

PORT MEDIA RELATIONS AND THE ROLE OF PORT COMMISSIONERS

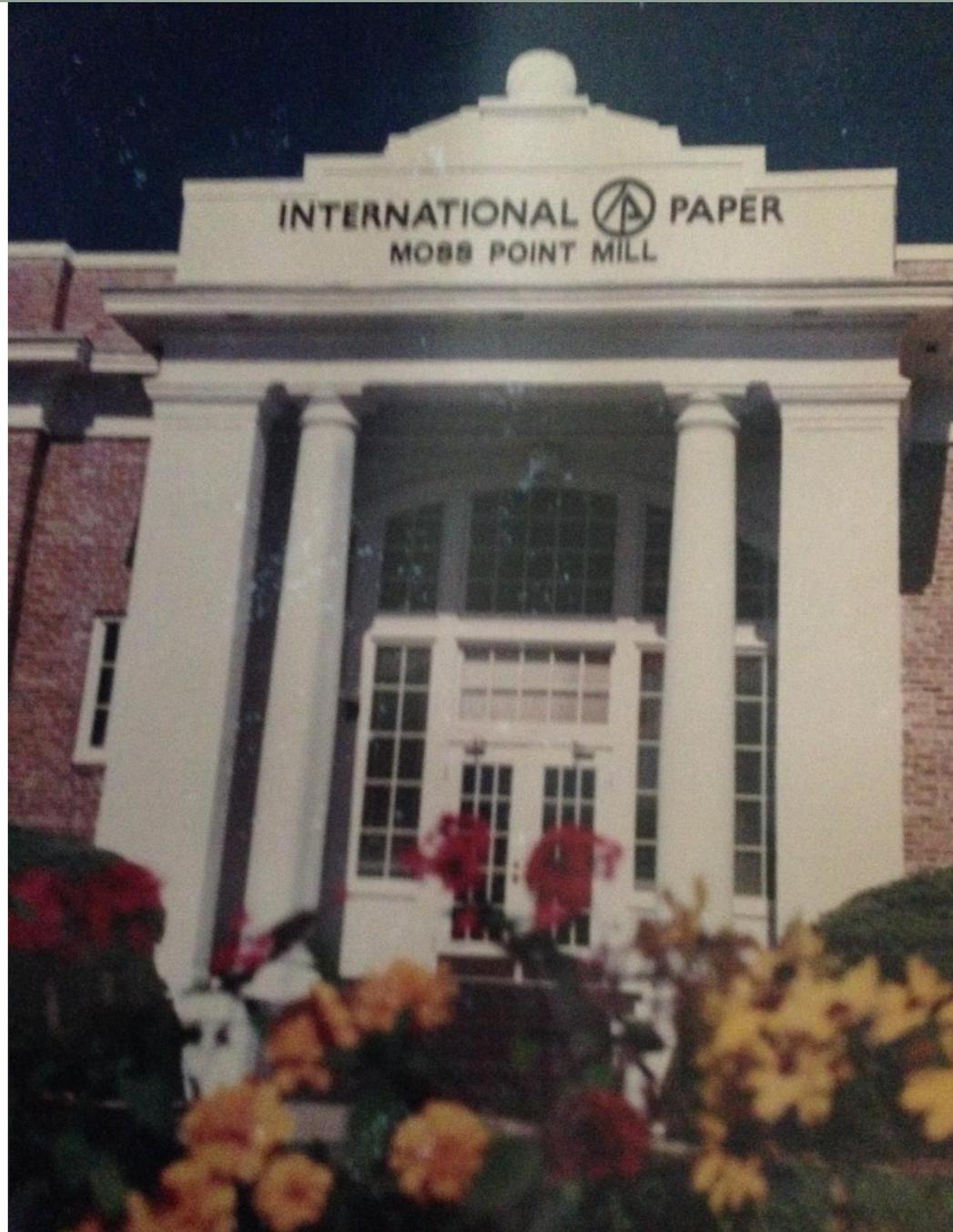
Case Study – *Acquisition of International Paper Mill Site - December 2003*

By Mark McAndrews
Port Director – Port of Pascagoula

AAPA Commissioners Seminar
February 9-11, 2016
West Palm Beach, Florida

Closed
April 2001

In operation
Since 1912



INTERNATIONAL PAPER SITE: Poised for New Investment and Job Growth

The agreement with IP will involve the County acting through the Jackson County Port Authority, acquiring the mill site property in an environmentally remediated, redeveloped condition. The following questions and answers address some of the key elements of the agreement.

1. Question: Is the County taking on responsibility of a major environmental problem that would cost county tax payers million of dollars?

Answer: No. International Paper has already performed extensive environmental testing on the site to determine any known contamination that would require remediation. IP will perform this work at no cost to Jackson County. Additionally, the county will not take full possession of the property until all buildings, structures, and slabs have been demolished and removed. During demolition, any environmental problems discovered will be remediated by IP at no cost to the county. Once the county takes possession of the property, an environmental indemnification insurance policy in the amount of \$10 million will be available in the unlikely event something is discovered that was not detected in the first 2 phases (initial characterization and demolition) of the clean up.

2. Question: What's the cost to the county of acquiring the site? What's required to get it ready for new industry and investment?

Answer: The County is purchasing the property for \$3,000,000 with all buildings removed and known contamination cleaned up. The only area that is not scheduled for demolition is the barge unloading docks; the main power feed; the surface water canals; and the on-site water wells. IP will be responsible for all demolition and the environmental clean up. There are other county, port and IP responsibilities that are associated with the closing of the water treatment facility and the creation of wetland credits that is also mutually beneficial to both parties.



INTERNATIONAL PAPER

3. Question: How do we know that the \$3,000,000 the county will pay for project will be sufficient for demolition and environmental clean up? Who pays if the costs amount to more than \$3,000,000? Who will look over IP's efforts to be sure of clean up?

Answer: The County is paying a fixed price for the property, regardless of the cost for demolition and cleanup of any environmental problems discovered during the cleanup. If more money is required than the purchase price due to unforeseen conditions discovered during the demolition, IP will be required to remedy the problems at their expense. Jackson County has the right to monitor the cleanup activities and to review all reports. Furthermore, the Mississippi Department of Environmental Quality is reviewing and approving all closure plans and other documentation regarding the site cleanup.

4. Question: With regard to the \$10 million insurance policy, how was the amount determined? Will it be enough to take care of environment surprises?

Answer: This amount was originally \$3,000,000, but through lengthy negotiations was increased to \$10,000,000. The amount is not based upon any one reason, but should be much more than ever would be needed for a site that has already been cleaned up to industrial standards regarding all known contamination. Since IP has performed environmental remediation on other sites in the past, they know where potential contamination may be and will investigate/clean these areas. The insurance policy is a set aside to further protect the county from any unknowns at the site.

5. Question: What role has MDEQ played in this project?

Answer: The MDEQ has played and will continue to play a role in the clean-up and redevelopment of the site. MDEQ is reviewing and approving all plans prepared by IP for the environmental remediation of the property. They will determine if and what type of long term monitoring will be required by IP once the site remediation has been completed. They will issue letters indicating no further action is necessary at the site once various phases of the remediation has been completed. MDEQ will also review all future industry and will determine what permits and processes will be necessary for the safeguard of the environment based on the potential impacts of these future industries.

6. Question: How many usable acres is the IP site?

Answer: The number of acres that are not excluded from development is approximately 230 acres. Some of these areas have wetlands that will either exclude development or will require permitting. The areas we feel would be immediately available for development without the need for extensive permitting amount to 180 acres. There is also a possibility of utilizing some of the treatment areas once these areas are properly closed which would further increase the area available for development.

7. Question: Besides the recent announcement of Corus Bi-Steel to locate its first domestic manufacturing facility on the site, how many more industries can be accommodated? What types are best suited for the site? How will you maximize the available property?

Answer: The number of industries that can be accommodated on the site will depend upon the individual site requirements. Based on the size of Corus Bi-Steel facility and property requirement, it appears that the entire site could accommodate at least five more industries with similar requirements as Corus Bi-Steel. Industries ideally suited for the property are those that require access to the I-10 corridor; either north-south or east-west rail access; barge access; dedicated power feed; a large quantity of industrial water; or a combination of these requirements.

8. Question: What other industries are targeted for the site?

Answer: There could be a number of manufacturing and/or assembly oriented industries appropriate for a location on the site. To date, there have been several industries that have performed very preliminary due diligence on the site. However, in its current condition, the property is not suited for new site and facility development. Once the buildings are removed and basic infrastructure redevelopment is installed, opportunities for development will increase. Industries requiring access to the I-10 corridor; access to north-south or east-west rail; barge access; surface water demand; or high voltage dedicated power feed will find the site to be highly desirable. The Foundation is currently pursuing additional industries that are consistent with our targeted marketing strategy.

9. Question: How many jobs will it take to produce the payroll, sales, other taxes to recover the investment required to acquire the property?

Answer: The project will begin to produce in many ways to save the county money without the first job at the site. For example, the IP site will provide a location for the beneficial use of dredge material from the Port Authorities current dredge material dewatering site. The county will also receive approximately 150 credits in a wetlands bank that can be used to offset cost of county projects that require mitigation. However, if we did just look at the project from a strictly job basis, the initial location of Corus Bi-Steel and the associated manufacturing job multipliers could generate enough retail and local sales tax to recover the initial investment required to acquire the property.

10. Question: Will these industries be granted tax exemptions? What other incentives do you intend to offer to attract industry?

Answer: Ad valorem tax exemptions and all other statutorily available financial incentives will be a direct function of the number of jobs and capital investment generated by the individual companies. In particular, decisions regarding the granting of ad valorem tax exemptions will be based upon the Tax Exemption Policy as adopted by both the Jackson County Board of Supervisors and the City of Moss Point Board of Alderman. Other state supported incentives might well include project financing through the Industrial Revenue Bond (IRB) program; Mississippi Corporate Income Tax Credits; Rural Economic Development Credits (RED); the Mississippi Advantage Jobs Incentive Program; and/or customized job training assistance.

Continued on other side..

Jackson County Approves Agreement for Acquisition and Redevelopment of International Paper Mill Property



HISTORIC SIGNING --- The Jackson County Board of Supervisors and Jackson County Port Authority adopted two resolutions in Pascagoula today that will ultimately lead to the transformation of the former International Paper Company site in Moss Point into one of the finest industrial parks in the Southeast United States. From left, seated: Jackson County Economic Development Foundation Executive Director George Freeland, Board of Supervisors President Frank Leach, and Port of Pascagoula Director Mark McAndrews. Standing, l-r: Port Authority Board of Commissioners Chairman Charles Persons, JCEDF Chairman Jerry St. Pe' and Moss Point Mayor Frank Lynn.



Moss Point Industrial and Technology Complex

Escatawpa River

Escatawpa River

Federally Maintained Channel

Railroad