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COVER STORY

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Industrial deals: Burr's Thuston sits on the other side of the table

BY LAUREN B. COOPER | STAFF

How would you celebrate if you were an integral part of the tough and ongoing negotiations of one of the largest economic development projects in Alabama's history?

You get a good night's sleep and start all over again the next day. At least that's what Lee Thuston did. As managing partner with Burr & Forman LLP, Thuston knew from past experience he needed the rest because his job had only just begun.

Burr & Forman represents National Steel Car Ltd. and handled its negotiations with the state to build a new \$350 million railcar manufacturing facility in northwest Alabama.

This year, two of the biggest industrial deals in modern Alabama history were announced - the railcar facility in the Shoals region and a steel plant in Mobile.

And Birmingham had at least one important connection to the projects: City lawyer Thuston and his firm, Burr & Forman.

But you wouldn't know it from news reports. According to a LexisNexis search, Burr & Forman has never been mentioned in connection with the railcar project, nor its representation of the recently announced ThyssenKrupp AG steel mill project in Mobile.

The firm helped to negotiate almost every major component of both deals, from real estate and utilities to infrastructure and tax incentives.

Burr & Forman has been involved with major economic development projects in the state for the past 14 years, starting with Mercedes-Benz U.S. International Inc. in the early 1990s, said Thuston.

Since then, the firm has represented projects and expansions totaling more than \$11 billion and created more than 12,000 jobs in the Southeast.

For the National Steel Car project, Thuston and a team of attorneys from Burr & Forman spent one year, hundreds of man hours and finally six consecutive days hammering out and finalizing an incentive package worthy of lur-



Thuston

ing the manufacturer to locate in Alabama.

The deal was finalized and announced on July 18 at the Marriott Shoals Conference Center in Florence. Canadian-based National Steel Car plans to build a 2 million-square-foot railcar manufacturing facility, which will create 1,800 jobs and 10,000 railcars annually.

According to reports, the project will receive about \$110 million from state and local governments, through an approved statewide amendment and a local sales tax increase in the Shoals.

It also will receive up to \$350 million in financing from Retirement Systems of Alabama, which owns the Marriott Shoals Resort & Spa.

"It was tedious, but hugely rewarding to stand there and see (Gov. Bob) Riley make that announcement and see the local people and see how excited they were. There will be lots of economic spin-off."

Riley said it was the toughest negotiation he had ever been involved in as governor, which Thuston credited to the railcar manufacturer's President Greg Aziz and his business acumen in the industry.

"He had an economic model of what this plant was going to be," Thuston said. "He wanted the state and local governments to pitch in enough to make the model work. He would ask for X and they were trying to get by with Y. We obviously compromised."

And while the deal is final and National Steel Car will build in the state, the job of implementing the massive economic development project and its incentive package will be just as tedious as the initial negotiations, said Thuston.

"Some go on for 10 or 15 years to implement the whole package," he said. "It's hard to get it implemented on time. Some are so large that it takes a huge effort by a lot of people, but Alabama is very good at that. We do economic development very well."

George Marchese in New York agrees.

Marchese is an attorney with Kelley Drye & Warren LLP. The firm also represents National Steel Car and recommended the company work with Burr & Forman to handle negotiations for the state's incentive package.

The two law firms had worked together on past major economic development projects in the state, including Mercedes, the Boeing booster rocket plant in Decatur and IPSCO Steel Inc.'s plant in Mobile, Marchese said.

The two firms will partner again to implement the National Steel Car project and make sure state and local entities hold up their end of the bargain, something Marchese said Alabama is very good at.

"You might not be able to say that about other states," he said.

"With my experience in Alabama projects, deliverability has always been quite excellent."

And those at the local level are aware that National Steel Car's announcement is just the beginning of a long implementation process, said Forrest Wright, president of the Shoals Economic Development Authority, who also celebrated after the announcement with a good night's sleep.

"We have to make sure it's our project from now on and that our community will do what it says it will do for the state and the company," he said.

"The real celebration comes when people are out there working and making a good salary."

While Thuston said he is not aware of any other major projects on the horizon, he's been told that the Southeast will pick up five to seven more automotive manufacturing plants in the future, bringing with them a new wave of tier one and tier two auto suppliers.

Thuston said he sees a promising future for the northwest portion of the state, especially when Interstate 22 is complete. The interstate will connect Birmingham to Memphis, which is known as a huge distribution hub in the Southeast.