

Legislative Consultant To Take Crack At Big River

Chuck Bartels, AP Business Writer

LITTLE ROCK, Ark. (AP) — The clock is running as legislators seek information about a \$1.1 billion steel plant proposed for Osceola. As of Monday, the House and the Senate have 18 working days to look into whether it would be right for the state to \$125 million to help finance the project.

House Speaker Davy Carter, R-Cabot, said the House and Senate expect to spend tens of thousands of dollars on a consultant who will analyze Big River Steel LLC's financial and business plans.

"Unless there are some glaring red flags, I think it's awfully hard to not support the project," Carter said Friday as legislators waited for bids from consultants.

The mill promises to employ 2,000 people during construction and more than 500 when the plant is operating.

State economic officials and Gov. Mike Beebe have given their approval for the project, as has the Arkansas Teacher Retirement System, whose board invested \$60 million as start-up money.

Arkansas Economic Development Commission spokesman Joe Holmes said the documents the agency handed over Thursday to legislators are shielded from state's Freedom of Information Act. The key document was a commitment letter, which was conveyed with other information that Carter and Senate President Pro Tem Michael Lamoureux requested, Holmes said.

The 20-day clock started with the arrival of the letter of commitment. The project's backers want the state to borrow \$125 million — \$50 million as a loan and \$75 million as a grant — to help with construction.

Such financing is allowed under Amendment 82, which was approved by voters in 2004 after the state lost out to Texas for a Toyota truck plant that officials had hoped to site in Marion. The amendment stipulates that a business would have to spend at least \$500 million on development and employ at least 500 people.

Big River Steel is the first project to be negotiated under the amendment, which sets the 20-day time frame for the analysis.

After the consultant provides the report, a bill will have to be filed, but can start in either chamber and will likely be routed through the Agriculture, Forestry and Economic Development Committees.

The Teacher Retirement System commissioned its own consultant study, which was performed by Delta Trust. System Director George Hopkins said he expects the

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Legislature's study would explore similar aspects.

"Most consultants do a lot of the same things," Hopkins said. "Is the location good enough, do the people (proposing the project) have experience and financial backing? Are there Arkansans capable of working in that plant and producing the product? Is there adequate supply of scrap and other materials?"

The Delta Trust report, which gave Big River Steel a glowing endorsement, noted a number of risks. Even if the market for the steel doesn't turn out as expected by the developers, the Teacher Retirement System would still get a healthy return on its investment, Delta Trust concluded.

"I think that for the most part, a lot of this is very numbers driven," Hopkins said, though a subjective element includes an evaluation of the background and abilities of the project's team.

The Big River Steel project is led by John D. Correnti and Global Principal Partners. Correnti and his team have developed 15 similar mills over the last 25 years.

Legislators have worked to quickly familiarize themselves with the project, but there is still a lot of information to absorb.

"The membership certainly deserves to see the analysis that (AEDC) conducted and to go through our statutory review process. That's what we're waiting on," Carter said.

State officials and people associated with the project took questions recently during separate House and Senate sessions, but Carter said members have other avenues they want to explore.

"The membership hasn't seen anything other than the things we've discussed on the floor and they've been doing their own individual due diligence. We need to look at the report and make sure we're spending the taxpayers' money wisely," Carter said.

Hopkins said that if the Legislature balks at the project, he expects to see his board keep its \$60 million investment in the project, presuming it goes to another state.

"I would say that if Arkansas chooses not to participate in this superproject, there are offers on the table and potential offers that we think would be as good as, if not better, relative to how the money would be spent and allocated," Hopkins said.

"On a dollar-for-dollar basis, Mississippi's offer last April was probably better than Arkansas' offer," he said.

AEDC Director Grant Tennille has said that several other states are lined up with offers for the project.

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