

Memphis Business Journal

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Tunica's courting of German manufacturing plant steeped in secrecy

Memphis Business Journal - by [Michael Sheffield](#)

The announcement that Krefeld, Germany-based manufacturer **Wilhelm Schulz GmbH** will build a new \$300 million facility in Tunica was done in typical Tunica fashion — shrouded in secrecy until the deal was finalized.

Monday's announcement was the final product of more than six months of negotiating and involved preliminary work that began in June 2009, when Wilhelm Schulz approached the state of Mississippi about its interest in competing for the plant. The company looked for manufacturing sites for three years before deciding to look in the U.S.

Tunica directly competed with 45 other communities for the project. Wilhelm Schulz, a seamless steel pipe product manufacturer, looked at more than 300 potential sites during its search.

Lyn Arnold, executive director of the **Tunica County Chamber of Commerce**, says negotiations began in July. Mississippi had the infrastructure in place, the land available and was able to put together the financial incentives Wilhelm Schulz was looking for to get the project started quickly. The company was also impressed by the pool of manufacturing employees Mississippi had in place, as well as Tunica's proximity to **Memphis International Airport**.

The plant, which will be known as **Schulz Xtruded Products**, will be located just north of the intersection at Kirby Road and Old Highway 304 in Tunica on a 100-acre site. The first phase will be a 170,000-square-foot manufacturing facility and a 10,000-square-foot office building.

Wilhelm Schulz's initial investment will be \$80 million and is expected to create 200 jobs, increasing to 500 jobs in five years. The average salary will be \$32,000 a year for manufacturing employees.

Mississippi Gov. Haley Barbour says the state will issue \$15 million worth of bonds and Tunica will contribute \$5 million to fund initial construction of the project. The state is also guaranteeing \$20 million on the debt service for Wilhelm Schulz to purchase \$60 million of equipment for its facility. The Mississippi state legislature approved the state's portion of the project's funding earlier this week.

Memphis-based engineering and architecture firm **Allen & Hoshall** is designing the plant. Construction is expected to begin by the second quarter of this year, with the goal of the plant being open by the end of the year and completed by the first quarter of 2011. Production will begin later this year as the first phase opens. During the announcement, Rainer Floeth, CFO and managing director of Wilhelm Schulz, said the company has already sold some product it plans to manufacture in Mississippi.

Mike Young, a principal with Allen & Hoshall, says Wilhelm Schulz is pushing to get the project under way.

"This is a great way to start off 2010 and this decade," Young says. "We're ready to move."

Arnold says the Wilhelm Schulz facility is not expected to attract many, if any, ancillary companies because its products are so specialized.

"What we do hope is (that) other companies see the success they're having and come through as well," Arnold says.

During the announcement, Barbour said one of his priorities is to bring high tech, high skilled jobs to Mississippi. Dan Turner, press secretary for Barbour, said Tunica has an added advantage because it can draw workers from both Mississippi and Memphis. It proves Tunica is committed to diversifying its economy, he adds, which to this point has been highly dependent on gaming.

"Anytime you can diversify, you're protected in case one piece of the economy takes a hit," Turner says. "A number of Southern towns were dependent on the oil economy in the '80s and took tremendous hits when that industry got into trouble. Everybody learned a lesson from that."

Barbour says with companies like **GE Aviation**, ATK and now Wilhelm Schulz creating hundreds of jobs in Mississippi, it is poised to "lead the country out of the recession."

"We're not immune to what's happening in the national economy, but we've got the opportunity to get this recession over in Mississippi before it's over in the rest of the country," Barbour says.



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Artist's rendering of Wilhelm Schulz plant to be built in Tunica

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Wilhelm Schulz GmbH

German steel pipe manufacturer

Managing director: Rainer Floeth

Tunica plant budget: \$300 million

Estimated jobs created: 500

Target completion: First quarter 2011

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