

2017

STATUS REPORT ON THE PORT OF GULFPORT RESTORATION PROJECT



PORT OF
GULFPORT
MISSISSIPPI



mississippi development authority
MISSISSIPPI



GOVERNOR PHIL BRYANT

A photograph of a port at dusk. In the background, a large blue and white ship is docked. To the right, a tall crane structure is illuminated. In the foreground, a white van with "BRADEN CENTER GULFPORT MS" on its side is parked. Other vehicles and orange traffic cones are visible on the road. The sky is a deep blue, and the overall scene is lit by the warm lights of the port facilities.

The Port's significant progress would not be possible without the financial and technical assistance made available by Congress through the U.S. Department of Housing and Urban Development.

OVERVIEW

More than a decade ago, South Mississippi was faced with the challenge of overcoming the devastation of Hurricane Katrina. Many questioned how quickly – or whether – industries would return. The Coast economy and its people came together and worked diligently to build an environment in which businesses could thrive. One of those economic engines is the Port of Gulfport, which is quickly approaching the end of construction and has seen tremendous success in recruiting new businesses to the Mississippi Gulf Coast.

Following Hurricane Katrina, state and local leaders made the innovative decision to invest in the Port of Gulfport Restoration Project. This investment would expand the Port's footprint and lay the groundwork for upgraded infrastructure, new state-of-the-art tenant facilities and the opportunity to maintain long-term competitiveness and create jobs for the people of Mississippi. The Port's significant progress would not be possible without the financial and technical assistance made available by Congress through the U.S. Department of Housing and Urban Development. HUD's leadership has supported this project from the beginning, and a project of this size could not have been accomplished without the hard work and collaboration at the local, state, and federal levels.

In 2012, Gov. Phil Bryant laid out five primary objectives to ensure the state's strategic investment in the Port of Gulfport was successful. Those objectives include: focusing on job creation, a deeper Port channel, tenant growth, increased port capacity and the fostering of commercial development around the port site.



The Port's leadership and staff remain diligently focused on economic development and job creation opportunities. In the past four years, the Port has signed leases with new maritime tenants and expanded the presence of existing tenants such as Chemours, Dole, Island View Casino Resort and Crowley. The Port also acquired a 116-acre inland port facility, became the home port for the University of Southern Mississippi's research vessel (R/V Point Sur) and signed a new deal allowing Chiquita to return to Gulfport. Most recently, the Port approved a 40-year lease agreement with SeaOne Gulfport, LLC, establishing a processing facility allowing for the exporting of compressed gas liquids. The Port continues to diversify the tenant mix and pursue opportunities in strategic industries that are strong within Mississippi's economic development focus.

This year's report describes in detail the status of the Port of Gulfport Restoration Project from both a financial and construction standpoint, as well as highlighting the accomplishments and challenges the Port has experienced since the last report was issued in December 2016.

Currently, 12 construction projects with a contract value of more than \$216,767,427.61 million are underway. More than \$45,780,259.28 million in construction contracts have been awarded during the 2017 fiscal year. These contracts have supported a total of 1,072 design and construction jobs to date. During the 2017 fiscal year, a total of 97 jobs were created by the contractors and consultants working on the Port of Gulfport Restoration Project. Of those 97 jobs, 40 positions were documented as Section 3 hires, defined as individuals with low- and very-low household income levels.

2011

MAY 2011

Final release of funds from HUD

2013

APRIL 2013

Fill complete — 14+ foot elevation

JUNE 2013

Wharf upgrade begins

AUGUST 2013

Shore protection project begins

2014

JANUARY 2014

Gulf Coast Shipyard Group announcement

MAY 2014

McDermott International announcement

JULY 2014

Tenant facilities construction begins

TIMELINE OF PROJECT



2015

FEBRUARY 2015

Channel dredged to authorized 36 feet

MARCH 2015

Acquisition of 116-acre Inland Port Facility

APRIL 2015

West Terminal site work phase 1 begins

MAY 2015

Commercial Small Craft Harbor complete

JULY 2015

Bulk Handling silo pour complete

NOVEMBER 2015

Strategic Seaport Designation

2016

FEBRUARY 2016

Topship, LLC announcement

MARCH 2016

Three ship-to-shore gantry cranes arrive

APRIL 2016

West Terminal site work phase 2 begins

JULY 2016

Chiquita return announcement

AUGUST 2016

Wharf upgrade project complete

AUGUST 2016

Gantry cranes are used for the first time with Chiquita

2017

JANUARY 2017

Bulk Handling Facility complete

FEBRUARY 2017

Ground Storage Water Tank complete

FEBRUARY 2017

Signed MOU with Cuba

APRIL 2017

Marine Research Center begins

APRIL 2017

SeaOne, LLC announcement

APRIL 2017

Perimeter landscaping begins

JULY 2017

Military equipment deployed for first time from Port

JULY 2017

West Terminal site work phase 3 begins

SECTION 01

CONSTRUCTION PROJECT STATUS



The Port of Gulfport has made significant progress toward completion of the restoration project, with more than \$216,767,427.61 million in current construction underway on the port site and one project left to be awarded.

Even during this complex construction project, the Port leadership has successfully maintained port operations by working closely with tenants to ensure the movement of cargo is not interrupted.

Construction continues to progress, and during the last year several projects have been completed, with many more making substantial progress:

TRUCK SCALES

J.O. Collins oversaw the truck scales project, completed in January 2017, with an overall contract value of \$320,000. Work began on this project in July 2016, with the scales installed in November 2016. The truck scales are an important component to the daily operations at the Port and are used to easily weigh containers and bulk items considered inbound or outbound cargo.

GROUND STORAGE WATER TANK

In February 2017, Wharton Smith completed work on the new ground storage water tank, with the contract valued at \$4,862,096.54. Since the tank would be close to the Small Craft Harbor facing Island View Casino Resort, the goal was to disguise the water tank as a lighthouse creating a more aesthetically pleasing look for the community. After months of planning and construction, a custom-designed tank with a working lantern room and painted nautical signal flags spelling "Gulfport" is now in place. Though the tank is not used for navigational purpose, it holds more than 200,000 gallons of water and is part of the Port's overall fire suppression system.

TERMINAL 2 MAINTENANCE & REPAIR FACILITY

Dan Hensarling of Gulfport, Miss., was awarded the work on the Terminal 2 Maintenance and Repair Facility. The contract was valued at \$5,233,768.37 and was completed in August 2017.



The Mediterranean Shipping Company vessel arrives at the Port of Gulfport every week with cargo for Chiquita.

SMALL CRAFT HARBOR LANDSIDE IMPROVEMENTS

Local contractor, Necaise Brothers Construction, was awarded the small craft harbor landside improvements contract valued at \$1,924,238.15. The project began in November 2016 and was completed in October 2017. Work included demolition, installation of new utilities, storm drains, subgrade prep work, new light poles and asphalt paving.

WEST PIER SITE WORK PHASE 2

Necaise Brothers was awarded the Phase 2 site work project in February 2016. The contract is currently valued at \$46,943,113.54, and work includes upgrading electrical, demolition of a portion of Shed 16, water tower demolition, the removal of asphalt and prep work for new asphalt.

NORTH HARBOR WEST

In November 2016, Necaise Brothers was awarded the North Harbor West project valued at \$14,527,501.95. Work includes electrical demolition of reefers and asphalt, the installation of duct banks, storm drainage and water lines and prep work for new asphalt and reefer plugs.

TERMINAL 1 MAINTENANCE & REPAIR FACILITY

Work by J.O. Collins of Biloxi, Miss., on Terminal 1 Maintenance and Repair Facility is quickly approaching a completion date. The contract was awarded in December 2016 and is set to be completed in January 2018. The contract value is \$5,365,179.77.

	AWARDED TO DATE	EXPENDED TO DATE
CONSTRUCTION CONTRACTS	\$416,333,358.30	\$344,803,745.49
NON-CONSTRUCTION CONTRACTS	\$86,739,177.69	\$69,809,968.83
TOTAL CONTRACTS	\$503,072,535.99	\$414,613,714.32



MARINE RESEARCH FACILITY

The new Marine Research Facility, which will be used by the University of Southern Mississippi, was awarded to Wharton Smith in December 2016. The value of the contract is \$11,020,978.09 and is expected to be completed in April 2018. Local architectural firm, Eley Guild Hardy, designed the building with insight from Port and University of Southern Mississippi officials.

PERIMETER LANDSCAPING

The Perimeter Landscaping Project design was approved in 2016, and the \$2,314,723.92 project was awarded to J.O. Collins in April 2017. This includes new security fencing installed around the perimeter of the Port and a comprehensive landscaping program, improving the aesthetic value of the Port's presentation to the city of Gulfport. This project is working closely with the landscaping taking place in front of the Marine Research Center.

BARGE MOORING

W.C. Fore from Gulfport, Miss., began mobilizing equipment in August 2017 for the barge mooring project, which has a contract value of \$1,934,416.91. The barge mooring facility will be located in the North Harbor. The project includes the installation of 48-inch diameter steel pipe pilings, reinforced concrete structures, solar powered lighting units and standard marine appurtenances such as mooring line, cleats and fendering.

CONSTRUCTION PROJECT STATUS

COMPLETED CONSTRUCTION

CONTRACT / CONTRACTOR	ORIGINAL CONTRACT VALUE / REVISED	AWARD DATE / COMPLETION	EARNED TO DATE	PERCENT OF CONTRACT AMOUNT EXPENDED
60-Acre Fill W.C. Fore Trucking	\$22,480,285.00 \$26,606,781.00	3/2/15 6/1/11	\$26,606,781.00	100%
+25 Fill Phase 1 W.C. Fore Trucking	\$19,116,448.00 \$12,667,215.00	3/19/12 6/13/13	\$12,667,215.00	100%
24 Acre Dredge & Fill Archer Western	\$38,286,384.00 \$41,501,931.00	5/29/12 6/10/13	\$41,501,931.00	100%
Shore Protection Bertucci Contracting	\$6,468,700.00 \$5,938,835.00	5/29/12 6/10/13	\$5,938,835.00	100%
PVD Completion US Wick	\$1,129,573.00	8/26/13 1/2/14	\$1,129,573.00	100%
Sub-Grade Prep Ruiz Contracting	\$577,108.00 \$551,828.00	2/27/14 5/28/14	\$551,828.00	100%
Small Craft Harbor Wave Barrier Bertucci Contracting	\$5,228,585.00	11/24/14 6/24/15	\$5,228,585.00	100%
Wharf Upgrade L&A Contracting	\$55,043,876.48 \$57,842,167.11	5/24/13 8/27/16	\$57,842,167.11	100%
Gantry Cranes ZPMC	\$30,922,976.00	7/14/14 7/1/16	\$30,922,976.00	100%
As Needed Site Work W.C. Fore Trucking	\$355,159.00	9/5/13 12/1/15	\$355,159.00	100%
Terminal 3 M&R Dan Hensarling	\$3,333,491.00 \$3,390,663.88	3/27/15 6/22/16	\$3,390,663.88	100%
Small Craft Harbor Piers JE Borries	\$954,250.00 \$1,014,351.75	12/7/15 7/4/16	\$1,014,351.75	100%
Truck Scales J.O. Collins	\$320,000.00	7/5/16 1/1/17	\$320,000.00	100%
Water Tower Wharton Smith	\$4,697,620.00 \$4,862,096.54	11/2/15 2/9/17	\$4,862,096.54	100%
Terminal 2 M&R Dan Hensarling	\$5,261,526.00 \$5,233,768.37	7/25/16 8/22/17	\$5,233,768.37	100%
Architectural Services Eley Guild Hardy	\$2,000,000.00	9/30/15 9/30/17	\$2,000,000.00	100%

**COMPLETED
CONSTRUCTION**

\$141,723,763.54

CURRENT CONSTRUCTION

CONTRACT / CONTRACTOR	ORIGINAL CONTRACT VALUE / REVISED	AWARD DATE / COMPLETION	EARNED TO DATE / REMAINING	PERCENT OF CONTRACT AMOUNT EXPENDED
Facilities Dan Hensarling	\$47,037,840.25 \$51,366,112.66	10/8/14	\$35,056,501.82 \$16,309,610.84	68%
West Pier Site Work Phase1 Necaise Brothers	\$43,985,627.45 \$70,646,092.54	4/4/16	\$66,383,494.66 \$4,262,597.88	94%
Perimeter Landscape J.O. Collins	\$2,289,414.10 \$2,314,723.92	4/27/17	\$429,758.47 \$1,884,965.45	18%
North Harbor- West Paving & Electrical Improvements Necaise Brothers	\$12,689,413.79 \$14,527,501.95	11/17/16	\$2,421,353.16 \$12,106,148.79	17%
Small Craft Harbor Landside Improvements Necaise Brothers	\$1,895,943.40 \$1,924,238.15	11/17/16 In final close-out	\$1,924,238.15	99%
Marine Research Center Wharton Smith	\$10,969,00.00 \$11,020,978.09	12/19/16	\$4,112,989.10 \$6,907,988.99	37%
West Pier Site Work Phase 2 Necaise Brothers	\$44,112,376.28 \$46,943,113.54	2/12/16	\$22,488,391.71 \$24,454,721.83	50%
Terminal 1 M&R Gate J.O. Collins	\$5,277,001.00 \$5,365,179.77	12/19/16	\$2,743,648.94 \$2,621,530.83	51%
Barge Mooring Project W.C. Fore Trucking	\$1,934,416.91	1/26/17	\$0.00	0%
Shed 16 Renovation J.O. Collins	\$731,200.00	7/27/17	\$0.00	0%
West Pier Terminal Electrical Necaise Brothers	\$5,993,870.08	7/27/17	\$0.00	0%
West Pier Site Work Phase 3 Necaise Brothers	\$4,000,000.00	7/27/17	\$0.00	0%

CURRENT CONSTRUCTION

\$216,767,427.61

FUTURE CONSTRUCTION

PROJECT	ADVERTISE DATE	ESTIMATE
Port Security Plan & Equipment	November 2017	\$1,062,000.00



SECTION 3 HIRING
OCT. 1, 2016 - SEPT. 30, 2017

97

NUMBER OF
NEW HIRES

40

NUMBER OF NEW HIRES
WHO ARE SECTION 3 RESIDENTS

41%

PERCENTAGE OF NEW HIRES
WHO ARE SECTION 3 RESIDENTS

OPPORTUNITIES FOR ALL

Community involvement is a key component of the Port of Gulfport Restoration Program, ensuring the long-term project lays the foundation for sustainable economic growth for years to come. As a recipient of HUD financial assistance, the Port of Gulfport is committed to generating employment and other economic opportunities to low- and very-low income individuals, as well as businesses that substantially employ them. This practice, which is required under Section 3 of the Housing and Urban Development Act of 1968, focuses on individuals and businesses located in Mississippi's three coastal counties.

The low- and very-low income individuals mentioned above are referred to as "Section 3 Residents." A Section 3 Resident is either (a) a resident of public housing or (b) someone whose annual household income falls below 80 percent of the median area income for that person's county of residence.

SUCCESS STORIES

Necaise Brothers Construction

The Port of Gulfport Restoration Project has had success in meeting the goals of Section 3 by contracting with locally owned companies, providing job opportunities to Section 3 Residents. One example is Necaise Brothers Construction from Gulfport, Miss. Necaise has been awarded a total of six contracts in connection with PGRP construction projects. The \$111 million in contracts awarded to Necaise contributes significantly to the local economy and directly benefits local Gulf Coast residents. During the 2016 fiscal year, Necaise and its subcontractors hired 218 new employees, 69 of whom were Section 3 residents. During the 2017 fiscal year, Necaise and its subcontractors hired 33 new employees, 17 of whom were identified as Section 3 Residents.

SUCCESS STORIES

Project Compliance

The Port of Gulfport Restoration Project is monitored by HUD and the Mississippi Development Authority on a regular basis, and there are no new findings or concerns. Contractor reports reflect strong Section 3 hiring activity.

A "SECTION 3 BUSINESS CONCERN" IS:

- a business which is 51 percent or more owned by Section 3 Residents, or
- a business which has employees, 30 percent of whom are Section 3 Residents, or
- a business which – for a given project – commits to subcontract in excess of 25 percent of the value of all subcontracts to businesses meeting one of the above two criteria.

The Port of Gulfport takes great pride that a majority of the contracts for the Port of Gulfport Restoration Project have been awarded to local Section 3 Business Concerns which have hired local Section 3 residents to fill new employment positions generated by Port construction. Through extensive outreach, training and technical assistance, the Port has made it a top priority to not only meet, but also exceed the goals of Section 3.

SECTION 3 SETS FORTH THREE SPECIFIC GOALS ON COMMUNITY DEVELOPMENT BLOCK GRANT-ASSISTED PROJECTS:

- 10 percent of all construction contracts must be awarded to Section 3 Business Concerns,
- 3 percent of all non-construction contracts must be awarded to Section 3 Business Concerns, and
- 30 percent of all new hires must be Section 3 Residents.



THE FOLLOWING IS A BRIEF SUMMARY OF THE PORT'S ACCOMPLISHMENTS WITH RESPECT TO THESE GOALS DURING THE SECTION 3 2017 FISCAL YEAR, WHICH FALLS FROM OCTOBER 1, 2016 TO SEPTEMBER 30, 2017:

- Seven of the nine construction contracts generated by the Port of Gulfport Restoration Project were awarded to Section 3 Business Concerns, exceeding the Section 3 minimum goal by 37 percent.
- During the FY 2017, there were zero non-construction contracts generated by the Port of Gulfport Restoration Project because all design services have been awarded for the project.
- 41 percent of the 97 full-time hires for the construction phase of the Port of Gulfport Restoration Project were Section 3 Residents.

SUCCESS STORIES

Public Outreach

In its ongoing effort to promote employment and contracting opportunities available on the Port of Gulfport Restoration Project, the Port hosted four Section 3 Business Workshops attended by 25 local businesses. The Port also hosted four Section 3 Resident Workshops attended by 58 individuals. Each of the workshops took place in one of the three Coastal Counties: Hancock, Harrison and Jackson. During these workshops, Port representatives explained how individuals and businesses might qualify as Section 3 Residents or Section 3 Business Concerns and receive a preference when hiring and contracting opportunities arise.



SECTION 02

PROGRESS TOWARD GOVERNOR BRYANT'S OBJECTIVES



Gov. Phil Bryant laid out five primary objectives to ensure the Port of Gulfport Restoration Project resulted in a sustainable asset for the citizens of Mississippi. Together with the Mississippi Development Authority and the Mississippi State Port Authority Board of Commissioners, the parties joined together to change the direction of the project to expedite completion, create new job opportunities and ensure the Port's competitiveness for years to come.

GOV. BRYANT'S FIVE OBJECTIVES FOR THE PORT OF GULFPORT RESTORATION PROJECT

- **Create the Required Jobs**
- **Deepen the Port Channel**
- **Maintain Current Tenants**
- **Increase the Port Capacity**
- **Foster Commercial Development**

This section examines each of these objectives, detailing the efforts made and the results seen since the last report was published in December 2016.



GOVERNOR’S OBJECTIVE: CREATE THE REQUIRED JOBS

The Port has taken a proactive approach to ensure it meets the job requirements set by HUD. In order to meet this requirement, the Port continues to recruit new businesses, providing diverse job opportunities for the community. To date, 425 jobs have been created and verified by HUD. Of those 425 created jobs, 333, or 78 percent, are held by low- and moderate-income persons.

While construction is still taking place on the port site, bringing new business to the Port has not been delayed. In the last few years, the Port of Gulfport has

- Announced new tenants such as McDermott and SeaOne
- Signed long-term leases with tenants with an average lease of 40 years or more
- Restructured its lease to assist Island View Resort in opening a Beach Tower Hotel and break ground on a new casino
- Become one of 17 Strategic Seaports in the nation and assisted in their first military deployment
- Acquired a 116-acre Inland Port Facility

The leadership of the Port continues to diversify the tenant mix in order to provide the greatest opportunity for job creation. While there have been positive announcements and growth from existing and new tenants, the Port’s primary focus remains recruiting new industries to ensure the Port is able to reach job creation goals within three years from project completion. According to HUD’s regulatory requirements, 51 percent of the new jobs created must be either held by, or made available to, low- to moderate-income persons.

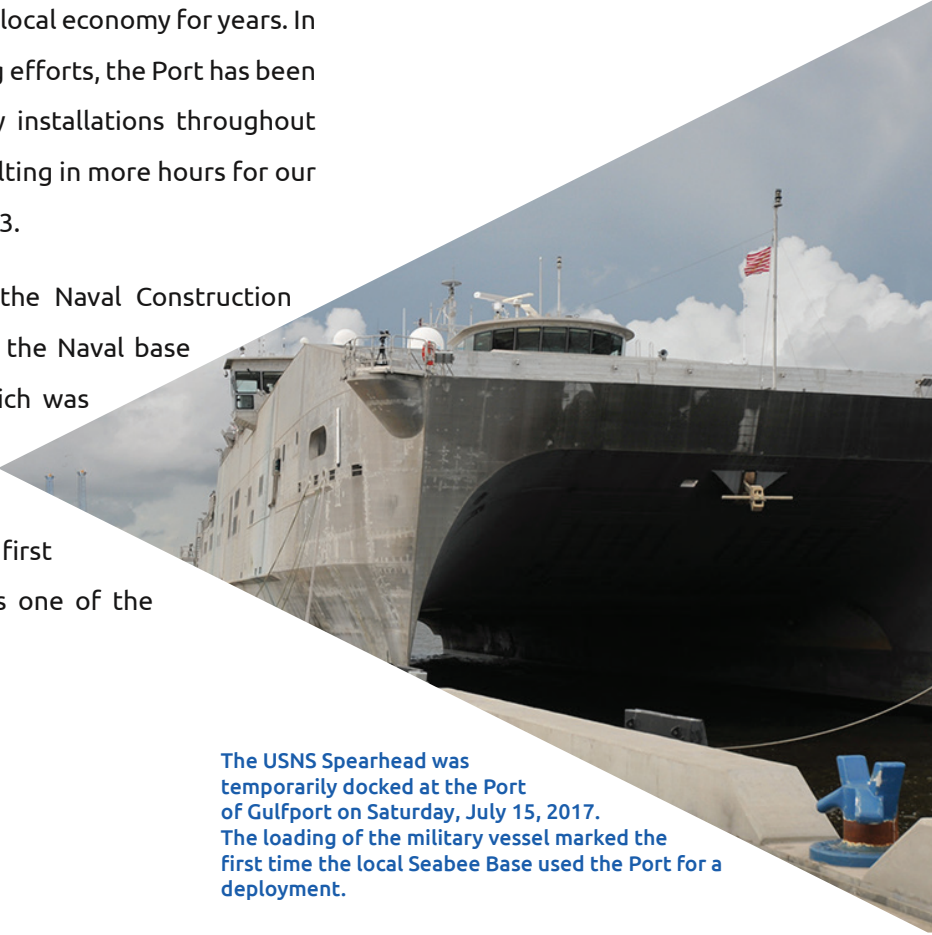


In 2016, the Port of Gulfport saw an increase in job creation with the addition of the Island View Beach Tower jobs. Island View created 326 new jobs for Coast residents, 275 of which were held by low- or moderate-income persons. The addition of these jobs has paved the way for the Port to achieve job creation requirements, and more job creation is expected from this long-term tenant.

Most recently, the Port of Gulfport announced a 40-year agreement with SeaOne Holdings, LLC based in Houston, Texas. The company will lease 36 acres at the south end of the West Pier for a Compressed Gas Liquids production facility. Once developed, SeaOne will become the largest contributor of revenues to the Port. The facility is expected to be highly automated, requiring 45 employees at an average salary of \$70,000 a year, including engineers and production and support staff. The company plans to begin construction in early 2018 and commission the plant for operation in 2020.

The state and Port officials are committed to the people of South Mississippi and will ensure the federal investment will serve the local economy for years. In addition to traditional maritime commerce recruiting efforts, the Port has been able to leverage the presence of multiple military installations throughout South Mississippi into additional opportunities, resulting in more hours for our International Longshoreman Association Local #1303.

In July 2015, the ILA #1303 was contracted by the Naval Construction Battalion Center Gulfport to load equipment from the Naval base onto the United States Naval Ship Spearhead, which was temporarily anchored at the Port of Gulfport. This historic partnership between the Port of Gulfport and the local Seabee base represented the first deployment from Gulfport since its designation as one of the nation's 17 strategic ports in November 2015.



The USNS Spearhead was temporarily docked at the Port of Gulfport on Saturday, July 15, 2017. The loading of the military vessel marked the first time the local Seabee Base used the Port for a deployment.

GOVERNOR'S OBJECTIVE:

DEEPEN THE PORT CHANNEL

The goal of a deeper navigational channel is still part of the broader strategic plan to create a more competitive port. In 2014, the Port agreed to contribute \$8 million from Port reserves, along with funding from the U.S. Army Corps of Engineers, to dredge the channel to its full operational depth of 36 feet. The dredging has increased capacity and efficiency for the Port and tenants. Since then, the Corps completed another round of maintenance dredging, fully funded by the federal government.

To encourage future growth, the Port also is pursuing the necessary approvals to deepen the channel up to 47 feet to allow for larger vessels to enter Gulfport. As the Port looks to further expand its footprint, the process to deepen the channel is a multi-year effort including congressional, regulatory and federal agency approvals to move forward. A vital component of ensuring the Port has the proper funds to maintain the channel depth has been the Port's Strategic Seaport Designation. In May 2016, Congress approved legislation prioritizing funding for deep-draft harbors and channel dredging for commercial ports designated as strategic to national defense, such as the Port of Gulfport.

To assist with approvals for a deeper and wider ship channel is the addition of SeaOne. The port's current channel depth will accommodate ships planned for SeaOne's first phase of production, but the company suggested a deeper channel will be needed for future phases. With a need for a deeper channel coming from Port tenants, Port leadership will continue to work with the U.S. Army Corps of Engineers to discuss the steps needed to deepen the channel.



GOVERNOR'S OBJECTIVE: MAINTAIN CURRENT TENANTS

The Port of Gulfport supports its existing tenants in meeting their current and future business needs. When planning the new tenant facilities, the Port's current tenants were involved in the coordination of the Port of Gulfport Restoration Project. Tenants such as Dole, Crowley and Chiquita will benefit greatly from the restoration project through added acreage, new efficient facilities and equipment and the opportunity to grow their businesses into the future.

Tenants have shown great commitment to the Port of Gulfport's future by signing long-term lease agreements. On average, many of the current tenants are committed to the Port for up to 40 years, with the longest tenant agreement being with Chemours, signing a 60-year lease. This agreement preceded the \$85 million investment made by the Port Authority and Chemours in 2013. This private investment allowed for the construction of a new bulk handling facility, providing in excess of 200,000 tons of static capacity for the company.

McDermott International continues to be a prominent tenant at the Port of Gulfport. The company leases 50 acres on the East Pier for their spoolbase and marine operations. Their facility includes a pipe receipt and storage area, a warehouse, fabrication building, and a 3,000-foot stock rack to accommodate McDermott's fleet of specialized vessels. With direct access to the Gulf of Mexico, McDermott is providing fabrication and reeled solutions for global subsea installation right in the heart of Gulfport, Miss.

One of the largest projects benefiting the most tenants is the West Pier Terminal Facilities. When complete, the facility will accommodate Chiquita, Dole and Crowley. This facility will include 300,000 square feet of dry storage, chilled storage, blast freezer and frozen storage capacity, office space and a security gate complex. Even prior to the facility's completion, the Port is seeing record growth numbers in terms of tonnage throughput. With new and efficient space, the Port hopes to see these companies continue to grow their operations.

RECORD TEU AND TONNAGE GROWTH AT THE PORT OF GULFPORT

	2015	2016	2017 TO DATE
ANNUAL TEUs*	141,734	165,095	183,259
ANNUAL TONNAGE	1,828,390	1,978,019	2,150,171

*TEU stands for Twenty-Foot Equivalent Unit, which can be used to measure a ship's cargo carrying capacity. The dimensions of one TEU are equal to a standard 20' shipping container.

The University of Southern Mississippi is quickly expanding facilities at the Port of Gulfport with the addition of the Marine Research Center, which will be used by the University's School of Ocean Science. The 23,000-square-foot facility will feature labs and classroom space.

In addition to these publically funded programs, the Port has experienced significant increase in privately funded projects. Many of the Port's tenants are investing private capital in order to further establish their operations in Gulfport. Such investments include:

ISLAND VIEW CASINO RESORT

\$58 million renovation of the resort's hotel tower in 2015, located on Port property just south of Highway 90. Additionally, Island View recently broke ground on a new \$75 million Beach Casino, set to open in the summer of 2018.

MCDERMOTT INTERNATIONAL

\$25 million investment for improvements and construction of a new spoolbase operation on the East Pier.

CHEMOURS (FORMERLY DUPONT)

\$85 million investment between the Port and Chemours, allowing for the construction of a new bulk-handling facility, including 15 new silos to store raw materials.

TOPSHIP

Projected \$68 million investment for improvements at the Port's Inland Port Facility located on Seaway Road in Gulfport.

SEAONE

\$450 million investment for a Compressed Gas Liquids production facility on the West Terminal. SeaOne is expected to become the largest contributor of revenue at the Port. Construction is set to begin in early 2018, with commissioning of the plant for operation in 2020.

GOVERNOR'S OBJECTIVE:

INCREASE THE PORT'S CAPACITY

The Port of Gulfport Restoration Project is a generational investment and has expanded the Port's capacity and positioned it for future growth potential. The greater capacity has led to more cargo moving through the Port at record numbers and more longshoremen hours, allowing the Port to successfully compete in the global economy.

The Port has doubled in size, improved transportation infrastructure and increased the efficiency of operations through the investment of three new ship-to-shore gantry cranes. The cranes represented a \$30 million investment and are a prominent symbol of the Port's presence on the Mississippi Gulf Coast.

Since Hurricane Katrina struck the Port's facilities in 2005, the Port completed an 84-acre fill project starting in late 2014, allowing for the construction of new infrastructure and facilities. The new expanded Port resulted in the creation of 100+ acres for new development. All of the terminal space on the port site has been leased to tenants such as Chiquita, Dole, Crowley, SeaOne and Chemours. The Port is now pursuing plans for a future southward expansion to open more acreage for development.

In June 2017, the U.S. Army Corps of Engineers, Mobile District, released the Final Environmental Impact Statement for the proposed Port of Gulfport Expansion Project for a 30-day public and agency review. The Final Environmental Impact Study presented the results of the Corps' analysis of the environmental effects of the proposed project. When approved, the following actions will take place around the Port site:

- Filling of 196.5 acres of estuarine mud and sand bottom habitat for expansion of port facilities and permanent conversion of 85 acres to deeper habitat,
- Dredging of approximately 7.68 million cubic yards of material for the expansion of Port facilities and deepening of the existing Port-maintained turning, and
- Disposal of dredge sediments in either: the Biloxi March Complex Beneficial Use Site, the Pascagoula Ocean Dredged Material Disposal Site, the Harrison County Development Commission's dredged material disposal site, or another approved upland disposal area.



GOVERNOR'S OBJECTIVE: FOSTER COMMERCIAL DEVELOPMENT

Port leaders continue to evaluate opportunities to create diverse job opportunities in the community. In order to achieve the greatest economic impact possible, commercial development around the Port is essential to creating a variety of jobs. With the expansion efforts of Island View Casino, the acquisition of new properties and the construction of a Marine Research Center, additional investments will be made to grow the business climate and specifically, the "Mississippi Blue Economy."

Port leaders worked closely with Island View in recent years, and this partnership generated nearly \$133 million in private investments. In 2014, Island View began a \$58 million renovation of the Island View Beach Tower Hotel, completed in the summer of 2015. Most recently, the Port amended the previous lease agreement with Island View, modifying the percentage the Port received from the company's gross income. This modification allowed Island View to secure necessary funding for a new beach casino. The willingness of the Port to reduce future revenues and allow Island View to pursue expansion efforts not only solidified the company's position in South Mississippi's gaming market, but will also provide significant increases in tax revenue for the state of Mississippi, Harrison County and the city of Gulfport.

Construction of the \$75 million smoke-free Beach Casino, located on the south side of Highway 90, began in May 2017. This unique building will cover more than 43,000 square feet and will feature floor-to-ceiling glass walls, new restaurants and a large selection of state-of-the-art casino games. The doors are set to open in the summer of 2018. Island View is expected to create 250 additional casino jobs, which are separate and apart from the HUD job creation requirement.

LEFT: Rendering of the new Island View Casino Resort. Construction began in May 2017.

RIGHT: Governor Phil Bryant and officials from the Port of Gulfport and The University of Southern Mississippi gathered at the Port of Gulfport for the Marine Research Center groundbreaking.



Another key partner in the Port's commercial development efforts is the University of Southern Mississippi. In November 2016, the Port broke ground on a new Marine Research Center which will house elements of USM's new School of Ocean Science and Technology. The new center will be the principal marine operations and support facility for USM's oceanographic research efforts. The building will include administrative offices, classrooms, laboratories and storage areas. Once complete, the Marine Research Center will be an extension of USM's 135-foot vessel, the R/V Point Sur. This vessel makes her home at the Port of Gulfport and is the only oceanographic research vessel based in the northern Gulf of Mexico, east of the Mississippi River.

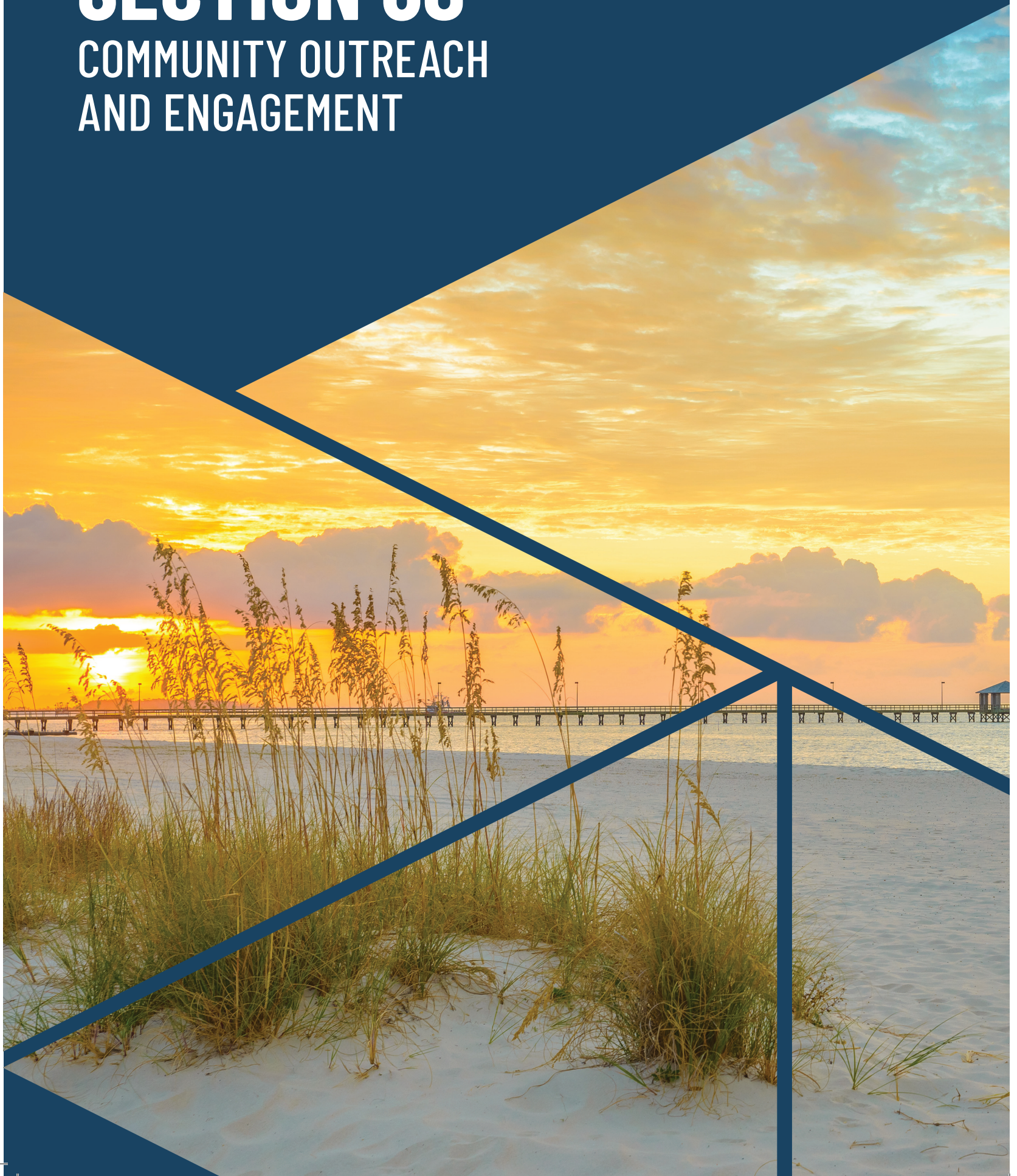
The opportunity to expand the Port's reach across the Gulf Coast became available in March 2015 when the Port purchased the former Huntington Ingalls Composite Facility on Seaway Road in Gulfport. The Port's long-range vision contemplated the use of an inland port facility. The 2015 purchase of the Seaway Road Property increased the Port's overall capacity by offering additional laydown area, rail access and barge connections for current and future tenants.

"The groundbreaking for USM's new Marine Research Center at the Port of Gulfport is an exciting step toward the enhancement of the University's impressive R&D portfolio. The facility will play a significant role in growing Mississippi's Blue Economy, which is a strong economic driver for the Gulf Coast region and the entire state," said Gov. Phil Bryant. "I congratulate the leadership of the Mississippi State Port Authority and USM on this milestone event and look forward to visiting this state-of-the-art research center once construction is complete."



SECTION 03

COMMUNITY OUTREACH AND ENGAGEMENT



The Port of Gulfport staff continues to strengthen connections in the community and raise awareness of the economic importance of operations in the region. By building mutually beneficial partnerships with groups and organizations focused on job training, education and environmental stewardship, the Port is able to put forth strategies to meet its goals and assist partner organizations in accomplishing their goals as well.

STRATEGIC ALLIANCES

Last year the Port's External Affairs team worked to strengthen its partnerships with organizations, providing resources and services to low- to moderate-income residents located in the three coastal counties.

These organizations included but are not limited to:

- **Back Bay Mission**
- **CLIMB CDC/YouthBuild**
- **Gulfport and Biloxi NAACP**
- **Gulfport School District**
- **Gulfport JobCorps**
- **Local Public Housing Authorities**
- **Mississippi Department of Employment Security - WIN Job Centers**
- **South Mississippi Planning and Development District - SMPDD**
- **United Way of South Mississippi**
- **US EPA Gulf of Mexico Program**

DEVELOPING OUR FUTURE WORKFORCE PIPELINE

The Port continues to enhance workforce development efforts to develop a pipeline of prepared workers. On a weekly basis, the Port's Workforce Development Coordinator is at the Gulfport WIN Job Center, meeting with local residents who have expressed interest in employment opportunities at the Port of Gulfport. During these one-on-one meetings, the Port representative is able to assess the individual's skill sets and determine if training or continued education is needed in order to qualify for a position with one of the Port's tenants.

EDUCATIONAL OUTREACH

As part of the Port's outreach efforts, the External Affairs team has developed a strong relationship with the Gulfport School District. These efforts include Port staff mentoring Gaston Point Elementary students and providing support to Gulfport High School's Academic Institutes through work-based learning opportunities, class presentations and specialized Port tours. This past school year, the Port hosted four students from the Communications Arts and Business Academic Institute who assisted the External Affairs team with data management, marketing and promotions, and event planning. This provided the students with an opportunity to have real-world experiences and develop a better understanding of the role the Port plays in their community. As a result of the Port's involvement in the Gulfport schools, the Port received two "Business Partner of the Year" awards from Gulfport High School and Gaston Point Elementary.

Members of the Port of Gulfport staff were presented with two "Business Partner of the Year" awards from Gulfport High School and Gaston Point Elementary for the 2016-2017 school year.





In addition to the work with Gulfport High School and Gaston Point Elementary, the Port also participates in local career fairs. In the past year, Port staff spoke with students at Long Beach High School, Moss Point High School and Pass Elementary. Career Fairs provide the opportunity to share information about the Port with students, the types of jobs available and the education and skills students will need accepting a job with one of the Port's tenants.

Port staff also have participated in Pathways2Possibilities the past three years in Biloxi, Miss. Pathways2Possibilities is a hands-on, interactive career expo for 8th graders and at-risk youth, ages 16-24, who reside in South Mississippi. This two-day event takes place at the Coast Convention Center and reaches more than 6,000 students. The Port is proud to not only participate in the event but also serve as a sponsor. Pathways2Possibilities has shown how effective an effort can be when public, private and nonprofit sectors join forces to develop Mississippi's future workforce.

COMMUNITY OUTREACH

In January 2017, the Port hosted its first “State of the Port Address” at CLIMB CDC, with more than 300 people in attendance. In partnership with the Mississippi Gulf Coast Chamber of Commerce, the Port presented an overview of the Port’s tenants, the status of the restoration project, how the Port benefits local economy and discussions about future expansion efforts. The Port plans to host the State of the Port Address annually.

The Port also has reached the local community through Community Tours. Attendance is consistent, with an average of 200 to 250 people attending each tour. The Port began hosting these tours as a way to invite the public to see first-hand the progress taking place on the port site with the restoration project. The tours also provide the community with the opportunity to speak with individuals from the Port directly and to answer any questions or concerns about the Port’s operations.

The Port hosted a total of 36 Job Awareness and Preparedness Workshops to inform local residents of the opportunities available for local and qualified low- to moderate-income individuals through the restoration project. The workshops provided information about tenants, additional training and educational opportunities, Transportation Worker Identification Credential card requirements, and most importantly, how residents could prepare for upcoming available jobs with Port tenants. The communication efforts taken to promote these workshops have been recognized nationally by the American Association of Port Authorities in its annual Communications Competition. This year the Port received two awards, an Award of Distinction for the Job Awareness and one for Preparedness Workshops.


The Port partnered with Lynn Meadows Discovery Center to provide families with free admission to the museum and worked with partners to create port-inspired activities.

Outside of workshops, the Port provides financial support to local community groups and organizations from its own revenue sources through sponsorships of targeted events focused on economic and workforce development, educational and cultural events, environmental awareness and community outreach. Most recently the Port has partnered with the NAACP on two events featuring clinics to ensure all individuals have the opportunity to pursue well-paying jobs. The Port has also partnered with the local children's museum, Lynn Meadows Discovery Center, to provide families with free admission to the museum and has worked with partners to create port-inspired activities focusing on environmental education.

ENVIRONMENTAL STEWARDSHIP

The Port of Gulfport is committed to environmental stewardship and continues to develop new programs and partnerships to reduce the environmental impact of its operations. In 2014, the Port voluntarily joined Green Marine in an environmental certification program for the North American marine industry. This voluntary, transparent and inclusive program addresses key environmental issues through its 12 performance indicators. Each year the Port benchmarks environmental performance through Green Marine's environmental program's detailed framework. The Port continues to successfully demonstrate the ability to exceed regulatory requirements and meet the standards for certification under Green Marine.

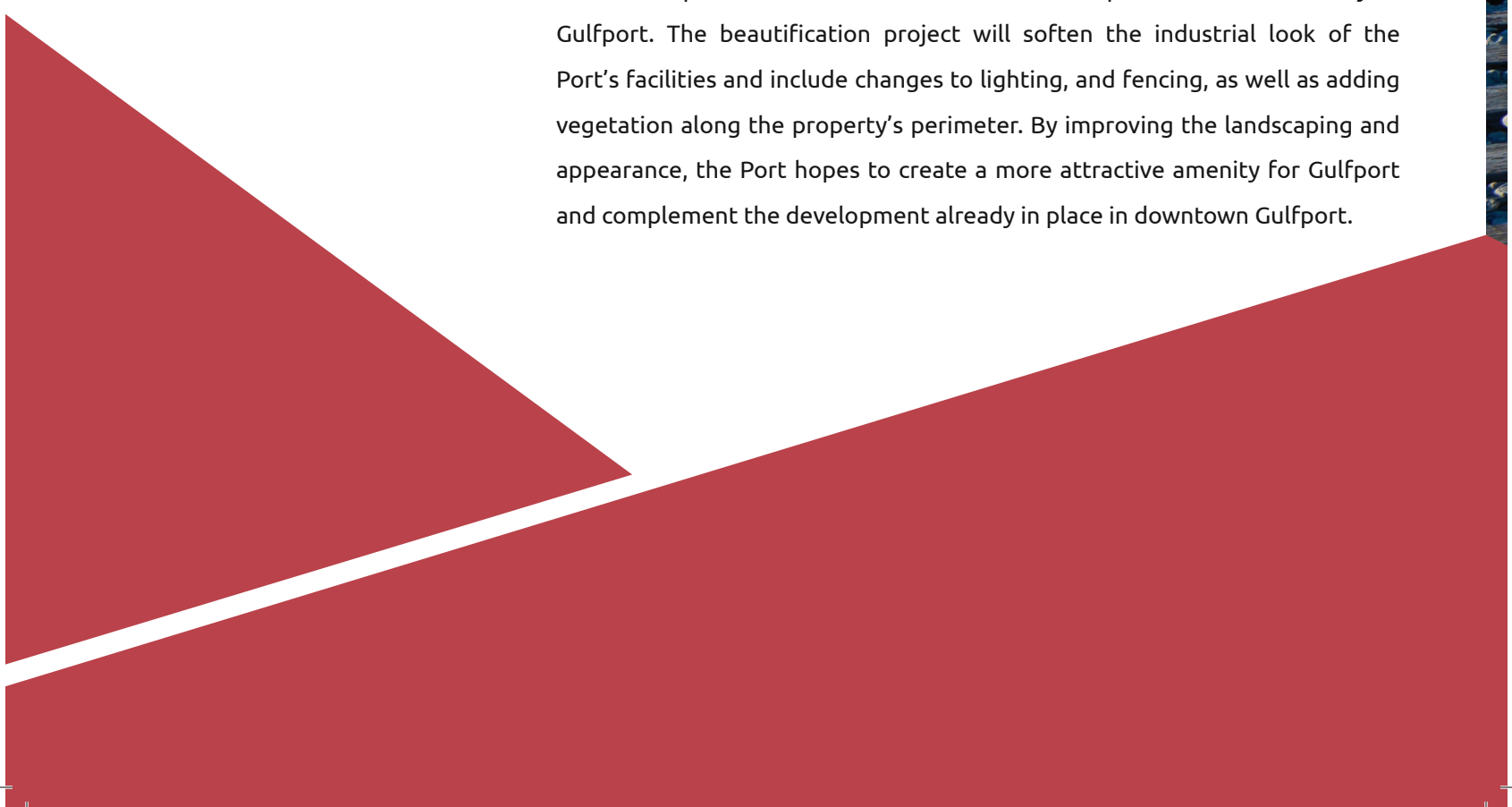




The first Port Cleanup day was held in April 2016, in recognition of Earth Day. The efforts focused on areas of the Port where large amounts of debris collect. This past year, the Port expanded the cleanup area to include the deep-water port and Port-owned property in the North Gulfport Community. More than 200 bags of trash were filled in this effort and there are plans to continue to host cleanups on a yearly basis. The Port also has signed up to participate in the annual Mississippi Coastal Cleanup, coast-wide volunteer effort to help keep the waterways of South Mississippi free from trash.

An unexpected partnership between the Port of Gulfport and the Mississippi Department of Marine Resources has taken place in the port's small craft harbor. The department is using one of the newly built piers to grow baby oysters in order to improve oyster production on public reefs. In June 2017, the Department of Marine Resources showcased the oyster aquaculture site, which included more than 8 million oyster larvae in large tanks filled with oyster shells. The Port's piers provide a controlled environment for oyster growing, and once the larvae attach to the shells, they spend 10 days growing in the tanks and then the baby oysters are put onto the department's transport boat and taken to reefs in Pass Christian, Miss. The operation at the Port is expected to restore about 50 acres of oyster reefs, and plans to grow the footprint are being discussed.

Another component of the Port's overall environmental initiatives is the steps taken to improve the aesthetic look of the Port's presentation to the city of Gulfport. The beautification project will soften the industrial look of the Port's facilities and include changes to lighting, and fencing, as well as adding vegetation along the property's perimeter. By improving the landscaping and appearance, the Port hopes to create a more attractive amenity for Gulfport and complement the development already in place in downtown Gulfport.







A MESSAGE FROM THE PORT DIRECTOR

The Port has diversified greatly since work began on the Port of Gulfport Restoration Program in 2005. The final stages of the project are taking place, and nearly every part of the west terminal has been reconstructed. With the addition of new state-of-the-art facilities and tenant announcements, the Port of Gulfport is quickly becoming a microcosm of South Mississippi's economy. We have shipbuilding, manufacturing, tourism, education and cargo operations, all together making the Port of Gulfport one of the most diversified ports in the industry.

As we have made investments in our facilities using the funds provided by HUD to rebuild and expand the Port, we have seen great amounts of private investment as well. Island View Resort and Casino is one port tenant that continues to expand its facilities. The resort invested \$58 million to restore the beach tower in 2015 and broke ground in early 2017 on a \$75 million expansion to add more gaming space. We recently completed an \$85 million bulk handling facility for Chemours, which was funded by a joint investment between the company and the Port of Gulfport. In addition, SeaOne will begin construction on the first phase of a compressed gas liquid terminal as part of a \$450 million private investment.

Our tenants are here today because of the infrastructure we have been able to develop using public and private funds. Those investments have shined a light on the Port's capabilities in terms of cargo handling but also when it comes to supporting our Nation's military. This past year we facilitated our first military deployment from Gulfport since our strategic designation in November 2015. This historic deployment was a unique opportunity for the Port to showcase our capabilities while also being a cost-effective solution for the military.

In closing, I would like to thank Gov. Phil Bryant for his leadership and the Mississippi Development Authority for their technical assistance. We have made tremendous progress both with our business development efforts and with the Restoration Project because of their commitment to further advancing the Port's long-term competitiveness. Our Port Commission and staff also continue to work diligently to ensure the state's strategic investment has been put to good use, and I am positive their efforts have laid the foundation for future growth at the Port of Gulfport.

Sincerely,
Jonathan T. Daniels







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