

2015 STATUS REPORT

ON THE PORT OF GULFPORT RESTORATION PROJECT



GOVERNOR PHIL BRYANT



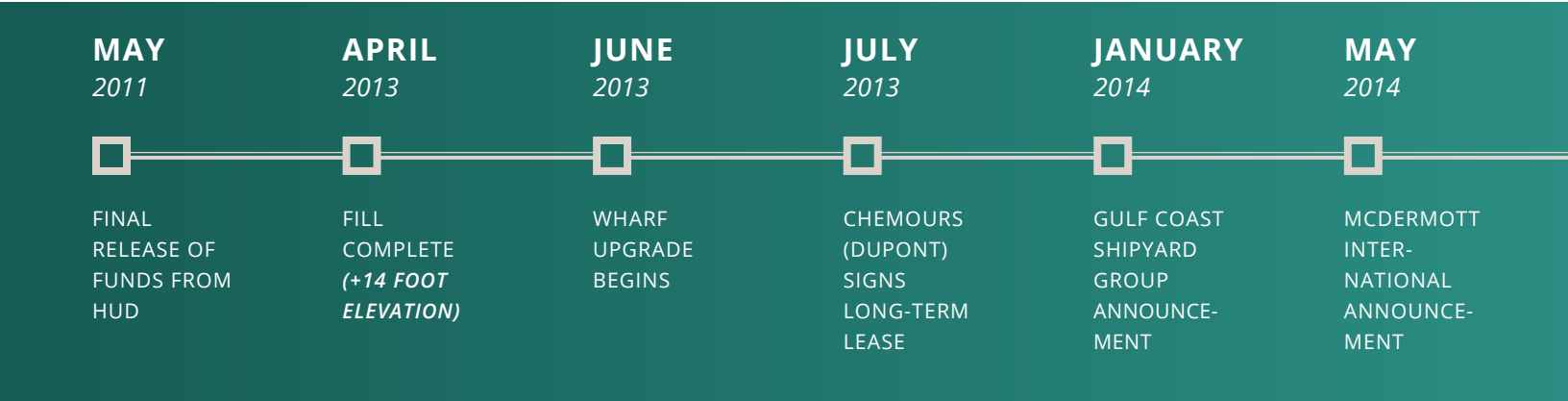
Ten years ago, Mississippi was faced with overcoming the largest natural disaster in the nation’s history. In the wake of Hurricane Katrina, state and federal leaders worked to secure unprecedented federal assistance to support the restoration of the region. From the beginning, state leaders envisioned major revitalization of commerce-driving infrastructure — roads, bridges, railways and port investments. These investments would lay the groundwork for decades of economic growth across the region.

State and local leaders committed to a multi-year vision of a more competitive Port of Gulfport that would be doubled in size and optimized for efficiency, with an inland port complex to add capacity, a deeper channel to open up new markets and opportunities, and a possible future expansion of the Port based on market demand. The most notable example of this long-term effort is the \$570 million Port of Gulfport Restoration Project. The Restoration project is making progress toward realizing the goal of expanding the

Port’s footprint and adding state-of-the-art facilities to accommodate current and future tenants. In addition to the restoration project, state and local leaders are making progress on each of the other elements that add capacity and competitiveness. When completed, the restoration project and the other capacity building efforts underway will together improve the long-term competitiveness and job creation capabilities of the Port and the entire region.

In 2012, Gov. Phil Bryant established a broad set of objectives to move the Port restoration project forward and ensure the success of Mississippi’s strategic investment in this public infrastructure project. Enormous progress has been made toward the achievement of Gov. Bryant’s goals and the construction elements of the project.

The restoration project has moved firmly into the vertical construction phase, with five major construction projects underway and eight more planned during the next 18 months. More than 65 percent of the total project funds have been



committed to date and more than \$70 million has been awarded during the past year alone. These contracts have had a significant impact on the local economy, supporting a total of 747 design and construction jobs. Of the 747 jobs, 538 are new hires within the companies working on the project with 155 held by low- and very-low-income local residents.

The unprecedented level of construction activity has included continued wharf upgrades to accommodate new gantry cranes, progress on a transit shed facility, installation of vital site infrastructure and the completion of additional storm protection measures. This transition to vertical construction represents several years of work, and Port leaders and staff are pleased to

showcase this visible progress.

In addition to construction progress, the Port has also secured a great deal of new business. Executive Director Jonathan Daniels has announced four new Port tenants in the last two years; executed new long-term leases with Dole, Island View and Chemours (formerly DuPont); finalized acquisition of a 116-acre inland port facility on Seaway Road in Gulfport; progressed the expansion of the Chemours facility; and completed full operations and maintenance dredging of the channel and inner harbor.

It is especially important to note none of this progress would have been possible without the financial and technical assistance made available by Congress through the U.S. Department of Housing and Urban Development. Consistent with Congressional intent, HUD understands the correlation between long-term recovery and infrastructure investments, and its leadership has supported this project at every turn. Projects of this size have multiple stakeholders, requiring commitment and collaboration at the local, state and federal levels.

This multi-faceted project is proceeding on several fronts with the vertical construction phase of the Port restoration project leading the way. The Port's business development and diversification efforts are making significant strides toward the goal of positioning the Port of Gulfport as an important economic catalyst for the surrounding community and the region.

“OF THE 747 JOBS, 538 ARE NEW HIRES WITHIN THE COMPANIES WORKING ON THE PROJECT WITH 155 HELD BY LOW- AND VERY-LOW-INCOME LOCAL RESIDENTS.”

**LOCAL CONSTRUCTION IMPACT:
\$213 MILLION CONTRACT EXPENDITURES TOTAL
\$70 MILLION LAST YEAR
747 CONSTRUCTION JOBS SUPPORTED
538 NEW HIRES IN THE COMMUNITY**

JULY
2014



TENANT
FACILITIES
CONSTRUCTION
BEGINS

MARCH
2015



ACQUISITION
OF 116-ACRE
INLAND
PORT
FACILITY

MARCH
2015



LEASE
ANNOUNCE-
MENT
TOPSHIP, LLC

APRIL
2015



WEST
TERMINAL
SITE WORK
PHASE 1
BEGINS

MAY
2015



COMMERCIAL
SMALL CRAFT
HARBOR
UPGRADE
COMPLETE

MAY
2015



ISLAND VIEW
HOTEL
RENOVATION
COMPLETE

SECTION I: CONSTRUCTION PROJECT STATUS

	AWARDED TO DATE	EXPENDED TO DATE
CONSTRUCTION CONTRACTS	\$321,990,777	\$163,692,718
NON-CONSTRUCTION CONTRACTS	\$73,006,393	\$49,783,595
TOTAL CONTRACTS	\$394,997,170	\$213,476,313

CONSTRUCTION UPDATE



The Port of Gulfport Restoration Project now has made a firm shift from the planning, permitting and fill phases to the vertical construction phase. The project continues to progress significantly with more than \$394 million in design, engineering and construction contracts issued to date, 78 percent of which have been awarded for construction-related activities.

As the pace of construction activity increases, the largest projects are now fully underway with several contracts still to be awarded. More than 65 percent of the Port project budget has been awarded and more than 35 percent has been spent. New facilities and road, rail and other improvements

are under construction to provide the Port and its tenants with state-of-the-art accommodations, efficiency and unprecedented growth potential.

In October 2014, Southern Industrial Contractors began work on a new \$47 million West Terminal Transit Shed project. This key project includes 300,000 square feet of dry storage, a chilled storage, blast freezer and frozen storage capacity, office space and a security gate complex. More than 2,700 concrete piles will be driven to support the building's foundation. This facility will accommodate Dole's and Crowley's existing and future operations.

The West Terminal Wharf Upgrade Project continues, as work is nearly complete on Phase I and Phase II. Upgrades by L&A Contracting from Hattiesburg include structural and infrastructure improvements to accommodate three state-of-the-art electric-powered rail-mounted ship-to-shore gantry cranes. At a total cost of \$30 million, these cranes are a significant investment and will enable the Port's existing and future tenants to more efficiently service their vessels while reducing tenants' operating costs. Port staff and design engineers have conducted two progress inspections at the crane fabrication site. Once the cranes are complete, they will be shipped fully assembled to the Port of Gulfport for installation and commissioning in March 2016.



The Port and its contractors place significant emphasis on timely completion and are committed to accelerating project timelines whenever possible. This strategy is evident in the recent completion of the Small Craft Harbor Wave Barrier Project. Bertucci Contractors worked diligently to accelerate construction in order to accommodate the grand opening of the newly renovated Island View hotel tower, which sits directly adjacent to the wave barrier. Through careful coordination and planning, the work was completed 83 days ahead of schedule and well in advance of the hotel grand opening. In addition, the completed project now provides increased protection and storm mitigation for the piers that will be home to the University of Southern Mississippi's research vessel, the *R/V Point Sur*, as well as the vessels for Ship Island Excursions.





COMPLETED CONSTRUCTION

CONTRACT/ CONTRACTOR	CONTRACT VALUE ORIGINAL/ <i>REVISED</i>	AWARD/ COMPLETION	EARNED TO DATE/ <i>REMAINING</i>	PERCENT COMPLETE
60 ACRE FILL WC FORE TRUCKING	\$22,480,285 \$26,606,781	3/2/09 6/1/11	\$26,606,781	100%
+25 FILL PHASE 1 WC FORE TRUCKING	\$19,116,448 \$12,667,215	3/19/12 6/13/13	\$12,667,215	100%
24 ACRE DREDGE & FILL ARCHER WESTERN	\$38,286,384 \$41,501,931	5/29/12 6/10/13	\$41,501,931	100%
SHORE PROTECTION BERTUCCI-CONTRACTING	\$6,468,700 \$5,938,835	8/26/13 6/7/14	\$5,938,835	100%
PVD COMPLETION US WICKS	\$1,129,573	8/26/13 1/2/14	\$1,129,573	100%
SUB-GRADE PREPARATION RUIZ CONTRACTING	\$577,108 \$551,828	2/27/14 5/28/14	\$551,828	100%
SMALL CRAFT HARBOR WAVE BARRIER BERTUCCI CONTRACTING	\$5,228,585	11/24/14	\$4,948,469 \$280,116	100%
COMPLETED CONSTRUCTION	\$93,382,167			

CURRENT CONSTRUCTION

CONTRACT/ CONTRACTOR	CONTRACT VALUE ORIGINAL/ <i>REVISED</i>	AWARD/ COMPLETION	EARNED TO DATE/ <i>REMAINING</i>	PERCENT COMPLETE
WHARF UPGRADE L&A CONTRACTING	\$55,043,876 \$57,809,859	5/21/13 3/1/16	\$34,184,349 \$23,625,510	59%
TENANT FACILITIES SOUTHERN INDUSTRIAL	\$47,037,840	7/25/14 4/8/16	\$7,653,670 \$39,384,170	16%
GANTRY CRANES ZPMC	\$30,922,976	7/14/14 7/1/16	\$6,184,595 \$24,738,381	20%
AS-NEEDED SITE WORK WC FORE TRUCKING	\$355,159	9/5/13 12/1/15	\$64,875 \$290,284	17.7% <i>TASK 1 COMPLETE</i>
WEST PIER CONSTRUCTION, PH. 1 NECAISE BROTHERS	\$63,332,220 \$63,770,890	9/29/14 4/25/16	\$10,257,434 \$53,513,456	16%
TENANT M&R FACILITY DAN HENSARLING, INC.	\$3,333,491	3/27/15 5/30/16	\$0 \$3,333,491	0%
CONSTRUCTION MGMT. MULTIPLE FIRMS		MULTIPLE		
CURRENT CONSTRUCTION	\$203,230,215		\$58,344,923 \$144,885,292	
TOTAL CONTRACTED	\$296,612,382			

FUTURE CONTRACTS

CONTRACT	ADVERTISE DATE	AWARD DATE	ESTIMATE
WATER TANK	JULY 2015	OCTOBER 2015	\$3-4 MILLION
TENANT M&R FACILITY	OCTOBER 2015	DECEMBER 2015	\$3.5-5 MILLION
SHIP ISLAND EXCURSION & PILOT PIERS	OCTOBER 2015	JANUARY 2016	\$1-2 MILLION
WEST PIER CONSTRUCTION, PHASE 2	OCTOBER 2015	JANUARY 2016	\$23-26 MILLION
PORT SECURITY & EQUIPMENT	NOVEMBER 2015	FEBRUARY 2016	\$5-7 MILLION
PORT OPERATIONS BUILDING	MARCH 2015	MAY 2015	\$2-3 MILLION
LANDSCAPING	AUGUST 2016	NOVEMBER 2016	\$3-4.5 MILLION
WEST PIER CONSTRUCTION, PHASE 3	OCTOBER 2016	JANUARY 2017	\$10-12 MILLION

OPPORTUNITIES FOR ALL

The Port restoration is one element of a multi-faceted approach to the long-term competitiveness of the Port of Gulfport. In addition to the job opportunities that will be available within three years after the completion of the restoration, the Port restoration is also putting local firms and residents to work today. More than \$72 million in contracts has been awarded to local firms that provide job opportunities to low- and very-low income Gulf Coast residents. Port leadership, Mississippi Development Authority, contractors and all Port partners are committed to making quality jobs available to low- and very-low-income individuals as defined by HUD "Section 3" compliance standards.

The Port has focused on selecting contractors that employ local workers reflective of the community the Port calls home. Through extensive outreach, training and technical assistance, the Port team has made these requirements a priority, and the efforts have paid off. In fact, almost all of the contracts awarded over the past year have gone to these firms, making a significant impact on the local economy.

During the last reporting period, the Port restoration project was on track to meet all of its Section 3 goals by the end of construction. Because of the continuance of the Port's diligent efforts again this year, the hiring goal for 2015 has been accomplished:

- 80% of contracts awarded last year went to Section 3 qualified firms
- 29% of new construction jobs since 2012 filled by Section 3 residents
- 32% of new construction jobs since 2015 filled by Section 3 residents

The construction phase of the project began in 2012, and the construction contracting goal has already been met long before project completion. The Port's minimum goal for awarding construction contracts to Section 3 businesses is 10 percent; however, the Port has tripled its goal with nearly 30 percent of construction contracts being awarded to Section 3 businesses.

The Port is committed to growing the local economy during this construction phase. Through extensive outreach, training and technical assistance, the Port team has enjoyed great success in meeting its goals of contracting with locally owned companies that provide job opportunities to low- and very-low-

SUCCESS STORIES:

NECAISE BROTHERS CONSTRUCTION

Gulfport-based Necaise Brothers

Construction attended training sessions and workshops learning about the Section 3 certification and bid process. After completing the training, Necaise submitted a bid highlighting the company's Section 3 status to the Port and was awarded the more than \$63 million West Terminal Construction Phase 1 contract in 2014. This partnership is a strong example of both Port and local businesses capitalizing on the opportunities available through the Port restoration project.

Upon receiving the contract, Necaise immediately set out to recruit and fill vacant project positions from a pool of well-qualified residents. As of June 2015, Necaise has hired 21 new local employees to work on the project. The Port continues to connect residents most in need of employment with Necaise for job opportunities.

PUBLIC OUTREACH

In an effort to meet the Port's Section 3 goals, on May 15, 2014, the Port hosted a Business Outreach Workshop at the Isiah Fredericks Community Center in Gulfport. Sixty-seven small business owners attended. The session was provided to give local business owners a chance to learn about opportunities for minority and Section 3 businesses and to provide them with information about how to become involved in upcoming Port projects. By hosting these workshops, the Port hopes to encourage companies interested in the restoration procurement opportunities to become Section 3 businesses.

PUBLIC OUTREACH

The past 12 months have brought about the most active phase of the construction project yet. To accommodate the high volume of activity, the Port hosted or participated in 23 public outreach events in each of the Coastal counties. Hundreds



of residents attended career fairs or informational events where they were educated on how to become certified as a Section 3 resident — enabling them to receive a preference in hiring opportunities. During Port-sponsored workshops, businesses were educated about the Port's Section 3 Program, how to become certified as a Section 3 Business and upcoming contracting opportunities from which these businesses might benefit. In addition to the workshops, the Port hosted pre-bid meetings specifically targeting businesses interested in the current solicitations for the Port restoration project. Pre-bid meetings notified contractors of the specific opportunity, the technical requirements of the specific project and the Section 3 requirements upon award. Four out of the five contracts awarded went to Section 3 qualified businesses during the past year.

LOW-INCOME (SECTION 3) CONTRACTING

During the past year, more than \$72 million in construction contracts have been awarded with almost all of the contracts going to Section 3 qualified businesses. Additionally, \$67 million of the \$72 million was awarded to companies located in Gulfport and South Mississippi. The Mississippi State Port Authority continues to provide opportunities for the local community to benefit from this important project, both during construction and for years to come.

income Gulf Coast residents. This is just one example of the commitment the Port and its contractors have demonstrated to not only building a better port, but also providing significant job opportunities to local citizens while the project is under construction.

PROJECT COMPLIANCE

When Congress appropriated block grant funds to assist Mississippi and other Gulf states after Hurricane Katrina, they required the funds to pass through the U.S. Department of Housing and Urban Development (HUD). HUD is required to monitor all of the disaster recovery programs and has worked closely with the state since 2005 to ensure that funds are spent for their intended purpose.

HUD has monitored the Port restoration project on a semiannual basis for many years. With a complex project of this size and with the web of regulatory requirements that impact it, the Port has received findings and concerns from HUD in each of the past monitoring visits. These ranged from minor paperwork or process issues easily corrected to more serious concerns — like Section 3 compliance. In the case of a serious shortcoming, the Port and its team quickly mobilized to update and improve policies and procedures. In almost every instance, HUD has been able to clear even the most serious issues on follow-up visits. In fact, on Section 3, HUD now holds up the Port's efforts as best practices to be adopted by other states around the country.

In 2014, for the first time since the start of the project, HUD issued no new findings or concerns. This achievement is a testament to the efforts of the Port and MDA to ensure project compliance. However, there is a remaining concern about the contractual requirements related to the Port's accountability for creating the jobs necessary under the program. When first brought up, the Port and MDA took immediate action to strengthen contractual provisions between the state and the Port, and between the Port and its tenants who will ultimately create these jobs. HUD has accepted this arrangement, and in its normal course of monitoring the PGRP will continue to ensure that goals are met.

SECTION II: PROGRESS TOWARD GOVERNOR BRYANT'S OBJECTIVES

In July 2012, Gov. Phil Bryant, the Mississippi Development Authority and the Mississippi State Port Authority Board of Commissioners joined forces to change the direction of the Port restoration project in a way that expedited the project's completion and resulted in a world-class marketable asset that delivered real job opportunities. State and local leaders knew the Port restoration project was one part of a broader strategy to increase the Port's competitiveness and that the funds must be optimized to the greatest extent possible.

Gov. Bryant laid out five objectives to ensure the project resulted in a sustainable and well-positioned asset far into the future.



CREATE THE
REQUIRED
NEW JOBS

DEEPEN
THE PORT
CHANNEL

MAINTAIN
CURRENT
TENANTS

INCREASE
THE PORT'S
CAPACITY

FOSTER
COMMERCIAL
DEVELOPMENT

This section will examine each of these objectives, detailing the efforts that have been made and the results seen since the last report was published in September 2014.

GOVERNOR'S OBJECTIVE: CREATE THE REQUIRED NEW JOBS

The leadership and staff of the Port remain diligently focused on economic development and job creation opportunities. Since Jonathan Daniels' arrival as Executive Director and CEO, the Port has:

- Signed four new maritime tenants
- Expanded presence of existing tenant Chemours
- Opened the multi-million dollar Island View Hotel renovation
- Acquired a 116-acre inland port facility
- Established the Port as a home for USM's research vessel *R/V Point Sur*

Daniels' strategy continues to be diversifying the target industries for the Port and pursuing opportunities in strategic industries that are already strong within Mississippi's economic development focus.

Of primary importance is the state's commitment to supporting 1,300 jobs within

three years of the completion of the project, 51 percent of those being made available to low- and moderate-income residents. Despite an ongoing major construction project that impacts the operations of the entire Port, economic development efforts have paid off, yielding results several years prior to the deadline.

In January 2014, the Port secured its first new maritime tenant in 15 years with the announcement that Gulf Coast Shipyard Group, now owned by Harvey Gulf, would locate at the East Terminal. This local shipbuilder, serving the oil and gas industry, is bringing its new liquefied natural gas-fueled vessels into the Port for outfitting, painting, electrical, engine testing and sea trials. Initially, Gulf Coast Shipyard Group expected to employ approximately 70 workers at the Port. Gulf Coast Shipyard Group has hired 92 workers to support its activities at the Port of Gulfport, surpassing its initial goal. Additionally,

55 of the new hires, or 60 percent, have been low- and moderate-income residents. These new jobs put the Port restoration project's total job creation to date at 99, and it shows that the decisions made and overall strategic direction of the Port are producing the desired results well in advance of the job creation deadline, which is three years following the completion of construction.

In May 2014, McDermott International announced it would locate the company's Gulf of Mexico base of operations to the Port of Gulfport, committing to create 100 jobs in addition to the longshoremen positions that will support McDermott's operations. McDermott is an energy, construction and installation firm with operations worldwide. It will not only utilize the Port for its vessel loading, but it also will construct a pipeline finishing operation along the East Pier of the Port. This new tenant will bring an important mix of advanced fabrication work to the traditional export/import activities of the Port, further diversifying Port activity.

In June 2015, McDermott announced it was awarded a sizeable lump sum contract by LLOG Exploration Offshore, LLC in support of LLOG's Otis development located in the Gulf of Mexico. This award represented the first step in McDermott's

growth plans at the Port of Gulfport, with pipe production and offshore installation scheduled to be complete in early 2016.

In addition to traditional maritime commerce recruiting efforts, the Port is working to leverage the presence of multiple military installations throughout South Mississippi into additional throughput opportunities by pursuing a United States Department of Defense (DOD) *Strategic Seaport* designation. The DOD is still assessing the Port's application. If awarded the designation, it is possible the Port could provide additional hours for longshoremen while serving national security interests.

Despite the fact the construction project is ongoing, the Port team — in conjunction with Gov. Bryant and MDA — continues to pursue new tenant opportunities. As the Port restoration project moves toward completion, the groundwork is being laid to capitalize on this and the broader efforts underway, including the development of an inland port complex, the deepening of the channel and the future expansion to support long-term job creation. Even though two years remain in the timeline for completion of the Port restoration project and an additional three years follow for compliance, job recruitment efforts are ahead of schedule and are already showing results.

GOVERNOR'S OBJECTIVE: DEEPEN THE PORT CHANNEL

It has been, and remains today, a goal of the Port of Gulfport to deepen its navigational channel. A deeper channel provides more opportunities to recruit new tenants as well as more options for existing tenants to utilize larger ships in their fleets. A deeper channel is part of a broader strategic plan by the state and the Port which includes the Port project, inland port capacity and a future expansion. All of these elements combine to create a more competitive port.

Congress has authorized the channel to be maintained at a depth of 36 feet and has assigned the maintenance responsibility to the U.S. Army Corps of Engineers. In recent years, due to budget



constraints at the federal level, the Port's channel has been able to provide only approximately 32 feet of water for vessels traversing into and out of the Port.






The Port leadership, Gov. Phil Bryant and Mississippi's congressional delegation took a proactive approach to this issue. Thanks to these efforts, the Port was able to contribute \$8 million of its own money, along with funding from the Corps of Engineers, to accomplish full dredging of the channel and harbor. The project was completed in early 2015, and the channel is now at its full authorized depth of 36 feet, providing greatly increased capacity and efficiency for the Port and its tenants. In addition, Mississippi's congressional delegation was instrumental in ensuring that the Port's investment will count toward future local share requirements associated with a channel deepening project.

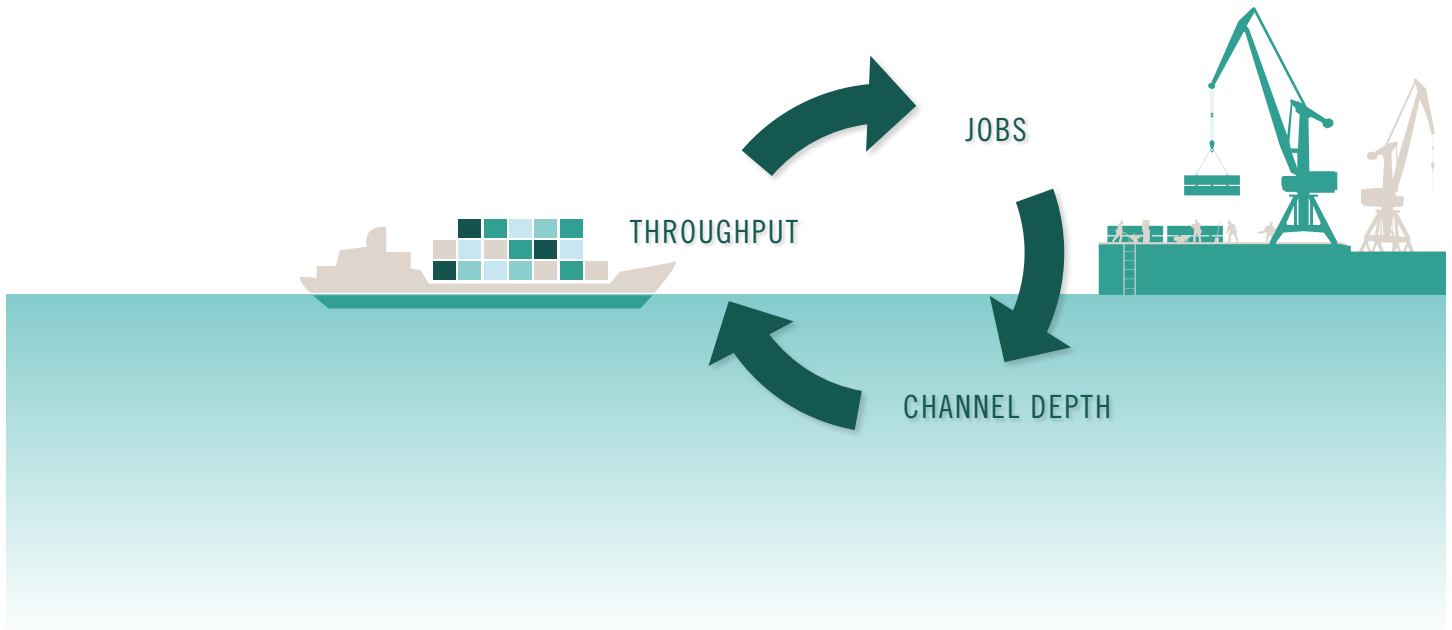
In addition to a fully maintained channel and harbor, the Port recognizes the benefits that

a larger footprint and an even deeper channel bring and it is aggressively seeking the necessary approvals to make Gov. Bryant's objective a reality. Channel deepening is a complex, multi-year effort including multiple congressional, regulatory and federal agency approvals as well as financing at the federal and local levels. The Port, Gov. Bryant's office, MDA and the congressional delegation are in regular communication as these efforts continue.

In 2015, the Port was advised to shift tactics within the broader efforts to win authorization to gain a deeper channel. Originally, the channel was added to the larger Environmental Impact Study (EIS) of the expansion project in hopes it would jump-start the channel-deepening process. Based on expert advice, channel deepening has been removed from the EIS and is now its own separate parallel project. This shift in tactics in no way undermines or lessens the commitment to channel deepening. The Port and state will continue to work with the Corps, federal agencies and Congress to pursue this vital objective.

SHIPS THAT CAN OPERATE IN 36-FOOT CHANNEL

SHIP	IMAGE/SCALE	LENGTH	DRAFT	TEUs
CONVERTED CARGO VESSEL	  <div>SHIPS CURRENTLY MAKING PORT CALLS</div>	135 m	< 30'	500
CONVERTED TANKER		200 m		800
CELLULAR CONTAINER-SHIP		215 m	33'	1,000–2,500
PANAMAX CLASS		250 m	36–40'	3,000
		290 m		4,000



GOVERNOR'S OBJECTIVE: MAINTAIN CURRENT TENANTS

The Port's existing tenants have played an essential role in the planning and construction of the restoration project. Much of the plan is targeted to meet the needs of the tenants and promote future growth and job opportunities at both the Port and in Gulfport. Infrastructure improvements include increasing available storage, construction of a state-of-the-art transit shed and maintenance facility, and enhancing the road and rail network.

In March 2015, Dole Fresh Fruit Company and the Port executed a long-term lease, which provided the company with terminal space in Gulfport for up to 23 years, or through 2038. Within the lease agreement, the Port will construct a transit shed including a climate-controlled chiller space, as well as space to accommodate dry cargo, an administrative office and a maintenance and repair facility.

It was critical to the success of the Port to keep Dole in Gulfport. The upgrades being made through the restoration project will benefit not only Dole, but will also benefit the state's economy

for years to come. This long-term agreement validates Dole's commitment to the state of Mississippi and also provides the company with

"DOLE HAS HAD A GREAT WORKING PARTNERSHIP WITH THE PORT OF GULFPORT OVER THE PAST 50 YEARS AND IS EXCITED TO ENTER THIS NEXT PHASE WITH THE SAME EXPECTATION OF EXCELLENCE, COMMITMENT AND DEDICATION," SAID DOLE'S DIRECTOR OF U.S. TERMINAL OPERATIONS, BARRY JUNG. "THIS NEW STATE-OF-THE-ART FACILITY ENSURES DOLE WILL BE IN A POSITION TO PROVIDE EVEN BETTER SERVICE TO OUR CUSTOMERS, ALLOWING FOR FUTURE GROWTH IN THE MARKET."

access to a modern and efficient cargo terminal.

Chemours, formerly DuPont, has demonstrated great confidence in the Port of Gulfport by committing to a 30-year lease with extensions that could keep Chemours at the Port until the mid-2070s. The \$85 million investment made by the Port Authority and Chemours will allow for the construction of a new bulk handling facility. Work on these 15 new silos, which will hold raw materials to support operations in DeLisle, began in July, and once the bulk handling facility is complete in Fall 2016, it will provide in excess of 200,000 tons of static capacity, an increase of 82 percent over current capacity.

More than 500 hundred construction workers are involved in the project, with a total of 30,000 cubic yards of concrete poured. The completion of the 15 silos is a milestone for the Port following months of ground preparation.



Chemours' operations at the Port work directly with the company's facility in DeLisle, which employs approximately 500 people.

In May 2014, the Port announced that McDermott International would locate its pipeline finishing operations on the East Pier. The project is expected to create 100 full-time jobs in addition to the longshoremen who will be employed while the vessels are in port.

McDermott already has a presence at the Port with the arrival of the vessel *DB 50*, one of the largest structures to ever dock at the Port, and the vessel *NO 105* will remain in Gulfport until pipe is produced at the company's new marine base of operation.

The construction of McDermott's facility is scheduled to begin in August and is set to be complete in December 2015. Over the coming months, the Port will work closely with McDermott to determine the types of jobs and training needed to fill the positions.

The Port values the long-term commitments with its existing tenants and continues to support their growth in Gulfport. The restoration project has leveraged substantial private investment within the expansion of Chemours, Island View and McDermott. The level of commitment these tenants have shown to the community must be met with an equal commitment by Port leadership to support them in their continued growth.



GOVERNOR'S OBJECTIVE: INCREASE THE PORT'S CAPACITY



Capacity drives a port's ability to compete in the global economy for jobs, throughput and investment. Leaders at the state and federal levels and at the Port have been focused on a long-term strategy to increase the Port's capacity. The most visible example of that strategy has been the PGRP — a major construction project that will double the size of the Port, build new and more efficient facilities, and upgrade its product handling capacity through new cranes.

The Port restoration project has already resulted in an additional 100 acres for new business development. Approximately 50 acres have already been obligated to two new tenants — Gulf Coast Shipyard Group and McDermott International — and the remaining 50 acres of new space on the West Terminal are being actively marketed to new customers.

In accordance with the overall strategy to make the Port more competitive and toward satisfaction of Gov. Bryant's objective to increase Port throughput, the Mississippi State Port Authority Board of Commissioners approved in March 2015 the purchase of the former Huntington Ingalls Composite Facility in Gulfport, which is located about five miles inland from the Port of Gulfport

on the Industrial Seaway Canal. The \$32 million acquisition provides the Port with an additional 116 acres and 400,000 square feet of covered facilities and includes rail access, shallow barge connectivity and emergency staging/evacuation. Immediately upon execution of the purchase, the Port executed a lease with Topship, LLC, an affiliate of Louisiana-based Edison Chouest Offshore, for a 40-year lease on the acreage, and the Port and Topship are finalizing plans for use of the space. This development demonstrates the importance of increased capacity to the Port's ability to recruit new opportunities.

The Port's long-range plans for growth do not stop with the current construction project but also include work with the Corps of Engineers on a further southward expansion, which would open additional acreage for development. In 2012, the Port began the lengthy process of preparing an Environmental Impact Statement, which is the major component of acquiring the necessary permits to expand the Port footprint by a desired 180 acres. This multi-step process involves numerous environmental studies, reports, multi-agency review and public meetings before a final document can be submitted for approval. The EIS is approximately 84 percent complete with a draft document scheduled for release in late 2015.

The Port is currently awaiting delivery of three high-capacity ship-to-shore gantry cranes to help current and future tenants ship more efficiently and cost-effectively. The cranes are scheduled to arrive fully assembled in early 2016, and, upon their commissioning, will be a valuable asset to the Port's tenants as well as its marketing efforts.

The Port is pursuing increased capacity through a number of routes with the goal of increased competitiveness. From high-speed rail connectivity to more acreage for marketing, the Port is an attractive option for shippers and companies around the world.

GOVERNOR'S OBJECTIVE: FOSTER COMMERCIAL DEVELOPMENT

In order to achieve the greatest economic impact possible, commercial development around the Port is required to ensure additional investments are made in the surrounding community, particularly in downtown Gulfport. This process includes renovating the Island View Resort's hotel tower, updating the small craft harbor and welcoming the University of Southern Mississippi to the Port.

In May 2015, Island View Resort opened the doors to a \$58 million hotel tower, which includes several high-end restaurants and other amenities. With 405 rooms and suites, the Gulf-front 18-floor tower increases the resort's room inventory to 970.

Construction on the development began after the execution of a long-term lease between Island



View and the Port Authority in October 2013. This project is beneficial not only to the growth of the Port but also benefits the tourism industry and economic future of the Mississippi Gulf Coast by providing a full range of jobs for Coast residents.

In an effort to complement the work done at Island View, the Port has rebuilt the breakwater located south of the resort. Stone and rock were quarried in Kentucky, shipped down the Mississippi River and placed in the small craft harbor by Bertucci Contracting, a local business. Completion of the harbor will support the construction of new pier facilities, house pilot boats and USM's *R/V Point Sur*, and facilitate the relocation of the Ship Island Ferry.

USM's acquisition of the *R/V Point Sur* brings the university to the top of the marine sciences field through the research and educational opportunities offered by the vessel.

The 135-foot *R/V Point Sur* will be used to explore the Gulf of Mexico, including further research on the BP oil spill of 2010, and conduct additional research projects and educational expeditions. The vessel is docked in a secure area while it is outfitted with research equipment. The public will have access for tours and demonstrations once the vessel is moved to its permanent location in the small craft harbor.



COMMUNITY OUTREACH

The Port of Gulfport is committed to enhancing the quality of life of the surrounding communities by creating opportunities for individuals and businesses. The Port has listened to the community when it comes to job concerns, environmental stewardship and plans for the future growth of the Port. Open dialogue with the community is critical in developing successful outreach programs.

COMMUNITY ENGAGEMENT: PORT TOURS

Through a variety of events, numerous opportunities have been made available for business owners and residents of the Mississippi Gulf Coast to interact with Port staff. This includes leveraging relationships with civic groups and local schools in order to increase participation in Port tours.



Since the fall of 2013, once a quarter the Port has partnered with Coast Transit Authority and PJ's Coffee to provide the general public with the opportunity to learn more about the Port's operations and infrastructure firsthand. On average, 150–200 people attend the Port Tours and leave with a new understanding of the Port operations and the restoration project.

The success of the public tours has piqued interest among business groups and local schools. Over the past year, Port staff have spoken to the public on more than 50 occasions including to various business clubs, chamber events and conferences.

In May 2015, students from Anniston Elementary in Gulfport had the opportunity to go on a private tour of the Port. Their visit also included a hands-on science, technology, engineering and math activity conducted by Miss University of Southern Mississippi, Hannah Roberts, who is the reigning Miss Mississippi.



COMMUNITY ENGAGEMENT: SPONSORING COMMUNITY EVENTS

In addition to the PGRP's outreach efforts, the Port of Gulfport's Community Relations team has been engaged in a number of community events throughout the year offering monetary sponsorships and participation for events and programs hosted in the three coastal counties. In recent years the Port Authority has committed to being more involved in enhancing the experience of the Mississippi Gulf Coast.

This past year, the Port designated almost \$30,000 to support local community groups and events. Sponsorships have included job training workshops in partnership with the NAACP Gulfport and Biloxi chapters, CLIMB Development Corporation's "Ports of Call" fundraiser, the City of Gulfport's inaugural Anchor Fest, the Crawfish Music Festival and the National Association of Women in Construction Conference.

ENVIRONMENTAL STEWARDSHIP

The Port recognizes its responsibility to the community and the state of Mississippi, and is committed to its environmental stewardship.

In June 2014, the Port became a certified Green Marine participant, which is an environmental sustainability designation. Gulfport was one of the first saltwater ports in the nation to successfully achieve this designation. Three months later, the official “Green Marine” flag was raised at the Port. Included in the celebration was Port service provider KLLM Transport Services, which already has taken steps to design aerodynamic trucks that maximize miles per gallon by reducing fossil fuel use.

The Port is undertaking concrete and measurable actions to not only meet environmental standards but exceed them.

In order to conduct operations in the most efficient and environmentally sensitive manner, the Port has made an investment in purchasing three new electric ship-to-shore gantry cranes, implementing a new landscaping plan and lights that meet International Dark Sky standards.



SOFTENING THE TRANSITION INTO DOWNTOWN

In conjunction with the Port’s environmental stewardship, the Port awarded Tropical World Landscaping & Irrigation the contract to design a new landscaping plan. A major component of the work includes replacing an existing chain link fence with a combination of brick and wrought iron. This project will refine the Port’s aesthetics, making the property blend more seamlessly with the surrounding community. Once final designs are approved, the landscaping project is set to begin in 2016.



In addition to the new fencing and vegetation along Highway 90, another unique element of the landscaping plan is the construction of a water tower designed to resemble a lighthouse. A construction award for the water tower has not been made, but once awarded construction is expected to begin in late 2015.

A MESSAGE FROM THE PORT DIRECTOR



I would like to begin by first expressing my gratitude to the Port Commission, MDA as well as our local and state officials for their continued leadership and support throughout the restoration project. Also, thank you to our Port employees, customers and the ILA labor for their continued dedication in making the Port of Gulfport a successful economic engine for the state of Mississippi.

Construction is rapidly increasing, with the largest projects now fully underway, with several more to begin within the year. It is important to note that while we have a \$570 million construction project going on, we are simultaneously running an efficient and profitable port. As we continue to pursue new business opportunities, we also want to meet the needs of our existing tenants by providing them with the most-efficient and state-of-the-art facilities. All of this has been made possible through help from HUD.

I thank the Mississippi congressional delegation, Port Commissioners and Gov. Bryant for their help in securing funding for our maintenance dredging. The dredging process to get our authorized channel depth back to 36 feet is now complete, and we benefited within days with the arrival of McDermott's *DB50*.

As we continue to expand our footprint, the acquisition of the 116-acre Ingalls facility on Seaway Road marked a new beginning for the Port of Gulfport. This location will not only increase capacity, but also offer additional laydown area, rail access and barge connections for current and future tenants.

Over the past year, the Port has been able to further establish itself as a premier port in the Gulf of Mexico, and I truly believe that it is because of the strong team we have in place today. I know that we are making the Gulf Coast and the entire state a better place for our citizens, and we will continue to seek opportunities to create good paying jobs for the people of Mississippi.





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