ECONOMIC AND DEMOGRAPHIC INFORMATION

General Description

The City of Gautier, Mississippi (the "City") was established in 1867 at the mouth of the Pascagoula River Basin by Fernando Gautier. The City was incorporated in 1986 and is located in Jackson County, Mississippi (the "County"), on more than 70 miles of waterfront on the Mississippi Gulf Coast. The City is approximately 105 miles east of New Orleans, Louisiana, approximately 17 miles east of Biloxi, Mississippi, and approximately 182 miles south of Jackson, Mississippi, the capitol of Mississippi (the "State").

Population

The population of the City has been recorded as follows:

1990	2000	2010
10,088	11,681	18,572

SOURCE: Census Data information at website: www.census.gov; March, 2013.

Government

The City is governed by a Major and a six-member City Council (the "Council"), with five members of the Council being elected from designated wards or precincts, and the Mayor and one member of the Council being elected at large. The current Mayor and members of the Council, elected for concurrent four year terms expiring on July 1, 2012, are as follows:

Name	Occupation	Position Held Since
Tommy L. Fortenberry	Mayor	July, 2009
Mary Martin - At Large	Councilwoman	November, 2010
Johnny Jones	Councilman	July, 2009
Hurley Ray Guillotte	Councilman	July, 2009
Gordon Gollott	Councilman	July, 2009
Scott D. Macfarland	Councilman	July, 2009
Adam Colledge	Councilman	July, 2009

Major Employers

The following is a listing of the County's major employers, their products or services and their approximate number of employees:

Jackson County, Mississippi		
Employer	Employees	Product/Service
Huntington Ingalls Industries	10,176	Shipbuilding
Singing River Health System	2,356	Medical Services
Jackson County School District	1,221	Education
Chevron U.S.A. Inc.	1,214	Oil Refinery
Pascagoula School District	1,200	Education
VT Halter	804	Manufacturing/Shipbuilding
Knight Marine & Industrial Services	742	Shipbuilding and Repair
AT&T	724	Telecommunications
Ocean Springs Municipal Separate School	600	Education
Wal-Mart (Pascagoula)	525	Retail

SOURCE: Jackson County Economic Development Foundation, Inc.; September 2011.

Per Capita Income[1]

Year	County	Mississippi	United States	County as % Of U.S.
2011	$35,748	$32,000	$41,560	86%
2010	34,960	30,841	39,791	88
2009	34,067	30,013	38,637	88
2008	34,748	30,945	40,947	85
2007	33,931	29,568	39,506	86

SOURCE: Bureau of Economic Analysis: Regional Economic Accounts at website: www.bea.gov, 2007-2011; March, 2013.

[1] Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2007-2011 reflect county population estimates available as of April, 2012.

Unemployment Statistics of the County

	2012	2011	2010	2009	2008
January	10.7%	10.9%	11.1%	7.9%	6.0%
February	10.2	11.1	10.3	7.8	5.3
March	9.6	11.0	10.1	7.5	5.2
April	9.1	10.6	9.3	7.0	4.7
May	9.2	10.8	9.3	7.6	5.4
June	9.8	11.9	9.2	8.2	6.4
July	10.1	12.0	9.4	8.5	6.9
August	8.3	11.1	8.5	7.9	6.1
September	9.2	11.6	9.3	8.5	6.2
October	8.4	11.5	9.5	8.8	5.9
November	7.8	10.9	9.9	8.8	5.8
December	9.5	10.9	10.2	9.7	6.9
Annual Average	9.3%	11.2%	9.7%	8.2%	5.9%

SOURCE: Mississippi Department of Employment Security: Labor Market Data at website: www.mdes.ms.gov; March, 2013.

Employment Statistics of the County

	2012	2011	2010	2009	2008
RESIDENCE BASED EMPLOYMENT					
I. Civilian Labor Force	64,860	64,220	64,410	61,620	61,340
II. Unemployed	6,040	7,190	6,230	5,050	3,620
Rate	9.3%	11.2%	9.7%	8.2%	5.9%
III. Employed	58,820	57,030	58,180	56,570	57,720
ESTABLISHMENT BASED EMPLOYMENT					
I. Manufacturing	13,730	13,940	15,830	16,080	16,080
II. Non-manufacturing	39,300	37,290	38,670	37,200	38,440
A. Agriculture, Forestry, Fishing & Hunting	30	30	20	30	10
B. Mining	90	80	100	120	150
C. Utilities	420	420	450	420	410
D. Construction	5,100	4,280	4,580	4,340	4,740
E. Wholesale Trade	490	480	470	460	470
F. Retail Trade	4,850	4,890	4,720	4,900	5,280
G. Transportation & Warehousing	1,050	1,040	1,040	1,100	1,000
H. Information	590	560	620	670	770
I. Finance & Insurance	1,130	1,070	1,110	1,100	1,160
J. Real Estate, Rental & Leasing	470	450	490	470	540
K. Prof., Scientific & Technical Service	1,740	1,640	1,890	2,000	2,240
L. Management of Companies & Entertainment	450	420	160	150	150
M. Administrative Support & Waste Management	2,570	2,430	3,270	2,050	2,570
N. Educational Services	90	90	90	120	80
O. Health Care & Social Assistance	3,430	3,240	3,250	3,150	3,140
P. Arts, Entertainment & Recreation	430	400	420	260	250
Q. Accommodation & Food Service	4,720	4,460	4,400	4,390	4,470
R. Other Services (except Public Administration)	860	810	870	1,030	1,110
S. Government	10,790	10,500	10,720	10,440	9,900
Education	4,420	4,300	4,220	4,210	4,090
III. Total Nonagricultural Employment	53,030	51,230	54,500	53,280	54,520

SOURCE: Mississippi Department of Employment Security: Annual Averages: Labor Force and Establishment Based Employment 2001-2010 and 2011 Forward, Labor Market Information Department at website: www.mdes.ms.gov; March, 2013.

Retail Sales

State Fiscal Year Ended June 30	Gautier
2012	$172,968,970
2011	182,840,111
2010	187,833,646
2009	209,593,729
2008	212,120,332

SOURCE: Annual Report for each year shown, Mississippi Department of Revenue; March, 2013.

Educational Facilities

The Pascagoula School District (the "District") currently consists of the entire City of Gautier, most of the City of Pascagoula and certain outlying areas in Jackson County not located in the city limits of the City of Gautier and the City of Pascagoula. The District currently operates nineteen (19) schools - ten elementary schools (K-5), two middle schools (6-8), two sixth grade academies, two high schools (9-12), and three specialty schools. Currently the District employs a total of approximately 1,300 people, with approximately 650 of those being certified teachers.

Enrollment figures for the District's 2012-13 scholastic year and the previous four years are as follows:

Scholastic Year	Enrollment
2012-13	6,812
2011-12	6,877
2010-11	6,954
2009-10	7,015
2008-09	7,124

SOURCE: Pascagoula School District and Office of Research and Statistics, Mississippi Department of Education; March, 2013.

TAX INFORMATION

Assessed Valuation[2]

Assessment Year	Real Property	Personal Property[3]	Public Utility Property	Total
2012	$93,536,535	$21,788,167	$6,347,293	$121,671,995
2011	88,995,895	27,345,754	5,430,578	121,772,327
2010	91,289,319	28,050,556	5,570,524	124,910,399
2009	94,824,776	24,259,527	7,009,852	126,094,155
2008	91,333,048	24,599,023	6,554,648	122,486,719

SOURCE: Jackson County Tax Assessor; March, 2013.

Assessed valuations are based upon the following assessment ratios:

(a) Real and personal property (excluding single-family owner-occupied residential real property and motor vehicles, respectively), fifteen percent (15%) of true value;

(b) Single-family owner-occupied residential real property, ten percent (10%) of true value;

(c) Motor vehicles and public utility property, thirty percent (30%) of true value.

The 1986 Session of the Mississippi Legislature adopted House Concurrent Resolution No. 41 (the "Resolution"), pursuant to which there was proposed an amendment to the Mississippi Constitution of 1890 (the "Amendment"). The Amendment provided, inter alia, that the assessment ratio of any one class of property shall not be more than three times the assessment ratio on any other class of property.

The Amendment set forth five classes of property and the assessment ratios which would be applicable thereto upon the adoption of the Amendment. The assessment ratios set forth in the Amendment are identical to those established by Section 27-35-4, Mississippi Code of 1972, as it existed prior to the Amendment, except that the assessment ratio for single-family, owner-occupied residential real property under the Amendment is set at ten percent (10%) of true value as opposed to fifteen percent (15%) of true value under previously existing law.

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[2] The total assessed valuation is approved in September preceding the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 2012 are collected starting in January, 2013 for the 2012-2013 fiscal year budget of the City.

[3] Personal Property includes mobile homes and automobiles.

Procedure for Property Assessments

The Tax Assessor of Jackson County assesses all real and personal property subject to taxation in the County, including property in the City, except motor vehicles and property owned by public service corporations, both of which are required by law to be assessed by the State Tax Commission.

Section 21-33-9, Mississippi Code of 1972, as amended, provides that the governing authorities of a municipality which is located within a county having completed a county-wide reappraisal approved by the State Tax Commission and which has been furnished a true copy of that part of the county assessment roll containing the property located within a municipality as provided in Section 27-35-167, Mississippi Code of 1972, as amended, shall adopt such assessment rolls for its assessment purposes. The City is utilizing the assessment rolls of the County.

The City may not correct or revise such assessment rolls except for the purpose of conforming the municipal assessment roll to corrections or revisions made to the County assessment roll. All objections to the municipal assessment roll may be heard by the Board of Supervisors of the County at the time and in the manner that objections to the County assessment roll are heard. The Board of Supervisors shall notify, in writing, the Governing Body and the Tax Assessor of the City of any corrections or revisions made by it to the part of the County assessment roll adopted as the municipal assessment roll.

Tax Levy Per $1,000 Valuation[4]

	2012-13	2011-12	2010-11	2009-10	2008-09
General Purposes	24.35	24.35	21.93	21.93	20.44
Debt Service	6.75	6.75	2.84	.00	.00
Library	1.00	1.00	1.00	1.00	1.00
Total Levy	32.10	32.10	25.77	22.93	21.44

SOURCE: Office of the City Clerk; March, 2013.

Ad Valorem Tax Collections[5]

Gautier, Mississippi			
Fiscal Year Ended September 30	Amount Budgeted	Amount Collected	Difference Over/(Under)
2012	$3,757,323	$3,439,166	$(318,157)
2011	2,851,700	2,945,426	93,726
2010	2,594,933	2,646,612	51,679
2009	3,150,773	2,659,675	(491,098)
2008	2,878,740	2,845,573	(33,167)

SOURCE: Office of the City Clerk; March, 2013.

[4] Tax levy figures are given in mills.
[5] Does not include school taxes.

Procedure for Tax Collections

The Governing Body is required to levy a special tax upon all of the taxable property within the geographical limits of the City each year sufficient to provide for the payment of the principal of and interest on the City's general obligation bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes bear interest at the rate of one percent (1%) per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real property and personal property are subject to public tax sale.

Section 21-33-63, Mississippi Code of 1972, as may be amended from time to time, and related statutes provide that after the fifteenth day of February and after the fifteenth day of August in each year, the tax collector for each municipality shall advertise all lands in such municipality on which all the taxes due and in arrears have not been paid, as well as all land liable for sale on the first Monday of April or the third Monday of September following, as the case may be.

Reappraisal of Property and Limitation on Ad Valorem Levies

Senate Bill No. 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972 (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed in proportion to true value. To insure that property taxes do not increase dramatically as the counties complete reappraisals, the Reappraisal Act provides for the limit on increase in tax revenues discussed below.

The statute limits ad valorem tax levies by the City subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than ten percent (10%) over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties, any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the City or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in State Tax Commission v. Fondren, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the State Tax Commission was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the State Tax Commission equalized the assessment rolls of all of the counties. Due to the intervening passage of the Reappraisal Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the Chancellor's decree, on November 15, 1980, the State Tax Commission filed a master plan to assist counties in determining true value. On February 7, 1983, the Chancery Court granted an extension until July

1, 1984, of its previous deadline past which the State Tax Commission could not accept and approve tax rolls from counties which had not yet reappraised. The City has completed reappraisal.

Homestead Exemption

The Mississippi Homestead Exemption Law of 1946 reduces the local tax burden on homes qualifying by law and substitutes revenues from other sources of taxation on the State level as a reimbursement to the local taxing units for such tax loss. Provisions of the homestead exemption law determine qualification, define ownership and limit the amount of property that may come within the exemption. The exemption is not applicable to taxes levied for the payment of the Bonds, except as hereinafter noted.

Those homeowners who qualify for the homestead exemption and who have reached the age of sixty-five (65) years on or before January 1 of the year for which the exemption is claimed, service-connected, totally disabled American veterans who were honorably discharged from military service and those qualified as disabled under the federal Social Security Act are exempt from any and all ad valorem taxes on qualifying homesteads not in excess of $7,500 of assessed value thereof.

The tax loss resulting to local taxing units from properly qualified homestead exemptions is reimbursed by the State Tax Commission. Beginning with the 1984 supplemental ad valorem tax roll and for each roll thereafter, no taxing unit shall be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to such taxing unit in the next proceeding year.