

July 2016 | Third Quarter

THE MISSISSIPPI Advantage

A QUARTERLY PUBLICATION OF THE MISSISSIPPI DEVELOPMENT AUTHORITY

Port of Gulfport's
New Gantry Cranes

**65 TONS
OF LIFTING
POWER**

**REBUILDING
TOGETHER**

Winston Plywood &
Community Rally Back

INTERVIEW Q&A

with Earl Walker
Airbus Helicopters

THE MISSISSIPPI Advantage

July 2016 | Third Quarter

The Mississippi Advantage is published by Mississippi Development Authority

501 North West Street, Jackson, MS 39201

Please contact us at 800-360-3323 or LocateinMS@mississippi.org.

@2016 Mississippi Development Authority



6

COVER STORY

Port of Gulfport upgrades West Terminal Wharf with three gantry cranes able to handle 65 tons each.



1

Governor's Welcome

A Message from Governor Phil Bryant

2

Rebuilding Together

Winston Plywood & Community Rally Back

4

Advantage Mississippi

Recent Locations & Expansions

5

Sixth Consecutive Silver Shovel

Area Development awards Mississippi



11

Franchise Tax Cut

by Glenn McCullough, Jr., MDA Exec. Director



12

Interview Q&A

with Earl Walker, Airbus Helicopters



Welcome from **Governor Phil Bryant**

The state's business community along the three coastal counties is going beyond recovery from the past and moving well into preparation for the future. The addition of three new ship-to-shore gantry cranes at the Port of Gulfport is an integral part of Mississippi's transformation.

In June – just days after the Port of Gulfport held the Blessing of the Cranes event marking the installation of the \$30 million cranes – the Panama Canal celebrated its \$6.87 billion expansion. The expansion will allow significantly larger ships carrying much more cargo to pass between the Pacific and Atlantic oceans, translating into more business at ports throughout the Gulf of Mexico.

From the tip of Florida to the Texas/Mexico border, the Port of Gulfport ranks fourth in Gulf container volume. The expansion of the Panama Canal is a first step for growth at the port. The next step will be equally significant.

Gulfport's channel is 36 feet deep, insufficient to accommodate post-Panamax vessels. Deepwater ships occupying time and space in larger facilities will force more of the shallower-drafting ships to alternate sites -- ideally, the Port of Gulfport.

To encourage future growth, the Port of Gulfport is going through steps necessary to deepen its channel to 47 feet and widened by 100 feet, to allow larger vessels. The Port's designation as a strategic port by the Department of Defense and the United States Maritime Administration, increased tonnage and more frequent traffic strengthens the case for expansion.

The addition of Topship and Chiquita are seminal events for the Port of Gulfport, but with the plans well underway, I expect to see the facility continue to set a strong pace for economic growth for the future.

Sincerely,

A handwritten signature in black ink that reads "Phil Bryant". The signature is written in a cursive, flowing style.

REBUILDING TOGETHER

Winston Plywood & Community Rally Back



A tornado bisected Winston County on April 28, 2014, killing 10 people, launching debris as far as 30 miles and plowing a swath of destruction visible from space.

Just 30 days before the twister, New Wood Resources LLC, an Atlas Holdings company, purchased the plywood plant in Louisville. The mill, built in the 1960s and idle since 2009, lay strewn across the acreage.

Less than a year after the storm, corporate and community resolve led to the groundbreaking of the new plant. Reborn as Winston Plywood & Veneer, the \$50 million manufacturing facility will ultimately employ about 400 workers - roughly double the previous total. With an annual goal of 400 million square feet of specialty and commodity plywood products, Winston Plywood & Veneer is anticipated to be an economic powerhouse in the area. More than 600 jobs, including those created to support the mill, will generate \$28 million in annual wages and nearly \$9 million annually in other local purchases in Winston County alone, according to a Mississippi State University study. Quite

literally, the restoration of the facility has been an economic lifeline for a community working to recover from the storm.

"Winston Plywood and Veneer has forged a unique partnership with the state of Mississippi, Louisville Mayor Will Hill and Winston County to not only rebuild this plywood mill, but to help this region recover," Dr. Richard Baldwin, president of Winston Plywood and Veneer, said at the groundbreaking ceremony. "That daily collaboration since the first moments after the tornado hit has delivered the resources and focus we needed to be here today, with construction on a new, state-of-the-art plywood mill officially underway. This will be a great facility and will enhance the quality of life in this community for many years to come."

"Now that's recovery Mississippi style."

—Gov. Phil Bryant

For its commitment to rebuild and its economic impact on Louisville and Winston

"This will be a great facility and will enhance the quality of life in this community for many years to come."

— Dr. Richard Baldwin
President, Winston Plywood and Veneer

County, Winston Plywood & Veneer received the 2016 Corporate Investment and Community Impact Award from *Trade and Industry Development* magazine.

The new facility is designed to be one of the most modern and efficient mills in North America and is being touted as a model for manufacturing.

The resurrection of the mill holds particular significance for Gov. Phil Bryant and First Lady Deborah Bryant. Mrs. Bryant was in Louisville when the tornado hit.

In his 2015 State of the State address, with Kurt Liebich, CEO of Winston Plywood in attendance, Gov. Bryant had high praise for the community's recovery.

"The hospital and an extended care facility were badly damaged. Some of the town's biggest employers, including the Winston County Medical Center and Natron Wood Products, were closed," he said. "As always in times of disaster, Mississippians pulled together and got to work. The city, county and state responders set about saving lives and comforting victims. The officials joined the private sector, our Mississippi National Guard and faith-based organizations to begin rebuilding. Within 21 days, a modular hospital was opened - FEMA's first-ever success with such a system. I am proud to say Natron Wood Products will reopen as Winston Plywood and Veneer and will become one of the largest plywood manufacturers in North America. Now that's recovery Mississippi style."



Incentives Spotlight

New Market Tax Credits

Mississippi offers a New Markets Tax Credits program providing valuable financing for businesses considering new site location or expansion projects in the state. Investments made through the program, also known as the Mississippi Equity Investment Credit program, were integral to the Winston Plywood & Veneer project, helping meet some of the project's most vital financing needs.

Mississippi's New Markets Tax Credits program provides a credit toward Mississippi income or insurance premium tax for eligible investments made in the state through community development entities. Investments must be made in designated low-income census tracts in the state as defined by the U.S. Census Bureau. The maximum investment eligible for credits cannot exceed \$10 million on any project. The total amount of credits awarded is capped at \$15 million per year.

Mississippi's New Markets Tax Credits act as companion credits to the federal New Markets Tax Credits program. A state credit equal to 24 percent of the qualified equity investment is allowed. The credit is claimed over three years. Unused investment credits can be carried forward up to seven years.

As with the federal program, Mississippi's New Markets Tax Credits are based on a Mississippi investment maintained for a minimum of seven years. Annual program reporting requirements must be maintained. Other requirements apply. To learn more about this financing tool, contact MDA's Financial Resources Division at 601.359.3552, or email financial@mississippi.org.

MISSISSIPPI Locations & Expansions

April - June 2016

May 2

Sunshine Aviation – Grenada

\$50,000 Capital Investment

15 New Jobs

Sunshine Aviation is creating 15 jobs and investing \$50,000 in an expansion the Grenada Municipal Airport in Grenada, Miss. The company will locate into a new 9,000-square-foot hangar which will be constructed for the expansion. Sunshine Aviation is an aircraft maintenance and refurbishment company specializing in interior and exterior work, including painting, inspections and maintenance for aircraft ranging in size from single-engine to multi-engine planes to jets and helicopters.

May 4

Insitu – Mississippi State University

25 New Jobs



Insitu is locating operations on the campus of Mississippi State University in Starkville, Miss. The partnership between the company and the Federal Aviation Administration's Center of Excellence for Unmanned Aircraft Systems, housed at MSU, will create 25 jobs. At MSU, Insitu will support a combination of engineering, software development and business development/customer service support functions. Insitu is an industry-leading provider of information for superior decision making. With offices in the U.S., the U.K. and Australia, the company creates and supports unmanned systems and software technology, delivering end-to-end solutions for collecting, processing and delivering information. Insitu serves customers in the military, commercial and civil industries.

May 31

Hol-Mac – Bay Springs

\$5 Million Capital Investment

40 New Jobs



Hol-Mac Corporation is creating 40 new jobs and investing \$5 million by expanding operations in Bay Springs, Miss. The latest expansion is the result of Hol-Mac's acquisition of a Colorado-based manufacturer of specialty truck carried forklifts. The acquisition will also bring new business to Hol-Mac's hydraulic cylinder plant, which will be a supplier for the forklifts. Hol-Mac serves Original Equipment Manufacturers as a supplier of steel fabrications and hydraulic cylinders. In addition, Hol-Mac is the manufacturer of Pac-Mac Refuse, septic and oil field equipment and Hammerhead Off-Road Armor.

June 3

Milwaukee Tool – Greenwood

\$1.5 Million Capital

Investment

75 New Jobs



Professional-grade power and hand tool manufacturer Milwaukee Tool is creating 75 new jobs and investing \$1.5 million in an expansion at the original facility in Greenwood, Miss. The company is expanding to meet an increase in product demand. In June 2015, Milwaukee Tool expanded its Greenwood operations, investing \$16.8 million and creating 126 jobs. This latest expansion will bring employment at the facility to 583. Throughout three Mississippi locations, Milwaukee Tool employs 1,320 workers.

June 9

BMSI – Iuka
 \$6 Million Capital
 Investment
 100 New Jobs



Industrial general contractor BMSI Incorporated announced the company is creating 100 jobs and investing \$6 million in new manufacturing operations in Burnsville, Miss., in Tishomingo County. BMSI will locate in an existing 20,000-square-foot spec building at Yellow Creek Port South with plans to expand to 30,000 square feet. The Burnsville facility will feature a state-of-the-art fabrication shop to manufacture specialty products for the Department of Defense and commercial restaurant equipment. BMSI will also offer plant support for maintenance, structural welding/fabrication and process piping.

June 30

Parker Hannifin – Holly Springs
 \$685,000 Corporate Investment
 12 New Jobs



Global company Parker Hannifin is expanded operations at its location in Holly Springs, Miss. The project reflected a \$685,000 corporate investment and created 12 new jobs. Parker Hannifin also has operations in Batesville, Olive Branch and Madison, Miss. The company employs approximately 516 workers throughout four Mississippi locations. Parker Hannifin is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of mobile, industrial and aerospace markets.



MISSISSIPPI WINS SIXTH CONSECUTIVE SILVER SHOVEL AWARD

Area Development magazine's Shovel Awards are presented to state economic development agencies demonstrating significant economic development success. The awards are based on the number of high-value added jobs per capita, amount of investment, number of new facilities and industry diversity. All 50 states were invited to submit their top-10 job creation and investment projects for 2015.

"Mississippi Development Authority and economic development professionals strive to provide companies with an environment which spurs innovation, longevity and success. To once again be recognized by *Area Development* with a Silver Shovel Award is a testament to the hard work of MDA and economic development professionals throughout the state," Governor Phil Bryant said.

Area Development is a leading economic development publication covering site selection and facility planning.

Port of Gulfport's New Gantry Cranes:

65 TONS OF LIFTING POWER

Rebuilding the Port of Gulfport after Hurricane Katrina focused on two essentials: make it bigger and make it better.

With eight current tenants under contract, the Port of Gulfport is one of 17 strategic ports in the nation, as designated by the Department of Defense and the United States Maritime Administration.

"A lot of people pointed originally to the end of construction as the point where we moved from restoration to the implementation of a business development program," said Port of Gulfport Executive Director and CEO Jonathan Daniels.

Instead of rebuilding, the construction these days – more than a decade after Hurricane Katrina – is about new business.

In his first year of office, Gov. Phil Bryant outlined a game plan to create new jobs mandated by federal recovery funding: deepen the port's channel, increase the port's capacity, maintain current tenants and foster commercial development.

With a vision to change the elevation, these marching orders have allowed port officials more effectiveness in obtaining businesses under contract, operating sooner rather than later.

The port took a definitive vertical direction with the addition of three large gantry cranes, a total investment of \$30 million. These giants are more than five times the height of Biloxi's iconic 168-year-old lighthouse. Each of the three operate a safe limit of up to 65 tons and capable of more. The addition of these cranes supports today's

The cranes are classified as "post Panamax," meaning they could handle the workload of even the largest vessels using the Panama Canal.



Port of Gulfport's West Terminal Wharf Gulfport, Miss.



The port also owns two mobile harbor cranes, each with a 100-ton capacity.

commercial activities and attracts potential new clients.

“When I came in here three years ago, we noted the cranes would be the point of making it the port of today and the port of the future,” said Daniels.

The cranes are classified as “post Panamax,” meaning they can handle the workload of even the largest vessels using the Panama Canal. If necessary, the three cranes can be used in tandem.

“They can handle a vessel much larger than we can handle right now,” said Daniels, “but we ended up making the decision to purchase these cranes with an eye toward the future, when we do get a deepened and widened channel.”

The port also owns two mobile harbor cranes, each with a 100-ton capacity.

“That gives us all the capacity we need,” he said, “whether we’re handling a container vessel for Dole, or whether we’re handling

specialized military cargo for the Department of Defense.”

Even the large cranes dwarf in comparison to the Port of Gulfport’s biggest asset: its location. Virtually equidistant from Brownsville, Texas to the southern tip of Florida, the port is the linchpin in a transportation hub. The ease of access to international air capabilities, as well as an extensive road and rail network, give the port a broad reach well into the United States.

“We can build facilities, we can bring in equipment, but we can’t build geography,” said Daniels.

The port’s distribution and receiving network extends north all the way to Chicago, east to Charleston, S.C., and west to El Paso, Texas.

“We tend to be a mid-size port facility, our reach is pretty significant throughout the United States,” said Daniels. “We’re a mid-size port and growing. We’ll never be a Tier 1, we’ll

never be a Los Angeles/Long Beach, we'll never be a Seattle/Tacoma, a Charleston, but we can offer an ability to customize facilities for new clients.

"We offer uncongested facilities. That does not mean we're slow or business is not picking up. It means the way everything is designed here allows us the opportunity to provide a very efficient handling operation."

In addition to the post-Katrina restoration, an increase in size has positioned the port for long-term success. Adding 84 acres to the west side of the west terminal and 116 acres of inland property gives the port additional acres of deep water and shallow draft property. It also doubles the operation's dimensions.

"The original footprint, before we started the restoration project, was around 210 acres," said Daniels. "So we completed the 84-acre infill program in early 2013 and then started active construction."

Two recent announcements highlight the Port of Gulfport's

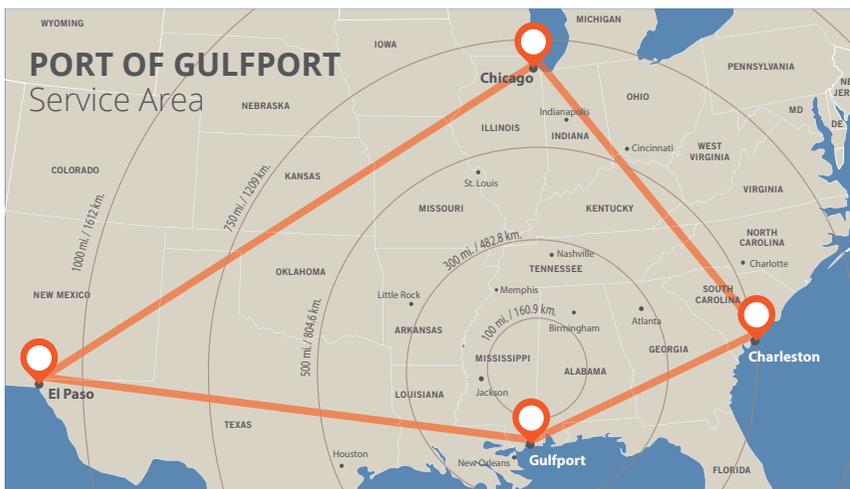
value to international trade and Mississippi's economy.

Edison Chouest Offshore unveiled plans Feb. 8 for \$68 million in corporate investment and 1,000 new full-time jobs through the location of its Topship shipbuilding operations at the port.

"We have signed an agreement with them to utilize our existing port facilities for some of their offshore support work as well as their crew change operations, and Topship is coming. They'll be coming to the Inland Port Facility," said Daniels.

In addition to Topship and the existing tenants – including McDermott, Crowley, Dole Fresh Fruit, the University of Southern

The port's distribution and receiving network extends as far north as Chicago, east to Charleston, S.C., and west to El Paso, Texas.



Pictured (L to R):

Darius Johnson

President of Local
ILA #1303

Billy Hewes

Mayor of Gulfport

Glenn McCullough, Jr.

Mississippi Development
Authority Executive Director

Jonathan Daniels

Port CEO & Executive Director

Governor Phil Bryant,

Fr. Ryan McCoy

Pastor, St. John the Evangelist
Catholic Church

Pastor Chris O'Brien

Director & Chaplain, International
Seamen Center

E.J. Roberts

President, MSPA Board of
Commissioner

Bobby Knesal

Vice President, MSPA Board of
Commissioners



Mississippi's School of Ocean Science and Technology, Chemours Company (formerly DuPont), Island View Casino and Harvey Gulf, the Port of Gulfport is welcoming back Chiquita Brands International. After a two-year hiatus, Chiquita is returning to its previous location in the North Harbor of the port under a new, 40-year lease.

Chiquita also will expand into Terminal 1, encompassing a total of 32 acres – more than double what the company previously occupied. Chiquita will operate in a new maintenance and repair building, designed and planned prior to the company's departure. Chiquita also will have 110,000 square feet of warehouse space in the new West Pier Transit Shed, increasing its dry-storage capacity and adding 20,000 square feet of temperature-controlled space.

"The return of Chiquita is a testament to the improvements

made through the Port of Gulfport Restoration Program, to the extraordinary teamwork exhibited daily by the leadership at the port and also to the outstanding workforce in Mississippi," said Mississippi Development Authority Executive Director Glenn McCullough, Jr.

The port is winding down completion of Phase 1 construction, giving existing tenants the opportunity to move into a good portion of their new facilities. Chemour's bulk handling facility is scheduled to come online in the fourth quarter of 2016.

"At the same time, we've already commenced construction on Phase 2," said Daniels. "Right now, our overall construction employment is running in the mid-800s, with more to come."

Franchise Tax Cut

Doing Business in Mississippi Just Got Less Taxing

Ranked by Kiplinger Personal Finance as the sixth most tax-friendly state for doing business, Mississippi enacted the largest tax cut in its history in 2016, including the gradual elimination of the state's corporate franchise tax. This cut provides a new tool in Mississippi Development Authority's arsenal to attract economic development to the state by eliminating a burdensome tax on businesses.

Currently, Mississippi businesses pay \$2.50 for every \$1,000 of the value of a corporation's capital used, invested or employed within Mississippi in excess of \$100,000. Beginning in 2018, the franchise tax rate drops by 25 cents annually until the rate is eliminated entirely in 2027. Once the tax is phased out, a company would be subject to the minimum franchise fee of \$25 each year.

Combined with the reduction in income tax rates applicable to individuals, corporations, trusts and estates, the franchise tax phase-out makes Mississippi more economically competitive.

In Senate Bill 2858, the Mississippi Legislature recognized an issue with the franchise tax: not only is it a disincentive for new industries to come to Mississippi, but also it's an incentive for existing businesses in the state to consider relocating to states with a more advantageous tax policy. Eliminating the franchise tax removes a disincentive to in-state investment. In a world in which governments are competing for business, the franchise tax is an impediment to job creation.

Douglas Lindholm, president and executive director of the Council on State Taxation, agreed with the recent cut. Named on

the Tax Business 50 list of the most influential tax professionals on the globe, Lindholm called the elimination of franchise taxes "fiscally prudent," stating, "The gradual elimination of the tax will encourage business investment and job creation by significantly reducing the direct costs imposed on businesses seeking to expand or relocate in the state."

From the state's standpoint, franchise taxes have become unreliable sources of revenue as corporate revenues decreased considerably in recent years. Many companies have reorganized to avoid the tax or have moved their affiliates to jurisdictions with better tax policies.

Eliminating the franchise tax provides greater incentive for businesses to locate or stay in Mississippi. Mississippi Development Authority is now better equipped to compete for economic development projects both nationally and globally.

Similarly, the establishment of the Mississippi Works Fund sends a clear signal to the manufacturing community our state is serious about supplying companies with a job-ready workforce. The fund, created in Senate Bill 2808, allots \$10 million for workforce training at community colleges for 2016, and \$5 million each following year.

The tax cuts and the workforce training funds, combined with our best-in-the-nation community college system and existing talent pool, positions Mississippi to flourish. Growth in our state's economy depends on all of us, working as a team, to find innovative ways to attract new career opportunities for Mississippians across the state.



by **Glenn McCullough, Jr.**

MDA Executive Director



*Interview with
Earl Walker
Airbus Helicopters, Inc.*

*Senior Director
of External
Affairs - State
and Government
Business
Development*

Q: What was it like when Airbus Helicopters first landed its operations in the Golden Triangle?

A: We were a start-up operation in 2003, and we started our production line in 2006. There was a need for aviation skills for our operation, and of course, there weren't a whole lot of aviation businesses in this area at that time.

Q: When Airbus Helicopters came to Mississippi, what did you think your challenges would be?

A: The biggest concern when we first located here was where are we going to get the people and how are we going to get them trained. That's not even the topic of

discussion today. We've already got a fully skilled workforce, and we've delivered some 374 military aircraft – all on time, on cost and on schedule.

Q: Where did you turn for a skilled workforce?

A: East Mississippi Community College was instrumental in developing our employees with the basic skill sets so they could come into operation and go to on-the-job training and develop and grow with the organization.

Q: What have you discovered about the workforce?

A: The work ethic of the people from this region is phenomenal. I think everybody

Interview Q&A

wants to do well. All you have to do is provide them with the skill sets, and then they go out and make it happen.

Q: How valuable has your ongoing relationship with EMCC been?

A: I think EMCC understands their role as part of an economic development partner. I've always referred to them as a business partner. Every challenge I have gone to them with, they have been both energetic and eager to conquer.

Q: What would you tell other companies who might be considering establishing their business in Mississippi?

A: Mississippi offers a great workforce. The state and local communities are very supportive in doing the things needed to assist companies to be competitive. The state's central location is also a great competitive advantage with easy access to domestic and international markets.

“We’ve already got a fully skilled workforce, and we’ve delivered some 374 military aircraft – all on time, on cost and on schedule.”

— Earl Walker,
Airbus Helicopters





MARS VIA MISSISSIPPI

It is rocket science. Missions to Mars get their boost in Mississippi at NASA's Stennis Space Center. SpaceX and Aerojet Rocketdyne are just two companies located at the world's premier rocket engine testing facility. Closer to terra firma, we have the FAA's Unmanned Center of Excellence at Mississippi State University, a premier facility for the integration of unmanned flight into U.S. air space. Thanks to our high-quality workmanship, aerospace giants such as Rolls-Royce, Raytheon, GE Aviation, Northrop Grumman and Airbus Helicopters also call Mississippi home.

Launch your business in Mississippi.

MISS **IS** SIPP
AEROSPACE

mississippi.org/aerospace

