



**PORT PANAMA CITY
U.S.A.**

March 29, 2018

Ms. Cori Henderson
Triumph Gulf Coast
P.O. Box 12007
Tallahassee, Florida 32317

Re: East Terminal Expansion Project

Dear Cori,

We appreciated the opportunity to review our application and project with you and Dr. Harper on Tuesday. As discussed, we feel strongly that the port-related manufacturing jobs which will be a result of additional port capacity should be considered as the Board weighs the benefits of our project.

In our application we described how the planned port expansion supported new manufacturing jobs (please see Attachment Q and the “economic diversification” information in Attachment R). What we did not do was provide a reasonable projection of new port-related manufacturing jobs.

Following our discussion on Tuesday, we have consulted with our tenants and with the Bay County EDA and determined that a reasonable projection of the new port-related manufacturing jobs expected over the next five years is between 250 and 300.

Please find attached additional information which we think should be added to our application (Attachment T).

Panama City Port Authority & Foreign Trade Zone 65

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Regarding the terms for an agreement, we think it is appropriate for public infrastructure projects to be funded concurrent with the construction of the improvements.

The Triumph funding we have requested will represent approximately sixteen percent of the initial East Terminal expansion costs. Once approved, we would like to apply these funds to some of the upcoming construction on a 50/50 basis. This work includes:


1. The remaining warehouse construction
2. Additional on-site road and rail infrastructure
3. The construction of outside cargo staging yards
4. The reconstruction of the bulkhead and related improvements to the berth.

In order to provide the control you need, we recommend that the Port Authority make the related construction payments and then seek reimbursement for 50% of such payments (similar to the structure of the grants we have with the FDOT). Of course, we can agree on the proper documentation of these expenses and can also provide documentation for the total \$60 million cost of the project.

We greatly appreciate the Triumph Gulf Coast Board's willingness to support our project. We can guarantee that the funds will be invested directly into valuable public infrastructure which will deliver significant economic benefits over the next fifty to seventy-five years.

Thank you again for your help.

Sincerely,



Wayne Stubbs
Executive Director

Cc: Ms. Susan Skelton
Dr. Rick Harper

Enclosures*

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Attachment T

Port-Related Manufacturing Jobs

The Federal Government and State Governments do not invest in ports and waterways to create cargo handling jobs. These investments are made to support the nation's industries and to facilitate the flow of commerce.

While we have identified 148 direct jobs and 163 induced jobs associated with cargo handling at the first phase of the Port's East Terminal Expansion, the primary benefit to the region and the largest number of jobs created will be port-related manufacturing and distribution jobs.

The WestRock paper mill, Berg Steel Pipe, Oceaneering International, and Enviva Pellets are located in the region because of the port services provided by the Panama City Port Authority. All of these companies have made multi-million dollar investments in their plants over the last several years. Berg, Oceaneering, and Enviva have asked the Port to consider providing them with additional on-port space to support their plans for growth.

In addition to supporting existing industries, the Bay County EDA and the Panama City Port Authority are working together to attract new industries. The Port Authority has invested over \$18 million in the Port's 250 acre Intermodal Distribution Center located on highway 231. There are currently over one-hundred full time employees working for a Port tenant at that park. The Port and the EDA are actively marketing a certified industrial site at the IDC with direct rail connection to the Port's West Terminal and East Terminal.

Currently the Bay County EDA has several active projects that would be dependent on the Port's facilities. Six of these projects, representing 844 manufacturing jobs, will need cargo handling services at either the West Terminal or the new East Terminal.

The Port's current facilities are operating near capacity. The Port Authority cannot support the growth of its current on-port tenants or support the Bay County EDA'S efforts to bring new port-dependent manufacturing to Bay County without adding new port capacity.

The primary economic benefit of the Port's East Terminal expansion will be the additional port capacity. Additional port capacity is essential to the existing industries who rely on the Port (representing several thousand direct and indirect jobs). Additional port capacity is also essential to attracting new port-related manufacturing to the region.

The 148 direct jobs and 168 indirect jobs related to the cargo activity of the first phase of the East Terminal development do not adequately reflect the number of jobs that will be created by the East Terminal Expansion. **Given the current interest in our region and the related requirement for port services, 250-350 port-related manufacturing jobs can be anticipated over the next five years as a result of the additional port capacity provided by the Port Authority's East Terminal Expansion.**