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## Startup car company to create 1,400 jobs in La.

*The Associated Press*

MONROE -- A startup automobile company plans to assemble a new fuel-efficient vehicle in Louisiana, creating 1,400 jobs, state and company officials announced Wednesday.

San Diego-based V-Vehicle Co. will take over the vacant Guide Corp. plant in Monroe, Gov. Bobby Jindal said at a news conference. The state put up an incentive package of \$67 million to fund improvements and expansion of the plant, while Monroe-area local governments put up another \$15 million.

Former Oracle Corp. executive Frank Varasano, who founded VVC in 2006, said the company has applied for \$340 million in loans from the federal government. The loans would come from a \$25 billion pool of money approved by Congress in 2007 to spur automotive technology.

VVC vice president Horst Metz said the investors were proceeding with the plan, but the loans "are very important. If we don't get them, we have to get the money somewhere else."

The \$67 million, which would come from the state's "megafund" designed to attract new industry, has to be approved by the Joint Legislative Budget Committee.

Besides Varasano, investors in the project include the venture capital fund of Kleiner, Perkins Caufield & Byers, which is heavily invested in "green" projects and companies, energy investor T. Boone Pickens, who has been pushing for increased use of wind-generated and other alternative power, and Louisiana trucking magnate James Davison, who bought the vacant plant in 2007.

According to a study by Louisiana State University, the project would create \$19.6 billion in additional economic activity from 2010 to 2024. Jindal said the plant would have average salaries of \$40,000 and at least \$248 million in capital investments.

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Metz said production would begin in about 18 months. Varasano said Louisiana did not offer the largest incentive package, but the state understood what his company wants to accomplish. Varasano said he felt compelled to do something about the troubled U.S. auto industry.

"I felt the solution wasn't going to come from within the industry," Varasano said.

Jindal said the project gives Louisiana the chance to "help re-energize and reinvent the American auto industry."

"Indeed, this project also has the potential to transform the entire Monroe area, and the project could be

a game changer for the economy of Northeast Louisiana," Jindal said.

Company chairman Ray Lane said Varasano's original concept was to build the car in China, but "it made more sense to build it in America and then it made even more sense to build it in Louisiana."

The car's designer is Tom Matano, who designed the Mazda Miata and now works as VVC's design director. Matano would not discuss the style of the car, only saying he believes it will be an iconic vehicle in 25 years. Davison said the plant will produce midsize cars, but company officials refused to discuss any other details about the vehicle, including its projected price tag, and how a dealer network was being assembled.

Stephen Moret, the state's economic development secretary, said details of the car were being kept secret for competitive reasons.

Metz said the plant did not expect to have a union, such as the United Auto Workers, "but that is the choice of the employees."

Auto industry analyst Ilhan Geckel of Anderson Economic Group said the timing of the venture was interesting in light of the recent bankruptcy filings of General Motors Corp. and Chrysler LLC. But he said that by aiming a car at buyers wanting fuel efficiency, currently dominated by such players as Toyota and Nissan, an American company could successfully tap into a niche market.

"The only problem they may have is finding financing," Geckel said. "That's critical for any startup company."

Analyst Jeff Schuster of J.D. Power & Co. said that although the plan is risky, the timing is not unexpected, considering the upheaval in the auto industry. He said similar patterns of small competitors competing against major companies have popped up during financially troubled times in airlines and banking.

"Some survive, some do not," Schuster said. "No one alive has seen the auto industry in this situation. It's the wild, wild west."

Auto plants have sprouted throughout the South since the 1990s, but the development bypassed Louisiana. Mississippi snagged Nissan and Toyota plants, Mercedes Benz located in Alabama, South Carolina was chosen by BMW and GM picked Tennessee in which to build its Saturn models.

The choice of Monroe would give Louisiana its second auto assembly plant along the Interstate 20 corridor that runs through the state's northern parishes. GM assembles the Hummer line and Chevrolet and GMC pickup trucks at a plant in Shreveport.

The GM plant has been cut from a recent high of 3,000 employees to about 800 as the manufacturer suffered financially and new vehicle sales dropped dramatically. China's Sichuan Tengzhong Heavy Industrial Machinery Co. is now buying the Hummer brand and plans to shift additional production of Hummers from a plant in South Africa to Shreveport.

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