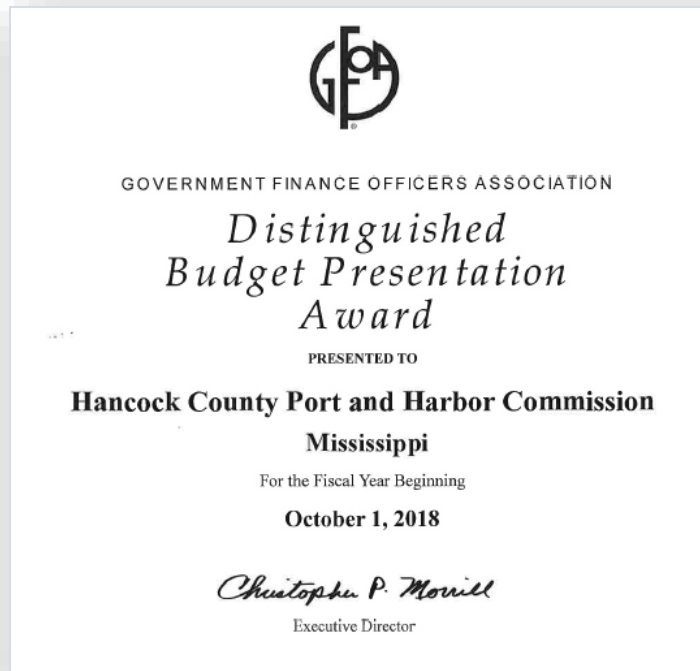


**Fiscal Year
2020**



**Operating
&
Capital Budget**

Distinguished Budget Presentation Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Hancock County Port and Harbor Commission for its annual budget for the fiscal year beginning October 1, 2018.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is only valid for a period of one year. We believe that our current budget continues to conform to the requirements of the program, and we have submitted it to the GFOA to determine its eligibility for another award.

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INTRODUCTION & OVERVIEW





HANCOCK COUNTY PORT & HARBOR COMMISSION

Economic Development • Stennis International Airport • Port Bienville Industrial Park • Port Bienville Railroad

DATE: August 26, 2019

TO: Hancock County Port and Harbor Commissioners and Staff
Hancock County Board of Supervisors
The Citizens of Hancock County, Mississippi

Fiscal Year 2020 Budget for the Hancock County Port and Harbor Commission

Background

On behalf of the staff of the Hancock County Port and Harbor Commission (HCPHC) and for the benefit of the great people of Hancock County, Mississippi, please accept and adopt this budget for Fiscal Year 2020, which begins on October 1, 2019 and ends on September 30, 2020. The HCPHC is privileged to be of service to the good citizens of Hancock County and contribute in significant ways to the economy of Mississippi and the broader coastal region. We do this through the stewardship of Port Bienville (maritime port and industrial park), the Port Bienville Railroad, Stennis International Airport and Airpark (KHSA) and through close collaboration with the federally controlled Stennis Space Center (SSC) and recruitment and retention of commercial and government interests at SSC and throughout Hancock County.

This budget reflects the principal goal of leveraging our resources to assist the private sector in creating **Jobs, Tax Base and Revenue**, enhancing the economic development and business climate of Hancock County, while sustaining our ongoing operations without the need for ad valorem taxpayer support.

As Fiscal Year 2019 ends, we are pleased to report that those results are positive. Companies located at Port Bienville, Stennis International Airport and Stennis Space Center account for 6,177 jobs, an increase of 2% over last year. These companies pay 27% of the County's total ad valorem property tax. These same companies and their uses of HCPHC assets generate a projected \$10.2 million in revenue from operations to sustain our organizational objectives.

We enter 2020 with an estimated unrestricted net cash balance of \$18 million, which positions us to address the strategic objectives contained in our short and long-term plans.

Business Policies and Strategies

While the financial stability and success of HCPHC is critical to continuing operations of maintaining infrastructure and providing services at its own facilities, it is also critical to Hancock County's recruitment of new industry and expansion of existing business. During the Fiscal Year 2019 budget workshop, the Commission concluded that three fundamental areas of focus are key to our success moving forward. The sub objectives of our August 2018 strategic plan were the focus of our activities in 2019 and will continue to evolve in 2020.

While our main categories of implementing objectives will always align with two distinct areas – Asset Development and Market/Economic Development – the Commission continues to place emphasis in the coming years on three distinct sub objectives:

- Focused investment and marketing of the Port Bienville Industrial Canal and growth in wharfage and dockage fees and related services.
- Spaceport feasibility and new mission growth at Stennis International Airport.
- Thoroughly assisting with strategic marketing and planning of Stennis Space Center (SSC), including everything from land use and environmental limitations, to utility tie-ins with County-operated infrastructure. We continue to assess feasibility of implementing a partnership with Stennis Space Center (SSC) for development of an industrial park within the Fee Area of SSC to create an upland industrial complex tied to the aerospace sector.

In FY 2019, we made considerable progress in advancing those objectives. This FY 2020 budget narrative will highlight the progress in these and other areas and place emphasis on the work that will need to be done to advance these objectives even further.

Long -Term Financial and Business Planning

Consistent with the direction of the Commission's overarching strategic plans and long-standing policy, the categories of objectives are divided into two distinct areas: Asset Development and Market/Economic Development.

Asset Development. The development of new product to put into the market is a key overarching goal of the Commission. All of the airport and port industrial park buildings are expected to be leased by FYE 2020. While there are still thousands of developable acres to work as greenfield projects, key infrastructure at the port is undergoing massive improvements. The overall asset development program involves multi-year strategies that include the following elements:

Life Cycle Management Planning – Improvements of existing buildings and infrastructure to serve current and future markets. In FY 2017, we successfully launched a five-year capital investment strategy that began to address deferred life cycle maintenance across our asset base. Since that time, we've achieved noteworthy success in the continued implementation of that program, as described in more detail in our departmental budget narratives.

Master Planning and Long-Term Capital Investment – Beginning FY 2017 the Commission kicked off investment in development of new master plans for the port and airport. They also approved the development of an Aviation and Aerospace Optimization Plan. The

Aerospace Plan was successfully completed in FY 2018 by Vision First Advisors, and elements of that plan were included in our budget for implementation in 2018, 2019, and will continue for 2020. Foundational work on our masterplans began with initial procurement of the professional engineering and planning firms and is now complete. Various task orders to characterize baseline conditions are also underway.

In the first quarter of 2018, the Commission opportunistically acquired 1,200 acres adjacent to Stennis International Airport. In 2019, 770 acres of undeveloped acreage adjacent to Port Bienville Industrial Park was purchased, escrow money has been placed for purchase of another 175 acres near the Park's entrance and an option on 615 acres adjacent to Port Bienville was purchased. These acquisitions slowed the master planning work somewhat as planning scope was reframed to include considerations related to these new properties. Large scale prospect activity at Port Bienville had a similar effect, so we were forced to redirect some resources to address each of these matters. On balance our master planning and capital programs are well under way and will continue through FY 2020.

Operational Excellence — Operational improvements were made in many areas in FY 2019, and our results were recognized, including:

- State of Mississippi's Top Economic Development Award for our Business Retention and Expansion Program; Recognition as an ACT Work Ready Community and we have fulfilled 89% of the obligations to maintain gold status (which must be achieved by January 2022);
- The Railroad Jake Award for Outstanding Safety Performance.
- Our CEO, Mr. Bill Cork was named one of Mississippi's Top CEO's for 2019 by the Mississippi Business Journal. This award recognizes leaders around the state who demonstrate excellence among the top executives in their fields.
- The Finance Department was recognized with back-to-back wins of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Audited Financial Statements for four years running from FYE 2015 through 2018 and was awarded the Distinguished Budget Presentation award for FY's 2018 and 2019. The CAFR awards have only been awarded to 10 other public bodies in the State of Mississippi and the Budget Awards are the only awards given to a public body in the State in the last 5 years.

Short-Term Factors, Priorities and Budget Overview – Due to the diverse nature of the organization, our budget is organized so that the reader can easily identify the short-term factors, priorities and the directly related budget items. However, in short, the budget for the last several years has remained relatively constant. One might expect this with a fixed asset organization, fully subscribed. But our orientation for the future is growth. In addition to the investment in new product discussed in the details of the budget, we continue to pursue Market and Economic Development initiatives to facilitate that growth.

Market and Economic Development. Critical to our revenue planning is the development of a pipeline of renewals and new revenue generating opportunities. To do this the Commission and staff have adopted several innovative and forward-leaning programs to ensure success now and into the future.

Business Retention and Expansion – To protect and grow the business and industry already extant in Hancock County, the Commission uses Synchronist® system to evaluate our existing industries. In partnership with the Hancock Chamber of Commerce and since 2017, 120 industrial and service sector companies in the County have been interviewed to determine what policies and services will support their long-term viability. A significant outcome of this program in FY 2017 was the need for a career and technical employee certification program. The ACT® Work Keys program was selected and in FY 2018 we implemented this program with representatives from industry and academia to certify the County as “Work Ready” by 2021. Hancock County is now fully certified, over 2 years ahead of our plan. FY 2020, we will train our workforce partners to become job profilers, streamlining industry employee recruiting efforts.

Capitalize on Obvious Strengths – As an epicenter for commercial space, aviation and unmanned systems research, an Aviation and Aerospace Optimization Plan was developed in FY 2017 and is being implemented. In July 2019, Mississippi Governor Phil Bryant announced the State’s new Space Force initiative in an effort to position the state as a leader for the next space race. The FY 2020 budget provides for licensing the state’s first spaceport at Stennis International Airport. The Project Ready Site in the Fee Area at Stennis Space Center is also planned as commercial industrial park.

A couple of key items with budgetary impact in FY 2019 were completed, including:

- Participation and implementation in the Governor’s Ocean Task Force (unmanned systems);
- A focused short-term master plan for the industrial canal at Port Bienville;
- Improved docking and bulkheads for maritime transport;
- Development of project ready sites at Stennis Airport and Port Bienville Industrial Park.
- Designing a \$6.8 Million multi-user airstrip as part of the airport’s 2020 capital improvement plan as a commitment to support Mississippi Governor, Phil Bryant’s Executive Order 1419 creating the Mississippi Defense Initiative Task Force which is intended to establish a tangible and achievable roadmap to build capacity on national defense, diversification, and defense technologies.
- Company expansions announced by DAK Americas, Calgon Carbon, SNF Polychemie, Jindal Tubular, Relativity Space and others are underway or complete creating new careers and related tax and revenue benefits.

Emerging Markets – The Commission is constantly striving for new market opportunities. This includes the long-term development of a 26-mile rail extension from Port Bienville to Nicholson, MS, valued at \$120 million. The Draft Environmental Impact Statement for this project is complete and will allow us to rapidly complete a nearly decade long effort of study and begin implementation. We look to address key revenue opportunities for truck/rail arbitrage by continuing to investigate the viability of a rail/truck/barge intermodal terminal and shuttle to and from various locations along the Gulf Coast. Dredging a new maritime approach from the mouth of the Pearl River (east fork) to Port Bienville has been permitted and having completely re-constructed our primary dock at the mouth of the port (commonly referred to as the Linea dock) creates opportunities for container on barge and related markets that the port was unable to service since 2005. The same is true of the new transload facility at the port. At the airport, new hangars are under design, a new flight school is in the planning stages, and new market opportunities related to space are sought with further

development of a Spaceport. These new investments showcased throughout the budget address the Commission's excitement about new market capture and their advancement gives us new effort on similar projects. The 1,200 acres near the airport (adjacent to the Interstate 10 and Hwy 603 interchange) opens up possible development of a first of its kind 1 million square foot distribution or manufacturing center pad.

Leverage Partnerships – The Commission is renewing and reinvigorating its work with the Gulf Coast Alliance for Economic Development, the Hancock Chamber of Commerce, national/regional/local professional economic development organizations and the State Chamber of Commerce. Our close relationship with the Mississippi Development Authority has evolved our market development in chemicals and aerospace, and we took foreign direct investment trips with MDA to various locations. Our partnership with Stennis Space Center is strong and growing. We've enhanced our relationship and as one senior leader of the center reported recently "the relationship between the Commission and Stennis is the strongest it has been in 15 years". We also strengthened our relationship with Hancock County municipalities, assisting on many projects, and plan to enhance those relationships into 2020.

Major Capital Initiatives

Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies (RESTORE) of the Gulf Coast States Act of 2012. In December 2015, Mississippi's Governor announced his nomination of projects under the RESTORE Act, two of which will be constructed and operated by HCPHC. In the Summer of 2017, the Department of Treasury awarded grants to the State of Mississippi for these projects. In 2018, the HCPHC and Mississippi Department of Environmental Quality, which is the grant recipient of the funds, executed a sub grantee agreement for the construction of the following projects:

Terminal Hangar at Stennis International Airport. \$2 million to construct a \$5 million hangar adjacent to the SIA terminal building to be matched with funds provided by HCPHC. This new 24,000 square-foot building will be used to house aviation related storage, maintenance, repair or overhaul and could employ more than 20 people upon completion.

Port Bienville Transload Facility. This \$8.7 million construction project, paid in part with \$7.4 million of RESTORE funds will produce a new wharf, dock and rail extension to facilitate maritime-to-rail transloading opportunities. This intermodal terminal will complement our other intermodal investments on a smaller scale as presented in the more detailed budget discussion for the Port and Railroad. Design is underway and we expect to complete construction in FY 2020.

Aerospace Academy/Pearl River Community College Expansion. Although not directly funded by or through HCPHC, this new facility in Hancock County has been promoted by and through HCPHC. The Governor announced in early 2018 that this project will be funded with approximately \$8 million of RESOTRE funds. The campus will be located on airpark grounds at Stennis International Airport.

Community Development Block Grant. The last remaining Hurricane Katrina CDBG funds for Hancock County were awarded to HCPHC for a \$9 million reconstruction of the main dock at the mouth of Port Bienville (commonly referred to as the Linea Dock). This project reconstructed the damaged dock and extended its length by 300 feet. This investment along with our dredging investment will facilitate increased draft barge/shipping traffic into the port and expand the types of vessels and cargo that frequent the port. Dock construction is nearing completion with final acceptance early 2020.

Federal Aviation Administration. FAA funding for infrastructure and for the contract tower at KHSA are critical for our ongoing success though this funding stream is always subject to federal threats of reduction. Stennis International Airport is one of only a handful of small airports in Mississippi that can claim a positive net income from operations; however, this income is not sufficient to address long-term depreciation. Sustainability of the airport will rely on growth and new revenue opportunities, and this budget reflects new investments in things like a Spaceport licensing and the development of a multi-user landing strip just parallel to the existing runway.

Other projects. Numerous new projects to address life cycle maintenance and related investments are detailed in the departmental sections of this document.

All of these projects are key implementation steps to perpetuate the primary sub objectives discussed earlier.

Conclusion

This 2020 fiscal year budget presentation reflects the work of nearly everyone at HCPHC as well as the staff at the County Board of Supervisors. Both the Operational Budget and the Capital Improvement Plan Budget elements have been workshopped with the Commission and presented in multiple public forums. We are excited about the future and the rare opportunity to leverage a sound financial position into future jobs, tax base and revenue for the benefit of Hancock County, the State of Mississippi and the broader coastal region.

Respectfully submitted,



William V. Cork
Chief Executive Officer



Janet Sacks, CPA
Chief Financial Officer

LIST OF OFFICIALS

Board of Commissioners

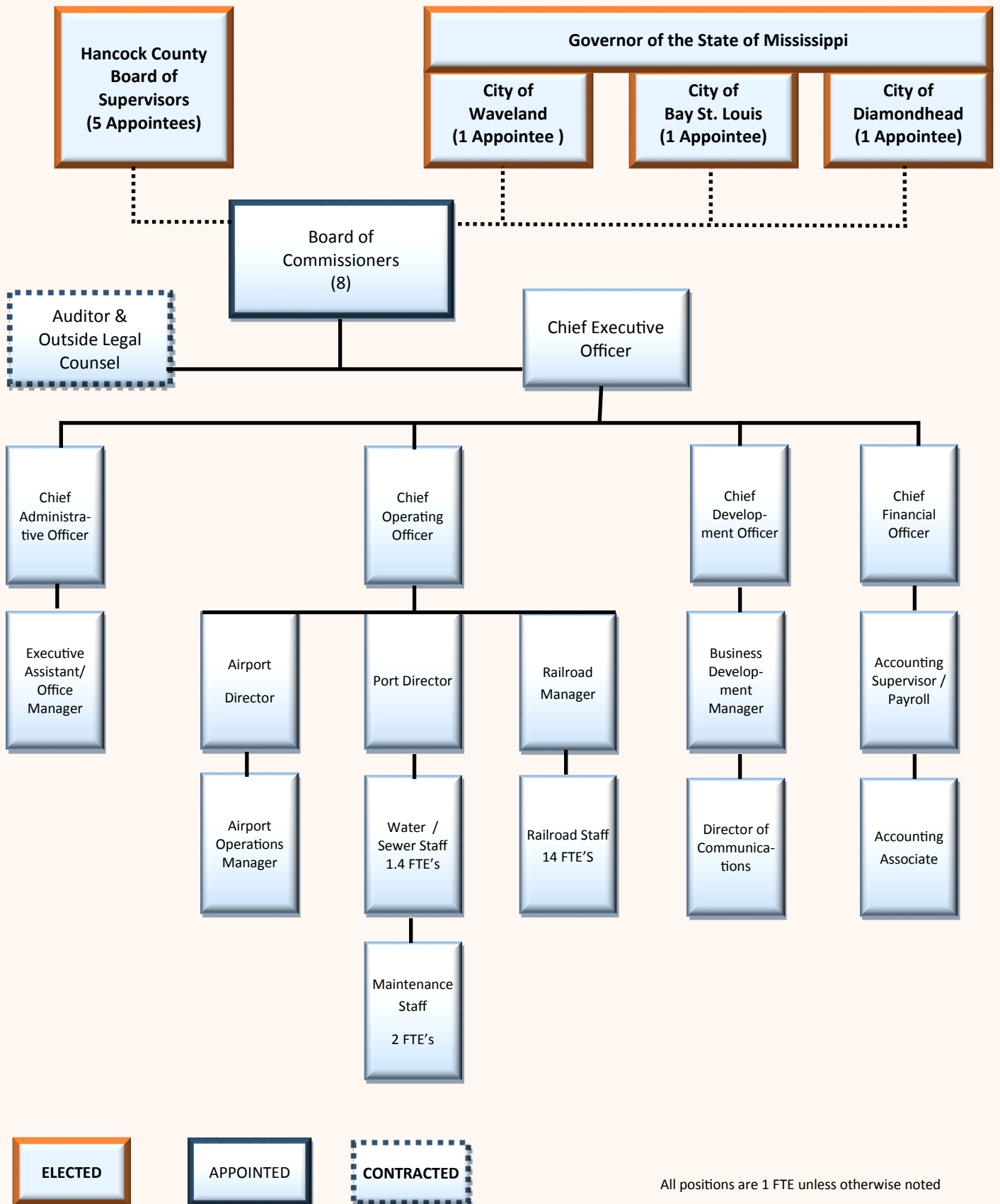
Robert R. Kane	President
Jon W. Ritten, Jr.	Vice President
Daryl Cornell	Treasurer
Paula C. Jordan	Secretary
David D. Malley	Commissioner
Christopher R. "Packer" Ladner	Commissioner
Bob Swanson	Commissioner
Tom Koger	Commissioner

Executive Staff

Bill Cork, M.U.P.	Chief Executive Officer
William P. Cotter Jr., C.M.	Chief Operating Officer
Ronnie Wade Robertson, J.D.	Chief Administrative Officer
Janet E. Sacks, C.P.A.	Chief Financial Officer
Janel L. Carothers	Chief Development Officer
Beau Gex	Director of Port Bienville Industrial Park



ORGANIZATIONAL CHART



All positions are 1 FTE unless otherwise noted

BUDGET DOCUMENT AND OVERVIEW

This section is intended to assist readers not familiar with the HCPHC budget or governmental enterprise budgeting. It provides a quick overview of how the budget is organized and what information is included. HCPHC's budget is divided into the following major sections:

[INTRODUCTION AND OVERVIEW](#)

This section contains the budget message that provides an overview of the budget process and highlights the Commission's budget strategies and major issues that affect the development of the annual budget. This section also includes a discussion of the Commission's strategic plan and goals which are documented in more detail throughout the various sections. A consolidated budget summary, fund balance summary by department, and consolidated budget detail report are presented in this section.

[FINANCIAL STRUCTURE, POLICY AND PROCESSES](#)

This section provides a brief description of each of the Commission's four departments and summarizes the comprehensive financial and risk management policy adopted in 2015.

[OPERATING AND CAPITAL FINANCIAL SUMMARIES](#)

This section presents each department's operating and capital budgets. Actual historical revenues and expenditures are presented for comparative purposes as well as illustrative tables, charts and graphs.

This section is also intended to provide a deep dive into each department's recent accomplishments, future goals and strategies, and the relationship between those goals and the operating and capital budget numbers presented.

The capital budget outlines proposed projects for a four-year period and includes estimated costs and anticipated sources of funds. Narrative descriptions of each project including intended use and necessity are included.

[SUPPLEMENTAL INFORMATION](#)

This section is intended to provide some context in which the Commission operates. Demographics and statistics about the community are provided. Also presented are definitions of budget terms and acronyms used throughout this document.

BUDGET SCHEDULE AND PROCESS

June 12	• 2020 Strategic Planning Session
July 22	• Operations Budget Workshop
August 14	• Capital Budget Workshop
August 26	• Budget Approval - Commission
September 3	• Budget Approval - Board of Supervisors
October 1	• Fiscal Year 2020 Budget Effective Date
October 16	• Fiscal Year 2019 Budget Amendment Approval - Commission
October 21	• Fiscal Year 2019 Budget Amendment Approval - Board of Supervisors

The budget adopted by the Commission shall be balanced so that estimated operating expenditures do not exceed estimated operating revenues available for appropriation. While the Commission's financial statements are prepared on a full accrual basis of accounting the budget is prepared on the modified accrual basis and assumes that prior years' ending fund balances may be utilized to balance the budget. This budgetary modified accrual basis differs predominately from full accrual in that capital expenditures are recognized at the time the expense is incurred.

The annual budget provides an operating, non-operating and capital financial plan to the Commission and the County Board of Supervisors for approval. The CEO has overall responsibility for preparing and presenting the annual budget to the Commission and Board of Supervisors. The CFO is responsible for coordinating the overall preparation and administration of the Commission's annual budget process and together with the CEO will present the draft budget to the Commission for consideration, amendment and ultimate approval. Department Directors have primary responsibility for formulating budget proposals within their departments.

Each year staff workshops the operating and the capital budgets separately with Commissioners and members of the public during separate meetings

beginning in July following the annual strategic planning session in June. The draft budget which will include operations, non-operations and capital is presented to the Commission in August of each year for approval at the last August Commission meeting. Final approval by the County Board of Supervisors follows in September of each year.

Commission staff shall keep expenditures within the limits set by the consolidated departmental budget line items. The Commission may amend the budget by accepting and spreading the amendment on the minutes and receiving approval of any amendment from the County Board of Supervisors. In the event that departmental budget line items are exceeded, Directors may, with the expressed written permission of the CFO, redirect funds from other line items to offset those exceedances. However, at no time shall a consolidated line item be exceeded without prior amendment of the budget.

The CFO will seek to obtain the Government Finance Officers Association Distinguished Budget Presentation Award each year. The Budget will be presented in a way to maximize transparency to the public and other interested parties.

Staff will present the Commission with a final amended budget in October of each year for the preceding fiscal year and in accordance with State requirements.

BUDGET HIGHLIGHTS AND SUMMARY

This budget document was prepared after analyzing and evaluating requests from each department, and represents departmental financial support for the upcoming fiscal year as approved by the Commission. Estimates are conservative but realistic and are based on contractual rights and responsibilities, historical trends, and activity forecasts provided by tenants.

The basis of accounting used for the budget is modified accrual while the Commission's financial statements are reported on a full accrual GAAP basis of accounting. The budget basis of accounting differs from the GAAP basis in that principal payments on debt are included in expenditures, depreciation expense is not included in expenditures and expenses related to capital projects that GAAP requires be classified as an asset in the financial statements and depreciated to expense over a period of years, are classified as an expense for budget purposes.

REVENUES

Commission revenues include those collected through formally adopted tariffs for port and rail services and published rates and charges as applied to airport and water/sewer services. The Commission also leases warehouses, hangars, land and other infrastructure assets. The Commission receives no tax revenue and operates 100% from service and asset based revenue. Budgeting revenue requires some assumptions but may also be supported by contractual obligations of existing tenants with long-term agreements (those greater than one year). Those line items for which assumptions are made include service fees such as railroad junction settlements, airport fuel flowage or port wharfage and dockage. The assumptions underlying budgeted revenue are driven in large part by our business retention and expansion program which constantly monitors business practices of Commission customers. Historical trend data will also effect service revenues.

The 2020 operations assume revenue will be flat over 2019's projections and will increase 1.6% from 2018 actual. Rental revenue is slightly less than 2018 as negotiations with tenants for the lease of warehouse space at Port Bienville Industrial Park have not concluded and may leave 45,000 square feet vacant. Wharfage and Dockage is expected to keep pace with 2019 projections, a 370% increase over 2018 as Port tenant Jindal Tubular ramped up manufacturing. Rail revenue is expected to dip as contract agent fees generated by the Port's resident railcar repair company decline; however, some of this reduction may be offset by recapturing otherwise lost revenue with an investment in software for improved railcar tracking.

EXPENSES

Several key strategic initiatives are driving the 26% and 23% increase in total operating expenses over 2019 as projected and 2018 actual.

Several key initiatives budgeted, but either not initiated or completed in 2019, will be carried into 2020. Cost of sales was a new line item in 2019 created to provide flexibility in funding the many and varied items related to prospect attraction and vetting. Cost of Sales differs from our marketing budget in that the dollars for marketing cast a wide net that may be industry directed but not entity specific. We increased this line item budget in 2020 to capture costs to evaluate a complete redesign of regional rail transportation for manufacturing, as further described in various sections of this document. This regional rail transportation strategy is an effort to improve service and transport alternatives to Hancock County's industries with likely positive effects for industry from Alabama through New Orleans.

Equipment, hardware & software purchases include new computers and related upgrades, an airplane dolly, ARFF bunker gear, a steam cleaner and wildlife control devices. Uncertainty related to fuel prices resulted in a small increase in supplies.

BUDGET HIGHLIGHTS AND SUMMARY

Property insurance is expected to increase fairly sharply as the duration and magnitude of recent natural disasters presents pricing challenges for that industry. Auto coverage premiums are expected to edge upward as driver distraction continues to result in costly claims.

The Commission purchased one new locomotive in 2019 and is in the process of procuring 2 more, replacing the fleet of 3 which have been under lease. This change in equipment strategy results in a zero dollar budget for locomotive rent expense and a new line item for repairs and maintenance to those locomotives.

Repairs and maintenance increased 80% and 51% over 2019 projected and 2018, respectively. As mentioned above, some of this is attributable to expected repairs and maintenance costs of owning our locomotives. The rail and port divisions will also invest in equipment life cycle maintenance, building modifications, and brush clearing along ditches and tracks. Four of the six tires on our C-1 fire truck will be replaced at an estimated cost of \$10,000 each, truck parking bays in the ARFF station will undergo rehab, truck bay heaters will be replaced and rubber removal on the airfield is scheduled.

Contract expenses is adjusted upward as the contract with our grounds maintenance provider will be amended to include footprints within newly acquired land and the cost of maintenance contracts for backup generators and elevator maintenance will be increased.

Services line items include strategic investments in planning for the airport and port which have begun but will carry into FY 2020. Opportunities to benefit from innovations in unmanned systems and space exploration necessitate the airport investment. Strategies to reform Port Bienville's maritime business are essential for prospect attraction and revenue diversity as two new docks open up for transloading. Capital planning into 2020 and beyond is expected to be altered to reflect the outcome of those initiatives. Our covenants and tariffs will be revised and the increase in legal fee expense reflects the estimated cost of those changes.

Contracts with the airport's firefighters were increased in 2019 to remain competitive with other ARFF locations. Some airfield tenants require additional hours from the firefighters throughout the year and as MRO operations have increased demand for firefighter hours has as well. 2020's budget anticipates some additional hours for those services. These additional expenses to the Commission are passed on to users.

Wages and benefits represent 43% of 2020's operating budget as compared to 47% and 49% in 2019 and 2018, respectively. 2020's personnel budget includes a 2% increase in base wages and 3 vacant positions.

Employee benefit policy changes have also impacted the personnel budget. With the new plan year beginning January 1 of 2019 the Commission passed a percentage of health care premium costs to employees and reduced HRA contributions. The employees portion of cost share will increase January 1, 2020, and that cost savings is reflected in the personnel services section of the budget.

CONSOLIDATED BUDGET SUMMARY

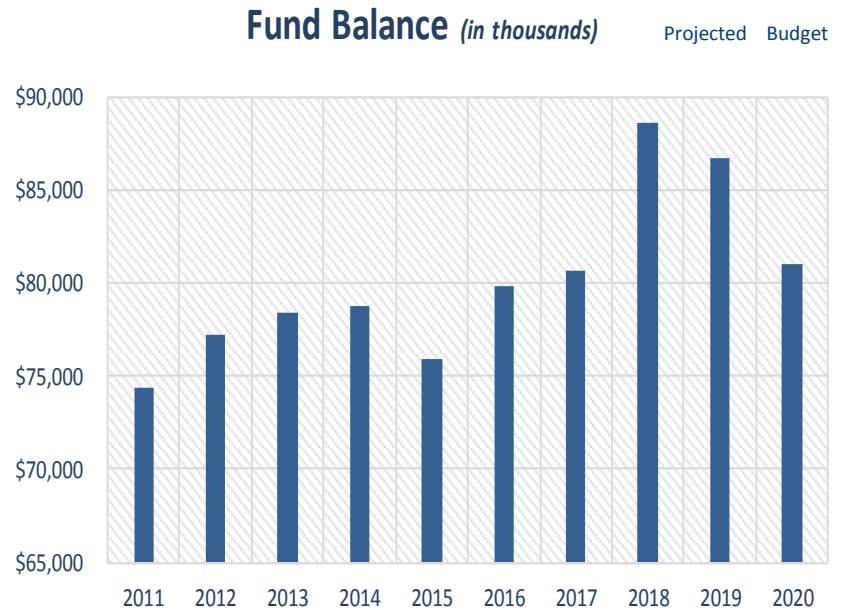
	Prior Yr				
	Actual		2019		Budget
	2018	Budget	Projected		2020
TOTAL RESOURCES IN					
Use of Money & Property	\$ 3,898,782	\$ 3,641,870	\$ 4,368,742	\$	4,352,214
Charges for Services	5,751,034	5,250,039	5,528,981		5,443,486
Other Operating Revenue	308,710	320,073	354,319		323,993
Non Operating Revenue	209,072	50,999	290,485		149,628
Grant Revenues	6,372,555	29,801,250	1,197,161		25,543,482
Notes Receivable (Principal)	157,230	15,103	15,004		15,915
TOTAL RESOURCES IN	16,697,383	39,079,334	11,754,692		35,828,718
TOTAL RESOURCES OUT					
Operating Supplies & Materials	297,024	461,575	286,953		456,295
Other Services & Charges	2,670,028	3,501,111	2,724,667		3,597,105
Personnel Services	2,830,076	3,189,272	2,668,530		3,096,511
Non-Operating Expenses	160,000	-	-		-
Investment Loss	12,137	-	-		-
Debt Service (Principal)	68,500	-	-		-
Capital Projects	8,980,742	42,662,347	7,937,342		34,335,500
Additions to Fixed Assets	50,112	-	-		-
Loss on Sale of Assets	191,488	-	-		-
TOTAL RESOURCES OUT	15,260,106	49,814,305	13,617,492		41,485,411
CHANGE IN EQUITY BALANCE	1,437,277	(10,734,971)	(1,862,800)		(5,656,693)
PROJECTED BEGINNING EQUITY BALANCE					86,748,904
PROJECTED ENDING EQUITY BALANCE					\$ 81,092,211

FUND BALANCE SUMMARY BY DEPARTMENT

	Administration & Economic Development	Port Bienville Railroad	Port Bienville Industrial Park	Stennis International Airport	FYE 2020 Consolidated Budget
PROJECTED BEGINNING FUND BALANCE 10/01/2019	\$ 2,258,661	\$ 30,193,654	\$ 19,746,833	\$ 34,549,756	\$ 86,748,904
Operating Budget Revenues	-	6,206,856	1,883,358	2,029,479	10,119,693
Operating Budget Expenses	2,217,013	1,963,635	1,155,241	1,814,022	7,149,911
NET OPERATING REVENUE (EXPENSES)	(2,217,013)	4,243,221	728,117	215,457	2,969,782
Non-Operating Revenues	85,641	39,600	13,200	27,102	165,543
Non-Operating Expenses	-	-	-	-	-
NET NON-OPERATING REVENUES (EXPENSES)	85,641	39,600	13,200	27,102	165,543
Capital Grant Revenues	-	394,020	14,622,632	10,526,830	25,543,482
Capital Grant Expenses	-	993,853	17,309,776	16,031,871	34,335,500
NET CAPITAL SOURCES (USES)	-	(599,833)	(2,687,144)	(5,505,041)	(8,792,018)
Transfers In	2,131,372	-	1,945,827	5,262,482	9,339,681
Transfers Out	-	9,339,681	-	-	9,339,681
NET TRANSFERS IN (OUT)	2,131,372	(9,339,681)	1,945,827	5,262,482	-
TOTAL SOURCES (USES)	-	(5,656,693)	-	-	(5,656,693)
PROJECTED FUND BALANCE 9/30/2020	\$ 2,258,661	\$ 24,536,961	\$ 19,746,833	\$ 34,549,756	\$ 81,092,211

WHAT IS FUND BALANCE?

Fund balance reflects the net financial resources of a fund - in other words, assets minus liabilities or in simpler terms, dollars left to spend. Budgetary fund balance (as illustrated throughout this document) differs from GAAP fund balance in that the timing recognition of revenues and expenditures may differ. The most significant difference for the Commission is related to capital assets when Depreciation (GAAP basis) is not equal to Net Capital Uses of Funds (budgetary basis).



Fund balances 2011 through 2018 above reflect GAAP basis, 2019 and 2020 reflect budgetary basis. At the end of each fiscal year the budget is closed and actual GAAP financial statements replace it. That closing process includes converting “capital sources and uses of funds” to GAAP basis “capital assets” at which time we begin to record a monthly depreciation amount against those capital assets.

GAAP Fund Balance for the Commission also differs from budget in that it is comprised of two components; restricted and unrestricted. Unrestricted fund balance is that amount available for use at the Commission’s discretion. Of the \$88.6 Million fund balance at FYE 2018, \$17.9 Million was unrestricted.

Though the Commission’s historical fund balance generally trends upward, 2015 appears to be an outlier. Implementation of GASB’s Statement No. 68 - Accounting and financial Reporting for Pensions - required an adjustment to beginning fund balance for the Commission’s portion of the State’s cumulative actuarial liability as reported by Mississippi’s Public Employees’ Retirement System. The effect of this new accounting standard was a reduction of 2015’s beginning fund balance in the amount of \$2,679,538.

2018’s GAAP fund balance increased significantly over prior years as a small net operating loss offset a small non-operating income allowing \$6.2 Million of grant proceeds to directly increase fund balance. Budgeted capital expenditures in 2019 and 2020 exceed grant revenues, dropping fund balance by 2% and 7%, respectively. Of course this assumes that the Commission’s commitment to expansion of infrastructure is executed and funded as budgeted.

CONSOLIDATED

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
REVENUE				
Use of Money & Property				
Airport - Fees: Ground, Ramp, Landing, Tie Downs	\$ 8,768	\$ 12,175	\$ 12,647	\$ 9,200
Airport - Fuel Flowage	188,516	170,500	196,636	180,750
Port - Wharfage	128,081	112,000	748,947	767,000
Port - Dockage and Demurrage	95,840	110,000	65,260	75,000
Railroad - Contract Track Lease	500,095	500,656	498,512	500,656
Railroad - Storage Track Rent & Demurrage	888,236	777,000	885,080	834,500
Rent - Airport Hangars, Buildings, Land & Equipment	1,516,217	1,513,855	1,534,408	1,569,236
Rent - Rail Facilities Building	108,000	108,000	108,000	108,000
Rent - Port Buildings, Land & Equipment	465,029	337,684	319,252	307,872
Total Use of Money & Property	3,898,782	3,641,870	4,368,742	4,352,214
Charges for Services				
Railroad - Junction Settlements (Line Haul)	3,694,565	3,400,000	3,586,345	3,600,000
Railroad - Switching	1,027,109	836,000	1,013,472	890,000
Railroad - Rail Scale Revenues	185,100	150,000	160,000	160,000
Railroad - Railcar Repair Agent Fees	190,569	170,000	111,075	100,000
Port - Park Assessment Fees	133,046	134,000	128,040	134,000
Port - Water Service	82,591	80,000	94,111	85,000
Port - Sewer Services	149,349	150,000	170,495	150,000
Port - POTW I Revenues	288,706	330,039	265,443	324,486
Total Charges for Services	5,751,034	5,250,039	5,528,981	5,443,486
Other Operating Revenue				
Other Revenues	308,710	320,073	354,319	323,993
Total Other Operating Revenue	308,710	320,073	354,319	323,993
Total Revenues	9,958,526	9,211,982	10,252,042	10,119,693
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	59,977	113,750	62,735	149,270
Supplies - Custodial	3,408	7,050	2,751	6,500
Supplies - Fuel/Oil	165,301	250,000	153,333	205,400
Supplies - Office	26,780	30,925	20,822	28,975
Supplies - Operating	19,359	33,300	23,299	36,650
Supplies - Safety	3,902	4,250	1,983	7,150
Supplies - Train/Track	11,102	13,000	15,990	13,000
Supplies - Uniforms	7,195	9,300	6,039	9,350
Total Supplies & Materials	297,024	461,575	286,953	456,295

CONSOLIDATED (continued...)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
Other Services & Charges				
Cost of Sales	-	240,000	199,353	259,000
Advertising & Local Industry Promotion	32,194	23,200	18,419	24,000
Marketing	158,895	160,600	99,653	162,600
Association Dues	31,066	33,450	35,257	36,380
Insurance - Property & Liability	559,973	609,411	546,206	676,205
Licenses, Fees & Permits	1,039	2,350	1,085	2,150
Rent - Buildings & Equipment	4,970	11,090	6,210	20,100
Rent - Locomotives	102,841	135,000	115,851	-
Repair/Maintenance/Improvements - Airfield	24,337	23,000	23,764	46,650
Repair/Maintenance/Improvements - Buildings	66,112	69,500	48,111	83,500
Repair/Maintenance/Improvements - Equipment	65,015	73,650	97,564	106,300
Repair/Maintenance/Improvements - Grounds	19,706	22,250	19,615	20,500
Repair/Maintenance/Improvements - Roads	-	10,000	-	-
Repair/Maintenance/Improvements - Vehicles	37,647	27,500	25,569	71,750
Repair/Maintenance/Improvements - Locomotives	-	-	-	65,000
Repair/Maintenance/Improvements - Track	17,396	22,000	9,708	16,000
Repair/Maintenance/Improvements - Water/Sewer	14,119	23,000	13,333	23,000
Railcar Repair Expense	42,080	-	3,567	-
Service Charges	3,837	3,500	3,799	-
Services - Auditing	43,685	45,300	42,850	43,300
Services - Car Hire/Accounting	63,089	54,000	61,874	89,200
Services - Commissioners	13,776	18,000	12,768	18,000
Services - Contract	340,758	462,145	312,932	523,663
Services - Rail Funding Study	-	50,000	20,534	-
Services - Airport Master Plan	104,801	133,734	95,686	60,000
Services - Port / Rail Master Plan	-	136,500	93,483	77,000
Services - Engineering	76,034	128,000	14,790	71,500
Services - Fire Fighters - ARFF	170,575	236,520	199,140	226,000
Services - Legal	81,247	27,000	56,159	100,000
Services - Payroll	6,965	7,200	7,060	7,000
Services - Professional	170,178	153,900	160,604	237,600
Services - Security Systems	1,180	3,350	2,088	2,760
Subscriptions, Books, & Periodicals	940	1,400	1,272	1,640
Telephone & Telecommunications	69,624	75,850	43,276	57,396
Training/Education	26,468	62,800	24,954	62,700
Trade Shows, Conferences & Symposiums	32,344	41,000	29,572	41,000
Travel - General	12,527	42,100	15,110	52,300
Utilities	274,611	332,811	263,453	312,911
Total Other Services & Charges	2,670,028	3,501,111	2,724,667	3,597,105

CONSOLIDATED (continued...)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
Personnel Services				
Salaries & Wages - Regular Time	1,725,087	1,976,686	1,732,463	2,057,146
Salaries & Wages - Overtime	62,625	63,352	43,890	65,927
Salaries & Wages - PTO Payout	28,682	25,833	32,387	21,632
Accrued Payroll - Year End & PTO Compensation	49,478	-	(33,375)	-
Employee Physicals	2,213	2,850	533	4,000
Insurance - Health/Life/LTD/AD&D	396,422	409,817	340,266	325,656
Insurance - Workers Comp & Occupational	30,943	34,298	33,029	36,287
Retirement - PERS	309,155	403,919	297,059	326,265
Tax - Mississippi Unemployment	2,611	2,520	3,202	2,380
Tax - Federal SSI/Medicare	90,724	103,237	84,630	94,642
Tax - RR Tier I, Tier II & RUIA	132,136	166,760	134,446	162,576
Total Personnel Services	2,830,076	3,189,272	2,668,530	3,096,511
Total Expenses	5,797,127	7,151,958	5,680,150	7,149,911
Net Income from Operations	4,161,399	2,060,024	4,571,892	2,969,782
Non-Operating Income (Expenses)				
Notes Receivable Principal	157,230	15,103	15,004	15,915
Interest Income - Checking & Savings	148,100	49,000	288,387	148,441
Interest Income - Notes Receivable	21,475	1,999	2,098	1,187
Investment Gain (Loss)	(12,137)	-	-	-
Insurance Proceeds	39,497	-	-	-
Gain (Loss) on Sale of Assets	(191,488)	-	-	-
Debt Service Principal	(68,500)	-	-	-
Wellman POTW I Credit	(160,000)	-	-	-
Net Non-Operating Income (Expenses)	(65,823)	66,102	305,489	165,543
Capital & Special Projects Sources & (Uses) of Funds				
Grant Revenues	6,372,555	29,801,250	1,197,161	25,543,482
Appropriations from Prior Years	-	10,734,971	-	5,656,693
Capital Expenditures	(8,980,742)	(42,662,347)	(7,937,342)	(34,335,500)
Additions to Fixed Assets	(50,112)	-	-	-
Net Capital Uses of Funds	(2,658,299)	(2,126,126)	(6,740,181)	(3,135,325)
Net Sources of Funds	\$ 1,437,277	\$ -	\$ (1,862,800)	\$ -



FINANCIAL STRUCTURE, POLICY & PROCESSES OVERVIEW



DEPARTMENT DESCRIPTIONS

Hancock County Port and Harbor Commission is an enterprise fund of Hancock County and is divided for accounting and reporting purposes into the following four departments:

GENERAL OPERATIONS

The General Operations department accounts for both Commission administration and County-wide economic development efforts. Administrative expenses include those such as accounting and finance, general risk management, legal fees, and the Chief Executive's office and administrative support. This fund is further divided into the departments of Administration and Finance and Economic Development. The Economic Development Department has responsibility for marketing the assets of the Commission and region, development to proposals for new corporate attraction, County-wide business retention and expansion, government relations, revenue growth for existing product lines, and public communications and information management and expenses related to marketing and sales are accounted for in this department as well as revenue from related operational support grants.

PORT BIENVILLE RAILROAD

This department accounts for all revenue and expenses related to the Commission's short-line railroad. Port Bienville Railroad connects to a single class I railroad (CSX) and receives most of its revenue as junction settlements. Junction settlements are negotiated rates received directly from CSX for transporting rail cars to and from Port tenants and their points of origin or destination. Revenues also include fees billed directly to tenants for switching, storing, and weighing railcars. The expenses and capital improvements associated with operating the rail department are accounted for in this department.

PORT BIENVILLE INDUSTRIAL PARK

The Port department accounts for revenue generated from warehouse, land and other infrastructure rentals, waste water treatment and water sales, wharfage and dockage tariffs and a park assessment fee billed equally to every tenant to offset costs of maintaining the industrial park. All maintenance, capital, planning and professional expenses incurred to benefit Port Bienville Industrial Park are accounted for in this department.

STENNIS INTERNATIONAL AIRPORT

All revenue, expenses, and capital projects related to the Airport are accounted for in this department. Revenue is generated through lease and rentals of properties, service fees and fuel flowage at a contractually stipulated cents-per-gallon rate from the airport's fixed base operator. Expenses of the Airport department include those to maintain facilities and infrastructure, contract for Air Rescue Firefighters and plan and engineer future development.

FINANCIAL POLICIES AND PROCEDURES SUMMARY

In 2017 the Commission adopted its first comprehensive Finance and Risk Management Policy with the intent to establish, communicate and manage risk and to ensure the long-term financial stability of the organization.

GENERAL ACCOUNTING POLICIES

The Commission accounts for and reports activity in accordance with GAAP on the accrual basis of accounting. Management also maintains strict internal controls to safeguard the Commission and its assets. Activities are budgeted and accounted for in one of four departments as discussed in the next section and in one of nine accounting groups within those departments.

The budget adopted by the Commission shall be balanced so that estimated operating expenditures do not exceed estimated operating revenues available for appropriation. While the Commission's financial statements are prepared on a full accrual basis of accounting the budget is prepared on the modified accrual basis and assumes that prior years' ending fund balances may be utilized to balance the budget. This budgetary modified accrual basis differs predominately from full accrual in that capital expenditures are recognized at the time the expense is incurred.

Capital assets include land, land improvements, buildings, building improvements, fixed and moveable equipment, software and donated assets. With the exception of land and land improvements all assets are depreciated using the straight-line method from the date of acquisition. Assets may only be retired and disposed of with Commission approval subject to grantor requirements and through a public bid or marketing campaign unless transferred via an intergovernmental agreement to another County or State agency. Computer hardware is decommissioned and disposed of by the Commission's contracted technology service provider.

DELEGATIONS OF AUTHORITY

The Commission's delegations of authority define the limits of authority designated to specified positions of responsibility and establish the maximum dollar amounts and types of obligations to which those persons may commit the Commission. All documents executed by way of delegated authority shall be spread on the minutes of the Commission.

FINANCIAL REPORTING AND AUDIT

Annual reporting is provided through a Comprehensive Annual Financial Report (CAFR) which includes the results of the annual independent audit. These reports may be located on the Commission's website at portairspace.com.

The CFO provides the Commission quarterly fiscal year-to-date Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position prepared on the GAAP basis.

In addition to the annual and quarterly reporting a budget to actual comparison of operating and non-operating revenues and expenses and sources and uses of capital funds are presented to the Commission with an analysis of significant variances for each department and on a consolidated basis. Monthly reporting also includes cash balances by revenue source, restricted cash balance, accounts receivable analysis, debt balance, and an investment report.

Approval of payments made to vendors is evidenced by Commission's approval of regular dockets listing all expenses to be paid. Payments may not be released without approval as spread on the minutes of the Commission and, in the case of expenses over \$25,000, the County Board of Supervisors.

CASH

The Commission will maintain at a minimum one bank account for each major revenue source and additional accounts as requested by the CFO to account for various monies for purposes such as escrow funds, debt service, capital and/or cash reserves. Opening and closing a bank account requires Commission approval. Presently, the Commission has one principal depository institution with eight (8) bank accounts. The accounts do not incur fees and accrue nominal interest income on monthly average balances.

A minimum of two and maximum of four Commissioners will be authorized signors for bank transactions. Two signatures will be required for disbursements. The Commission will use a magnetic ink character recognition (MICR) system for check signatures.

The CFO shall ensure that cash balances are sufficient to meet short-term operating, debt and capital obligations. In addition, the Commission desires to retain funds for

use in future matching funds to support grant applications and to support cash and other investments necessary to attract industry to Hancock County.

The CFO will be responsible for monitoring cash balances and restrictions ensuring minimum unrestricted cash balance equal to or greater than 90 days estimated operations, debt, and capital requirements. The total unrestricted funds balance target is \$10 million.

Multiple internal controls are in place to safeguard depository assets.

SALES AND ACCOUNTS RECEIVABLE

Pursuant to Title 596 of the Mississippi Code of 1972, as amended (the "Act") the Commission is authorized to establish rates and charges applicable to properties within its jurisdiction. Accordingly, the Commission publishes its Rates and Charges applicable to users of Stennis International Airport and Tariffs related to users of Port Bienville Industrial Park and Port Bienville Railroad. Tenants of Port Bienville Industrial Park are subject to the Commission's Water and Sewer Use Ordinance.

In addition to those published rates and charges the Commission may negotiate other fees and additional terms with prospects and existing tenants as agreements expire.

These documents are located on the Commission's website at PortAirSpace.com.

PROCUREMENT AND ACCOUNTS

PAYABLE

All commitments for payment made on behalf of the Commission must be accompanied by a form of approval in writing by authorized persons. Purchasing must comply with State law (Title 31, Chapter 7, Mississippi Code of 1972, as amended) and be within the annual budget set by the Commission. Purchases may only be made for Commission business.

Staff is limited by policy to the types of commitments made to purchase goods and services. Purchase orders are required to be approved by management prior to committing to purchase. The procedures required are detailed in the Employee Guidebook.

DEBT

The Commission may prefer to pay for infrastructure and expansion projects by securing debt. With the possible exception of an extraordinary event such as Hurricane Katrina debt will not be used to finance operations. The State of Mississippi incentivizes economic growth in many ways, one of which is offering low or zero interest loans through one of its agencies such as the Mississippi Department of Transportation and the Mississippi Development Authority. These loans may be used to fund capital improvements.

The authority to issue bonds vests with the County Board of Supervisors who may secure revenue or general obligation bonds on behalf of the Commission. The process of securing a bond requires the BOS approve a request by resolution from HCPHC including the type of bond requested (general obligation or revenue), the amount of funds, a detailed description of the purposes of the bond, requested date of issuance, maturity date, and any other information that may be pertinent. The BOS may call for an election of the general population, however in lieu of this election, the BOS may, at their discretion, resolve to issue these bonds without the use of an election.

The bonds must be sold "in such a manner and for such a price as it may determine to be for the best interest of Hancock County, but no such sale (other than revenue bonds) shall be made at a price less than par plus accrued interest to date of delivery of the bonds to the purchaser." The proceeds of these bonds must be placed into a special fund in banks qualified to act as a depository in Hancock County and may only be used for purposes for which they were expressly issued.

INVESTMENTS

Temporarily idle or unexpended funds of HCPHC shall be invested in accordance with principles of sound treasury management and in accordance with provisions of the Mississippi Code of 1972, as Amended, Section 59-9-19(f) and the Commission's Investment Policy.

The basic objectives of HCPHC's investment policy are safety of invested funds, maintenance of sufficient liquidity to meet cash flow needs and attainment of the maximum return possible consistent with the first two objectives.

The achievement of these objectives shall be

accomplished in the following manner:

HCPHC shall insure the safety of its invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of the security issuer or backer. Interest rate risk is the risk that the market value of portfolio securities will fall due to an increase in general interest rates.

Credit Risk will be mitigated by:

- Limiting investments to the safest types of securities;
- The Commission designating depositories of funds at a regularly scheduled meeting in accordance with Miss. Code Section § 59-9-19(f); and
- Monitoring all the HCPHC's investments to anticipate and respond appropriately to a significant reduction of credit-worthiness of any of the issuers. The current health of depositories or security dealers with whom HCPHC does business will be evaluated at least annually.

Interest Rate Risk will be mitigated by:

- Structuring HCPHC's portfolio so that securities mature to meet the HCPHC's cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to their maturing to meet those specific needs;
- Investing primarily in short and mid-term securities (maturities from 1-5 years); and
- Occasionally restructuring the portfolio to minimize the loss of market value and/or to maximize cash flows.

The physical security or safekeeping of HCPHC's investments is also an important element of safety. The Policy has a section entitled "Safekeeping of Securities" that specifically defines the safekeeping requirements.

HCPHC's financial portfolio must be structured in a manner which will provide that securities mature at approximately the same time as cash is needed to meet anticipated demands. Additionally, since not all possible cash demands can be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.

Types of investments authorized include:

- United States Treasury bills, notes and bonds, guaranteed as to repayment for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- Collateralized and/or insured interest-bearing demand deposits insured by the Federal Deposit Insurance Corporation.
- Certificates of deposit, the total of which shall not exceed 15% of the total portfolio, and which shall be insured by each institution at the maximum amount required by regulations of the F.D.I.C.
- Federal agency obligations, participations, or other instruments, including those issued with triple-A rating or implied guarantee as to principal and interest by U. S. government-sponsored enterprises.

The CFO shall prepare a monthly Investment Report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio and all security transactions made over the past month. This management summary shall be prepared in a manner which will allow HCPHC to ascertain whether investment activities during the reporting period have deviated from HCPHC's Investment Policy. This report shall be submitted within thirty (30) days following the end of the month.

GRANTS MANAGEMENT

This policy is applicable to any department or employee preparing and submitting grant applications for funds to be received and administered by the Commission. The goals and objectives of departments should be established early in the budget planning processes and should align with the Commission's mission and plan.

The Finance Department will maintain grant files to facilitate management reporting and monitoring. The Finance Department will review expenditures for obvious non-compliance and will act as liaison with department directors and independent auditors. Department directors will submit all grant information required by the Finance Department to carry out oversight risk management.

ECONOMIC DEVELOPMENT

The economic development tools of the Commission include a number of financial tools that allow for the advancement of the Commission's purpose. These

include:

- Use of public funds to build infrastructure to support projects and/or companies that choose to locate or expand in Hancock County.
- Cash incentives to assist with workforce training and other allowable investments to entice companies to locate in Hancock County.
- Assistance to Hancock County Board of Supervisors and Tax Assessor/Collector in processing of requests for tax exemptions to induce economic development.
- Acting as a recipient of State grant and other program support related to the development of a project/program that attracts industrial operations to Hancock County.

Any use of Commission funds to support economic development shall be budgeted and approved in accordance with relevant sections of this policy. Specific incentive/cash assistance expenditures shall be disclosed as part of the Commission financial audit disclosures.

The Commission does not approve tax exemptions. However, the Commission will assist Hancock County in documenting and reporting all necessary GASB 77 requirements each year for projects with an approved tax exemption and within the Commission jurisdiction.

It is the general policy of this Commission to ensure that any use of public funds for infrastructure or other incentives to support private investment are directly connected to the generation of net new jobs, enhanced tax base or increased revenue for the Commission. Such terms shall be incorporated in economic development agreements or related contractual instruments (i.e. leases, or land sale purchase agreements) and such terms shall establish the minimum performance standards required by the benefitting entity.

The agreements shall also include so called “claw back” provisions such that a counter party who fails to generate the required public benefits shall forfeit or refund public funds for noncompliance.

All economic development incentive agreements and any related real estate documents shall be approved by both the Commission and Board of Supervisors and related expenditures shall be budgeted/restricted for the term of the agreement regardless of the amount.

RISK MANAGEMENT AND INSURANCE

The Commission’s risk management program consists largely of the procurement of insurance products incorporating best practices and as available in the marketplace. At a minimum the Commission will review

and bind annually the following coverages:

- Commercial Property
- Standard and Excess Flood (where deemed appropriate)
- Package – including General Liability, Crime, and Auto/Garage Keepers
- Auto Physical Damage
- Umbrella
- Rolling Stock/Equipment
- Railroad Liability
- Airport Liability
- Pollution Liability
- Public Officials
- Bond coverage for all Commissioners, the CEO, CFO, and Accounting Supervisor
- Workers Compensation

Policy limits and deductibles will be determined annually.

INTERNAL CONTROLS

The internal control system should provide reasonable assurance that these objectives have been met:

- Authorization - All transactions are properly authorized by management.
- Safeguarding of Assets -Acquisition, disposal and use of assets and records is permitted only with management’s authorization. Assets include tangibles and intangibles. Controls are necessary to ensure they are optimally utilized and protected from misuse, fraud, misappropriation or theft.
- Prevention and Detection of Fraud - The CFO is responsible for developing, implementing and enforcing a system of internal controls to include functions handling cash (including receipts and disbursements for goods and services), investments, fixed and capital assets and payroll.

Best efforts to incorporate controls to remedy deficiencies that have been identified by the independent auditor will be made.

The CEO is responsible for ensuring staff follow internal control policies and procedures.

- Completeness and Accuracy of Accounting Records - The Finance Department will strive to ensure that all accounting transactions are fully and accurately recorded, that assets and liabilities are correctly identified and valued, and that all costs and revenues can be fully accounted for.
- Timely Preparation of Financial Information -The CFO will record and report all financial transactions to the Commission and staff as appropriate in a

timely manner to facilitate effective management decision making.

ANTI-FRAUD TRAINING

Fraud risk assessment is one element of internal control. The CFO will conduct an annual anti-fraud training session for all staff. For purposes of this policy, the term fraud is used to describe offenses such as, but not limited to, deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

RECORDS RETENTION AND FREEDOM OF INFORMATION ACT REQUESTS

“Document” means all books, records, papers, accounts, letters, maps, photographs, films, cards, tapes, recordings or reproductions thereof, and any other documentary materials, regardless of physical form or characteristics, having been used, being in use, or prepared, possessed or retained for use in the conduct, transaction or performance of any business, transaction, work, duty or function of the Commission or required to be maintained by the Commission. “Document” does not include copies of records made for convenience.

- **Administration** - The organization’s Chief Executive Officer shall designate an administrator (“Administrator”) to be in charge of the administration of this Policy. The Administrator’s responsibilities shall include supervising and coordinating the retention and destruction of documents pursuant to this Policy. Particular attention shall be paid to the Document Retention Schedule. The Administrator shall also be responsible for documenting the destruction of organization documents and retaining such documentation. The Administrator shall at least annually coordinate with other Commission staff to identify and destroy documents that are eligible for destruction pursuant to an approved Record Retention Schedule.
- **Responsibilities of Constituencies** - The Commission’s staff shall be familiar with this Policy, shall act in accordance therewith, and shall assist the Administrator, as requested, in implementing it. For contractors, vendors, or other third parties that may be in possession of Commission documents, depending upon nature of the documents involved with the particular third-party relationship, the

Commission, through the Administrator, shall share this Policy with the third-party, requesting compliance. In particular instances, the Administrator may require that the contract with the outsider specify the particular responsibilities of the outsider with respect to this Policy. All Commission Staff, and any third parties who are identified as having responsibilities under this Policy, shall execute an “Acknowledgement of Receipt of, Understanding of, and Agreement to this Policy.”

- **Retention** - All public records shall be retained according to a Document Retention Schedule. All retention requirements shall be treated as minimum retention periods and retention for longer periods is authorized if the individual has reason to believe that a record may be required beyond the minimum retention period for the efficient operation of the Commission. Documents not addressed in a Document Retention Schedule may not be disposed of.
- **Electronic Documents; Document Integrity** - Documents in electronic format shall be maintained just as hard copy or paper documents are, in accordance with the applicable Document Retention Schedule. Each individual who sends or receives email/electronic documents is responsible for retaining each applicable email/electronic document in accordance with this record retention policy. Wherever possible, the individual shall use the shared electronic filing system to store electronic documents. Notwithstanding the foregoing, an individual may comply with record retention obligations by keeping emails on their computer, provided emails are stored in folders and subfolders in a manner to aid in the retrieval by subject matter and provided emails documenting significant Commission action or decision are stored in the shared electronic filing system. To the extent possible, significant electronic documents, such as those documenting significant Commission decisions or actions or containing the only record of significant information should be reduced to a paper copy and stored in the appropriate physical file.



OPERATING & CAPITAL FINANCIAL SUMMARIES



GENERAL OPERATIONS

The Administration and Finance Department is generally responsible for providing administrative support to other departments so that our economic development and operations staff can focus on their core responsibilities.

Primary areas of responsibility for this department include managing legal and compliance issues, corporate governance, contract procurement and administration, grant writing and administration, payroll and benefits-related human resource issues, records management and retention, technology and insurance program management, and financial management and reporting.

ADMINISTRATION AND FINANCE

Operating Supplies & Materials		Personnel Services	
Equipment, Hardware & Software	\$ 33,745	Salaries & Wages - Regular Time	573,554
Supplies - Custodial	1,000	Salaries & Wages - PTO Payout	7,248
Supplies - Office	17,600	Employee Physicals	500
Supplies - Operating	600	Insurance - Health/Life/LTD/AD&D	62,956
Total Supplies & Materials	52,945	Insurance - Workers Comp & Occupational	1,420
Other Services & Charges		Retirement - PERS	164,224
Advertising & Local Industry Promotion	2,000	Tax - Mississippi Unemployment	840
Association Dues	3,500	Tax - Federal SSI/Medicare	40,740
Insurance - Property & Liability	52,972	Total Personnel Services	851,482
Licenses, Fees & Permits	1,000		
Rent - Buildings & Equipment	4,750	Total Expenses	1,225,889
Repair/Maintenance/Improvements - Buildings	1,000		
Repair/Maintenance/Improvements - Equipment	1,000	Net Loss from Operations	(1,225,889)
Repair/Maintenance/Improvements - Grounds	1,000		
Services - Auditing	40,000	Non-Operating Income	
Services - Commissioners	18,000	Interest Income - Checking & Savings	85,641
Services - Contract	28,000	Non-Operating Income	85,641
Services - Legal	100,000		
Services - Payroll	7,000	Other Sources of Funds	
Services - Professional	26,000	Transfers In	1,140,248
Services - Security Systems	1,900	Other Sources of Funds	1,140,248
Subscriptions, Books, & Periodicals	240		
Telephone & Telecommunications	9,600	Net Sources and (Uses) of Funds	\$ -
Training/Education	7,000		
Travel - General	8,500		
Utilities	8,000		
Total Other Services & Charges	321,462		

Examples of work within the responsibility of the Administration and Finance Department:

Legal and Compliance

- Manage relationship with outside legal counsel
- Review, negotiate, and interpret new and existing contracts
- Provide guidance on compliance with applicable legal and regulatory requirements

Corporate Governance

- Oversee organization and preparation of Commission meetings
- Record and maintain minutes of the Commission
- Ensure operations within corporate authorities of Commission

Contract Procurement and Administration

- Coordinate with other departments to ensure compliance with Mississippi procurement law, including the development and publication of requests for qualifications and proposals
- Prepare and maintain all documentation necessary for procurement purposes
- Prepare and/or review contract-related documents such as notice of awards, notices to proceed, and change order requests
- Review contract packages for compliance with all bonding requirements

Grant Writing and Administration

- Assist in the preparation and review of grant applications
- Oversee communications with granting organization or grant administrator
- Ensure compliance with non-finance related grant obligations and assurances

Human Resources

- Provide guidance to managers on legal and compliance human resources related issues
- Maintain and update personnel policies and employee handbook
- Participate in and oversee employee disciplinary matters

Records Management and Retention

- Maintain official files and records of the Commission
- Maintain and promote compliance with record retention policy

Risk Management

- Oversee property/Casualty Insurance Program
- Manage claims processes and settlements
- Conduct contractual reviews and audits

Financial Management and Reporting

- Plan, coordinate and manage the Commission's budget planning process
- Review monthly variance reports and provide monthly variance reports to the Commission and Executive team
- Quarterly preparation of GAAP Statements of Net Position and Revenues, Expenses, and Changes in Net Position
- Annual preparation and presentation of the Comprehensive Annual Financial Report (CAFR)
- Oversight and coordination of the annual independent audit
- Maintain adequate internal controls to ensure fiscal integrity
- Forecast financial outcomes related to project or business plan alternatives
- Manage operating and capital budgeting processes
- Annual review and renewal of property, liability and employee benefit insurance programs
- Oversight management of the following functions and personnel performing those functions: accounts payable, accounts receivable, payroll, fixed assets, notes receivable and payable, cash management and debt, and capital project and grant contract monitoring and reporting

Current Staff

Chief Administrative Officer. The CAO is responsible for the Commission's Administrative Department team and the provision of administrative support to the other departments. In addition to managing and assisting the other members of the Administrative Department Team, the CAO takes primary responsibility for legal and compliance responsibilities. Reporting to the Chief Administrative Officer are:

- *Executive Secretary/Office Manager.* The Executive Secretary/Office Manager is responsible for the corporate governance of the Commission, including responsibility for preparing agendas and minutes for Commission meetings and coordinating approvals, when necessary, with the Hancock County Board of Supervisors. The Executive Secretary /Office Manager has primary responsibility for maintaining and updating the Commission's non-finance files, including vendor files, capital project files, and grant files. The Executive Secretary/Office Manager also works with the CAO to administer all vendor contracts related to capital projects and grant files. The Executive Secretary/Office Manager also provides general administrative support for the organization in tandem with the Accounting Associate.

Chief Financial Officer. The CFO is responsible for the accurate and timely recording and reporting of all sources and uses of funds and Commission assets and obligations. Positions reporting to the Chief Financial Officer are:

- *Accounting Supervisor.* The Accounting Supervisor provides oversight of general ledger accounting, ensures employee and payroll record keeping is compliant and manages payroll and employee benefit transactions.
- *Accounting Associate.* The Accounting Associate ensures that the Commission's rights to sales revenues and obligations for purchases are recorded timely and according to contract. This position also has responsibility for monthly report preparation and provides regular project support to the CFO. The Accounting Associate also provides general administrative support to the organization along with the Executive Secretary/Office Manager.

Performance Fiscal Year 2019

In addition to its day to day duties, the Administration Department continued to update Commission policies, continued the development of standard contract documents, and developed a comprehensive tariff, rules and regulations for Port Bienville Industrial Park. These updates of the standard contract documents have been part of a continued effort to not only identify and address potential risk or compliance issues of the Commission, but also to move tenants, customers, and vendors to more standardized agreements with market-based rates. The Department has also started the process of improving the process flow for Purchase Orders and the electronic receipt and storage of certificates of insurance and material safety data sheets, which will be completed in FY2020.

The Administration Department also reorganized and enhanced efficiencies in FY2019. The former Senior Accountant for the Commission moved into the vacated Executive Secretary/Office Manager position, which improved communication and coordination between departments. In addition, due to efficiencies gained in the Administration and Finance Departments, the Executive Secretary/Office Manager and newly hired Accounting Associate have been able to assume the duties formerly assigned to the Administrative Assistant, allowing the Commission to not fill the Administrative Assistant position after a retirement. The need for a part-time administrative assistant to provide additional general administrative support will be examined in FY2020.

The Finance Department completed the 2018 budget according to GFOA standards and received the Commission's second Distinguished Budget Presentation Award. 2018's audit was also completed using GFOA's CAFR format, receiving its third Certificate of Achievement for Excellence in Financial Reporting. 2018's independent audit was completed timely with no findings and an unqualified audit opinion.

We implemented an automated clearinghouse (ACH) system for tenant payments to the Commission and also provide vendors the option of direct deposit payments into their accounts via ACH funds transfer. These new processes reduce paperwork, increase efficiency and save on supplies and postage costs. This also allowed us to eliminate the use of credit cards for payments of T-Hangar rentals, saving the Commission approximately \$6,000 per year in transaction and compliance fees. At present 12% of our vendors and 43% of our customers are enrolled in some form of electronic funds transfer (EFT). We hope to increase vendor participation to 30% and customer participation to 65% in FY2020.

E-Navigator is a new electronic portal available to staff as a one-stop site for all salary and benefits information and

allows the employee to make changes to some of those benefits with the click of a mouse. Accounting staff also has an array of reporting features we anticipate may seamlessly populate our internal control system. We anticipate 100% of our employees to benefit from this system in 2020.

Beginning January 1 of 2019 the Commission changed benefit policy to pass through a percentage of health and disability premium costs to staff and to significantly reduce its health reimbursement account (HRA) contributions. These changes were implemented commensurate with the renewal of our health plan and change in provider. While the Commission saved \$28,000 in premiums and HRA contributions, the savings were offset by adjustments to employee salaries, ensuring equitable treatment. Effective January 1 of 2020 additional premiums will shift to employees and again the savings to the Commission will mostly be offset by adjustment of salaries to ensure equitable treatment of the employees. Net Savings to the Commission budget fiscal year end 2020 is estimated at \$7,814. Shifting some premium burden to employees reduces Commission exposure to future fluctuations in health insurance and other benefit costs.

Measure	Strategy	2018 Actual	2019 Projected	2020 Target
GFOA Distinguished Budget Award	Ensuring transparency in organizational effectiveness	1	1	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	Demonstrating organizational excellence in financial reporting and performance	1	1	1
Number of Finance related audit findings	Demonstrating fiscal responsibility	0	0	0
Percentage of payments processed via EFT	Increase efficiency of the accounts payable cycle	9%	12%	30%
New vendors / customers setup complete with accuracy	Ensuring accurate, timely, valid payments	68	73	73
Percentage of customer receipts processed via EFT	Increase efficiency of the accounts receivable cycle	36%	43%	65%
Percentage of employees enrolled in E-Navigator	Increasing efficiency and employee accountability	0%	13%	100%
Percentage of Commission meeting packets publicly available 36 hours in advance of meeting times	Providing adequate time for review prior to meetings	note #1	unknown	100%
Percentage of required certificates of insurance captured in electronic database	Guaranteeing vendor and lessee compliance to contractual requirements	note #2		100%
note #1 - Commission practice prior to implementation of our new board reporting software was to publish meeting packets at the start of Commission meetings.				
note #2 - New processes to be implemented FY 2020				

Fiscal Year 2020 Objectives and Key Investments

For the Finance and Administration Departments, Fiscal Year 2020 will again be a year focused on improving efficiencies through process improvements and the utilization of software applications. The implementation of a new purchase Order Process will reduce the administrative burden associated with purchasing born by management and executives. The implementation of electronic record keeping for certificates of insurance and material safety data sheets will improve safety by ensuring critical information is readily available and also reduce risk associated with oversight of expired certificates of insurance and risks associated with unknown materials being utilized, stored, or transported in Port Bienville Industrial Park and Stennis International Airport and Airpark.

The Finance and Administration Department will also support the Commission's master planning process through potential land acquisitions, updates to zoning and/or boundaries of the Port Bienville Industrial Park and Stennis International Airpark, revisions to Port Bienville Industrial Park's Rules, Regulations, and Tariffs and the Stennis International Airport's Rules and Regulations and Minimum Standards.

ECONOMIC DEVELOPMENT

The Economic Development Department has overall responsibility for business development and stewardship of industrial employment growth, tax base enhancement and revenue expansion in Hancock County. This is accomplished through best-in-class programs directed at industrial recruitment, product development, existing industry retention/expansion, and marketing assets with the boundaries of Hancock County.

The department is responsible for the existing HCPHC lease portfolio and customer service, collaborating with the Port and Airport staff and commercial real estate owners to identify and develop industrial “Project Ready” sites. A strong alliance is also maintained with the Mississippi Development Authority (MDA) to coordinate local responses to national inquiries from industrial site selectors.

The Economic Development Department staff work with multiple agencies to enhance the workforce; bring awareness to market clusters, including chemicals, commercial space and defense; and support regional economic development efforts such as the Mississippi Gulf Coast Alliance for Economic Development.

ECONOMIC DEVELOPMENT

Operating Supplies & Materials		Personnel Services	
Equipment, Hardware & Software	\$ 19,525	Salaries & Wages - Regular Time	227,529
Supplies - Office	2,000	Salaries & Wages - PTO Payout	1,357
Total Supplies & Materials	<u>21,525</u>	Insurance - Health/Life/LTD/AD&D	19,156
Other Services & Charges		Insurance - Workers Comp & Occupational	788
Cost of Sales	259,000	Retirement - PERS	38,442
Advertising & Local Industry Promotion	20,150	Tax - Mississippi Unemployment	420
Marketing	162,600	Tax - Federal SSI/Medicare	17,086
Association Dues	8,180	Total Personnel Services	<u>304,778</u>
Licenses, Fees & Permits		Total Expenses	<u>991,124</u>
Services - Contract	112,841	Net Loss from Operations	<u>(991,124)</u>
Services - Professional	300	Capital & Other Sources & (Uses) of Funds	
Telephone & Telecommunications	4,500	Capital	
Training/Education	19,000	Transfers In	991,124
Trade Shows, Conferences & Symposiums	41,000	Net Capital & Other Sources & Uses	<u>991,124</u>
Travel - General	36,500	Net Sources and (Uses) of Funds	<u>\$ -</u>
Total Other Services & Charges	<u>664,821</u>		

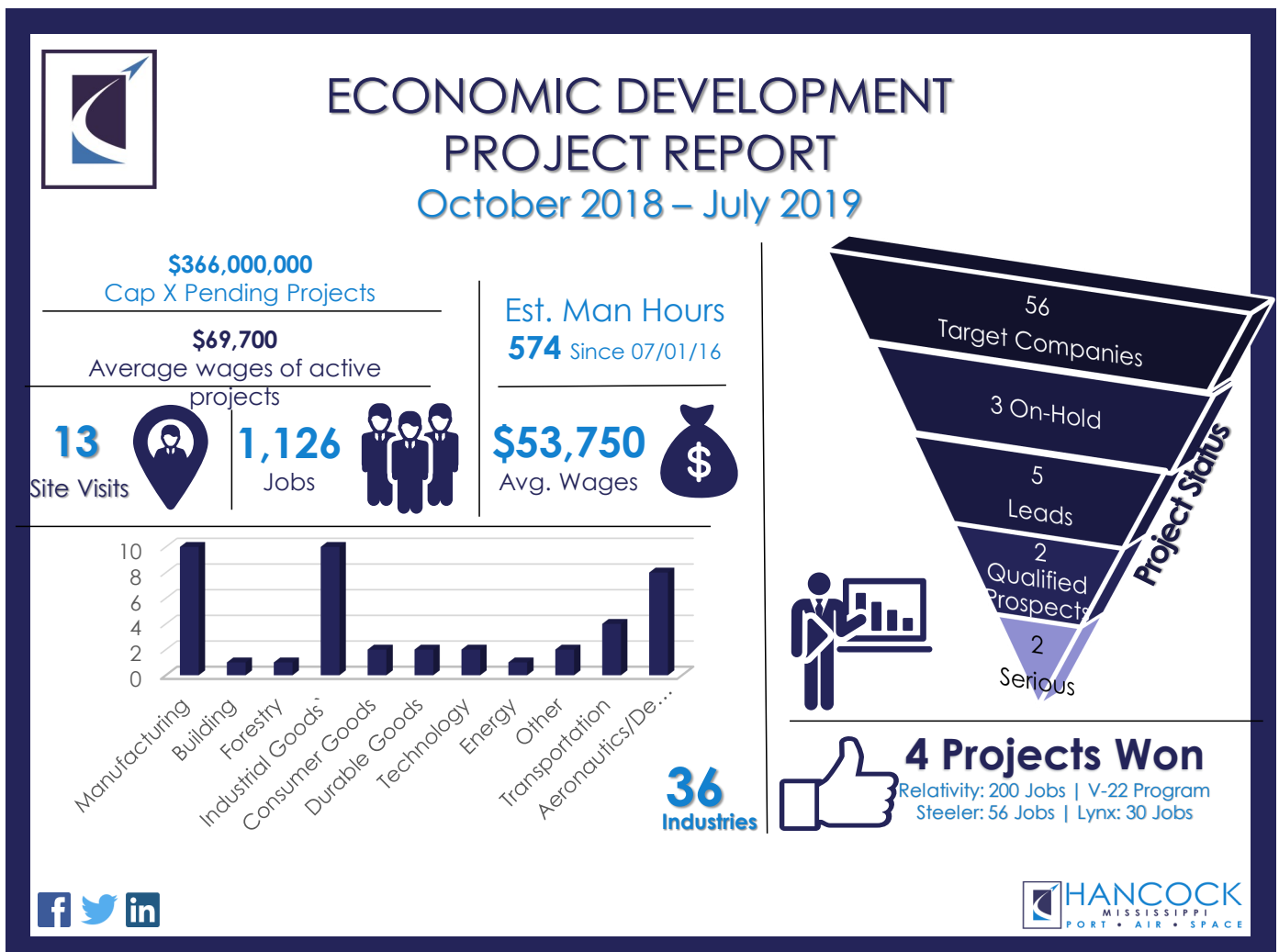
Current Staff

The department has three full-time professional staff members:

Chief Development Officer is responsible for HCPHC's Economic Development team and its focus on industrial recruitment, site development, existing industry expansion, and marketing. Reporting to the Chief Development Officer are:

- *Project Manager* oversees real estate portfolio and cultivates market for industrial prospects; maintains existing facilities and site database; maintains data on demographics, property and infrastructure; completes formal and informal Requests for Information (RFI); prepares for and participates in site visits; responds to day-to-day requests for economic development-related information; and maintains accurate, up-to-date information for targeted marketing materials.
- *Communications Director* maintains close working relationships with local, state and federal government partners, attends local meetings, and communicates with local industry.

The Department also budgeted two economic development interns FY2020.



Performance Fiscal Year 2019

During fiscal year 2019, the Economic Development Department reported numerous accomplishments:

- Increased employment at Port Bienville by **22% in the last three years** – from 664 to 810 employees total. The following made up a portion of this increase:
 - ◇ Custom Commodities location – 14 employees currently.
 - ◇ Goodnight Terminal Services location – 14 employees currently.
 - ◇ Calgon Carbon expansion – Additional 56 jobs created and over \$156,000,000 investment in the next three years. This will bring their employment to 97.
 - ◇ SNF Polychemie expansion - \$5,300,000 investment and additional 12 employees add in 2019.
 - ◇ Jindal Tubular expansion – 70 additional employees to support contracts.
- Stennis International Airport increased employment by 12% -- from 242 to 272 employees. The gains came largely from PSCI and Tyonek.
- Stennis Space Center private industry employment held steady at 1%. This is good news, considering 35 employees were lost with the eviction of Power Dynamics LLC.
 - ◇ Relativity Space announced (June 2019) they are increasing employment by 190 employees and \$60,000,000 in the next three years.
 - ◇ Project Lynx is planning to contribute an additional 30 employees over the next three years and \$20,900,000.

Tax trends since 2015:

- Port Bienville Industrial Park – 27% increase of \$1,733,264.54
- Stennis International Airport – 53% increase of \$123,642.49
- Stennis Space Center – 2% decrease of \$17,378.45

Projects:

- 104 projects over the last three years with 9 wins.
- 4 active/qualified prospects; 23 leads we are exploring; 22 actively targeted companies.
- Site visits are down – 12 for YTD compared to an average of 25 the past two years.

Efficiencies:

- Overhauled lease templates to standardize procedures and liability of the Commission for current and upcoming negotiations.
- Strategically formulated spreadsheet with inputs of automatic escalators and HCPHC investment prorated over lease term with commercially standard interest rates. This has not only expedited deal discussions, but also provides fair and equitable terms across our real estate and investment portfolio moving forward.
- We are still saying “no” to bad projects more often, so we don’t waste time. This caused our pipeline to shrink, but our closing rate to rise.
- Our presentation materials are still improving, and our staff is more broadly trained on our messaging, so we all “sell” the merits of the County. Currently developing consistent messaging throughout each asset.
- Developed nonexclusive listing agreement to allow for clearer and less controversial negotiations with real estate brokers and commissioned site selectors. This included 10 tours with local commercial realtors and over 25 individual meetings discussing both private and public property that is commercially available.

Fiscal Year 2020 Objectives and Key Investments

Cost of Sales - \$204,000

Cost of sales is primarily planned for two categories: Due diligence required for securing projects, including: Abstracting, consulting, environmental reports, legal/closing costs; Research and packaging of potentially bringing in professional services for future rail and maritime development. This includes consulting with Strategic Rail Finance for market cultivation, deal packaging & negotiations, research, and correspondence with the transportation sector in addition to freight market players. This differs from the year prior, which allocated for outstanding incentives committed for projects via preexisting Letters of Intent. Current Letters of Intent are negotiated to have incentives paid in the rears, occurring the fiscal year after job creation has been maintained. This allows for better planning and deal discipline.

Measure	Strategy	2018 Actual	2019 Projected	2020 Target
Jobs numbers at Port Bienville Industrial Park, Port Bienville Railroad, Stennis International Airport & Stennis Space Center	Increasing jobs numbers in the County, thereby increase the County's tax base and increasing the multiplier effect	6,043	6,152	6,337
County taxes generated by Port Bienville Industrial Park, Port Bienville Railroad, and Stennis International Airport tenants	To ensure the County recaptures investments in growth by effective planning and policy development	7,643,285	7,872,583	8,108,760
HCPHC Revenue	Develop effective strategies for revenue enhancement and turn "prospect" in revenue generating development projects	9,958,549	10,201,716	10,119,693
Companies operating at Port Bienville Industrial Park, Stennis International Airport, and Stennis Space Center	Attract new business and industry to Hancock County creating new jobs, tax base, and revenues	77	72	78
ACT certificates	provides employee candidates a portable, evidence-based credential that certifies essential skills	402	851	1,000
Companies supporting ACT certification	Easing Hancock County's employers of some of the burden of recruiting by pre-qualifying the work force in the surrounding community	51	33*	43*
ACT jobs profiled	Helping employers and employees identify skills and skill levels required for jobs and job candidates to be a successful employee	0	0	3
* These jobs numbers were "reaffirmed" as required by the ACT Work Ready Communities program. More information about this program can be found at www.workreadycommunities.org .				

Local Industry Promotion - \$20,150

Developed and co-hosted The Mississippi Gulf Coast Defense Forum, which included 140 participants, including Palazzo, Gov. Bryant, and Assistant Secretary of Energy.

- Continued to steward Council of Governments for the 3rd year.
- Third year of the Business Retention and Expansion Initiative Program in FY 2019, which identified nearly 251 new jobs and over \$150 million in expansions from the prime companies.
- Local industry promotion also encompasses the following: Chamber Breakfast Annual Meeting; Community Awareness Events; Economic Development Roundtables; Military Affairs Council; Chamber Salute to Industry Gala; Manager Meetings/Luncheons for aerospace/rail/port/airport tenants; Leadership Hancock County sponsorship.

- ASAP Site Certified Program, sponsored by Mississippi Power's Economic Development Department, was underway at Stennis Airport's newly purchased 1,200-acre site. The objective of the program was to analyze viable properties based on technical and logistical aspects, since there is a lack of available properties in appropriately sized communities for large developments. The consultant hired by Mississippi Power, is nationally renowned J.M. Mullis consulting firm, specializing in large aerospace and manufacturing projects. This exercise informed the strategic planning efforts that are currently underway of various market needs.

Overview of BRE Interviews

Projected in the next 3 years



In 2018, Hancock County, MS has...
 Population: 47,651 Jobs: 15,517
 Labor Force: 18,860 Unemployment Rate: 4.5%
 Unemployment rate for State, 4.4% and National, 4.1%

Maintain ACT Work Ready Community status - Work Keys Initiative - \$11,500

Hancock County celebrated a valuable milestone February 23 in its quest to become a must-see locale for prospective new businesses and industries.

A great turnout of county leaders, elected officials, businesses, and educators gathered at the Hancock Campus of Pearl River Community College (PRCC) in Waveland, Mississippi, to mark the county's designation as a gold-certified ACT® Work Ready Community (WRC).

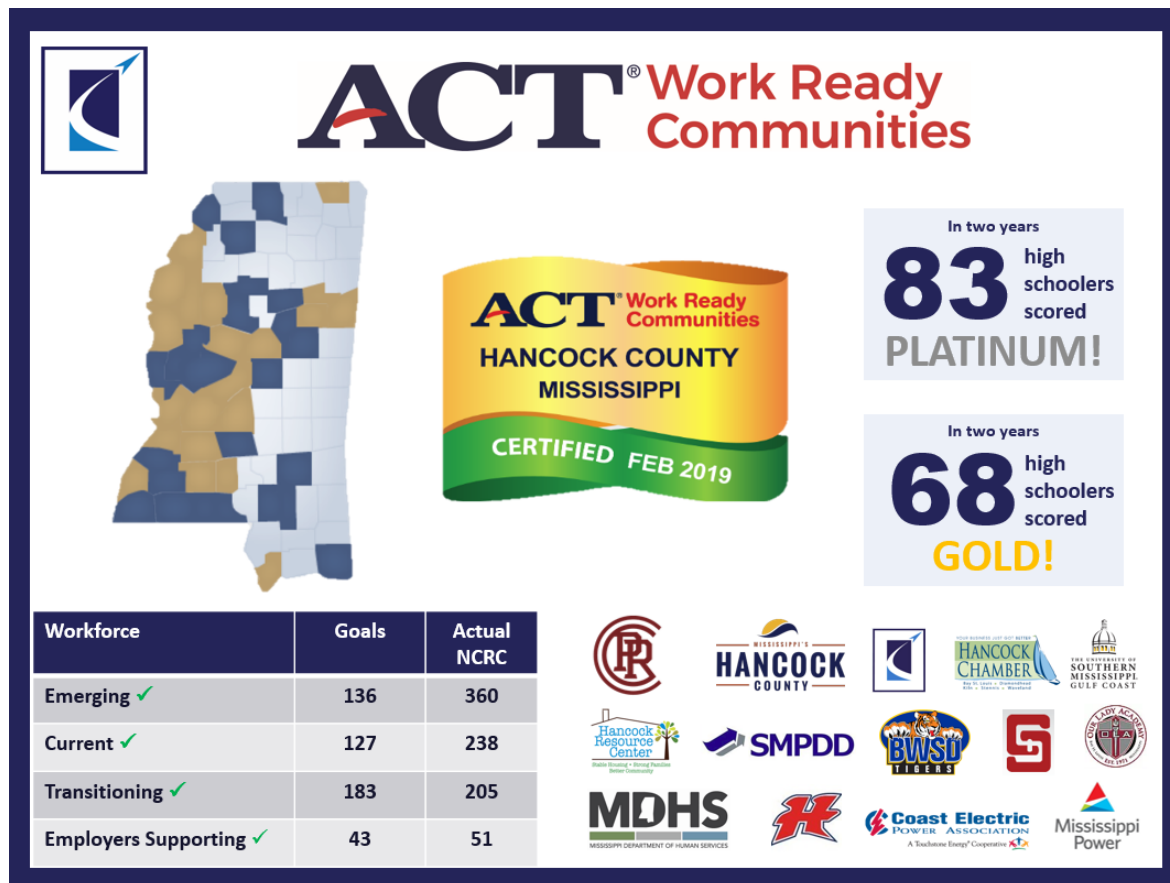
"Today is a great day," said Bill Cork, CEO of the Hancock County Port and Harbor Commission, which spearheaded the undertaking. "It's the day we celebrate 'going gold,'" he said. "In order to become Gold-certified as a Work Ready Community, you have to have industry participation, and you have to have assessments at a certain level based on your demographics."

The program assesses people interested in transitioning to or growing in their career and tests them in several areas. "They are scored," Cork explained, "based on what we call the Olympic Rings level of scoring: platinum, gold,

silver and bronze.”

"We're only the second county along the Gulf Coast to reach this certification," County Board of Supervisors President Blaine LaFontaine said at the celebration, "and the first in south Mississippi."

In 2017, the HCPHC partnered with the Hancock County Chamber of Commerce to begin a business retention and expansion survey program. The chamber and HCPHC have interviewed 120 companies in Hancock County, and one of the coinciding issues between both large- and small-scale companies was workforce.



"We discovered that the best way, and one of the industry-standard ways, to do that was to become ACT® Work Ready Community certified. In less than two years, we've tested more than 800 employees. Fourteen percent have scored in the Platinum Level. To give you a comparison, the state of Mississippi, which has tested more than 105,000 people, has only 2 percent who scored platinum. The nation, which has assessed more than 4.5 million people, also had only 2 percent score platinum. So not only do we have an available and abundant workforce ready to go to work, but our workforce is better than everybody else — better than the state and better than the nation.

PRCC President Dr. Adam Breerwood said: "This recognition sends a message to current and future industry partners that Hancock County is dedicated to economic development. Pearl River Community College is honored to be a part of the community and the forward-thinking environment that has been created."

Our goal for 2020 is to maintain ACT Work Ready Community status, which is already 89% complete. Check out the latest status here: <https://www.workreadycommunities.org/MS/045>. The FY2020 budget promotes the following: WorkReady tests for high school students and graduation cords for those that are successful in passing, structuring a transitional workforce program through the informal sub-committee, and job profiling classes for up to three local industries. This allows the industries to better match candidates with careers. Hancock County currently has zero jobs profiled, and a goal of three jobs profiled for FY2020.

ACT Job Profile Overview

All leaders agree: Skill shortages are an expensive, time-wasting barrier to effective hiring and training. How can employers determine which individuals are the best fit for highly skilled positions or which workers are the top candidates to receive job-specific training?

Nearly 75% of businesses use job analysis – the process of analyzing the skills needed for job tasks – in their recruiting and hiring practices, according to a recent study by Society for Human Resource Management and ACT. With job analysis:

Employers can identify skills and skill levels current and prospective employees need in order to be successful on the job.

Individuals can compare their skill levels to those needed for jobs.

Trainers and trainees can make appropriate decisions about jobs, identify strengths, and set training goals.

The ACT job analysis method – ACT job profiling – links job tasks with ACT WorkKeys® job skill assessment to pinpoint benchmarks for hiring, recruiting, advancement, and training. ACT job profiling takes a focus-group approach, using input from employees to ensure customized job analysis.

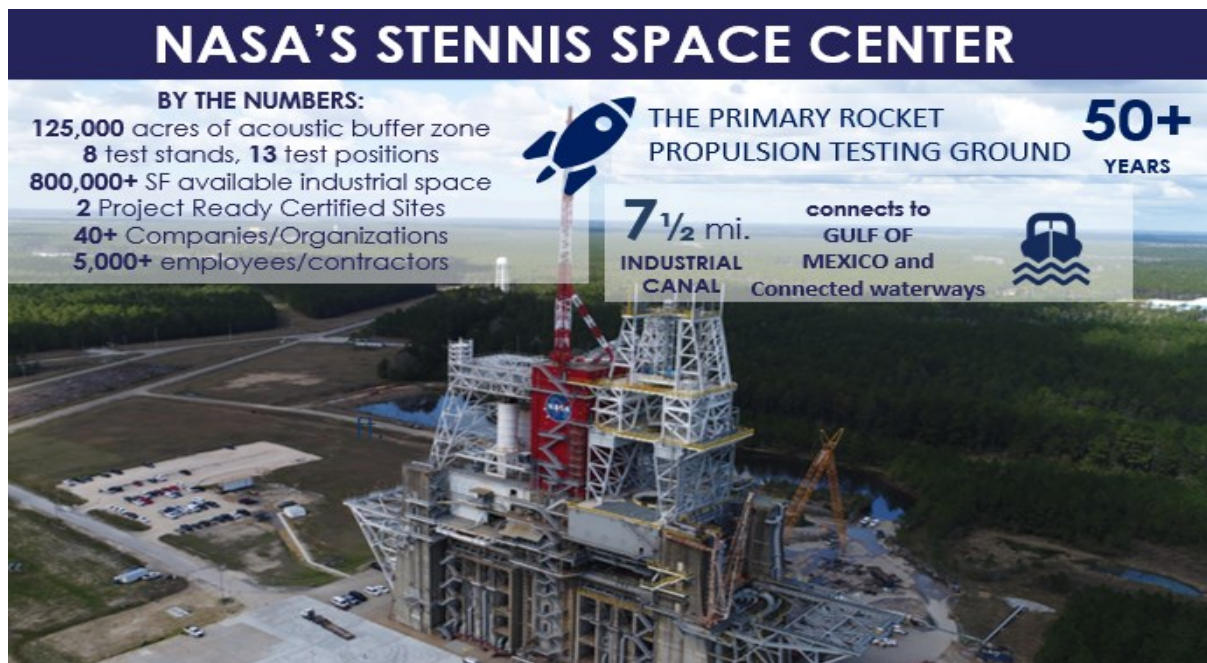
HCPHC set aside funds to train our workforce partners in FY2020 to become job profilers. This helps our industry by stream-lining recruiting efforts, as well as being an asset to the community.

Marketing \$ 151,100

In FY 2017, HCPHC hired a consulting firm to manage and complete the **Aviation and Aerospace Optimization Plan** that continues to evolve in implementation. Key findings and strategic initiatives were: 1) Become the cornerstone of Mississippi's Space Strategy; 2) Become considered a prime location for unmanned systems; 3) Support the Mars Missions & Exploration; 4) Strengthen Entrepreneurial Innovation; and 5) Aspirations for Future Growth. As a 2019 follow up, the same consulting firm is developed a communication plan identifying optimal marketing avenues for the Economic Development Department to recruit aerospace and unmanned projects. These efforts are continuing with implementation of a communication plan for target marketing.

One of the FY2020 goals is to aggressively promote HCPHC to clearly feature the region's benefits to key decision-makers and influencers. Support the business development process with communications and direct marketing tools to promote the region as it relates to: Port; air; rail; space, including potential spaceport users.

As a result of the master planning efforts, we can deliver tangible capital improvement projects and site development via marketing materials to relevant parties. This includes least cost development scenarios to mitigate speed to mark, environmental, and budget variables. This is a key differentiator in asset-based organizations like HCPHC versus a normal economic development agency. We can make strategic investments in deals to generate the highest return on jobs, tax base, and revenue. The capital improvement program in progress is a direct result of this strategy.



Other goals of FY 2020

- Organize and host 8 manager meetings for key stakeholders to participate and communicate. This is almost double the number of meetings hosted in 2019. This positions the organization for best communication with customers in addition to a forum for industry to mingle.
- Complete BRE program 4.0 with the initial 30 companies from key industries related to job, tax base, and revenue generators. Now that we have trend data, we will use the Economic Development Quarterly Roundtable as a task force to address any issues and elevate success stories to the entire group.
- Further develop BRE strategies for minimally acceptable outcomes for monthly, quarterly, and annual follow up.
- Awareness raised among key audiences for our spaceport license, including manufacturing, assemble, launch, land, and recover operations co-located on Stennis International Spaceport. Identify synergies between Stennis Space Center and Spaceport activities – fuels and testing are obvious ones we are currently exploring.
- Building on its existing success and following the completion of the Aviation and Aerospace Optimization Plan, the Hancock County Port and Harbor Commission (HCPHC) has been diligent in its activities to promote the region as a destination for aviation and aerospace.
- Mississippi Development Authority hired Patrick Scheuermann to lead the state's aerospace and space strategy in July 2019. This aligns with the Aviation and Aerospace Optimization Plan strategy.

Continued Overarching Strategies

- Provide for a coordinated, consistent, clear and unified approach to communicating the benefits of HCPHC's assets and Hancock County utilizing targeted marketing and communications tactics.
- Develop and deliver effective and comprehensive information externally to:
 - Executive-level Corporate C-Suite Decision Makers (US & International)
 - Site Location Consultants
 - Industry and Economic Development Media
- Provide a consistent approach to media relations with print, online, radio, social media and television outlets.
- Develop and deliver effective and comprehensive information internally to partners, elected.

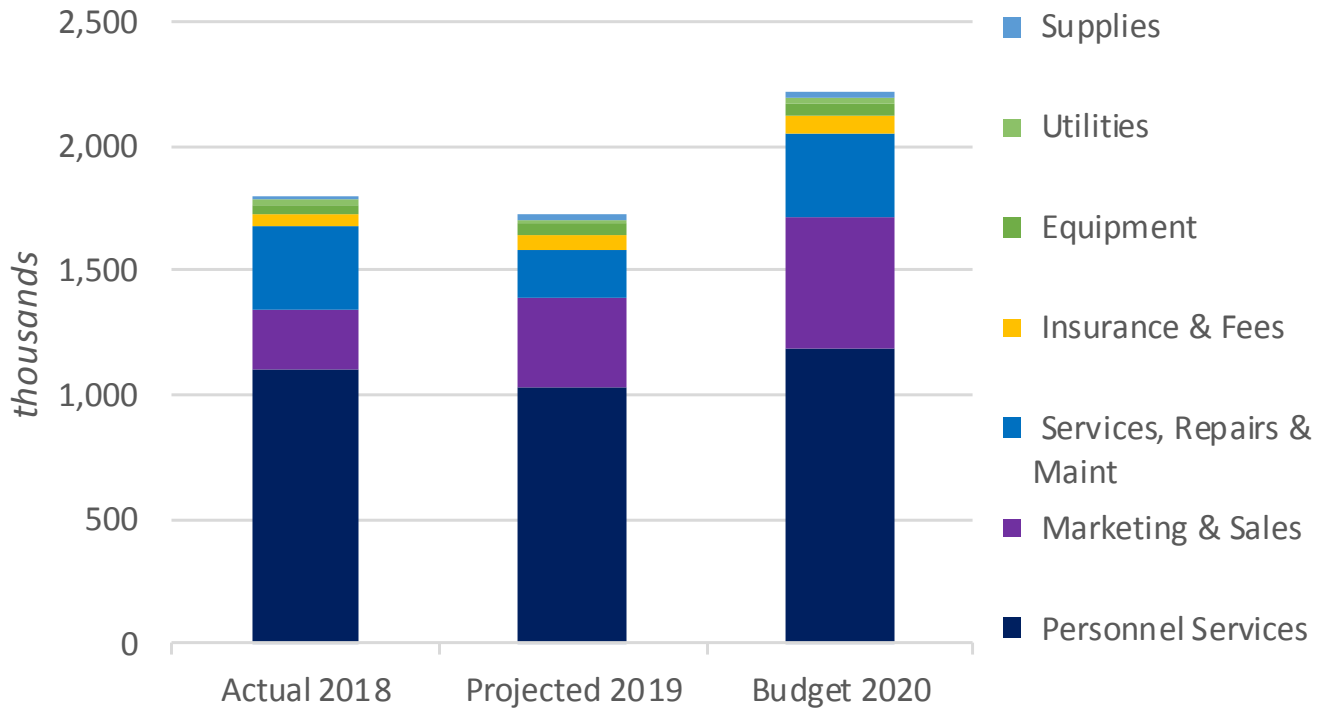
GENERAL OPERATIONS BUDGET (COMBINED)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
EXPENSES				
Equipment, Supplies, Services & Charges				
Equipment, Hardware & Software	26,621	35,400	40,765	53,270
Supplies - Custodial	925	1,500	596	1,000
Supplies - Office	19,964	20,500	15,413	19,600
Supplies - Operating	286	600	493	600
Cost of Sales	-	240,000	199,354	259,000
Advertising & Local Industry Promotion	31,945	21,200	17,872	22,150
Marketing	158,895	160,600	99,653	162,600
Association Dues	9,218	9,620	10,757	11,680
Insurance - Property & Liability	46,009	48,002	47,169	52,972
Licenses, Fees & Permits	617	1,750	856	1,750
Rent - Buildings & Equipment	4,581	4,750	4,581	4,750
Repair/Maintenance/Improvements - Buildings	2,476	1,000	762	1,000
Repair/Maintenance/Improvements - Equipment	-	1,000	585	1,000
Repair/Maintenance/Improvements - Grounds	3,800	8,000	-	1,000
Services - Auditing	40,385	42,000	39,550	40,000
Services - Commissioners	13,776	18,000	12,768	18,000
Services - Contract	73,779	119,840	49,421	140,841
Services - Engineering	49,416	-	-	-
Services - Legal	81,247	27,000	56,159	100,000
Services - Payroll	6,965	7,200	7,060	7,000
Services - Professional	62,603	21,300	21,260	26,300
Services - Security Systems	900	1,500	1,728	1,900
Subscriptions, Books, & Periodicals	105	200	158	240
Telephone & Telecommunications	14,544	14,100	13,733	14,100
Training/Education	13,447	16,500	6,376	26,000
Trade Shows, Conferences & Symposiums	32,344	41,000	29,572	41,000
Travel - General	11,377	37,000	10,975	45,000
Utilities	8,782	9,500	7,733	8,000
Total Equipment, Supplies, Services & Charges	715,007	909,062	695,348	1,060,753

GENERAL OPERATIONS BUDGET (COMBINED) (Continued...)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
Personnel Services				
Salaries & Wages - Regular Time	728,120	815,976	689,916	801,083
Salaries & Wages - PTO Payout	6,373	10,021	15,659	8,605
Accrued Payroll - Year End & PTO Compensation	(2,109)	-	(13,005)	-
Employee Physicals	-	500	-	500
Insurance - Health/Life/LTD/AD&D	112,128	118,968	99,408	82,112
Insurance - Workers Comp & Occupational	1,590	2,245	1,809	2,208
Retirement - PERS	190,873	254,711	181,891	202,666
Tax - Mississippi Unemployment	1,322	1,400	1,748	1,260
Tax - Federal SSI/Medicare	55,114	67,117	50,872	57,826
Total Personnel Services	1,093,411	1,270,938	1,028,299	1,156,260
Total Expenses	1,808,418	2,180,000	1,723,647	2,217,013
Net Loss from Operations	(1,808,418)	(2,180,000)	(1,723,647)	(2,217,013)
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	59,398	22,200	103,384	85,641
Investment Gain (Loss)	(12,137)	-	-	-
Net Non-Operating Income	47,262	22,200	103,384	85,641
Capital & Special Projects Sources & (Uses) of				
Grant Revenues	178,501	-	-	-
Transfers In	1,690,000	2,177,800	1,760,000	2,131,372
Capital Expenditures	(22,500)	(20,000)	-	-
Transfers Out	(435,784)	-	-	-
Net Capital & Special Projects Sources & (Uses) of Funds	1,410,217	2,157,800	1,760,000	2,131,372
Net Sources and (Uses) of Funds	\$ (350,939)	\$ -	\$ 139,737	\$ -

Operating Expenses



PORT BIENVILLE RAILROAD

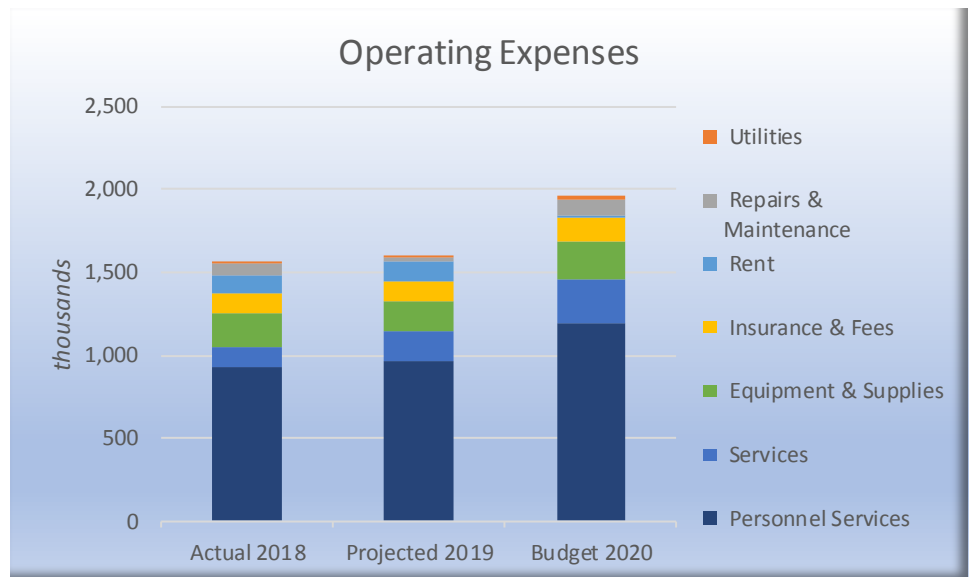
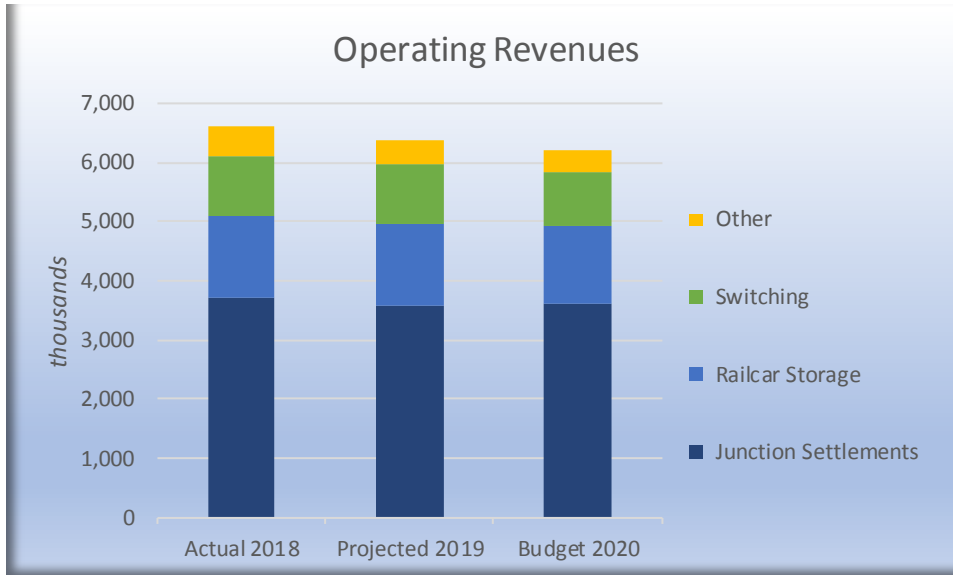
Port Bienville Railroad is a Class 3 Short Line Railroad owned and operated by the Hancock County Port and Harbor Commission. Port Bienville Railroad operates on 7-1/2 miles of Industry Lead track that is capable of handling 286,000-pound cars. Port Bienville Railroad has 9 miles of storage tracks and stores up to 500 cars per day. Port Bienville Railroad Interchanges 6 days per week with Class 1 service provided by CSX with the total number of cars exceeding 15,000 per year. Port Bienville Industrial Park has 14 tenants of which 8 of those use rail service provided by Port Bienville Railroad. Port Bienville Railroad moves numerous commodities for Port tenants including steel, hazardous material, pipe, plastics and empty cars for cleaning.

PORT BIENVILLE RAILROAD

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
REVENUE				
Use of Money & Property				
Contract Track Lease	\$ 500,095	\$ 500,656	\$ 498,512	\$ 500,656
Storage Track Rent & Demurrage	888,236	777,000	885,080	834,500
Rent: Rail Facilities Building	108,000	108,000	108,000	108,000
Total Use of Money & Property	1,496,331	1,385,656	1,491,592	1,443,156
Charges for Services				
Junction Settlements (Line Haul)	3,694,565	3,400,000	3,586,345	3,600,000
Switching	1,027,109	836,000	1,013,472	890,000
Rail Scale Revenues	185,100	150,000	160,000	160,000
Railcar Repair Services - Contract/Inhouse	190,569	170,000	111,075	100,000
Total Charges for Services	5,097,343	4,556,000	4,870,893	4,750,000
Other Operating Revenue				
Other Revenues	10,031	11,300	13,015	13,700
Total Other Operating Revenue	10,031	11,300	13,015	13,700
Total Revenues	6,603,705	5,952,956	6,375,500	6,206,856
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	17,554	15,500	3,986	15,500
Supplies - Custodial	408	700	681	1,000
Supplies - Fuel/Oil	152,416	230,000	143,733	190,000
Supplies - Office	3,504	5,400	3,150	4,500
Supplies - Operating	1,539	2,500	904	2,000
Supplies - Safety	2,710	3,900	3,046	5,700
Supplies - Train/Track	11,102	13,000	15,990	13,000
Supplies - Uniforms	4,587	5,300	4,433	5,450
Total Supplies & Materials	193,820	276,300	175,923	237,150
Other Services & Charges				
Advertising & Local Industry Promotion	249	500	124	350
Association Dues	13,080	13,080	13,080	13,500
Insurance - Property & Liability	114,536	115,922	104,193	130,482
Licenses, Fees & Permits	112	-	79	-
Rent - Buildings & Equipment	136	3,140	1,629	3,150
Rent - Locomotives	102,841	135,000	115,851	-

PORT BIENVILLE RAILROAD (Continued...)

	Prior Yr	2019		Budget
	Actual 2018	Budget	Projected	2020
Repair/Maintenance/Improvements - Buildings	460	12,000	2,735	7,000
Repair/Maintenance/Improvements - Equipment	4,748	4,250	3,666	4,500
Repair/Maintenance/Improvements - Grounds	11,850	6,000	642	8,000
Repair/Maintenance/Improvements - Vehicles	4,540	6,500	4,939	6,000
Locomotives	-	-	-	65,000
Repair/Maintenance/Improvements - Track	17,396	22,000	9,708	16,000
Railcar Repair Expense	42,080	-	3,567	-
Services - Car Hire/Accounting	63,089	54,000	61,874	89,200
Services - Contract	3,703	31,000	3,805	25,200
Services - Rail Funding Study	-	50,000	20,534	-
Services - Port / Rail Master Plan	-	62,500	-	22,000
Services - Engineering	4,675	34,000	7,160	33,500
Services - Professional	47,579	73,000	94,390	92,800
Subscriptions, Books, & Periodicals	835	1,000	1,113	1,200
Telephone & Telecommunications	6,566	6,000	8,273	15,120
Training/Education	5,513	24,800	10,473	10,600
Travel - General	254	800	2,314	1,500
Utilities	5,949	3,000	5,063	3,500
Total Other Services & Charges	450,191	658,492	475,211	548,602
Personnel Services				
Salaries & Wages - Regular Time	539,373	697,390	603,797	756,450
Salaries & Wages - Overtime	61,963	59,476	43,433	61,883
Salaries & Wages - PTO Payout	10,445	9,890	8,435	7,944
Accrued Payroll - Year End & PTO Compensation	9,800	-	(11,700)	-
Employee Physicals	2,158	2,000	533	2,500
Insurance - Health/Life/LTD/AD&D	151,392	182,914	148,422	163,022
Insurance - Workers Comp & Occupational	20,372	21,939	20,317	23,508
Tax - RR Tier I, Tier II & RUIA / SSI & Medicare	132,136	166,760	134,446	162,576
Total Personnel Services	927,639	1,140,369	947,683	1,177,883
Total Expenses	1,571,650	2,075,161	1,598,818	1,963,635
Net Income from Operations	5,032,055	3,877,795	4,776,682	4,243,221
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	73,465	9,500	147,324	39,600
Insurance Proceeds	39,497	-	-	-
Gain (Loss on Sale of Assets)	(1,450)	-	-	-
Net Non-Operating Income (Expense)	111,513	9,500	147,324	39,600
Capital Sources & (Uses) of Funds				
Grant Revenues	403,079	611,233	375,115	394,020
Appropriations from Prior Years	-	4,763,601	-	5,656,693
Capital Expenditures	(1,164,438)	(3,603,463)	(2,846,287)	(993,853)
Transfers Out	(2,890,000)	(5,658,666)	(3,957,664)	(9,339,681)
Net Capital Sources & (Uses) of Funds	(3,651,359)	(3,887,295)	(6,428,836)	(4,282,821)
Total Net Sources & (Uses) of Funds	\$ 1,492,209	\$ -	\$ (1,504,830)	\$ -



Revenues, Rates and Charges

Junction Settlements

These rates are negotiated with CSX (our single Class I provider) for the movement of loaded inbound and outbound cars between locations over both Port Bienville Railroad's short-line tracks and CSX's interstate tracks. Projections for FY2020 increase traffic slightly over 2019's budget and projected numbers as park tenants secure new contracts for product manufactured at Port Bienville and shipped to customers via rail.

Railcar Storage

This revenue is established by tariff at \$10 per car per day for cars stored on Port Bienville Railroad tracks. Revenues for FY2020 are projected 3.5% lower than forecasted in 2019 as the number of cars stored are currently in excess of capacity. It is our intent to relieve that excess-capacity in FY2020.

Railcar Switching

Also established by tariff, at \$125 per switch as railcars are moved to or from storage as requested by tenants and on railcars that interchange inbound and outbound as empty since these empty cars do not generate Junction Settlement revenue. FY2020 revenue is budgeted slightly less than 2019's projection as we relieve storage congestion discussed above.

Rail Scale Charges

Port Bienville owns and operates a Weigh-in-Motion rail scale. At the customer's request rail cars are weighed for a charge of \$150 per car. FY2020 revenue is projected to equal that of 2019's revenues.

Railcar Repair Agent Fees

These revenues are stipulated by contract between the Port's onsite car repair agent, The Andersons, Inc., and PBVR. These fees have steadily declined from 2018 as cars typically serviced in the Port have cycled through in recent years.



Port Bienville interchange site

Current Staff

Port Bienville Railroad staff consists of 14 full-time positions, one contract employee at 0.375 FTE's and 0.5 FTE's for maintenance personnel. Full-time staff work four 10-hour days per week with occasional overtime. The railroad's scheduled hours of operation are Monday thru Saturday 6:00 a.m. to 4:30 p.m.

The Railroad Manager is responsible for maintaining a safe and efficient workspace in compliance with all FRA and MDOT requirements, budgeting, and is the point of contact for customers and CSX logistics planning and rate setting. Positions reporting to the Railroad Manager are:

- *Yard Master* oversees crews, assists the Railroad Manager and office personnel as needed, and assists in new employee training.
- *Office Manager* maintains data necessary for customer billings, maintains office records, and provides rail crews with customer switch requests.
- *Track Inspector/Track Maintenance* is responsible for maintaining all safety standards of track, meeting or exceeding Class 2 regulated requirements, performs inspections, repairs track, and provides routine maintenance as needed.
- *Safety/Crew Foreman's* primary responsibility is oversight of crews in adherence to all PBVR and FRA safety rules and procedures. The Foreman is the direct contact and decision maker for the rail crew while in the field.
- *Engineers* operate locomotives, perform daily inspections, and locomotive servicing to meet MDOT and FRA standards.
- *Conductors* duties include moving cars to locations as customers request, oversight of all moves of the train crew, and communicates daily activity to office personnel.
- *Brakemen* assist the conductor with all switching moves.



Performance Fiscal Year 2019

Safety

Port Bienville is proud to share that it was the recipient of the Jake Safety award for 2018 from the American Short Line Association. PBVR has received the award 16 times in the past 18 years.

Port Bienville Railroad increased the safety budget in FY2019 by 41% over 2018 as it instituted recommendations following a safety review by the Short Line Safety Institute (SLSI) in 2018. PBVR has since requested another audit, scheduled for January 2020. These audits are very valuable and provide insight from professionals of the rail industry, making recommendations to improve safety and safety culture. These audits are well-received by staff who spend one week with the SLSI team members as they observe and evaluate, briefing staff with findings and recommendations before exit.

PBVR also contracted with Strategic Rail Finance (SRF) in FY2019 to conduct a safety and operations review over a 3-day period with positive findings and confirming the value of the FY2018 and FY2019 changes.

Ochsner Medical Center (Hancock County's only hospital) agreed to assist with specialized safety briefings as needed. The topic for July was "Heat Awareness", and all railroad employees were trained on signs and symptoms of heat exhaustion and measures to prevent heat related illnesses.

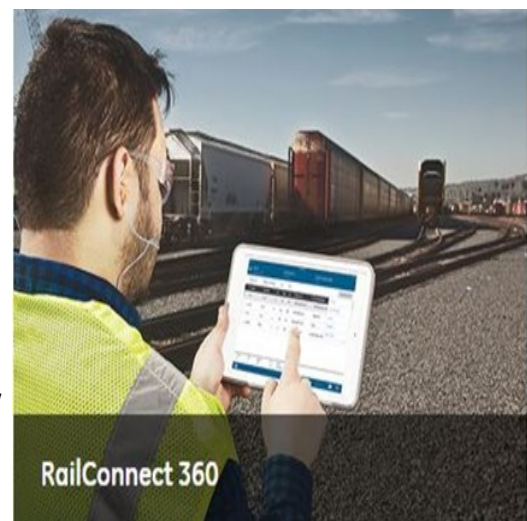
Projects

RR1905 - Locomotive Upgrades - \$1,739,000. PBVR contracted with SRF to evaluate the efficiency of the three locomotives used throughout the Port. Their findings confirmed these units lacked power needed to efficiently move the number of cars being switched daily and based on those findings HCPHC recently completed the process of a reverse auction to replace those locomotives with three newer models, two GP38-2's and one MP15. The two GP38 locomotives are projected to operate 22% more efficiently with 14% more horsepower and 10,000 lbs. more tractive effort.

The locomotives which were replaced were leased at a rate of \$160,600 in FY2019. That line item has been removed from FY2020's operating budget but a new \$54,000-line item for repairs and maintenance of the new units has been added. Locomotives were funded with cash reserves.

RR1906 - Technology Upgrades - \$60,000. Port Bienville Railroad is transitioning operations to new technology, switching car movement and rail accounting tracking over to GE software providing real-time car tracking with enhanced accounting software for better tracking of charges, more detailed reporting and integrated accounting functions. The GE system will add additional annual expenses to the operating budget of \$20,760 but improve staff efficiency and accountability.

A new web-based safety/procedure rulebook from Logitrac is also going live before FY2019 year-end. The new rulebook will also allow electronic employee testing and keep track of certifications required by the FRA. This program will add an additional expense to the operating budget of \$3,575 per year but will improve safety awareness and training.



A new asset tracking system will improve work order tracking, maintenance requirements and scheduling, and insure the passing of FRA inspections.

Finally, to improve FRA reporting and compliance related to logged hours of employee work, Hours of Service reporting software will be implemented to move away from paper tracking to electronic logs. This new program will increase annual expenditures by \$3,600.

All technology upgrades are funded with cash reserves.

RR1706 – Port / Rail Office Renovations - \$294,723. Port Bienville Railroad staff and Port operations staff have combined office operations into one location. Since both departments work closely on projects and day-to-day operations, the shared facility will reduce operational costs by approximately \$6,300 for both departments. This project was funded with cash reserves.

RR1901 - Culvert Replacement - \$284,920. A lifecycle maintenance project to replace/repair failing culverts under two locations of Port Bienville Railroads main track. Engineers reviewed the culverts and determined that it would be best and more cost efficient to line the culverts. and is expected to be complete in October of 2019, therefore has a minor placeholder in FY2020's capital budget and is funded with cash reserves.

RR1902 - Straight Leg Siding - \$481,524. A new rail siding is under construction located next to the Straight-Leg Siding adjacent to Polychemie's Plant. The track will hold 10-15 railcars and should relieve some congestion in this area. Estimated additional storage and switching fee revenues of \$27,000 are budgeted in FY2020. This track is being constructed with steel crossties and has a life expectancy of 50 years. Maintenance and upkeep of the new track is estimated to add \$2,000 per year to operational expenses. Construction is expected to flow into FY2020. The project is funded with \$335,062 of MDOT grant funds and cash reserves.

RR1903 - Rock and Timber Replacement - \$340,000. This lifecycle maintenance project will replace decaying crossties and add ballast in areas of need, as well as, install a steel turnout at the Lower Bay storage yard to help maintain track gauge and reduce tie replacement. The estimated cost of a wood tie turnout is \$20,000 with a life cycle of 10-12 +/- years, a steel tie turnout's estimated cost is \$27,000 with a life expectancy of 50 +/- years with minimal maintenance. The Petite Acres crossing is starting to show signs of pumping, therefore changing the crossties is needed. Bridge timber replacement is to replace a split timber found during inspection and recommended by the bridge engineer. There will be no additional cost to the operating budget since this is a life cycle maintenance project. The notice to proceed has been issued and construction has begun with a completion date of September 10, 2018, though some capital is planned in FY2020 in the event construction rolls into the new fiscal year. This lifecycle maintenance project is funded with cash reserves.

RR1904 - John Deere Gator - \$15,237. A four-door utility vehicle for crew transportation was purchased. The utility vehicle will improve track accessibility in many areas of the Port. No effect to operational expenses is expected as any incremental increase in maintenance for this asset will be offset by savings to vehicle fuel, repairs and maintenance. The Gator was purchased with cash reserves.

Other Notables

- 3 FRA/MDOT inspections with no findings.
- Completed operations review by Carl Belke of Strategic Rail Finance with a positive commentary of safety and rail operations.
- Purchased a drone to improve maritime security and employee safety.
- Scheduled another SLSI review of operations in 2020 with their assistance planned to remediate any findings.
- Completed Rights-of-Way clearing.
- Currently overtime is projected to finish FY19 at 12% under budget.

Measure	Strategy	2018 Actual	2019 Projected	2020 Target
Railcars on Storage	Maximize storage capacity	210,510	235,996	236,000
Railcars Switches	Increase switching revenue	7,952	7,916	8,000
Railcars Interchanged	Increase tenant use of rail transport	16,011	16,153	16,320
Railcars Weighed	Increase use of scale	1,233	1,092	1,100
Percent of HCPHC Building space under lease	Maximize lease revenue	100.0%	100.0%	100.0%
Number of FRA reportable violations	Ensuring safety of personnel	3	1	0
Loss work time as a percentage of total hours		0.25%	0.74%	0%

Fiscal Year 2020 Objectives and Key Investments

A thorough review of our junction settlement pricing strategy is underway by SRF. We anticipate more uniformity in pricing and improved revenue forecasting once implemented.

Evaluation and planning for the possible development of an intermodal yard and shuttle as a new revenue opportunity and to enhance business retention and attraction efforts is underway.

Continue to evolve strategies to reduce overtime and improve safety and efficiencies.

Capital Projects for 2020

PORT BIENVILLE RAILROAD 2019 WIP - 2022 CAPITAL IMPROVEMENT PLAN PORT BIENVILLE RAILROAD

PROJECT #	PROJECT NAME	PURPOSE *	WIP through				TOTAL
			FYE 2019	2020	2021	2022	
RR1901	Culvert Replacement	LCM	\$ 264,920	\$ 20,000	\$ -	\$ -	\$ 284,920
RR1902	Straight Leg Siding	SI	419,524	62,000	-	-	481,524
RR1903	Rock & Timber Replacement	LCM	305,000	35,000	-	-	340,000
RR2001	Lower Bay Switches	LCM & SA	-	781,853	-	-	781,853
RR2002	Fuel Farm Upgrade	LCM	-	95,000	-	-	95,000
RR2101	Tail Track Upgrade	LCM & SI	-	-	1,085,053	-	1,085,053
RR2102	Crossings Improvements	LCM	-	-	268,778	-	268,778
RR2103	Rock & Timber Replacement	LCM	-	-	340,000	-	340,000
RR2201	Rock & Timber Replacement	LCM	-	-	-	340,000	340,000
RR2202	Vehicle Purchase	LCM	-	-	-	52,000	52,000
Total Uses of Funds			\$ 989,444	\$ 993,853	1,693,831	392,000	\$ 4,069,128

SOURCE OF FUNDS	2019	2020	2021	2022	TOTAL
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	297,862	394,020	330,000	-	1,021,882
Use of Cash Balance	691,582	599,833	1,363,831	392,000	3,047,246
Other	-	-	-	-	-
Total Sources of Funds	\$ 989,444	\$ 993,853	\$ 1,693,831	\$ 392,000	\$ 4,069,128

* PURPOSE CODE

LCM Life Cycle Maintenance

SA Safety

SI Strategic Investment

RR1901 – Culvert Replacement - \$284,920. This lifecycle maintenance project began in FY2019 but has an expected completion and final payment of \$20,000 falling into FY2020. Total project cost is funded with cash reserves.

RR1902 – Straight Leg Siding - \$481,524. Also a project that begun in FY2019. \$62,000 expected to carryover to FY2020. The total project cost is funded with MDOT Multimodal funds of \$300,000 and cash reserves.

RR1903 – Rock & Timber Replacement - \$340,000. While most of the scope of this project is complete we expect some spillover into FY2020 with completion estimated mid-September. Cash reserves funded this project.

RR2001 – Lower Bay switches - \$781,853. This is a lifecycle maintenance/safety project to replace decaying switch ties in the storage yard. Six steel turnouts will be installed to help maintain track gauge and reduce tie replacement frequency as these new steel-ties have an estimated life expectancy of 50 years – a substantial increase over the 10-12 year life of wood ties. Smart Yard Switches will replace seven switches. These switches track railcar movement,

are controlled by solar power and are activated by push button or VHF/UHF radio control, increasing crew safety. The switches have foul zone protection systems to prevent switches being thrown while a railcar is located in the foul zone thus preventing derailments and rail car collisions. We anticipate a \$2,000 increase to the annual maintenance budget. This project is expected to be funded with \$350,000 of MDOT grant funds and \$431,853 of cash reserves.

RR2002 – Fuel Farm Upgrade \$95,000. This is a lifecycle maintenance project to update the fuel tracking system software and replace the pumping system equipment and refurbish tanks. This new system is not expected to effect the operations budget and is being funded with cash reserves.

Capital Projects for 2021 & 2022

RR2101– Tailtrack Upgrade \$1,085,053. This is a lifecycle maintenance project to rail on storage tracks and lead track to 115# steel switch ties and automating switches. We expect to fund this project with \$330,000 of MDOT funds and cash reserves.

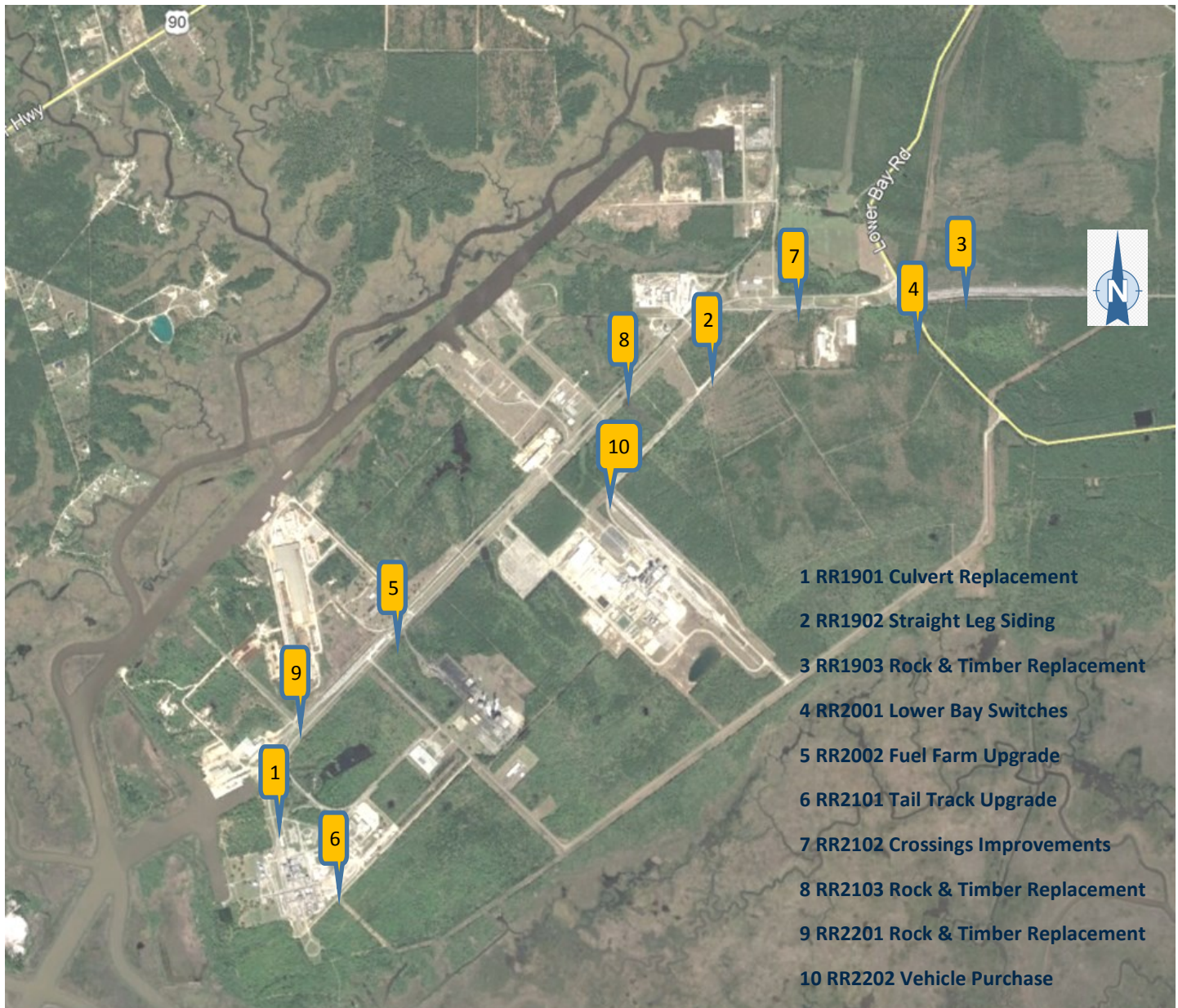
RR2102– Crossing Improvements \$268,778. This project will replace ties and asphalt in 3 crossings. Cash reserves will pay for this lifecycle maintenance project.

RR2103 and 2201 – Rock & Timber Replacement projects \$340,000 each. Lifecycle maintenance projects to replace decaying crossties and rock in areas of need. Steel turn-outs at Manufab Spur and Belly tracks to help maintain track gauge and reduce tie replacement frequency. Cash reserves will fund these maintenance costs.

RR2202– Vehicle Replacement—\$52,000. Cash reserves will be used to purchase a new Hyrail truck and equip the the backed with toolboxes.



PORT BIENVILLE RAILROAD CAPITAL PROJECTS Locations map



PORT BIENVILLE INDUSTRIAL PARK

The Hancock County Port and Harbor Commission was created on March 21, 1963 and shortly thereafter a heavily wooded parcel located along the banks of Mulatto Bayou, a tributary to the Pearl River, was designated as Port Bienville Industrial Park.

The first initiative was to develop four miles of man-made canals through this area. As the interest in Port Bienville grew, the Commission had the foresight that rail would be a major attraction to lure industry to Port Bienville. Thus, the construction of seven miles of rail with a four-mile rail connection to CSX became a reality. Over 22 miles now serve the tenants of Port Bienville Industrial Park.

Port Bienville is home to 14 industries with over 700 employees. Public dock facilities have been created to handle the steady volumes of tug and barge traffic that use the canals in Port Bienville daily. The creation of “project ready sites”, a Mississippi Power designation, certifies the availability of “shovel ready parcels” inside the port. Massive infrastructure projects are now in the beginning phases of construction which will consist of \$17,000,000 in improvements to construct and renovate several dock and multimodal facilities.

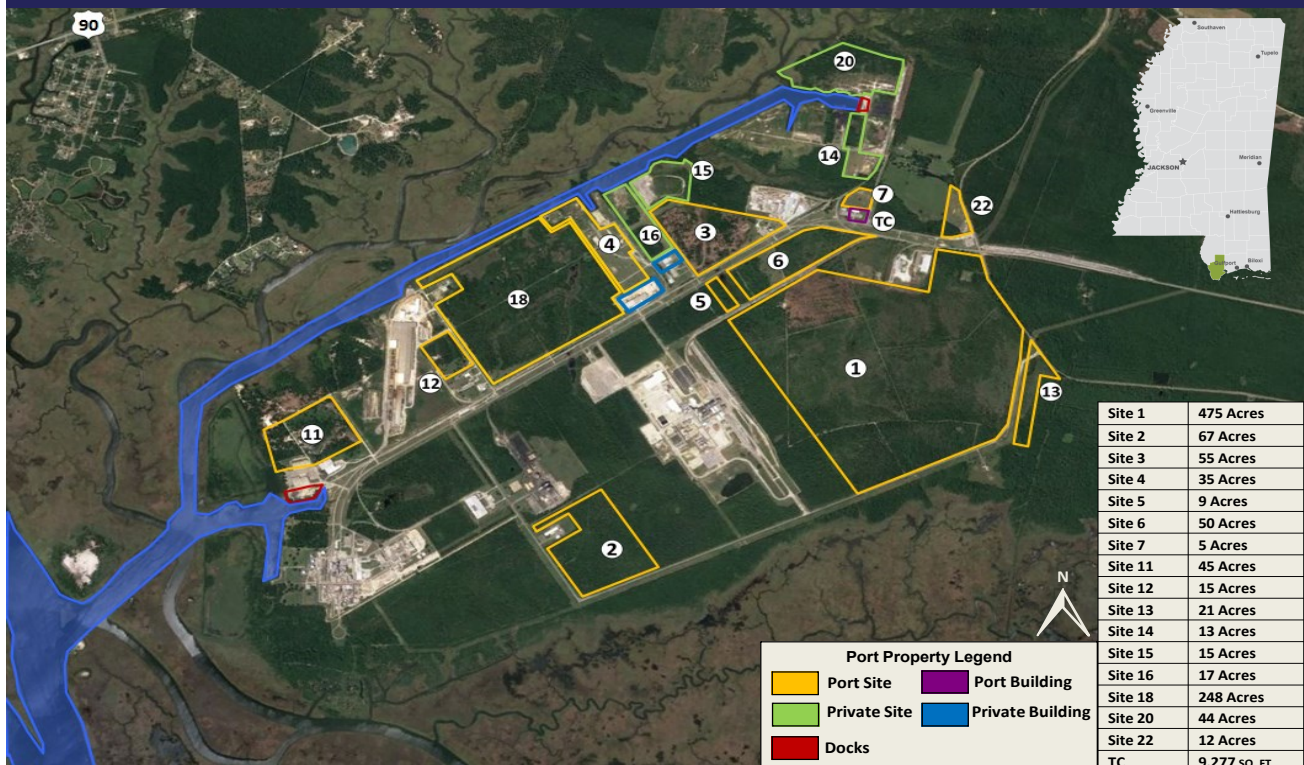
By water ingress and egress traverses the Intercoastal Waterway into and out of Little Lake by way of the Pearl River. By land there are two entrances and exits into Port Bienville, Port and Harbor Drive and Webre Rd. Both roads intersect Lower Bay Road and lead to Hwy. 90 and Interstates 10, 12, and 59.

The Port’s focus for FY2020 will be on maritime customer attraction by developing canal frontage and divesting operations from the water, sewer and industrial waste treatment business discussed further in this narrative.



Hancock County Port and Harbor Commission
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PORT BIENVILLE AVAILABLE SITES

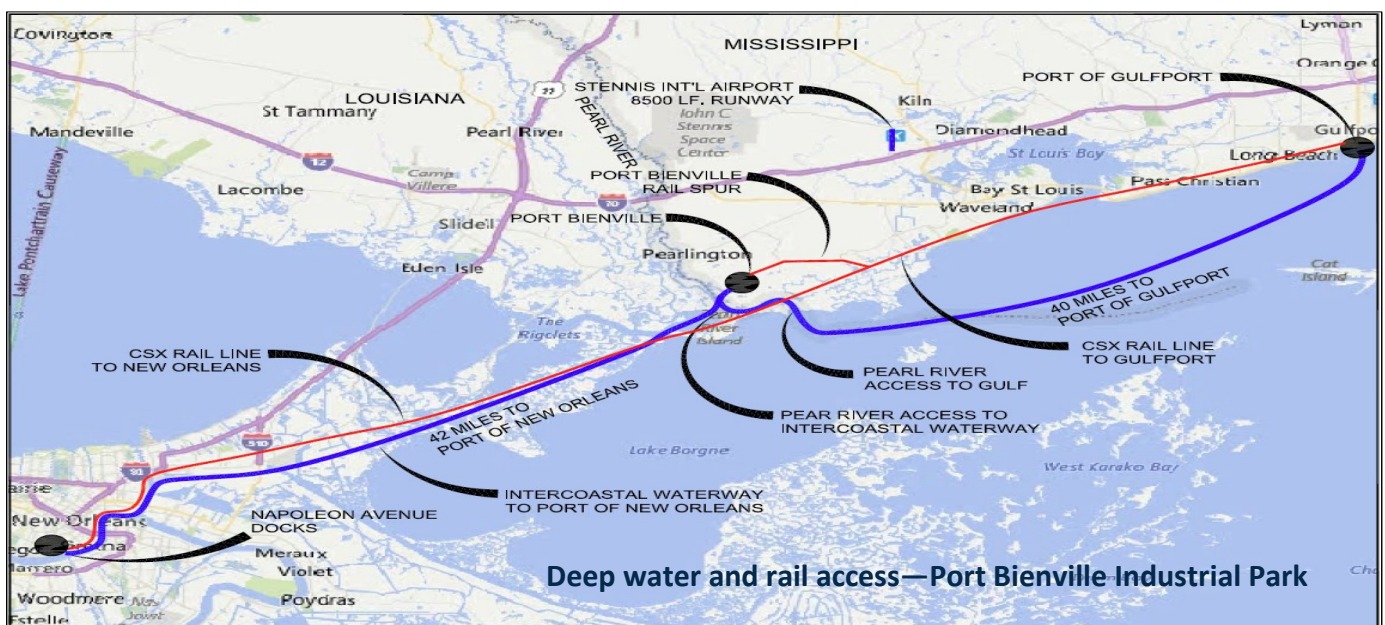
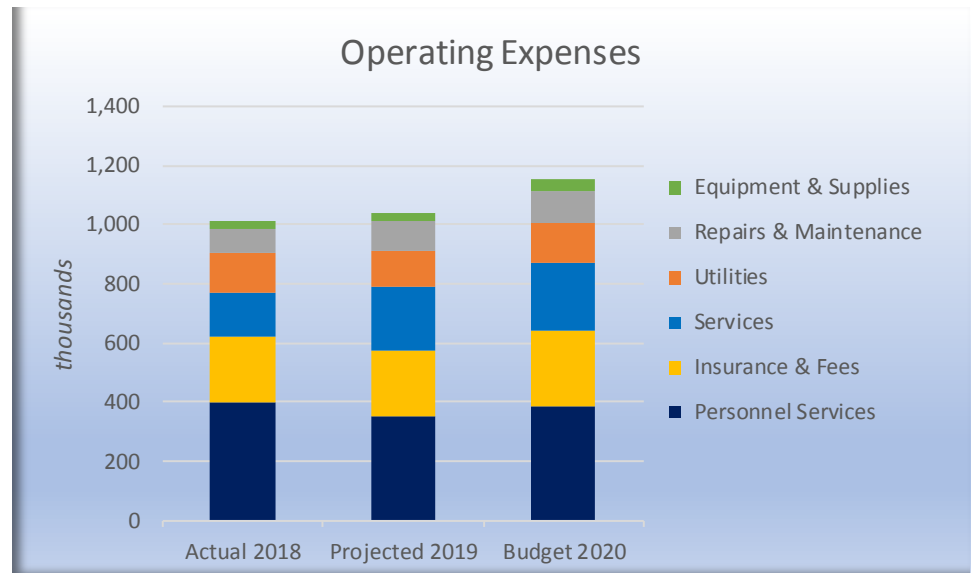
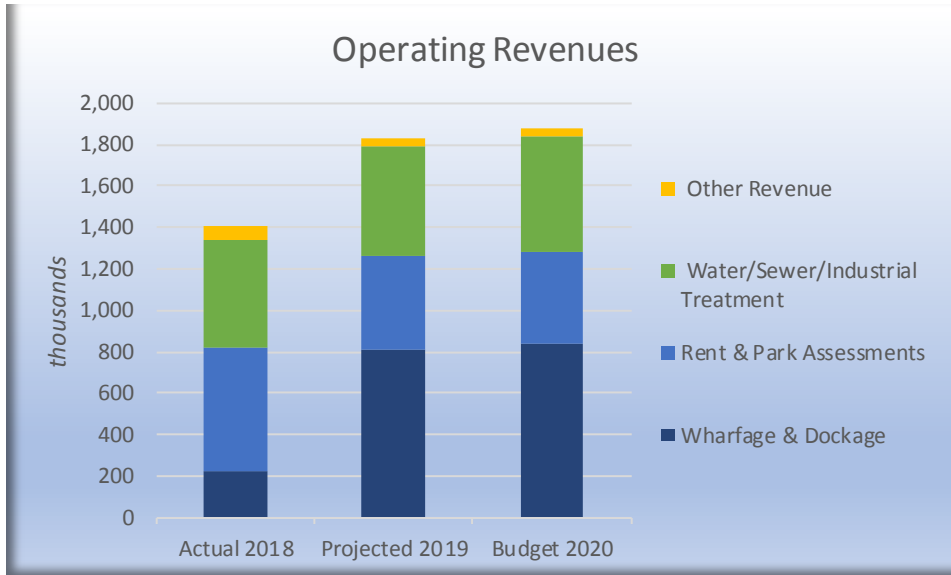


PORT BIENVILLE INDUSTRIAL PARK

	Prior Yr			
	Actual	2019		Budget
	2018	Budget	Projected	2020
REVENUE				
Use of Money & Property				
Wharfage	\$ 128,081	\$ 112,000	\$ 748,947	\$ 767,000
Dockage and Demurrage	95,840	110,000	65,260	75,000
Rent: Buildings, Land & Equipment	465,029	337,684	319,252	307,872
Total Use of Money & Property	688,950	559,684	1,133,459	1,149,872
Charges for Services				
Park Assessment Fees	133,046	134,000	128,040	134,000
Water Service	82,591	80,000	94,111	85,000
Sewer Services	149,349	150,000	170,495	150,000
POTW I Revenues	288,706	330,039	265,443	324,486
Total Charges for Services	653,691	694,039	658,088	693,486
Other Operating Revenue				
Other Revenues	60,135	36,480	42,027	40,000
Total Other Operating Revenue	60,135	36,480	42,027	40,000
Total Revenues	1,402,776	1,290,203	1,833,573	1,883,358
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	3,675	9,000	-	9,600
Supplies - Custodial	405	1,300	999	1,050
Supplies - Fuel/Oil	5,020	10,000	1,505	5,900
Supplies - Office	1,562	1,700	1,597	1,550
Supplies - Operating	13,568	15,600	19,043	23,300
Supplies - Safety	1,192	350	139	1,450
Supplies - Uniforms	1,240	1,250	763	1,150
Total Supplies & Materials	26,662	39,200	24,046	44,000
Other Services & Charges				
Advertising & Local Industry Promotion	-	500	216	500
Association Dues	4,385	6,100	6,847	5,000
Insurance - Property & Liability	216,538	236,989	217,647	252,634
Licenses, Fees & Permits	226	300	51	100
Rent - Buildings & Equipment	253	200	-	200
Repair/Maintenance/Improvements - Buildings	6,966	17,500	1,362	12,500
Repair/Maintenance/Improvements - Equipment	52,333	40,100	69,703	62,500
Repair/Maintenance/Improvements - Grounds	3,948	5,250	14,847	7,000
Repair/Maintenance/Improvements - Roads	-	10,000	-	-
Repair/Maintenance/Improvements - Vehicles	1,314	3,500	480	4,250
Repair/Maintenance/Improvements - Water/Sewer	14,119	23,000	13,333	23,000

PORT BIENVILLE INDUSTRIAL PARK (Continued...)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
Services - Auditing	3,300	3,300	3,300	3,300
Services - Contract	88,047	90,900	80,248	91,952
Services - Port / Rail Master Plan	-	74,000	93,483	55,000
Services - Engineering	16,778	40,000	5,216	38,000
Services - Professional	41,333	49,600	28,651	39,500
Services - Security Systems	280	250	360	360
Subscriptions, Books, & Periodicals	-	-	-	-
Telephone & Telecommunications	8,662	12,300	9,132	8,006
Training/Education	2,568	4,000	6,150	5,600
Travel - General	626	2,500	1,272	4,000
Utilities	124,859	126,900	117,419	122,500
Total Other Services & Charges	586,535	747,189	669,716	735,902
Personnel Services				
Salaries & Wages - Regular Time	220,801	248,530	229,421	255,421
Salaries & Wages - Overtime	-	2,521	-	2,634
Salaries & Wages - PTO Payout	8,617	2,900	3,519	3,007
Accrued Payroll - Year End & PTO Compensation	34,463	-	(5,037)	-
Employee Physicals	55	250	-	-
Insurance - Health/Life/LTD/AD&D	55,896	44,241	35,663	31,363
Insurance - Workers Comp & Occupational	3,443	3,570	3,664	3,665
Retirement - PERS	54,290	79,569	58,007	59,347
Tax - Mississippi Unemployment	687	630	800	630
Tax - Federal SSI/Medicare	17,469	19,598	17,810	19,272
Total Personnel Services	395,721	401,809	343,847	375,339
Total Expenses	1,008,918	1,188,198	1,037,610	1,155,241
Net Income (Loss) from Operations	393,858	102,005	795,964	728,117
Non-Operating Income (Expense)				
Notes Receivable Principal	141,308	-	-	-
Interest Income - Checking & Savings	8,989	14,300	16,054	13,200
Interest Income - Notes Receivable	18,691	-	-	-
Wellman POTW I Credit	(160,000)	-	-	-
Gain (Loss) on Sale of Asset	(13,784)	-	-	-
Net Non-Operating Income (Expense)	(4,795)	14,300	16,054	13,200
Capital Sources & (Uses) of Funds				
Grant Revenues	1,010,561	23,119,167	334,891	14,622,632
Appropriations from Prior Years	-	636,748	-	-
Transfers In	23,308	3,480,866	2,197,664	1,945,827
Capital Expenditures	(1,257,497)	(27,353,086)	(3,356,245)	(17,309,776)
Net Capital Sources & (Uses) of Funds	(223,628)	(116,305)	(823,691)	(741,317)
Total Net Sources & (Uses) of Funds	\$ 165,435	\$ -	\$ (11,673)	\$ -



Revenues, Rates and Charges

Wharfage

Wharfage charges are assessed by the Port when goods are moved to or from a barge or other water-borne vessel to or from the docking area at which it is located. Dockage is assessed as vessels are docked within the waterways of the Port. Port Bienville's published tariff rates for wharfage are dependent on the type of commodity transported. Currently, the main commodities from which the Port's wharfage revenue is derived are coal, steel coil and steel pipe, earning \$1.00, \$1.50, and \$2.50 per ton, respectively. Dockage charges are a product of the transporting vessel's length and length of time at dock. Revenue from wharfage and dockage is expected to increase as two new docking/transloading facilities come online but potential revenue from these new facilities is not reflected in the FY2020 budget as user recruitment is too uncertain as of this writing.

Dockage

Dockage is assessed as vessels are docked within the waterways of the Port. Standard tariff rate is \$1.00 per day per lineal foot of each barge. Several factors have contributed to a significant decrease in Dockage in recent years, but we anticipate these revenues to return as new transloading and dredging projects are completed and actively marketed.

Rental rates for warehousing space are market competitive but may be negotiated depending on the tenant's employment numbers and anticipated tax base and revenue generated for the Port. FY2020's budget reflects vacancy at one of the warehouses as negotiations for a long-term lease progress but are uncertain as of this writing.

Park Assessments

Park assessments are charged to each tenant in the Port at \$485 per month and were established in the Port's early years as an offset to various operational expenses.

All Port tariffs are under review and will be updated and published as revised in FY2020.

Water, Sewer & Industrial Waste Treatment

The Port currently operates domestic and industrial water, sewer and industrial waste treatment plants. Tenants are charged \$200 per tap for hook up, \$75 for the first 8,000 gallons of water use and \$1 per 1,000 gallons of water thereafter. Sewer charges are \$150 for the first 8,000 gallons and \$2 per 1,000 gallons thereafter. The Commission is in the process of negotiating a transfer of all water, sewer and industrial waste treatment assets to the Hancock County Water and Sewer District. While this transfer will have a slight negative effect on cash flow, a significant benefit in depreciation will be recognized.

Current Staff

The department has four full-time professional staff members:

Port Director is responsible for HCPHC's Port Bienville Industrial Park and its waterways. Positions which report to the Director are:

- *POTW Manager* oversees water and wastewater treatment plant, including all local, state, and federal regulatory operations.
- *POTW Technician* maintains water and wastewater plant for industrial operations.
- *Facilities Lead/Water Technician* oversees property management and facilities maintenance.

Performance Fiscal Year 2019

In FY2018, Calgon Carbon announced a \$22,000,000 expansion plan to their facility as the use of activated carbon by the U.S. military and the private sector increases. Calgon has since been bought out by Kuraray, a Japanese owned corporation. We are not aware of any consequential change to plans for expansion.

SNF Polychemie announced a \$5,000,000 plant expansion to meet increased demand for water purification chemicals.

Total rehabilitation and restoration of the Linea Dock was completed in April of 2019. This berthing area can now accommodate up to 6 barges lined from bow to stern. The project included construction of a heavy lift area with a capacity of 1,500 psf. Dockage and wharfage revenue may exceed \$500,000 annually but until a customer is secured no revenues will be programmed in the budget.

2019's actual wharfage income soared 500% above 2018 primarily due to a single tenant (Jindal Tubular) barging in raw steel coils which are manufactured into steel pipe, then transported via barge, rail, and truck to its customers. This company is working through a 300,000-ton contract which is anticipated to be complete in March of 2020.

Warehouse II division — This warehouse is 80,000 sq. ft and is currently 50% occupied by Goodnight Terminal Services (a rail car cleaning company). Negotiations with Goodnight Terminal Services are underway to lease the remaining warehouse space however that additional rental revenue is not included in the FY2020 budget as terms of the agreement are uncertain at this writing.

In support of Goodnight Terminal Services, the Commission constructed a \$460,000 rail spur adding an additional 100 feet of rail line allowing Goodnight a dedicated area to store rail cars intended for cleaning.

A long overdue and much needed project has been implemented for signage and wayfinding at Port Bienville. Industries will have large, easy to view signs in front of their facilities as well as required 911 numbering. Installation began in July of 2019 and will be completed before calendar year end.

As previously mentioned, HCPHC is in the process of transferring its water, sewer and industrial waste treatment operations to the Hancock County Water and Sewer District (HCWSD). These operations fall in the "certificated" area of the HCWSD and because their expertise is wholly focused on serving the County's water, wastewater and sewage treatment needs, Port tenants will retain high quality service and Commission staff will re-focus on long-term economic development strategies. While operating revenue and expenses will decline slightly, a significant amount of the Port's assets will transfer, reducing depreciation and likely contributing positively to net position over time. While we expect to complete the transfer in FY2020, terms are not certain enough at this writing to inform the FY2020 budget.

The Commission purchased 770 acres of undeveloped timberland two years ago and is currently in the process of purchasing another 175 acres of undeveloped land. Currently there are no immediate plans for development however both properties are available for industry attraction or development of an intermodal rail yard as discussed in the Port Bienville Railroad narrative preceding this.

Department Objective	Strategy/Measure	2018 Actual	2019 Projected	2020 Target
Wharfage Tons	Increase tons moved through Port	77,167	393,669	500,000
Number of Barges	Increase Port barge traffic	71	240	300
Number of Barge Days	Capture 100% of days barges are moored	603	2,003	2,512
Percent of HCPHC Building space under lease	Maximize facility use & rental income	57%	57%	89%
Total Acres	Insure Industrial Park footprint is adequate to meet future demand	3,300	4,000	4,175
Developed Acres	Increase number of acres occupied by operating businesses	1,221	1,221	1,221
Developable Acres	Increase number of acres available for development	1,374	1,374	2,074
Project Ready Acres	Increase number of acres ready for development with due diligence complete	95	95	95
¹ Developed acres are those on which infrastructure (such as rail lines and roadways) and buildings and parking are constructed.				
² Developable acreage is that which is suitable for development (as described above) and excludes acreage set aside for environmental or regulatory reasons.				
³ Project ready acres are those which are certified as shovel ready.				

Fiscal Year 2020 Objectives and Key Investments

Complete Port Bienville's Master Plan

HCPHC is currently in the process of putting together a master plan for Port Bienville that will inform the next 10 years and will recommend sites best suited for development and those best suited as environmental preservation sites.



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**PORT BIENVILLE INDUSTRIAL PARK
2019 WIP - 2022 CAPITAL IMPROVEMENT PLAN
PORT BIENVILLE INDUSTRIAL PARK**

PROJECT #	PROJECT NAME	PURPOSE *	WIP through		2021	2022	TOTAL
			FYE 2019	2020			
PB1703	Project Ready Sites	SI	\$ 35,145	\$ 14,855	\$ -	\$ -	\$ 50,000
PB1704	Site 4 Transload	SI	404,453	8,325,547	-	-	8,730,000
PB1801	Port & Pearl River Dredge	SI	200,950	6,549,050	-	-	6,750,000
PB1901	Mooring Dolphins	SI	-	296,000	-	-	296,000
PB1903	Security System	SA	-	30,000	-	-	30,000
PB1908	South Road Rehab	LCM	-	563,324	-	-	563,324
PB2001	Public Dock Rehab	LCM	-	510,000	-	-	510,000
PB2002	Port Security Vessel	SA	-	60,000	-	-	60,000
PB2003	Thian Property Development Prep	SI	-	75,000	-	-	75,000
PB2004	Sea Plane Road Rehab	LCM	-	854,000	-	-	854,000
PB2005	Port Work Truck	LCM	-	32,000	-	-	32,000
Total Uses of Funds			\$ 640,548	\$17,309,776	\$ -	\$ -	\$17,950,324

SOURCE OF FUNDS	2019	2020	2021	2022	TOTAL
Federal Grants	\$ -	\$13,401,600	\$ -	\$ -	\$13,401,600
State Grants	-	1,221,032	-	-	1,221,032
Use of Cash Balance	640,548	2,687,144	-	-	3,327,692
Other	-	-	-	-	-
Total Sources of Funds	\$ 640,548	\$17,309,776	\$ -	\$ -	\$17,950,324

*** PURPOSE CODE**

LCM Life Cycle Maintenance
SA Safety
SI Strategic Investment

CAPITAL PROJECTS – 2020

PB1703 – Project Ready Sites - \$50,000. \$14,855 of the total project budget of \$50,000 are expected to spill into FY2020. Site 11 will be cleared to improve marketability. This 30-acre site should generate rental revenue of \$150,000 per year and operating expenses to maintain the site are estimated at \$6,000 per year. This project is funded with cash reserves.

PB1704 – Site 4 Transload - \$8,730,000. This Restore Act Project kicked off in 2019 and will add 650' of dock space to the Port's inventory serving existing tenants and transient traffic. At full capacity this project could generate \$211,000 in dockage and \$265,000 in wharfage revenues. We expect an incremental increase in repairs and maintenance expenses of roughly \$15,000 per year. This project is funded with \$7,401,600 of Restore Act funds and \$1,328,400 of cash reserves.

PB1801 – Port Canal and Pearl River Dredge - \$6,750,000. This dredging project will increase channel depths to 14', allowing transport of heavier barge loads than channels can currently accommodate and will open up a second route of access to the Port via the East Pearl River. Without this dredge project waterways may become unpassable in the foreseeable future endangering existing tenant businesses and significantly restricting the ability to attract future viable prospects.

Additionally, dredge spoils from this project will be "recycled" into 47 acres of "beneficial use" marshlands located to the East of Heron Bay.

Maintenance dredging will increase annual operating expenses and the Commission is pursuing a cost sharing arrangement with the Corp of Engineers to defray those costs. Currently a solution is uncertain.

\$6,000,000 of RESTORE Act funds will pay for most of the project cost. The Commission committed \$750,000 of cash reserves to fund the balance.

PB1901 – Mooring Dolphins - \$296,000. The addition of 8 mooring dolphins located along the Port’s canal entrance will allow vessels to moor for storage while waiting to load or unload cargo without interfering with active marine traffic. These dolphins could generate as much as \$288,000 in dockage revenue at 100% capacity but because the project will be constructed in FY2020 we have not budgeted revenue this fiscal year. We expect that future expenses for upkeep to approximate \$10,000 per year. This project is funded with \$275,208 of State Multimodal grant funds and \$20,792 of cash reserves.

PB1903 – Security System - \$30,000. Port staff are reviewing best practices to minimize risk of threat to assets and personnel. This system will be funded with cash reserves and is not expected to affect the operating budget in FY2020.

PB1908 – South Road Rehab - \$563,324. This project replaces the concrete apron at the Port’s Southern entrance and repaves South Road with a design intended to handle the increased weight of traffic using this thoroughfare. As a lifecycle maintenance project there is no effect to the operations budget. This project is funded with Gulf Coast Metropolitan Planning Organization (MPO) funds.

PB2001 – Public Dock Rehab - \$510,000. The public dock is located at the end of Port Bienville canal near the Port’s main traffic entrance. Damage from past storms and normal wear and tear has made this dock unsafe for long-term use. This project will replace the fendering system, some sheet pilings and repair the dock surface. Dockage revenue at full capacity is estimated at \$144,000 per year with annual maintenance expense approximating \$10,000. Wharfage will also be charged according to tariff based on the commodity transported. A State Multimodal grant of \$382,500 and cash reserves of \$127,500 will fund this project.

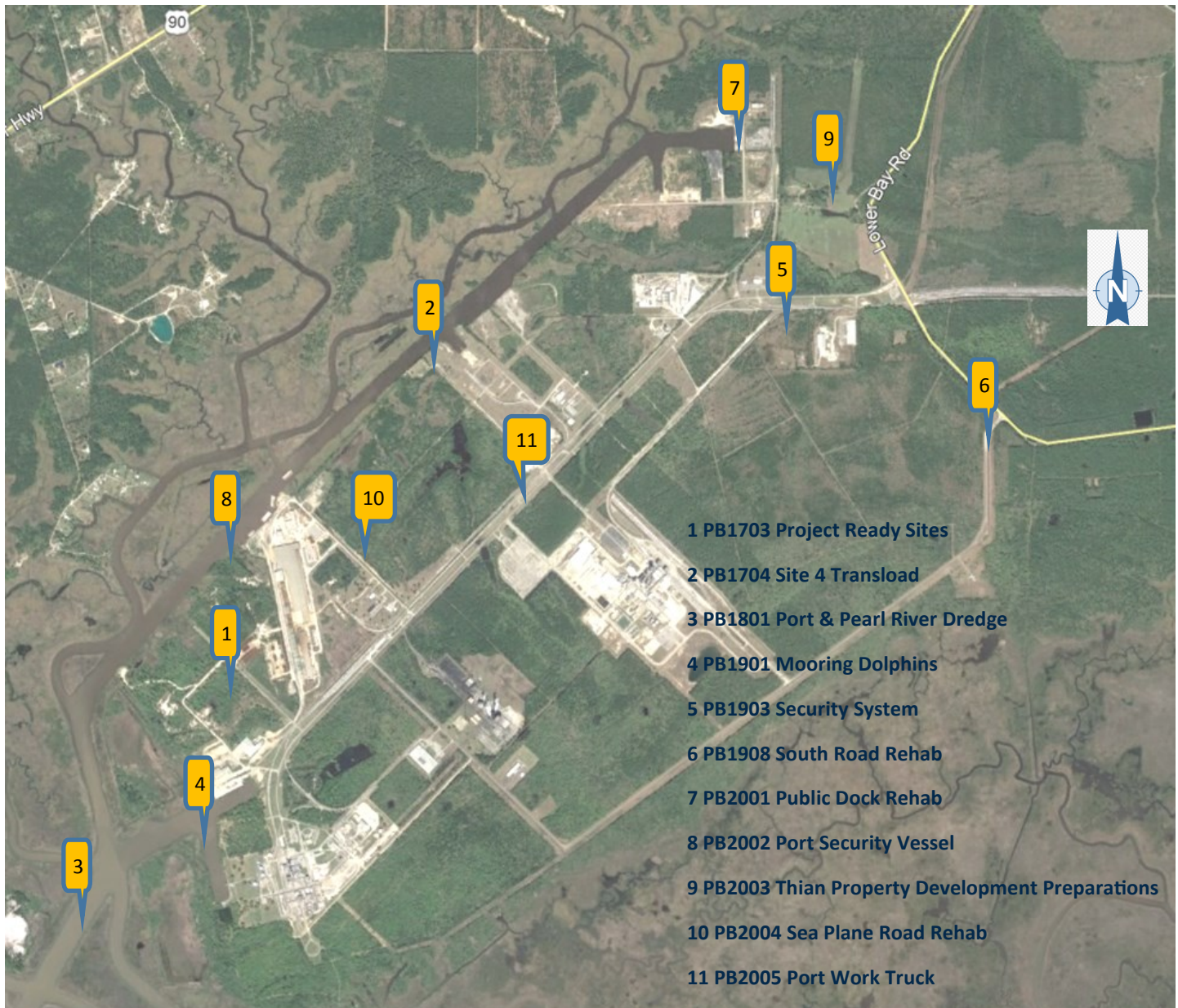
PB2002 – Port Security Vessel - \$60,000. This security vessel will allow staff visual inspections of waterborne traffic and enhance security of waterfront properties. This vessel will also be used for prospect and stakeholder tours. We expect an increase in operating expenses of \$3,500 per year, covering insurance, fuel and maintenance. Cash reserves will fund this purchase.

PB2003 – Thian Property Development - \$75,000. This soon to be acquired property has various structures on it that will need to be demolished and an underground storage tank that needs to be removed before any type of development can occur. This property will be available for rent after remediation is complete generating rental revenue estimated at \$57,000 per year. We anticipate a \$10,000 increase in our operating expenses to maintain the property. This project will be funded with cash reserves.

PB2004 – Sea Plane Road Rehab - \$854,000. This is a lifecycle maintenance project, the need for which has been accelerated as an uptick in heavy truck traffic on this road has eroded its integrity, and without this major rehabilitation project tenants would have to arrange alternative transportation for raw product and finished goods. This project is budgeted to be funded with cash reserves.

PB2005 – Port Work Truck - \$32,000. The current primary Port vehicle is a 2006 Dodge with over 135,000 miles. The 2006 vehicle will continue to be used for off road property excursions. The operating expense budget is increased \$2,500 to cover the cost of insurance and fuel. Cash reserves will fund this purchase.

PORT BIENVILLE INDUSTRIAL PARK CAPITAL PROJECTS Locations map



STENNIS INTERNATIONAL AIRPORT

Groundbreaking for the Hancock County John C. Stennis International Airport's (KHSA) runway occurred on May 11, 1968 with commissioning of the airport in May 1970. The airport was constructed with funds from the Economic Development Administration (EDA), Federal Aviation Administration (FAA) and the Hancock County Board of Supervisors. By August 22, 1978, the basic facilities of the airport and airpark were complete. Initially called Gulf Central Airport – Stennis Field, the airport was later named after US Senator John C. Stennis.

Stennis International Airport (KHSA) is one of four departments of the Hancock Count Port and Harbor Commission and has the responsibility of providing safe and efficient operations for aircraft operators and passengers. Airport staff accomplish this by following guidelines set forth in the Federal Aviation Administration (FAA) approved Title 14, Code of Federal Regulation Part 139 Airport Certification Manual, FAA Airport Improvement Program (AIP) – Airport Sponsor Assurances, and Transportation Security Administration Publication A-001 Version 2.



Location

Stennis International Airport is located eight nautical miles (15 km) northwest of the central business district of Bay St. Louis, Mississippi. Runway center coordinates are N 30°22'05.73" and W 089° 27'16.74".

Facilities

The airport is located on approximately 2,892 acres of land. The land consists of 548 acres which fall under the Federal Aviation Administration's federal grant obligations and responsibilities of basic grant assurances and includes 512 acres that were part of the original land purchased in late 1960's. Grant assurances are the obligations airport owners or sponsors, planning agencies, and other organizations agree to when they accept Airport Improvement Program grants or other FAA-administered airport financial assistance.

In 2010 the Hancock County Port and Harbor Commission purchased 1,100 acres west of the runway and in 2018 1,280 acres of land east of the runway. These two properties were purchased with cash reserves and therefore, are not subject to FAA grant assurances.

The airfield is open 24 hours per day. The general aviation passenger terminal building is open from 7:00 a.m. to 7:00 p.m. Monday through Friday and 8:00 a.m. to 6:00 p.m. Saturday and Sunday. The air traffic control tower is open 14 hours per day, 365 days a year from 7:00 a.m. to 9:00 p.m. daily.

Runway

Stennis International Airport's runway is on the magnetic heading of 002/182 degrees magnetic or 000/180 degrees true, therefore named - Runway 18/36, and is capable of handling commercial, military, corporate, and general aviation traffic.. The runway is 8,497 feet (2,560 meters) long and 150 feet (46 meters) wide with a North – South orientation. The runway is painted with standard precision markings and shoulder markings and has a paved blast pad measuring 190 feet by 190 feet on the southern end of the runway. The surface is constructed of grooved asphalt. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). We completed a runway mill and overlay rehabilitation project using FAA Airport Improvement (AIP) funds in FY2019.



Taxiway/Taxilane

Taxiway "A" is a full-length parallel taxiway along the east side of Runway 18/36. The taxiway is 75 feet wide south of Taxiway "B" intersection and 90 feet wide north of the Taxiway "B" intersection. It provides six exits from the runway. Taxiway "A" is the same length as the runway and can handle aircraft landings as an alternate to the primary runway.

Lighting Aids

The airport beacon is a light on top of the Air Traffic Control Tower (ATCT) that signals location and presence of the airport during night and low visibility conditions. A Precision Approach Path Indicator (PAPI) and Medium-intensity Approach Lighting System with Runway Alignment Indicator light (MALSR) provide runway visual approach aid. FAA AIP project #3-28-0005-32-2018 replaced runway signage, distance remaining markers, all taxiway signage, and vault regulators.

Aircraft Aprons

There are three main aprons. The north apron is 345 feet (105 meters) by 684 feet (208 meter) and designed for heavy loadout area. It consists of Portland concrete and asphalt construction. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). The main apron located to the west of the terminal building was constructed with Portland concrete. This area is used for cargo operations and is the primary heavy loadout area. The load bearing strength is 120,000 pounds single wheel gear loading (SWG), 185,000 pounds dual wheel gear loading, 280,000 pounds dual tandem wheel gear loading (DTWG). To the south of the main apron is the general aviation apron. This apron is 300 feet (91 meters) by 445 feet (139 meters) and constructed with asphalt with medium usage strength of

15,000 single wheel gear (SWG). The area is used primarily for parking and tie down of light to medium weighted general aviation aircraft.

Aircraft Hangars

HCPHC has six hangars on the airfield that are leased. Constructed in 1994, Hangar C is leased to Tyonek Service Group and consists of approximately 34,206 square feet. It includes hangar deck, office and shop spaces. The terminal hangar "Hangar A" was constructed in 2014 and is leased primarily by Tyonek Service Group. The northern garage spaces are leased to multiple user groups on the airfield. The hangar consists of approximately 23,000 square feet of hangar deck and shop/garage space. Hangar B is leased by Westbrook Fishing, LLC, as a maintenance facility for their aviation department. The hangar was constructed in 1980 and consists of approximately 10,000 square feet. Hangar B-1 which shares a common wall with hangar B is leased to RFB Flying Services. This hangar is 3,600 square feet and was constructed in 1980. The northern and southern T-hangars were re-constructed in 2008, repairing damage from Hurricane Katrina. Each T-hangar consists of 12 hangars for light aircraft with two storage units and a bathroom.

Fixed Base Operator - FBO

Million Air-Stennis is the Fixed-Base Operator (FBO) on Stennis International Airport and offers a variety of aviation-related services. Airport Operations and Million Air staff work together on fuel farm inspections, parking/placement of aircraft, and coordination of air cargo and military training exercises. Million Air – Stennis is operated by a staff of 19, including management, café personnel, customer service representatives and line service technicians. All their line service professionals are National Air Transportation Association (NATA) Safety 1st Certified. Their customer service professionals assist with transportation, catering, and any local accommodations. Local chefs prepare breakfast, lunch and dinner in the Jet-A-Way Café overlooking the airport. Million Air - Stennis is one of fifteen FBOs owned by Freeman Holdings Group. They occupy and lease most of the terminal building space from HCPHC.

Aircraft Rescue Fire Fighting - ARFF

Under Title 14, Code of Federal Regulation Part 139, Stennis International Airport (KHSa) is a Class IV airport with Index A aircraft rescue firefighting (ARFF) capacity. All Fire fighters are contracted personnel that are prequalified to operate under our FAR 139 Operating Certificate. Stennis International Airport contracts with eighteen individual fire fighters with ARFF specialized training. All firefighters are required to maintain live fire and twenty-one skillset training yearly. Two fire fighters are on duty daily to provide ARFF support to the airfield. The cost of contracted services approximates \$175,920. Firefighting support can be increased to support Maintenance, Repair & Overhaul (MRO) tenants located on the airfield. ARFF equipment is housed in three equipment bays in a 3,150 square foot station located east of A-5 taxiway.

Air Traffic Control Tower - ATCT

KHSa's air traffic control tower was constructed in 2006. It operates under FAA's Contract Tower Program. The facility and equipment are owned and maintained by HCPHC. The air traffic controllers are employed by Roberson Aviation Inc. (RVA), which operates the FAA contract towers in the southeast region of the United States. RVA employs four full time and one part time controller at KHSa's tower, averaging 36,000 aircraft operations per year.

Airpark

Established to provide compatible land use around Stennis International Airport, Stennis Airpark offers multiple site opportunities for domestic and/or foreign direct investment. The airpark is approximately 1,357 acres and

abuts Texas Flat Road along the east edge of Fred and Al Key Road. Nine companies are positioned on Airpark grounds with a total of two hundred thirty-one employees. Park tenants are diverse, from geospatial technologies to a Native American supplier of radar and other aerospace electronics; to Koenig Stainless, a leading international supplier of custom stainless steel; to Lazy Magnolia Brewery, Mississippi's oldest brewery supplying refreshing beer products to Southern and Midwestern markets. Foreign trade zone #92 applies here.

Military Assets

Stennis International Airport is strategically located on the eastern boundary of John C. Stennis NASA Space Center "buffer zone," and therefore has no encroachment issues with neighboring communities. US Naval Special Warfare facilities are 10 miles West and Keesler Air Force Base is 30 miles East of the airport. Stennis is a major hub for air and ground defense training missions supporting 60 - 125 days of para jump operations per year with an average number of jumps between 2,000 and 7,000. Jumps include static line, military freefall and tandem military freefall. An average of 56% of the operational flights conducted on the airfield are military exercises. The assets located at Stennis International Airport for conducting military operations are as follows:

US Department of Defense - Joint Use Airfield Agreement

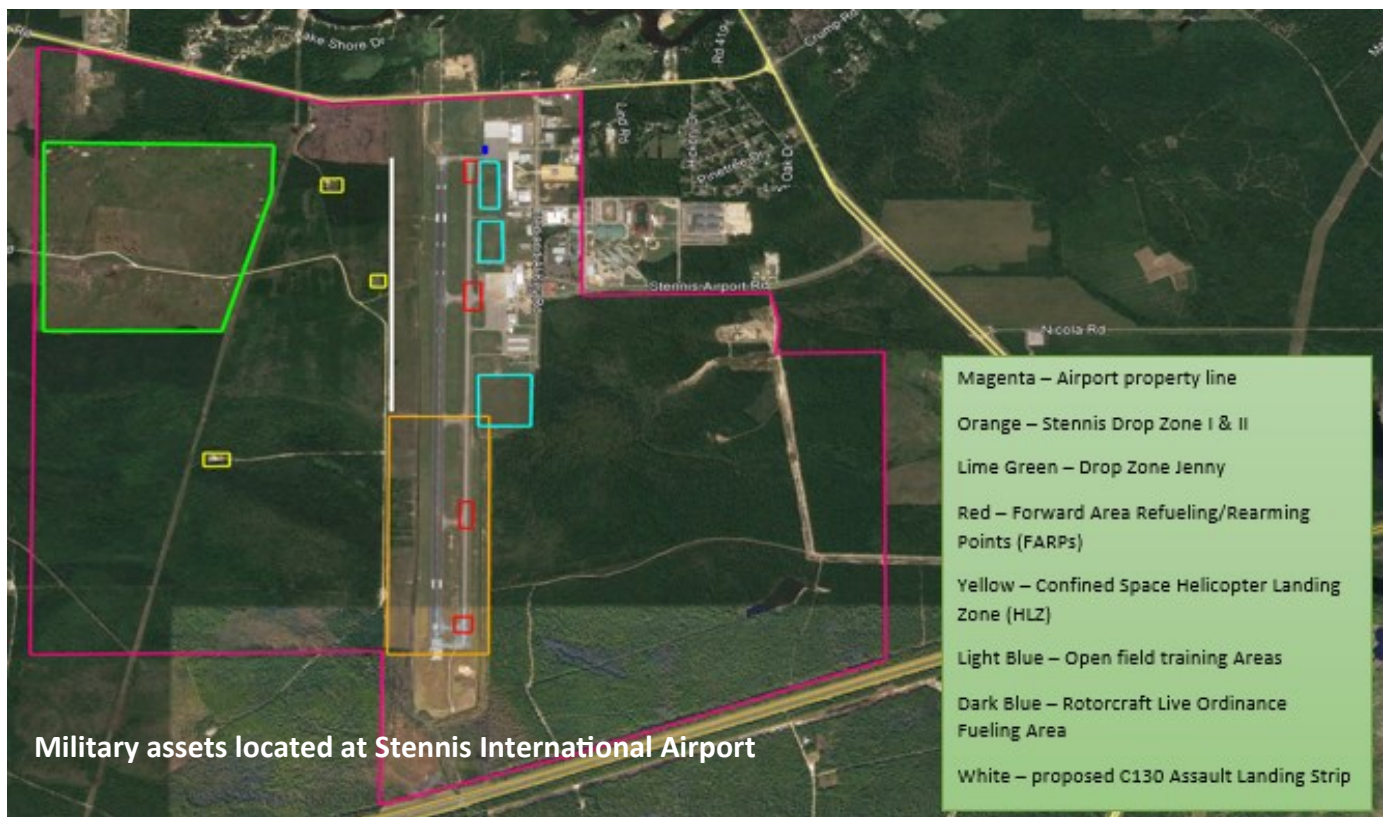
Overt/covert landing boxes on runway for Night Vision Goggle (NVG) operations

3 Surveyed Drop Zones — Two Personnel & Container Delivery Systems and a Heavy Drop Zone located on the westside of the airfield

3 Confined space Helicopter Landing Zone (HLZ)

5 Surveyed Forward Area Rearm and Refuel Points (FARPs)

2 Forward Area Refueling/Rearming Points (FARRP) hot boxes for live ordinance for rotorcraft refueling

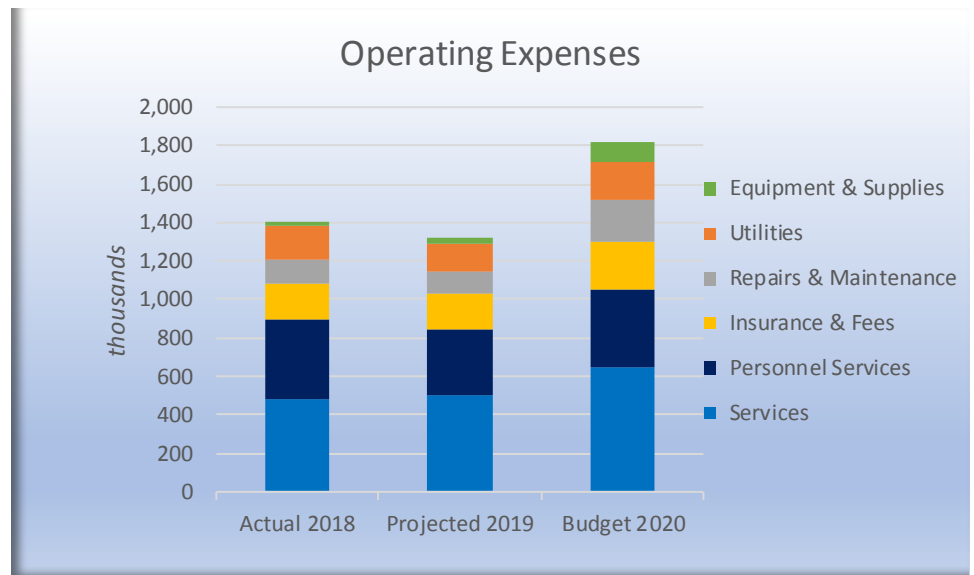
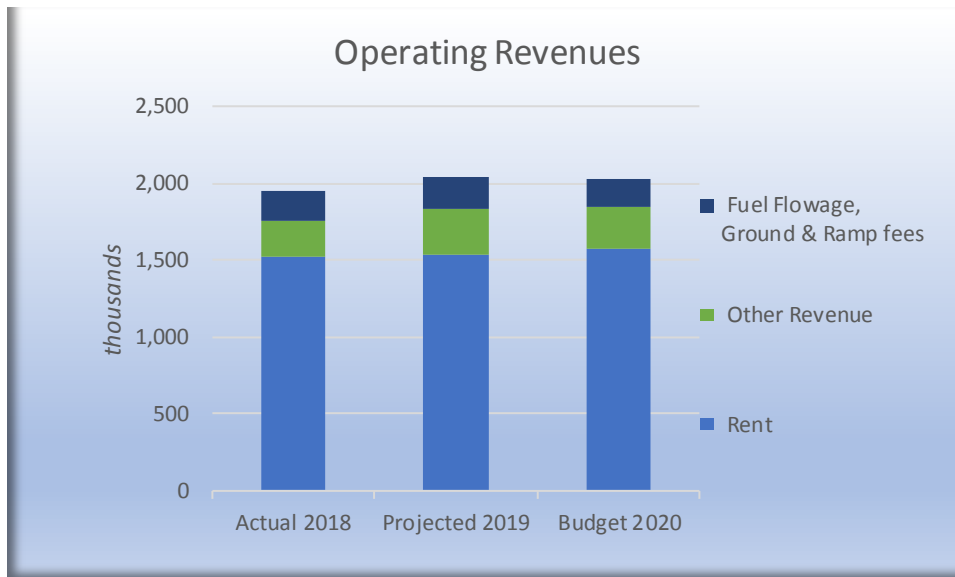


STENNIS INTERNATIONAL AIRPORT

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
REVENUE				
Use of Money & Property				
Fees: Ground, Ramp, Landing, Tie Downs	\$ 8,768	\$ 12,175	\$ 12,647	\$ 9,200
Fuel Flowage	188,516	170,500	196,636	180,750
Rent: Hangars, Buildings, Land & Equipment	1,516,217	1,513,855	1,534,408	1,569,236
Total Use of Money & Property	1,713,501	1,696,530	1,743,691	1,759,186
Other Operating Revenue				
Other Revenues	238,544	272,293	299,277	270,293
Total Other Operating Revenue	238,544	272,293	299,277	270,293
Total Revenues	1,952,045	1,968,823	2,042,968	2,029,479
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	12,128	53,850	17,985	70,900
Supplies - Custodial	1,670	3,550	611	3,450
Supplies - Fuel/Oil	7,865	10,000	6,317	9,500
Supplies - Office	1,750	3,325	841	3,325
Supplies - Operating	3,966	14,600	3,119	10,750
Supplies - Uniforms	1,368	2,750	844	2,750
Total Supplies & Materials	28,746	88,075	29,717	100,675
Other Services & Charges				
Advertising & Local Industry Promotion	-	1,000	331	1,000
Association Dues	4,383	4,650	4,573	6,200
Insurance - Property & Liability	182,891	208,498	177,197	240,117
Licenses, Fees & Permits	83	300	100	300
Rent - Buildings & Equipment	-	3,000	-	12,000
Repair/Maintenance/Improvements - Airfield	24,337	23,000	23,764	46,650
Repair/Maintenance/Improvements - Buildings	56,210	39,000	43,252	63,000
Repair/Maintenance/Improvements - Equipment	7,933	28,300	23,611	38,300
Repair/Maintenance/Improvements - Grounds	108	3,000	4,126	4,500
Repair/Maintenance/Improvements - Vehicles	31,793	17,500	20,150	61,500
Service Charges	3,837	3,500	3,799	-
Services - Contract	175,229	220,405	179,333	265,670
Services - Airport Master Plan	104,801	133,734	95,686	60,000
Services - Engineering	5,164	54,000	2,413	-
Services - Fire Fighters - ARFF	170,575	236,520	199,140	226,000
Services - Professional	18,664	10,000	16,303	79,000
Services - Security Systems	-	1,600	-	500

STENNIS INTERNATIONAL AIRPORT (Continued...)

	Prior Yr Actual 2018	2019		Budget 2020
		Budget	Projected	
Subscriptions, Books, & Periodicals	-	200	-	200
Telephone & Telecommunications	39,852	43,450	12,138	20,170
Training/Education	4,941	17,500	1,955	20,500
Travel - General	271	1,800	549	1,800
Utilities	135,022	193,411	133,238	178,911
Total Other Services & Charges	966,093	1,244,368	941,657	1,326,318
Personnel Services				
Salaries & Wages - Regular Time	236,792	214,790	209,330	244,192
Salaries & Wages - Overtime	662	1,355	457	1,410
Salaries & Wages - PTO Payout	3,246	3,022	4,774	2,076
Accrued Payroll - Year End & PTO Compensation	7,324	-	(3,633)	-
Employee Physicals	-	100	-	1,000
Insurance - Health/Life/LTD/AD&D	77,006	63,694	56,773	49,159
Insurance - Workers Comp & Occupational	5,538	6,544	7,239	6,906
Retirement - PERS	63,992	69,639	57,161	64,252
Tax - Mississippi Unemployment	602	490	653	490
Tax - Federal SSI/Medicare	18,141	16,522	15,947	17,544
Total Personnel Services	413,303	376,156	348,701	387,029
Total Expenses	1,408,143	1,708,599	1,320,075	1,814,022
Net Income from Operations	543,903	260,224	722,893	215,457
Non-Operating Income (Expense)				
Notes Receivable Principal	15,921	15,103	15,004	15,915
Interest Income - Checking & Savings	6,247	3,000	21,626	10,000
Interest Income - Notes Receivable	2,784	1,999	2,098	1,187
Debt Service - Principal	(68,500)	-	-	-
Gain (Loss) on Sale of Asset	(176,255)	-	-	-
Net Non-Operating Income (Expense)	(219,802)	20,102	38,728	27,102
Net Capital Sources (Uses) of Funds				
Grant Revenues	4,780,414	6,070,850	487,155	10,526,830
Appropriations from Prior Years	-	5,334,622	-	-
Transfers In	1,612,476	-	-	5,262,482
Capital Expenditures	(6,536,307)	(11,685,798)	(1,734,809)	(16,031,871)
Additions to Fixed Assets	(50,112)	-	-	-
Net Capital Sources (Uses) of Funds	(193,529)	(280,326)	(1,247,654)	(242,559)
Net Sources and (Uses) of Funds	\$ 130,572	\$ -	\$ (486,033)	\$ -



BY THE NUMBERS:

- 2,400+ acre** airport and airpark
- 1,300+ developable acres** contiguous on runway
- 8,500 ft.** grooved and lighted runway
- 340,000+ sq. ft.** of surfaced aprons and taxiways
- 16 Companies, 400+ employees**

INTERSTATE 10 Quick & Easy Access to...

12&59 Highways 603, 90 and 49

New Orleans 60 Miles to the West



FULL SERVICE FBO

- Passenger Terminal
- Aircraft Fueling/DoD Contract
- Tie Down & Hangar Space
- Maintenance
- Air Charter
- Flight Training
- Rental Car Service
- and **MORE**

Aircraft Rescue & Fire Fighting Coverage

- FAA 139 Index A & NAS 3306 revision 3 compliant
- Air Traffic Control Tower
- Automated Weather Observation System
- UNICOM Communications
- Instrument Landing System
- Lighting System with Alignment Indicator

Moderate Mix of Aviation and Military Traffic daily

Foreign Trade Zone #92

owned & operated by



Revenue, Rates and Charges

The revenues at Stennis International Airport are set and approved by the Commission as published in Stennis International Airport's Rates and Charges. The most recent Charges were adopted in March of 2015 and may be found on our website at www.portairspace.com.

Ground rental

For individuals wanting to construct their own hangar or aeronautical office space the ground lease rate for the footprint of the property to be encumbered will be charged. Ground Rent (For Hangar / Office Construction) is charged at \$0.50 per square foot per year.

Landings fees

Any aircraft operator operating an aircraft with a published maximum gross landing weight of 12,500 pounds or greater will pay an Airport Landing Fee. That Airport Landing Fee will be \$1.00 per 1,000 pounds of published gross landing weight.

Tiedowns

The airport provides aircraft parking for which tie down fees are charged. These rates vary by aircraft type and length of stay.

Fuel flowage

Fuel flowage is a fee assessed on the user, which is paid at the pump to the Airport's FBO and passed to the Commission as contractually required under a service agreement. In July of 2011 the Commission adopted Stennis International Airport's Rates and Charges which included a fuel flowage fee increase to \$0.14 for every gallon pumped for Avgas, Jet A and military Jet A. In addition, a monthly fee of \$0.05 per gallon was included for "de-fueled" fuel storage. Average fuel sold over the last 3 years approximates 1,221,500 gallons. Budgeted aircraft operations for 2019 is consistent with 2015-2017 flowage according to the Terminal Area Forecast (TAF). The TAF is the official FAA forecast of aviation activity for U. S. airports. Stennis International Airport falls under the Southern Region of the FAA (ASO).



V-22 Osprey military exercises

T-Hangars and Aircraft Storage Rental

Storage revenue is divided into three fees - T-hangars, short-term aircraft storage, and long-term aircraft storage. The airport has twenty-four (24) T-hangar units, two (2) small end storage units, and two (2) large end storage units. Average occupancy for these units is eighty-five percent. While there is some availability for short-term storage in the T-hangars all other hangars are leased. Capital plans in place for FY 2019 include construction of new hangar space for lease.

Other Revenue

Other revenues include reimbursements from tenants for Commission expenses such as property insurance and utilities.

Current Staff

The department has two full-time professional staff members and a shared maintenance team who also provide service to Port Bienville Industrial Park and Railroad.

The Airport Director is responsible for HCPHC's airport team and its primary responsibility - safety. The Director is responsible for staffing, budgeting and operations and oversees property management, develops departmental goals and objectives in support of the departmental strategic and master plans, and supports economic development in business expansion efforts at the airport. The Director also coordinates department activities with other departments to ensure effective working relationships and investigates and resolves public complaints, speaks before public groups on airport plans, programs, and goals. Reporting to the Director are:

- *Airport Operations Manager* is responsible for the day-to-day operations and maintenance. He coordinates maintenance within the airfield and airpark and ensures that applicable FAA standards are followed by all personnel and tenants. The manager is responsible for the airport's driving training program and coordinates the airfield wildlife hazard management plan and training. This position also coordinates military training operations.
- *Maintenance personnel* work both the airport and Port Bienville Industrial Park to keep equipment, facilities, infrastructure and grounds safe and operational. Maintenance personnel also work closely with the lawn care contractor to ensure FAA standards are adhered to during the performance of their duties.

Performance Fiscal Year 2019

Operations

Stennis International Airport continues to show an increase in airport operations. Fiscal year 2020 the operational count is projected as 36,500 flights.

Fuel sales are anticipated to increase over the prior year by 3% from 1,390,000 to 1,440,000 gallons.

Training & Inspections

Airport operations staff trained and certified 160 personnel for driving within aircraft operations movement area. Airport staff were certified by Loomacres for Wildlife Hazards Mitigation and all FAR 139 training.

Contracted Aircraft Rescue Fire Fighters were trained in the eleven (11) disciplines of FAR Part 139.319 and a live fire drill and have multiplied that training four times for the requirements of NAS 3306 Rev 3.

The FAA Certification Inspector completed a Title 14 CFR FAR Part 139 inspection with minor discrepancies which were corrected during the inspection or soon thereafter.

Government Flight Review conducted inspections in accordance with Airport tenant Tyonek's Department of Defense contract. All inspected lines items were within DoD guidelines.

Projects

FAA32-2018 AWOS and Signage Rehab - \$558,000. This project replaced the Automatic Weather Observation System (AWOS) that was no longer supported by the manufacturer and will be supported for the next eight to ten years. Additionally, all airfield signage that direct aircraft on and off the runway have been replaced. As a lifecycle maintenance project, we anticipate no impact to operations budget. This project was funded with \$331,486 of State Multimodal grant money and cash reserves.

AP1709 Air Traffic Control Tower Safety Upgrades - \$172,000. Installation of communication systems and weather monitoring in the Air Traffic Control Tower is complete. Fiscal Year 2020 will include upgrading the actual communication radios. This will secure the Tower operations for the next eight to ten years and is not expected to impact the operations budget. These upgrades were funded with cash reserves.

AP1801 Generator Solutions - \$50,000. Backup generators were installed to support key building and infrastructure including the Air Traffic Control Tower, Fire Station, airfield lighting system, aviation fuel farm, terminal building, Robert Kane Administrative Office and aircraft hangar fire suppression systems. These generators are connected to 3rd party generators in order to create some power redundancy to avoid potentially catastrophic system failure. Cash reserves funded this solution.

AP1803 Site Preparation - \$160,000. HCPHC worked with Mississippi Power Company to review several sites at Stennis International Airport to meet their “site ready / shovel ready” determination. Wetland delineations, archeological & historical research, utilities and a Phase One Environmental survey and other items were addressed so that available site(s) would be prepared for prospects or developers. A 25 acres site South of the Air Traffic Control Tower has been completed and we anticipate another 7 acres to be completed on the North side of the airport. Published ground rental rates for lease by qualifying tenants is \$.50 per square foot. 2020’s operating budget includes some expense for grass cutting. These costs we’re paid with cash reserves.



AP1804 Wayfinding and Lighting - \$100,000. Directional signage at Port Bienville Industrial Park and Stennis International Airport have been installed helping direct traffic to industries at each location. The wayfinding signs meet Mississippi Department of Transportation guidelines for construction (140 mph wind load) and are located immediately outside of the Port and Airport. Some ongoing lifecycle maintenance expenses are expected in out years but no expense for maintenance was budgeted in the current year. This project is funded with cash reserves. Phase II of this project is programmed in FY2020’s capital budget as noted below.

AP1808 Airpark Land Acquisition - \$1,300,000. HCPHC purchased 1,280 acres of property on the eastern side of the airfield for future development and as a buffer to encroachment. The airports FY2020 operations budget includes \$60,000 for master planning intended in part to determine best use(s) of this acreage. Some property maintenance costs are budgeted in FY2020. This property was acquired with cash reserves.

AP1903 HVAC Life Cycle Maintenance - \$200,000. Life cycle maintenance for HVAC replacements is an annual cost. This project replaced the entire terminal building system, alleviating ongoing problems since building construction was completed. This system was commissioned by the product's manufacturer and has a multiyear warranty. Two other air conditioning units were replaced at other locations at the airpark. We expect a reduction in facilities repairs and maintenance in FY2020.

Measure	Strategy	2018 Actual	2019 Projected	2020 Target
Fuel Sales (gallons)	Increase fuel flowage revenue	1,340,000	1,390,000	1,440,000
ATCT Operations	Increased operations should equate to higher fuel flowage & ground rents	34,652	35,254	36,500
Airfield Driver Training	Ensuring safety on the airfield	260	160	175
Percent of Leasable Building space under lease	Maximize facility use & rental income	100.0%	99.8%	100.0%
Total Acres	Ensure Airport & Airpark footprint are adequate to meet future demand	1,648	2,928	2,928
Developed Acres ¹	Increase number of acres occupied by operating businesses	521	548	648
Developable Acres ²	Increase number of acres available for development	27	27	422
Project Ready Acres ³	Increase number of acres ready for development with due diligence complete	-	25	32
¹ Developed acres are those on which airfield, landing and ramp spaces, and buildings and parking are constructed.				
² Developable acreage is that which is suitable for development (as described above) and excludes acreage set aside for environmental or regulatory reasons.				
³ Project ready acres are those which are certified as shovel ready.				

Fiscal Year 2020 Objectives and Key Investments

Spaceport Phase II – Licensing

In FY2018, Stennis International Airport (HCPHC) hired Reynolds, Smith and Hill (RS&H) to conduct a Spaceport Feasibility Study to determine if commercial space operations are feasible on and around the airfield. The feasibility study was conducted over a ten-month period in FY2018. RS&H determined that no fatal flaws were detected in the use of Stennis International Airport to host commercial space launch operations using horizontal launch and/or horizontal recovery vehicles.

The cost for proceeding into the Licensing phase is estimated at \$550,000 and is programmed in FY2020's capital budget as project AP1902. The licensing process includes an environmental assessment of the area of influence of commercial space operations at Stennis International Airport and extends out into the Gulf of Mexico. The percentage of cost is roughly divided 60%/40% between environmental assessment and licensing development and analysis. This is a multi-year project estimated at 1 ½ years to secure licensing.

The emerging commercial space flight industry is still in the early stages of development and differs significantly from conventional airport industries. Therefore, activity forecasts vary greatly as represented here assuming three

different scenarios. The Base Case estimates an annual growth rate of 15.98% which is supported by historical data. The Growth Case projects growth twice as fast and the Constrained Case, one-half that of the Base Case.

Work continues through FY2019 into FY2020 with approximately 35% of the environmental aspect and 25% of the flight protectory completed. During the next fiscal year, meetings with the FAA on the Spaceport Licensing will be initiated.

STENNIS INTERNATIONAL AIRPORT DEVELOPMENTS

SPACEPORT

➤ Findings

- No "fatal flaws" and capable of supporting horizontal launch operations

➤ Next Steps

- Evaluate ED and Goals to justify \$\$\$
- Obtain License and market vehicle operators
- Construct short-term facilities
- Assess re-entry vehicles to carry payloads to SSC
- Evaluate cooperative vehicle and/or rocket motor testing program with SSC



PEARL RIVER COMMUNITY COLLEGE: AEROSPACE ACADEMY

➤ Gulf Operations and Research Center

- Integrating UAS into U.S. Airspace
- Supported by Tyonek Services Group, Inc.

➤ Aid local industry as well as Coastal Workforce

- PRCC has received funds from RESTORE
 - Construction to begin 2019



PEARL RIVER
COMMUNITY COLLEGE

Masterplan Update and Non-FAA Airpark Masterplan Development

In FY2019 master planning kicked off for 1,261 newly acquired acres including forestry management, wetland delineations, and topography and surface hydrology. These plans are feeding the ongoing master plan being conducted by Unabridged Architecture (a local planning and architectural firm). The plan will provide a road map for meeting future airport development with focus on airport asset inventory, life cycle maintenance, demand vs capacity analysis, compatible land use, and development and planning concepts.

Flight School Development

Airline experts have predicted crippling shortages in the supply of airline transport pilots (ATPs). The main reasons of concern in the United States over this shortage is the result of legislative reforms arising from the 2009 Colgan air crash, an impending wave of mandatory retirements, a decreasing supply of new professional pilots into the career pipeline, and expansion of major airlines. Airport staff will participate in development of this flight school creating careers for Mississippi students. The flight school will be integrated into the Pearl River Community College's Aerospace Academy using guidelines of other Community Colleges in Mississippi offering aviation flight programs.

CAPITAL PROJECTS - 2020

STENNIS INTERNATIONAL AIRPORT 2019 WIP - 2022 CAPITAL IMPROVEMENT PLAN STENNIS INTERNATIONAL AIRPORT

PROJECT #	PROJECT NAME	PURPOSE *	WIP through		2020	2021	2022	TOTAL
			FYE 2019					
FAA33-2019	Rehabilitate Taxiways	LCM	\$ 60,000		\$ 920,296	\$ -	\$ -	\$ 980,296
FAA34-2020	Security & Fencing	SA	-		649,000	-	-	649,000
AP1701	Hangar Phase II	SI	251,046		5,170,000	-	-	5,421,046
AP1803	Site Prep	SI	100,000		60,000	-	-	160,000
AP1804	Wayfinding & Lighting	SI	142,500		100,000	100,000	-	342,500
AP1805	Multi-user Aero Strip	SI	154,000		6,682,229	-	-	6,836,229
AP1806	Corporate / UAS Hangar	SI	-		664,313	-	-	664,313
AP1901	Apron for Corporate / UAS Hangar	SI	-		343,033	-	-	343,033
AP1902	Spaceport Licensing & Construction Phase I	SI	80,103		400,000	714,897	4,170,630	5,365,630
AP2001	Air Conditioning Replacements	LCM	28,037		100,000	50,000	50,000	228,037
AP2002	Runway/Taxiway Culvert Replacement	LCM	4,000		140,000	-	-	144,000
AP2003	ATCT Radios	LCM	-		66,000	-	-	66,000
AP2004	Site Development - 846 Acre Site	SI	-		500,000	-	-	500,000
AP2005	Airport Vehicle	LCM	-		37,000	-	-	37,000
AP2006	Aircraft (Flight School leaseback)	SI	-		200,000	-	-	200,000
Total Uses of Funds			\$ 819,686		\$ 16,031,871	\$ 864,897	\$ 4,220,630	\$ 21,937,084

			2019	2020	2021	2022	TOTAL
Federal Grants		\$	54,000	\$ 9,397,565	\$ -	\$ -	\$ 9,451,565
State Grants			3,000	1,104,265	-	-	1,107,265
Use of Cash Balance	2889820		762,686	5,505,041	864,897	4,220,630	11,353,254
Other Grants			-	25,000	-	-	25,000
Total Sources of Funds			\$ 819,686	\$ 16,031,871	\$ 864,897	\$ 4,220,630	\$ 21,937,084

* PURPOSE CODE

LCM Life Cycle Maintenance
SA Safety
SI Strategic Investment

FAA33-2019 Rehab Taxiway - \$980,296. This FAA Airport Improvement and Mississippi Department of Transportation support project is the third of three phases of restoring the airfield to like new condition. Cracks will be sealed, and an FAA approved sealant applied to give eight to ten additional years of service to the taxiway system. This lifecycle maintenance project is budgeted to be funded with an \$882,266 FAA grant, \$49,015 of State Multimodal funds and cash reserves.

FAA34-2020 Security & Fencing - \$649,000. This FAA Airport Improvement and MDOT supported project will upgrade physical security around Stennis International Airport and will include fencing upgrades, access control and Closed-Circuit Television cameras (CCTVs). This project is a life cycle maintenance plan that will have minimal additional maintenance expense over its useful life.

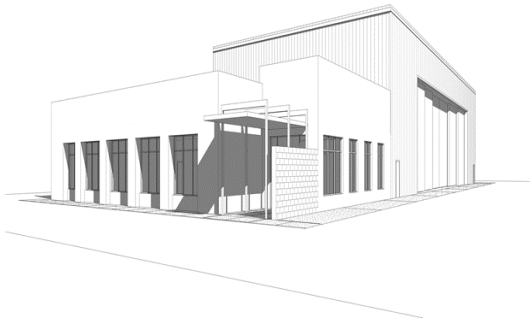
AP1701 Hangar Phase II - \$5,421,046. This mirror image of the North hangar adjacent to the terminal building will be constructed during FY2020. The hangar will support large scale Maintenance Repair and Overhaul (MRO) operations as the hangar will meet the highest standards for electrical, compressed air and fire protection.

24,000 sq. ft of hangar floor space and 2,000 sq. ft of office space will be available for lease at completion, generating approximately \$240,000 in annual rental revenue. While FY2020's operating budget includes estimated insurance and utilities expenses, these costs will be passed to the tenant(s). A RESTORE Act grant of \$1,850,000 will offset Commission cash reserves to pay for this project.

AP1803 Site Prep - \$160,000. FY2020's budget includes \$60,000 for phase II of this project which kicked off in 2019 and is discussed previously in this narrative as part of FY2019's accomplishments. This phase addresses the seven-acre site on the North side of the airport and is expected to generate nearly \$150,000 in rental revenue when developed and will be funded with cash reserves.

AP1804 Wayfinding and Lighting - \$342,500. Phase II of the Wayfinding and Lighting project is budgeted at \$100,000 in FY2020 and will include thoroughfare lighting at both Port Bienville and Stennis International Airport increasing safety and security. A final phase that will address the entry signs will be addressed in FY2021. This project is funded with cash reserves.

AP1805 Multi-user Aero Strip - \$6,836,229. The primary purpose of this project is to serve as an Assault Landing Strip (ALS) designed to meet military standards. The ALS will support training missions at Keesler Air Force base flying C-130 Hercules aircrafts. It will also attract C-130 Air Wings, from other parts of the US, to training in this region. But the strip will meet many other needs including loading rocket payloads and propellant (part of our Spaceport planning initiative), segregating manned and unmanned flight operations, and vertical take-offs and landings of aircraft such as the CV-22 Osprey. Revenue will increase through a newly negotiated U.S. military use agreement & increased fuel sale. No additional revenue is programmed in FY2020 as negotiations are uncertain and project completion is far enough out to have little impact this budget year. This project will be funded with \$6,135,199 of RESTORE Act funds, State Multimodal funds, and cash reserves.



AP1806 Corporate / UAS Hangar - \$664,313. This hangar will support corporate aircraft operators, a possible flight school, unmanned systems operators and/or small MRO's. The hangar will be less than 12,000 sq. ft negating the requirement and expense of fire suppression. Office space adjoining the hangar will allow support for hangar operations. Upon completion this hangar will be leased for approximately \$60,000 annually and the lessee will be responsible for the additional property insurance and utilities costs. \$325,000 of State Multimodal funds are obligated and cash reserves will fund the balance.

AP1901 Corporate Hangar Apron - \$343,033. The hangars constructed under AP1701 and AP1806 necessitate additional aircraft apron. Cash reserves will fund this project.

AP1902 Spaceport Phase II – Licensing and basic infrastructure - \$5,365,630. \$400,000 of cash reserves will fund FY2020's scope of work for this multi-year phased planning and development project. The Governor of Mississippi recently announced the creation of a Space Force through the State Military Guard further drawing attention to space travel from the State of Mississippi and expansion of commercial space outside the John C. Stennis NASA Space Center. Stennis Airport's spaceport will serve the Northern Gulf Region as Cape Canaveral and Houston serve the rest of the Gulf. The U.S. currently has 11 FAA licensed Spaceports.

AP2001 HVAC Replacements - \$228,037. This project spans multiple years and serves life cycle maintenance issues with \$100,000 of that amount in FY2020 for replacement of the Air Traffic Control Tower system. Funding is from cash reserves.

AP2002 Runway/Taxiway Culvert Replacement/Repair - \$144,000. During recent routine airfield inspections sink holes were noted inside the Runway Safety Area (RSA). Michael Baker International, HCPHC/KHSA engineer of record, inspected the culverts, drew up plans & specifications and advertised the repair during the Taxiway Rehabilitation Project (FAA33-2019) bid. These repairs will ensure the RSA can support the occasional passage of aircraft and support Aircraft Rescue Fire Fighting (ARFF) vehicles as required under Federal Aviation Part 139 – Certification of Airports. This lifecycle maintenance project will be funded with cash reserves.

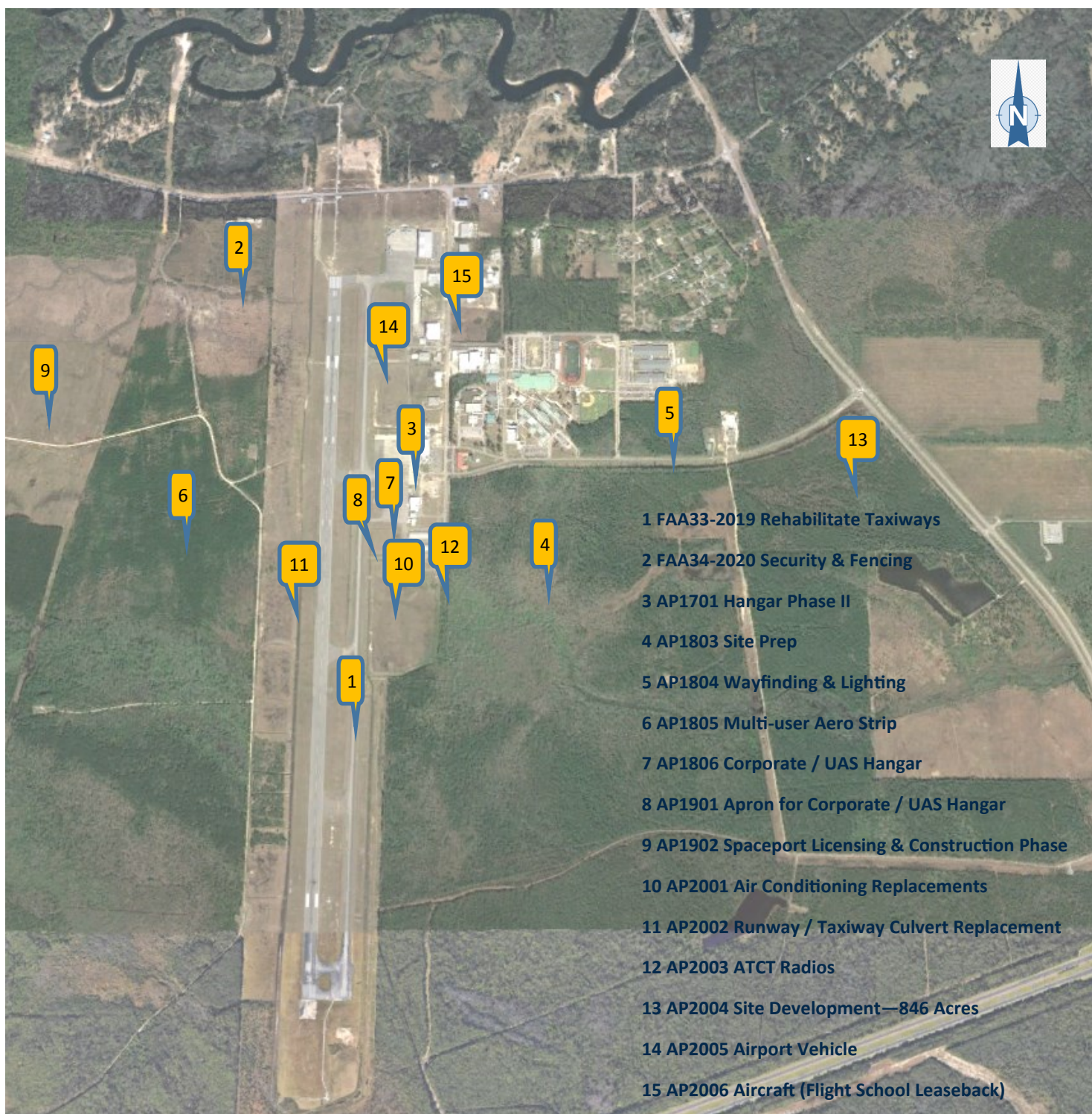
AP2003 ATCT Radio Replacement - \$66,000. In recent years all the equipment used by the air traffic controllers has been replaced with the exception of the radios. This project will replace the radios used for Automatic Terminal Information System (ATIS), ground control, local (air) control and military communications. These radios are required by the Contract Tower Agreement between the Hancock County Port and Harbor Commission and the Federal Aviation Administration. This is a lifecycle maintenance expense paid with cash reserves.

AP2004 Site Development – 846 Acre Site (Southeast of the airport) - \$500,000. A Mississippi Development Authority grant for \$250,000 will support master planning and development of this 846-acre parcel North of Interstate 10, between State Highway 603 and Stennis International Airport. This land is outside of the NASA Noise and Vibration Buffer Zone and provides space for airpark expansion and will be available for lease to aviation or non-aviation tenants. Master planning is intended to define the acres to develop and those to preserve for environmental reasons therefore, revenue is too uncertain to predict currently. Some expense has been added to the FY2020 budget to maintain grass along roadways.

AP2005 Airport Vehicle Replacement - \$37,000. The Airport operates three (3) vehicles in support of airfield inspections, airport/airpark maintenance and general travel. One truck is fifteen years old and has outlived its useful life and will be declared surplus with the purchase of a new vehicle. Cash reserves will be used to fund this purchase.

AP2006 Flight Training Aircraft (2) - \$200,000. HCPHC plans to purchase two 1980 or newer aircraft that will support Pearl River Community College (PRCC) or a like FAA Part 141 Pilot School. Aircraft of 1980's or newer vintage are easy to maintain, and parts are readily available. Standard flight school aircraft fly about 400 hours per year. Revenue from that flight training is estimated at \$20,000 per year. These aircraft will be purchased with cash reserves.

STENNIS INTERNATIONAL AIRPORT CAPITAL PROJECTS Locations map





SUPPLEMENTAL INFORMATION



GENERAL INFORMATION

Hancock County Port and Harbor Commission was created in 1963 by Hancock County pursuant to Title 59 of the Mississippi Code of 1972, as amended (the "Act"). The Act provides HCPHC the power to acquire property, establish industrial parks, purchase, sell, construct, invest, lease or contract. HCPHC is also authorized to operate and maintain any facilities and lands created or placed under its authority. The Act states that it is the public policy of the State of Mississippi to encourage expansion and development of the State's ports and harbors. HCPHC is vested with jurisdiction by Hancock County over the ports, terminals, harbors, channels, passes, wharves, and designated industrial parks that are not under the jurisdiction of any municipal port commission. Accordingly, HCPHC owns and operates Port Bienville Industrial Park, Port Bienville Railroad, and Stennis International Airport. HCPHC is responsible for submitting an annual proposed budget to the Hancock County Board of Supervisors for the operation and development of the aforementioned facilities in addition to providing economic development leadership efforts for Hancock County. HCPHC currently has an 8-member appointed Board of Commissioners and 31 employees.





HANCOCK

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MULTIMODAL POWER CENTER

- 3,600 acres with 22 shovel-ready sites • Home to 18 industries with a workforce of 1,000+ • Shortline railroad connecting to CSX Class 1 Service • Multimodal transit offering access to the 3,000-mile Intracoastal Waterway • Direct access to U.S. Highway 90 and Interstates I-10, I-12 & I-59

✈ **STENNIS INTERNATIONAL AIRPORT:**
ALL WEATHER, MORE AMENITIES

- 1,680 acre airport and airpark, with 1,100 developable acres contiguous to runway • 8,500 ft. grooved and lighted runway • Aircraft Rescue and Fire Fighting (ARFF) coverage • Easy access to Highway 603 and I-10

✈ **STENNIS SPACE CENTER:**
MOVING BOUNDARIES, REMOVING BARRIERS

- Home to: NASA's Applied Research and Technology Office and the Naval Meteorology and Oceanography Command • The Marine Industries Science and Technology Cluster • 30+ resident agencies with 5,000+ employees • The world's leading science and technology researchers, including geospatial and earth sciences, satellite and rocket assembly, and jet engine testing

A Short Distance to

INTERSTATE

10

Interstate 10

Interstates 12 & 59

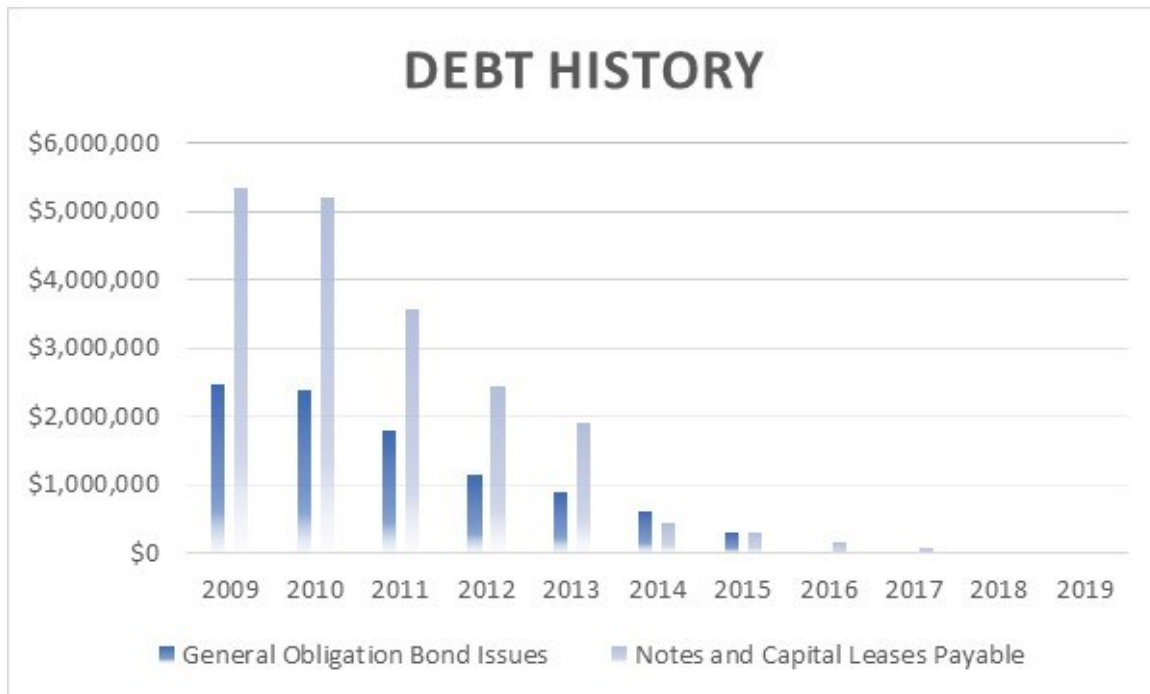
HIGHWAY 90

<p>NEW ORLEANS 60 MILES TO THE WEST</p>	<p>MOBILE 90 MILES TO THE EAST</p>
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DEBT

The Legislative Act provides HCPHC various powers and authorities as described in chapter 9 of the same title. This chapter outlines the scope of governing authority granted to HCPHC, including the right to request bonds from the Hancock County Board of Supervisors to make improvements and repairs to existing lands. This includes the right to purchase land for expansion and acquisition. These developments may be funded by either general obligations bonds or revenue bonds which are issued by the Hancock County Board of Supervisors. The amount of debt, excluding specific exempted debt that can be incurred by the County, is limited by State statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges to the public roads of the county.



The Commission has no reason to expect a need to acquire debt in the foreseeable future.

In the years immediately following Hurricane Katrina, Commission resources otherwise available for expansion were diverted to repairing the extensive damage to properties and to supplement significantly reduced operating revenue. In addition, HCPHC secured a \$1,004,901 Community Disaster loan which was subsequently forgiven under guidance of Public Law 113-6, Section 564. Various zero or low-interest loans offered by the State of Mississippi have been used for capital improvements throughout Commission properties and General Obligation bonds have funded land acquisitions and infrastructure improvements.

POSITION TITLES AND FULL TIME EQUIVALENTS

[illegible]

¹ Note: Historical data has been reclassified to reflect current organizational structure and titles for comparative purposes.

The numbers of personnel have stabilized after shifting slightly over recent years. Airport and Port personnel were reduced as grass cutting was outsourced in 2017. The Railroad department is working at capacity. An additional position is budgeted in this department for 2020 should activity require it. The administrative receptionist position was eliminated in 2019.

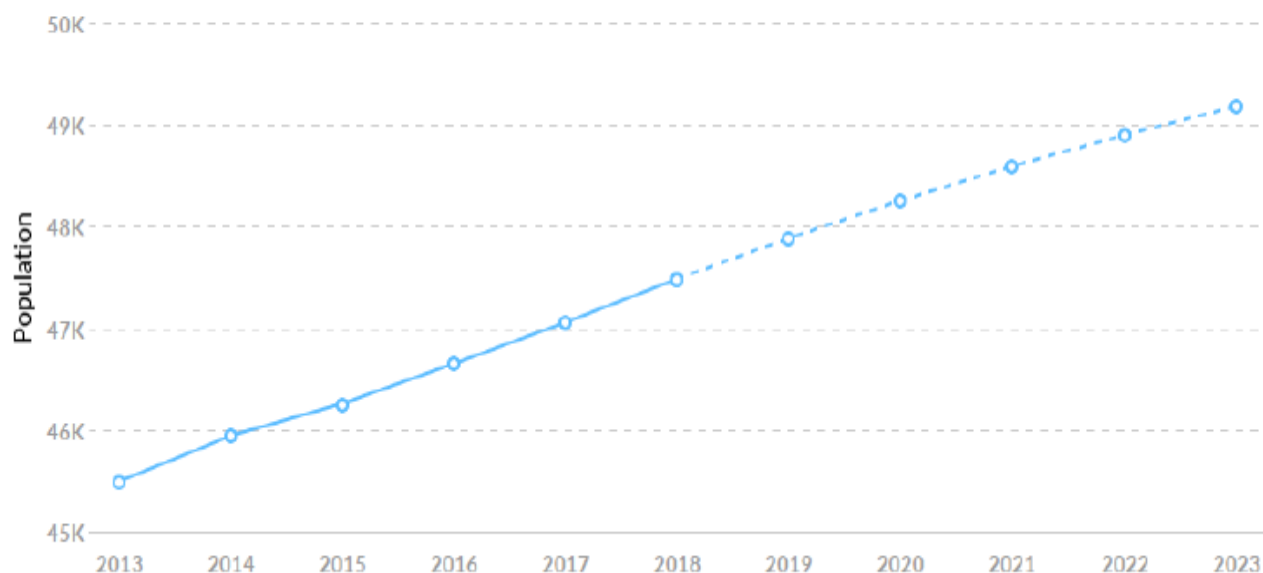
DEMOGRAPHICS

	Cohort Totals				
Area	2017 Population	2018 Population	2019 Population	Two-year Change	Two-year % Change
Hancock County of Mississippi	47,242	47,484	47,884	400	1%
State	2,992,261	2,985,953	2,986,919	996	0%
Nation	325,967,876	328,038,851	330,162,148	2,123,297	1%

Hancock County's population grew by 1,994 over the last 5 years and is projected to grow by 1,697 over the next 5 years.

Population Trends

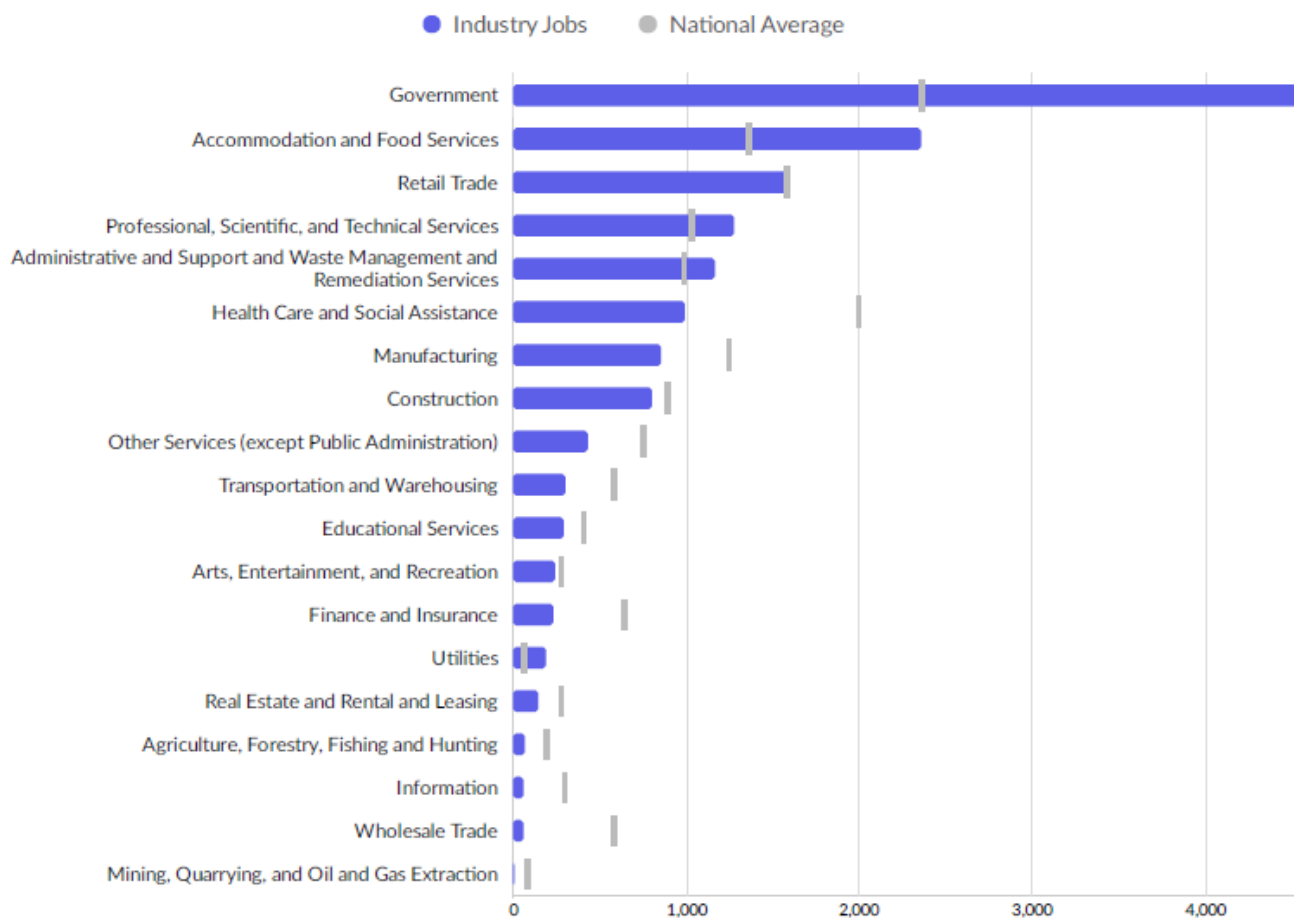
As of 2018 the region's population increased by 4.4% since 2013, growing by 1,994. Population is expected to increase by 3.6% between 2018 and 2023, adding 1,697.



EMPLOYMENT BY INDUSTRY

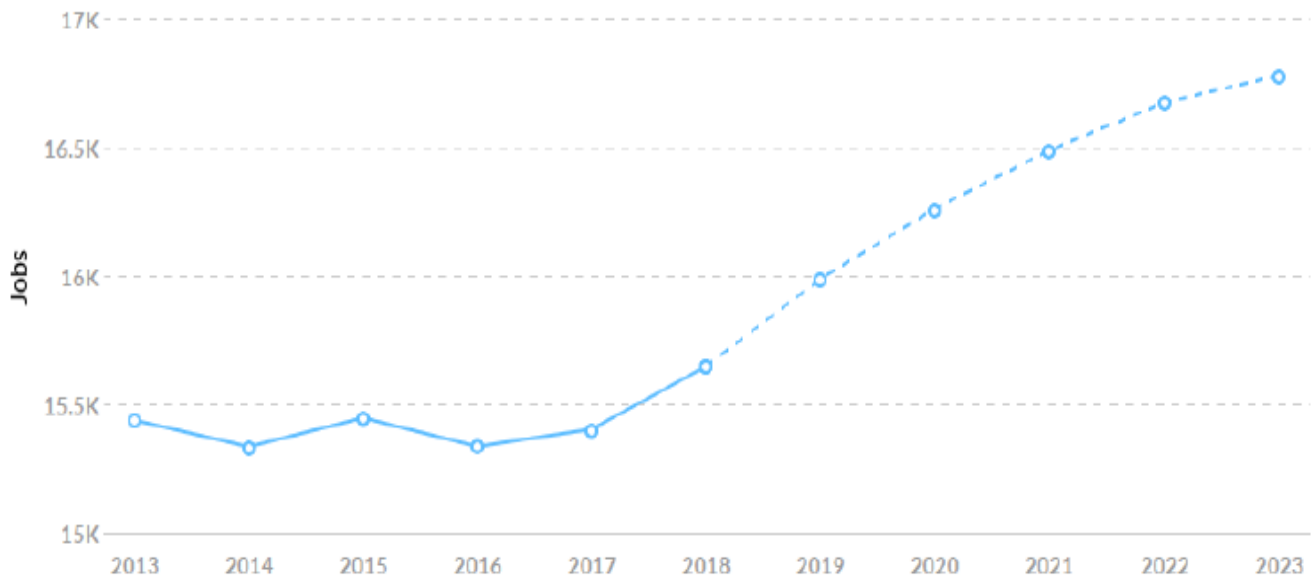
Employment numbers at Port Bienville industrial Park and Railroad, and Stennis International Airport increased slightly in 2019 to 1,082. County tax revenue generated by the industries employing them grew 3% (\$229,298) during that same period. Stennis Space Center employment stayed stagnant (5,017), tax revenues increased 3% to \$1,000,000. It is worth noting there are only four companies that make up the \$1,000,000 tax revenue at Stennis Space Center.

Largest Industries



Job Trends

From 2013 to 2018, jobs increased by 1.4% in Hancock County, MS from 15,437 to 15,646. This change fell short of the national growth rate of 8.5% by 7.1%.



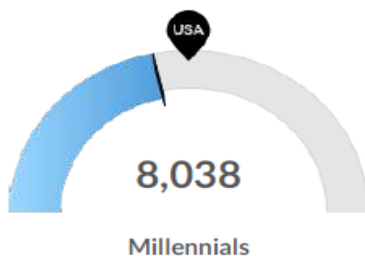
From 2012 to 2017, jobs declined by 1.5% in Hancock County, MS from 15,622 to 15,381. This change fell short of the national growth rate of 7.9% by 9.4%. As the number of jobs declined, the labor force participation rate decreased from 53.4% to 48% between 2012 and 2017. Concerning educational attainment, 13.4% of Hancock County, MS residents possess a Bachelor's Degree (5.0% below the national average), and 8.1% hold an Associate's Degree (0.2% above the national average). The MS Department of Employment Security has the following industry principle employers for Hancock County: Public Administration/Government (4,100); Accommodation and Food Services (2,430); Retail Trade (1,570); Professional, Scientific, and Technical Services (1,220); Admin and Support Waste Management and Remediation Services (1,150); Manufacturing (800); Health Care and Social Assistance (790), and Construction (450).

NEW INFORMATION

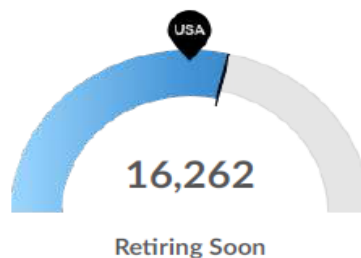
In FY 2019, Hancock County's population approximates 47,884 and is expected to grow by 1,697 over the next five years. Hancock County has an annual average of 18,848 residents in the labor force, with 17,909 employed. Jobs increased 1.4% since 2013, falling short of the national growth rate of 8.5%. The median household income for Hancock County is \$47,500. The median household income is \$10,100 below the national median household income of \$57,500. The cost of living in Hancock County is 87.4, compared to the State at 88.9 and New Orleans MSA 100.8. Hancock County's average annual unemployment rate is 5.06%, decreasing from 7.02% 5 years before. The state of Mississippi is 4.5% and the National average is 4%.

Hancock County, MS has 8,007 millennials (ages 20-34). The national average for an area this size is 9,711. Retirement risk is high in Hancock County, MS. The national average for an area this size is 7,131 people 65 or older, while there are 8,532 here. Hancock County, MS has 4,290 veterans. The national average for an area this size is 2,829.

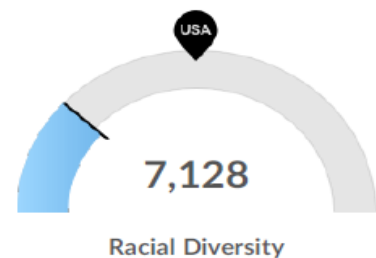
Population Characteristics



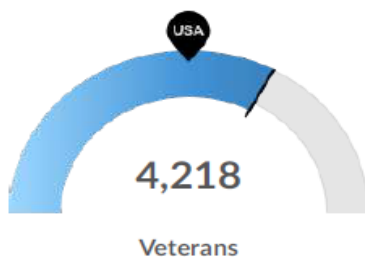
Hancock County, MS has 8,038 millennials (ages 20-34). The national average for an area this size is 9,746.



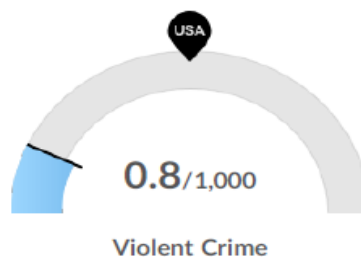
Retirement risk is high in Hancock County, MS. The national average for an area this size is 13,414 people 55 or older, while there are 16,262 here.



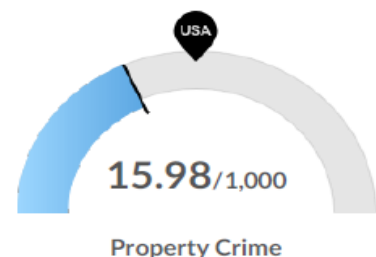
Racial diversity is low in Hancock County, MS. The national average for an area this size is 18,479 racially diverse people, while there are 7,128 here.



Hancock County, MS has 4,218 veterans. The national average for an area this size is 2,736.



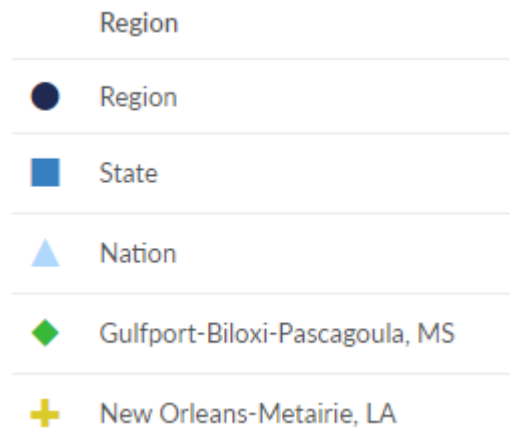
Hancock County, MS has 0.8 violent crimes per 1,000 people. The national rate is 3.75 per 1,000 people.



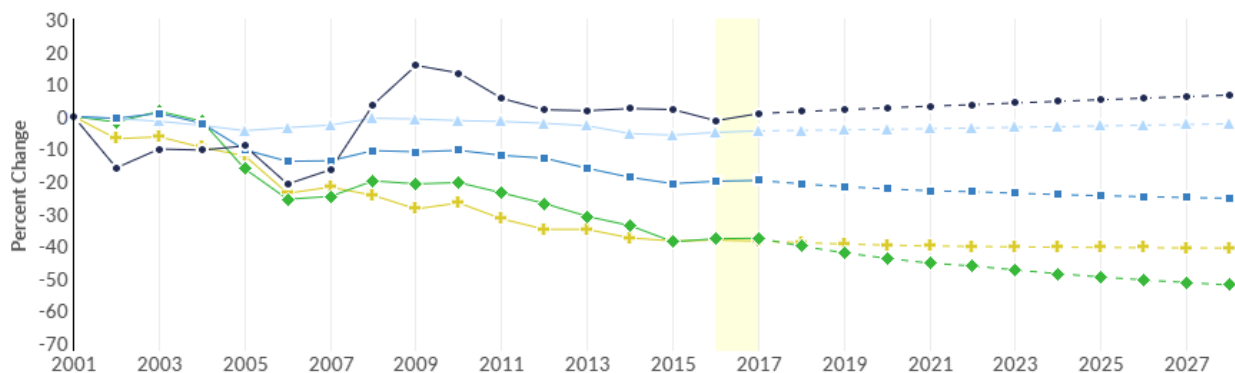
Hancock County, MS has 15.98 property crimes per 1,000 people. The national rate is 24.21 per 1,000 people.

Sources: EMSI, 2019; MS Dept of Employment Security, and the Bureau of Labor Statistics, www.FactFinder.census.gov

HCPHC's key industries of focus, such as defense, chemicals and polymers, and aerospace have remained flat in recent years but we anticipate a slight increase in the years to come. The County has not experienced a closing of any major employer in these sectors and capital expansion continues in these industry sectors. The chart below shows the job counts, based on previous years and current market for defense, chemicals and polymers, and aerospace sectors for the region and nationally.



% change in jobs numbers by region



While these industry-specific jobs are scattered within the boundaries of Hancock County, HCPHC directly supports approximately 700 jobs through the companies located on the grounds of Port Bienville Industrial Park, nearly 430 jobs through the businesses at Stennis International Airport, and indirectly supports 403 of the 5,017 jobs at the John C. Stennis Space Center. In addition to domestic industries many industries located at Port Bienville and Stennis Airport are headquartered internationally in countries such as Saudi Arabia, France, India, England, Canada, and Mexico.

GLOSSARY AND ACRONYMS

The Annual Budget contains terminology unique to public finance and budgeting and includes additional terms specific to maritime, aviation, railroad and economic development industries. This glossary was prepared to assist the reader with understanding many of those terms.

American College Testing (ACT): ACT work-ready communities empower states, regions and counties with data, processes and tools that drive economic growth.

Accrual Basis: Basis of accounting under which revenues are recorded when earned and expenses are recorded when the liability for payment of those expenses is incurred.

Automated Clearing House (ACH): The Automated Clearing House network is an electronic funds-transfer system dealing primarily with payroll, direct deposit, consumer bills, and many more payment services in the U.S.

Aircraft Rescue and Fire Fighting (ARFF): Those resources contracted to provide firefighting services at Stennis International Airport.

Airport Improvement Project (AIP): Capital projects funded at least in part from the Federal Aviation Administration.

Air Traffic Control Tower (ATCT)

Assets: Resources with an established value that the Commission presently controls.

Audit: An independent and objective evaluation of an organization's financial reports; the primary purpose of which is to determine whether they accurately and completely reflect the organization's financial position.

Balanced Budget: A budget in which total operating revenues equal or exceed total operating expenditures. Operating expenditures exclude items such as depreciation and debt service.

Basis of Accounting: Timing of when an economic transaction is reflected on the financial statements.

Benefits: Expenses related to the employment of personnel including health, life, and disability insurance; public employees retirement system contributions; social security; paid time off; unemployment insurance; and workers' compensation.

Board of Commissioners: Eight-member board that sets policy and direction for the organization. Each of Hancock County's five Supervisors appoints a Commissioner and the Governor of the State of Mississippi appoints the remaining three Commissioners based on recommendations from the mayors of Bay St. Louis, Waveland, and Diamondhead.

Board of Supervisors (BOS): The five-member board elected by the general population to manage County personnel and infrastructure.

Bond: A bond is a fixed income investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders or creditors.

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Capital Asset: Expenditures greater than \$5,000 to acquire, rehabilitate, or expand tangible and intangible assets that provide benefit over a period of more than one year.

Capital Improvement Budget: A plan of proposed capital expenditures and a plan for financing them. The capital budget is part of a complete annual budget.

Chart of Accounts: The classification system used by a government entity to organize the accounting for sources and uses of funds.

Community Development Block Grant (CDBG): A program administered by the U.S. Department of Housing and Urban Development providing communities with resources to address a wide range of unique community development needs.

Contributed Capital: The estimated difference between the value of a newly acquired asset and the Commission's cost to acquire that asset.

Debt: An obligation resulting from borrowing money.

Department: An organizational unit of the Commission which is responsible for managing a group of related functions.

Department of Marine Resources (DMR): A governing agency created in 1994 to enhance, protect and conserve marine interests of the State.

Depreciation: The decrease in the value of assets over the estimated useful life of those assets.

Electronic Funds Transfer (EFT): This is a broad 'umbrella' term that includes many types of electronic payments.

Enterprise Fund: A fund used to account for self-supported services or programs. The Commission operates as a component unit enterprise fund of Hancock County.

Expenditure: The outflow of funds paid to or to be paid for assets, goods or services obtained regardless of when the expense is actually paid.

Federal Aviation Administration (FAA): An agency within the U.S. Department of Transportation with powers to regulate all aspects of civil aviation. These include the construction and operation of airports, air traffic management, the certification of personnel and aircraft, and the protection of US assets during the launch or re-entry of commercial space vehicles.

Federal Railroad Administration (FRA): An agency within the U.S. Department of Transportation established to promulgate and enforce rail safety regulations, administer railroad assistance programs, conduct research and development in support of improved railroad safety and national rail transportation policy, and consolidate government support of rail transportation activities.

Financial Accounting Standards Board (FASB): A seven-member board organized in 1973 to establish standards of financial accounting and reporting for the private sector.

Fiscal Year (FY): The 12-month period of time to which the annual budget applies. At the end of the period the Commission determines its financial position and the results of its operations. The fiscal year for the Commission is October 1 through September 30.

Fixed Asset: Long-lived asset obtained which is intended to be used over a period of time such as vehicles, machinery, equipment and furniture.

Fixed Base Operator (FBO): The commercial business at the airport authorized by the Commission to sell aviation fuels and provide other aviation-related services.

Full Time Equivalent (FTE): One FTE is equivalent to 2,080 hours worked in a one-year period. Several part-time positions may be combined to make one FTE.

Fund: A fiscal and accounting entity with a self-balancing set of accounts. Funds are segregated for the purpose of carrying on specific activities and may be established in accordance with regulations, restrictions or limitations.

Fund Balance: Excess assets over liabilities.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and reporting encompassing the conventions, rules, and procedures that define accepted accounting principles.

Governmental Accounting Standards Board (GASB): A seven-member board organized in 1984 to establish standards of financial accounting and reporting for state and local governmental entities.

Government Finance Officers Association (GFOA): The GFOA represents public finance officials throughout the United States and Canada and whose mission is to advance excellence in state and local government financial management.

Hancock - Pearl River - St. Tammany Parish (HPT): An informal partnership consisting of the three counties in West Mississippi and East Louisiana that are part of the I-10 Technology Corridor and a common labor pool.

Health Reimbursement Account (HRA): This is an employer-funded account that offsets some medical expenses otherwise paid by employees or a health plan. It is commonly used by employers to “buy down” premium costs by funding a portion of high deductibles.

KHSA: Airport identifier for Stennis International Airport.

Mississippi Development Authority (MDA): Mississippi’s lead economic and community development agency.

Modified Accrual Basis: The basis of accounting in which revenues are recognized in the period in which they become available and measurable; and expenditures are recognized when the liability is incurred, if measurable, except for the following: 1) principal and interest on long-term debt, and 2) claims and judgments, group health claims, net pension obligation, and compensated absences.

Mississippi Department of Transportation (MDOT): Mississippi’s department of transportation is responsible to plan, design, construct, operate, and maintain state facilities in all modes of transportation including air, water, and land.

National Oceanic and Atmospheric Administration (NOAA): An agency of the U.S. Department of Commerce created to understand and predict changes in climate, weather, oceans and coasts, to share that knowledge, and to conserve and manage coastal marine ecosystems and resources.

Port Bienville Industrial Park (PBIP): An industrial park owned and operated by HCPHC spanning approximately 3600 acres, home to 13 companies and providing multimodal transportation options.

Port Bienville Railroad (PBVR): A short-line rail network owned and operated by HCPHC and consisting of approximately 15 miles of track, interchanging with CSX railroad for nation-wide transport.

Public Employees Retirement System (PERS): A program administering defined benefit retirement plans for individuals working in state government, public schools, universities, community colleges, municipalities, counties, the Legislature, highway patrol and other such public entities.

Publicly Owned Treatment Works (POTW): A term used for a sewage treatment plant that is owned by a government.

Request for Information (RFI): A standard business process the purpose of which is to collect written information for a specific stated purpose.

Resources and Ecosystems Sustainability, Tourist Opportunities and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE): This Act established the Gulf Coast Restoration Trust Fund in the U.S. Treasury in which 80 percent of the Clean Water Act penalties from the Deep Water Horizon Oil Spill will be distributed to impacted areas for recovery.

Restricted Fund Balance: Fund balance should be reported as restricted when constraints placed on the use of resources are either: a) Externally imposed by creditors, grantors, contributors, or laws or regulations; or b) imposed by law through constitutional provisions or enabling legislation.

Revenue: An increase to net assets which: 1) does not increase a liability; 2) does not represent a repayment of an expenditure already made; and 3) does not represent an increase in contributed capital.

Terminal Area Forecast (TAF): TAF is the official FAA forecast of aviation activity for U. S. airports. Stennis International Airport falls under the Southern Region of the FAA.

Unmanned Aerial Systems (UAS): Remotely-Piloted unmanned aerial vehicles.