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Tennessee-Tombigbee Waterway Development Council *NEWSLETTER*

September 2008

Governor Beshear Celebrates New James Marine Repair Yard

Kentucky Governor Steve Beshear recently participated in the ribbon cutting and opening ceremony of James Marine's new facility in Wickliffe. The new facility began operating in June with a 2,500 ton and a 3,000 ton drydock, as well as a complete service machine shop. Wickliffe, located at the confluence of the Ohio and Mississippi Rivers, is perfectly positioned to expand the company's volume with existing customers and to attract a new line of customers, according to company officials.



From left to right on front row: Ronnie James, Governor Beshear, Jeff James, and Tom Rogers

In a recent Waterways Journal article describing the event, the Governor stated, "As Governor, I admire their success and I welcome their substantial investment in Kentucky and I appreciate their commitment to hire locally to increase their workforce." The Governor continued promoting the waterways of the State as one its most precious resources. "We need to be taking advantage of them. And we are here in Western Kentucky and we're going to take advantage of them even more during the time that I'm governor of this state," said Beshear.

Council Elects New Board and Officers

The annual membership meeting of the Tennessee-Tombigbee Waterway Development Council was held on Wednesday, August 27, 2008 at the Marriott Grand Hotel in Point Clear, Alabama.

Those members attending the annual meeting elected the following to a two year term on the Board beginning in January 2009.

1. Mr. Steve Alley, Ingram Materials, Ft. Mitchell, Kentucky

2. Mr. Eugene Bishop, Yellow Creek Port Authority, Iuka, Mississippi
3. Mr. Ron Coles, Hanson Professional Services, Nashville, Tennessee
4. Mr. Charlie Haun, Parker Towing Company, Tuscaloosa, Alabama
5. Ms. Sharon Kvak, Garick Corporation, Cleveland, Ohio
6. Mr. Lucian Lott, Cooper Marine & Timberlands, Mobile, Alabama
7. Dr. Deirdre McGowan, Mississippi Water Resources Association and Inland Rivers Ports and Terminals, Jackson, Mississippi
8. Mr. Tom Murphree, Kinder Morgan Terminals, Memphis, Tennessee
9. Mr. Ronnie Pritchard, Consultant, Brentwood, Tennessee
10. Mr. Goodrich "Dus" Rogers, Jackson County Economic Development Association, Scottsboro, Alabama
11. Mr. Greg Deakle, Itawamba County Development Council, Fulton, Mississippi
12. Mr. Dan Allard, Domtar Corporation, Hawesville, Kentucky
13. Mr. Jeff Bass, United Launch Alliance, Decatur, Alabama
14. Mr. Bruce Byrd, IPSCO, Axis, Alabama

In addition, Mrs. Paula Shaw of the Tennessee Department of Transportation was elected to fill the unexpired term of Mr. Robert Pack and Mr. Steve Edwards of the Mississippi Department of Transportation was elected to fill an unexpired term.

The Council's Board of Directors met following the membership meeting and elected the following officers for a one-year term beginning January 1, 2009:

Chairman – Mr. Tim Weston, Tennessee Valley Authority, Tupelo, Mississippi
 Vice-Chairman – Mr. Fred Hansard, Demopolis Yacht Basin, Demopolis, Alabama
 Treasurer – Mr. John Hardy, Lowndes County Port Authority, Columbus, Mississippi
 Secretary – Mr. Ronnie Pritchard, Consultant, Brentwood, Tennessee
 Past Chairman – Mr. Steve Alley, Ingram Materials Company, Ft. Mitchell, Kentucky

Members elected to serve on the executive committee for a one-year term are:

Mr. Tom Murphree, Kinder Morgan Terminals, Memphis, Tennessee
 Mr. Ron Coles, Hanson Professional Services, Inc., Nashville, Tennessee
 Mr. Charlie Haun, Parker Towing Company, Tuscaloosa, Alabama
 Ms. Sharon Kvak, Garick Corporation, Cleveland, Ohio

The Council members heard reports from Colonel Byron Jorns, Wynne Fuller and Rick Saucer of the Mobile District and Mr. Thomas Cayce of the Nashville District of the Corps of Engineers along with Captain Ed Stanton of the U.S. Coast Guard Mobile Sector. Mr. Jim Kruse of the Texas Transportation Institute, Houston, Texas gave a modal comparison of domestic freight transportation effects on the general public. Mr. Jimmy Lyons gave an update on the Port of Mobile. We would like to thank all of our Council speakers and we appreciate their involvement with our organization.

TEPPCO Opens New Alabama Facility

TEPPCO Terminal and Marketing Company recently opened its newest intermodal products terminal on the Tennessee-Tombigbee Waterway near Boligee, Alabama. Ethanol infrastructure is essential to the growth of this fuel or source, and a long-time highly respected participant in all segments of oil and gas logistics, pipeline transport, storage and distribution can only be viewed as positive development for the ethanol industry and the Tenn-Tom region. TEPPCO operates in the marines services sectors and the Boligee terminal will provide a connection to the Colonial Pipeline, barge traffic using the Tenn-Tom, Cumberland, Tennessee and Mississippi Rivers, unit train unloading, and a state-of-the-art three lane truck loading rack. Dan Ownby, Director of Business Development, stated "The Tenn-Tom was a leading factor in our decision to locate at the Boligee site, as it provides us with the most economical and accessible means of transportation for our customers." The company has moved

aggressively into marine transportation in recent months by purchasing the assets of Cenac Towing Inc. and Cenac Offshore, LLC of Houma, Louisiana. It also acquired the assets of Horizon Maritime of Houston for approximately \$87 million. Such investments have made TEPPCO's barge subsidiary among the 10 largest inland marine transportation companies.

The terminal features storage for up to 500,000 barrels of conventional unleaded, mid-grade unleaded, and premium unleaded gasoline, as well as E10 ethanol blends, E100 ethanol and low sulfur diesel fuel. The company already operates a similarly configured river terminal in Aberdeen Mississippi and plans to construct new river terminals in Clifton and Clarksville, Tennessee in 2009.

Tennessee-Tombigbee Waterway Keeps Its Promise

by David Murray, The Waterways Journal

"I think the Tenn-Tom is really coming into its own." These words happened to be spoken by Rick Worley, president of TEPPCO's Pipeline's new multi-modal terminal in Boligee, Ala. But their sentiments are shared by many people who have welcomed or contributed to an explosion of growth and development along the Tennessee-Tombigbee Waterway. The ripples of that growth extend all over the South - and beyond.

Fifty years after its enabling legislation was signed, 36 years after ground was broken, and 24 years after one of the largest public works projects in the world was completed at a cost of \$2 billion, the Tenn-Tom is attracting industry and fulfilling a promise that was envisioned as long ago as the 1760s.

It was then that French explorer the Marquis de Montcalm recommended to Louis XV that a water route be constructed to link the rivers that are today called the Tennessee and Tombigbee rivers, according to the waterway's Web site.

Mike Tagert, the Tennessee-Tombigbee Authority's new administrator since January 2008, is bullish on the opportunities brought by the waterway. "The past five years have seen probably as much direct total investment along the Tenn-Tom as in all the years previously," said Tagert. He is currently working with Troy University on a study to document the Tenn-Tom's economic impacts. The last such study was done in 1994. "But this is really a completely different waterway system now than it was then," said Tagert.

Steel Renaissance

One thing that has changed the picture is a series of big investments by steel companies along the Tenn-Tom, as well as in the port of Mobile. Steel industry investment along the Tenn-Tom has totaled more than \$5 billion in the past five years-part of a reborn American steel industry that is leaner, more efficient, and at the head of the technological pack. "Severstal Columbus alone has invested a total of \$1.3 billion in its steel plant bringing 450 jobs, the majority paying over \$70K per year. That's a tremendous impact in a region like this," said Tagert.

Severstal Columbus's state-of-the-art mini-mill opened in 2007 at Columbus, Miss., on 1,400 acres. It is one of only four mills in North America to couple a cold reduction mill with a pickling line, according to a video on its Web site. It can produce hot rolled, pickled and oiled, and cold rolled steel products, either galvanized or galvanealed.

The Severstal Columbus mill's Phase II expansion, currently underway, will take it from a 1.7-million-ton plant to 3.4 million tons. Already, it can ship products by rail, road or barge directly from the plant.

Kinder Morgan Terminal

To handle the scrap that the SeverCorr mill uses as a primary raw material, Kinder Morgan opened an expanded terminal near Columbus, Miss. The terminal facility has been up and running since January 2008. "It could expand further later," said Kinder Morgan project manager Jeremy Klutts. He

estimates the facility handles about 50,000 tons of scrap a month. Although SeverCorr is the terminal's only customer right now, they're not locked in with an exclusive contract.

Total investment in Lowndes County alone in the past few years has totaled "in the billions," according to Lowndes County port director John Hardy. Besides the SeverCorr mill, truck manufacturer Paccar and military helicopter maker American Eurocopter have opened plants in Lowndes County within the past few years. SeverCorr says that since it announced its mill, new business consuming 2.3 million tons of steel a year have opened close to its plant.



The mv. Eddie Waxler was the first to officially travel the length of the waterway in 1985.

Barge Fleeting Area

To handle the increase in river traffic brought by Severstal Columbus and other new companies on the waterway, the Army Corps of Engineers has let a contract to Phillips Construction of Columbus, Miss., to build a barge fleeting area at Mile 329 on the Tenn-Tom. The area is designed to hold up to 30 barges and is expected to be completed by late November or early December 2008, said E. Patrick Robbins, chief of legislative and public affairs, at the U.S. Army Corps of Engineers Mobile District. The fleeting area will also allow tows to wait out high currents that sometimes occur at the location. "It's really a safety issue," said Robbins.

Carbon-Alloy Plant

In April, U.S. Steel announced plans for an initial \$150 million investment to build a carbon-alloy plant in the Port of Epes, located in Sumter County, Alabama, about 50 miles from Tuscaloosa. But its total investment could climb to as much as \$450 million. The plant will create an alloy called Cokonyx using technology developed by Carboonyx Inc. Cokonyx will substitute for increasingly expensive imported coke. The 450,000 square foot facility will eventually produce 250,000 tons of Cokonyx annually. Once all permits are received, the project is expected to take about 18 months. The Port of Epes, a town of about 200 people, has 580 acres of land owned by the Sumter County Economic Development Authority.

It was selected for "many business reasons...including the accessibility to transportation, proximity to our steelmaking operations in Fairfield [Ala.] and the location's overall convenience," said John Goodish, U.S. Steel's executive vice president and chief operating officer, in an April editorial in the Birmingham News. Goodish said that in its first phase, the plant will create 250 construction jobs and 75 full-time positions. At full production, it could generate 235 full-time jobs. The Cokonyx plant's co-generation plant will provide electricity to Alabama Power.

Mobile Steel Plant

Crowning the region's steel investments will be the \$2.74 billion Mobile plant of international steel giant Thyssen-Krupp, set to open in 2010. The plant is one of the biggest industrial projects in the South since World War II. But while steel is the largest of the industries attracted to the region by the Tenn-Tom and other advantages, it is not the only one.

Wood Fuel Company Sees Renewable Growth

The alternative fuels industry certainly sees opportunity beckoning from the Tenn-Tom, which runs through an area known as the country's "wood basket." Dixie Green LLC is a new company formed by alternative fuels veteran New Gas Concepts Inc. The company is building a plant along the Tenn-Tom in Jackson, Ala., that will make wood pellet fuel using a gasification process. The plant is expected to open in about 12 months, and its river location was definitely a key.

"River transportation gives us the best bang for the buck," said Alex Farris, New Gas Concepts' vice president for special projects.

The company already has a barge subsidiary, Dixie Towing LLC, which barges products from its existing plant in Selma, Ala., to Mobile. Dixie Green plans to build or purchase its own fleet of about a dozen barges. Located about 1.8 miles from the Port of Jackson, the plant will truck its products to the port and barge them to Mobile. It will employ 80 to 100 workers making good wages with benefits, and will produce 680,000 short tons of product a year.

"The Tenn Tom is a reliable waterway and we are investigating the possibility of locating another plant on this great waterway resource," said Farris. Right now, all of the company's customers for its compressed wood fuel pellets are European utilities, which burn them in power plants. Here, the main market for pellet fuels is in the so-called hearth industry, a consumer market that includes pellet-burning home furnaces, barbecue grills, fireplaces and stoves.

But Farris sees the commercial market increasing for pellet fuel in this country. "Our dependence on fossil fuels is not sustainable. We have to find other feasible ways of generating energy. Wood products and pellets will be an important part of the new energy mix."

How about pellet-burning towboat engines? "Wood gas is actually an old, tested technology," said Farris. "The German forces in World War II used pyrolytic processes (gasification) to make gas for their vehicles from wood products. In the 19th century, many city streets in Europe were lit by wood gas." Farris points

out that unlike some other alternative fuels (ethanol, for example), companies like his don't disrupt any other markets (as ethanol is accused of doing for corn markets). They use as raw materials parts of the wood that were formerly discarded—residual products from the sawmills and paper mills that still dot the South.

Tenn-Tom Challenge

Among the many growth opportunities brought by the Tenn-Tom, Mike Tagert does see potential challenges. "The South is experiencing, like the West, drought and water supply issues. Parts of Mississippi, Alabama, Georgia and Tennessee have been in extreme drought conditions for several years now. "The states around the Tenn-Tom may call on its waters for irrigation. "Our agency doesn't make those water-allocation decisions, of course. We can only make our voice heard along with other stakeholders. "But as long as people understand the Congressionally mandated purposes of the waterway, I see water supply as yet another benefit of the waterway to the region and the nation."

Hunter Gholson (February 19, 1933 – August 12, 2008) – A Champion of the Waterway

**Don Waldon, Former Administrator
Tennessee-Tombigbee Waterway Development Authority**



The Tennessee-Tombigbee Waterway has had many champions during its long history. Congressmen John Rankin, Tom Abernathy, and Frank Boykin kept the dream alive during the 1940's and 50's. Later during the late 1970's and early 80's, the congressional delegations from the waterway region, led by Senator John Stennis and Congressmen Tom Bevill and Jamie Whitten, overcame a well-funded and carefully orchestrated assault within the Congress to kill the project. Glover Wilkins, the administrator of the Tenn-Tom Waterway Development Authority at that time, and its members like Louis Wise helped keep everyone's eye on the ball and focused to overcome these many challenges to the Tenn-Tom. Someone else who played a pivotal role for the waterway during these turbulent times was Hunter Gholson.

Hunter served as the Waterway Authority's Legal Counsel for nearly 40 years. He represented the interests of the Authority and its member states in two landmark lawsuits that were filed during the 1970's to

stop the waterway. Both cases involved environmental law which was a brand new legal field at that time. While these suits were filed against the U.S. Government, Hunter although representing a defendant intervener, played a dominant part in defeating this opposition to the project.

The first suit was filed in 1972 by a small group of environmentalists and by the Environmental Defense Fund (EDF), a national group. They wanted to preserve the Tombigbee River as a natural free flowing stream and opposed growth. The second lawsuit was filed in 1976 by EDF and a railroad that wanted to kill the waterway from fear of competition with barge transportation. The litigants were well funded and were represented by some of the best trial lawyers in the Nation. The U.S. Justice attorneys

responsible for defending the waterway were quick to give Hunter the lion's share of the credit for winning these two court battles.

I was involved in the latter case and worked very closely with Hunter. I know firsthand the contributions he made to the favorable outcome of that litigation. I strongly believe had the opponents won the case, construction even though the waterway was nearly one-half completed at that time would have been halted. With the growing opposition in the Congress by members from the Northeast and Midwestern states, the waterway would likely have been abandoned.

Hunter also prevented the Tenn-Tom's construction from being adversely affected by several mussels that were proposed for federal protection under the Endangered Species Act. These were challenges not normally faced by attorneys. He had to become a quick study in malacology and other environmental matters. He also was an outstanding witness for the Tenn-Tom at adversarial congressional hearings. I could describe many other contributions made by Hunter that helped lead to the waterway's eventual completion.

The millions of people that enjoy the Tenn-Tom's recreation facilities and its other benefits should always be remindful that the Tenn-Tom did not become a reality by happenstance. It will continue to provide jobs and other economic opportunities for generations to come thanks to the contributions and leadership from many, including Hunter Gholson.

The Authority is now in the process of establishing a Tennessee-Tombigbee Waterway Transportation Museum at its headquarters in Columbus. One of the first projects undertaken by the museum is an oral history of the waterway that spans over 250 years. I had the pleasure of interviewing Hunter on videotape a few months ago and enjoyed reminiscing with him about his long involvement with the Tenn-Tom and his important contributions to its success. He was very supportive of the history project and looked forward to seeing the final product that was viewed for the first time at the waterway's annual meeting in August. I am saddened that he will not have that opportunity. The Authority

members, its staff, and I will miss Hunter Gholson and our thoughts and prayers go out to his family during this time.



2008 Development Opportunities Conference



Conference attendees from left, Mr. Conner Burns, Congressman Travis Childers, and Mr. George Crawford.



Current Tenn-Tom Authority Vice-Chairman Joe Barker (left) congratulates Mr. Ken Wheeler on his 2007 chairmanship.

Cornel Martin Named President of Waterways Council, Inc.



Cornel Martin was recently announced as the new President and Chief Executive Officer (Designate) for the Waterways Council. Martin will transition alongside current President Barry Palmer, who will retire at the end of December. Palmer has served as President for the organization for five years.

Mr. Martin most recently served as CEO and Chairman of Direct Workforce, Inc., a contract labor company serving the shipbuilding, ship

repair, and oil and gas industries based in Houma, Louisiana. Previously, Martin served as leader of the Canadian American Transportation System. He also served as Vice-President of Corporate Affairs of American Classic Voyages Company. In the early 1990's, Martin worked as Vice-President – Southern Region for the American Waterways Operators. During the 1980's, he was a member of the professional staff of the House of Representative's Coast Guard and Navigation Subcommittee, and a legislative assistant for maritime affairs for Congressman Billy Tauzin of Louisiana.

We wish Mr. Martin congratulations in his new position and look forward to working with him and the Waterways Council, Inc.

Parker Towing Buys Mv. Walter D. Nunley

Parker Towing of Tuscaloosa, Alabama recently purchased the towboat Walter D. Nunley from Florida Marine Transporters Inc. The boat was originally built for Systems Fuels Inc. of New Orleans by Scully Brothers Boat Builders and was one of the first U.S. vessels to be powered by Nohab diesels which were eventually replaced by Caterpillar 3516 diesels. The 3,300 hp boat measures 111 by 34 feet. Parker has renamed the vessel the Randy Baygents, after the firm's port engineer who has been with the company

for 40 years. It will be christened in 2009, following the christenings this fall of the mv. Bobby Joe James and the mv. Curtis Taylor.

Member News

Jeff Ballweber has accepted a position with Pickering, Inc. as the Director of Special Projects. Pickering is a multi-disciplinart engineering company with focus areas in transportation and water resources.

Tim Climer, President of the West Point/Clay County Community Growth Alliance, will resign from this position effective December 31, 2008. Tim and his family wish to locate closer to their home in Northwest Mississippi.

The Marengo County, Alabama, Development Authority named **Debra M. Fox** as its Executive Director on June 2, 2008. She is a graduate of the University of Alabama and the University of Southern Mississippi. She also has completed Auburn University's Intensive Economic Development Course, Georgia Tech's Basic Course and subsequent IEDC courses. Debra has been a project manager, elected official, economic developer and consultant. She started her development career in 1991 as a member of Alabama Southern Community College's External Services Team.



Parker Towing of Tuscaloosa, Alabama has announced that **Charles "Chas" Haun III** has joined the company's board of directors. Haun currently serves as the operations manager for the company. The company has also appointed **Tim Parker III** to the board. Parker is the national sales manager for the company.



The Alabama Senate Confirmations Committee approved **Governor Bob Riley's** reappointment of **Tim Parker** of Tuscaloosa, Alabama to the Alabama State Port Authority Board of Directors. Parker, who represents the Central Region of the State, has served on the board since 2003. The new term will expire on July 13, 2013. Congratulations to Mr. Parker on his reappointment.

Congratulations to **Nelson Sanchez** upon his selection as the Assistant Chief of Operations to the Mobile District of the **Corps of Engineers**. **Carl Dyess** will be acting as the Chief of Coastal Management Branch, Operations Division.

Congratulations to **Brian Wilson**, executive director of the Noxubee Alliance, on his organization's recent award from the Mississippi Economic Development Council. Brian and the Alliance received the award for Mississippi's best economic and community development program for small communities with a population of less than 15,000.

Welcome New Members

Mr. Dan Allard
Domtar Paper Company, LLC
Hawesville, Kentucky

Mr. Jeff Ballweber
Pickering Engineering, Inc.
Jackson, Mississippi

Ms. Debra M. Fox
Marengo County Development Authority
Linden, Alabama

Mr. Dan Ownby
TEPPCO GP, Inc.
Houston, Texas

Mr. Brian Wilson
Noxubee Economic and Community Development Alliance
Macon, Mississippi

FORTHCOMING EVENTS

October 3-5, 2008: Trash & Treasures along the Tenn-Tom, 234 Miles of Yard Sales. For more information, contact Tenn-Tom Tourism Association (800) 457-9739 or Tishomingo County Tourism Bureau (800) 386-4373 or (800) 457-9739.

October 13, 2008: Ceremony of Appreciation in Honor of Senator Roger Wicker and Senator Thad Cochran. Columbus, Mississippi. Contact: Mrs. Agnes Zaiantz at 662-328-3286.

October 15-17, 2008: American Waterways Operators 2008 Fall Convention. Seattle, Washington. Contact: 703-841-9300.

October 20-21, 2008: Tennessee River Valley Association/Tennessee-Cumberland Waterways Council 42nd Annual Meeting. Gatlinburg, Tennessee. Contact: 256-355-4660 or email trvassoc@hiwaay.net .

October 28-30, 2008: Mississippi Transportation Institute. Choctaw, Mississippi. Contact: kthurman@mdot.state.ms.us .

October 29-30, 2008: Waterways Council, Inc. Annual Meeting. St. Louis, Missouri. Contact: 703-373-2261.

November 5-7, 2008: National Waterways Conference Annual Meeting. New Orleans, Louisiana. Contact: 703-243-4090. www.waterways.org.

December 3-5, 2008: International Work Boat Show. New Orleans, Louisiana. Contact: www.workboatshow.com .