosted our Inland Marine Equipment insurer who conducted a loss control review of our facilities. We currently await their report.

Information Technology staff continues to support daily operations and project work. During the month, management, McDuffie Operations, and IT concluded discussions regarding the Navis/Jade Master Terminal Operating System’s expectation for long-term success in supporting the coal terminal, taking a decision to implement another solution that is purpose-built for such operations. Navis has been informed of this decision.



Inner wheel represents YTD Budget Expense and outer wheel represents YTD Actual Expense.

FINANCIAL RESULTS

	CURRENT PERIOD: AUGUST 2021				
	MONTHLY PROFIT AND LOSS STATEMENT				
	(000s)				
	MONTH		YTD		LAST YTD
	ACTUAL	VARIANCE	ACTUAL	VARIANCE	ACTUAL
TOTAL REVENUE	\$ 10,503	\$ (1,507)	\$ 139,958	\$ 9,785	\$ 127,198
101-General Cargo Intermodal	\$ 2,776	\$ (75)	\$ 35,268	\$ 4,040	\$ 32,465
104-Marine Liquid Bulk Terminal	\$ 144	\$ (330)	\$ 3,633	\$ (28)	\$ 3,316
106-McDuffie Island Coal Terminal	\$ 3,965	\$ (1,521)	\$ 60,907	\$ 1,919	\$ 55,922
107-Terminal Railroad	\$ 1,954	\$ 144	\$ 20,503	\$ 417	\$ 20,766
109-Real Estate	\$ 1,239	\$ 269	\$ 14,051	\$ 3,116	\$ 9,722
110-Dredging Management	\$ (0)	\$ (0)	\$ 812	\$ 412	\$ 133
111-Harbormaster	\$ 209	\$ (10)	\$ 2,454	\$ 38	\$ 2,383
112-Mobile Middle Bay Port	\$ 139	\$ 11	\$ 1,591	\$ (185)	\$ 1,776
Inland Docks	\$ 76	\$ 5	\$ 739	\$ 56	\$ 715
TOTAL EXPENSE (INCL ALLOCATED DEPRECIATION)	\$ 7,360	\$ 1,637	\$ 89,027	\$ 7,065	\$ 94,928
101-General Cargo Intermodal	\$ 1,633	\$ 348	\$ 20,217	\$ 1,630	\$ 20,498
104-Marine Liquid Bulk Terminal	\$ 122	\$ (22)	\$ 1,130	\$ 143	\$ 1,125
106-McDuffie Island Coal Terminal	\$ 3,174	\$ 1,752	\$ 44,980	\$ 5,112	\$ 51,444
107-Terminal Railroad	\$ 1,446	\$ (17)	\$ 15,977	\$ 180	\$ 15,323
109-Real Estate	\$ 635	\$ (319)	\$ 3,872	\$ (351)	\$ 3,171
110-Dredging Management	\$ 28	\$ 5	\$ 554	\$ 234	\$ 567
111-Harbormaster	\$ 183	\$ (114)	\$ 882	\$ (118)	\$ 917
112-Mobile Middle Bay Port	\$ 131	\$ 1	\$ 1,344	\$ 186	\$ 1,451
Inland Docks	\$ 8	\$ 3	\$ 71	\$ 49	\$ 432
EARNINGS BEFORE DEPRE & BOND INT EXP	\$ 3,143	\$ 130	\$ 50,932	\$ 16,850	\$ 32,269
LESS BOND INT EXP	\$ 1,209	\$ 24	\$ 13,290	\$ 257	\$ 14,087
NET EARNINGS AFTER BOND INT EXP	\$ 1,934	\$ 155	\$ 37,642	\$ 17,107	\$ 18,182
LESS DEPRECIATION	\$ 2,499	\$ (222)	\$ 26,031	\$ (986)	\$ 25,166
NET EARNINGS AFTER DEPRE & BOND INT EXP	\$ (565)	\$ (67)	\$ 11,611	\$ 16,121	\$ (6,984)
INVESTMENT INCOME	\$ 2	\$ (2)	\$ 50	\$ 4	\$ 538
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	\$ -	\$ (40)	\$ 171	\$ (269)	\$ 454
BOND PREMIUM INCOME	\$ 69	\$ -	\$ 761	\$ -	\$ 1,021
INTEREST EXPENSE	\$ (26)	\$ -	\$ (282)	\$ -	\$ (282)
INTEREST RATE SWAP EXPENSE	\$ (35)	\$ 0	\$ (387)	\$ 6	\$ (670)
OTHER INC OR (EXP)	\$ (2)	\$ (1)	\$ 1,473	\$ 1,064	\$ 5,173
TOTAL NET EARNINGS	\$ (556)	\$ (110)	\$ 13,397	\$ 16,926	\$ (749)

COMMITTEE REPORTS:

Marketing Committee: Mr. Daryl Dewberry reported this committee met on September 21, 2021, with a quorum present and discussed the safety, trade and operating activities of the Authority. The committee approved the minutes of the previous meeting, set the next Marketing Committee meeting for October 19, 2021, and adjourned.

Finance Committee: Mr. Horn reported this committee met on September 21, 2021 with a quorum present and was given a financial services update by the Director and Linda Paaymans. The committee reviewed **Resolution No. 2021-18 – Approving Lease Agreements and Resolution 2021-23 – Approving Operating Budget for Fiscal Year 2022**, after which the committee recommended referral to the Board for approval. The committee approved the minutes of the previous meeting, set the next Finance Committee meeting for October 19, 2021, and adjourned. Mr. Horn then offered the following Resolutions from the Finance Committee:

**RESOLUTION NO. 2021-18
OF THE BOARD OF DIRECTORS OF
THE ALABAMA STATE PORT AUTHORITY
APPROVING LEASE AGREEMENTS**

WHEREAS, the purpose of the Alabama State Port Authority (the “Authority”) is to promote, develop, construct, maintain, and operate harbors, seaports and river ports, including all kinds of terminal facilities, within the State of Alabama; and

WHEREAS, in furtherance of such purposes, the staff of the Authority has negotiated the lease or use of certain properties (the “Properties”) of the Authority, with certain parties, and on certain terms and conditions to be included in an appropriate agreement, all as set forth in Exhibit A attached hereto and by reference made a part hereof; and

WHEREAS, the Finance Committee of the Authority has reviewed the terms and conditions of such agreements and has recommended that the Authority enter into such agreements on such terms and conditions;

WHEREAS, the Board of Directors has determined that entering into such agreements with such parties on such terms and conditions would be beneficial to the operations of the Authority and in furtherance of such purposes;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes and approves the Director and such other duly qualified officer of the Authority to enter into agreements for those certain properties, with those certain parties, and substantially in accordance with such terms and conditions as are set forth in Exhibit A hereto, and in connection therewith, hereby determines that the price and compensation for such agreements on such terms and conditions are reasonable.

BE IT FURTHER RESOLVED that the Director and all other officers of the Authority are hereby authorized to take further actions as may be necessary to enter into such agreements.

Done this 28th day of September, 2021, in Birmingham, Alabama.

EXHIBIT A

COMPANY	AGREEMENT TYPE	LOCATION	REVENUE	TERM	CONDITION
Bobby's Industrial Service, Inc.	Land	Mobile	\$21,264.00	10/1/21 - 9/30/22	New Lease
Three Mile Drydock & Repair, LLC.	Land	Mobile	\$45,435.78	10/1/21 - 9/30/22	New Lease, previous lease expired
State of Alabama, Oil and Gas Board	Office	Mobile	\$19,430.07	10/1/21 - 9/30/22	New Lease, previous lease expired

After a full discussion thereof, Horace Horn made the motion to adopt **Resolution 2021-18**, which was seconded by Daryl Dewberry. The motion passed unanimously by all members present.

**RESOLUTION No. 2021-23
OF THE BOARD OF DIRECTORS OF THE ALABAMA STATE PORT AUTHORITY
APPROVING OPERATING BUDGET FOR FISCAL YEAR 2022**

WHEREAS, under Alabama law the Board of Directors (the "Board") of the Alabama State Port Authority (the "Authority") is vested with the responsibility of developing and approving annual budgets for the Authority; and

WHEREAS, the Director and CFO have prepared and submitted to the Board for review and approval the operating budget for fiscal year 2022, covering the period of October 1, 2021 through September 30, 2022, which is attached hereto and by reference made a part hereof; and

WHEREAS, the Finance Committee of the Board has reviewed the operating budget and recommends the approval thereof by the Board; and

WHEREAS, the Board has reviewed the proposed operating budget in its entirety and has determined that such budget should be approved by the Board;

NOW THEREFORE, BE IT RESOLVED that the operating budget for fiscal year 2022 attached hereto is hereby approved.

Done this 28th day of September, 2021 in Birmingham, Alabama.

SUMMARY PROFIT AND LOSS STATEMENT FOR FISCAL YEAR 2022 BUDGET

	2019	2020	AUGUST 2021	2021 PROJECTED	2021 BUDGET	2022 BUDGET	DIFF 22B V 21P
REVENUE	\$158,449	\$139,822	\$139,968	\$149,674	\$141,732	\$151,348	\$1,673
GENERAL CARGO	22,694	19,765	18,947	19,885	17,813	19,887	2
PINTO ISLAND	18,091	15,481	16,331	17,372	16,079	21,426	4,054
LIQUID BULK	3,586	3,369	3,633	3,777	3,748	3,833	55
MCDUFFIE	75,114	62,939	60,907	64,872	64,314	63,069	(1,804)
TERMINAL RAILWAY	22,425	22,259	20,503	22,456	21,837	22,550	93
REAL ESTATE	10,988	10,656	14,051	15,291	11,906	14,398	(893)
DREDGE MATERIAL MANAGEMENT AREAS	53	133	812	812	600	444	(368)
HARBORMASTER	2,769	2,566	2,454	2,663	2,635	2,877	214
MIDDLE BAY PORT	1,833	1,908	1,591	1,730	2,061	2,098	369
INLAND PORTS	897	747	739	815	740	765	(49)
EXPENSE	\$106,068	\$100,211	\$87,384	\$95,257	\$104,817	\$110,071	(\$14,814)
PERSONNEL	51,327	48,154	43,488	47,816	51,297	53,605	(5,789)
MAINTENANCE MATERIALS & SERVICES	22,612	16,831	9,511	10,043	14,639	14,718	(4,675)
DREDGING	6,555	9,269	11,262	11,637	12,982	13,947	(2,310)
UTILITIES	5,113	4,818	3,972	4,321	4,713	4,208	113
OPERATIONS	4,175	3,769	5,027	5,570	3,591	4,896	673
INSURANCE	3,219	3,645	3,858	4,226	4,290	4,772	(546)
EQUIPMENT RENTAL	3,998	3,586	2,724	3,009	2,809	2,800	209
OUTSIDE SERVICES	3,206	3,365	2,805	3,298	3,757	3,702	(404)
ENVIRONMENTAL, HEALTH, & SAFETY	2,263	2,623	1,505	1,716	2,606	2,040	(324)
MISCELLANEOUS EXPENSES	3,600	4,151	3,232	3,622	4,133	5,384	(1,762)
OPERATING EARNINGS	\$52,382	\$39,611	\$52,584	\$54,418	\$36,915	\$41,277	\$16,487
NONOPERATING INCOME (EXPENSES)	(\$16,154)	(\$8,161)	(\$11,504)	(\$12,704)	(\$13,607)	(\$14,199)	(\$1,495)
INVESTMENT INCOME	1,952	544	50	53	51	52	(0)
CHANGE IN FAIR VALUE OF INTEREST RATE SWAP	541	590	171	171	480	0	(171)
INTEREST EXPENSE	(15,001)	(14,505)	(12,811)	(13,976)	(14,117)	(14,546)	(570)
INTEREST RATE SWAP EXPENSE	(864)	(738)	(387)	(423)	(429)	0	423
GAIN (LOSS) ON DISPOSAL OF CAPITAL ASSETS	(3,839)	6,531	43	42	0	0	(42)
OTHER, NET	1,057	(582)	1,430	1,429	407	295	(1,134)
NET EARNINGS BEFORE DEPRECIATION	\$36,227	\$31,450	\$41,080	\$41,714	\$23,308	\$27,078	\$14,993

NOTE: INTEREST EXPENSE AND NON-OPERATING EXPENSE INCLUDE NON-CASH ITEMS AND WILL NOT TIE TO SOURCES AND USES OF FUNDS

SOURCES AND USES OF FUNDS	
SOURCES OF FUNDS	
OPERATING REVENUES	\$151,348
INTEREST INCOME	\$52
OTHER INCOME	\$308
GRANTS	TBD
AVAILABLE CASH	TBD
TOTAL SOURCES	\$151,708
USES OF FUNDS	
OPERATING EXPENSES (W/O DEPRECIATION)	\$110,071
NON-OPERATING EXPENSE	\$13
DEBT SERVICE	\$14,238
CAPITAL EXPENSE	TBD
TOTAL USES	\$124,322
CASH GENERATED FY 2022	\$27,386
OPERATING REVENUES	\$151,348
OPERATING EXPENSES (W/O DEPRECIATION)	\$110,071
GROSS EARNINGS TARGET FOR INCENTIVE	\$41,277

After a full discussion thereof, Horace Horn made the motion to adopt **Resolution 2021-23**, which was seconded by Ben Stimpson. The motion passed unanimously by all members present.

Legal & Planning Committee: Mr. Alvin Hope reported the committee met on September 21, 2021, with a quorum present. The committee voted to go into executive session for a briefing by the Board’s attorney, Preston Bolt, who then reviewed certain outstanding legal matters with the committee. Following that briefing, the committee voted to go back into public session. The committee was given a report by the Director and Linda Paaymans. The committee reviewed **Resolution 2021-19 – To Engage APTIM Port Services LLC for On Call Services Related to Cranes and Structural Work During FY 2022; Resolution 2021-20 – Regarding Contract with Bergmann Associates for On Call Engineering Services Related to Railroad Work; and Resolution 2021-21 – Approving Contract with Mercator International LLC to Provide Updates to the Master Plan**, after which the committee recommended referral to the Board for approval. The committee approved the minutes of the previous meeting, set the next Legal Committee Meeting for October 19, 2021, and adjourned. Mr. Hope then offered the following Resolutions from the Legal & Planning Committee:

RESOLUTION NO. 2021-19
OF THE BOARD OF DIRECTORS OF THE ALABAMA STATE PORT AUTHORITY
TO ENGAGE APTIM PORT SERVICES, LLC FOR ON CALL SERVICES RELATED TO
CRANES AND STRUCTURAL WORK DURING FY 2022

WHEREAS, due to continued growth and development of its cargo volume, the Alabama State Port Authority (the "Authority") has a constant need for engineering services at its facilities; and

WHEREAS, in order to have such services available on an on call basis, the Technical Services Division of the Authority issued a request for proposals in 2017 to solicit one or more engineering firms to provide engineering services including the preparation of crane and specialized large equipment and plans and specifications and project management services for the McDuffie Coal Handling Terminal, Pinto Steel Slab Handling Facility and the General Cargo & Intermodal Department's container and Gottwald heavy cargo cranes on an as needed basis (the "Services"); and

WHEREAS, pursuant to Resolutions 2018-28, 2019-25, 2020-35 and 2020-41, the Authority authorized the Director to extend the contract with APTIM Port Services, LLC ("APTIM Port Services") to provide the Services on an as needed basis in an amount not to exceed \$200,000; and

WHEREAS, the Authority's facilities at McDuffie Terminal sustained significant damage due to Hurricane Sally and requires additional on call Services relating to bulkhead repairs at McDuffie Terminal (the "Supplemental Services"); and

WHEREAS, upon the recommendation of the Engineering Services Division, the Legal and Planning Committee has recommended that the Director be authorized to renew and supplement the contract with APTIM Port Services to provide the Services and Supplemental Services on an as needed basis for a period commencing October 1, 2021 and terminating September 30, 2022, for the base amount of not to exceed \$200,000 plus an additional amount not to exceed \$340,000; and

WHEREAS, the Board of Directors has determined that engaging APTIM Port Services to perform such Services and Supplemental Services is necessary and beneficial to the operations of the Authority;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the recommendation of the Engineering Services Division and the Legal and Planning Committee, the Board of Directors hereby gives its consent and approval to the Director to renew and supplement the existing contract of APTIM Port Services to provide the Services and Supplemental Services on an as needed basis for a period commencing October 1, 2021 and terminated September 30, 2022 for

an amount not to exceed \$540,000 and on such other terms and conditions as the Director may deem appropriate.

Done this 28th day of September, 2021, in Birmingham, Alabama.

After a full discussion thereof, Alvin Hope made the motion to adopt **Resolution 2021-19**, which was seconded by Horace Horn. The motion passed unanimously by all members present.

**RESOLUTION NO. 2021-20
OF THE BOARD OF DIRECTORS OF THE ALABAMA STATE PORT AUTHORITY
REGARDING CONTRACT WITH BERGMANN ASSOCIATES FOR ON CALL ENGINEERING
SERVICES RELATED TO RAILROAD WORK**

WHEREAS, the Alabama State Port Authority (the "Authority") has a constant need for railroad engineering services at its facilities; and

WHEREAS, for the period of October 1, 2020 through September 30, 2021 (the "Prior Year"), the Alabama State Port Authority (the "Authority") has engaged Bergmann Associates to provide on an as needed basis engineering services, including studies for facility rail improvements, performance of FRA bridge inspections and safe load bridge capacity ratings, restoration of damaged rail structures, and preparation of plans/specifications and project management services for in-house and out-sourced railroad construction work primarily at the Terminal Railway rail yard and service tracks from Mobile to Chickasaw, McDuffie Coal Handling Terminal and Main Docks Facility (the "Services"); and

WHEREAS, upon the recommendation of the Technical Services Division, the Legal and Planning Committee has recommended that the Director renew the engagement of Bergmann Associates under such contract for the period commencing October 1, 2021 and terminating September 30, 2022 in an amount not to exceed \$200,000 including reimbursement of expenses and otherwise on the same terms and conditions as for the Prior Year; and

WHEREAS, the Board of Directors has determined that renewing such engagement with Bergmann Associates to perform such Services is necessary and beneficial to the operations of the Authority;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the recommendation of the Technical Services Division and the Legal and Planning Committee, the Board of Directors hereby approves renewing the current contract with Bergmann Associates for the period commencing October 1, 2021 and ending September 30, 2022, for an amount not to exceed \$200,000 including reimbursement of expenses and otherwise on the same terms and conditions as for the Prior Year, and authorizes the Director and any other officers of the Authority to enter into a contract appropriate to effect such, all on such other terms and conditions as the Director may deem appropriate.

Done this 28th day of September, 2021, in Birmingham, Alabama.

After a full discussion thereof, Alvin Hope made the motion to adopt **Resolution 2021-20**, which was seconded by Dr. Pat Sims. The motion passed unanimously by all members present.

**RESOLUTION NO. 2021-21
OF THE BOARD OF DIRECTORS OF THE ALABAMA STATE PORT AUTHORITY
APPROVING CONTRACT WITH MERCATOR INTERNATIONAL, LLC TO PROVIDE
UPDATES TO THE MASTER PLAN**

WHEREAS, the Alabama State Port Authority (the "Authority") has engaged in updating its strategic planning for the development of the Authority's properties, facilities and operations and has determined to improve and further develop the Authority's facilities; and

WHEREAS, the Authority updated its Master Plan last updated in 2019 and now needs to have the Master Plan reviewed, refined and updated to cost-effectively focus on the key lines of revenue generation for the Authority, including the Container Terminal, McDuffie Coal Terminal, Pinto Island Steel Terminal, Breakbulk Cargo handled on the Main Docks and Terminal Railroad (TASD); and

WHEREAS, Mercator International, LLC ("Mercator"), a global transportation consulting company, has experience in providing consulting services such as commercial analysis of existing markets, identification of new opportunities and threats, discussion of the competitive landscape and challenges for the Authority, high level assessment of the capacity of the Authority's existing infrastructure and equipment and initial recommendation for prioritizing of infrastructure spending requirements (the "Services"); and

WHEREAS, the Board of Directors has previously approved the engagement of Mercator to facilitate a strategy planning meeting for the Authority's senior management and subsequent to such meeting, the Authority requested a proposal from Mercator to update the 2019 Master Plan; and

WHEREAS, the Commercial Development Department and the Director of the Authority (the "Director") has recommended that the Board of Directors approve the Authority's contract with Mercator to provide Services in connection with the implementation of the Authority's Master Plan update for an amount not to exceed \$57,200, and the Authority's Legal and Planning Committee has made recommendation to the Board of Directors to accept the recommendation of the Commercial Development Department and the Director; and

WHEREAS, the Board of Directors has determined that engaging Mercator as aforesaid is necessary and beneficial to the operations of the Authority;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the recommendation of the Commercial Development Department, the Director and the Legal and Planning Committee, the Board of Directors hereby gives its consent and approval to the Director to contract with Mercator International, LLC to update the Authority's Master Plan and provide the Services, for an amount not to exceed \$57,200 and on such other terms and conditions as the Director may deem appropriate.

Done this 28th day of September, 2021, in Birmingham, Alabama.

After a full discussion thereof, Alvin Hope made the motion to adopt **Resolution 2021-21**, which was seconded by Carl Jamison. The motion passed unanimously by all members present.

Strategic Planning Committee: Mr. Ward reported the committee met on September 21, 2021 with a quorum present. The committee discussed plans for future Board meetings, the status of the new strategic plan, and the incentive compensation plan. The committee approved the minutes of the previous meeting and set the next Strategic Planning Committee Meeting for October 19, 2021 and adjourned.

BOARD COMMENTS: None.

OLD BUSINESS: None.

NEW BUSINESS:

The Chairman stated there was new business for the Board to review and approve **Resolution 2021-22 – Regarding Adoption of a Fiscal Year 2022 Incentive Compensation Plan**. The Chairman then requested the Director to brief the Board on the contents of the resolution. After the Director gave a briefing, he asked Danny Barnett to give a more detailed report to the Board. After the briefing by Mr. Barnett, the Chairman then offered the following resolution to the Board:

**RESOLUTION NO. 2021-22
OF THE BOARD OF DIRECTORS OF
THE ALABAMA STATE PORT AUTHORITY
REGARDING ADOPTION OF A
FISCAL YEAR 2022 INCENTIVE COMPENSATION PLAN**

WHEREAS, pursuant to Section 5(d) of Chapter 1 of Title 33 of the Alabama Code, the Board of Directors of the Alabama State Port Authority (the "Authority") is authorized to adopt and implement an employee compensation plan applicable to the non-merit system executive

level employees and those employees employed pursuant to the State Merit System that provides for compensation to the employees solely out of funds of the Authority in addition to any other compensation payable to any employees under existing law as an incentive for achieving goals specified by the plan;

WHEREAS, the Board has in past years approved an incentive compensation plan that would entitle all eligible employees to additional compensation payments from the Authority of as an incentive for achieving the goals specified in such plan; and

WHEREAS, a committee comprised of senior executive level employees (the "Committee") has studied alternative approaches to such an incentive compensation plan and has recommended adopting a plan for FY 2022 in the form attached hereto as Exhibit A and by this reference made a part thereof;

WHEREAS, the Board of Directors has determined that adopting such plan would be beneficial to the operations of the Authority and in furtherance of its authorized purposes;

NOW, THEREFORE, BE IT RESOLVED that pursuant to the recommendation of the Committee, the Board of Directors hereby adopts the incentive compensation plan in the form attached hereto as Exhibit A for the FY 2022 fiscal year and authorizes the Director to implement the plan effective October 1, 2021.

Done this 28th day of September, 2021 in Birmingham, Alabama.

EXHIBIT A

The purpose of the Plan is to provide motivation toward important, aligned, and coordinated organizational goals that create a more efficient and purposeful path to achieving our shared objectives.

Definitions:

- **Who is an *Eligible Employee*?** Merit System employees, Non-Merit System Executive Level Employees, and Terminal Railway Management. Probationary employees become fully eligible in the period in which they achieve permanent status. The Authority's Director/CEO will not be eligible, and will oversee program administration.
- **What is each *Semester, as defined*?** The independent incentive periods will be October 1, 2021 through March 31, 2022 and April 1, 2022 through September 30, 2022 for Fiscal Year 2022.
- **What constitutes *Meets Standards, as defined*?** The "Meets Standards" category corresponding to the employee's Performance Appraisal Score for the most recent mid, annual, or probationary review.

- **What are *Gross Earnings*, as defined?** This measure will be established within each Fiscal Year Budget based on Operating Revenues and Operating Expenses as approved by the Authority's Board of Directors.
- **What is *Senior Management*, as defined?** This is the group comprised of the Chief Executive Officer/Director and his executive level direct reports, as well as department vice presidents reporting to those executives.

How much is the incentive? The incentive total is 2.5 percent of your annual salary, based on 2,080 hours, at the employee's equivalent hourly rate at the end of each Semester, as defined. All earned incentive payments shall be paid within four (4) months from the date the incentive payment was earned, i.e. no later than July 31, 2022 or January 31, 2023 (for Fiscal Year 2022).

How will the incentive be structured?

Beginning with Fiscal Year 2022, the incentive will consist of potential payments each *Semester*, as defined, based on two equally weighted objectives. These objectives are additional to those established for annual performance evaluation. They will consist of:

1. **Port objective (50%)**
2. **Department/Cost Center objective (50%)**

1. Port objective (50%) – THIS OBJECTIVE MUST BE MET BEFORE THE SECOND OBJECTIVE WILL PAY
Fifty percent of each possible 2.5% payment will be based on the Port Authority meeting or exceeding the objective for line item *Gross Earnings*, as defined.

2. Department/Cost Center objective (50%)

The other fifty percent of the possible 2.5% payment will be based on the employee's department/cost center meeting or exceeding an objective established by the department with concurrence of Senior Management, as defined. This objective must be approved by the CEO.

IF THE FIRST SEMESTER PORT OBJECTIVE IS NOT ACHIEVED, THE FULL ANNUAL INCENTIVE WILL BE AVAILABLE FOR DISTRIBUTION IF THE ANNUAL PORT OBJECTIVE IS ACHIEVED. PAYMENT PERCENTAGE WILL DEPEND ON ACHIEVEMENT OF DEPARTMENT OBJECTIVES FOR EACH SEMESTER.

Additional conditions of the Plan:

- The Plan shall become effective on the first day of the month after adoption of the Plan by the Authority's Board of Directors, ideally prior to the beginning of any fiscal year. The plan's annual renewal is subject to approval by the Authority's Board of Directors. If the Plan commences during any partial *Semester*, as defined, covered by the Plan, eligibility and payments will be determined on a pro rata basis.
- An *Eligible Employee's* right to be paid any portion of the earned incentive payment is conditioned upon their:

- Achieving *Meets Standards*, as defined, or higher, on last appraisal completed prior to period end
- No disciplinary actions recorded during the period
- The employee’s Rater and Reviewer will be responsible for reporting if the employee met the previously documented individual objective.
- *Eligible Employees* who retire (or die) during either *Semester* of the Authority’s fiscal year will be entitled to a prorated share of the incentive compensation they would be due if employed during the entirety of that *Semester*.
- *Eligible Employees* who resign, or are terminated for any reason, prior to payment of the incentive for any *Semester* covered by the Plan, will not be entitled to the incentive compensation for such period under the Plan.
- *Eligible Employees* who commence employment during any *Semester* covered by the Plan will be entitled to a prorated share of the incentive compensation.
- All incentive compensation due to be paid under the Plan shall be paid solely out of funds of the Authority.
- The Plan shall be deemed to complement the existing pay plan applicable to Merit System employees and shall not be construed to change, alter, diminish, or amend the state Merit System laws or regulations which shall continue to apply to all Merit System employees employed by the Authority.
- Payments made under the plan are not eligible for consideration for retirement benefits or annual salary increases.

What kind of objectives are being established for departments/cost center?

The basis of any objective is that it be **SMART!**

		MEANING	DOES NOT MEET	MEETS THE MEASURE
S	SPECIFIC / STRATEGIC	Describe the desired result	Improve customer service	Improve the customer service score for on-time deliveries
M	MEASURABLE / MOTIVATING	Quantified or suggested indicator of progress to know when complete	Improve the customer service score for on-time deliveries	Improve the customer service score for on-time deliveries by 12 points using the customer service survey
A	ACHIEVABLE / APPROPRIATE	Can those assigned be successful? Does span of control exist?	SALES will Improve the customer service score for on-time deliveries by 12 points using the customer service survey	OPERATIONS will Improve the customer service score for on-time deliveries by 12 points using the customer service survey
R	REALISTIC / RELEVANT	Can be achieved with available resources? Make sure that task is not so challenging that the chance of success is small. Is aligned with organization/department goals.	Improve the customer service score for on-time deliveries by 12 points using the customer service survey from the current 20 percent on-time rate	Improve the customer service score for on-time deliveries by 12 points using the customer service survey from the current 70 percent on-time rate
T	TIME-BASED / TRACKABLE / TESTABLE	Can be achieved within available timeframe?	Improve the customer service score for on-time deliveries by 12 points using the customer service survey from the current 70 percent on-time rate by next Tuesday (or no defined date)	Improve the customer service score for on-time deliveries by 12 points using the customer service survey from the current 70 percent on-time rate within the next 12 months

There are both SMART Goals and SMART Objectives.

- Goals define the specific purpose that is to be achieved from the assignment or project
- Objectives are the steps that will conclude in full completion of the goals
 - The process for setting an individual objective can be as simple as sitting down with the departmental objective and asking the question, "How can I best help to meet this objective?"

After a full discussion thereof, Tony Cochran made the motion to adopt **Resolution 2021-22**, which was seconded by Horace Horn. The motion passed unanimously by all members present.

ANNOUNCEMENTS: The next Board meeting will be held on October 19, 2021 at 1:30 p.m. in Mobile, Alabama.

ADJOURNMENT: The meeting adjourned at 5:35 p.m. Central Time.

**ALABAMA STATE PORT AUTHORITY
BOARD OF DIRECTORS**

By _____
T. Bestor Ward, III
Its Chair

ATTEST:

By _____
Linda K. Paaymans
Its Secretary-Treasurer