

Fiscal Year 2021



HANCOCK
MISSISSIPPI
PORT • AIR • SPACE



Operating & Capital Budget

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INTRODUCTION AND OVERVIEW





HANCOCK COUNTY PORT & HARBOR COMMISSION

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

DATE: August 24, 2020

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

Fiscal Year 2021 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 2021, which begins on October 1, 2020 and ends on September 30, 2021. The HCPHC is privileged to be of service to the good citizens of Hancock County and contribute in significant ways to the broader coastal region and the economy of Mississippi. We do this through the stewardship of Port Bienville (maritime port and industrial park), the Port Bienville Railroad (PBVR), Stennis International Airport and Airpark (KHSA), and through close collaboration with the federally controlled Stennis Space Center (SSC) and recruitment and attraction of commercial and government interests at SSC and throughout Hancock County.

This budget reflects the principal mission 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 2020 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 6,158 jobs, an increase of 2.7% over last year. These companies pay 14% of the County's total ad valorem property tax. In 2020, HCPHC will generate approximately \$13 million in revenue from operations and \$6.1 million in operating income.

We enter 2021 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.

We are pleased to provide a list of our most recent large economic development wins for the community, including:

- Calgon Carbon (\$185 million and 38 careers added)
- Lockheed Martin (\$21 million and 30 careers added)
- Relativity Space (\$2.4 million and 12 careers added)

Business Policies and Strategies

The Hancock County Port and Harbor Commission was established in 1963 and is governed by law found in 2013 Mississippi Code Title 59. These statutory authorities are very broad with respect to the development of land, waterways, and ancillary facilities to support industrial operations and tourism. Over the years, the activities of the Commission have evolved to include responsibility for Stennis International Airport operations and broader marketing of economic development projects throughout the county.

One thing is clear: The Commission activities are subject to the active oversight of the elected County Board of Supervisors, which reserves to itself approval of the Commission budget, the compensation of the Port Director, and capital and professional services expenditures over \$25,000. This makes strategic alignment between the Commission activities and the Board of Supervisors critical and is the rationale for developing this narrative budget, written annually beginning in FY2017.

In 2017, the Commission undertook a multiday strategic planning workshop to inform the FY 2018 budget. The result of that workshop produced three key strategic points of emphasis in addition to the significant work the Commission oversees in daily operations of critical existing assets. These three areas were:

Maritime Growth: Restore or develop of key maritime infrastructure in an effort to increase logistics capacities for our growing tenants and to attract new tenants at Port Bienville, while simultaneously growing net income through increases in wharfage and dockage.

Spaceport Licensing and Commercial Aerospace Attraction: Through FAA licensure, investment in a new parallel runway and development of both hangars and a commercial technology park, the goal being to leverage the NASA/Space brand into complementary offerings to Stennis Space Center at Stennis International Airport and Airpark.

Support NASA Stennis Space Center Growth and Diversification: Assist 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, with the goal of developing a commercial park inside the fee area at Stennis Space Center.

Since FY 2017, we made considerable progress in advancing those objectives. This FY 2021 budget narrative will detail the progress we will make toward these goals as well as highlight new and emerging efforts that advance the business. However, some of the significant recent accomplishments are important to understand first in order to set the stage for this year's budget, as follows:

Maritime Growth

Significant capital investment has been deployed to address asset restoration and new development to include:

Dredging. Over \$13 million in dredging for Little Lake, East Fork of Pearl River to Intercoastal Waterway and the Port Bienville Industrial canals. The work is in progress and took nearly 4 years to permit, fund and contract. Estimated completion is in early 2021.

Linea Dock Restoration. This \$9.25 million project restored the main terminal and improved it to create 300 additional feet of bulkhead, pile-supported heavy lift capability, lighting, and security enhancements. This project is complete and awaiting completion of dredging to be put back into service. In the canal adjacent to the Linea Dock, new mooring dolphins are being installed. This \$400,000 project is awarded and will be complete in early 2021.

Turning Basin Wharf Reconstruction. This multiyear, multi-project effort totaling over \$2.2 million will completely rehabilitate and add new heavy lift capacity at our Turning Basin. The completed projects include: a new dock for SSA, Heavy Lift Pad at Public Dock, and two bulkhead repair projects. One of those bulkhead projects is underway to repair the main dock bulkhead and will be accepted at end of FY 2020. The Commission was awarded a grant to rebuild the weather-devasted northern dock edge, which will be completed in 2021.

Site 4 Transload Facility. This \$9 million project funded with \$8 million in RESTORE funds was recently permitted and will proceed with construction in early 2021. The project connects prior rail related investments to the waterfront, improves a key slip and creates significant new bulkhead and hard stand transload area. The project also addresses ingress/egress and circulation improvements and the permitting includes options for a second phase key slip. The project also used an innovative Permittee Responsible Mitigation environmental strategy that created an adjacent 29-acre conservation area.

Road Replacement and Extensions. Since 2017, over \$1.5 million in road repair projects have been completed or will soon be completed. These include: Road A repair and extension, Warehouse 1 parking and Site 12 road improvements (part of the Linea Dock project), Seaplane Road heavy haul road and Port and Harbor Drive fixes and resurfacing gravel roads in asphalt to support the Lower Bay Road Rail Storage Yard.

POTW Transfer. The Commission spent the last two years in due diligence and negotiations with the Hancock Water and Sewer District for the transfer of the Industrial and Domestic water and wastewater systems at Port Bienville. While critical to the tenants at the Port, this operation was very low volume and high overhead. The District's assumption of ownership closed in July 2020 and allows for the economies of scale and technical focus that will improve service and reduce risks. As part of the agreement, the Commission will fund a major sewer interconnection with the regional sewer plant and then demobilize the current domestic sewer plant. This \$750,000 change will add capacity and growth possibilities while simultaneously eliminating a permitted outfall.

Land Acquisition and Master Planning. Over the last two years, the Commission invested \$2.8 million to acquire three large tracts of land and optioned one more. There are now approximately 1,400 total new acres available for development at Port Bienville. The existing port area and the newly acquired area were subject to a comprehensive master plan that was completed in August 2019 and is guiding the development of projects at the Port. In fact, the plan was crucial to permit negotiations and approval for Site 4.

Rail Improvement. Over the last 4 years, the Port Bienville Railroad, completed over \$5 million in upgrades including: new track, replacement track, ballast and tie replacement, safety, scale automation, switch automation and crossing improvements. However, nearly 12,000 feet of new storage track must be built just to clear the operational and contractual storage deficits the Railroad is experiencing and to position the Port for additional capacity for growth. Finally, we consolidated our rail and port operations into a new port office, shop and maintenance complex (\$225,000) and upgraded all technology both in the building and in the hands of the rail operators by eliminating all manual/paper record keeping and moving to tablets and electronic records (\$100,000).

Spaceport Licensing and Commercial Aviation and Aerospace Attraction

In 2016-2017 the Commission completed an EDA funded Aviation and Aerospace Optimization Plan (\$500K) that identified key goals and objectives to grow the aerospace cluster in Hancock County. One of those recommendations was to integrate an FAA-licensed spaceport into the Stennis International Airport mission and to also develop a workforce to compete and win in this market. Since the plan was completed the following key programs were executed:

Spaceport License. The Commission awarded a \$400,000 contract with a reputable consulting firm to guide the permitting/licensing process with the FAA. That process is about one year into a multi-year process and has slowed somewhat due to COVID19 issues.

Multiuser Aerostrip. This \$13 million project is essentially a proposed 4,000-foot parallel runway at Stennis International Airport. The Commission has pledged \$3.2 million for its development and the 2020 Mississippi Legislature has appropriated another \$2.5 million towards its construction. The remaining funds need to be secured but there is great support for the investment which will serve the Spaceport, C130 and C17 assault landing certifications and also act as a launch and recovery point for Unmanned Aerial Systems, making use of the restricted airspace over the Stennis Buffer Zone.

Pearl River Community College Phil Bryant Aviation and Aerospace Academy. This \$10 million campus on two sites at Stennis International Airport is presently funded and under development to house traditional academic programming and aviation and airframe and powerplant (A&P) related coursework. The campus will include both an academic building located next to Commission Headquarters as well as a hangar on the airport flight line.

Flight School. In 2020, the Commission partnered with a private flight school (Gulf Coast Aviation [GCA]) to develop an FAA Part 141 Flight School at the airport. As part of the agreement, the Commission will provide a Cessna 172 or equivalent aircraft (budgeted for in 2020 at \$156,000) and also commit to a 5-year guaranteed purchase agreement for flight time, ground school and instructor time (in an amount not to exceed \$50,000). This partnership will help advance a culture of general aviation and connect the airport with both the community college and area High Schools, not to mention adult aviation enthusiasts.

Land Acquisition, Master Planning, & Joint Land Use Planning. In December 2017, the Commission acquired 1,200 acres (\$1.3 million) adjacent to the eastern side of Stennis International Airport. This land is outside the FAA entitlement area and outside the Stennis Space Center Buffer Zone. It is adjacent to State Highway 603 and US Interstate 10, creating premiere surface transportation access and connection to the airport. Along with the Port last year, the Commission completed a comprehensive master plan for the newly acquired property and recently applied for planning grant assistance to update the master plan for the FAA entitlement area. Under a Department of Defense grant funded through the Gulf Regional Planning Commission the Commission, Hancock County and the cities of Bay St. Louis and Waveland are nearing adoption of an airport overall zoning district that was the recommendation made by a comprehensive DoD sponsored Joint Land Use Plan. The rationale for this overlay district is to provide land use controls that prevent encroachment, preserve military value in the region, and provide notice to current and future property owners of both activities and restrictions.

New Technology Campus. The Mississippi Development Authority awarded a \$500,000 grant to assist in the planning of new investment on the recently acquired airport property. The Commission engaged two architecture firms and completed a design contest between them, selecting a finalist who will work with the Commission to begin development of a 15-20-acre technology campus near the terminal at Stennis International Airport. The airpark is currently home to Stennis Technology Center, a multi-unit commercial building used as a business incubator. However, the tenants have outgrown the space and are candidates to be anchor tenants for the new campus on the recently acquired property. Remodeling of the older building will allow recruitment of new start-ups. The tenants' design and space programming were completed in 2020 and now the task will be to build out the new park. In addition, two commercial space company prospects have provided input to the design process and the new campus is taking shape to accommodate them.

Hangars and Apron Expansion. Over the last three years, HCPHC successfully secured \$2.5 million in *RESTORE* Act funding (a program that resulted from the BP Oil Spill settlement) and matched it with \$2.5 million in local funds to build a new 26,000 square foot hangar, which will complete our terminal development program. That project is under construction now and will be available to support our Foreign Military Sales Program in early FY 2021. In addition, we awarded a construction contract for a new 12,000 square foot lighter scale commercial aircraft hangar with offices that will be a nearly \$2 million investment when completed. That hangar will be completed by Q2 of FY 2021. We were awarded a \$3.7 million FAA supplemental grant and pledged an additional \$1.3 million (subject to availability of funds) to expand our north apron. Upon completion, this apron will facilitate the development of an additional 75,000 square feet of hangar space at the far north end of the airport. Additional infill opportunities for hangars on the flight line include another immediately developable 100,000 square foot hangar. We are in active discussions with private developers for these hangars and hope to bring them to fruition in 2021.

Major Airport Lifecycle Improvements. Over the last 3 years, the airport horizontal infrastructure (runway, taxiways, lighting, signage), a nearly \$7 million investment, has all been completely refurbished. New technology in the Control tower (communications, radar feed, building repairs) helped to modernize that facility. The Commission also expanded and upgraded the fuel farm parking areas.

Support NASA Stennis Space Center Growth and Diversification

In 2016, the John C. Stennis Space Center (SCC) had just completed a study called “Project Wild Boar”, which was a feasibility analysis to determine the viability of a 1,200-acre commercial park inside the federal government-owned fee area at SCC. The park would be limited to tenants with a strong connection to space or to NASA’s other missions. The Commission staff was invited to participate in the internal discussions and planning for this new industrial park. Over the last 4 years, SSC retained at least two other consulting firms and hosted several interview days and industry forums.

Stennis Space Center lacks a significant number of authorities that would make development of a commercial park difficult. From the beginning, the intent was always to seek a partnership with either the Commission, the State, a private developer, or a combination of these in order to fulfill the plan.

In the FY 2018 Commission strategy session, the Commission directed staff to continue to collaborate and pursue possible alternatives and to work closely with SSC to achieve whatever success could be possible. To date, there are many studies and recommendations, but very little significant movement. Of greater concern is the advanced stage of SSC’s testing evolution on the SLS rocket to support the Artemis missions to the moon and beyond and the uncertainty about what may or may not come next. While we will continue to coordinate with NASA on this effort, the prospects of immediate investment or action are low and will deemphasized until something materially changes.

In the interim, the Commission has successfully helped SSC attract exciting new space companies like Relativity Space (\$120 million investment and 190 careers) with several more companies on the prospect list.

Long -Term Financial and Business Planning

The last four years marked a period of organizing and planning around a focused set of core objectives to advance the Commission’s mission. These core objectives can be reduced to three:

- Asset Development and Building Capacity for Growth
- Operations and Maintenance Excellence
- Economic Development & Communications

Asset Development and Building Capacity for Growth

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. While there are still thousands of developable acres to work as greenfield projects, key infrastructure at the port is undergoing massive improvements. As discussed previously, the Commission is successfully underway or has created lots of new capacity for logistics, aviation and technology. We must now execute to put this new capacity to productive job and revenue producing use. The next four years will be less about planning and more about action. While each departmental budget will provide specifics on each project, here is a list of key projects we will be working in 2021:

Port/Railroad

- Rail to Truck Intermodal Facility - \$25 million
- Rail Storage Expansion - \$7 million
- Site 4 Transload Construction Completion - \$9 million
- Turning Basin Dock Rehabilitation Completion - \$1 million

Airport

- Technology Park Development and Rehab of Existing Incubator - \$30 million
- North Parking Apron - \$5 million
- North Hangar - \$20 million
- Multiuser Aerostrip - \$16 million
- Fire Station Modernization - \$500,000
- Fire Truck Purchase - \$1.3 million
- Aircraft and Simulators – \$TBD based on growth
- Fire Truck Purchase - \$1.3 million
- Aircraft and Simulators – \$TBD based on growth

Operations and Maintenance Excellence

In addition to **Safety**, which is our #1 operational objective, the Commission will continue to enhance its operations and maintenance goals. With the creation of a Director of Public Works (DPW) position and the establishment of a formal system of life cycle maintenance as more fully described in the DPW budget section, some key objectives for 2021 and beyond are:

Port/Railroad

- Automate maritime manifest reporting and compliance
- Develop and implement automated security and port monitoring
- Continue implementation of automated switching at PBVR
- Develop full multimodal operational capability including container lift and crane operations at wharfs/terminals
- Full implementation of railroad management software
- Further refine safety benchmarking and goal setting
- Enhance employee recognition and retention programs
- Establish and funding of maintenance dredging and canal bank stabilization programs
- Establish and stewardship of conservation areas, permittee responsible mitigation areas and wetlands banks
- Explore, through a formal procurement, a partnership agreement with third party rail and port terminal providers that enhances capability and delivers outside significant investment
- Provide flexibility and support for Realistic Military Training exercises with the Department of Defense

Airport

Develop a culture of aviation that centers around Stennis Airport assets and focuses on General Aviation by leveraging the GCA flight school and Pearl River Community College Phil Bryant Aviation and Aerospace Workforce Academy

FAA Part 139 compliance and awards for excellence

Enhance the joint marketing of the airport with Fixed Base Operator (FBO) contractor Million Air to expand interest in airport use

Continue to modernize and professionalize the Aircraft Rescue Firefighting (ARFF) Department and build a program of excellence around the capabilities of new Fire Chief and Deputy Fire Chief

Provide flexibility and support for Realistic Military Training exercises with the Department of Defense

Finance and Administration

Enhance electronic archiving and back office organization

Fully implement document retention and destruction program

Optimize use of Great Plains accounting software to assist with lease portfolio management, construction project management and purchase order fulfillment

Create a permanent streaming broadcast platform for Commission meetings and more easily accessible public interface for agendas and minutes

Fully implement vendor/tenant insurance, warranty, and other risk management compliance regime.

Economic Development & Communications

With all the new additional product across the organization coming online, the Economic Development & Communications (ED&C) department, in close collaboration with the operational department heads, will have to leverage these assets into additional Jobs, Tax Base and Revenue. Key to this success will be the following short and intermediate range strategies:

- Complete overhaul of our brand capsule, web and social presence, and messaging around the new product coming online and key value propositions.
- In the short term (age of COVID) reimagining site visits to incorporate video tours, one on one familiarization tours, and virtual conferencing, amongst others.
- Create customized marketing tools that speak to the vertical market prospects for each area of our operations
- Maximize customer service for existing tenants and logistics customers, including development of tracking and Expand and execute Business Retention and Expansion survey program
- Develop investment partnerships to deliver the proposed buildings and infrastructure
- Create new logistics product offerings and pricing that creates benefits for existing customers and attracts new customers
- Identify new market and tenant requirements for infill development at both the port and airport industrial parks
- Expand relationships with new statewide elected leadership and local, state and federal delegates
- Create custom communications strategies to successfully identify and secure grant funding for the sizeable capital budget program
- Reporting systems for lease renewals, rail storage contracts, economic development incentive agreements

Conclusion

While the last four years were about planning and capacity building, the next four years will be about execution of the program at a very large scale. We are pleased to report that the staff of the Commission is up to the challenge and we request that you provide the budgetary tools in 2021 to advance this important agenda. The various sections of this budget will provide more detail on who we will use, how we will execute, and the resources we will expend to be successful. We are always available to answer any questions you may have.

Respectfully submitted,

William V. Cork
Chief Executive Officer

Tonya Ladner
Controller

LIST OF OFFICIALS

Board of Commissioners

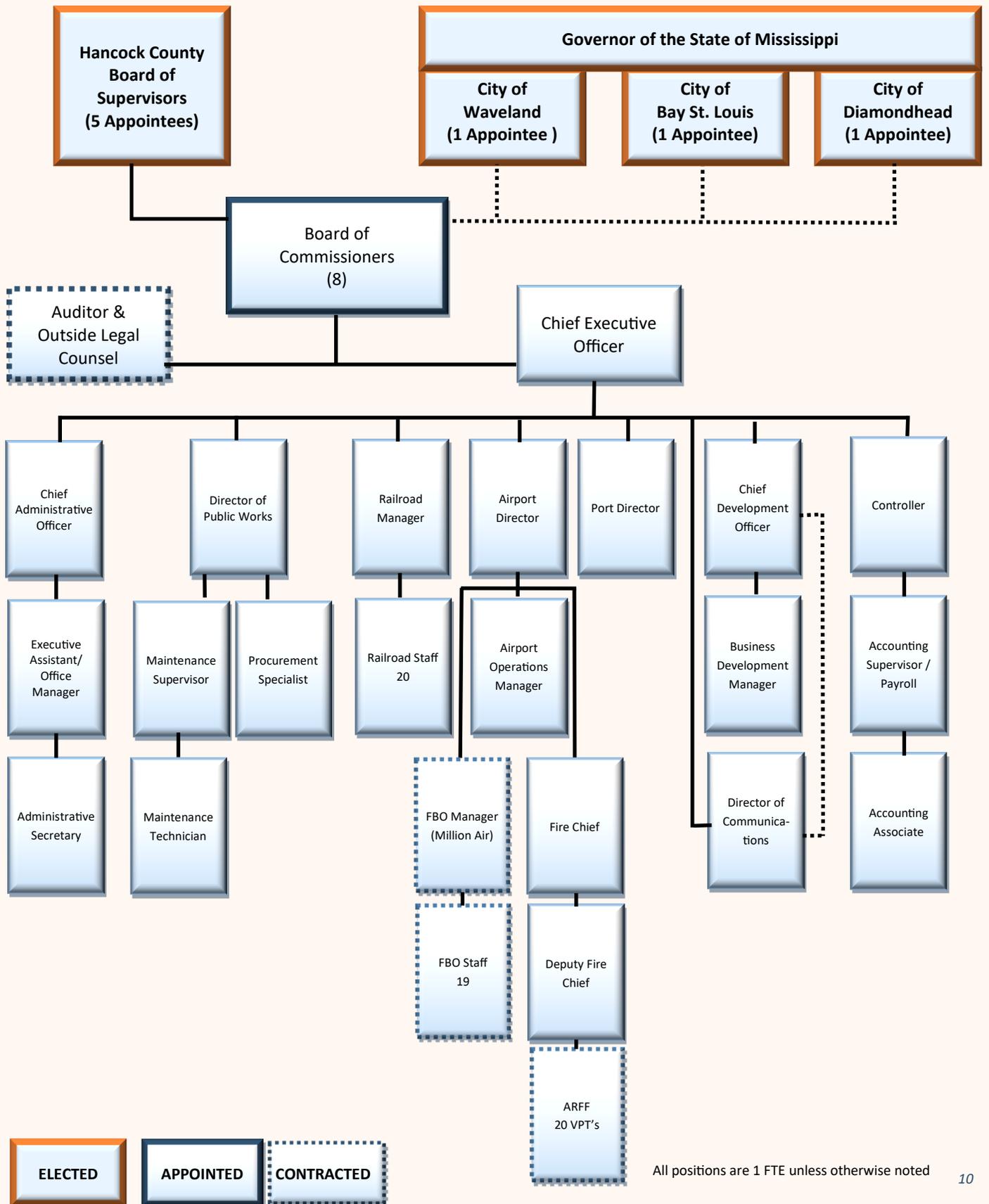
Robert R. Kane	President
Paula C. Jordan	Vice President
Daryl Cornell	Treasurer
Tom Koger	Secretary
Michael Bennett	Commissioner
Robert Martin	Commissioner
Bob Swanson	Commissioner
Derek Necaise	Commissioner

Executive Staff

Bill Cork, M.U.P.	Executive Director
James Buras, PE	Director of Public Works
Madeline Walker	Chief Administrative Officer
Shane LaFontaine	Railroad Manager
Tonya Ladner	Controller
Janel L. Carothers	Chief Development Officer
Chanse Watson	Director of Stennis International Airport
Jennifer Baxter	Communications Director



ORGANIZATIONAL CHART



ELECTED
APPOINTED
CONTRACTED

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



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 Controller 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. 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 Controller, 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 Controller 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. 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 2021 operations assume revenue will increase over 2020's projections and will increase 35% from 2019 actual. Rental revenue is greater than 2019 as lease negotiations with tenants included 3% escalations year over year. Wharfage and Dockage is expected to dip slightly with 2021 projections, as Port tenant Jindal Tubular completes their manufacturing contract. 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 continuing to recapture otherwise lost revenue with an investment in software for improved railcar tracking purchased in 2019.

EXPENSES

Several key strategic initiatives are driving the 65% increase and 6% decrease in total operating expenses over 2021 as projected and 2020 actual.

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 and 2021 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, Airport Conference room improvements, ARFF Structural gear, PPE and SCBA equipment for ARFF and future fire department compliance. 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 will be leasing well cars and mobile equipment to operate a new Shuttle Service increasing the Rent Equipment line item, but will be drawing more revenue in switches and lift and dray services to offset that expense. The Commission retired its 3000 gallon fire truck in 2020, and leased a new fire truck while the commission determines whether there is a business case to purchase a new vehicle.

Repairs and maintenance increased 110% and 49% over 2020 projected and 2019, respectively. Some of this is attributable to expected repairs and maintenance costs of owning our locomotives as well as upgrading our fire station and updating our conference spaces. The rail and port divisions will also invest in equipment life cycle maintenance, building modifications, brush clearing along ditches and tracks and drainage work along the Main Line. The Airport divisions has increased budgets to accommodate t-hangar repairs, LED lighting conversion, Air Traffic Control Tower (ATCT) elevator and AC maintenance at both the ATCT and tenant leased Technology Building

Contract expenses are adjusted upward as we incur an additional expense related to the lease of the Fire Truck and we contract out the maintenance of the locomotive to cover FRA required inspections. Drayage contract services for operating the equipment has also increased this line item. Grounds Maintenance and Landscaping contracts are being re-negotiated for FY 2021, which are also reflected in this expense.

Services line items include strategic investments in planning for the airport, port and railroad which are ongoing but will carry into FY 2021. 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 newly renovated key infrastructure is developed. Strategies to add an Intermodal Lift Facility and Rail Shuttle service to enhance capability and deliver outside investment compels the railroad investment. Capital planning in 2021 and beyond is a direct reflection of the outcome of those initiatives.

Contracts with the airport's firefighters were increased in 2020 to remain competitive with other ARFF locations. FY2021's budget added a hazardous operations line to accommodate an airfield tenant and increased firefighter hours to 24/7 as demand from airfield tenants increase. These additional expenses to the Commission are passed on to users.

Wages and benefits represent 41% of 2021's operating budget as compared to 43% and 47% in 2020 and 2019, respectively. 2021's personnel budget includes a 3% increase in base wages and 9 vacant positions.

There will be no change to the percentage of employee contribution of health benefits in 2021, however anticipated increases to medical, dental, vision and disability were included in the personnel budget.

CONSOLIDATED BUDGET SUMMARY

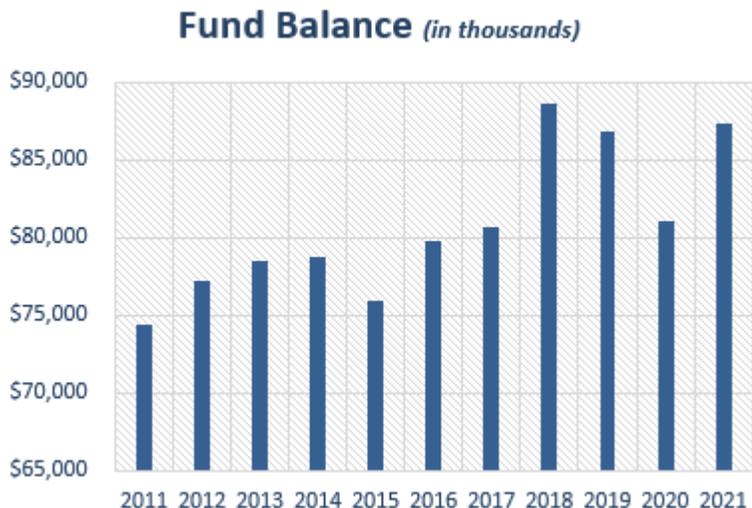
	Prior Yr		2020		Budget
	Actual				
	2019	Budget	Projected	2021	
TOTAL RESOURCES IN					
Use of Money & Property	\$ 4,427,341	\$ 4,352,214	\$ 5,759,561	\$ 5,098,708	
Charges for Services	5,485,871	5,443,486	6,471,960	8,269,909	
Other Operating Revenue	360,230	323,993	372,792	335,030	
Non Operating Revenue	315,869	149,628	289,580	18,000	
Grant Revenues	862,044	24,052,651	1,197,161	9,655,139	
Notes Receivable (Principal)	15,103	15,915	29,830	-	
TOTAL RESOURCES IN	11,466,459	34,337,887	14,120,883	23,376,786	
TOTAL RESOURCES OUT					
Operating Supplies & Materials	293,883	526,295	395,114	610,942	
Other Services & Charges	2,952,212	3,824,205	2,860,967	4,730,818	
Personnel Services	2,809,299	3,185,941	2,906,217	3,603,228	
Non-Operating Expenses	160,000	160,000	-	-	
Investment Loss	28,341	-	-	-	
Debt Service (Principal)	-	-	-	-	
Capital Projects	7,090,257	33,649,629	7,937,342	20,132,852	
Additions to Fixed Assets	-	161,586	-	-	
Loss on Sale of Assets	-	-	-	-	
TOTAL RESOURCES OUT	13,333,992	41,507,656	14,099,640	29,077,841	
CHANGE IN EQUITY BALANCE	(1,867,534)	(7,169,769)	21,243	(5,701,055)	
PROJECTED BEGINNING EQUITY BALANCE				93,029,469	
PROJECTED ENDING EQUITY BALANCE				\$ 87,328,414	

FUND BALANCE SUMMARY BY DEPARTMENT

	Administration & Economic Development	Port Bienville Rail- road	Port Bienville Industrial Park	Stennis International Airport	FYE 2021 Consolidated Budget
PROJECTED BEGINNING FUND BALANCE 10/01/2020	\$ 2,722,644	\$ 36,902,782	\$ 19,462,547	\$ 33,941,496	\$ 93,029,469
Operating Budget Revenues	-	10,097,239	1,441,056	2,165,352	13,703,647
Operating Budget Expenses	2,501,739	3,547,574	844,873	2,050,803	8,944,989
NET OPERATING REVENUE (EXPENSES)	(2,501,739)	6,549,665	596,183	114,549	4,758,658
Non-Operating Revenues	900	12,600	1,800	2,700	18,000
Non-Operating Expenses	-	-	-	-	-
NET NON-OPERATING REVENUES (EXPENSES)	900	12,600	1,800	2,700	18,000
Capital Grant Revenues	-	521,888	6,163,100	2,970,151	9,655,139
Capital Grant Expenses	-	3,899,033	8,743,235	7,490,584	20,132,852
NET CAPITAL SOURCES (USES)	-	(3,377,145)	(2,580,135)	(4,520,433)	(10,477,713)
Transfers In	2,500,839	-	1,982,152	4,403,184	8,886,175
Transfers Out	-	8,886,175	-	-	8,886,175
NET TRANSFERS IN (OUT)	2,500,839	(8,886,175)	1,982,152	4,403,184	-
TOTAL SOURCES (USES)	0	(5,701,055)	-	(0)	(5,701,055)
PROJECTED FUND BALANCE 9/30/2021	\$ 2,722,645	\$ 31,201,728	\$ 19,462,547	\$ 33,941,496	\$ 87,328,414

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).



2020—Projected; 2021—Budgeted

Fund balances 2011 through 2019 above reflect GAAP basis, 2020 and 2021 reflect budgetary basis. At the end of each fiscal year the budget is closed and actual GAAP financial statements replace it. That closing process included 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 \$86.7 Million fund balance at FYE 2019, \$11.2 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.

Because capital expenditures in 2021 are expected to exceed grant revenues by nearly \$10 million the illustration above estimates a +/- 8% drop in fund balance. Of course this assumes that the Commission’s commitment to expansion of infrastructure is executed and funded as budgeted. This budget does not reflect grant revenues from potential grantors from whom awards are outstanding. It’s expected that the decline will be buffered by additional awards throughout FY 2021.

CONSOLIDATED

	Prior Yr		2020		Budget
	Actual			Budget	2021
	2019	Budget	Projected		
REVENUE					
Use of Money & Property					
Airport - Fees: Ground, Ramp, Landing, Tie Downs	\$ 52,042	\$ 9,200	\$ 51,746	\$ 11,200	
Airport - Fuel Flowage	195,279	180,750	155,975	188,855	
Port - Wharfage	774,319	767,000	863,798	767,000	
Port - Dockage and Demurrage	59,025	75,000	61,647	55,000	
Railroad - Contract Track Lease	495,763	500,656	962,161	1,648,530	
Railroad - Storage Track Rent & Demurrage	902,460	834,500	1,347,969	189,000	
Rent - Airport Hangars, Buildings, Land & Equipment	1,539,043	1,569,236	1,767,963	1,706,067	
Rent - Rail Facilities Building	108,000	108,000	108,000	108,000	
Rent - Port Buildings, Land & Equipment	301,410	307,872	440,302	425,056	
Total Use of Money & Property	4,427,341	4,352,214	5,759,561	5,098,708	
Charges for Services					
Railroad - Junction Settlements (Line Haul)	3,511,244	3,600,000	4,177,263	4,900,000	
Railroad - Switching	1,031,674	890,000	1,399,907	2,999,909	
Railroad - Rail Scale Revenues	163,800	160,000	179,400	145,000	
Railroad - Railcar Repair Agent Fees	123,305	100,000	97,892	91,000	
Port - Park Assessment Fees	106,215	134,000	133,860	134,000	
Port - Water Service	97,263	85,000	77,824	-	
Port - Sewer Services	177,242	150,000	145,357	-	
Port - POTW I Revenues	275,128	324,486	260,457	-	
Total Charges for Services	5,485,871	5,443,486	6,471,960	8,269,909	
Other Operating Revenue					
Other Revenues	360,230	323,993	372,792	335,030	
Grant Revenues - SMEPA/EDA Land Use Study	-	-	-	-	
Total Other Operating Revenue	360,230	323,993	372,792	335,030	
Total Revenues	10,273,442	10,119,693	12,604,313	13,703,647	
EXPENSES					
Operating Supplies & Materials					
Equipment, Hardware & Software	73,032	219,270	205,980	254,817	
Supplies - Custodial	3,731	6,500	3,913	9,250	
Supplies - Fuel/Oil	141,546	205,400	132,011	256,500	
Supplies - Office	20,731	28,975	13,301	28,775	
Supplies - Operating	32,787	36,650	19,340	12,750	
Supplies - Safety	3,079	7,150	4,987	9,950	
Supplies - Train/Track	13,249	13,000	9,753	23,000	
Supplies - Uniforms	5,728	9,350	5,828	15,900	
Total Supplies & Materials	293,883	526,295	395,114	610,942	

CONSOLIDATED (continued...)

	Prior Yr	2020		Budget
	Actual 2019	Budget	Projected	2021
Other Services & Charges				
Cost of Sales	188,102	489,900	156,027	290,000
Advertising & Local Industry Promotion	16,011	23,200	6,888	26,550
Marketing	104,661	162,100	48,789	162,600
Association Dues	32,668	36,380	31,039	56,051
Insurance - Property & Liability	550,740	676,205	789,238	643,862
Licenses, Fees & Permits	1,254	2,150	850	3,675
Rent - Buildings & Equipment	6,210	20,100	4,454	13,400
Rent - Well Cars, Mobile equipment	131,336	-	44,620	583,000
Repair/Maintenance/Improvements - Airfield	18,988	62,650	60,868	85,000
Repair/Maintenance/Improvements - Buildings	133,501	110,500	94,545	164,000
Repair/Maintenance/Improvements - Equipment	92,385	106,300	62,108	57,600
Repair/Maintenance/Improvements - Grounds	14,833	20,500	3,213	20,750
Repair/Maintenance/Improvements - Roads	-	-	-	-
Repair/Maintenance/Improvements - Vehicles	26,908	43,750	30,763	59,400
Repair/Maintenance/Improvements - Locomotives	-	-	-	61,900
Repair/Maintenance/Improvements - Track	12,209	16,000	19,856	20,000
Repair/Maintenance/Improvements - Water/Sewer	15,469	23,000	-	-
Repair/Maintenance/Improvements - Aircraft	-	-	-	10,000
Railcar Repair Expense	4,787	-	2,896	-
Service Charges	2,849	-	-	1,500
Services - Auditing	39,550	43,300	45,500	43,300
Services - Car Hire/Accounting	61,679	89,200	63,514	158,000
Services - Commissioners	12,432	18,000	12,992	18,000
Services - Contract	378,109	555,663	345,513	864,700
Services - Rail Funding Study	14,361	-	-	-
Services - Airport Master Plan	85,797	60,000	95,686	-
Services - Port / Rail Master Plan	84,426	77,000	93,483	12,500
Services - Engineering	20,261	71,500	12,133	204,000
Services - Fire Fighters - ARFF	227,340	241,000	205,758	265,000
Services - Legal	84,921	100,000	56,159	100,000
Services - Payroll	7,060	7,000	7,347	8,200
Services - Professional	196,836	237,600	173,352	330,750
Services - Security Systems	720	2,760	1,902	1,760
Services - Hazardous Operations	-	-	-	74,880
Subscriptions, Books, & Periodicals	954	2,140	2,546	4,240
Telephone & Telecommunications	45,227	57,396	56,431	71,200
Training/Education	20,586	59,500	31,608	50,600
Trade Shows, Conferences & Symposiums	32,826	41,000	15,745	40,000
Travel - General	20,131	52,300	27,640	49,200
Utilities	266,086	316,111	257,507	175,200
Total Other Services & Charges	2,952,212	3,824,205	2,860,967	4,730,818

CONSOLIDATED (continued...)

	Prior Yr	2020		Budget
	Actual 2019	Budget	Projected	2021
Personnel Services				
Salaries & Wages - Regular Time	1,775,178	2,133,297	1,956,504	2,438,711
Salaries & Wages - Overtime	52,852	65,927	77,839	83,550
Salaries & Wages - PTO Payout	34,216	21,632	52,139	49,638
Accrued Payroll - Year End & PTO Compensation	41,941	-	(33,375)	-
Employee Physicals	530	4,000	1,274	4,200
Insurance - Health/Life/LTD/AD&D	322,312	325,656	280,905	391,504
Insurance - Workers Comp & Occupational	33,085	36,381	46,736	39,544
Retirement - PERS	320,956	336,907	271,273	252,585
Tax - Mississippi Unemployment	2,795	2,380	3,606	2,800
Tax - Federal SSI/Medicare	88,458	97,186	94,175	107,035
Tax - RR Tier I, Tier II & RUIA	136,976	162,576	155,141	233,661
Total Personnel Services	2,809,299	3,185,941	2,906,217	3,603,228
Total Expenses	6,055,394	7,536,441	6,162,298	8,944,989
Net Income from Operations	4,218,049	2,583,252	6,442,014	4,758,658
Non-Operating Income (Expenses)				
Notes Receivable Principal	15,103	15,915	29,830	-
Interest Income - Checking & Savings	313,347	148,441	288,387	18,000
Interest Income - Notes Receivable	2,522	1,187	1,193	-
Investment Gain (Loss)	28,341	-	-	-
Insurance Proceeds	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Debt Service Principal	-	-	-	-
Wellman POTW I Credit	(160,000)	(160,000)	-	-
Net Non-Operating Income (Expenses)	199,313	5,543	319,410	18,000
Capital & Special Projects Sources & (Uses) of Funds				
Grant Revenues	862,044	24,052,651	1,197,161	9,655,139
Contributed Capital				
Lease Financing				
Appropriations from Prior Years	-	6,604,442	-	5,698,954
Capital Expenditures	(7,090,257)	(33,649,629)	(7,937,342)	(20,132,852)
Additions to Fixed Assets	-	(161,586)	-	-
Special Projects				
Net Capital Uses of Funds	(6,228,213)	(3,154,122)	(6,740,181)	(4,778,759)
Net Sources of Funds	\$ (1,810,852)	\$ (565,327)	\$ 21,243	\$ (2,101)



FINANCIAL STRUCTURE, POLICY & PROCESS 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 Controller 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 Controller 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 signers 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 Controller 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 Controller 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 Controller 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, Controller, 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 Controller 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 Controller 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 CONTROLLER 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

FINANCE & ADMINISTRATION

The Finance and Administration (F&A) Department is generally responsible for providing overall leadership and administrative support to other departments so that our economic development and airport/port/railroad 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	\$ 41,700	Salaries & Wages - Regular Time	707,472
Supplies - Custodial	1,200	Salaries & Wages - PTO Payout	13,559
Supplies - Office	17,600	Employee Physicals	800
Supplies - Operating	600	Insurance - Health/Life/LTD/AD&D	90,707
Total Supplies & Materials	<u>61,100</u>	Insurance - Workers Comp & Occupational	1,744
Other Services & Charges		Retirement - PERS	122,683
Advertising & Local Industry Promotion	2,000	Tax - Mississippi Unemployment	1,120
Association Dues	4,500	Tax - Federal SSI/Medicare	49,827
Insurance - Property & Liability	59,366	Total Personnel Services	<u>987,912</u>
Licenses, Fees & Permits	1,000	Total Expenses	<u>1,501,068</u>
Rent - Buildings & Equipment	3,000	Net Loss from Operations	<u>(1,501,068)</u>
Repair/Maintenance/Improvements - Buildings	7,500	Non-Operating Income	
Repair/Maintenance/Improvements - Equipment	2,000	Interest Income - Checking & Savings	900
Repair/Maintenance/Improvements - Grounds	1,000	Non-Operating Income	<u>900</u>
Services - Auditing	40,000	Other Sources of Funds	
Services - Commissioners	18,000	Transfers In	1,500,168
Services - Contract	45,500	Other Sources of Funds	<u>1,500,168</u>
Services - Engineering	-	Net Sources and (Uses) of Funds	<u>\$ 0</u>
Services - Legal	100,000		
Services - Payroll	8,200		
Services - Professional	126,000		
Services - Security Systems	400		
Subscriptions, Books, & Periodicals	240		
Telephone & Telecommunications	9,850		
Training/Education	7,000		
Travel - General	8,500		
Utilities	8,000		
Total Other Services & Charges	<u>452,056</u>		

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 Executive Officer (CEO). The Commission delegates to the CEO overall responsibility for the day-to-day operations of the Commission as more fully prescribed in policy and procedures of the HCPHC. The CEO acts as the staff lead for all human resources actions, budget execution, has responsibility for compliance and oversight of all departments. The CEO is an “at will” employee who is hired by the Commission but is the only employee whose compensation must be separately approved by the Hancock County Board of Supervisors. The CEO is responsible for leading the technical vision of the organization and for consulting for the Commission on policy, and budget, helping to create political alignment and to maintain overall progress of the organization in a manner consistent with its mission and resources.

Chief Administrative Officer (CAO). Reporting to the CEO, 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.

Executive Secretary/Office Manager. Reporting to the CAO, the Executive Secretary/Office Manager is responsible for supporting the corporate governance of the Commission, including 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 and oversight. The Executive Secretary/Office Manager also provides general administrative support for the organization in tandem with the Accounting Associate.

Controller The Controller reports to the CEO and is responsible for the accurate and timely recording and reporting of all sources and uses of funds and Commission assets and obligations. The role has an important internal consulting function in the preparation of budgets with department heads, managing the cash balance investment portfolio, and communicating directly with the Commission Treasurer to insure adequate controls. The Controller is ultimately responsible for preparing the annual budget and Comprehensive Audited Financial Statements (CAFR) and for submission of these documents in accordance with both accepted standards and also in accordance with the Government Finance Officer’s Association Standards for distinction. The Controller collaborates with outside auditors each year as they perform the required audit procedures and implements any management recommendations. to capital projects and grant files.

Accounting Supervisor. The Accounting Supervisor reports to the Controller and 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 reports to the Controller and 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 Controller. The Accounting Associate also provides general administrative support to the organization along with the Executive Secretary/Office Manager.

PERFORMANCE FISCAL YEAR 2020

In addition to its day to day duties, the F&A Department continued to update Commission policies, continued the development of standard contract documents, and developed a comprehensive tariff, rules and regulations for Port Bienville Railroad. 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 F&A Department completed 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. The Administration Department has also started the process of improving the tracking of Purchase Orders in our accounting system to identify budget balances more accurately.

The F&A Department also experienced staff turnover in FY2020. The Chief Administrative Officer (CAO) for the Commission left at the end of November 2019 and the search for a new CAO began immediately with the most qualified candidate hired in January of 2020. The former Chief Financial Officer (Controller) for the Commission retired in March of 2020 and the former Senior Accountant turned Executive Secretary/Office Manager returned to the finance department as Interim Controller.

The Executive Secretary/Office Manager role was filled in June 2020. The need for an administrative assistant to provide additional general administrative support will be addressed in FY2021 and a position is budgeted for that purpose.

The F&A Department completed the 2019 budget according to GFOA standards and received the Commission's third Distinguished Budget Presentation Award. 2019's audit was also completed using GFOA's CAFR format, receiving its fourth Certificate of Achievement for Excellence in Financial Reporting. 2019's independent audit was completed timely with no findings and an unqualified audit opinion. 2019's independent audit was completed timely with no findings and an unqualified audit opinion.

2020 has seen an increase to tenants and vendors utilizing the 2019 implemented automated clearinghouse (ACH) system for payments to and from the Commission. 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 24% and customer participation to 65% in FY2021. With the transfer of the Publicly Owned Treatment Works Facility (POTW), we will have customers in Port Bienville Industrial Park with only Park Assessment Fee charges, this is our target audience for FY2021's customer EFT increase. Below is a table that indicates key performance measures by strategy that we track in the F&A Department.

Measure	Strategy	2019 Actual	2020 Projected	2021 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	12%	43%	65%
New vendors / customers setup complete with accuracy	Ensuring accurate, timely, valid payments	73	43	73
Percentage of customer receipts processed via EFT	Increase efficiency of the accounts receivable cycle	12%	12%	24%
Percentage of employees enrolled in E-Navigator	Increasing efficiency and employee accountability	0%	100%	100%
Percentage of Commission meeting packets publicly available 36 hours in advance of meeting times	Providing a adequate time for review prior to meetings	<i>note #1</i>	100%	100%
Percentage of required certificates of insurance captured in electronic database	Guaranteeing vendor and lessee compliance to contractual requirements	<i>note #2</i>	100%	100%
<i>note #1 - Commission practice since the initial adoption of its board management software in November 2018 had been to publish meeting packets on the evening prior to or morning of Commission meetings. Commission packets were not available online prior to November 2018. FY19 and FY20 goals included publishing and distributing the packets no later than the Friday prior to Commission Meetings.</i>				
<i>note #2 - New processes implemented FY 2020.</i>				

FISCAL YEAR 2021 OBEJECTIVES & KEY INVESTMENTS

For the F&A Department, Fiscal Year 2021 will again be a year focused on improving efficiencies through process improvements and the utilization of software applications. Implementing the Purchase Order software was one step closer to reducing the administrative burden associated with purchasing born by management executives but capturing those Purchase Orders prior to invoice arrival in the accounting system will account for inaccuracies in remaining budget balances in each department.

In 2021, the finance team will also implement new software to allow for real time reporting at the fingertips of each department head. The FY2022 budget process should see a significant reduction in processing time as the finance team simplifies and consolidates accounts throughout FY 2021 to eliminate insignificant budget line items.

The F&A Department will also support the Commission's master planning process through potential land acquisitions or sales & leasing, 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 & COMMUNICATIONS

The Economic Development & Communications (ED&C) 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 through marketing and communication strategies to showcase assets within the boundaries of Hancock County.

The department is responsible for the administration of the existing HCPHC lease portfolio, it's customer service, and the collaboration with the Port and Airport staff and commercial real estate owners to identify and develop industrial "pad ready" sites. A strong alliance is maintained with the Mississippi Development Authority (MDA) as well as our other educational and utility partners, to coordinate local responses to national inquiries from industrial site selectors.

The ED&C Department staff works with multiple agencies to enhance the workforce and to bring awareness to market clusters, including but not limited to, chemicals, commercial space, and defense. The department also supports regional economic development efforts such as the Mississippi Gulf Coast Alliance for Economic Development. The Department is also responsible for promotion and marketing efforts through a variety of channels including direct communication with prospects and customers, industry trade association participation, government affairs and legislator educational efforts, reinforcing and communicating a culture of excellence surround our port, railroad, airport and commercial and government space/defense clusters.

While the HCPHC focuses its effort on large scale industrial and commercial development, the ED&C Department staff provides consultative services to local cities and the County in the areas of urban planning, tourism, public finance, grant writing, incentives negotiation, and recruitment of service sector and supporting businesses, when requested. The ED&C department is the principal liaison with the Hancock County Chamber of Commerce, Partners for Stennis and Michoud (NASA), the Gulf Coast Business Council and the MS Coast Chamber, creating important communications linkages with the existing business community.

ECONOMIC DEVELOPMENT & COMMUNICATIONS			
Operating Supplies & Materials			
Equipment, Hardware & Software	\$	23,417	
Supplies - Office		2,000	
Total Supplies & Materials		<u>25,417</u>	
Other Services & Charges			
Cost of Sales		290,000	
Advertising & Local Industry Promotion		21,450	
Marketing		162,600	
Association Dues		24,251	
Licenses, Fees & Permits		750	
Services - Contract		90,000	
Services - Engineering		-	
Services - Professional		300	
Subscriptions, Books Periodicals		2,000	
Telephone & Telecommunications		4,500	
Training/Education		6,000	
Trade Shows, Conferences & Symposiums		35,000	
Travel - General		27,000	
Total Other Services & Charges		<u>663,851</u>	
Personnel Services			
Salaries & Wages - Regular Time			235,653
Salaries & Wages - PTO Payout			4,405
Insurance - Health/Life/LTD/AD&D			12,540
Insurance - Workers Comp & Occupational			896
Retirement - PERS			39,855
Tax - Mississippi Unemployment			420
Tax - Federal SSI/Medicare			17,634
Total Personnel Services			<u>311,403</u>
Total Expenses			<u>1,000,671</u>
Net Loss from Operations			<u>(1,000,671)</u>
Capital & Other Sources & (Uses) of Funds			
Capital			
Transfers In			1,000,671
Net Capital & Other Sources & Uses			<u>1,000,671</u>
Net Sources and (Uses) of Funds			<u>\$ -</u>

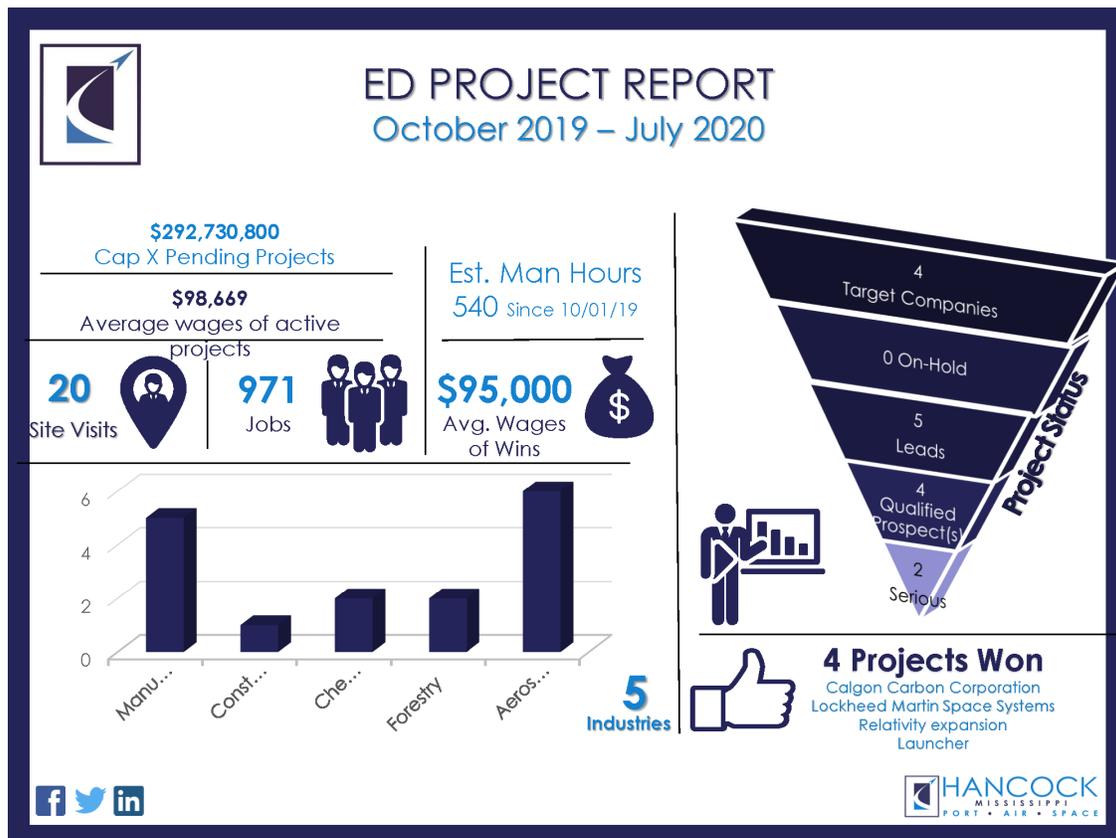
CURRENT STAFF

The department has three full-time professional staff members:

Chief Development Officer (CDO) is responsible for HCPHC's Economic Development team and its focus on industrial recruitment, site development, existing industry expansion, and marketing. This position reports to the CEO and works very closely with the Communications Director.

Project Manager (EDPM) reports to the CDO and 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.

Director of Communications (DC) reports to the CEO but is closely aligned with the work of the CDO. The DC maintains close working relationships with local, state, and federal government partners, attends local meetings, and communicates with local industry. Assists all departments with executing a communications strategy for ongoing projects and efforts to external community, partners, and industry. Principally responsible for interaction with outside marketing firms and manages all social media, newsletters and other communication strategies



ECONOMIC DEVELOPMENT PERFORMANCE FISCAL YEAR 2020

During fiscal year 2020, the Economic Development and Communications (ED&C) Department reported numerous accomplishments, as it is graded on jobs, tax base, and revenue.

Data is collected annually the first week of July through a census with each tenant, and the Stennis Space Center data coming from their Public Affairs Office. County taxes are publicly available online at <https://atlas.geoportalmaps.com/hancock>.

Tax trends include a \$1.7M in new taxes over last year, which is a 23% increase. This is largely due to inventory and personal property valuations at Port Bienville and Stennis Space Center.

Tax trends	% Change	Variance
Port Bienville	17%	\$1,091,338
Stennis Airport	- 8%	(\$18,758)
Stennis Space Center	69%	\$648,845
Total	23%	\$1,721,424



The table below highlights other measurable outcomes the ED&C department tracks and that are related to various strategic objectives of the Commission.

Measure	Strategy	2018 Actual	2019 Actual	2020 Estimated	2021 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	5,997	6,158	6,343
percentage increase (decrease) over prior year			-0.7%	3%	3%
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	\$6,964,535	\$7,643,285	8,619,517	\$8,878,103
percentage increase (decrease) over prior year			10%	13%	3%
Lease & Rental Revenue	Develop effective strategies for revenue enhancement and turn "prospect" in revenue generating development projects	\$2,103,996	\$1,961,660	\$2,484,925	\$2,559,473
Percentage increase (decrease) over prior year		6%	-7%	27%	3%
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	79	81
percentage increase (decrease) over prior year			-6%	10%	3%
ACT certificates	provides employee candidates a portable, evidence-based credential that certifies essential skills	402	851	934	1,000
percentage increase (decrease) over prior year			112%	7%	10%
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	51	60
percentage increase (decrease) over prior year			-35%	55%	18%
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	2	3
percentage increase (decrease) over prior year			N/A	N/A	N/A
* 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 .					

Additional ED&C highlights for 2020 include:

Port Bienville

Calgon Carbon expansion – Additional 56 total jobs created in 2021 and over \$185,000,000 investment in the next three years. This will bring their employment to 97 including on-site contractors.
 SNF Polychemie expansion - \$5,300,000 investment and additional 12 employees added
 Jindal Tubular contraction – 250 jobs were lost to slow down in oil and gas market as well as the COVID-19 pandemic.
 MAC LLC added an additional 10 jobs.

Employment trends	% Change	Total
Port Bienville	7%	757
Stennis Airport	11%	301
Stennis Space Center	2%	5,100
Total	3%	6,158

Stennis International Airport

Boeing added 16 jobs in addition to other opportunities for added maintenance, repair, and over-haul services at KHSA.
 Tyonek added 10 jobs to support foreign military sales activities.

Stennis Space Center

Relativity Space expanding original investment, including jobs, bringing totals to 205 employees and \$65,000,000 in the next three years. Their current count is 17.
 Lockheed Martin Space Systems is planning to contribute an additional 30 jobs over the next three years and \$20,900,000.

Projects:

93 projects over the last three years; 9 wins.
 4 active/qualified prospects; 5 leads we are exploring; 4 actively targeted companies.
 Site visits are up – 20 for YTD compared to an average of 15 the past two years.

Efficiencies:

Overhauled lease templates, in addition to rail contracts and land options, 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 do not 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 2021 OBJECTIVES AND KEY INVESTMENTS

Cost of Sales - \$290,000

Cost of sales is primarily planned for two categories: Due diligence required for securing projects, including: abstracting, consulting, environmental reports, legal/closing costs; and research and packaging of future rail and maritime development. This includes 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 arrears, occurring the fiscal year after job creation has been maintained. This allows for better planning and deal discipline.

Finalize Request for Proposals from qualified rail operators to provide a wide range of value-added services to existing and future tenants. The objective of the program was to analyze opportunities based on technical and logistical aspects.

Actively market Port Bienville Railroad (PBVR) Shuttle with CSX and Port of New Orleans to provide value add services to new and potential tenants.

Aggressively market Linea and Site 4 dock facilities for a service provider to increase cross-dock commodity activity in Port Bienville.

Align with both Port of New Orleans and New Orleans Public Beltway to form a cohesive marketing partnership. This includes co-marketing assets and the *Intermodal Shuttle*-

Port Bienville's intermodal service from truck to rail provides businesses with a way to meet evolving supply chain requirements economically, while also promoting environmental sustainability. The pilot shuttle is scheduled to begin in the first quarter of 2021 and will continue to evolve. HCPHC's strategy to prime the market for existing and future customers to use the shuttle will be through direct outreach and high-level meetings with supply chain management.

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

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 interviewed 120 companies in Hancock County. One of the main issues for both large- and small-scale companies was workforce.

In 2019, Hancock County was awarded *ACT Work Ready Community*® status. This recognition sends a message to current and future industry partners that Hancock County is dedicated to economic development. In July of 2020, all three coastal counties achieved the designation. Our goal for 2021 is to maintain *ACT Work Ready Community*® status, which is already 95% complete. Check out the latest status here: <https://www.workreadycommunities.org/MS/045>.

The FY2021 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 two jobs profiled, and a goal of three jobs profiled for FY2021. The implications of remote learning on education could drastically affect our ability to test potential workforce candidates and do in-person job profiling. We are working with ACT to evolve the processes in this ever-changing environment.

HCPHC set aside funds to train our workforce partners in FY2021 to become job profilers. FY2020 funds are being rolled over to FY2021, as downturn in the oil and gas markets stalled the original jobs to be profiled. Goals for job profiles for FY21 include the manufacturing and aerospace sectors. This helps our industry by stream-lining recruiting efforts, as well as being an asset to the community.

Advertising and Local Industry Promotion - \$21,450

The chart below indicates the various industry promotion group events that HCPHC will participate in during 2021 by quarter. As previously indicated, this outreach is crucial for advancing Economic Development efforts and staying top of mind with key influencers and decision-makers.

EVENTS	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sept
	Q1	Q2	Q3	Q4
Chamber Breakfast Annual Meeting				✓
Community Awareness Events	✓	✓	✓	✓
MEC Legislative Conference		✓		
Military Affairs Council	✓		✓	
Chamber Salute to Industry Gala				✓
Leadership Hancock County		✓		
Hancock County CoG	✓	✓	✓	✓
MEDC Annual Conference				✓
Manager's Luncheons	✓		✓	✓
Roundtable Discussions	✓		✓	

Marketing \$151,100

In FY21 we will aggressively promote HCPHC to clearly feature the region’s benefits to key decision-makers and influencers, and to support HCPHC’s department heads with communications and direct marketing tools to promote the region as it relates to port, air, rail, and space.

We have specified a communications strategy for each department to include Port, Rail, Air, and Space as to fully convey the marketing and communications program details.

A goal of the Director of Communications is to continue to hone the branding of HCPHC. The ED&C department worked closely with a marketing agency to define the HCPHC brand through a branding kit. For FY21, we will continue to evolve the branding component of the organization to include creating logos for each department.

The Director of Communications and ED Project Manager are working with an external agency to build and refine the new Stennis Airport website. For FY21, the Communications Director will continue to work with an external agency as well as individual departments to continue building websites for Port Bienville, Administration, and Economic Development as defined in the communications plan for FY21.

Additionally, as a result of our previous land 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 market, environmental, and budget variables. This is a key differentiator in asset-based economic development organizations like HCPHC. 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.

PORT

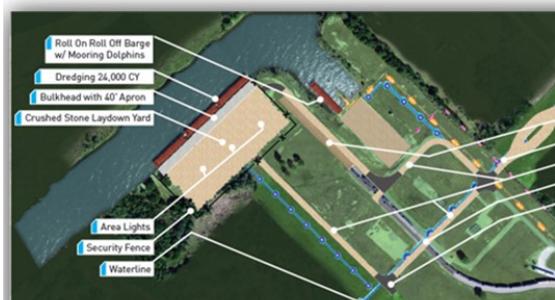
Port Bienville is one of the Gulf Coast’s most diverse ports regarding transportation modes and business lines. Business is booming in all sectors. Partnership possibilities to be explored include container-on-barge services, transloading activities, ancillary services, and industrial growth. The Port Bienville Railroad (PBVR) growth strategy will bolster cross dock commodity transfers, where logistics and trans-loading operations can benefit from additional cargo throughput.

With intercoastal waterway market access via barge and new maritime docks coming online to provide the market with uncongested berths, Port Bienville continues to be an ideal hub for cost-effective handling of process materials for midstream manufacturers. Bulk materials such as steel, coal, and liquid products are currently handled.

ED&C will support and enhance communications surrounding the Port’s available assets and services to current and future tenants. The communications strategy will enhance the mission of the business development strategy’s FY21 goals. This includes educating political leaders at the local, state, and federal level

for the following projects/initiatives:

- Bienville Dock
- Project Ready Sites
- Site 4 Intermodal Transload Facility
- Port & Pearl Dredging Project
- Roadway Rehabilitation Projects



Leverage HCPHC membership in both the Mississippi Ports Council and the Mississippi Water Resources Association (MWRA). The Ports Council aims to provide legislative support for Mississippi Ports at the Capitol and with state agencies. The MWRA promotes the advancement of Mississippi’s rivers, ports, harbors, coastal and inland waterways, flood control, recreation, water development and management, water supply, and all other beneficial uses of water resources

Our goal is to leverage our membership in the organizations for the following purposes:

- Inform legislative efforts to fund the Mississippi Ports Council’s *Ports Improvement Fund*
- Build rapport with key individuals within organization for legislative network and support
- Access to industry practices, standards, projects, and current information throughout state
- Access to state-wide support within port industry to include port tours, events, ribbon cuttings, industry-based training events, conferences, and meetings
- Inclusion in industry-based discussions for state-wide policy discussions or initiatives to the benefit of Port Bienville.

RAIL

Strategic alliances with both Port of New Orleans and the New Orleans Public Beltway started in 2020, with a cohesive marketing partnership to be developed 2021. This includes co-marketing assets and the *Intermodal Shuttle*.

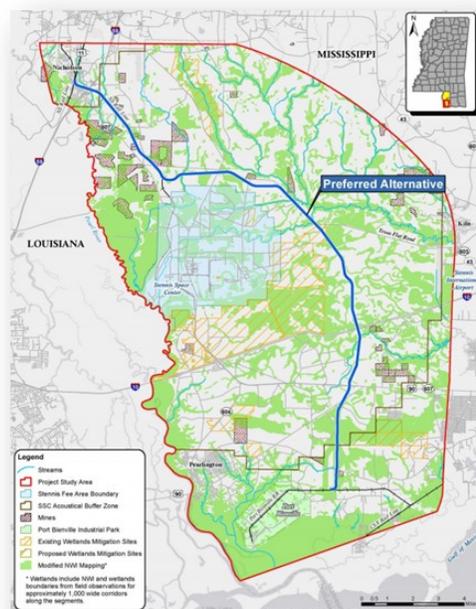
ED&C will support and enhance communications surrounding the PBVR's available and potential assets and services to current and future tenants. The communications strategy will enhance the mission of the business development strategy's FY21 goals. This includes educating political leaders at the local, state, and federal level for the following projects/initiatives:

- North/South Rail Connection
- Intermodal Shuttle
- MDOT Mississippi Freight Rail Strategy

Use HCPHC membership in both the Mississippi Railroad Association (MRRRA) the American Short Line and Regional Railroad Association (ASLRRA). Each of these organizations work to provide results-oriented legislative support to Mississippi-based (MRRRA) short line railroads (ASLRRA). The organizations also provide a range of industry services, professional development opportunities, and training events.

Our goal is to deploy our membership to the organizations in the following ways:

- Access to training and conference events at the local, state, and federal level
- Access to industry practices, standards, projects, and current information
- Apply for MRRRA *Rail Improvements Fund*
- Ability to build rapport with key individuals within organization for legislative network and support
- Access to state-wide network; leverage connections to work toward building the freight-rail logistics business for PBVR
- Inclusion in industry-based discussions for state-wide policy discussions or initiatives to the benefit of Port Bienville Railroad (MS Freight Plan).



AIRPORT

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:

- Become the cornerstone of Mississippi's Space Strategy
- Become considered a prime location for unmanned systems;
- Support the Mars Missions & Exploration.
- Strengthen Entrepreneurial Innovation; and
- Aspirations for Future Growth.

As a 2019 follow up, the same consulting firm developed a communication plan identifying optimal marketing avenues for the Economic Development Department to recruit aerospace and unmanned projects. During FY21, the Economic Development staff will focus specifically on Foreign Military Sales as well as the development of the Stennis Technology Park.

Foreign Military Sales

We will continue to strengthen relationships with key players in the foreign military sales realm, including Naval Air Systems Command (NAVAIR), foreign program representatives, and maintenance, repair, and overhaul companies.

Stennis Technology Park

We will develop a mix of office and flex space for existing tenants and prospective clients at Stennis International Airpark. This includes the continuation our business park design competition, that began 2020 and funded through a Mississippi Development Authority (MDA) planning grant.

ED&C will support and enhance communications surrounding the airport's available and future assets and services to current and future tenants. The communications strategy will enhance the mission of the business development strategy's FY21 goals. This includes educating political leaders at the local, state, and federal level for the following projects/initiatives:

- Multi-User Aerostrip
- Stennis International Airport Flight School
- Stennis Spaceport
- Provide communications support for the Airport's memberships in the Mississippi Airport Association, and the Global Spaceport Alliance.

Communications

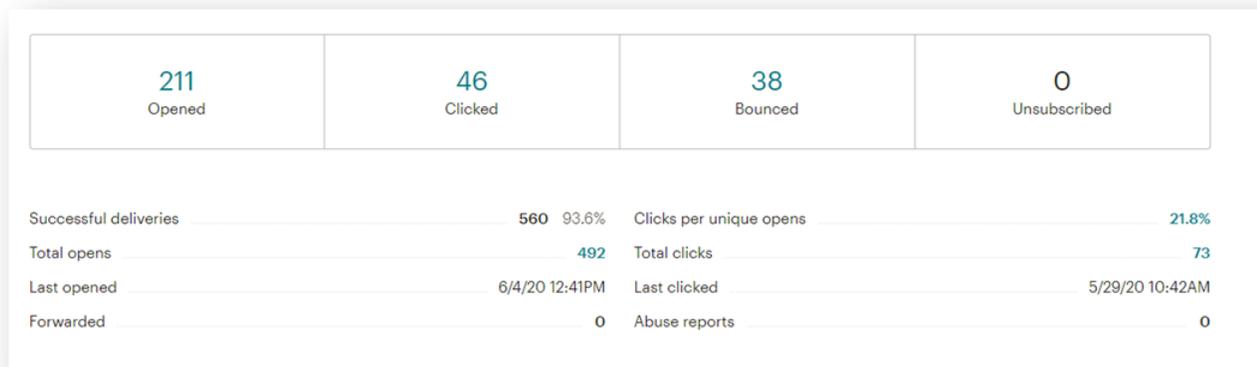
In July 2019, the Commission created and filled the role of Director of Communications within the Economic Development Department and spent FY20 working to delineate specific tasks and goals to the Communications Director.

The Director of Communications works to build and support the communications plan and strategy for HCPHC as a whole in an effort to support the overall mission of the organization. In addition to the integrated role the DC has in supporting the various departments, independent goals and objectives are set for overall performance as more fully discussed below.

Performance Fiscal Year 2020 (Communications)

Although the position was created in late calendar year 2019, the Communications role has logged significant accomplishments in a very short time, to include:

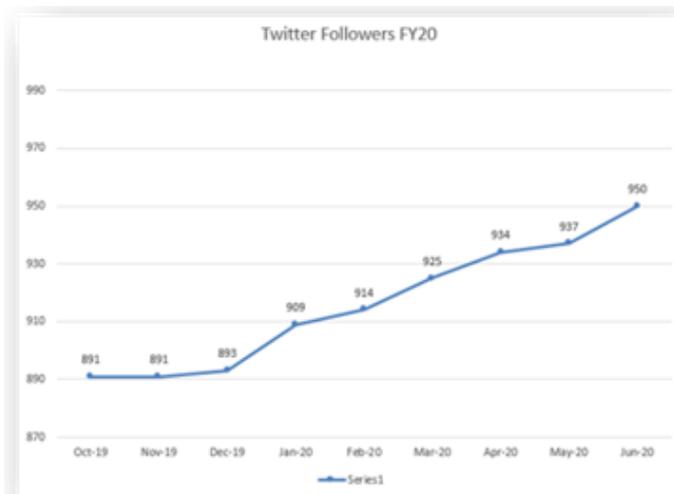
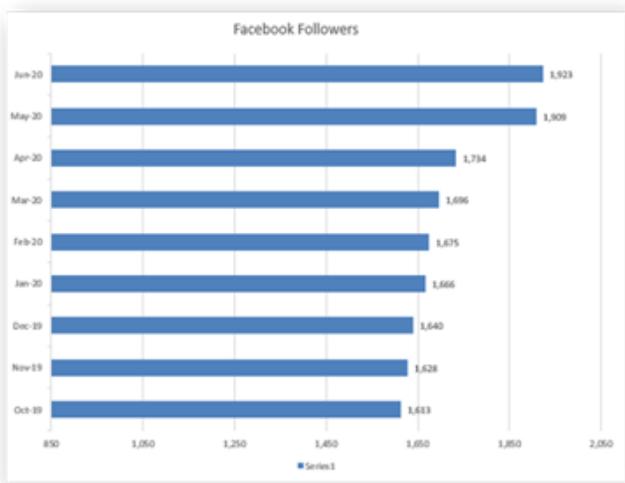
- Established an online presence using a marketing campaign software system to build a method of contact with interested parties. The software system currently contains 641 contacts with 625 subscribers. These contacts have been categorized by department to send targeted messaging for various department announcements and events.
 - ◆ To date, 6 newsletters have been sent with an average open rate of 40%.
 - ◆ To date, 7 campaigns announcing various meetings and events have been sent with an average open rate of 46%.



- Worked to build a network of contacts to support HCPHC’s legislative efforts on a local, state, and federal level.
 - ◆ Attended sessions at Capitol 6 times during session for pertinent meetings and events to educate state leaders on FY20 legislative asks.
 - ◆ Successfully secured \$2.5M in BP Economic Damages Settlement Funds for Multi-User Aerostrip.
 - ◆ Developed and delivered legislative monitoring to Commission throughout legislative season on matters of key interest, to include: Military Family License Reciprocity and Design Build Authority for the Port.
- Increased HCPHC presence through community events and meetings:
 - ◆ Attended 25 community events
 - ◆ Attended 134 meetings
 - ◆ Provided 21 presentations



- Worked closely with Mississippi-based marketing firm to establish brand capsule to identify and solidify HCPHC brand both internally and externally. The capsule sets branding guidelines, graphic standards, and establishes the Motion Action Growth “MAG” mindset for the organization.
- Increased social media presence on all platforms:
 - ◆ Increased Facebook followers by 27%
 - ◆ Increased Twitter followers by 8%
 - ◆ Increased LinkedIn followers by 52%



ED&C GOALS FOR FISCAL YEAR 2021

- Complete Business Retention and Expansion (BRE) program 5.0 with the top 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. Additionally, the group can assess COVID-19 related impacts to industry.
- Further develop BRE strategies for minimally acceptable outcomes for monthly, quarterly, and annual follow up. This includes clear roles and reporting across the organization from accounting, operations, administration, and economic development.
- Raise awareness among key audiences for our spaceport license, including manufacturing, assembly, 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.

Communications

- Organize and host 4 manager meetings for key stakeholders to participate and communicate. This positions the organization for best communication with customers in addition to a forum for industry to mingle (*See Events Chart Timeline*)
- Host and/or attend 4 community events on behalf of HCPHC's port, railroad, or airport (*See Events Chart Timeline*)
- Increase social media followers by 5% (Facebook, LinkedIn, Twitter)
- Using newly created HCPHC Brand Kit, create logos for individual departments (Airport, Port Bienville, Economic Development)
- Working with external agency, continue along HCPHC Communications Plan to create website for individual department (Airport, Port Bienville, Economic Development, Administration)
- Increase marketing software database of contacts by 10%
- Increase newsletter open rate by 10%
- Produce and distribute a minimum of 4 newsletters through marketing software program
- Build and execute at least 2 ad campaigns for HCPHC assets (working with business development marketing strategy)
- Submit at least 2 press releases to the Gulf Coast Aerospace Corridor highlighting space-related features of HCPHC and its assets
- Employee recognition – 8 press releases/news stories of staff accomplishments or staff features
- Provide a consistent approach to media relations with print, online, radio, social media, and television outlets through earned media coverage.
- Develop and deliver effective and comprehensive information internally to customers, tenants, partners, local community, and elected officials.
- Increase internal communications: build method of easy access to current information, facts, and figures to clean up external messaging for all departments.

GENERAL OPERATIONS BUDGET (COMBINED)

	Prior Yr	2020		Budget
	Actual	Budget	Projected	2021
2019				
REVENUES				
Other Operating Revenue	310	-	1,551	-
Grant Revenues - SMEPA/EDA Land Use Study	\$ -	\$ -	\$ -	\$ -
Total Other Operating Revenue	310	-	1,551	-
Total Revenues	310	-	1,551	-
EXPENSES				
Equipment, Supplies, Services & Charges				
Equipment, Hardware & Software	41,835	53,270	57,554	65,117
Supplies - Custodial	934	1,000	1,130	1,200
Supplies - Office	14,689	19,600	10,059	19,600
Supplies - Operating	502	600	338	600
Total Supplies & Materials	57,960	74,470	69,081	86,517
Cost of Sales	188,102	489,900	156,028	290,000
Advertising & Local Industry Promotion	15,276	22,150	4,910	23,450
Marketing	104,661	162,100	48,789	162,600
Association Dues	9,773	11,680	7,741	28,751
Insurance - Property & Liability	47,472	52,972	69,670	59,366
Licenses, Fees & Permits	902	1,750	587	1,750
Rent - Buildings & Equipment	4,581	4,750	2,529	3,000
Repair/Maintenance/Improvements - Buildings	10,601	1,000	1,622	7,500
Repair/Maintenance/Improvements - Equipment	439	1,000	5,088	2,000
Repair/Maintenance/Improvements - Grounds		1,000	-	1,000
Services - Auditing	36,250	40,000	42,200	40,000
Services - Commissioners	12,432	18,000	12,992	18,000
Services - Contract	59,647	140,841	46,684	135,500
Services - Legal	84,921	100,000	131,004	100,000
Services - Payroll	7,060	7,000	7,347	8,200
Services - Professional	21,532	26,300	26,448	126,300
Services - Security Systems	360	1,900	823	400
Subscriptions, Books, & Periodicals	119	740	605	2,240
Telephone & Telecommunications	13,745	14,100	14,028	14,350
Training/Education	6,589	26,000	29,376	13,000
Trade Shows, Conferences & Symposiums	32,826	41,000	15,745	35,000
Travel - General	14,241	45,000	20,526	35,500
Utilities	7,834	8,000	7,078	8,000
Total Equipment, Supplies, Services & Charges	737,323	1,291,653	720,901	1,202,424

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

	Prior Yr	2020		Budget
	Actual 2019	Budget	Projected	2021
Personnel Services				
Salaries & Wages - Regular Time	726,795	832,984	761,086	943,125
Salaries & Wages - PTO Payout	12,285	8,605	35,749	17,964
Accrued Payroll - Year End & PTO Compensation	23,043		(18,277)	-
Employee Physicals	80	500	65	800
Insurance - Health/Life/LTD/AD&D	95,462	82,112	72,520	103,247
Insurance - Workers Comp & Occupational	1,809	2,208	3,000	2,640
Retirement - PERS	199,684	208,315	134,885	162,538
Tax - Mississippi Unemployment	1,626	1,260	1,819	1,540
Tax - Federal SSI/Medicare	54,216	57,826	56,223	67,461
Total Personnel Services	1,115,002	1,193,810	1,047,071	1,299,315
Total Expenses	1,852,325	2,485,463	1,767,971	2,501,739
Net Loss from Operations	(1,852,015)	(2,485,463)	(1,766,420)	(2,501,739)
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	149,558	85,641	130,737	900
Investment Gain (Loss)	28,341	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-
Net Non-Operating Income	178,209	85,641	132,288	900
Capital & Special Projects Sources & (Uses) of Funds				
Grant Revenues	-	-	-	-
Other Revenue - Project Surety Settlement	-	-	-	-
Transfers In	1,620,000	2,131,372	2,138,874	2,500,839
Capital Expenditures	-	-	-	-
Transfers Out	(1,718,353)	-	-	-
Net Capital & Special Projects Sources & (Uses) of Funds	(98,353)	2,131,372	2,138,874	2,500,839
Net Sources and (Uses) of Funds	\$ (1,772,160)	\$ (268,450)	\$ 504,742	\$ 0

PORT BIENVILLE RAILROAD

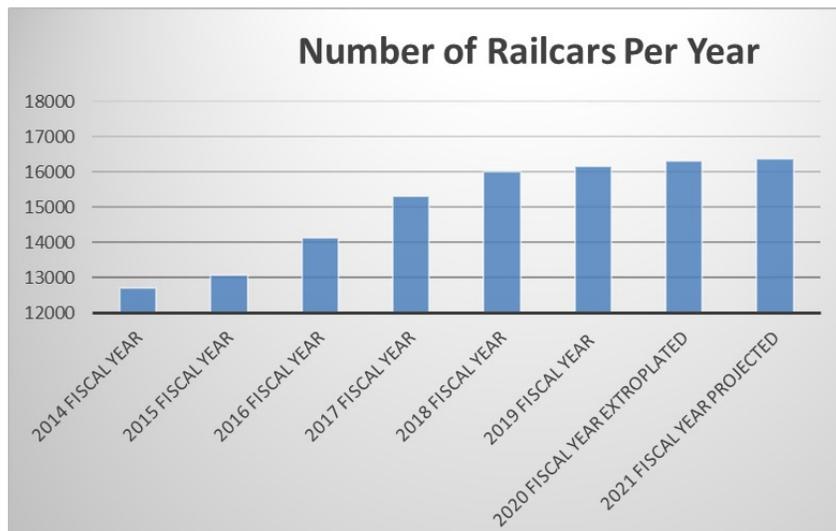
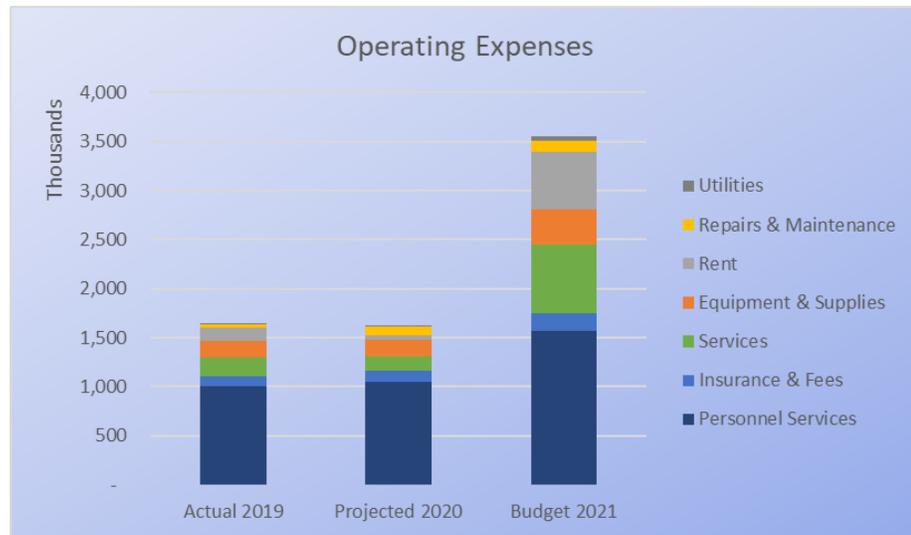
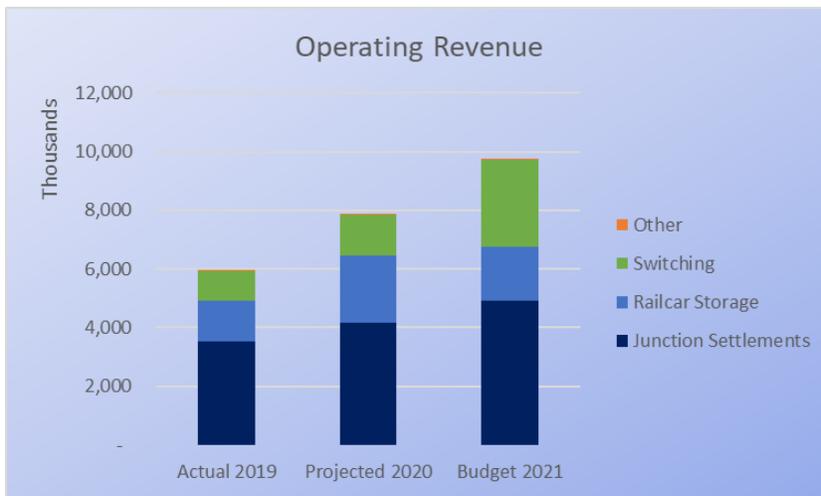
Port Bienville Railroad (PBVR) is a Class 3 Short Line Railroad owned and operated by the Hancock County Port and Harbor Commission. PBVR operates on 7-1/2 miles of Industry Lead track that is capable of handling 286,000-pound cars. Port Bienville Railroad has 9 miles of storage track and stores up to 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 in operation 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	2020		Budget
	Actual 2019	Budget	Projected	2021
REVENUE				
Use of Money & Property				
Contract Track Lease	\$ 495,763	\$ 500,656	\$ 962,161	\$ 1,648,530
Storage Track Rent & Demurrage	902,460	834,500	1,347,969	189,000
Rent: Rail Facilities Building	108,000	108,000	108,000	108,000
Total Use of Money & Property	1,506,223	1,443,156	2,418,131	1,945,530
Charges for Services				
Junction Settlements (Line Haul)	3,511,244	3,600,000	4,177,263	4,900,000
Switching, Lift & Dray Servies	1,031,674	890,000	1,399,907	2,999,909
Rail Scale Revenues	163,800	160,000	179,400	145,000
Railcar Repair Services - Contract/Inhouse	123,305	100,000	97,892	91,000
Total Charges for Services	4,830,023	4,750,000	5,854,462	8,135,909
Other Operating Revenue				
Other Revenues	13,375	13,700	28,584	15,800
Total Other Operating Revenue	13,375	13,700	28,584	15,800
Total Revenues	6,349,621	6,206,856	8,301,176	10,097,239
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	14,587	15,500	19,168	60,700
Supplies - Custodial	1,495	1,000	1,113	800
Supplies - Fuel/Oil	132,580	190,000	125,797	242,000
Supplies - Office	3,799	4,500	1,634	3,400
Supplies - Operating	825	2,000	1,554	2,000
Supplies - Safety	2,975	5,700	4,987	9,700
Supplies - Train/Track	13,249	13,000	9,753	23,000
Supplies - Uniforms	3,745	5,450	4,045	11,300
Total Supplies & Materials	173,256	237,150	168,051	352,900
Other Services & Charges				
Advertising & Local Industry Promotion	208	350	401	500
Association Dues	13,080	13,500	13,080	14,000
Insurance - Property & Liability	104,930	130,482	154,800	160,923
Licenses, Fees & Permits	105		155	1,500
Rent - Buidlings & Equipment	1,629	3,150	1,629	2,200
Rent - Well Cars- Mobile Equipment	131,336		44,620	583,000

PORT BIENVILLE RAILROAD (Continued...)

	Prior Yr			Budget 2021
	Actual 2019	2020		
		Budget	Projected	
Repair/Maintenance/Improvements - Buildings	2,051	7,000	291	14,500
Repair/Maintenance/Improvements - Equipment	3,483	4,500	4,690	5,100
Repair/Maintenance/Improvements - Grounds	491	8,000	-	8,000
Repair/Maintenance/Improvements - Vehicles	5,373	6,000	4,199	7,900
Repair/Maintenance/Improvements - Locomotives	5,574	65,000	-	61,900
Repair/Maintenance/Improvements - Track	12,209	16,000	19,856	20,000
Railcar Repair Expense	4,787		2,896	-
Services - Car Hire/Accounting	61,679	89,200	63,514	158,000
Services - Contract	16,544	25,200	27,275	277,900
Services - Rail Funding Study	14,361		-	-
Services - Port / Rail Master Plan		22,000	-	-
Services - Engineering	5,970	33,500	3,947	189,000
Services - Professional	93,320	92,800	105,942	77,800
Subscriptions, Books, & Periodicals	835	1,200	1,813	1,800
Telephone & Telecommunications	8,969	15,120	14,989	32,100
Training/Education	7,855	7,400	1,503	20,100
Travel - General	3,412	1,500	896	1,700
Utilities	5,623	6,700	5,823	6,100
Total Other Services & Charges	503,824	548,602	472,318	1,644,023
Personnel Services				
Salaries & Wages - Regular Time	610,026	756,450	686,999	975,610
Salaries & Wages - Overtime	52,009	61,883	77,839	80,746
Salaries & Wages - PTO Payout	7,309	7,944	10,164	18,039
Accrued Payroll - Year End & PTO Compensation	32,191		(11,700)	-
Employee Physicals	450	2,500	1,123	2,900
Insurance - Health/Life/LTD/AD&D	141,692	163,022	135,332	217,059
Insurance - Workers Comp & Occupational	20,372	23,508	25,972	22,636
Tax - RR Tier I, Tier II & RUIA/SSI & Medicare	136,976	162,576	155,141	233,661
Total Personnel Services	1,001,025	1,177,883	1,080,869	1,550,651
Total Expenses	1,678,106	1,963,635	1,721,237	3,547,574
Net Income from Operations	4,671,516	4,243,221	6,579,939	6,549,665
Non-Operating Income (Expense)				
Interest Income - Checking & Savings	126,106	39,600	38,420	12,600
Insurance Proceeds		-	-	-
Gain (Loss on Sale of Assets)		-	-	-
Net Non-Operating Income (Expense)	126,106	39,600	38,420	12,600
Capital Sources & (Uses) of Funds				
Grant Revenues	574,289	394,020	228,112	521,888
Appropriations from Prior Years	-	6,604,442		5,698,954
Capital Expenditures	(3,404,370)	(1,202,643)	(256,417)	(3,899,033)
Transfers Out	(1,916,548)	(10,078,640)	(5,376,261)	(8,886,175)
Net Capital Sources & (Uses) of Funds	(4,746,629)	(4,282,821)	(5,404,566)	(6,564,366)
Total Net Sources & (Uses) of Funds	\$ 50,992	\$ -	\$ 1,213,794	\$ (2,101)



Current Staff

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

The Railroad Manager is responsible for maintaining a safe and efficient work environment in compliance with all Federal Rail Administration (FRA) and Mississippi Department of Transportation (MDOT) requirements. The Railroad Manager is also tasked with budgeting, customer relations, 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 is tasked with data entry 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, performing inspections, repairing track, and providing routine maintenance as needed.

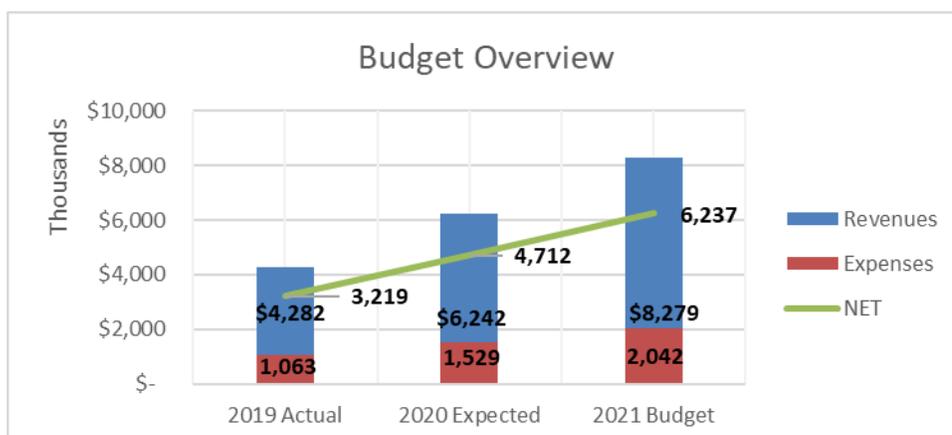
Safety/Crew Foreman’s primary responsibility is oversight of crews in adherence to all PBVR and FRA safety rules and procedures. The Foreman is point person and team leader for the rail crew while in the field.

Engineers operate locomotives, perform daily inspections, and oversee locomotive servicing to meet MDOT and FRA standards.

Conductors duties include moving cars to locations as customers request, providing oversight of all moves of the train crew, and communicating daily activity to office personnel.

Brakemen assist the conductor with all switching moves.

Revenues, Rates and Charges



Fiscal Year 2021 Projections

In Fiscal year 2020 the Hancock County Port and Harbor Commission completed an extensive study of usage trends and market rates, evaluated, and compared our cost structure to industry pricing. With this information as a baseline, HCPHC implemented Tariff PBVR 8000-C effective January 1, 2020 and negotiated existing customer contracts. As a result of updated tariffs and contracts aligned with current existing market values, revenue for Switching, Junction Settlement and Contract Storage increased dramatically. Excess Storage is projected to decrease as PBVR manages congestion and is communicating with customers who exceed their contracted number of cars.

TARIFF AND CONTRACT RATE COMPARISON

	Fiscal Year 2020			Fiscal Year 2021			Budget FY20 to FY21
	Proposed #	Avg Rate	Budget	Proposed #	Avg Rate	Budget	DIFFERENCE
Switching Service	6560	\$ 125	\$ 820,000	7493	\$ 152	\$ 1,142,109	\$ 322,109
Junction Settlements	6898	\$ 522	\$ 3,600,000	8000	\$ 613	\$ 4,900,000	\$ 1,300,000
Contract Storage	405		\$ 500,656	596		\$ 1,648,530	\$ 1,147,874
Excess Storage	83200	\$ 10	\$ 832,000	3600	\$ 40	\$ 144,000	\$ (688,000)
			\$ 5,752,656			\$ 7,834,639	\$ 2,081,983

Junction Settlements

HCPHC negotiates these rates with CSX (the single Class I provider) for the movement of loaded inbound and outbound cars. This includes movement between locations over both Port Bienville Railroad’s short-line tracks and CSX’s interstate tracks. Junction settlement rates are not advertised in the tariff as they are set as contract rates throughout the year with CSX. HCPHC staff review for modification each budget year for accurate forecasting and planning. Projections for FY2021 traffic counts slightly increased by 500 cars. The projected revenue increase is result of both increased demand and increased Junction Settlement rates, which were raised in 2020 to address market increases.

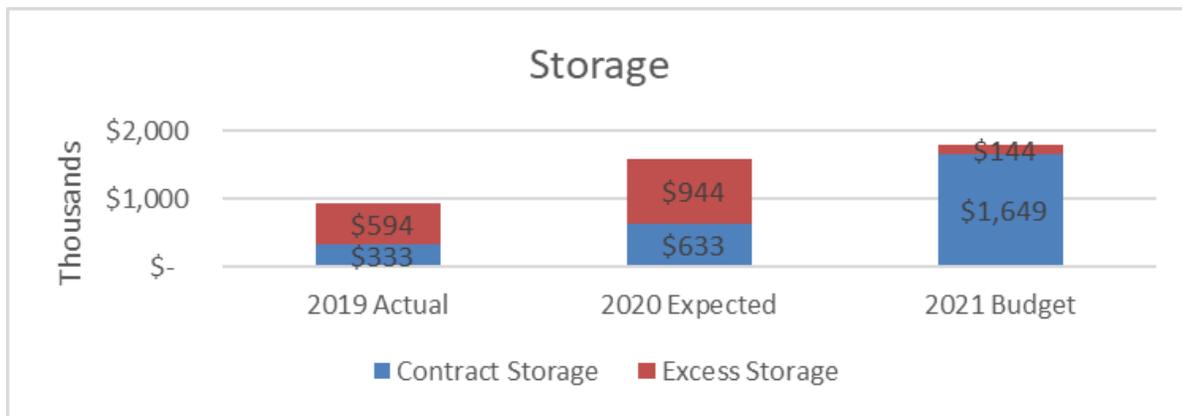


Contract Track Lease

HCPHC generates revenues from contracted railcar storage within Port Bienville. Contracts pricing can fluctuate by volume, frequency, and material type. Excess Storage (Constructive Placement) for those tenants accrues when they exceed the number of storage space contracted. Contract storage has increased due to new tenant contracts based with volumes to meet operational needs and PBVR capacity limits.

Excess Storage- Constructive Placement

Excess Storage, also called Constructive Placement, is charged at tariff rates of \$40 - \$50 per car per day. The charges are applied to cars not covered by contract or above a customer’s contracted number of cars. Revenues are projected lower for FY2021 due to plants maintaining their contracted number of spaces available.



Railcar Switching

Switching rates are \$222 - \$243 per switch as railcars are moved to or from storage as requested by tenants. Tariff rates are also charged for railcars that interchange inbound and outbound as empty as the cars do not generate Junction Settlement revenue. FY2021 revenue is budgeted slightly more than FY2020 due to the new contract and tariff rates.



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 tariff charge of \$150 per car. FY2021 revenue is budgeted at \$145,000. and slightly less than FY2020.

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 since 2018 as cars typically serviced in the Port have cycled through in recent years. In FY2021, The Andersons, Inc. is projecting a 3% increase.

PERFORMANCE FISCAL YEAR 2020

Safety

Inspections

The Short Line Safety Institute (SLSI) completed a safety audit of Port Bienville Railroad. These audits are very valuable and provide insight from rail industry professionals on recommendations to improve safety operations and safety culture. The SLSI audits, completed in January, have been well received by all PBVR railroad employees. The SLSI team spent a week evaluating and observing PBVR operations. After the SLSI completed observation, the entire railroad staff was briefed by SLSI on their findings and recommendations. The findings were positive, showing improvements over the 2017 assessment. The SLSI requested permission to use some of PBVR's procedures and best practices as training materials for other railroads, such as the daily briefing form, Safety Binder and Safety PowerPoint.

Derailments

As of March 20th, Port Bienville Railroad completed one year with no derailments. This was a big milestone that all railroad employees are very proud of and a testament to the improved safety and procedures that have been implemented.

Safety PowerPoint

A slide of all safety training, operational testing, and man hours worked without accident or injury is being presented monthly to the Commissioners as an effort to keep transparency to the PBVR Safety Culture and improvements. SLSI requested and received a copy of this slide to present to other railroads as a best practice.

Safety Binder

A safety binder was created and implemented for all employees to use to report any safety issues that should be addressed. When using the binder, an employee notes concerns with a reported date. Once the issue is addressed or corrected, the employee responsible for the correction will sign and date the binder, showing the issue as completed.

Safety/Crew Foreman -

PBVR created this position which is primarily responsible for the oversight of crews and ensures 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.

Covid-19

In March 2020, PBVR implemented an emergency response plan in light of COVID-19. The plan reduced exposure of employees in the event of a positive test result among staff members, separating train crews into three person groups, each crew meeting and leaving from different locations within Port Bienville. The first and only positive case of COVID at HCPHC happened at PBVR. As such, the plan proved successful as only 1 PBVR was potentially exposed to the employee who tested positive. COVID will continue to be a challenge to scheduling and daily operations; however, the plan will be adjusted as needed to keep all employees safe while maintaining daily rail service to all Port Bienville tenants.

Operations

- Implemented the *Hours of Service* software. This new system improves our federal regulated reporting requirements for all covered service employees. Employees are using tablets to go On/Off duty and this has replaced the paper record keeping.
- Implemented the *GE Rail Connect* system for tracking car movements, allowing train crews to report car movements in real time. The system meets federal requirements for tracking hazardous material cars.
- Implementation of *Logitrac, Safety and Rulebook*. PBVR now has a Safety Rulebook in a web-based format, which allows all regulatory training and testing to be completed online. *Logitrac* also allows for PBVR to issue a rule of the day (ROD) to all rail employees. Employees are tested daily on the ROD - all testing and training is documented.
- Implemented new Tariff, effective January 1, 2020; working with HCPHC staff and SRF, PBVR Railroad Manager worked to provide all the operational information needed.
New rail contracts; working with HCPHC staff and SRF, PBVR Railroad Manager worked to provide all the operational information necessary to update all contracts (except DAK)
- Completed Right-of-Way Clearing
- Attended Mississippi Railroad Association meeting in Jackson
- Short Line Safety Institute Leadership Training; in coordination with HCPHC Communications Director, PBVR hosted SLSI Leadership Training conference at the McDonald Training Center.
- Two employees completed training to become certified Locomotive Engineers. Dual certified positions are very useful in the short line industry for railroads with a low number of employees.
- Storage inventory and evaluation; PBVR has storage space for 480 cars, contracts with tenants are currently at 596 cars. PBVR needs a minimum of 13,000 feet of track to reduce congestion and deal with operational efficiency. Drafting CRISI grant to address current customer demands and competitiveness.
- Awarded grant for 2021 Mississippi Department of Transportation project funding

Measure	Strategy	2019 Actual	2020 Projected	2021 Target
Railcars on Storage	Maximize storage capacity	239,486	220,401	217,540
Railcars Switches	Increase switching revenue	8,092	8,829	7,493
Railcars Interchanged	Increase tenant use of rail transport and/or uptick in manufacturing	16,011	16,385	16,885
Railcars Weighed	Increase use of scale	1,233	1,066	966
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%

CAPITAL PROJECTS 2020

RR2001 – Lower Bay switches - \$808,304. This is a lifecycle maintenance/safety project to replace decaying switch ties in the storage yard. Five 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 and 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 funded with \$350,000 of MDOT grant funds and \$458,304 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.



Fiscal Year 2021 Objectives and Key Investments

- Continue to evolve strategies to improve safety. EVERYONE HOME SAFE EVERY DAY!
- Maintain communications with tenants throughout COVID-19 and beyond
- Planning and development of pilot Intermodal Yard for truck to rail container shipping. The pilot program will be located the Linea Dock. Hire, train, and schedule of additional trainmen required to provide service. The pilot program is projected to generate net income of \$242,826.
- Planning and development of an Intermodal Yard, working with Strategic Rail Finance and HCPHC staff to look at scenarios and locations within Port Bienville, specifically truck-to-rail container shipping. The terminal will be a value for our current tenants and would be direct connection for service of the Linea Dock and Site 4 This would serve as both business retention and business attraction for Port Bienville

PORT BIENVILLE RAILROAD			
Railroad Shuttle/Intermodal Facility			
Revenue			
Switching	1,097,000	R & M - Locomotives	14,500
Lift & Dray Services	705,600	Services - Contract	225,000
Total Use of Money & Property	1,802,600	Telephone & Telecommunications	5,500
Expenses			
Equipment, Hardware & Software	24,200	Training/Education	3,000
Supplies - Fuel/Oil	72,000	Total Other Services & Charges	1,036,900
Supplies - Safety	4,000	Personnel Services	
Supplies - Train/Track	5,800	Salaries & Wages - Regular Time	241,563
Supplies - Uniforms	4,550	Salaries & Wages - Overtime	19,492
Total Supplies & Materials	110,550	Salaries & Wages - PTO Payout	4,645
Other Services & Charges			
Services - Engineering	180,000	Employee Physicals	900
Insurance- Rolling Stock	24,000	Insurance - Health/Life/LTD/AD&D	80,343
Rent Equipment	583,000	Insurance - Workers Comp & Occupational	5,659
Repair/Maintenance/Improvements - Vehicles	1,900	Tax - RR Tier I, Tier II & RUIA / SSI & Medicare	59,721
		Total Personnel Services	412,324
		Total Expenses	1,559,774
		Net Income from Operations	242,826

CAPITAL PROJECTS FOR 2021

**PORT BIENVILLE RAILROAD
2020 WIP - 2023 CAPITAL IMPROVEMENT PLAN
PORT BIENVILLE RAILROAD**

PROJECT #	PROJECT NAME	PURPOSE *	WIP through				TOTAL
			FYE 2020	2021	2022	2023	
RR2001	Lower Bay Switches	LCM & SA	\$ 230,417	\$ 577,888	\$ -	\$ -	\$ 808,304
RR2002	Fuel Farm Upgrade	LCM	26,000	69,000	-	-	95,000
RR2101	Tail Track Upgrade	LCM & SI	-	850,053	-	-	850,053
RR2102	Crossings Improvements	LCM	-	229,267	139,511	-	368,778
RR2103	Rock & Timber Replacement	LCM	-	340,000	-	-	340,000
RR2104	Storage Yard	SI	-	594,825	6,031,524	-	6,626,349
RR2105	Intermodal Yard	SI	-	1,210,000	15,466,314	8,000,000	24,676,314
RR2106	Crew Vehicle	LCM	-	28,000	-	-	28,000
RR2201	Rock & Timber Replacement	LCM	-	-	340,000	-	340,000
RR2202	Vehicle Purchase	LCM	-	-	52,000	-	52,000
Total Uses of Funds			\$ 256,417	\$ 3,899,033	\$ 22,029,349	\$ 8,000,000	\$ 34,184,798

SOURCE OF FUNDS	2020	2021	2022	2023	TOTAL
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	228,112	521,888	-	-	750,000
Use of Cash Balance	28,304	3,377,145	696,007	-	4,101,456
Other-Bond	-	\$ -	21,333,342	8,000,000	29,333,342
Total Sources of Funds	\$ 256,417	\$ 3,899,033	\$ 22,029,349	\$ 8,000,000	\$ 34,184,798

*** PURPOSE CODE**

LCM *Life Cycle Maintenance*
 SA *Safety*
 SI *Strategic Investment*

CAPITAL PROJECTS FOR 2021

RR2101 – Tail Track Upgrade \$ 1,085,053 This is a strategic investment project. Replace 5,750 feet of 85 and 90-pound rail with 115-pound rail, remove and replace 250 timber ties, remove three wood tie turnouts and replace with steel tie turnouts, 500 tons of new ballast, regulate surface and tamp 5,800’ of track. This project is expected to be funded with \$400,000 of MDOT grant funds and \$408,304 of cash reserves.

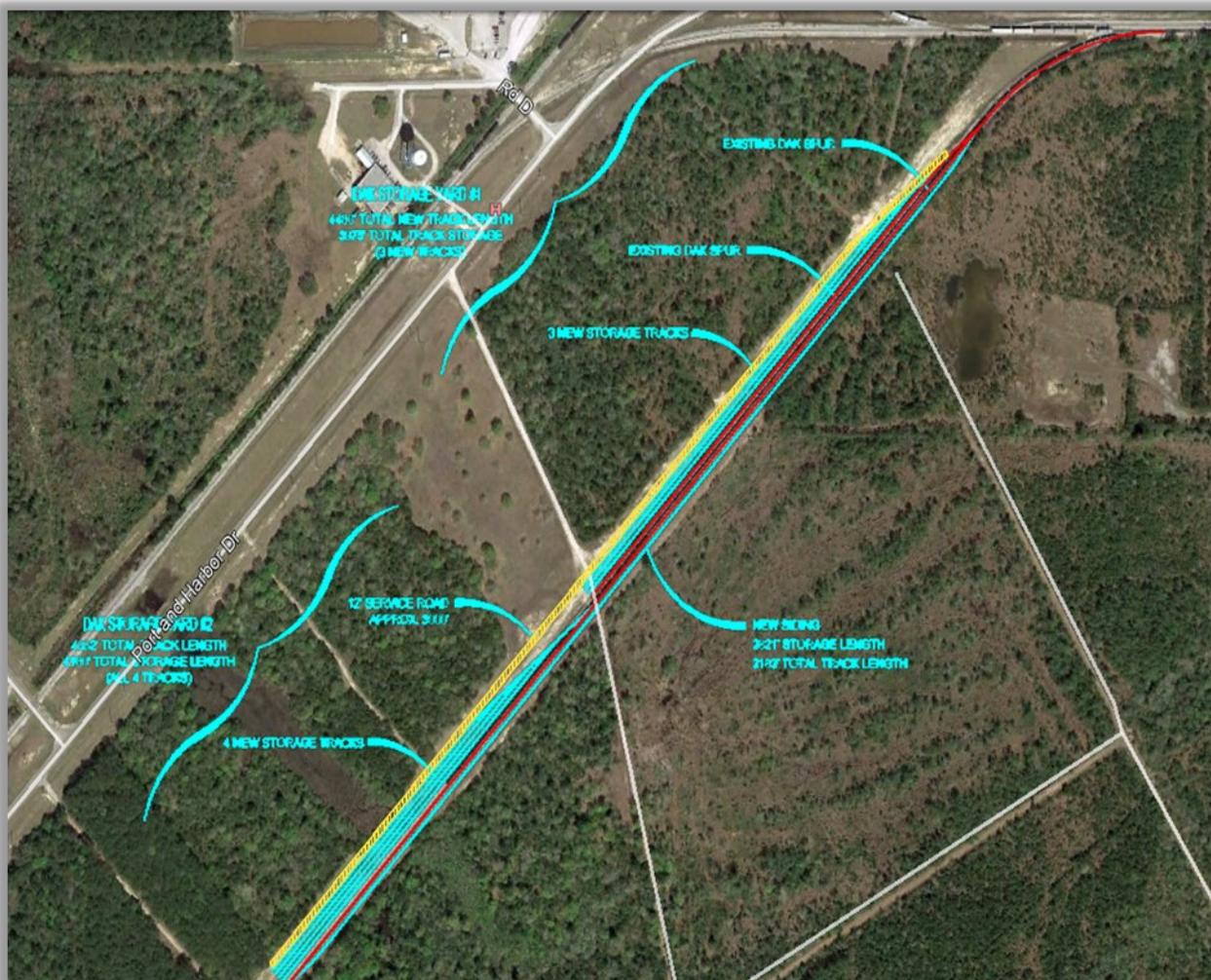


RR2102 – Crossing Improvements \$368,778 This is a lifecycle maintenance/safety project. Replace ties and asphalt in crossings located at Poly, Hancock, and Manufab. Remove concrete panels on Port and Harbor Drive crossing by the Medical Center to replace the ties, lift the track then reinstall the panels. The project will be a cash reserve project



RR2103 – Rock and Timber This is a lifecycle maintenance project to replace decaying crossties and rock in areas of need. Replace 1300’ of rail in the Belly track, new switch ties at Star, tamp and regulate steel turnouts. The project is expected to be funded with cash reserves

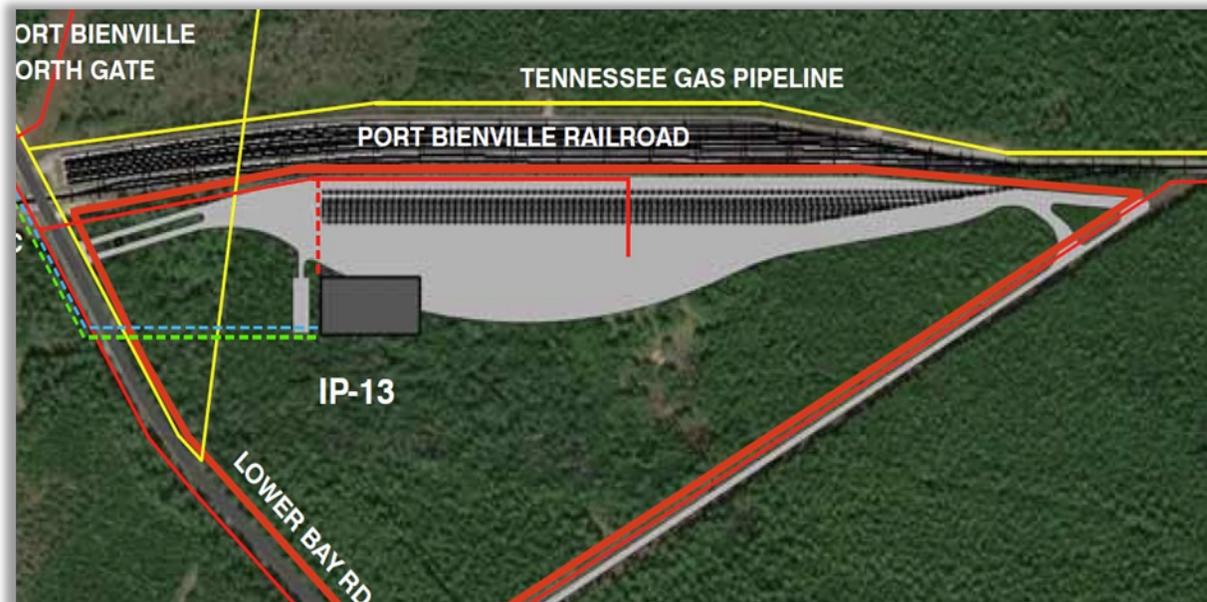
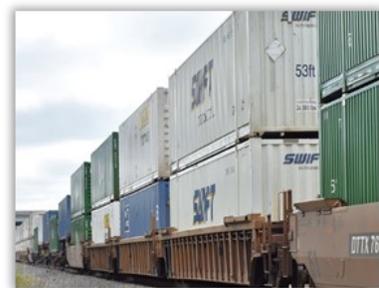
RR2104 – Storage Yard \$ 6,461,853 This is a strategic investment project to build an additional storage yard and siding located along side of DAK Lead. The yard will create space for 131 railcars. Currently PBVR has spaces for 480 cars with tenant contracts of 596 cars. The proposed yard will meet the needs of current tenant contracts and allow cars to be moved from locations that are not storage tracks. This project will reduce the number of cars moves that it takes to perform daily train operations. Additional storage to solve operational efficiencies and offer more contractual opportunities is being proposed through another project. This project is exected to be funded with cash reserves.



RR2105 – Intermodal Yard \$ 15,976,314 This is a strategic investment project of planning and development of an Intermodal Yard, within Port Bienville for truck to rail container shipping. Included in the project is an additional 6000’ feet of track alongside of the existing Main line. The new siding will allow the terminal to be worked without any interruption to the existing storage yard or delays on the Main Line.

Within the intermodal yard, the plan adds the proposed classification yard. Budget allows for six double-ended tracks (35 cars each) for additional 210 car spaces, providing room to create blocks for each receiving railroad. This yard could serve multiple functions as needed, for classification and building outbound trains, blocking of trains or additional contract storage.

The terminal will be a value for our current tenants that will generate cost savings and supply chain reliability improvements, enhance the marketability of available sites in the port and would be a direct connection for service to the Linea Dock and Site 4. This would serve as both business retention and business attraction for Port Bienville. This project is exected to be funded with \$12,468,000 of Federal grant funds and \$3,117,000 of cash reserves and projected to have a 10 year return on investment.



RR2106 – Truck \$28,000. This is a lifecycle purchase, currently PBVR has two 2017 Dodge trucks, one 2008 Hyrail truck for maintenance and the 2006 Port Security truck. The security truck is a 2006 and showing signs of wear and the Hyrail truck is scheduled to be replaced in 2022 budget. This purchase will be cash funded.



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 21 industries with over 757 employees. Public dock facilities have been created and enhanced 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 \$23.8 Million in improvements to dredge, construct and renovate several dock and multimodal facilities.

Water ingress and egress comes from the Intercoastal Waterway (ICW) into and out of Little Lake (Louisiana) 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 Highway 90 and Interstates 10, 12, and 59.

The Port’s focus for FY2021 will be on maritime customer attraction by the completion of the dredging project which will maximize depths for Little Lake, the mouth of the Pearl River, and HCPHC canal frontage. With dredging complete in early FY21, the \$9 Million RESTORE-funded restoration of the Linea Dock will become available for full commercial use and the Port will focus on leveraging this asset as an attraction for marketing to maritime customers.

Current Staff

The department has had four full-time professional staff members: *Port Director, POTW Manager, POTW Technician and Facilities Lead/Water Technician*. The transfer of the Publicly Owned Treatment Works (POTW) to the Hancock County Water & Sewer District in fourth quarter FY20, will see the reduction in force. FY2021 will see changes in staffing. It is not yet determined the level of staffing but a minimum of two team members is expected.

- **Port Director:** responsible for HCPHC’s Port Bienville Industrial Park and its waterways.
- **Maintenance Technician:** Reporting to Public Works Director, the Maintenance Technician will oversee property management and facilities maintenance.

PORT BIENVILLE INDUSTRIAL PARK

	Prior Yr		2020		Budget 2021
	Actual 2019		Budget	Projected	
REVENUE					
Use of Money & Property					
Wharfage	\$ 774,319	\$ 767,000	\$ 863,798	\$ 767,000	
Dockage and Demurrage	59,025	75,000	61,647	55,000	
Rent: Buildings, Land & Equipment	301,410	307,872	440,302	425,056	
Total Use of Money & Property	1,134,753	1,149,872	1,365,747	1,247,056	
Charges for Services					
Park Assessment Fees	106,215	134,000	133,860	134,000	
Water Service	97,263	85,000	77,824	-	
Sewer Services	177,242	150,000	145,357	-	
POTW I Revenues	275,128	324,486	260,457	-	
Total Charges for Services	655,848	693,486	617,498	134,000	
Other Operating Revenue					
Other Revenues	51,027	40,000	63,820	60,000	
Total Other Operating Revenue	51,027	40,000	63,820	60,000	
Total Revenues	1,841,628	1,883,358	2,047,065	1,441,056	
EXPENSES					
Operating Supplies & Materials					
Equipment, Hardware & Software	2,794	9,600	3,743	7,000	
Supplies - Custodial	824	1,050	383	1,800	
Supplies - Fuel/Oil	2,604	5,900	1,320	5,000	
Supplies - Office	1,437	1,550	341	350	
Supplies - Operating	22,670	23,300	15,678	2,350	
Supplies - Safety	104	1,450	-	250	
Supplies - Uniforms	572	1,150	393	500	
Total Supplies & Materials	31,005	44,000	21,858	17,250	
Other Services & Charges					
Advertising & Local Industry Promotion	162	500	-	500	
Association Dues	5,735	5,000	4,847	5,000	
Insurance - Property & Liability	217,395	252,634	298,392	163,573	
Licenses, Fees & Permits	172	100	34	125	
Rent - Buildings & Equipment		200	-	200	
Repair/Maintenance/Improvements - Buildings	83,058	12,500	7,500	70,000	
Repair/Maintenance/Improvements - Equipment	64,458	62,500	31,425	7,500	
Repair/Maintenance/Improvements - Grounds	11,247	7,000	3,213	7,250	
Repair/Maintenance/Improvements - Roads	-	-	-	-	
Repair/Maintenance/Improvements - Vehicles	530	4,250	1,114	3,000	
Repair/Maintenance/Improvements - Water/Sewer	15,469	23,000	-	-	

PORT BIENVILLE INDUSTRIAL PARK (Continued...)

	Prior Yr	2020		Budget
	Actual			2021
	2019	Budget	Projected	
Services - Auditing	3,300	3,300	3,300	3,300
Services - Contract	81,604	91,952	74,326	96,500
Services - Port / Rail Master Plan	84,426	55,000	93,483	12,500
Services - Engineering	10,171	38,000	8,186	15,000
Services - Professional	67,738	39,500	15,820	35,500
Services - Security Systems	360	360	599	360
Subscriptions, Books, & Periodicals	-	-	-	-
Telephone & Telecommunications	9,400	8,006	10,397	5,450
Training/Education	4,804	5,600	199	2,500
Travel - General	954	4,000	1,197	3,000
Utilities	117,577	122,500	116,650	16,500
Total Other Services & Charges	854,265	805,402	705,321	447,758
Personnel Services				
Salaries & Wages - Regular Time	235,603	255,421	233,718	263,761
Salaries & Wages - Overtime	-	2,634	-	1,617
Salaries & Wages - PTO Payout	2,639	3,007	4,557	10,067
Accrued Payroll - Year End & PTO Compensation	11,453	-	(5,037)	-
Employee Physicals	-	-	87	250
Insurance - Health/Life/LTD/AD&D	34,888	31,363	28,436	36,496
Insurance - Workers Comp & Occupational	3,664	3,665	5,000	1,179
Retirement - PERS	59,979	59,347	64,314	45,572
Tax - Mississippi Unemployment	630	630	826	560
Tax - Federal SSI/Medicare	18,204	19,272	17,629	20,363
Total Personnel Services	367,060	375,339	349,529	379,865
Total Expenses	1,252,331	1,224,741	1,076,709	844,873
Net Income (Loss) from Operations	589,298	658,617	970,356	596,183
Non-Operating Income (Expense)				
Notes Receivable Principal	-	-	-	-
Interest Income - Checking & Savings	16,647	13,200	9,779	1,800
Interest Income - Notes Receivable	-	-	-	-
Wellman POTW I Credit	(160,000)	(160,000)	-	-
Gain (Loss) on Sale of Asset	-	-	-	-
Net Non-Operating Income (Expense)	(143,353)	(146,800)	9,779	1,800
Capital Sources & (Uses) of Funds				
Grant Revenues	262,044	14,622,632	314,880	6,163,100
Appropriations from Prior Years	-	-	-	-
Transfers In	1,988,684	2,524,304	847,495	1,982,152
Capital Expenditures	(2,659,530)	(17,998,411)	(2,142,510)	(8,743,235)
Net Capital Sources & (Uses) of Funds	(408,801)	(851,475)	(980,135)	(597,983)
Total Net Sources & (Uses) of Funds	\$ 37,144	\$ -	\$ 0	\$ -

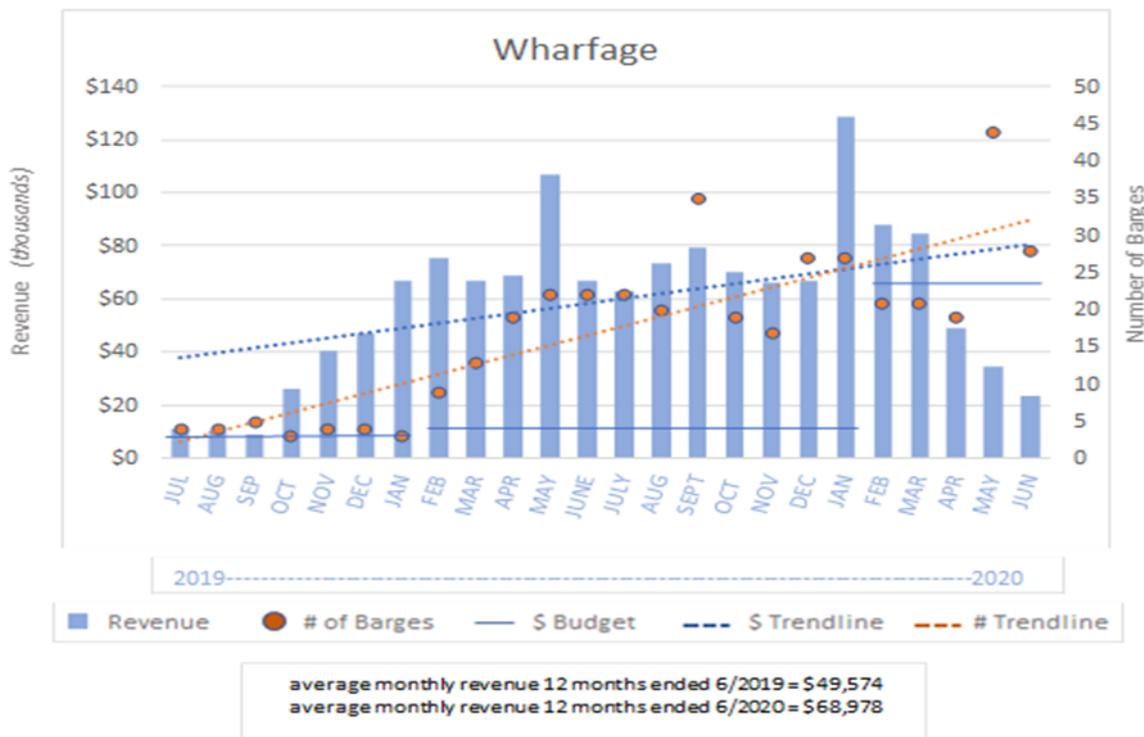
REVENUES, RATES & CHARGES

Wharfage

Wharfage charges are assessed by the Hancock County Port & Harbor Commission 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. Dockage charges are a product of the transporting vessel’s length and length of time at dock.

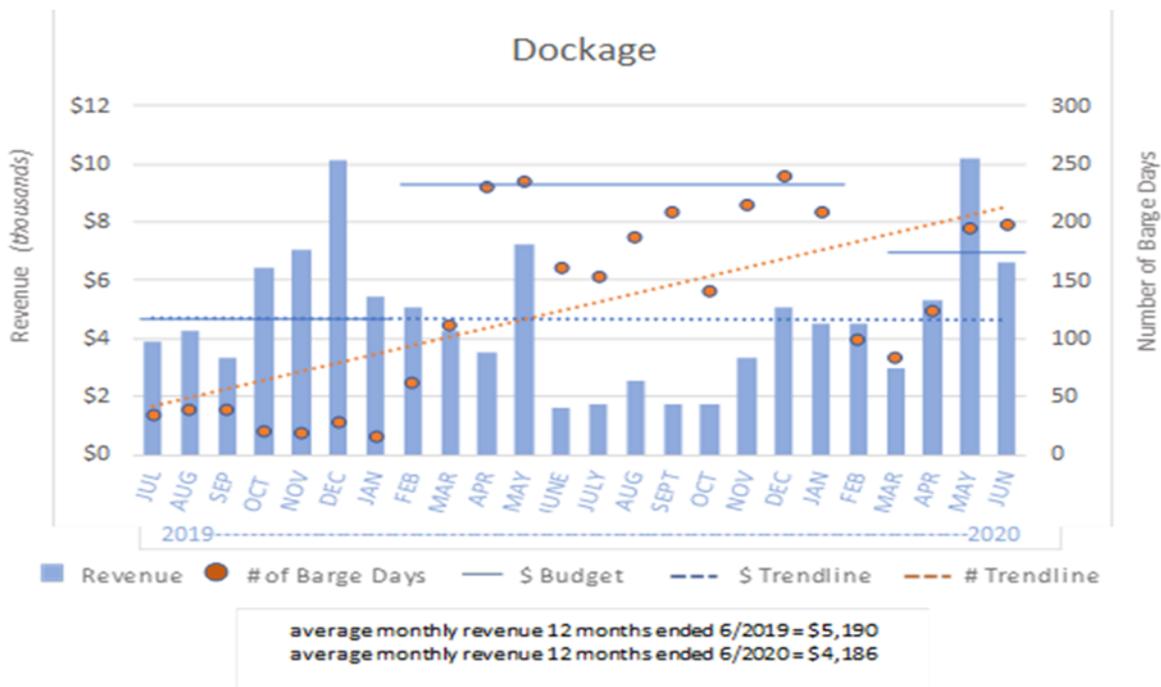
Port Bienville’s published tariff rates for wharfage are dependent on the type of commodity transported. The main commodities from which the Port’s wharfage revenue is derived are coal, steel coil and steel pipe, earning \$1.00, \$1.50, and \$2.50 per ton, respectively. The Port also earns wharfage from liquids barge transfers through special contracts with DAK Americas and SABIC.

Revenue from wharfage and dockage is expected to increase as the refurbished Linea Docking/transloading facilities has come online. The Public Dock at the northern end of the canal system in undergoing a new waterfront wall system that will supplement the Heavy Lift Pad earlier constructed. Mississippi Department of Transportation Multimodal Funds have been secured to complete the northern shoreline of that area. The potential revenue from these new facilities is not reflected in the FY2021 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.



Warehouses

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. Presently we are at 100% capacity for Port-owned building space and changes in revenue growth is limited to embedded escalations in each lease.

	Budget 2020	Budget 2021
REVENUE		
Use of Money & Property		
4352-75 Rent IP - Shipping Terminal Warehouse #1	110,664.00	120,000.00
4355-75 Rent IP - Water Tower Cell Tower	24,684.00	-
4356-75 Rent IP - Warehouse #2	106,008.00	230,056.00

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. Park customers have grown to 21 over the past few years and is budgeted to remain constant through FY2021. Any additional customers will increase this budget.

	Budget 2020	Budget 2021
REVENUE		
Charges for Services		
4400-70 IP - Assessment Fees	134,000.00	134,000.00

Water, Sewer & Industrial Waste Treatment

The Port transferred ownership of the domestic and industrial water, sewer, and industrial waste treatment plants at the end of FY2020.

Performance Fiscal Year 2020 Objectives and Key Investments

Key performance initiatives completed in Fiscal Year 2020 include:

POTW Transfer---HCPHC transferred the operations of the Port Bienville POTW to Hancock County Water and Sewer District (HCWSD) in July 2020. As the location of the POTW falls with the “certificated area” of the Hancock County Water and Sewer District, the organization agreed to annexing operations of the POTW in an effort to increase their service area in addition to increasing volume to the underutilized wastewater system in Pearlington. The plan also includes a capital program to abandon the current domestic treatment facility and to interconnect to the regional treatment plant in Pearlington. As part of the transfer, HCPHC pledged to pay for the expense (~\$750K) of the interconnection and gained additional treatment capacity and efficiency for its tenants in the process.



Dredging Permits

For the first time since the inception of Port Bienville, HCPHC has obtained dredging permits for the port and surrounding waterways. These three (3) permits will account for approximately 1 million cubic yards of material to be dredged from the East Pearl Channel, Port Bienville, and Little Lake at a cost of approximately \$9.5 million. In an agreement with Mississippi Department of Environmental Quality, dredge spoils from both the East Pearl and Port Bienville will be used to construct 47 acres of marshland to the west of Heron Bay. Roughly 900,000 cubic yards will be taken between the two waterways to construct this project. The dredging of Little Lake will consist of approximately 185,000 cubic yards of material with placement of the spoils along the bank. \$2 million has been designated for the cost of this project, funded by GOMESA through Hancock County. Once completed, all three waterways will have a depth of 14', allowing barges to import more material as well as small containerized vessels.

Pearl River & Port Bienville Channels			Little Lake Channel		
Task	Costs	Funding Source ⁴	Task	Costs	Funding Source
Survey/Sediment Sampling/Permitting	\$125,067.63	Port	Permitting/Survey/Sediment	\$57,643.69	Port
Design/Engineering/Bid Assistance ¹	\$23,929.28	Port	Design/Engineering/Bid Assistance	\$36,967.36	Port
Construction ^{2,4}	\$8,355,204.00	MDEQ/Port	Construction ²	\$1,865,000.00	Grant funding through Hancock County
Construction Management ³	NA	MDEQ	Construction Management ²	\$69,742.40	Port
Total	\$8,504,200.91		Total	\$2,029,353.45	
Notes					
1	costs include Port funded only, some costs were paid by MDEQ for construction drawings & bid services as part of Phase 5 but difficult to determine what those exact costs are because the project was combined w/ the marsh creation, so those are not included				
2	task not started/completed, so costs are from bid \$ or budget \$				
3	CM costs covered under Phase 5 MDEQ, MDEQ costs not shredded out for dredging vs marsh construction, so those are not included				
4	Some items listed as funded by the Port, may have been paid by MDEQ per MOU				

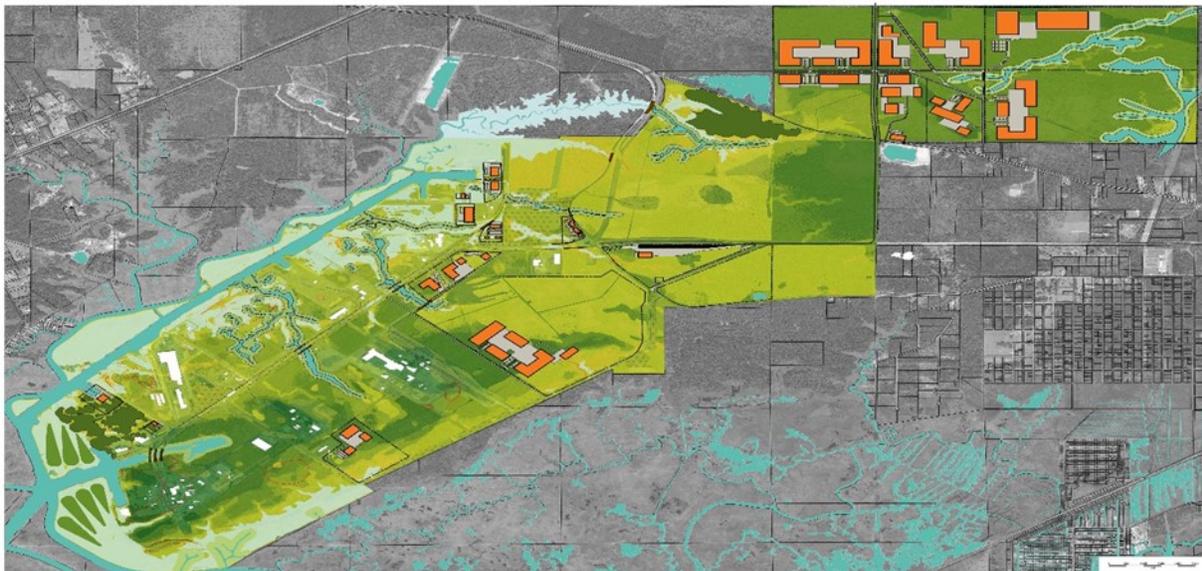
Property Purchase

The Commission had the opportunity to purchase and took advantage to procure 2,441 acres of land immediately outside the boundaries of Port Bienville Industrial Park. The Commission purchased 168 acres from the Thian Estate, 940 acres from Seven States, and 1,333 acres from AWS. The total acres of undeveloped timberland gives the Commission additional land for development. Currently there are no immediate plans for development, however all properties are available for industry attraction or development of an intermodal rail yard as discussed in the Port Bienville Railroad narrative.



Port Bienville Master Plan

The Commission completed a master plan for Port Bienville that will guide the next 10 years. The plan identifies and recommends sites within the Park best suited for development as well as earmarking sites best suited for environmental preservation.



Certified Port Executive Course

As the previous Port Director retired during FY20, the Chief Development Officer attended the 40-hour Certified Port Executive course, which concentrates on port operations, port maintenance, customer and tenant relations and port security. This ensures staff has received professional certification in the interim.

CAPITAL PROJECTS – 2020

Project Ready Sites (PB1703) The Mississippi Power Project Ready/Site Ready program is complete for Site 11 at Port Bienville. The certification assists internally with economic development and allows marketability of the property with required due diligence completed on the front-end.



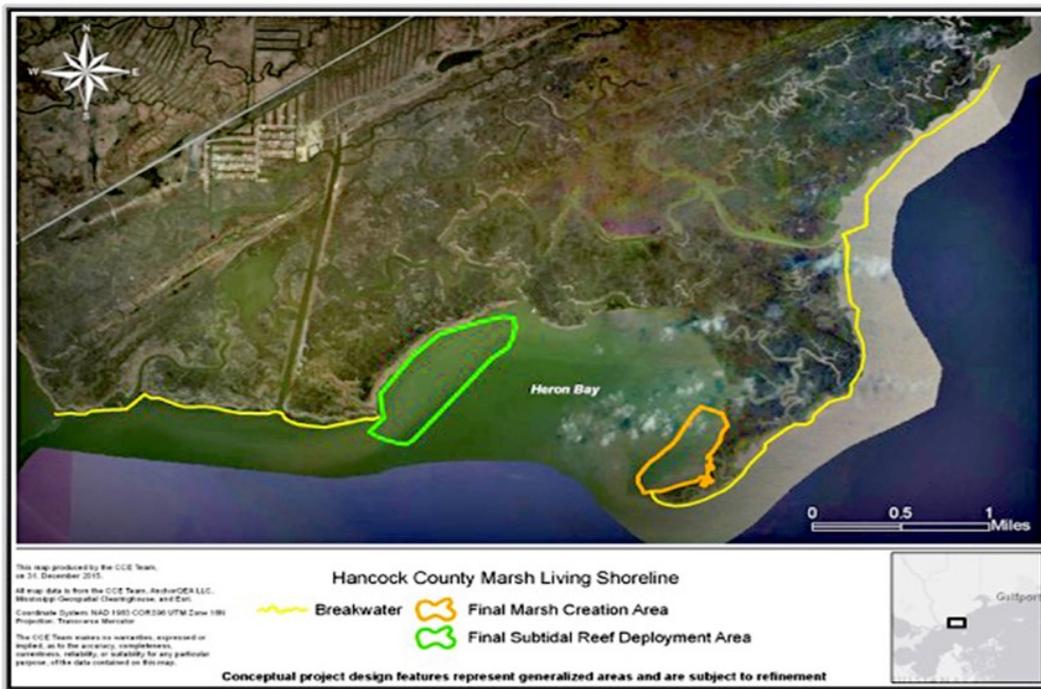
Site 4 Transload (PB1704) \$8,730,000. This Restore Act project kicked off in 2019, with design and environmental permitting consuming most of FY2020. This project will add 650’ of dock space to the Port’s inventory serving existing tenants and transient traffic. At full capacity, this project will generate \$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 \$7.4 Million of RESTORE funds and \$1.3 Million of cash reserves. Construction is slated to begin in the Q1 of FY21.



Port Canal and Pearl River Dredge (PB1801) This dredging project will increase maritime channels to depths to 14’, allowing transport of heavier barge loads than channels can currently accommodate. Additionally, the dredging project will open a second route of access to the Port Bienville via the East Pearl River. Without this dredge project, Port Bienville waterways would become unpassable in the foreseeable future endangering existing tenant businesses and significantly restricting the ability to attract prospects. The dredge spoils from this project will be “recycled” into 47 acres of beneficial use marshlands located to the East of Heron Bay.

The Commission has coordinated with the State of Mississippi and Hancock County to complete this work. The State will complete the dredging of the East Pearl and Port Bienville canal, while Hancock County will execute the contract to dredge the Little Lake (LA) access.

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. These plans have been discussed with the federal congressional delegation. However, at the time of this writing, a solution is uncertain



Dredging Project—Mouth of Pearl River / Heron Bay Restoration

Mooring Dolphins (PB1901) - \$296,000. The addition of eight (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 as the project is slated to begin in early FY21, we have not budgeted revenue for FY21. We expect that future expenses for upkeep at approximately \$10,000 per year. This project is funded with \$275,208 of Mississippi Department of Transportation (MDOT) Multimodal grant funds and \$20,792 of cash reserves.



Linea Dock Mooring Dolphin Project

Security System (PB1903) - \$30,000. Port staff are reviewed 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 but is budgeted in 2021 as a carryover.

South Road Rehab (PB1908) - \$563,324. This project will replace the concrete apron at the Port's Southern entrance and repave South Road with a design intended to handle the increased weight of traffic using this thoroughfare. The new Public Works Director plans to seek funding for the project during FY21.



Public Dock Rehab (PB2001) - \$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, sheet piling, 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 be charged according to tariff based on the commodity transported. An MDOT Multimodal grant of \$382,500 and cash reserves of \$127,500 will fund this project.

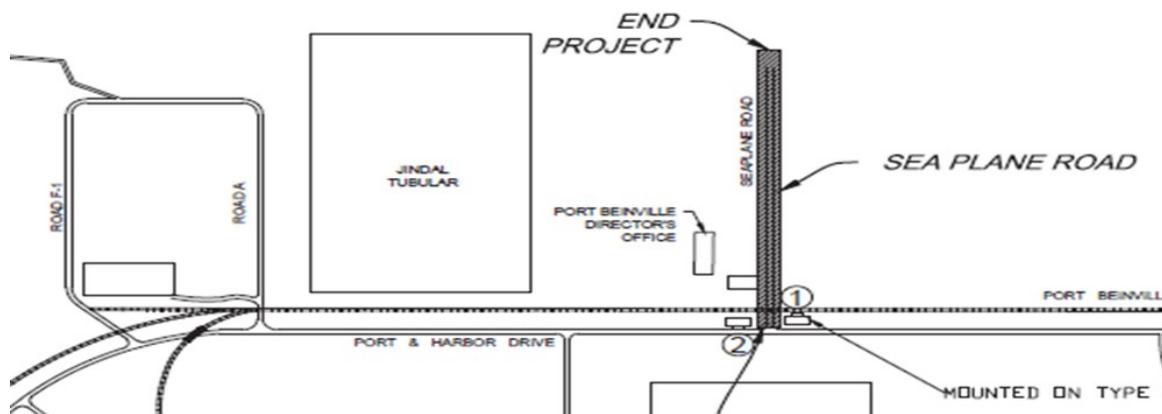


Public Dock Rehab Project prior to Work

PB2002 – Port Security Vessel - \$60,000. This security vessel allows visual inspections of waterborne traffic and enhances security of waterfront properties. This vessel is also used for prospect and stakeholder tours as the need arises. We expect an increase in operating expenses of \$3,500 per year, including the vessel’s insurance, fuel and ongoing maintenance. Cash reserves funded this project.

PB2003 – Thian Property Development - \$75,000. This FY20 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 development after demolition 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. A short-term use agreement with one of the Thian heirs to maintain cattle on the property will require this project to be executed in late FY20 or the first quarter of FY21. 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 increase 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. As part of this project, repairs are also being made to Port and Harbor Drive to remedy wash boarding in several areas of the asphalt. This project is fully funded and under construction and should be complete by the end of FY20 with closeout no later than 1Q2021



Seaplane Road Project

PB2005 – Port Work Truck - \$32,000. A new maintenance truck was to be purchased to replace the Port Maintenance Vehicle. The vehicle has been transferred to the new Public Works Director.

PERFORMANCE FISCAL YEAR 2021 OBJECTIVES & KEY INVESTMENTS

The Port’s focus for FY2021 will be on maritime customer attraction by marketing newly constructed dock systems.

The last few years focused on rebuilding port infrastructure at Port Bienville. The Linea Dock, Calgon Carbon/ Stevedore Services of America (SSA) dock, Public Dock heavy lift pad and subsequent refurbishment projects. Assuring access to the port required three years of coordination with environmental permits, jurisdictions, and funding. The access dredging projects occurred in the Q4 of FY20. The dredging of Little Lake (LA), the East Pearl River, and Port Bienville canals was necessitated prior to marketing HCPHC maritime assets.

The Site 4 Transload Facility project and Public Dock Mooring project in FY21 will complete basic infrastructure requirements to market Port Bienville as a maritime facility with transloading capabilities above and beyond solely supporting existing tenants.

The Hancock County Port & Harbor Commission will seek a new manager of Port Bienville’s maritime assets in FY21. The previous Port Director retired in FY20, placing an Interim Port Director through the remainder of the fiscal year. The newly created position of Public Works Director will oversee the maintenance and construction activities at Port Bienville. Maintenance personnel will respond to upkeep and repairs as directed by Public Works Director.

CAPITAL PROJECTS – 2021

PB2101 – Public Dock Mooring - \$693,825. This FY21 project will stabilize 565 linear feet of shoreline, install mooring dolphins, constructing access road, and fencing HCPHC property on the North side of the Public Dock Area. A \$395,480 MDOT Multimodal grant will be matched with \$298,345 of cash balance to construct this project.

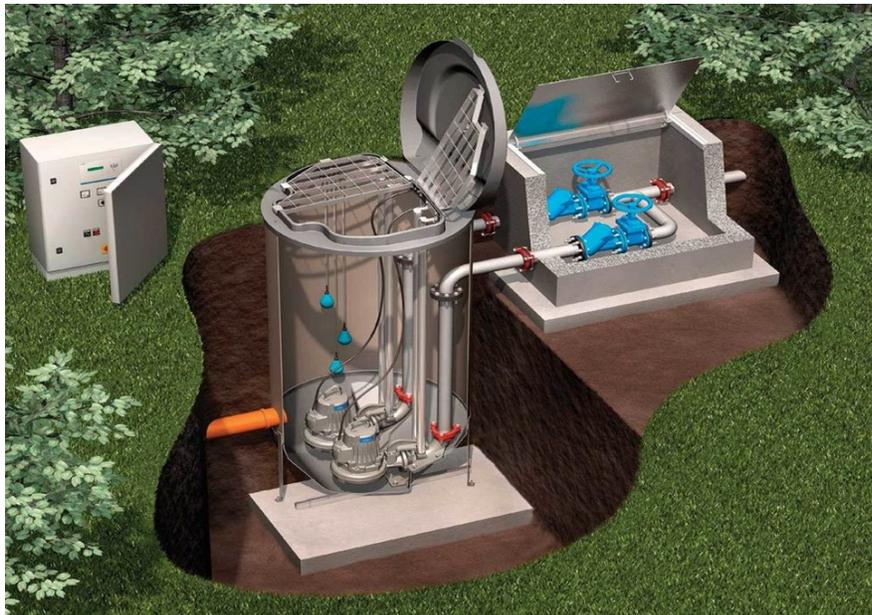


Public Dock Mooring Project

PB2102 – Bridge to Thian - \$26,000. This FY21 project will construct a bridge across the drainage ditch on Road “C” to the former Thian property purchased by HCPHC in FY20. The bridge will give access to a family cemetery per the purchase agreement. The bridge will also allow HCPHC to access the grounds without having to traverse Lower Bay Road.



PB2103 – Construct Lift Station - \$715,000. This FY21 project reimburses HCWSD for the construction of a domestic sewer lift station. With the lift station construction complete, the existing domestic sewer treatment facility will be decommissioned and dismantled.



PB2104 – Purchase Pickup Truck - \$34,000. This FY21 project replaces the Port Maintenance Vehicle that is 10 years old. The truck will be transferred to PBVR and kept on HCPHC property. Within this budget, the truck will receive HCPHC logo and markings, safety lights & gear, and marine & aviation radios.

PB2105 – Property Prep - \$200,000. This FY21 project will clean sites at Port Bienville. The project will remove concrete and miscellaneous debris from east of the Public Dock and other locations through the port. Once areas are cleared, they will be maintained by our third-party commercial lawn care company and secured gates.

**PORT BIENVILLE RAILROAD
2020 WIP - 2023 CAPITAL IMPROVEMENT PLAN
PORT BIENVILLE INDUSTRIAL PARK**

PROJECT #	PROJECT NAME	PURPOSE *	WIP through				TOTAL
			FYE 2020	2021	2022	2023	
PB1704	Site 4 Transload	SI	\$ 698,959	\$ 6,285,250	\$ 2,011,750	\$ -	\$ 8,995,959
PB1801	Port & Pearl River Dredge	SI	312,615	810,000	-	-	1,122,615
PB2001	Public Dock Rehab	LCM	369,880	109,960	-	-	479,840
PB2004	Sea Plane Road Rehab	LCM	761,057	50,000	-	-	811,057
PB2102	Public Dock Mooring	SI	-	693,825	-	-	693,825
PB2104	Deconstruct Lift Station	SI	-	715,000	-	-	715,000
PB2103	Bridge to Thian	SA	-	26,000	-	-	26,000
PB2106	Warehouse 2 Drainage	LCM	-	53,200	-	-	53,200
PB1908	South Road Rehab	LCM	-	-	1,120,000	-	1,120,000
PB2202	Security	SA	-	-	130,000	-	130,000
PB2101	Property Prep	SI	-	-	330,000	-	330,000
PB2105	MX Vehicle	LCM	-	-	34,000	-	34,000
Total Uses of Funds			\$ 2,142,510	\$ 8,743,235	\$ 3,625,750	\$ -	\$ 14,511,495

SOURCE OF FUNDS	2020	2021	2022	2023	TOTAL
Federal Grants	\$ -	\$ 5,700,000	\$ 1,701,600	\$ -	\$ 7,401,600
State Grants	314,880	463,100	-	-	777,980
Use of Cash Balance	1,827,630	2,580,135	1,924,150	-	6,331,915
Other-Bond	-	-	-	-	-
Total Sources of Funds	\$ 2,142,510	\$ 8,743,235	\$ 3,625,750	\$ -	\$ 14,511,495

*** PURPOSE CODE**

LCM *Life Cycle Maintenance*
 SA *Safety*
 SI *Strategic Investment*

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 County 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.

Classification

Stennis International Airport is classified as a general aviation airport in the National Plan of Integrated Airport Systems (NPIAS). KHSA is a Class IV certificated airport as prescribed in Title 14, Code of Federal Regulation (CFR) Part 139. This regulation establishes certification requirements for airports serving unscheduled large air carrier operations in aircraft designed for more than nine passenger seats but less than thirty-one passenger seats.

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 2,928 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

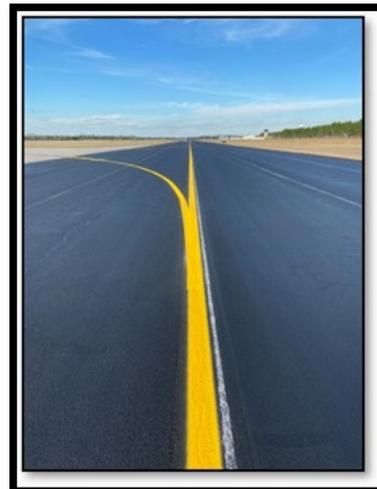
Stennis International Airport’s runway is on the magnetic heading of 001.7/181.7 degrees magnetic or 000/180 degrees true, therefore named - Runway 18/36, and is capable of handling commercial, military, corporate, and general aviation traffic.

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 suitable for all single wheel gear loading (SWG) and dual wheel gear loading (DWG), 472,000 pounds dual tandem wheel gear loading (DTWG), and 955,000 dual double tandem wheel loading (DDTW). We completed a runway rehabilitation and taxiway sealcoat projects using FAA Airport Improvement (AIP) funds in FY2019 and FY2020 respectively.



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 or instrument flight rules (IFR) conditions. A Precision Approach Path Indicator (PAPI) and Medium-intensity Approach Lighting System with Runway Alignment Indicator light (MALSR) provide runway visual approach aid to Runway 18 and a PAPIs and Runway End Identifier Lights (REILs) to Runway 36. All airfield signage and regulators were upgraded/replaced under a Federal Aviation Administration Airport Improvement Program (AIP) project back in FY2018.

The Commission is seeking additional \$1.9M in discretionary funds from the FAA in FY2021 to rehabilitate the runway edge lighting and NAVAID lighting to LEDs; this will reduce energy consumption as well as maintenance costs.

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.

The Commission received over \$2.7M in FY2020 towards the construction of the North Apron Expansion project applied through the FAA's Supplemental Appropriation Program with approximately 2.5M planned to commence for FY2021. This project will expand the capacity for operations at the north end of the airfield as well as support future hangar development.



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 of "Hangar A" 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 Westbank 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, LLC. 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 set of T-hangars consist of 12 hangars for light aircraft with two storage units and a bathroom.



Construction is currently underway for a 26,000 square foot hangar located immediately adjacent to the Terminal building as well as a 10,000 square foot hangar between Hangar B and the new construction hangar. The Commission seeks private development for additional 175,000 square feet of hangar space on the north end of the airfield as well as additional development adjacent to the T-Hangars to enhance the general aviation community in Hancock County and the Stennis International Airport specifically.



Fixed Base Operator - FBO

Million Air-Stennis is the Fixed-Based Operator (FBO) on Stennis International Airport and offers a variety of aviation-related services. Airport Operations and Million Air staff work together on fuel truck and 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. Freeman Holdings Group exhibits at four major armed services conferences and two major business aviation conferences each year, they publish a magazine and engage in numerous other marketing and advertising campaigns that promote Stennis International Airport. 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 (KHS) is a Class IV airport with Index A aircraft rescue firefighting (ARFF) capability but sustains the capacity to increase to Index D capability with prior permission from Airport Management. All Fire fighters are contracted personnel that are prequalified to operate under our FAR 139 Operating Certificate. Stennis International Airport contracts with nineteen individual fire fighters with ARFF specialized training. All firefighters are required to maintain live fire and twenty-one skillset training yearly. Two firefighters are on duty 24/7 to provide ARFF support for airfield operations as well as serving as a response agency for the Airpark tenants along with the Kiln Volunteer Fire Department. The cost of contracted services approximates \$265,000. Firefighting support can be increased to support Maintenance, Repair & Overhaul (MRO) tenants located on the airfield in accordance with National Aerospace Standard 3306 and also support continuous C-130 operations under Air Mobility Command Chapter 10 requirements. ARFF equipment is housed in three equipment bays in a 3,150 square foot station located east of A-5 taxiway.

The Stennis ARFF Department operates the three certified ARFF vehicles:



Water:	300 gallons	Water:	1000 gallons	Water:	3000 gallons
Foam:	40 gallons	Foam:	130 gallons	Foam:	400 gallons
Aux Storage:	500 pounds	Aux Storage:	500 pounds	Aux Storage:	500 pounds
Aux Agent:	Dry Chemical	Aux Agent:	Dry Chemical	Aux Agent:	Dry Chemical
Structural:	Yes	Structural:	No	Structural:	Yes

The total capacity of all three vehicles includes **4,300** gallons of water, **570** gallons of foam, **1,500** pounds of complimentary agent, and capability to service the entire Airport and Airpark by maintaining a 3-minute or less response time to all emergencies including structural response. The largest capable response is equivalent to Federal Aviation Regulation (FAR) Part 139 Index D requirements.

The existing station was re-designed during FY2020 for a capital construction project planned for FY2022; this involves modifications to the existing 1st and 2nd level floor plan to improve the both the day and night living quarters of the facility. During hazardous operations, the fire department houses at least 6 firefighters three days per week. This increased level of support resulted in a demand to maximize the square footage within the existing footprint.

Air Traffic Control Tower – ATCT

KHSA's air traffic control tower was constructed in 2006. It operates under FAA's Contract Tower (FCT) Program and provides Class D services daily between the hours of 7:00am and 9:00pm daily. The facility and equipment are owned and maintained by HCPHC.

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. 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.

During FY 2020, the Commission has sought a 20-acre development of the 846 acres within the Airpark and just east south east of the Terminal building to be currently identified as the Technology Park. This development will seek to house high-tech aeronautical and non-aeronautical tenants, both current and future. In turn, the Commission will transition the existing Technology Building back to its original intent – incubator spaces for businesses seeking to relocate and call Hancock County home.

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 61% of the operational flights conducted on the airfield consist of military training/ 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)
- Forward Area Refueling/Rearming Points (FARRP) hot boxes for live ordinance for rotorcraft refueling



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 updated in October of 2019 and may be found on our website at www.flystennis.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

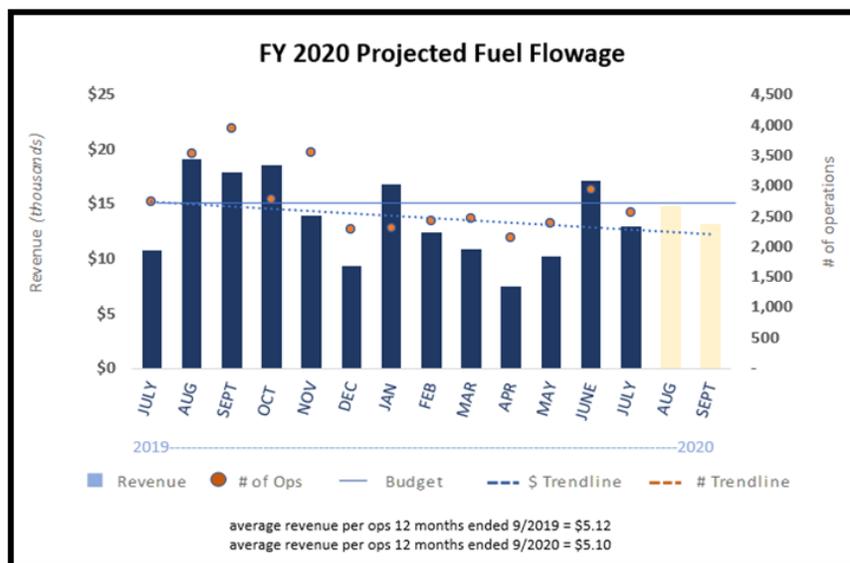
Any aircraft operator operating an aircraft with a published maximum gross landing weight of 12,500 pounds or greater will pay an Airport Landing Fee. That Airport Landing Fee will be \$5.00 per 1,000 pounds of published gross landing weight.

Tiedowns

The airport provides aircraft parking for which tie down fees are charged. These rates vary by aircraft type and length of stay. Tie-down ropes are provided for transient aircraft. The tie-down and associated centerline markings were re-painted during FY2020; the staff plans to rehabilitate each individual tie-down grommet for safety, security, and improved maintenance.

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 1,339,343 gallons. Budgeted aircraft operations for 2020 the projections outlined in the APO 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).



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.

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.

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 compliance. He coordinates with the Director of Public Works for 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

Airport Fire Chief is responsible for overseeing all Aircraft Rescue and Fire Fighting (ARFF) operations at the Stennis International Airport and leads operating and capital improvements to the Stennis Fire Department. Alongside the Fire Chief, the Deputy Fire Chief assists and reports directly to the Fire Chief and is primarily responsible for the day-to-day operations including oversees the training program for the Stennis Airport Fire Department.

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. Maintenance Personnel report to the Director of Public Works.

STENNIS INTERNATIONAL AIRPORT

	Prior Yr		8/12/2020	
	Actual	2020		Budget
	2019	Budget	Projected	2021
REVENUE				
Use of Money & Property				
Fees: Ground, Ramp, Landing, Tie Downs	\$ 52,042	\$ 9,200	\$ 51,746	\$ 11,200
Fuel Flowage	195,279	180,750	155,975	188,855
Rent: Hangars, Buildings, Land & Equipment	1,539,043	1,569,236	1,767,963	1,706,067
Total Use of Money & Property	1,786,365	1,759,186	1,975,683	1,906,122
Other Operating Revenue				
Other Revenues	295,828	270,293	280,388	259,230
Total Other Operating Revenue	295,828	270,293	280,388	259,230
Total Revenues	2,082,193	2,029,479	2,256,071	2,165,352
EXPENSES				
Operating Supplies & Materials				
Equipment, Hardware & Software	13,816	140,900	125,515	122,000
Supplies - Custodial	478	3,450	1,288	5,450
Supplies - Fuel/Oil	6,362	9,500	4,894	9,500
Supplies - Office	806	3,325	1,267	5,425
Supplies - Operating	8,790	10,750	1,770	7,800
Supplies - Uniforms	1,411	2,750	1,390	4,100
Total Supplies & Materials	31,662	170,675	136,124	154,275
Other Services & Charges				
Advertising & Local Industry Promotion	366	1,000	1,978	2,100
Association Dues	4,080	6,200	5,372	8,300
Insurance - Property & Liability	180,943	240,117	266,376	260,001
Licenses, Fees & Permits	75	300	75	300
Rent - Buildings & Equipment		12,000	296	8,000
Repair/Maint/Improvements - Airfield	18,988	62,650	60,868	85,000
Repair/Maint/Improvements - Buildings	37,790	90,000	85,131	72,000
Repair/Maint/Improvements - Equipment	24,006	38,300	20,905	43,000
Repair/Maint/Improvements - Grounds	3,094	4,500	-	4,500
Repair/Maint/Improvements - Vehicles	21,005	33,500	25,450	48,500
Repair/Maint/Improvements - Aircraft	-	-	-	10,000
Service Charges	2,849	-	-	1,500
Services - Contract	220,314	297,670	197,102	354,800
Services - Airport Master Plan	85,797	60,000	95,686	-
Services - Engineering	4,120	-	-	-
Services - Fire Fighters - ARFF	227,340	241,000	205,758	265,000
Services - Professional	14,245	79,000	25,141	91,150
Services - Security Systems		500	480	1,000

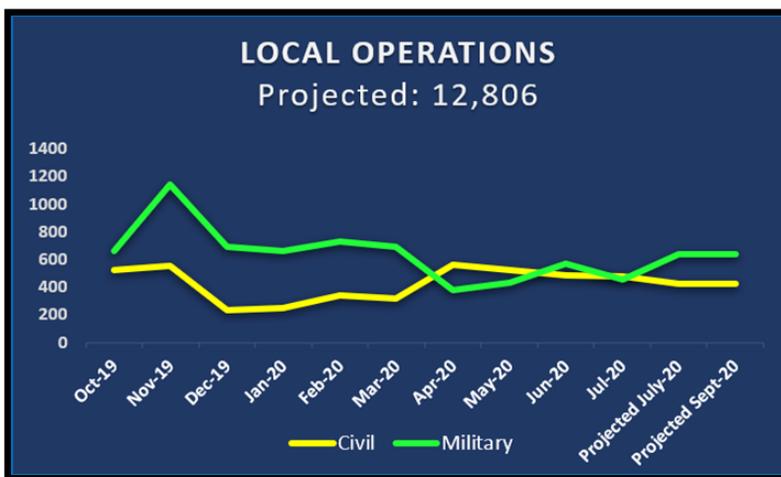
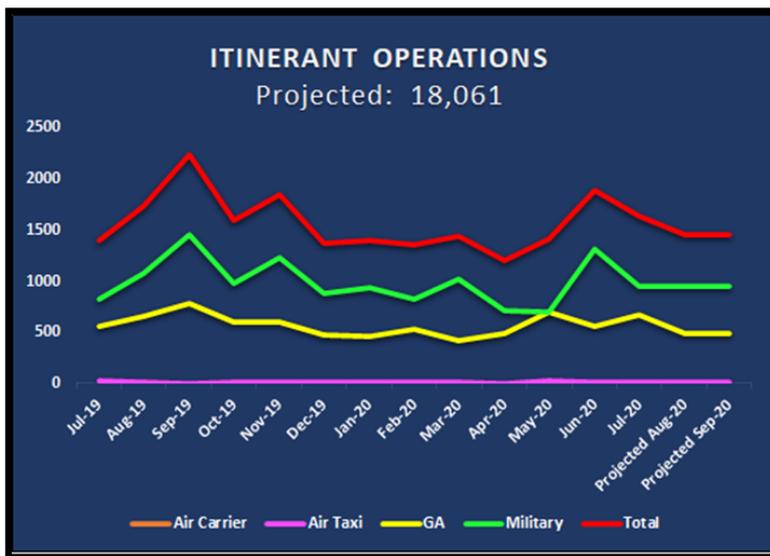
STENNIS INTERNATIONAL AIRPORT (Continued...)

	Prior Yr		2020		Budget
	Actual	Budget	Budget	Projected	2021
	2019				
Services - Hazardous Operations	-		-	-	74,880
Subscriptions, Books, & Periodicals	-		200	127	200
Telephone & Telecommunications	13,113		20,170	17,018	19,300
Training/Education	1,339		20,500	531	15,000
Trade Shows, Conferences & Symposiums	-		-	2,757	5,000
Travel - General	1,525		1,800	5,020	9,000
Utilities	135,052		178,911	127,957	144,600
Total Other Services & Charges	996,040		1,388,318	1,144,027	1,523,131
Personnel Services					
Salaries & Wages - Regular Time	202,753		288,442	274,702	256,215
Salaries & Wages - Overtime	843		1,410	-	1,187
Salaries & Wages - PTO Payout	11,983		2,076	1,668	3,568
Accrued Payroll - Year End & PTO Compensation	(24,746)			(3,633)	-
Employee Physicals			1,000	-	250
Insurance - Health/Life/LTD/AD&D	50,269		49,159	44,618	34,702
Insurance - Workers Comp & Occupational	7,239		7,000	12,764	13,089
Retirement - PERS	61,293		69,245	72,074	44,475
Tax - Mississippi Unemployment	539		490	961	700
Tax - Federal SSI/Medicare	16,038		20,088	20,322	19,211
Total Personnel Services	326,210		438,909	423,476	373,397
Total Expenses	1,353,912		1,997,902	1,703,627	2,050,803
Net Income from Operations	728,281		31,577	552,444	114,549
Non-Operating Income (Expense)					
Notes Receivable Principal	15,103		15,915	29,830	-
Interest Income - Checking & Savings	21,037		10,000	11,134	2,700
Interest Income - Notes Receivable	2,522		1,187	1,193	-
Debt Service - Principal	-		-	-	-
Gain (Loss) on Sale of Asset	-		-	-	-
Net Non-Operating Income (Expense)	38,662		27,102	42,156	2,700
Net Capital Sources (Uses) of Funds					
Grant Revenues	25,711		9,035,999	1,520,850	2,970,151
Appropriations from Prior Years	-			-	-
Transfers In	-		5,208,897	2,389,892	4,403,184
Capital Expenditures	(1,026,357)		(14,448,575)	(4,491,631)	(7,490,584)
Additions to Fixed Assets			(161,586)	-	-
Net Capital Sources (Uses) of Funds	(1,000,646)		(365,265)	(580,889)	(117,249)
Net Sources and (Uses) of Funds	\$ (233,704)		\$ (306,586)	\$ 13,712	\$ (0)

Performance Fiscal Year 2020

Operations & Maintenance

Stennis International Airport was expected to see an increase in airport operations, although COVID-19 has really impacted operations during this fiscal year. At the end of fiscal year 2018-2019 the operational count was 34,812. Although, both Million Air Stennis and the Airport remain confident to sell 1,348,967 gallons in FY2021, approximately 4% more than FY2020.



Fuel sales are down with respect to the FY20 budget largely because of COVID-19. Due to the pandemic, we expect some degree of uncertainty as we enter FY2021 beginning October 1, 2020. Although, Million Air Stennis remains confident to sell 1,348,967 gallons in FY2021, approximately 4% more than FY2020.

Even though COVID-19 has impacted the operations, HCPHC did hire a part-time Fire Chief and Deputy Fire Chief to assist in the oversight and development of the Stennis International Airport Fire Department. A new Airport Director also joined the team just before the beginning of FY2020.

Staff focused on streamlining and prioritizing maintenance activities by procuring a work order system tied in directly with our FAA required self-inspection reports that can be utilized interchangeably or individually. By doing so, the focus has been on airfield compliance as well as maintaining and prioritizing revenue generating assets. To promote customer service and overall culture of aviation, airport staff relocated offices from the Port and Harbor Administration Building to Suite #215 inside the Terminal building.

Training & Compliance

Airport operations staff trained and certified 65 personnel for driving within aircraft operations movement area. Training, included driver training, has primarily been moved to a digital platform not only due to COVID-19 but for increased accessibility, enhanced transparency, and for improved record-keeping practices.

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 National Aerospace Standard 3306 Rev 3. The baseline training requirements are now online as well as a monthly training plan lead and developed by both the Airport Fire Chief and the Deputy Fire Chief. During the year, the training requirements outlined in 3306 were waived to FAR Part 139 training requirements; staff is now evaluating implementation options for the newest revision (4) of the National Aerospace Standard 3306.

The FAA conducted a virtual inspection in lieu of an on-site inspection due to COVID-19. This inspection required staff to submit all records required under FAR Part 139 and as requested by the Federal Aviation Administration. Only one discrepancy was found – no quarterly fuel truck/farm inspection conducted within the first quarter of 2020. The inspection was not conducted due to COVID-19 but a plan is in place to prevent a repeat of this discrepancy; including proper training, auto-generated work orders, and increased oversight of Aircraft Rescue Fire Fighting (ARFF) operations. All FAA-required inspections and its documentation processes have also transitioned to a digital record-keeping system.

Government Flight Representatives conducted inspections in accordance with Airport tenant Tyonek's Department of Defense contract. Discrepancies observed within the Stennis ARFF Department by Defense Contract Management Agency were corrected and closed. A replacement ARFF vehicle was also leased to support enhanced services such as hazardous operations.

Projects

FAA32-2019 Rehabilitate Taxiway - \$980,296. This project rehabilitated the full-length parallel Taxiway "A", which consisted of paint removal, crack fill, sealcoat, and repaint of all markings including the Surface-Painted Holding Position Signs. The sealcoat application is expected to provide an additional five-to-seven years (minimum) of serviceable life to support airport/aircraft operations. This project was funded by the Federal Aviation Administration along with respective match from Mississippi Department of Transportation and 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, advertised and repaired during the Taxiway Rehabilitation Project (FAA33-2019) project. These repairs ensured 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.

AP1701 Hangar Phase II - \$5,547,046. This mirror image of the North hangar adjacent to the terminal building began construction 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 \$300,000 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 has 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. 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 was budgeted at \$100,000 in FY2020 and included thoroughfare lighting at both Port Bienville and Stennis International Airport increasing safety and security. This project was funded with cash reserves.

AP1805 Multi-user Aero Strip - \$16,350,564. The primary purpose of this project is to serve as an Assault Landing Strip (ALS) designed to meet military standards. The Multi-User Aero Strip (MUAS) will support training missions at Keesler Air Force base flying C-130 Hercules and during FY2020, evaluated the need to accommodate the C-17 Globemaster Aircraft. The cost of \$16,350,564 includes an estimated construction cost of \$14.8M with remaining funds for professional services. This required extension of the MUAS to 4,000ft in length with 500ft overruns and a width of 90ft from the former 60ft-wide requirement. This future asset 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. No additional revenue is programmed in FY2020 or FY 2021 as negotiations are uncertain and project completion is far enough out to have little impact this budget year.

AP1806 Corporate / UAS Hangar & Apron - \$1,893,871. This 10,000 square foot hangar and associated apron is intended to support corporate aircraft operators, unmanned systems operators, and/or small MRO's. Office space adjoining the hangar will allow support for hangar operations and will be intended to be built to suit. 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. This project was advertised for bid and awarded in FY2020 and is expected to be completed in FY2021.

AP1902 Spaceport Phase II – Licensing and basic infrastructure - \$5,365,630. \$400,000 of cash reserves funded FY2020's scope of work for this multi-year phased planning and development project. The Former Governor of Mississippi, Phil Bryant, 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 12 FAA licensed Spaceports and Stennis International Airport continues the application process to become the 5th licensed Spaceport in the Southeast Region of the United States.

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. This project will be completed in FY2021.

AP2003 ATCT Radio Replacement - \$66,000. In recent years all the equipment used by the air traffic Controllers has been replaced except for 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) - \$519,000. 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. During FY2020, the Commission established a design contest between two local Architectural firms to produce a concept for what is currently titled – Technology Park. The 20 acres of this 846-acre parcel will be designed through FY2021 to support current tenants as well as prospects. Master planning had and defined and will continue to identify 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 FY2021 operational budget to maintain grass along roadways and recently installed signage as part of AP1804.

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 was used to fund this purchase which will utilized by the Airport Operations Manager, who oversees all FAA compliance and operations on the airfield. The 2020 Dodge Ram will be outfitted with required HCPHC placards, VHF radios and intercom for communications with the Air Traffic Control Tower, appropriate external lighting, etc. The cost of the vehicle was slightly more than \$27,300 with the remaining funds (slightly under \$10,000) being applied to the upgrades.

AP2006 Flight Training Aircraft - \$200,000. HCPHC purchased a 1976 Cessna 172M in the amount of \$150,000 to support a FAA Part 141 Pilot School – Gulf Coast Aviation. Aircraft of 1980's or newer vintage are easy to maintain, and parts are readily available. This aircraft in particular has fresh exterior paint, new leather interior, upgraded avionics including autopilot, and a low-time engine/prop. Standard flight school aircraft fly about 350 hours per year. Revenue from that flight training is estimated at \$10,000 per year. This aircraft was purchased with cash reserves.

AP2101 Taxilane S Overlay - \$720,000. This project is to facilitate engineering work to be performed on Taxilane S to determine a project scope to repair the base and overlay the surface. Funding for this project is through cash reserves as we expect increased aircraft operations within the upcoming year.

AP2104 Fuel Tank Recoating - \$135,000. This project is part of the life-cycle maintenance to recoat the fuel tanks to ensure longevity of the fuel storage system. Funding for this project is from cash reserves as fuel flowage revenues makes up approximately 9% of budgeted revenues.

AP2105 ATCT Platform Maintenance -\$125,000. This project is part of life-cycle maintenance to improve the integrity of the platform of the Air Traffic Control Tower; process includes removing rust & prepping and painting the steel structures. Funding for this project is through cash reserves.

Masterplan Update and Non-FAA Airpark Masterplan Development

In FY2020, master planning completed 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 provided 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 procured a Federal Aviation Regulation (FAR) Part 141 flight school operator – Gulf Coast Aviation – via a competitive selection process. Ultimately, the Commission entered into a Memorandum of Agreement Gulf Coast Aviation in the effort to create aviation careers for Mississippi students. The flight school will provide recreational and career-oriented flight training with the plan to be integrated into the Pearl River Community College’s Aerospace Academy using guidelines of other Community Colleges in Mississippi offering aviation flight programs.

Fiscal Year 2021 Objectives and Key Investments

Measure	Strategy	2019 Actual	2020 Projected	2021 Target
Fuel Sales (gallons)	Increase fuel flowage revenue	927,923	1,114,150	1,348,967
ATCT Operations	Increased operations through events, fuel, customer service and based aircraft	34,812	31,000	34,000
Airfield Driver Training	Ensuring safety on the airfield and ensuring those with operational need have access	160	65	100
Based Aircraft	Increase based aircraft, therefore increase in operation and fuel flowage	25	37	44
Work Order Completions	Increase timely completion of reported discrepancies; improve customer service and response time	-	80%	90%
Verified Training Hours	Increase number of acres occupied by operating businesses	-	3040* As of Jan 1, 2020	5,000
Building Space Under Lease	Maximize facility use and rental revenues	99.80%	100%	100%
Hangar Space Available ¹	Maximize facility use, revenues, and increase based aircraft	-	0 SF	52,000 SF
Tie Down Occupancy	Maximize facility use, revenues, and increase based aircraft	20% (3)	13% (2)	46% (7)
Total Acres	Airport and Airpark footprint are adequate to meet future demand	2928	2928	2928
Developed Acreage ²	Increase # of acres occupied by operating businesses	36.64	36.64	38.01
Developable Acreage ³	Increase # of acres available for development	396.49	396.49	396.49

¹ Hangar Space Available are those hangars, in square footage, that will be come available for lease.

² Developed acreage are those areas on which airfield, landing and ramp space, and buildings and parking are constructed.

³ Developable acreage are those areas, in square footage, which are suitable for development; excludes acreage set aside for environmental/regulatory reasons

Aviation Culture Development

In FY2020, the Commission set an expectation and goal to promote aviation by scheduling events, being involving in the community, and above all – ensuring the best customer service is provided to all based and transient customers. Unfortunately, COVID-19 negatively impacted several of the planned events such as the *Splash Dash 5k to the Runway* to support Hope Haven Children’s Advocacy Center or the quarterly fly-ins and Manager’s Luncheon that staff was planning and/or involved. The Commission purchased a FAA-certified flight simulator to assist in the efforts of stimulating and exposing aviation to the local community and the future generations of Hancock County.

For FY2021, staff will continue to cultivate the aviation community locally and in the region by developing relationships with local and regional pilots, aviation advocacy groups such as the Experimental Aircraft Association (EAA), Civil Air Patrol (CAP), etc., hosting events and establishing a level of customer service at Stennis International Airport that provides a positive, welcoming experience for all who visit – either by car or plane. This effort will largely be accomplished with support of our local schools in and around Hancock County with the flight schools located at Stennis International Airport – Cool Breeze Aviation and our newly acquired, Part 141 flight school, Gulf Coast Aviation.

Additional support in this effort is anticipated from Pearl River Community College (PRCC) as they anticipate construction of the 18,000 square foot Aviation and Aerospace Academy Hangar immediately east and adjacent to the Stennis ARFF Station. This hangar will serve as on-the-job training ground for future Airframe and Powerplant (A&P) mechanics through coursework provided by PRCC, allowing for study, and testing of operational vehicles and on operational equipment. PRCC is also working to design and construct the Phil Bryant Aviation and Aerospace Academy Academic Building, which consists of approximately 26,000 square feet of state of the art classroom facilities that will be located within the Airpark and coincide operationally with the respective hangar.

It is imperative to ensure the Stennis International Airport serves as a gateway to not only Hancock County but to the northern Gulf Coast region. This gateway will ideally serve two purposes:

- 1) create an opportunity of aviation and aerospace careers from pilots to mechanics of even engineers right here in Hancock County
- 2) identify Stennis International Airport as a welcoming destination, an attractive fuel stop, or better yet – a place to call home for you and your family

Operations & Maintenance

In FY2020, staff dedicated resources to ensure operational efficiency and safety. Although COVID-19 negatively impacted the projections for the year, staff remains confident that we will continue to see growth by increased operations, based aircraft, and expansion/development via the airport’s Capital Improvement Program for FY2021.

Staff will continue to streamline reporting methods by developing an Operational Manual to further identify workflows, internal policies, and procedures as it relates to compliance, and incorporate additional internal oversight through compliance inspections and improving record keeping for all regulatory agencies the Commission provides information for. The Commission recognizes timely completion of discrepancies is not only required for safety but also customer service and the team will strive to ensure service is rendered in timely, efficient, and well-communicated manner. Staff plans to complete and adopt an FAA-approved Drone Policy with the goal to use for perimeter inspections, facility roof inspections, wildlife patrols, etc., during FY2021

Training & Compliance

In FY2020, staff adopted and streamlined various training methodologies to not only ensure all individuals performing regulatory duties are properly trained to exceed all regulatory requirements. It is the belief that training should continue to evolve, adapt, and remain continuous. The objective moving forward is to ensure all training can be backed by objective evidence and that training continues to exceed the regulatory requirements of the Federal Aviation Administration, National Aerospace Standards, National Fire Protection Association, etc.

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 approximately \$250,829 of the remaining funds will continue with the licensing and environmental process through FY2021. 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.

Staff heavily participated as a member of Global Spaceport Alliance (GSA), a network of current licensed and proposed Spaceports, private launch and landing sites and Government launch and landing sites. Staff participated in working group to assist in identifying infrastructure funding for Spaceports. As a member of GSA and the Spaceport Infrastructure Funding working group, Staff submitted the following proposed projects that was provided within the National Spaceport Network Development Plan submitted and proposed to the Office of Commercial Space Transportation of the Federal Aviation Administration. This plan was largely produced to recommend development of a National Spaceport Network, proposed policies for funding and distribution, programmatic initiatives such as Commercial Human Spaceflight Training, Educating, and Transportation, and recommendations for updating regulations and expediting the Spaceport application process.

Proposed Project	Estimated Cost
Taxiway to Oxidizer Loading Area (OLA)	\$4,150,000
Oxidizer Loading Area (OLA)	\$200,000
Spaceport Master Plan	\$300,000
Reusable Launch Vehicle (RLV) Processing Facility	\$7,425,000
Payload Processing Facility	\$362,500
Total Estimated Cost of Project Needs	\$12,437,500

Work continues through FY2020 into FY2021 with approximately 60% of the application completed, which we anticipate submitting to the FAA's Office of Commercial Space Transportation in FY2021.

CAPITAL PROJECTS - 2021

AP1701 Hangar Phase II - \$5,547,046. Construction of the 24,000 square foot hangar continues from the progress made in FY2020. Construction is expected to be completed in February 2021.

AP1803 Site Prep - \$160,000. FY2020's budget includes \$60,000 for phase II of this project which kicked off in 2019. 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.

AP1805 Multi-user Aero Strip - \$16,350,564. Additional design is required and is programmed to complete in FY2021 to accommodate the C-17 Globemaster Aircraft. Grant funding will continue to be sought to fund either in full or in part for appropriate phasing. The project increased in estimated cost from \$6.8M to over \$16M. The Commission plans to allocate approximately \$3.2M towards from cash reserves toward the total cost of the project.

1806 Corporate / UAS Hangar & Apron - \$1,892,656. Construction of the 10,000 square foot hangar and associated office space continues from the progress made in FY2020. Construction is expected to be completed in FY2021.

AP1902 Spaceport Phase II – Licensing and basic infrastructure - \$5,365,630. \$250,829 of cash reserves will continue to fund the scope of work for the licensing, phasing and development project. The U.S. currently has 12 FAA licensed Spaceports and Stennis International Airport continues the application process to become the 5th licensed Spaceport in the Southeast Region of the United States, with an anticipated target date of August 2021.

AP2001 HVAC Replacements - \$207,000. This project spans multiple years and serves life cycle maintenance issues with \$100,000 of that amount in FY2020 for HVAC replacement of the Air Traffic Control Tower system. This project also combines replacement of the ATCT radios, which is planned to be replaced in FY2021 with HVAC replacement for FY2022. Funding is from cash reserves.

FAA34-2020 Airport Layout Plan Update - \$303,960. This project is to update the Airport Layout Plan for Stennis International Airport, which illustrates the airport's preferred development concept for the next 20 years. The last update was prepared in 2011 and since, the airport has seen significant development with a modified mission in support of general and corporate aviation, military training and aircraft modifications/foreign military sales, and future/intended spaceport operations upon receipt of a Spaceport license from the FAA's Office of Commercial Space Transportation. Additional scope of work includes aerial imagery acquisition to support the FAA's Airports Geographic Information System (AGIS), a narrative report which will include current conditions, minor forecasting, facility needs and proposed solutions to address such needs, and finally a Pavement Condition Index (PCI) analysis on existing runway, taxiway and apron/ramp pavements to not only inventory but classify pavements for maintenance/replacement based on visual observations. This project is to be funded through a multi-year project through the FAA's Airport Improvement Program (AIP) with a complete match from the FY2020 CARES Act.

AP2103 Fuel Farm Pavement Improvements - \$189,999. This project intends to replace the deteriorating asphalt at the entrance to the airport's Fuel Farm and replace with concrete. According to the current rates and charges, the airport receives \$0.14 per gallon from Million Air Stennis (the airport's Fixed Based Operator) and therefore requires safe and efficient access. Staff applied for Multi-Modal funds in FY2020 with the Mississippi Department of Transportation in the amount of \$180,499 with \$9,500 planned from cash reserves, which if funded, will be completed in FY2021.

AP2104 Fuel Tank Recoating - \$135,000. This project is part of life-cycle maintenance to recoat the fuel tanks to ensure longevity of the fuel storage system. Funding for this project is from cash reserves as fuel flowage revenues makes up approximately 9% of budgeted revenues. Design will commence in FY2021 with construction in FY2022.

AP2105 ATCT Platform Maintenance - \$125,000. This project is part of life-cycle maintenance to improve the integrity of the platform of the Air Traffic Control Tower – includes removing rust, prepping and painting the steel structures. Funding for this project is through cash reserves. Design will commence in FY2021 with construction in FY2022 along with the HVAC replacement project.

FAA37-2020 North Apron Expansion - \$3,086,420. This project expands the north apron on the north side of the airport with approximately 7,700 square yards of concrete and 165 linear feet of blast fence to protect the adjacent roadway – Texas Flat Road. This project is funded with FAA Supplemental funding, which was announced in FY2020 with \$2,777,778 allocated and \$308,642 intended to be matched completely (10%) by 2020 CARES Act Funds. The Commission is expected to receive additional \$2.5M in FY2021 or in FY2022, depending on funding available because of COVID-19. The project will be phased accordingly to not only expand operating real estate in terms of apron for aircraft operations but also to accommodate an approximately 75,000 square foot hangar on the far north side of the airport.

FAA37-2020 Runway and Airfield Lighting Rehabilitation - \$2,111,111. This project intends to rehabilitate runway and NAVAID lighting with current LED technology – including but not limited to runway edge and/or threshold lighting, Precision Approach Path Indicators (PAPIS), and Runway End Identifier Lights (REILs). In addition, staff hopes to commit replacement of the underground infrastructure and add redundancy to the airfield electrical circuit, particularly the runway. FAA has programmed approximately \$1.9M from discretionary funding to apply towards this project with respective match of \$211,111 to be funded either completely by HCPHC from cash reserves or in split 5% match with the Aeronautics Division of the Mississippi Department of Transportation.

**STENNIS INTERNATIONAL AIRPORT
2020 WIP - 2023 CAPITAL IMPROVEMENT PLAN
STENNIS INTERNATIONAL AIRPORT**

PROJECT #	PROJECT NAME	PURPOSE *	WIP through				TOTAL
			FYE 2020	2021	2022	2023	
FAA34-2020	Airport Layout Plan	LCM	\$ 51,000	\$ 252,960	\$ -	\$ -	\$ 303,960
FAA36-2020	N. APRON EXPANSION	SI	5,000	1,016,463	2,085,149	-	3,106,613
FAA37-2021	RUNWAY & AIRFIELD LIGHTING	LCM	-	698,000	1,370,000	-	2,068,000
FAA38-2022	Security & Fencing	SA	-	-	649,000	-	649,000
AP1701	Hangar PH II	SI	3,422,812	2,142,522	-	-	5,565,334
AP1803	Site Prep	SI	100,000	60,000	-	-	160,000
AP1806/1901	UAS HANGAR/APRON	SI	145,368	1,748,503	-	-	1,893,871
AP1902	Spaceport	SI	265,664	284,336	403,000	4,412,630	5,365,630
AP2001	AC Replacement	LCM	1,727	72,801	132,473	-	207,000
AP2004	Site Prep	SI	19,000	500,000	-	-	519,000
AP2006	Aircraft	SI	156,250	-	-	-	156,250
AP2103	Fuel Farm Pavement Imprv	LCM	-	189,999	-	-	189,999
AP2104	Fuel Tank Recoatings	LCM	-	10,000	125,000	-	135,000
AP2105	ATCT Platform Maintenance	LCM	-	5,000	120,000	-	125,000
AP1805	Aero Strip	SI	317,810	450,000	15,686,000	-	16,453,810
AP2102	Firehouse Improvements	LCM	7,000	-	121,500	-	128,500
AP2101	Taxilane S Overlay	LCM	-	60,000	660,000	-	720,000
Total Uses of Funds			\$ 4,491,631	\$ 7,490,584	\$ 21,352,122	\$ 4,412,630	\$ 37,746,967

SOURCE OF FUNDS	2020	2021	2022	2023	TOTAL
Federal Grants	\$ 1,401,000	\$ 2,211,581	\$ 6,193,734	\$ -	\$ 9,806,315
State Grants	119,850	733,570	551,007	-	1,404,428
Use of Cash Balance	2,970,781	4,520,433	5,467,180	4,412,630	17,371,024
Other-Coop Energy	-	25,000	-	-	25,000
Other - Bond	-	-	9,140,200	-	9,140,200
Total Sources of Funds	\$ 4,491,631	\$ 7,490,584	\$ 21,352,122	\$ 4,412,630	\$ 37,746,967

*** PURPOSE CODE**

LCM *Life Cycle Maintenance*
 SA *Safety*
 SI *Strategic Investment*



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 MISSISSIPPI PORT • AIR • SPACE

Check out our new website
www.portairspace.com

A Short Distance to Interstate 10
 Interstates 12 & 59
HIGHWAY 90
 NEW ORLEANS 60 MILES TO THE WEST | MOBILE 90 MILES TO THE EAST

PORT BIENVILLE: 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

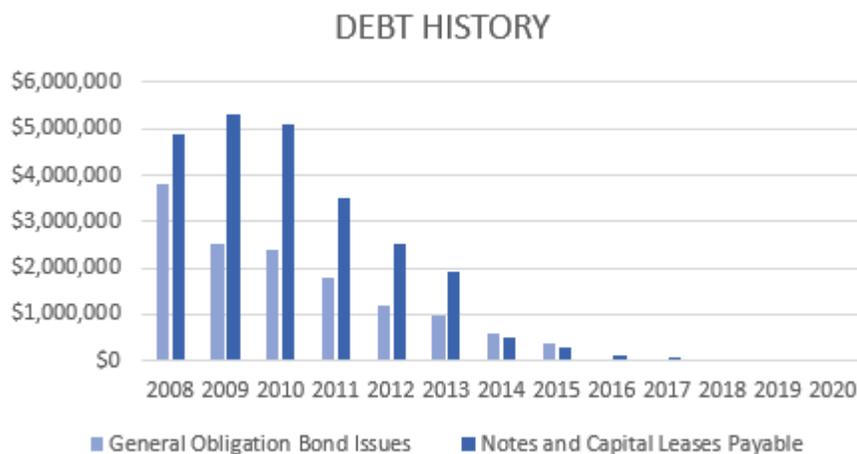
- Home to: NASA's Applied Research and Technology Office and the Naval Meteorology and Oceanography Command • The Marine Industries Science and Technology Cluster • 30+ resident agencies with 5,000+ employees • The world's leading science and technology researchers, including geospatial and earth sciences,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

14054 FRED & AL KEY ROAD | KILN, MS 39556 | INFO@PORTAIRSPACE.COM | 1.800.558.1658

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. As of September 30, 2020, the Commission had no outstanding debt.

The Commission plans significant capital expenditures in 2021 and beyond. It is HCPHC’s intent to use a strong fund balance paired with private partnerships to leverage return on investments. The current capital improvement program materializes business cases and deal terms across HCPHC’s portfolio of assets for future partnerships and negotiations.



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.

COMMISSION PERSONNEL

POSITION TITLES AND FULL TIME EQUIVALENTS							
Position Title	Budget			Position Title	Budget		
	2018	2019	2020		2018	2019	2020
GENERAL OPERATIONS				PORT BIENVILLE RAILROAD			
Executive Director	1	1	1	Railroad Manager	1	1	1
Chief Operations Officer	1	1	1	Railroad Secretary	1	1	1
ECONOMIC DEVELOPMENT				Engineers/Conductors/Trainmen	11	12	12
Chief Development Officer	1	1	1	Program Analyst	0	0.375	0.375
Economic Development Intern	.15	0.15	0	TOTAL PORT BIENVILLE RAILROAD	13	14.375	14.375
Project Manager	1	1	1	PORT BIENVILLE INDUSTRIAL PARK			
Communications Director	1	1	1	Port Director	1	1	1
ADMINISTRATION AND FINANCE				Maintenance Technician	1	1	1
Chief Administrative Officer	1	1	1	Utility Technicians	2	1.375	1.375
Executive Secretary	1	1	1	TOTAL PORT BIENVILLE INDUSTRIAL PARK	4	3.375	3.375
Receptionist	.5	1	0	STENNIS INTERNATIONAL AIRPORT			
Chief Financial Officer	1	1	1	Airport Director	1	1	1
Accounting Associate	1	1	1	Secretary	0.5	0	0
Accounting Supervisor/Payroll	1	1	1	Operations Manager	1	1	1
TOTAL GENERAL OPERATIONS	10.65	11.15	10.15	Maintenance Technician	0	1	1
				TOTAL STENNIS INTERNATIONAL AIRPORT	2.5	3	3
					2018	2019	2020
				TOTAL HANCOCK COUNTY PORT AND HARBOR COMMISSION FTE'S BY YEAR	30.15	31.90	30.90

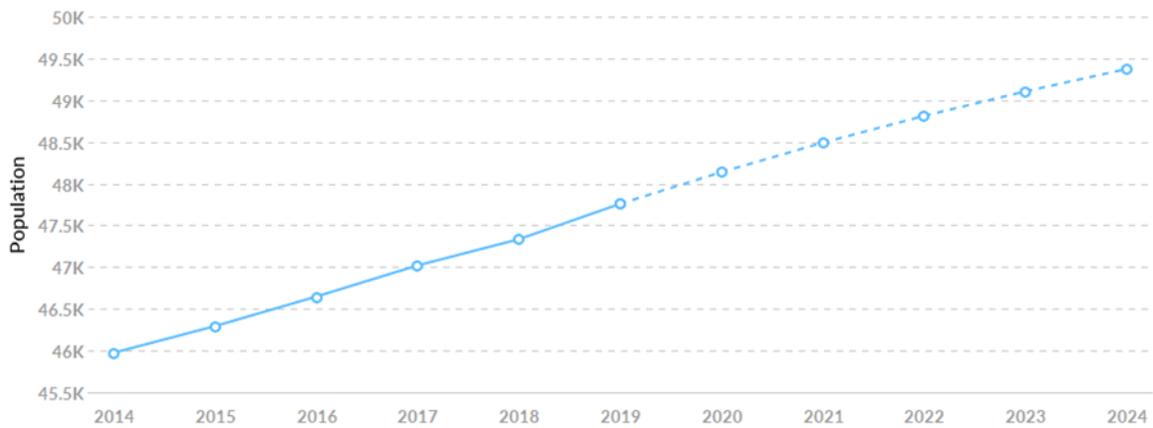
¹ Note: Historical data has been reclassified to reflect current organizational structure and titles for comparative purposes.

DEMOGRAPHICS

Cohort Totals					
Area	2018 Population	2019 Population	2020 Population	Two-year Change	Two-year % Change
Hancock County of Mississippi	47,334	47,758	48,138	380	1%
State	2,986,526	2,988,590	2,989,593	1,003	0%
Nation	327,167,434	329,399,330	331,337,000	1,977,670	1%

Population Trends

As of 2019 the region's population increased by 3.9% since 2014, growing by 1,784. Population is expected to increase by 3.4% between 2019 and 2024, adding 1,615.

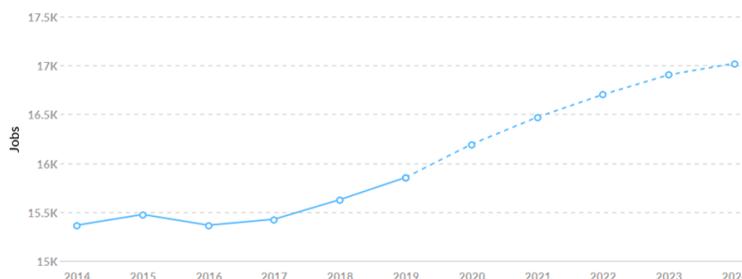


EMPLOYMENT BY INDUSTRY

Employment in Hancock County grew by 489 over the past 5 years and is projected to grow by 1,168 over the next 5 years. From 2014 to 2019, jobs increased by 3.2% in Hancock County, MS from 15,365 to 15,854. This change fell short of the national growth rate of 7.6% by 4.4%. As the number of jobs increased, the labor force participation rate decreased from 49.5% to 47.4% between 2014 and 2019.

Job Trends

From 2014 to 2019, jobs increased by 3.2% in Hancock County, MS from 15,365 to 15,854. This change fell short of the national growth rate of 7.6% by 4.4%.



Concerning educational attainment, **13.9% of Hancock County, MS residents possess a Bachelor's Degree** (5.0% below the national average), and **8.3% hold an Associate's Degree** (0.2% above the national average). The following are the top industry principle employers for Hancock County: Federal Government, Civilian, Excluding Postal Service (1,943); Casino Hotels (1,100); Elementary and Secondary Schools (Local Government) (853); Facilities Support Services (778); Federal Government, Military (772); Full-Service Restaurants (632).

NEW INFORMATION

As of 2019 the region's population **increased by 3.9%** since 2014, growing by 1,784. Population is expected to **increase by 3.4%** between 2019 and 2024, adding 1,615. Hancock County has an annual average of 18,915 working-age residents in the labor force, with 17,877 employed and 1,028 unemployed. The median household income in Hancock County is \$47,500, which is **\$12,800 below** the national median household income of \$60,300. The cost of living in Hancock County is 86.5, compared to the State at 88.2 and New Orleans MSA 100.3. Hancock County, MS had an April 2020 unemployment rate of 19.31%, **increasing from 6.44%** 5 years before

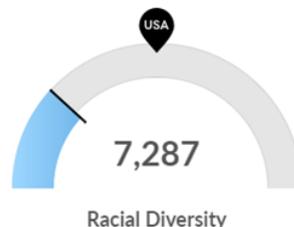
Hancock County, MS has 8,365 millennials (ages 25-39). The national average for an area this size is 9,731. Retirement risk is high in Hancock County, MS. The national average for an area this size is 13,702 people 55 or older, while there are 16,878 here. Hancock County has 4,065 veterans where the national average for an area this size is 2,693.



Hancock County, MS has 8,365 millennials (ages 25-39). The national average for an area this size is 9,731.



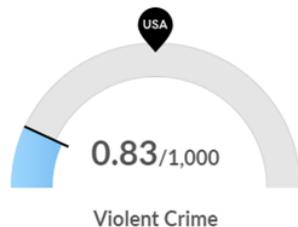
Retirement risk is high in Hancock County, MS. The national average for an area this size is 13,702 people 55 or older, while there are 16,878 here.



Racial diversity is low in Hancock County, MS. The national average for an area this size is 18,753 racially diverse people, while there are 7,287 here.



Hancock County, MS has 4,065 veterans. The national average for an area this size is 2,693.



Hancock County, MS has 0.83 violent crimes per 1,000 people. The national rate is 3.87 per 1,000 people.

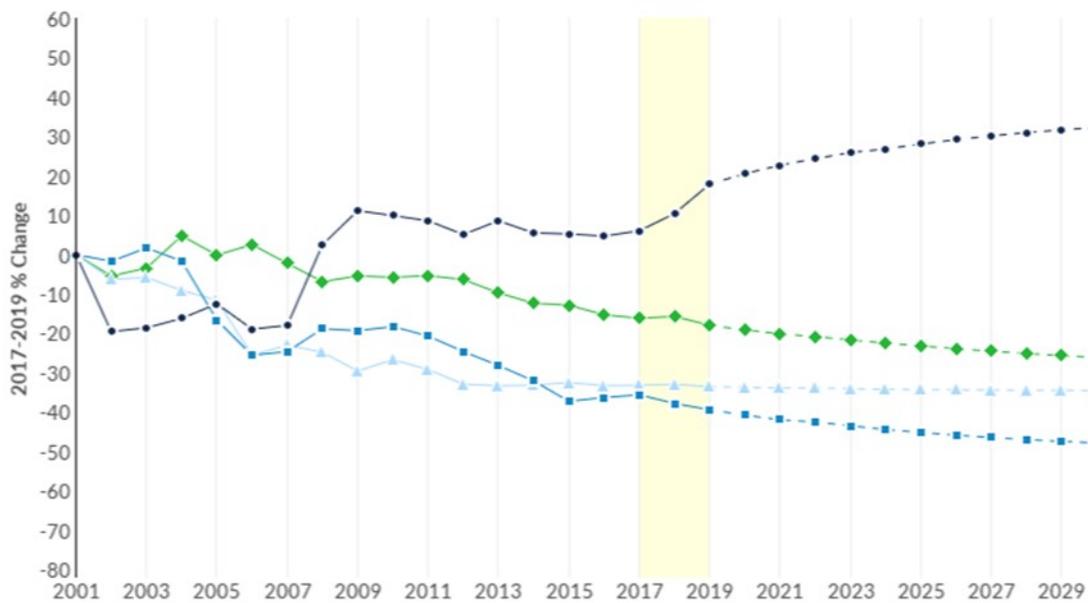


Hancock County, MS has 20.67 property crimes per 1,000 people. The national rate is 22.98 per 1,000 people.

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 employers 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

While these industry-specific jobs are scattered within the boundaries of Hancock County, HCPHC directly supports approximately 755 jobs through the companies located on the grounds of Port Bienville Industrial Park, nearly jobs 364 jobs through the businesses at Stennis International Airport, and indirectly supports 382 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.

Industry Change Summary



Region	2017 Jobs	2019 Jobs	Change	% Change	2019 Average Earnings	201 Payrolle Busines Location
● Hancock County, MS	1,248	1,387	139	11%	\$84,449	1
■ Gulfport-Biloxi, MS	10,720	10,088	-632	-6%	\$56,300	4
▲ New Orleans-Metairie, LA	11,921	11,860	-61	-1%	\$64,993	16
◆ Mobile, AL	3,998	3,912	-86	-2%	\$66,445	4

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.

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.

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.

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 judgements, 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.

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.