

Director's Report

January 19th, 2016

In relation to that Phyto-Charter decided at the meeting to not openly discuss the potential of the upcoming shipment as at the time they wanted to be sure it was on track. We are extremely pleased to report that it is very much on track and depending on how the contract process goes we may be able to make a formal announcement at time of meeting.

Also in relation to the upcoming shipments in 2016 we have begun a commissioning plan for the system. We have been in touch with Rick Hyde formally of Hershey Equipment to discuss his return to oversee commissioning. We envision a two step process in which he comes back in the first few weeks of receiving to start the overall assessment of the system and then returns one week prior to the first shipment to see initial start-up and stay through the first loading. The costs for commissioning will most likely offset most of the revenue for the first loading operation but that has been expected.

As part of this overall system assessment, we have been looking at the power demands and the impacts on pricing it may have. We have been in touch with third party power brokers to see if buying off the grid makes more sense for the operation and also been in touch with Emera to see what our anticipated demand may be. This has been done as a function off FMT as an operator but we have been assisting in that regard.

As part of that assessment we have determined that it may be wise to look at investing into a power pack for the shiploader to make it self contained. This would involve buying a diesel generator that is in excess of 120kw. We have looked on the secondary market and these can be purchased in the 5-7k range depending on the type/hours. Although the shiploader and system is designed to run in a tethered state, the self containment has value in labor reduction, redundancy and most importantly a downward pressure on the potential demand charges for the system from Emera. As the board may be aware, depending on level of power use the system may push us [FMT] into a higher rate class which would require ongoing demand charges that could cost the operation as much as 65K additional dollars per year. We can give a better explanation of this at the time of meeting. **For Discussion**

6 25K gen.

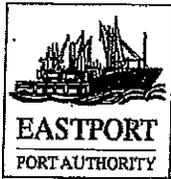
In other potential business, we continue to work on the potential container cargo exports that have been previously discussed.

We have the final FMT contracts available for signature. They are with all the agreed upon terms. We will present those at meeting for formal ratification and signature. The board should have received those in previous email for review. **Motion**

On terminal, the most recent storm we had that produced the 60+mph winds did some damage to the already aging roof on the crew building at Estes Head. As such, although winter is not the best roof replacement time, necessity dictates that we have a new roof put on the crew building. As this is a capital investment as well as a maintenance issue in the structure we will work with FMT to see it replaced ASAP.

Also on terminal the overhead door in the new Warehouse #3 again failed for wind. We have reached back out to Rubb Buildings and they are working to remedy the situation with their door sub contractor as this is still considered a non performance issue for the original construction.

Although not terminal related, in speaking of storm damage, as a result of the recent wind event we also had the old bulkhead door at the BASF office blow in. We had that repaired for short term but as part of surveying that damage we found that the building has other water infiltration issues that we must address for the long term health of the building. We will work with maintenance people on staff to address these issues.



Director's Report January 19th, 2016

Tug Boat Operations

The Abaco maintenance has been completed and the vessel returned to service. In all there were no major issues found with the vessel.

We did have a fresh water line freeze on the Jane in this past cold snap. Charlie found that the water line in question was run outside of an insulated area. We contact McAllister to advise them and inquire if they had any repair suggestions/requests and they left it to us to see properly fixed. Charlie is addressing that as time allows.

Agency Services

As the board may be aware, there has been a new shipping line being introduced to the Port by way of AAL Shipping line. Although these decisions are those of the customer, it does potential effect us as we will be the agents for the new lines and as such we need to make a credit determination. We have researched AAL and do not feel them to be a risk and will continue on bill for payment process as we have with others.

Cruise Ship Operations

Next up: Seatrade Ft. Lauderdale.

Breakwater

Breakwater construction remains underway. We have had a few/minor points of discussion with CPM and MDOT regarding the application of the sacrificial zinc anodes. There were some discussions on the ease of replacement in relation to how they were initial installed. We can give some detail on this at time of meeting but in all we feel as though we have come to an agreeable compromise on the issue.

Also we continue to work with CPM to get a price on addressing the splash zones for the existing piling on the 1985 structure. As has been discussed in the past this is a maintenance concern that needs attention that is most likely best fixed by CPM and or its subs while they are on station for the overall rebuild. We do not have pricing yet but we continue to push for these numbers so the board can make a decision on how best to proceed.

We continue to work with the USCG on the fuel system installation. The issue at hand is still the cost of any electrical plan changes required to accept the fuel system installation in the future. CPM is still waiting for a subcontractor to price this work in order to provide a price for us to give to the USCG. A long process but one that remains on track.

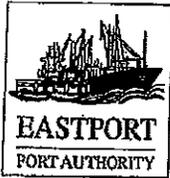
Fish Pier

Getting a lock for the crane is getting to be borderline impossible for whatever reason. We are on our third locksmith company with continued promises and very little results.

There have been ongoing concerns of safety on the fish pier pertaining to some of the electrical and other issues. On the electrical side we do our best to address matters of wear and potential minor vandalism and have had more than one electrician state we are in compliance code wise. The physical appearance however seems to be upsetting to some members of the public.

must be secured welding
to be epoxy some will be wrapped

motor on crane out - 1100 to replace motor



Director's Report January 19th, 2016

The other issue that this concern has brought to light is the fact that in the offseason with the ramps up there is some concern that we do not have adequate means of keeping those wishing to cross over stated barriers from accessing the ramp platforms. We would suggest that in the off months of no public floats the board may want to limit access to the pier to the commercial fishermen and other authorized personnel. As the board may recall the facility was built for commercial fishing activities as a primary user in the first place. **For Discussion**

Also regarding ongoing harbor issues, the board should be aware that the fisherman's association advised us that the old "work float" from the Breakwater that they had repurposed in their skiff launch at Broad Cove took significant damage as a result of the last storm. That storm was severe enough to see several boats break free from moorings and end up on shore.

In speaking to Earl Small of the Fisherman's Association the work float should be considered essentially destroyed as it has been removed to shore. Once the scallop fishery is closed he advises that the remaining floats will also be removed and secured. He apologizes for the loss of the work float but with the conditions encountered it can not be held to anyone's fault. We would agree with this assessment.

Coast Guard / CBP

As we continue with regular ongoing maintenance of the USCG Station it has become apparent from pricing and longevity that we should be transitioning out all old non-led lighting technology and moving to upgrade the station. Our office has clearly illustrated the reduced operating and maintenance costs of LED lighting and the price points have come down to a level that makes the continued replacement of old lighting technology no longer fiscally sound. As such the board may see increases in USCG maintenance numbers as we start to make these investments.

As the board is aware from previous email we have gotten the contract offer on the Customs office. We are simply working out some minor details and move in will be in February.

Respectfully Submitted,

Christopher M. Gardner
Christopher M. Gardner

21,228 Wetland fee - need to pay