

2020 ANNUAL REPORT



Scott House
2021 Asphalt Institute Chair
BP Asphalt



Pete Grass
Asphalt Institute President

MISSION STATEMENT

Through education, engineering, technical development, environmental stewardship and marketing leadership, the Asphalt Institute promotes the safe use, benefits, and quality performance of petroleum asphalts in a unified voice for our membership.

When 2020 unfolded, Asphalt Institute Chair Bob Cheever of Jebro, Inc. and President Pete Grass had planned a busy year, building on AI's strengths following centennial celebrations held in 2019. It was not to be. On March 11, 2020, the World Health Organization declared a pandemic resulting from the alarming levels of spread and severity of COVID-19.

The efforts of the Asphalt Institute and its members quickly shifted to new ways of communicating using video conferencing such as Microsoft Teams, Zoom and Adobe Connect for our many purposes – both within our membership and with customers. Shutdowns to help prevent the spread of the disease ended travel, conferences and meetings on a global scale. Demand for petroleum products plummeted.

Keeping our membership informed and engaged became the immediate priority as our conversations with members reflected the uncertainty the year would bring. Hard decisions faced our AI Executive Committee as they, in turn, cancelled in-person membership meetings planned for Nashville, Tennessee; Seattle, Washington; Key Biscayne, Florida and New Orleans, Louisiana. The committee met more times in 2020 than any time in our contemporary history as it wrestled with these and other decisions.

Your engagement with the Asphalt Institute over this past year had a profound and positive impact on our change in posture. Early in 2020 we limited capital expenditures, froze hiring, heard your budget concerns, reworked our forecasts and stepped-up virtual training offerings.

During the 2020 Summer Meeting, the Executive Committee approved the 'COVID Rebate' plan for dues in 2021, which the AI Board approved in December.

Work continued within our committees including addressing HSE challenges by forming the Coalition for Asphalt Research on Emissions (CARE) and helping the transition from the FHWA's expert task groups to the Cooperative Research Consortium for Asphalt Pavement Research and Implementation (CAPRI). We remain engaged on a global scale in the effort to evaluate the use of plastics in asphalt and are working closely with our strategic partners at Eurobitume and others to have one voice on this important evaluation.

On deserted highways, our team of regional engineers did the important fieldwork for "NCHRP 09-63; A Calibrated and Validated National Performance-Related Specification for Emulsified Asphalt Binder." They worked hard with our headquarters staff to complete and roll out our online Paving Inspector Certification (PIC) course in February of 2021.

Our unsung digital heroes, Kevin Kifer and Jacqueline Bartek, kept us connected as communications remained priority one all year.

Ahead we see optimism returning to our industry as we said goodbye to a very difficult 2020. We appreciate your support and engagement and remain committed to you, our membership. Thank you for being a member.



ENGINEERING

Asphalt Institute engineers and directors helped lead thought and influence discourse nationally and globally in several areas in 2020 and early 2021.

■ NCHRP 20-44(19): Implementation of Proposed AASHTO Standards for Asphalt Binders and Mixtures

AI is helping assess technical basis, identify gaps in data, identify and resolve conflicts between standards and assess the impact on state DOT and industry operations. Three of the projects being evaluated involve the need for better characterization of binder-related fatigue properties, improved short- and long-term aging procedures and evaluation of asphalt durability in the form of cracking and raveling.

■ NCHRP 9-63: A Calibrated and Validated National Performance-Related Specification for Emulsified Asphalt Binder

AI is working with NCAT (National Center for Asphalt Technology) on research and field testing sponsored by the National Cooperative Highway Research Program. The purpose is to develop a specification for emulsified asphalt residue used in chip seals, slurry seals and microsurfacing. The research should conclude in 2023.

■ Joint Task Force on Plastics in Asphalt with NAPA (National Asphalt Pavement Association)

The task force released documents that synthesize the literature, describe the current state of the knowledge and identifies knowledge gaps and future research needs regarding the use of recycled plastics in asphalt paving. The free downloadable documents are available at asphaltinstitute.org.



■ Revised asphalt binder spec

The 2020 revision now allows asphalt binders to have a value of $G^*\sin \delta$ after PAV aging up to a maximum of 6000 kPa if the corresponding phase angle is 42 degrees or greater. This change was led by the AI Technical Advisory Committee and its Chair Pavel Kriz. The revision allows for the use of asphalt binders that may have higher stiffness after aging but retain sufficient viscoelasticity to minimize their contribution to cracking at intermediate temperatures. The revision to the specification rectifies criteria that may have previously eliminated some good-performing asphalt binders.

■ FHWA Asphalt Pavement and Materials Technical Feedback Group

AI Director of Research and Laboratory Services, Mike Anderson, was selected as an industry representative for this group created in 2020 to focus on challenges and opportunities concerning the performance of asphalt pavements.

■ Consortium for Asphalt Pavement Research and Implementation (CAPRI)

AI Director of Engineering, Mark Buncher, is serving on the executive committee of this new forum administered through Auburn University/NCAT. CAPRI will engage stakeholders to advance asphalt pavement technologies through the development of national research needs and implementation strategies.

EDUCATION

Asphalt Institute engineers, trainers and staff members worked to adapt our popular, traditional courses to online offerings. Using the Adobe Connect platform, hundreds of students from over 11 countries participated in the courses virtually. Increased student interaction and more in-depth responses from AI instructors were appreciated by the students according to surveys.

■ Extensive use of videos filmed at our headquarters for the courses was employed to demonstrate laboratory procedures to students. Breakout rooms, chat question and answers sessions and video conferencing during written exams for certifications helped connect our instructors and the participants.

Courses reintroduced using the online format in 2020 and early 2021 included Airfield Paving Clinic, Airport Pavement Technical Workshop, Constructing Quality Asphalt Pavements, National Binder Technician Certification, Basic Binder Technician Training and Mix Design Technology Certification.



■ Paving Inspector Certification (PIC) online course

This eight-module course was finalized over 2020 and released in early 2021. The interactive, web-based course covers the fundamental information essential for inspection and project personnel to ensure asphalt pavements reach their intended service life.

Users progress at their own pace with exams at the end that must be passed after each module. Successful completion of all eight modules earns the student the official PIC certification.

MARKETING

To promote asphalt as the construction material of choice, the Asphalt Institute's efforts reach out to many other organizations, associations and friends of the industry. Many regional engineers, staff directors and individual members represent the Asphalt Institute in multiple ways with involvement on various boards, committees and making presentations on AI's behalf.

AI staff teach best practices for asphalt on a wide variety of topics ranging from airfield paving to advanced certifications for binder and mix technology – all promoted heavily through our social media outreach with Facebook, Twitter and LinkedIn.

The commitment of the member-led Asphalt Pavement Alliance (APA) marketing council and advisory council was demonstrated with the newly approved work plan that outlines the roles and responsibilities of each partner. The initiatives set forth in this plan are measurable allowing our members to see what progress is being made in these coordinated efforts.

The APA Advisory Council monitors the programs. AI members Rob Treece (U.S. Oil & Refining Co.), and Bob Sedon (United Refining Company) serve on that council with AI President Pete Grass. The APA Marketing Council includes Treece, Sedon and Grass along with Patrick Nation (Ergon Asphalt & Emulsions.)

■ Trade show representation

National Pavement Expo (educational sessions)
Nashville, Tennessee
January 29-31, 2020

International Roofing Expo
Dallas, Texas
February 4-6, 2020

ConExpo
Las Vegas, Nevada
March 10-13, 2020



HEALTH, SAFETY AND ENVIRONMENT

To aid in worker protection, the Asphalt Institute's Health, Safety and Environment Committee (HSE) developed a COVID-19 poster for members and the general public to protect people working in the asphalt industry. The pictogram poster features safety guidelines and practices to follow to ensure workplace safety.

■ White Paper on Pyrophoric Material Formation in Heated Asphalt Storage Tanks

AI developed a white paper to provide information on pyrophoric material formation in storage tanks for both oxidized and non-oxidized asphalts. Citations are included enabling the owner/operator to perform a more detailed evaluation if necessary. This document was developed by a task force consisting of members of the AI HSE and TAC committees and is available at asphaltinstitute.org.

■ Coalition for Asphalt Research on Emissions (CARE)

This plan CARE includes AI, NAPA, ARMA, Eurobitume, EAPA, BWA association staff and other non-voting members. The Coalition is focused on addressing preliminary findings from studies from Florida State and Yale Universities. CARE contracted an independent review of the research by experts who praised the quality of the research from universities, however, identified flaws in the way asphalt product emissions and environmental emissions were calculated, how emissions factors were developed, identified mathematical errors, stated there were inadequate fieldwork and the short testing periods monitored during the studies.

The dialog continues with study authors and an uncertainty analysis has been solicited.



MEMBERSHIP

Our strong membership base is dedicated to the betterment of the industry by coming together to solve current issues, tackle threats in a well-organized manner and plan for the future. The level of support remains at a very high level for all categories of membership.

■ Staying connected

The Asphalt Institute committees were able to meet and focus their discussions on important topics and concerns throughout the year despite not being in the same room. Monthly communication continued to inform the members on what was taking place not only at the Asphalt Institute, but across the globe with relevant industry news.

■ Getting involved

Each fall, Asphalt Institute President Pete Grass sends the call for volunteers email for every member to consider joining one of the eleven working committees of the Asphalt Institute. The nominating committee meets to review the list of volunteers and seats the committees that will then be approved by the board of directors at the annual meeting.



■ Roll of Honor

In 2020, we recognized Bill Kirk, CEO of Associated Asphalt based in Roanoke, Virginia for his leadership and accomplishments within the industry. He served as chair of the Asphalt Institute in 2004 and again in 2011 and served on numerous AI and AI Foundation committees throughout his career. Former AI Chair Baxter Burns of Ergon Asphalt & Emulsions presented the award to Bill in Nashville. Kirk is very deserving of the Asphalt Institute's highest award of recognition – the AI Roll of Honor.

FINANCE

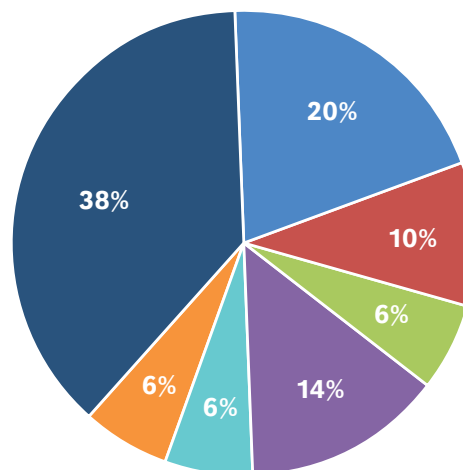
Our statement of financial position shows the Asphalt Institute with total assets of \$12.4 million and net assets of \$11.3 million on December 31, 2020.

AI recorded a \$338k year-over-year increase in total assets. Our statement of activities shows an increase of \$822k or 7.8% in net assets. Total 2020 revenues amounted to \$7.6 million and included \$6.7 million from dues and non-dues program revenues and \$890k from investment income. Total non-dues revenue declined by \$1.3 million. This is attributed to cancellation of all in-person meetings and many in-person training events in 2020. Related expenses were down accordingly.

Strong market performance yielded sizable investment returns in 2020 and 2019. HSE assessments and investment earnings exceeded HSE expenses by \$363k while related HSE investments have grown to \$2.9 million, also due to strong investment performance. The AI 2020 annual audit report is available at asphaltinstitute.org in the members only section or can be provided upon request.

■ Goals and challenges for 2021

AI leadership is focused on our association and its members' financial health by providing dues relief with a strong emphasis on member retention. Therefore, prudent financial management and curtailed expenditures will continue into 2021. We are focused on maintaining reserves and will take advantage of the available government low interest loan program related to COVID.



Functional activity analysis

Member Connectivity	\$1,036,231 (20%)
Asphalt Promotion	\$525,807 (10%)
HSE Oversight	\$289,020 (6%)
Technical Leadership	\$708,784 (14%)
Educational Expertise	\$306,274 (6%)
AI Foundation	\$283,400 (6%)
Supporting Activities	\$1,899,206 (38%)
Total net expense	\$5,048,722 (100%)