

Developing Alabama



ALABAMA
A Better Place To Build A Better World

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Governor Bentley Continues Jobs Mission

MONTGOMERY— Governor Robert Bentley in April continued his mission to bring jobs to the State by promoting a bill that would allow companies to retain a certain portion of full-time employee state income tax withholdings. At a press conference on the Capitol steps, Governor Bentley promoted the Jobs Creation and Retention Act which provides a new incentive to promote the creation, expansion and retention of jobs in Alabama.

In addition to traditional sources of discretionary funds that have been successfully used to promote economic development in the State, the Jobs Creation and Retention Act allows an approved company to retain a percentage of state income taxes withheld from new full-time employees to recover the company's capital investment.

By law, Alabama companies currently withhold 5% of their employees' salaries for state income tax. If passed, new businesses could be allowed to keep up to 90% of new employee withholdings and existing businesses could retain 75% of their employee income tax withholdings until their capital investment cost is recovered. The incentive would be available to both new and existing businesses.

"The Jobs Creation and Retention Act is another incentives option we can use to give greater flexibility to bring companies and keep companies in the State," said Governor Bentley. "My mission is to bring jobs to this State and this bill gives us one more option in our economic development toolbox to get Alabamians back to work."

Qualified companies would be approved for the tax



Mike McCain, Executive Director of the Gadsden-Etowah County Industrial Development Authority, talks about the need for the Jobs Creation and Retention incentives that would help him recruit and retain local companies in his area.

retention by the State Industrial Development Authority (SIDA) upon the written recommendations from the Governor, Alabama Development Office and the Alabama Department of Revenue. Once approved by SIDA, the company would enter into a project agreement with the State that sets forth the amount of withholding incentives, the period for which the incentives can be retained by the company, the number of full-time employees at the company, and terminations provisions in the event that a company fails to meet minimum job and/or capital investment requirements.

"I believe this incentive is the key to unlocking Alabama's economic development potential. It will be used strategically and judiciously to attract and secure good paying jobs," said ADO Director Seth Hammett.

Plan Outlined To Streamline Economic Development

MONTGOMERY— Governor Robert Bentley in mid April continued his work to streamline economic development and workforce training efforts in the state. He asked Chancellor Freida Hill to use the workforce training programs currently in use at the two-year college systems and develop them further under the authority

of the Chancellor. Those programs specifically include: Alabama Industrial Development Training, the Alabama Technology Network, and training for existing businesses conducted by the state's community colleges.

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FOCUS ON PARTNERSHIPS

Teamwork

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New Building

Red Diamond Breaks Ground on St. Clair Expansion

Red Diamond is bringing the remainder of its corporate operation to St. Clair County.

At a groundbreaking ceremony, President Bill Bowron said the new building will house the company's food-service distribution center, currently located on Vanderbilt Road in Birmingham. The distribution center will join a two-story corporate office building and the coffee and tea manufacturing center on the Moody campus.

"His entire operation will be in the city of Moody, and it will bring 40-60 new jobs to the area," Moody Mayor Joe Lee said.

"That's overall, from the office personnel to the coffee and tea to the food service.

"That's a big economic impact for the city to have that many new jobs in St. Clair County, and some of those folks will choose to live in the city as well." Bowron attributed the delay in construction to high steel prices.

"We've been out here since 2008, and we absolutely love



Red Diamond president Bill Bowron, center, and other officials break ground on a food-service distribution center at the corporate campus in Moody.

being a part of the Moody-St. Clair community," Bowron said. "We've had nothing but wonderful experiences with the people here; we've hired a lot of people in the local community. With this addition, we hope to do so again."

New Facility, Jobs Inbound for Honda Plant

Honda's plant in Lincoln will soon expand in productivity and jobs – a move some experts say is a sign of the company's success and of improvement in the automotive industry in general.

Honda Manufacturing of Alabama announced that it will invest \$94 million in an expansion of the plant, a move that is expected to create 20 new jobs at the \$1.5 billion Lincoln facility. The plant currently has around 4,000 employees.

Honda says construction, equipment installation and testing should be completed in mid-2012. Honda Manufacturing spokesman Mark Morrison said the expansion is not related to parts supply issues Japanese automakers are facing due to the March 11 tsunami in Japan.

"Prior to the earthquake in Japan, we had been working on plans to enhance our operations and improve our manufacturing flexibility," Morrison said. "We know that parts are going to be available in the future and we have to prepare our operations to meet future demands."

Honda has said it has a reserve of Japanese-made parts and is not concerned about shortage. The majority of the Lincoln plant's supplies are made in America. The expansion will include additional investment to increase production capacity and enhance and improve both vehicle and engine manufacturing flexibility. The project also includes additional investment in new equipment to enhance Honda's existing production operations.

"The additional jobs and significant financial investment in our Lincoln facility will offer improved efficiency in costs, quality and delivery for our Alabama manufacturing operations," Morrison said. "We believe the investment and additional employment offered by this new venture also will benefit our (employees) and their families, the local community and our customers."

Bill Visnic, auto analyst and senior editor for *Edmunds.com*, agreed the expansion is a sign that Honda and the auto industry as a whole are continuing to recover from the recession.

BUSINESS NEWS



Auburn Breaks Ground on Facility

AUBURN – Auburn University broke ground on a \$6.3 million facility designed to help animal industries in Alabama and elsewhere ensure production of high-quality feed, university officials report. Animal scientists say high-quality, nutritious feed is key to the success of any poultry, livestock or fish farming operation, but that few U.S. universities have focused their attention on the subject.

The new Auburn University Poultry and Animal Nutrition Center “significantly advances Auburn’s teaching, research and extension efforts in the critical areas of feed science, technology and manufacturing,” said Don Conner, head of Auburn’s Poultry Science Department.

Unemployment Rate at New Low

WASHINGTON — The unemployment rate fell to a 2-year low of 8.8 percent in March, capping the strongest 2 months of hiring since before the recession began.

The economy added 216,000 jobs last month, the Labor Department said Friday. Factories, retailers, the education and health care sectors and professional and financial services all expanded payrolls. Those job gains offset layoffs by local governments.

Another month of brisk hiring provided the latest sign that the economy is strengthening nearly two years after the recession ended. Private employers, the backbone of the economy, drove the gains. They added more than 200,000 jobs for a second straight month. It was the first time that’s happened since 2006 — more than a year before the recession started.

Sports Center Planned for Hyundai

Hyundai Motor America is selling more cars each month, and its employees in Montgomery are working to produce more cars each month in response.

Soon, after their 10-hour shifts, Hyundai Motor Manufacturing Alabama staff members won’t have to go far for a little recreation. A seven-acre sports complex is under construction at the south Montgomery facility.

It will include two softball fields, two basketball

courts, two tennis courts, a walking track, a playground, a pavilion and restrooms.

Local Hyundai spokesman Robert Burns said that since the plant opened six years ago, its team members have talked about wanting some sort of recreational facility nearby. “As we matured as an organization, based on team members’ feedback, we thought it was good time to make investment.”

Burns said many of the plant’s about 2,500 employees participate in sports leagues across the River Region. During busy sports seasons, getting a reserved softball field or basketball court can be challenging. “We know that team members work long hours,” Burns said. “This gives them more flexibility.”

Law Provides Small Business Help

The U.S. Small Business Administration said that it would give \$726,000 to the Alabama Small Business Development Center network, a group of university-sponsored entities that provide counseling, advice and technical assistance to small businesses. The group includes an office at the University of South Alabama, as well as statewide programs to assist international trade and government contracting. The one-time infusion will help the network to connect businesses to funding, government contracts and new technologies from universities and incubators.

Grant To Help Company Expand

A \$200,000 community development block grant will lay groundwork for Hwashin America Corp., a Greenville manufacturer, to build a 120,000-square-foot addition to its manufacturing facility and hire up to 50 new employees.

Hwashin America produces automobile components for Hyundai Motor Manufacturing in Montgomery and Kia Motor Manufacturing in West Point, Ga. The grant will fund drainage improvements necessary for it to expand its facility on U.S. 31.

FOCUS ON GROWTH

Two Alabama Cities Make Magazine's Top List

Huntsville and Mobile have been recognized as two of the top ten small cities on the continent for investment and growth by a leading foreign investment publication.

fDi Magazine, a publication of London's Financial Times and a provider of foreign direct investment information, ranked Huntsville No. 1 for the best FDI strategy among small cities in the Americas and fourth on its list of the Top 10 Small Cities of the Future. The magazine classifies small cities as having a population of more than 100,000 but less than 250,000.

Courtney Fingar, the magazine's editor, is a graduate of the University of Alabama and was the keynote speaker at a World Trade Day luncheon in Huntsville. New York City ranks top in the magazine's inaugural "American Cities of the Future" rankings, followed by Chicago and Houston. The rankings focus on a mixture of data and expert opinion to rank cities which have the best prospects for inward investment, economic development and business expansion. "We are excited to receive both of these rankings," said Charlie Kettle, the chairman of the Board of Directors of the Chamber of Commerce of Huntsville/Madison County. "We put a lot of effort as a Chamber and as a community into international business and creating opportunities. And this recognition illustrates the diversity of our economy."

In the FDI Strategy rankings, the judges considered the number of staff dedicated to promoting and facilitating inward investment and systems/programs in place to train staff and measure performance, both individually and organization-wide; key



initiatives implemented to attract more investment; information on high-growth sectors/sub-sectors which offer potential for inward investment; description of incentives available to inward investors; major infrastructure and urban planning projects; and the vision for achieving the location's full FDI potential and why it is a location of the future.

The chamber was lauded for its international programs that include participation in many international business recruitment events such as the Farnborough Air Show in London and the Paris Air Show, as well as trips to Japan and others.

Richmond, VA., was the top-ranked small city of the future, followed by Santa Clarita, CA; Columbia, S.C.; Richmond Hill, Ontario; Huntsville; Ontario, Calif.; Norfolk, VA; Jersey City, N.J.; Dayton, Ohio; and Mobile.

Golden Dragon To Employ 300 in Thomasville

THOMASVILLE -- Golden Dragon Precise Copper Tube Group will create 300 more jobs in this Clarke County town when it builds a \$100 million plant to make copper pipes and tubes for air conditioning, autos and other applications.

The company became the first Chinese company recruited to build a new plant in Alabama, state officials said, when it made its announcement recently. "This is the first, but it will not be the last Chinese company that comes to Alabama," said Gov. Robert Bentley, speaking in a ceremony at the Thomasville Civic Center.

Golden Dragon is based in Xinxiang, China. Founded in 1987, the company says it is the world's largest maker of

Governor Bentley presents Mr. Li Changjie, Chairman of Golden Dragon Precise Copper Tube Group, Inc. a state seal, officially welcoming the company to Alabama.



specialized copper tube, with sales close to \$4 billion a year. It makes more than 15 percent of all copper tube used in air conditioning and refrigeration worldwide.

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New Unit Allows ThyssenKrupp To Move Forward

CALVERT -- “Keep moving” is the key on the steel coating line that ThyssenKrupp AG opened recently. ThyssenKrupp coats the steel in molten zinc to prevent corrosion, and also heats the metal, softening it so that customers can stamp out parts. The line is the last major process on the carbon steel side of the \$5 billion complex to begin operation.

It is the first of four hot-dip galvanizing lines to be built inside two towering buildings visible from U.S. 43. ThyssenKrupp plans to start the second line this month, followed by the third in June and the fourth in August. Making galvanized steel is a key step toward supplying automakers, one of the key goals that Germany’s largest steelmaker has for its first U.S. plant.

“This is the bulk of what the automotive industry is going to buy,” said Bob Holt, vice president of sales and marketing for ThyssenKrupp Steel USA.

ThyssenKrupp will also sell galvanized material for use in siding and roofing, appliances, metal furniture and air ducts.

It will take months for the plant to demonstrate that it has achieved the consistent quality and production volume demanded by automakers. During that time, officials said most sales will be to construction and service centers -- distributors who act as middlemen for smaller steel users.

The carbon steel unit, which has nearly 1,600 workers, shares the complex on the Mobile-Washington county line with the stainless unit, which has nearly 400 workers. ThyssenKrupp plans to ultimately employ 2,700 people in Calvert.

Carbon steel began production in July, taking slabs shipped from overseas and rolling them into coils. The galvanizing line is a further step, taking coils of cold-rolled steel and unwinding them again.

In the newest line, a constant flow is required through the furnace that heats the steel to 875 degrees and through the molten zinc bath that follows. Stopping the line means steel in those areas may become unusable.

Austal Breaks Ground on \$116 Million Project

MOBILE -- Austal USA officials and elected leaders broke ground here in late March on a \$116 million project to build three new facilities at the shipbuilder’s Mobile River complex.

The construction should be finished within 15 months, and will enable the Australia-based shipbuilder to hire another 2,000 workers and complete contracts to build both joint high-speed vessels and littoral combat ships for the U.S. military, Austal USA President and Chief Operating Officer Joe Rella said. Austal currently employs about 2,000 people, with that number expected to rise to at least 3,800 over the next few years.

Alabama Gov. Robert Bentley keyed in on that employment increase in a speech he gave before the groundbreaking. “Once we get people working again, many problems we face will be solved,” Bentley said.

Bentley and others spoke in front of a massive sand sculpture depicting the new buildings and the two ships that Austal is building.

The project includes a \$17 million office complex that will house about 400 administrative workers. Currently those employees are spread between Austal’s administration building, two trailers and two off-site locations.

The firm will also build a \$22 million assembly bay, the third one large enough to house the military vessels. Austal will also spend \$77 million to double the size of its Module Manufacturing Facility. Austal builds sections of its ships assembly line-style at the MMF and then puts the sections together in assembly bays.

The approach is far different than any other military shipbuilder, and has won the company accolades from several shipbuilding analysts. Austal has a \$1.6 billion, 10-ship contract for joint high-speed vessels, with five each going to the Army and



Governor Bentley speaks at the Austal groundbreaking

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Development Agreements To Define Roles

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"I am asking Chancellor Hill to create a workforce training system that is the best and most efficient in the country. In addition to training employees for new businesses locating in Alabama, I want the system to offer training and retraining for employees of existing businesses large and small," said Governor Bentley. "They are the backbone of our economy and it is important for our workforce training system to help them prosper and grow."

Before taking the oath of office in January, Governor Bentley asked Alabama Development Office (ADO) Director Seth Hammett and Economic Development Partnership of Alabama President Bill Taylor to draft a blueprint for the roles and responsibilities of the state's lead economic development agency and others involved in economic development.

"I am today asking Bill Taylor and Seth Hammett to continue their work by aligning our economic development assets through written agreements between the ADO and the state, local, and private agencies

engaged in economic development," said Governor Bentley. "These agreements will strengthen Alabama's ability to recruit, retain, expand and encourage the companies that will ensure our economic future."

The agreements will be between the ADO and each organization strategic to economic development including: Economic Development Partnership of Alabama, electric power producers, Alabama Community College System, Alabama universities and private research entities, and local economic development officials. The agreements are expected to be completed with each organization in May and will be the first formalized agreement among all parties recognizing their role in economic development.

"Governor Bentley's directive will enable us to become better organized and more efficient as we work to create jobs for Alabamians," said ADO Director Seth Hammett.

Military Plans To Build Littoral Combat Ships

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Navy. The lightly armed ships can transport troops and equipment and will replace smaller, slower transport ships for both branches of the military.

The Army has plans to build 12 of the ships, and the Navy's long-term shipbuilding plan lists 41 of them. In December, AUSTAL added a \$3.8 billion,

10-vessel deal to build littoral combat ships for the Navy. Littoral combat ships are meant for minesweeping, submarine-hunting, anti-piracy efforts and special forces operations. The small, speedy ships also are meant to be cheap -- at least in relative terms -- allowing the Navy to get from its current 287 ships to a goal of 313.

Golden Dragon To Employ 300 in Thomasville

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Construction is scheduled to start in May and last 15 to 18 months. The announcement comes after Canada's Lakeside Steel said it would create a total of 200 jobs at two Thomasville-area plants. The company looked at 62 sites in many different states. Other finalist sites were near Dallas and Little Rock, Ark., Thomasville officials have said.

Alabama Industrial Development Training will screen and train employees, although those arrangements are still being negotiated, said Alabama Development Office Director Seth Hammett. Hammett said no cost for AIDT training was available.

Designs show the existing building alongside a main

building of 440,000 square feet, more than a quarter-mile long on one side. The site will also include a 20,000 square-foot office building. Inside that building, the company will melt copper and cast it into tubes, using electric heat.

State Docks Director Jimmy Lyons said the company expects to import 40,000 tons of copper through Mobile every year. Such copper usually comes in large sheets bundled into bales. The material is expected to be trucked to Thomasville, and Golden Dragon expects to send out its products by truck, although the site design does project a rail spur in the future.

Also announced was the creation of the Alabama-China Partnership, meant to strengthen business and cultural ties between the pair. The venture is modeled on the Alabama-Germany Partnership, which was created when the Mercedes-Benz plant was built near Tuscaloosa.