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New American Car Company Will Make History in Louisiana

V-Vehicle Company selects Monroe, La., to begin assembling new automobiles and create 1,400 jobs

Today, Gov. Bobby Jindal and Louisiana Economic Development Secretary Stephen Moret joined executives from V-Vehicle Company, or VVC, Kleiner Perkins Caufield & Byers, or KPCB, partners, local businessmen and local officials to publicly announce that VVC, a new American car company headquartered in San Diego, will begin assembling cars in Monroe, La. The project will create over 1,400 direct jobs at an average annual salary of nearly \$40,000, plus benefits, as well as a capital investment of at least \$248 million.

Participants at the announcement included Gov. Jindal; LED Secretary Stephen Moret; VVC Founder and CEO Frank Varasano; VVC Vice President Horst Metz; VVC Director of Design Tom Matano; KPCB Managing Partner and VVC board member John Doerr; KPCB Managing Partner and VVC board Chairman Ray Lane; Guideco Properties LLC Owner James Davison; U.S. Rep. Rodney Alexander; Monroe Mayor Jamie Mayo; West Monroe Mayor David Norris; Ouachita Police Jury President Shane Smiley; and Ouachita Economic Development Land Corp. President Ben Peters.

Gov. Jindal said, "What we are here to officially announce today is not a typical economic development project. Most business recruitment projects for the state involve large, long-established companies building another plant similar to one they already have - similar to facilities that other companies in their industry already have. Those are great projects and we appreciate the jobs they provide, but today's announcement is different.

"Today, we are here to announce that through quick, aggressive action to pursue a transformative opportunity, we have a chance here in Louisiana to re-energize the entire U.S. auto industry. Indeed, this project also has the potential to transform the entire Monroe area, and this project could be a game changer for the economy of Northeast Louisiana.

"Some might argue that we should only invest in companies that want to build the same factory they already have here in our state, but every once in a while, we are presented with an opportunity to throw long - to move the ball down the field in a major way with a single transformational project.

"This is that kind of project we are here to announce today, and for that reason we were willing to pursue an extraordinarily aggressive approach to not only invest in a major economic expansion for the people of Northeast Louisiana, but also a transformational project for the U.S. automotive industry.

"By deciding to help re-energize and reinvent the American auto industry in Louisiana, V-Vehicle is helping create a brighter future for Northeast Louisiana, our entire state, and we hope soon, our entire country."

"The thing that excites me the most about V-Vehicle Company is that it is a holistic change," said Lane. "We're thinking about, from beginning to end, how to reconstruct a car company. The V-Vehicle Company has the opportunity to change the automotive business in the United States."

"I am delighted to see our vision for a new American car company coming to life here in Monroe, La.," said Varasano. "We've designed and engineered this car from start to finish to give the U.S. consumer a quality car with great value made right here in America."

VVC will produce a high quality, environmentally friendly and fuel-efficient car for the U.S. market. The goal of the company is to provide the American car buyer greater product value and a superior automotive experience.

Matano, whose Mazda Miata design was recently recognized by *BusinessWeek* as the most iconic car of the last 25 years said that "this car will be another icon of American industry. Miata was recognized as the iconic car of the last 25 years; this will be the iconic car of the next 25. Not many designers have the opportunity to work on such a project, so I'm really excited that I have an opportunity to do another one."

VVC will assemble the cars at the former Guide Corp. plant in Ouachita Parish, which has been closed for years. The 425,000-square-foot plant currently occupies 189 acres of land; this project will increase the size of the facility to approximately 750,000 square feet.

"The Monroe facility was chosen because it has the ideal infrastructure for this type of industry, combined with the strong work ethic of the people of North Louisiana," said Davison, who owns the facility.

Economic Impact

An economic-impact analysis by LSU suggests that the VVC facility will provide an injection of over \$19.6 billion in new state economic output from 2010 to 2024.

LSU estimates that the 1,400 direct, new on-site jobs will create 1,800 indirect jobs for a total of 3,200 new jobs in Louisiana. Accordingly, VVC will become one of Louisiana's top 30 economic-driver firms based on direct and indirect job impact.

LED engaged A.T. Kearney Inc., a leading global management consulting firm with a large automotive industry practice, to assess the market and economic viability of VVC's planned operations in Monroe. A.T. Kearney concluded that VVC has a compelling business model, an impressive leadership team, a strong supplier base and financial projections for the Guide facility that are reasonable and achievable.

Incentives

State and local officials assembled a customized incentive package to help secure the project. If all performance requirements are met, VVC will receive a state incentive package worth approximately \$67 million, which will fund improvements to and expansion of the facility. In addition, Louisiana FastStart™ will provide, at no cost to the company, customized workforce recruitment, screening and training for VVC and its on-site suppliers. LSU estimates that VVC and its on-site suppliers will generate more than \$131 million in new state tax revenue over the first 15 years of the project.

"VVC has the potential to re-energize the American auto industry, and they are going to accomplish that starting from a manufacturing base in Louisiana," said Moret. "This announcement, backed by some of our country's most visionary and successful businessmen, will have a lasting impact on Northeast Louisiana and our state for many years to come. And it sends a clear message that Louisiana is a new frontier for business opportunity."

The city of Monroe, Ouachita Parish, city of West Monroe, Ouachita Economic Development Land Corp. and I-20 Economic Development Corp., collectively, have committed \$15 million to the project for improvements to and expansion of the Guide facility. LSU estimates that VVC and its on-site suppliers will generate \$36 million in new local tax revenues over the first 15 years of the project.

"I want to thank the governor and Louisiana Economic Development for their hard work in bringing this project to Northeast Louisiana," said Norris. "Being selected for an investment of this magnitude says something very positive about our community and our state."

"Both the state of Louisiana and the local Ouachita Parish community have seized upon a wonderful opportunity, which would not have been possible without the superb cooperation of all parties involved," said Peters.

The U.S. Commerce Department's Economic Development Administration is expected to contribute up to \$5 million for rail and infrastructure improvements. VVC also has applied for engineering and manufacturing loans under the Advanced Technology Vehicle Manufacturing Loan Program, a \$25 billion loan program established by Congress in 2007 and administered by the U.S. Department of Energy to spur innovation in automobile technology.

Site Selection Competition

Starting in August 2008, KPMG carried out the site selection process for VVC. According to VVC, Louisiana was selected after KPMG and the company evaluated approximately 400 potential sites in 10 different states. Critical site selection criteria included quality of the labor pool, availability of customized workforce training programs, characteristics of available sites and facilities, business taxes, electricity costs and financial incentives.

Varasano noted that, "In the end, there were several states that met our criteria and had very large incentive packages. In fact, Louisiana did not have the largest incentive package. It was the people from Louisiana - not just the leaders that we had met, that we were working with - and the conviction that because of incentives like the Louisiana FastStart program, we could identify and train people that will ultimately determine a large part of our success. It was the conviction that Louisiana could provide this workforce that sealed the deal."

To strengthen Monroe's competitive position, state leaders expect to use new and enhanced economic development programs recently funded by Gov. Jindal and the Legislature. First, Louisiana FastStart, a new turnkey workforce solution for new or expanding companies, engendered confidence that qualified employees can be recruited and trained quickly enough to meet VVC's aggressive launch schedule. Second, recent increases to the Mega Project Development Fund enabled the state to provide a competitive incentive offer.

Investors

Private sector investors include the Silicon Valley venture capital firm KPCB, T. Boone Pickens and James Davison, among others.

KPCB has invested in entrepreneurs and new companies that have gone on to redefine and revolutionize their industries. The venture capital firm has provided pre-initial public offering funding to leading Internet companies, pharmaceutical manufacturers, digital media companies, software developers, electronics manufacturers and data storage providers, such as Google, Amazon.com, Genentech, Electronic Arts, Intel, Compaq and Sun Microsystems.

Referencing other KPCB investments, Doerr said, "These companies that we've been privileged to work with and to help grow - the Genentechs, the Compaqs, the Sun Microsystems, the Amazons, the Googles, the Intuits with Quicken - they've all created tens of thousands, and in some cases hundreds of thousands, of jobs. I think that V-Vehicle Company has all the potential that any of those companies have."

T. Boone Pickens is a successful businessman who has invested in the energy industry since founding Mesa Petroleum in 1956. Recently, he has invested in a proposal to reinvent U.S. energy resources by promoting oil alternatives, such as natural gas, wind power and solar energy.

Ruston, La., businessman James Davison is the owner of the former Guide Corp. plant.

Background

Visit OpportunityLouisiana.com to watch a brief video highlighting the vision behind VVC.