

Wheland expansion may create 100 jobs, park

T 3-3-94 p. A1
By Candace McRae
The Chattanooga Times

Wheland Foundry hopes to get a \$151,000 grant from the state of Tennessee to help fund a \$1.1 million expansion project that will create about 100 new jobs.

"Some of the reports that manufacturing is in a decline are pre-

mature," said Hank Faulkner, vice president of Wheland's parent company, North American Royalties Inc.

Wheland, the nation's largest independent automotive foundry, will develop half of a four-acre tract of land at the corner of 28th and Market streets for a new

20,000- to 30,000-square-foot storage facility where Wheland-made brake drums will be kept. An additional 60 to 80 employee parking spaces will also be created in the expansion, with shuttles provided to transport workers back and forth from the company's main building on South Broad Street.

The remaining two acres of the 28th Street land will be developed into a park for use by South Chattanooga residents, Faulkner said. The property now is littered with old tires and other debris that residents have complained about for years.

"This is a win-win situation for

Wheland Foundry and the people of South Chattanooga," Faulkner said.

The expansion will generate an estimated \$3.2 million in private investments, and the new jobs created by the expansion will mostly be in manufacturing and pay as much as \$15 an hour plus benefits.

\$3.2 Mil Wheland Project To Create Park, 100 Jobs

FP4-13-94 P.D'S
By JOHN VASS JR.

Free Press Business Editor

The Wheland Foundry will officially launch a \$3.2 million project on Friday that will lead to 100 new jobs and result in a new

park in South Chattanooga.

Wheland will hold a groundbreaking ceremony for what it says is the Wheland Foundry/Southside Community Recreational Park and Business Complex.

Site of the ceremony is at West 28th and South Market streets, where the foundry plans over the next two years to fill in a four-acre wooded ravine with foundry sand.

Wheland will use two of the four acres for a warehouse and for parking spaces that will allow it to add 100 jobs on a third shift.

The remaining property will be turned over to the city or a neighborhood group for use as a community park.

Wheland has enlarged its employment by about 300 in recent years.




Free Press photo by SCOTT C. LEE


SITE OF FUTURE PARK, EXPANSION: This site at West 28th and South Market streets is where Wheland will put in a warehouse and added parking. It will also give some of the property for use as a community park.

CHATTANOOGA - Industries - Wheeland Foundry (1854)

THAT'S A FACT
T.S.-20-94 p.61



By producing about 100,000 brake components and other parts daily, about half of all American-made cars have at least one part made at Chattanooga's Wheeland Foundry.



— Chris Hardesty/The Chattanooga Times

In business

Compiled by Keith Vallier

Wheland plans to build Georgia plant

Chattanooga-based Wheland Foundry plans to build a \$50 million plant in South Georgia to handle expanded demand for its products. *TS-12-94 p. A12*

The Warrenton, Ga. facility will employ 225 workers initially. Operations are scheduled to begin in mid-1995.

The new plant follows a substantial expansion of Wheland's Chattanooga foundry facility. Over the last year, the company has spent \$6 million and boosted employment by one-fourth — to over 1,700 workers — to keep up with orders for its cast iron automotive components.

"Business is very good right now," said Wheland vice-president Hank Faulkner. "There's a lot of need for more capacity."

The company's Chattanooga property was too crowded for a new facility, Faulkner said. But the new site offers an existing, vacant foundry that will be easily expanded, as well as economic incentives provided by the state of Georgia.

Wheland, a division of North American Royalties Inc., is the nation's largest independent producer of cast iron auto brake parts.

County Gets State Grant For Wheland Revamp

Tennessee Senate Majority Leader Ward Crutchfield of Chattanooga today announced approval of a \$143,045 grant under the Tennessee Industrial Infrastructure Program to assist in infrastructure improvements for Wheland Foundry in Hamilton County. *FP8-18-94 p B6*

The funding is for infrastructure improvements or for job-specific training of workers for industries in Tennessee, said Sen. Crutchfield.

He said the grant to Hamilton

County will be used to provide site preparation and storm drainage facilities for Wheland Foundry, a manufacturer of gray iron and ductile iron castings used mainly by the automotive industry.

The project will provide about 100 new jobs for Tennessee, he said. About \$3.37 million for the \$3.51 million project will be from company funds, he said.

The grant was approved following an application by Hamilton County with the assistance of County Executive Dalton Roberts and the entire Hamilton County legislative delegation.

The program was proposed by Gov. Ned McWherter and authorized by the General Assembly in 1988.

Two inspections found violations at Wheland sites

By Pam Sohn

The Chattanooga Times

T 11-16-94 p. B4

Wheland's water pollution problems prompting Chattanooga's biggest pollution fine were discovered in two surprise inspections in February 1992 and June 1993.

In February, regulators found foundry sites where polluted, discolored and oily water flowed into the creek. Inspectors also found waste sand deposits and sludge.

They said the discharges left black plumes in the creek and black stains on the stream banks. Laboratory analysis found oil, grease and metals, including cadmium, chromium, manganese, mercury, nickel and zinc.

In June, regulators found wastewater from a construction area being pumped into the creek through a gravel-lined ditch. The water was black and opaque. The ditch was coated with a black material. Here, too, a dark, black plume stretched into the creek and there was an oil sheen on the creek's surface. Wastewater samples again revealed contaminants.

Since then, Wheland has constructed sediment basins with pumps on its foundry locations to

collect wastewater and prevent dry weather discharges to the creek. New drum storage sheds with containment berms eliminate stormwater contamination from waste oil and other liquid waste.

All fuel storage tanks have been covered and bermed and Wheland samplings indicate ground water beneath its landfills are not being harmed. Contaminated soil onsite has been removed and incinerated.

Several laborers and two supervisors have been hired to maintain on-site pollution control devices and increase general housekeeping efforts. An engineering study is currently underway to identify long-term solutions to stormwater management.

But regulators expect more.

The agreement that was aborted Tuesday would have ordered Wheland to submit an engineering report and remedial action plan for approval within six months. The report must identify repairs needed "to permanently eliminate all discharges," including stormwater runoff, to Chattanooga Creek or any other waters of the state, except those allowed by permits.

The work was to be completed within two years.

Wheland's pollution deal scuttled on the rocks of state board dispute

By Pam Sohn

The Chattanooga Times

T11-16-94, p. B1

Chattanooga's Wheland Foundry tried Tuesday to set up an environmental scholarship and purchase conservation buffer zones along Chattanooga Creek in exchange for a lowered water pollution fine.

But the effort failed.

The board that governs the state's water-quality control regulators couldn't approve the agreement because they couldn't agree on whether the money should be used locally or statewide.

About a year ago, Wheland was fined \$300,000 by state regulators for illegal discharges into Chattanooga Creek. It was the highest fine ever levied locally for pollution of any kind.

But Wheland appealed to the state water-quality control board and then set about negotiating an agreement with the state's lo-

● Wheland's water pollution woes were discovered in '92 and '93. B4

cal water regulators.

That agreement would have dropped the \$300,000 fine to \$90,000. And it called for Wheland to spend \$65,000 of the money in South Chattanooga, the community bordering the polluted creek.

Wheland would spend \$32,500 on college environmental studies scholarships for two students from the Howard School of Academics and Technology. And the company would spend another \$32,500 for the purchase of easements or land for conservation buffers for Chattanooga Creek.

It was the possibility of spending state fine money on Chattanooga that put board members in two 3-3 tie votes — one to table the

settlement and, on the second vote, to approve it.

"I personally do not like this," said board member Charles Pickel of Memphis, noting that the preceding case involving a Kingsport foundry resulted in money going straight into the environmental protection fund.

But board member Eddie Floyd disagreed: "This is a good concept, putting the money where the damage has been done."

Some board members also questioned lessening a fine for a company that has operated since 1977 without a discharge permit while other facilities in the state complied with the law, says state attorney Nancy Kerastas.

What happens now, she says, is up in the air. She and Wheland attorney David Bullock may try to work out another agreement, or they may take the issue to trial before the

board.

Gilda Lyon, a biology teacher at Howard who has been active in seeking environmental cleanups in South Chattanooga, says the scholarships "certainly could be useful to us and helpful to our kids. We have quite a few students here interested in environmental studies." She says the deserving students likely would not be chosen for the scholarships until spring.

Likewise, Will Abberger, director of conservation services for the Trust for Public Land, working with Chattanooga on a countywide greenways program, praised the idea for funding acquisition of conservation lands and easements along the creek. "That would be very good news," he said.

Under the agreement, Wheland still would have had to pay \$25,000

to the state's Department of Environment and Conservation and an additional \$9,058.75 to the Water Pollution Control Division to cover the cost of the original investigations in February 1992 and June 1993.

The investigation that prompted the citations and fine was part of the Chattanooga Creek geographic initiative — a federal and state focus to clean up Chattanooga Creek, which the EPA has called the most contaminated in the Southeast.

Ironically, Wheland is — in this age of environmental concerns — something of an environmental company. The 125-year-old-plus business recycles about 900 tons a day of scrap metal to make automobile brake drums. The melted and molten scrap metal is cast in sand molds. After being used several times, the sand becomes a waste that can contain heavy metals. Water coming in contact with the sand can carry pollutants into a creek, regulators say.



Looking at Chattanooga Creek from the South Broad Street viaduct, Wheland Foundry can be seen in the background.

— Louis Sohn/The Chattanooga Times

CHATTANOOGA - Industries - Wheland Co. (1995)

PUBLIC NOTICE OF INTENT TO ISSUE A MODIFIED PERMIT
WHELAND FOUNDRY

T4-28-95 p. A3

The Tennessee Department of Environment and Conservation's Division of Solid Waste Management (DSWM), proposes to issue a permit modification under the Tennessee Solid Waste Disposal Act (Tennessee Code Annotated, Section 68-211-101 et seq.) to Mr. Larry Bowers, Environmental Manager, Wheland Foundry, Division of North American Royalties; telephone 615-265-3181.

This major modification includes:

- a vertical expansion of the existing permitted area, and
- a variance from liner requirements in the areas filled with foundry sand.

Persons wishing to comment upon the proposed permit modification are invited to submit comments in writing to: Mr. Tom Tiesler, Director; Division of Solid Waste Management; L & C Tower, 5th Floor; 401 Church St.; Tennessee Department of Environment and Conservation; Nashville, Tennessee 37243-1535, telephone 615-532-0780. The comments must be received by 4:30 p.m., June 12, 1995.

Interested persons may also request in writing to Mr. Tiesler that DSWM hold a public hearing on the proposal. The request must be received during the public comment period and must state the nature of the issues proposed to be raised in the hearing. If there is a significant public interest in a hearing, DSWM shall hold one in a location near the landfill site, and preferable at a school cafeteria in the area. A public notice of such a hearing would be given at least 15 days before the hearing.

If you wish to review the data on this proposal or wish further information, please contact Tennessee Division of Solid Waste Management; Chattanooga Field Office; Suite 220, 540 McCallie Avenue; Chattanooga, TN 37402, telephone: 615-634-5745. A copy of the data on this proposal may also be viewed at the Chattanooga - Hamilton County Public Library, 1001 Broad Street, Chattanooga, TN, telephone 615-757-5310. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

The Tennessee Department of Environment and Conservation is committed to principles of equal opportunity equal access, and affirmative action. Contact the Tennessee Department of Environment and Conservation EEO/AA/ADA Coordinator, 615-532-0109, for further information.

Persons who wish to be on DSWM's mailing list should request a Mailing List Request form by calling or writing: Public Participation Officer; Division of Solid Waste Management; Tennessee Department of Environment and Conservation; 5th Floor, L & C Tower; 401 Church Street; Nashville, TN 37243-1535, telephone 615-532-0780.

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SCALE: 1" = 2000'

LOCATION MAP

LONG STREET LANDFILL
VERTICAL EXPANSION



WHELAND FOUNDRY

94018

PUBLIC NOTICE OF INTENT TO ISSUE A PERMIT BY RULE WITH A FINANCIAL ASSURANCE VARIANCE TO WHELAND FOUNDRY DIVISION OF NORTH AMERICAN ROYALTIES

FP 9-24-95 p. B3

The Tennessee Department of Environment and Conservation's Division of Solid Waste Management (DSWM), proposes to issue a permit modification under the Tennessee Solid Waste Disposal Act (Tennessee Code Annotated, Section 68-211-101 et seq.) to Mr. Harry F. Faulkner, Vice President Legal; telephone: 423-265-3181.

Mr. Faulkner has requested a variance from the Division of Solid Waste Management Regulations, Rule 1200-1-7-.05(3)(d) Mechanisms of Financial Assurance. They are proposing to use a Corporate Guarantee Financial Test to meet this requirement.

Persons wishing to comment upon the proposed permit modification are invited to submit comments in writing to: Mr. Tom Tiesler, Director; Division of Solid Waste Management; L & C Tower, 5th Floor; 401 Church St.; Tennessee Department of Environment and Conservation; Nashville, Tennessee 37243-1535, telephone 615-532-0780. The comments must be received by 4:30 p.m., October 23, 1995.

If you wish to review the data on this proposal or wish further information, please contact Tennessee Division of Solid Waste Management; Chattanooga Field Office; Suite 550, 540 McCallie Avenue; Chattanooga, TN 37402; telephone: 423-634-5745. A copy of the data on this proposal may also be viewed at the Chattanooga - Hamilton County Public Library, 1001 Broad Street, Chattanooga, TN; telephone: 423-757-5310. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

The Tennessee Department of Environment and Conservation is committed to principles of equal opportunity, equal access, and affirmative action. Contact the Tennessee Department of Environment and Conservation EEO/AA/ADA Coordinator, 615-532-0109, for further information.

Persons who wish to be on DSWM's mailing list should request a Mailing List Request form by calling or writing: Public Participation Officer; Division of Solid Waste Management; Tennessee Department of Environment and Conservation; 5th Floor, L & C Tower; 401 Church Street; Nashville, TN 37243-1535, telephone: 615-532-0780.

CLIPPING FILE
LOCAL HISTORY
CHATTANOOGA PUBLIC LIBRARY

CHATTANOOGA
INDUSTRIES - WHELAND
(1995)

Wheland plans to donate park

12.13.95 P. 21
Wheland Foundry plans to donate its \$1 million Harris-Johnson Southside Community Park to the city once the park is completed this spring.

The park, located on 28th Street and adjacent to both Carr and Market streets, will feature a plaza with a pavilion and picnic tables, a playground and nearly a half-mile of paved walking trails and large open lawns.

The park is named after Ezra Harris and the now deceased Charles Johnson, both of whom worked to help the Southside neighborhood grow and prosper.

Wheland Foundry began the project in 1994 after hearing from residents who said there were few safe areas in the neighborhood for young children to play.

Chattanooga

**Wheland Foundry
lays off 116 workers**

The nation's largest independent brake castings maker is putting its own brakes to its third shift. *7-2-96 p. B1*

Wheland Foundry Co. is eliminating the extra shift today in response to slower automotive sales. The move will idle 116 workers — most of whom have been with the company for less than 90 days and are still on probation.

"Our business was so strong two years ago that to satisfy our customers we had to establish a third shift," said Hank Faulkner, vice president of North American Royalties Inc., the parent company of Wheland Foundry. "We sell to the automotive market and there has been some softness which has required us to make this change."

GM strike hits home

T3-16-96 p. A18
Wheland plant
idle on Monday

By Dave Flessner
The Chattanooga Times

A strike at a General Motors plant in the Ohio Valley is beginning to reverberate in the Tennessee Valley.

Most of the 1,600 employees at Wheland Foundry Co. will have a long weekend because of the strike. Wheland is shutting down its main Chattanooga plant Monday because of a drop in orders for the company's brake castings.

Inside

■ GM-UAW
talks remain
stalled. B6

Wheland, a division of North American Royalties, is a supplier for General Motors Saturn plant, which shut down this week because of the strike by Delphi Chassis workers in Dayton, Ohio.

"We're having to curtail our production schedule at the Broad Street foundry, although operations are continuing at the Middle Street foundry," Wheland Vice President Hank Faulkner said. "We're in contact with our customers and we'll have to adjust our operations to respond to their needs."

Wheland hourly employees displaced by the strike on Monday will return to work Tuesday. But Faulkner said additional production changes may have to be made if the strike lingers.

Wheland employees are among thousands for whom the pain of the 11-day-old strike at two GM brake plants is hitting home. Nationally, more than 1,600 parts makers deal directly with GM. They have more than 3,000 manufacturing facilities with over 1 million employees.

Since the 2,700 Delphi Chassis workers went on strike March 5, GM has had to idle production at 23 of its 29 North American assembly plants that are dependent upon the Delphi parts.

Most of the 8,200 employees at GM's Saturn plant in Spring Hill, Tenn., remain on the job even though the usual daily output of 1,120 cars stopped Monday.

"We have about 50 days supply in the field and hopefully the strike will end before there are any shortages," Saturn spokeswoman Candy Best said.

"I'm not overloaded with supply. I hope this is over soon," said Donny Smith, sales manager for Saturn of Chattanooga.

But if the strike continues it could be a benefit to at least one area company. Allied Signal, a friction product producer in Cleveland, Tenn., is not currently a GM supplier and is unaffected by the strike. But it could be called upon to help supply products to make up for the shortfall.

(The Associated Press contributed to this story)

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LOCAL HISTORY
BICENTENNIAL LIBRARY

CHATTANOOGA INDUSTRIES - WHELAND FOUNDRY CO. (1996)

CHATTANOOGA - Industries - Wheeland Co. (1956)

GM strike over

Staff and wire reports T3-22-96 pA1

DAYTON, Ohio — General Motors Corp. and the United Automobile Workers union agreed Thursday to end the biggest auto industry shutdown in a generation, a 16-day strike at two brake factories that virtually halted GM's operations across North America and caused the layoff of hundreds of thousands of workers.

The agreement, which must be approved by striking workers, calls for some additional hiring at the brake factories, a source close to the negotiations said.

The pact also contains innovative features that would allow GM some flexibility to farm out, or "outsource," work to independent, nonunion suppliers — a hotly contested practice that led to the strike that began here March 5.

Both the company and the union officially declined to discuss any terms of the agreement.

In Tennessee, where 103,000 jobs depend upon the auto industry, the end of the GM strike was welcomed warmly.

The Saturn plant in Spring Hill, GM's largest plant in Tennessee, was forced to halt production of more than 1,100 vehicles a day, but the plant's 8,200 workers stayed on the job performing maintenance and training tasks.

"Obviously, the end of the strike is very good news, although we are still experiencing some repercussions," said Hank Faulkner, vice president at Wheland Foundries Inc. in Chattanooga, the nation's biggest independent automotive foundry.

Wheland's Broad Street foundry will be idle for the second consecutive Monday next week because of the slowdown in orders. Most of the 803 hourly employees at the Broad Street foundry will begin a three-day weekend tonight. Workers at the Middle Street foundry will work as usual next Monday.

Neighbors Working Together

CLIPPING FILE
LOCAL HISTORY
BICENTENNIAL LIBRARY

CHATTANOOGA - Industries - Wheland Co. (1976)

Wheland Foundry's relationship with the South Chattanooga community has residents beaming with pride

By **KAREN NAZOR HILL**

Free Press Staff Writer *FP 6.9.96 p II*

For decades, South Chattanooga had been considered a tough neighborhood. While crime controlled the streets, several factories in the area routinely filled the air with toxic pollutants that gave the community a frightening/eerie appearance. It was not a welcoming site.

That was yesterday.

Today things are changing and they're changing "big time," says Ezra Harris, a lifetime resident of South Chattanooga. "I couldn't be happier."

Everyone in the community — including the factories — has been "cleaning up their acts," Mr. Harris says. "And I'm sticking around to see that they do."

Mr. Harris, president of the Progressive Improvement League of South Chattanooga, has been lobbying for community upgrading since he graduated from Howard High School in 1976. He credits the improvements to the cooperative bond that has formed in recent years between the community and Wheland Foundry, a division of North American Royalties.

"The EPA has so many stipulations that Wheland has to maintain, and it's working very hard at complying," he says. "It wants to do the right thing for the community. It still has problems, but it's trying. Wheland, too, wants an environmentally clean city."

Wheland has established an ongoing project with the community called "Neighbors Working Together." From adopting the local elementary school, Calvin Donaldson, to landscaping the local health center to transforming a mosquito-infested, 5-acre dumping ground for thousands of discarded tires and trash into a beautiful park, the 130-year-old company has jumped into turning negatives into positives.

The new \$1 million recreational area, Harris-Johnson Southside Community Park, was named in honor of Mr. Harris and Charles Johnson, a neighborhood activist.

To many people living and working in the neighborhood, the park is a dream come true.

"Until recently, we were a forgotten section of the city. The location of the park was a hole in the ground for a long, long time," Mr. Harris adds. "It was an absolute eyesore."

The tires, mattresses, trash and vagrants have given way to a picnic pavilion, playground, an extra-wide walking/jogging trail designed to accommodate everyone from youngsters to the elderly (especially the residents of nearby Mary Walker Towers), and numerous benches. It is being beautifully landscaped with flowering plants, as well as oak and maple trees.

"This is a great example of how neighborhoods and individuals can work together to make something positive happen," says Lorie Street Mallchok. "We (Wheland) got what we needed and the people got a safe recreational area for their neighborhood. The residents went to bat for us and we, in turn, made something happen for them."

Though there are only 54 homes in the area (which is bor-

dered north and south by 28th and Market streets and east and west by Market and Broad streets), there is a large "pocket of children who needed a place to play," Mrs. Mallchok says.

After the park has been completed, it will be turned over to the city of Chattanooga, Mr. Harris says.

"The park is breathing new life into our neighborhood. Homeowners are getting together and getting things done and we're making it a nice place not only to visit, but also to live. We've come a long way."

In addition to contributing a park to the South Chattanooga community, Wheland has become very involved with the Calvin Donaldson Elementary School.

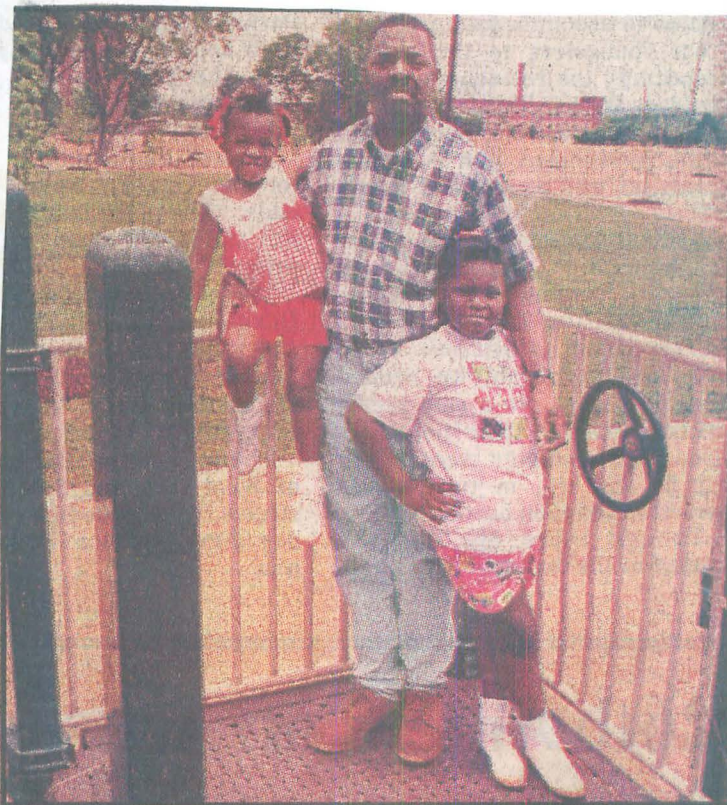
"We have a tutoring program where employees will spend their lunch hours working with students," Mrs. Mallchok explains. "And we've supplied the classrooms with globes, maps, books, various supplies, and a computer room complete with computers, CD-ROMS, printers, etc."

Also on the receiving end of Wheland's "Neighbors Working Together" program is the Alton Park Health Center. The center's drab appearance was spruced up with the planting of trees and shrubs in addition to 15,000 colorful plants.

"It was like a shot in the arm for the center," Mrs. Mallchok adds. "The place looks much better and gives them a sense of pride."

Mrs. Mallchok, daughter of Gordon Street, CEO of North American Royalties, says the relationship between Wheland and the community is "a winner for everyone."

The park, located at the corner of West 28th and South Market streets, will be dedicated on Friday, June 14, from 11:30 a.m. to 1 p.m.



Free Press photo by LAURA WALKER

Above: Ezra Harris and his two daughters, 4-year-old Brittany and 7-year-old Jessica, visit the park named in his honor, Harris-Johnson Park. The park will be dedicated on June 14.



Students from Calvin Donaldson Elementary School work on computers that were donated to their school from Wheland Foundry. Busy at work are, from left, Thomas Francisco, Aisha Elder and Jakita Blackman.

Free Press photo by MIKE O'NEAL



Free Press photo by LAURA WALKER

Lorie Street Mallechok's grandfather purchased Wheland Foundry more than 50 years ago. The 130-year-old plant produces car parts that can be found in 50 percent of all the automobiles manufactured in the United States.



Free Press photo by MIKE O'NEAL

SIGNING ON: One benefit of Wheland Foundry's partnership with Calvin Donaldson has been a large contribution of computers, such as this one that teacher Eria Conley works on with students Cathy Varnell and Ashley Harmon.

TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION

Division of Solid Waste Management
5th Floor, L & C Tower
401 Church Street
Nashville, Tennessee 37243-1535
615-532-0780

**PUBLIC NOTICE
OF
FINAL PERMIT DECISION**

T 8-9-96 83

WHELAND FOUNDRY CLASS II LANDFILL

The Department of Environment and Conservation, Solid Waste Management, has herein issued the Final Permit Decision, pursuant to Rule 1200-1-7-02(3)(i)(j). Mr. Harry F. Faulkner, Vice President Legal applied for a variance to use a Corporate Guarantee as the Financial Assurance instrument, at a facility located in south Chattanooga and bordered by Long Street and the old Rockwell Foundry site, in Hamilton County. According to Rule 1200-17-02(3)(e)(f)(g), a public comment period was designated from September 24, 1995 to October 23, 1995 (no comments were received). A copy of the Final Permit may be viewed at the Chattanooga-Hamilton County Public Library; 1001 Broad Street; Chattanooga, TN, or the Chattanooga Field Office; Chattanooga State Office Bldg., Suite 220; 549 McCallie Ave; Chattanooga, TN 37402, telephone: 423-634-5745. You may also obtain a copy of these documents by notifying the Solid Waste Management staff at the address above.

The Department made a final decision to issue a permit (Registration NO. IDL 33-105-0029) to Mr. Harry F. Faulkner, on August 1, 1996 for a variance to use an alternate Financial Assurance instrument.

If you have any questions, please write or call Mr. David Moses at the above address/telephone number.

The Tennessee Department of Environment and Conservation is committed to principles of equal opportunity, equal access, and affirmative action. Contact the Tennessee Department of Environment and Conservation, EEO/AA/ADA Coordinator, 615-532-0109, for further information. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

Persons who wish to be on DSWM's mailing list should request a Mailing List Request form by calling or writing: Public Participation Officer; Division of Solid Waste Management; Tennessee Department of Environment and Conservation; 5th Floor, L&C Tower; 401 Church Street; Nashville, TN 37243-1535; telephone 615-532-0780.

NOTICE ISSUED: August 9, 1996.

CHATTANOOGA - Industries - Wheland Co. (1996)

PUBLIC NOTICE OF INTENT TO ISSUE A MODIFIED PERMIT
WHELAND FOUNDRY LANDFILL

The Tennessee Department of Environment and Conservation's Division of Solid Waste Management (DSWM), proposes to issue a permit modification under the Tennessee Solid Waste Disposal Act (Tennessee Code Annotated, §68-211-101 et seq.) to Mr. Larry Bowers, Environment Manager, Wheland Foundry, Division of North American Royalties; telephone: 423/755-9420, EXT 420.

The modification will consist of the following:

- Use of dust Cell No. 4 as a temporary staging area for baghouse dust from the Broad Street facility.
- TCLP testing for lead and cadmium in the dust at the staging area to determine suitability for disposal in the unlined portion of the landfill.
- Disposal of the dust in designated portions of the landfill, or (if required) disposal at an off-site facility.

Persons wishing to comment upon the proposed permit modification are invited to submit comments in writing to : Mr. Tom Tiesler, Director; Division of Solid Waste Management; L & C Tower, 5th Floor; 401 Church St.; Tennessee Department of Environment and Conservation; Nashville, Tennessee 37243-1535; telephone (615) 532-0780. The comments must be received by 4:30 p.m., 12 August, 1997.

Interested persons may also request in writing to Mr. Tiesler that DSWM hold a public hearing on the proposal. The request must be received during the public comment period and must state the nature of the issues proposed to be raised in the hearing. If there is a significant public interest in a hearing, DSWM shall hold one in a convenient location. A public notice of such a hearing would be given at least 15 days before the hearing.

If you wish to review the data on this proposal or wish further information, please contact Tennessee Division of Solid Waste Management; Chattanooga State Office Building, Suite 550; 540 McCallie Avenue, Chattanooga, Tennessee; telephone: 423/634-5745. A copy of the data on this proposal may also be viewed at the Chattanooga-Hamilton County Public Library; 1001 Broad Street, Chattanooga, Tennessee; telephone: 423/757-5310.

The Tennessee Department of Environment and Conservation is committed to principles of equal opportunity equal access, and affirmative action. Contact the Tennessee Department of Environment and Conservation EEO/AA/ADA Coordinator, (615) 532-0103, for further information.

Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

NOTICE ISSUED June 29, 1997

FP 6-29-97 p. B3

CHATTANOOGA - Industries - Wheland Co. (1997)

Wheland's recycling wins honor

711-12-97 P. A16
Wheland Foundry is the recipient of a 1997 Environmental Achievement Award from the Tennessee Association of Business.

Wheland, a division of North American Royalties Inc., was one of only five businesses in Tennessee to receive the award. It was honored for excellence in solid waste management and cited for its outstanding efforts in the Chattanooga community for recycling or reusing over 90 percent of its industrial solid waste.

"Wheland has always been a leader in recycling and it is an honor to be recognized for our efforts," said Gordon P. Street Jr., Wheland Foundry president.

The awards are chosen by an independent panel of judges from different environmental groups and regulatory agencies and are based on past performance, innovation and efforts extending beyond mere compliance with federal and state legal requirements.

Wheland is the nation's largest independent producer of cast grey iron automotive braking components and employs over 1,700 people in the Chattanooga area.

CLIPPING FILE
LOCAL HISTORY
BICENTENNIAL LIBRARY

Wheland output picks up

Company using outside workers

TS-27-43 p. B1
By Dave Flessner
The Chattanooga Times

At the bargaining table, Wheland Foundry is still deadlocked with its striking employees.

But inside its four Chattanooga foundries, Wheland is quickly rebuilding production.

The nation's largest independent automotive foundry is using up to 700 outside workers this week to replace its own striking employees.

"We're up to about 60 percent of our normal production right now and we're right on track with the contingency plans we made for this type of a strike," said Ron Reese, vice president for Wheland. "We

have said from day one that we are going to do whatever it takes to meet our customers' requirements."

Wheland contracted with three employment companies to help recruit temporary workers willing to fill in for strikers during the walkout.

As the strike entered its fourth week, Wheland claimed Tuesday that temporary workers, management supervisors and hourly workers who crossed union picket lines totaled more than 75 percent of pre-strike staff levels. Another production line is starting this week, making a total of six out of eight lines in operation.

"If negotiations do come to an impasse, you can be sure we will make the necessary adjustments to get the foundry up to full capacity quickly and efficiently," Reese said.

Federal mediator Lonnie Stokes is trying to avoid an impasse. He brought representatives for the company and union together Tuesday for a second day of talks since the strike began May 2. After nearly five hours, there was no resolution, however.

But negotiators will return to the table today.

Wheland is benefiting from the long-term decline in foundry employment, which has left many foundry workers elsewhere in the country out of work — and some willing to cross picket lines for a job.

But union members insist the company and the replacement workers are still feeling the heat.

"There aren't a lot of workers willing to work for very long in the heat of this foundry, especially

when it gets hot in the summer," Tony Troutman, president of the United Steelworkers of America Local 3967, said recently.

Wheland also is having to pay for extra security and overtime during the strike.

While the company had built up to a month's supply of inventory of some products, the strike has diminished much of that.

One of the companies reportedly used to bring in replacement workers — Strom Engineering — has offered to pay some workers \$9 an hour. The workers also are receiving as much as 32 hours per week of overtime pay by working 12-hour shifts for six days a week.

They also receive up to \$385 per week living expenses and a transportation allowance, according to one worker who responded to a newspaper advertisement in Montana.

The average Wheland employee earned \$11.87 an hour last year and the company has offered 3 percent raises in each of the next two years, plus a 2.75 percent raise in the third year of a new contract.

A similar strike by Wheland workers in 1985 lasted three weeks.

Foundry strike talks stall

County Commissioner William Cotton talks with striker Emory Wood in front of Wheland Foundry on Broad Street on Tuesday.

Wood has worked at Wheland for 25 years. He has seen three strikes during that time, but says this is the longest.



Strike threatens jobs

Wheland might take major new investment elsewhere

By Dave Flessner

The Chattanooga Times **7-6-98 p. A1**

Wheland Foundry makes the brake castings used in more than half of all American-made cars.

But Chattanooga's biggest hometown manufacturer is trying to forge a new future for the changing automotive industry.

And so far, the company isn't sure Chattanooga fits its mold.

Wheland is preparing to invest more than \$30 million to begin a new ductile iron line to make drivetrain castings and other parts for General Motors. The company might install the new equipment at its main Chattanooga foundry and save up to 500 jobs that could otherwise be lost by changes in the industry.

But with its Chattanooga plants crippled by an employee strike and with prospects of bigger incentives elsewhere, Wheland is looking at moving the operation out of its hometown.

Chattanooga officials say they are eager to grow the city's biggest heavy manufacturer and have offered tax breaks and

training incentives to encourage the local investment.

But the ongoing strike by the United Steelworkers of America could reignite an old complaint about Chattanooga. In the traditionally nonunion South, organized labor has maintained a foothold in Chattanooga that sometimes serves as a barrier to certain types of businesses.

Although the power of unions has declined, organized labor could play a decisive role in where Wheland decides to supply its new GM contract.

"There are a lot of areas that are trying to court us," said Ron Reese, vice president for Wheland Foundry, a division of North American Royalties Inc. "We have to make a firm decision about where to locate our new production within six weeks or so. We're leaving all our options open right now."

Three years ago when Wheland looked around to expand its production capacity, it ended up building a \$52 million plant in Warrenton, Ga. Gordon Street, chairman of North American Royalties Inc., said Georgia offered better tax



— Jeff Guenther / The Chattanooga Times

Wheland Foundry has plans to begin a new operation that company officials say would save jobs, but a strike by the United Steelworkers of America is crippling Chattanooga's biggest manufacturer. The strike may force the plant to move the new operation out of town.

CHATTANOOGA - Industries - Wheland (1998)

(over)

incentives and a more business-friendly environment. The company also hasn't had to contend with labor unions in Warrenton.

Mayor Jon Kinsey and Hamilton County Executive Claude Ramsey want to avoid a repeat of Wheland's 1995 decision. Last month, Kinsey and Ramsey personally delivered a proposed package of incentives to Street and other top officials at Wheland.

"We're very interested and hopeful in getting this expansion here," Kinsey said Friday. "I think we put a very good package together."

Kinsey dismisses any negative impact from labor unions on business recruitment and development in Chattanooga.

"We've had a lot of new companies locate here and one of the reasons almost always given is the quality of the work force," the mayor said. "I have not had one person yet tell me that there is concern about unions in our city."

That was not always the case. Some high profile strikes in Chattanooga a generation ago popularized the strength of organized labor in Chattanooga.

"At one time, Chattanooga was considered to be a hotbed for unions," said Carter Witt, president of the Tennessee Association of Business. "But I don't think you are any more."

Indeed, few of the new businesses that have opened in Chattanooga during the past two decades have organized and strikes have been relatively rare. The Bureau of National Affairs, a Washington D.C.-based business group that studies union trends, estimates that union membership in metropolitan Chattanooga dropped by 6,500 persons in the 1990s.

"We've lost some membership because some industries that used to be here have shut down," said Bill Pack, chairman of the Chattanooga Area Labor Council. "I think for the most part that the unions here are very reasonable and contribute a lot to our community. We certainly don't hurt business development."

But union opposition to a proposed new contract by Wheland could influence the development

Unions on the decline

The share of workers represented by labor unions in Chattanooga has dropped more than the national average in the past five years. Nationwide, the number of major strikes like the current walkout at Wheland continues to drop.

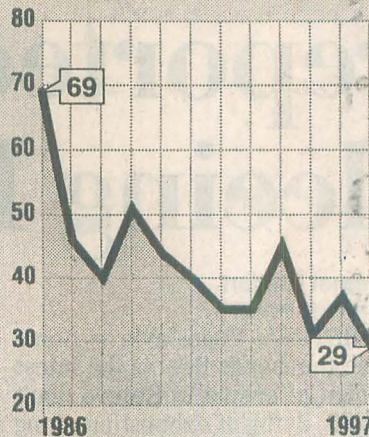
Percent of workers represented by unions

	1992	1997
Chattanooga	18.7%	11.3%
U.S.	15.8%	14.1%

Sources: Bureau of National Affairs Inc. "Union Membership and Earnings Data Bank, The U.S. Bureau of Labor Statistics

* Work stoppages include strikes involving more than 1,000 persons

Nationwide work stoppages*



by the city's largest unionized employer. The current strike — the biggest in Chattanooga in more than a decade — affects nearly 1,300 hourly workers. It focuses upon a side letter Wheland says it needs to build its new production line in Chattanooga.

Union members welcome the work. But they don't like the proposed changes in overtime under the new schedules.

Wheland wants its hourly workers in Chattanooga to agree to a more flexible work schedule with 10- and 12-hour shifts to replace the current 8-hour workday. Currently workers are paid overtime for any work beyond eight hours in a day. The longer daily schedules, union members fear, could cost them money.

"We're out here on the street right now on an 'if,'" said Tony Troutman, president of the United Steelworkers of America Local 3967. "If they put the new plant in, the scheduling differences are fine to us. But the overtime is the stickler of the issue right now. That's what is holding us apart."

Strikers have been told that if they don't grant the more flexible overtime, the new work for GM could go elsewhere and up to 500 jobs might be lost.

"I've been with Wheland for more than 20 years and every time there is a dispute we hear about losing our jobs," said David Bennett, a frequent picketer during the 5-week-old strike against Wheland. "Well, we're still here and we're going to continue to be here in the future."

Indeed, locating the new line at Wheland's main foundry on South Broad Street has some obvious advantages. Wheland has the building space and staff in Chattanooga.

If the line is built at Wheland's production site in Warrenton, Ga., or a new site, a plant would have to be built to accommodate the line.

But compared to other Southern cities — and especially some potential sites in Mexico — Chattanooga's unionized work force wants higher wages and more overtime compensation.

"We have to begin producing parts for late 1999 deliveries," Reese said. "This is an excellent opportunity for us to replace some work that we know we are losing. We felt, quite frankly, it was the only opportunity we might have to do so."

Some of the brake castings Wheland now produces are being redesigned and the work moved to Mexico.

As proposed, Wheland would use its No. 1 foundry on South Broad Street for both grey iron and ductile iron production. Wheland would use a common melt center once the new production is started in 18 months.

"We feel like this will give us an excellent opportunity to phase in this new work as some of our existing work phases out so we will not have any loss in employment," Reese said. "Obviously, it's also true that if we don't put it here we are jeopardizing up to 500 potential jobs out of the existing work force. That's why this issue is so critical to us and to our workers."

Wheland to expand, upgrade local plant

By Dave Flessner
The Chattanooga Times

Wheland Foundry Co. has forged a new partnership with its hometown leaders. **T 7-3-98 PA1**

The Chattanooga-based automotive foundry bolted to Georgia three years ago to build a new plant after complaining about the lack of adequate incentives to expand in Chattanooga.

But Wheland has decided to stay at home for its latest expansion.

"I cannot emphasize enough the change in attitude," said Gordon Street Jr., chairman of North American Royalties Inc., which is the par-

ent company of Wheland Foundry. "And we for one company dang well appreciate it."

Flanked by Mayor Jon Kinsey and Hamilton County Executive Claude Ramsey, Street announced Thursday that Wheland will invest \$30 million to upgrade its South Broad Street plant. The upgrade will help save 500 existing jobs and add another 150 next year.

The plant modernization is designed to help Wheland supply a \$250 million, five-year contract with General Motors for ductile iron carrier castings. The GM contract will expand Wheland's product line

beyond its brake castings to supply drivetrain parts.

Wheland is the nation's largest independent automotive foundry with nearly 2,000 employees at its plants in Chattanooga and Warrenton, Ga.

Wheland had considered sites in Georgia, South Carolina and even Mexico to meet its new GM contract. The Chattanooga plant had the advantage of melting and core-making facilities, which could support the new line but would not be available in a new plant.

Construction of the new Chattanooga ductile iron facility is

expected to start later this year and begin operations in the fall of 1999. Training for the new employees hired for the plant expansion will begin next spring.

The training will be paid, in part, by the state of Tennessee. Chattanooga and Hamilton County also agreed to forgive half of the property taxes normally due for the next 10 years on the new plant equipment.

"We didn't get everything we might have liked to have had, but we think we have been more than fairly treated," Street said.

Wheland expansion

- \$30 million to modify Broad Street Plant No. 1
- Keep 500 jobs, add 150
- Iron carrier castings for trucks
- City and county abate half of the property taxes on the improvements for 10 years; state provides training assistance for employees
- Construction begins this fall; worker training next spring; production begins in fall 1999

Even with the tax breaks, Wheland will still pay \$1 million of additional property taxes over and above what is already pays, Kinsey said.

"This kind of capital investment clearly warrants the kind of abatement that we gave," the mayor said.

Ramsey said the tax breaks helped to both protect existing jobs and lead to more employment opportunities. "This solidifies a very important part of our industrial base employment as well as allowed Wheland to grow," he said. "One of the best opportunities for us to grow and expand in this community is from our existing industry and these are good-paying jobs that we really appreciate."

The average production worker at Wheland earned \$28,880 in the past year.

The announcement comes less than a month after Wheland suffered one of its longest employee strikes in Chattanooga. But Street said the 7-week strike by the United Steelworkers Union actually proved to be positive for Chattanooga in Wheland's decision making.

"The management and supervisory personnel of this company demonstrated that we can operate and meet our customers' needs even under the most adverse conditions," Street said. "That's what you need when you make this kind of capital investment."

The union agreed in its new contract to establish a transition team with company managers to develop more flexible work schedules for the new production.

The carrier castings produced on the new line are a central part of the axle that houses the differential gear assembly for GM trucks and sports utility vehicles.

Founded in 1886, Wheland is Chattanooga's largest unionized manufacturer. The company added a \$52 million plant in Warrenton, Ga., in 1995.

Wheland Buys 10 Acres, 2 Buildings Near Foundry

BY MIKE PARE
Staff Writer

Wheland Foundry, already amid a \$35 million expansion, has purchased 10.5 acres of nearby property and two buildings which formerly housed the CE Tubes Co. *TPP 3-15-99 PJL*

The \$1.05 million acquisition from S.W. Centrifugal Co. of Wisconsin includes a 110,000-square-foot industrial plant building at 500 W. 26th St., and a 60,000-square-foot structure that fronts

South Broad Street near the foundry.

Paul Mallchok of Fidelity Trust Co., a Wheland real estate consultant, said the foundry is doing a site analysis plan on the property and will later decide what to do with it.

"It's additional space for them at this point," said Mr. Mallchok.

He said the purchase is not part of the current expansion, which the company has stated is saving about 500 existing jobs and adding another 150 persons to the

2,000-employee work force.

The purchased site, where CE Tubes had produced steel tubing, stopped operating as a plant about three years ago.

David DeVaney of Charter Real Estate Corp. said his company had been marketing the property for about two years.

"After a thorough environmental investigation, both parties came up with a mutually agreeable price," he said.

Mr. Mallchok said the foundry had been eying the CE Tubes

location for several years and earlier leased part of one building as warehouse space.

"It's just property adjacent to them. We've been working for years and years and it came time to do it," he said about the purchase.

Ray Childers, who heads the Chattanooga Manufacturers Association, said Wheland's purchase is an opportunity to keep the property as a manufacturing location.

"It would be good to see that

it's revitalized as a manufacturing site where it continues on the tax rolls and provides some jobs," he said.

Too often, former manufacturing property is no longer used, said Mr. Childers.

Wheland is the largest independent producer of gray iron automotive brake castings in the country. Nearly half of the cars and light trucks made in the U.S. contain one or more of its castings, according to the company.

The company has two plants on South Broad and a production facility on Middle Street.

The current Wheland expansion is being made to supply drive train castings to General Motors Corp. The castings will serve as the centerpiece of axles that house the differential gear assembly, which transmits power from the engine to the drive axles.

GM had awarded Wheland a \$250 million, five-year contract to supply the castings, which will be used in trucks and sport utility vehicles.

City Considering Tax Break for Wheland

BY JUDY WALTON

Staff Writer

Wheland Foundry, whose \$32 million expansion and renovation are expected to bring 150 new jobs to Chattanooga, is getting a thank-you gift in the form of a \$750,000 tax break.

The Hamilton County Commission is expected to approve next week a plan that will reduce property taxes on the expansion by half over 10 years.

The value of the expansion means the company still will pay about half again as much in property tax as it does now, said Steve McConnell, tax manager for Wheland's parent company, North American Royalties Inc.

He said the break will save the

company about \$750,000.

Commissioners were briefed on the proposal at their regular agenda session Thursday. They asked few questions, but expressed thanks that Wheland decided to keep the expansion in Chattanooga.

The project will allow Wheland to add axles and drivelines to its existing brake-casting operation.

County Executive Claude Ramsey recalled for the commission how the county had courted the company after it put a previous expansion in Georgia.

Then, the company cited an unwelcome business climate here, Mr. Ramsey said. Now, he said, things are different and there's a

new focus on economic development.

"This commission has discussed many times being as accepting to existing industry as we are to new industry," he said.

The Chattanooga Area Chamber of Commerce now has an employee whose full-time job is to try to help existing businesses prosper, Mr. Ramsey said.

Commissioner Richard Casavant, a business professor at the University of Tennessee at Chattanooga, said studies show that 40-80 percent of job increases come from expansion of existing business.

The commission will vote on the tax break for Wheland at its Nov. 17 meeting.

Wheland Forges Growth Plan

Car Parts Maker Takes on New Name, Managers

BY DAVE FLESSNER

Business Editor

TPP4-23-2000 A-11
The sparks still fly as Thomas Williams pours the 2,600-degree molten iron into a cast, much as they have for the past 127 years at Wheland Foundry.

But the Chattanooga foundry is forging a new kind of future inside its cavernous factory walls off of South Broad Street.

With a new management team in place, Wheland is preparing to put a much bigger stamp on the rapidly changing automotive industry.

If all goes as expected, officials of the family-owned business expect to nearly quadruple in size over the next five or six years to become a \$1 billion-a-year business capable of competing with other major suppliers.

"The potential here is enormous and that's why I'm here," said Bill Burton, a former senior vice president with the \$550 million-a-year Shiloh Industries Inc. hired last year to become head of Wheland. "We need to grow to remain competitive in this industry."

Wheland is not content to be just another Southern foundry stamping out whatever parts are ordered. In fact, the company recently changed its name to differentiate

Wheland from other foundries.

Wheland dropped the foundry name to assume the new moniker, Wheland Automotive Industries. Officials say the new name better reflects what Wheland offers and should help the Chattanooga firm when it calls on Detroit automotive firms.

The new name also reflects the results of Wheland's most comprehensive strategic plan ever done, dubbed WAI 2000.

Auto industry shifts gears

To thrive and survive in the consolidating automotive industry, Wheland strategists want to upgrade their existing operations and expand its niche business by growing market share and eventually acquiring other firms for the first time.

Lorie Mallchok, the executive vice president of Wheland's parent firm —North American Royalties — said the new strategy continues the old values of the 127-year-old company but with a recognition of the changed nature of the auto supply business.

"Our customers are changing and expecting more than ever from us as suppliers

and we're trying to make the changes necessary to be positioned for the future," she said.

The company already supplies brake castings or drums for nearly half of all vehicles produced in North America. Since Wheland captured one of the first major parts supply contracts with GM in 1947, Wheland has

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CURTIS GELLEN

been a supply leader. The company was for many years the biggest automotive foundry in the country not owned by the Big Three auto makers — GM, Ford and Chrysler.

But the car industry is driving in a new direction. The auto manufacturers are increasingly becoming auto and truck assembly companies. The original equipment manufacturers have spun off much of their parts business and are outsourcing a growing share of what goes into today's vehicles.

Just last week, Ford announced plans to spin off its Visteon Automotive Systems parts subsidiary to create the nation's second largest auto supplier with nearly \$15 billion in annual revenues. The only bigger supplier is the \$30 billion-a-year Delphi Automotive Systems, spun off by General Motors Corp. in January 1999.

New buyers and suppliers

Wheland, which historically sold directly to the Big 3 car manufacturers, is now selling most of its products to tier 1 suppliers which produce major parts of vehicles for the Big 3 and the growing number of foreign companies operating in the United States.

Despite record sales for U.S.-made cars and trucks, the number of suppliers continues to shrink as production efficiencies and changing sales patterns lead to more consolidation in the industry.

The auto makers and those companies they directly buy parts from are continually trying to cut costs and upgrade quality.

"They want a perfect product, delivered yesterday at no cost," Mr. Burton quipped.

Wheland's new business model foresees the company as one of the surviving tier 2 suppliers to those suppliers that sell directly to the original equipment manufacturers like Daimler Chrysler, Ford, GM and the North American located European and Japanese companies.

That will require more than the low-cost bidding for the sale of foundry-generated parts. Wheland will work more as a supply partner and help design new parts and systems to improve operations for itself and its customer.

"In support of these tier 1 suppliers, WAI will invest in capabilities to provide value-added services like engineering and design consulting, vastly improved quality and on-time deliveries," Mr. Burton said. "(Defects) in the thousands are a figment of the past. Doing it right the first time, every time, all of the time is the passion of the future for us."

Investing in the future

Wheland has already invested more than \$90 million in the past five years expanding its production capacity. In 1995, Wheland

built a foundry plant in Warrenton, Ga. and two years ago the company began a \$35 million upgrade of its main complex off of South Broad Street.

The Chattanooga improvements are needed to help Wheland supply a five-year, \$250 million contract with General Motors for ductile iron carrier castings. The GM contract has expanded Wheland's product line beyond its brake castings to supply drivetrain parts.

Although Wheland is still working to get the new equipment and line in full production months after its original startup schedule, the company sees the plant upgrade as the type of change needed to help the company grow in the future.

Wheland's original proposal to GM to make the carrier parts was turned down. But plant leaders came up with another approach that ultimately won the new business.

"We went from being rejected, to being considered again to eventually winning the contract," Mr. Burton said. "Wheland has certainly done a lot of things right by a lot of good people through the years to get to where the company is today."

But in a rapidly changing industry, where you are today isn't good enough for the future,

WAI 2000 Company At A Glance

- ◆ **Plants:** Chattanooga and Warrenton, Ga.
- ◆ **Employees:** 1,900, including 1,700 in Chattanooga
- ◆ **Products:** Brake castings, drums, carriers and nearly 100 other grey and ductile iron automotive parts
- ◆ **Annual revenues:** Over \$250 million
- ◆ **Chattanooga impact:** Over \$100 million annually, including \$60 million payroll
- ◆ **Ownership:** Subsidiary of North American Royalties Inc., owned by the Street and Smith families.
- ◆ **History:** Founded in 1873, the foundry emerged as the country's biggest independent automotive foundry after World War II when Gordon Street Sr. bought Wheland Foundry and began serving General Motors and other car manufacturers. The company was recently renamed Wheland Automotive Industries.

Source: Wheland Automotive Industries

Staff Graphic by Kathy Zachary-McMahan

Mr. Burton said.

"Above all else, our company must grow in order to survive in the hyper-competitive environment of our primary market, supplying tier 1 automotive customers," he said. "WAI will become more customer intimate and operationally excellent and our associates will be performance driven. These are the core objectives of our changing business model."

Wheland officials are visiting many of their 70-odd customers to better understand their needs. With electronic commerce and just-in-time inventory, the supplier is more in touch with the customer and must adjust more quickly to changing business needs.

"The days are ending when we just supplied a cast product to one of the Big Three," Mr. Burton said. "Our customers are changing and we have to understand and adjust to those changes."

Changing front office

The new approach has changed most of the top management at Wheland over the past year.

Mr. Burton, who previously headed strategic planning and acquisitions for the metal parts supplier Shiloh Industries, became president of Wheland Automotive Industries last October. He has created five general managers to oversee each of the five main Wheland lines in Chattanooga and Georgia and hired new managers for continuous improvement and strategic planning. Only one of the five general managers were with Wheland in the past.

All 153 foremen in the plant have also received new management training and are being placed on performance based incentive plans for the first time.

"There's obviously been some anxiousness with all of the changes," said Thomas Elkins, the general manager for the Centrifuse line and the only one of the five general managers who was with the company a year ago. "But I think people are beginning to see the possibilities and understand that we need to grow and do things differently."

Changing the culture has been complicated by some lingering resentment over a costly six-week strike two years ago by the employees' union, the United Steelworkers Local 3967. Automotive suppliers like Wheland say they need a more flexible and problem-solving workforce than what existed in the past.

Machines are increasingly supplanting some of the most grueling tasks in the foundry. But maintaining those machines at

the higher quality standards of today requires employees to work smarter and to solve problems on the shop floor, not in the front office.

"There's a tremendous work ethic here, but like a lot of companies in our business we still have to change our culture to adapt to a new type of future," Mr. Burton said.

That new future leaves less room for mistakes or work stoppages. Since joining Wheland last fall, Mr. Burton has attacked plant inventory and some of the old foundry approaches with a vengeance. He wears a button on his shirt pocket declaring that "Inventory is Evil." While walking through the plant last week, he directed managers of the main plant to change the sign on their office to remove the name "foundry." Since the start of the year, workers have cleared out much of the warehouse behind WAI's new offices to make room for additional production in the future.

"I'm passionate about making the changes we need," he said. "If we do, we can build a very successful company."

Wheland might even acquire others in the industry for the first time in its history. In a consolidating industry, size is critical and the company would like to reach more than \$1 billion in annual revenues in the next three to six years. Wheland has been growing at a healthy 25 percent annual pace in recent years on its own and has already doubled in size over the past eight years.

Ownership stays at home

Acquiring other companies and making continued plant investments may ultimately require some changes in Wheland's family-owned structure. But Mrs. Mallchok said Wheland has no plans at this time to either try to go public by issuing stock or to merge with others in the industry. Wheland is less leveraged than some of its competitors and if it demonstrates success in its new lines then officials expect to be able to borrow capital at competitive rates as a private firm.

North American Royalties, Inc., was a publicly traded company until 1993 when the heirs of Gordon P. Street Sr. bought back the stock in a \$50 million deal. But even as a family-owned firm, NAR has maintained a board with outside directors and independent, outside auditors.

The strategic plan for the company was also developed with help from an independent consulting company.

Mr. Burton said the company has the discipline and oversight of most public companies but can respond quicker to changes with family owners.

"I'm very excited about where we are headed," Mrs. Mallchok said. "Chattanooga is a great place to be and we're committed to being here and growing."

Wheland, union reach 5-year contract

TFPS-31-2001 p. 1

STAFF REPORT

Wheland Foundry has reached a five-year contract with its hourly work force that includes a new profit-sharing program for employees.

"If we have a big win, we share it with our employees,"

said Lorie Mallchok, executive vice president of Wheland's parent company, North American Royalties Inc.

The company reached an early agreement with the United Steelworkers of America, Local 3967. The old contract was due to expire June 23. The union bar-

gained for all 1,100 hourly workers, including nearly 700 who are local members. Wheland, a maker of gray iron auto brake castings, has about 1,500 employees in Chattanooga.

"We think it's in the employees' best interest to provide an uninterrupted secure flow of

work over the next five years," said Ms. Mallchok.

James Troutman, local president, said the accord hopefully will help Wheland grow.

"We came out with an agreement that is satisfying to both parties and will help the company move forward," he said.

Wheland Foundry lays off 90 employees

By BOB GARY JR.
STAFF WRITER

Wheland Foundry's annual summer shutdown will go on indefinitely for 90 laid-off employees. TFP 7-13-2001 p. C1

Lorie Mallchok, executive vice president of Wheland's parent company, North American Royalties, said Thursday the layoff was a result of the company's shutdown of its Broad Street ductile line. That line produced housing units for axles on General Motors vehicles, she said.

"This is our most high-tech line and a \$30 million invest-

Ductile line shutdown could go on indefinitely

ment" for Wheland, said Ms. Mallchok, who added that the company hopes to recover the lost business and restart the line.

Ms. Mallchok said Wheland filled its initial order for the part, but had "delivery issues" with subsequent orders. She said Wheland's customer, American Axle Manufacturing, had to go to other suppliers to get the orders filled and now has opted to stay with those other suppliers. On

top of that, she said, demand from the automotive industry remains generally low in the sluggish economy.

But at present, she said, 90 of Wheland's most junior employees have not returned to work since the plant's annual shutdown during the first week of July. She declined to speculate how long the layoff, the company's second this year, might last.

"You always hate to lose em-

ployees," Ms. Mallchok said, "but we're still one of the top five (private) employers in the city. We've still got between 1,500 and 1,600 employees. We've got a great plant."

James Troutman, president of the United Steelworkers of America Local 3967, said he knew Wheland's axle-housing deal "could have gone either way."

"The company's kept us well-

informed of its relationship with the customer," he said. "The automotive business is so competitive these days. Customers are more stringent with their demands and specifications."

Mr. Troutman, who said the layoff "could be as little as a month or last up into next year," praised Wheland's management.

"Upper management has a lot of new faces and good people," he said. "They've been very honest with the local and international unions."

E-mail Bob Gary Jr. at bgary@timesfreepress.com

Wheland lays off 100 more

Foundry can't get sufficient orders

BY BOB GARY JR.
STAFF WRITER

Wheland Foundry Co. officials announced Friday that 100 employees at its Broad Street plant in Chattanooga will be laid off effective Monday. *TFP 11-3-2001 p C1*

Albert Waterhouse, a spokesman for the company, said the layoff would effectively close third-shift operations at the company's Broad Street plant. He said the layoff is indefinite.

"This layoff is an effect of the economic downturn, which is being felt throughout the automotive industry," Mr. Waterhouse said. "We hope conditions will improve enough next year for these employees to be called back to work."

James "Tony" Troutman, president of the United Steelworkers of America Local 3967, also blamed the economy but found fault with the company, which added a \$30 million ductile iron line in 1998. That line has been effectively closed down by the layoff.

"In my opinion, there were some bad management decisions made that put them in this position," Mr. Troutman said. "They built that new operation on Broad Street with all that new material and machines, then didn't make a go of it. With the downturn in the economy and those bad management decisions, this was inevitable."

Mr. Waterhouse, though, said "the bottom line is that the business is just not there."

"Despite the challenges of opening and closing a new line, the reasons for the layoffs are the soft economy and slumping auto sales," he said.

Mr. Waterhouse said Wheland anticipated no more layoffs before the end of the calendar year. Mr. Troutman agreed, saying that current production orders should keep the rest of the plant up and running into early 2002.

"I'm in hopes that around springtime, we'll start picking back up," he said.

The layoff is the third this year at Wheland's Broad Street plant. About 75 workers were laid off in February and March, and 90 more were laid off in July.

*E-mail Bob Gary Jr. at
bgary@timesfreepress.com*

CHATTANOOGA 11-8-2001 PA1 Co 1200

Wheland seeks protection

Foundry says slump, failed expansion led to bankruptcy filing

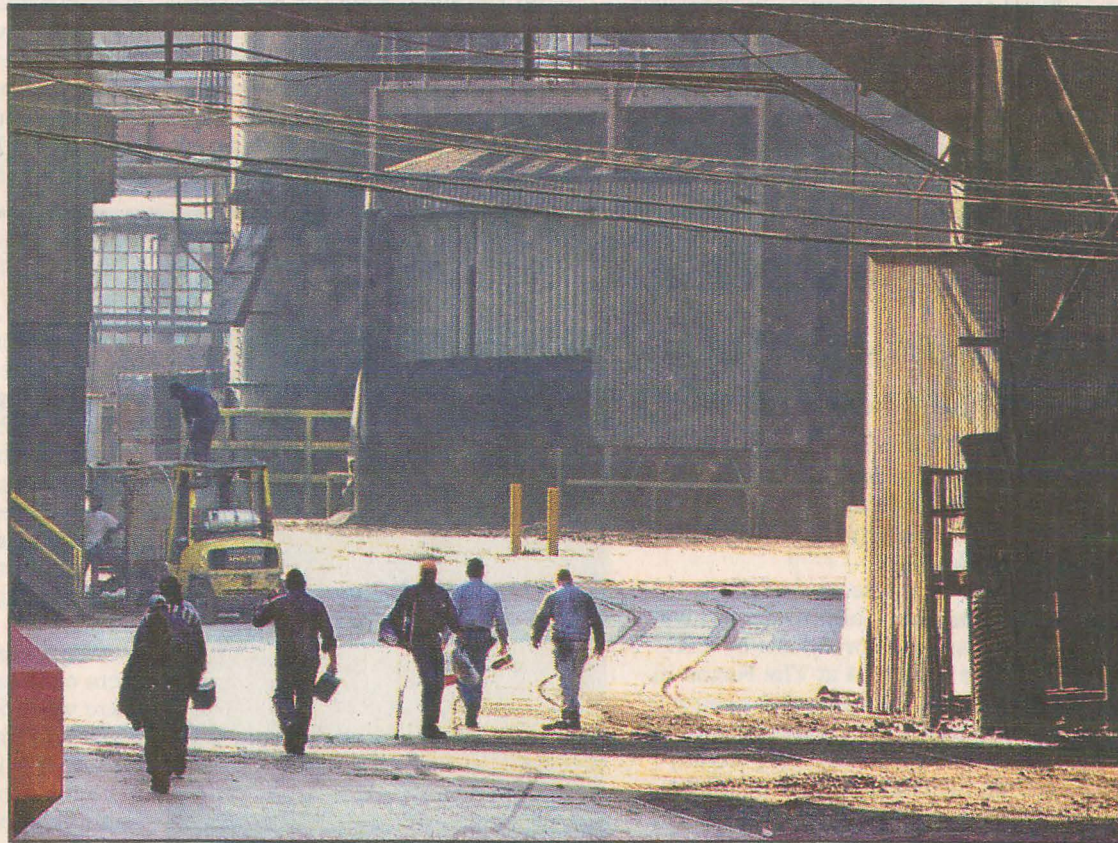
TFF 11-8-2001 PA1
BY DAVE FLESSNER
BUSINESS EDITOR

Chattanooga's oldest manufacturer is looking for a new owner or investor to help survive the current economic downturn, officials said Wednesday.

Wheland Automotive Industries, the nation's largest independent automotive foundry, filed a Chapter 11 petition Wednesday to reorganize its deteriorating finances under protection of the federal bankruptcy court.

"Like many industries in our country today, the events of September worsened a weakening economy and our projected sales for the fourth quarter and 2002 dropped significantly," said Lorie Street Mallchok, executive vice president for North American Royalties, the parent company of Wheland. "When sales dropped to a critical level, the

INSIDE
Industry hit by slow economy, A9



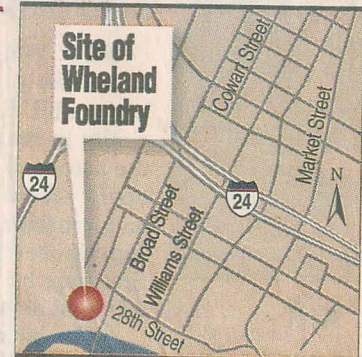
Workers arrive Wednesday for their shift at Wheland Automotive Industries.

STAFF PHOTO BY ANGELA LEWIS

company needed to seek relief."

The 145-year-old company will continue producing brake castings and other automotive parts used in nearly half of all U.S.-built vehicles. Wheland has cut 265 jobs from its Chattanooga and Warrenton, Ga., foundries so far this year, including 100 earlier this week. But company spokesman Albert Waterhouse said no additional layoffs are immediately planned among its remaining 1,336 employees.

"All of us are a bit nervous about the future and saddened somewhat for the Street family which has owned Wheland for so long," said Tony Troutman, a 24-year Wheland employee who serves as president of the employees' union, United Steelworkers Local 3967. "But we're going to keep doing our jobs and,



STAFF GRAPHIC BY LAURA E. WALKER

if we do, I think our people and this plant will make it. We want potential buyers to see that this is a good plant."

Union officials said they were told Wednesday that the current owners may try to sell Wheland to help the operation survive in the consolidating automotive equipment market. Mrs. Mall-

EVER

chok, a third-generation manager of the family-owned business, would say only that Wheland will "examine all of its options for operations going forward."

In its bankruptcy filings, Wheland disclosed that it lost \$25 million in the first nine months of this year and was forced to abandon a costly venture to expand its product line beyond brake castings to supply drivetrain parts. Wheland attorneys said the company was consistently profitable through most of its history, but was hurt by a costly seven-week employees' strike in 1997, its failed bid to make drivetrain parts for General Motors and the recent slump in automotive sales.

In a Chapter 11 bankruptcy, the court provides protection from creditors to a company

while it reorganizes its finances. The debtor's reorganization plan, which typically involves selling off assets or raising new capital, must be accepted by a majority of creditors and the court.

"Wheland has worked closely with its creditors over the course of the past year to address the company's financial strain created by a heavy investment in new technology and equipment and a difficult launch of a new product line in 1999 and 2000," Mrs. Mallchok said. "In a capital-intensive industry such as ours, it is very difficult to cut costs beyond a certain fixed point."

The bankruptcy filing indicated that Wheland owes a consortium of banks led by Chase Manhattan \$112.2 million. Local suppliers are owed more than \$6 million.

Wheland officials huddled until 4:30 a.m. Wednesday preparing to head to bankruptcy court later in the morning. The filing was forced when Wheland lost its GM drivetrains contract and other sales dropped. Wheland said its sales in 2001 are running nearly one-fourth below last year's level.

The company, which has forged manufacturing parts, weapons and brake drums since its start in 1866, invested more than \$30 million in 1997 to add a ductile line to its Broad Street plant. But Wheland underestimated the costs of equipping the plant and buying materials to supply the GM contract. Wheland cut its losses and shut down the line in July.

The expansion was aided by property tax breaks from the city and county. Hamilton County Executive Claude Ramsey called Wheland's bankruptcy filing "sad."

"They've been good corporate citizens and provided good industrial jobs in this community for many, many years," he said. "Any loss of jobs, particularly good-paying jobs such as these, is a hard lick to the community."

Mr. Ramsey said the county would do what it could to help Wheland or "any successor company" through the troubles.

"My fondest wish is they continue to operate the business and get back to being part of our good industrial base," he said.

That wish is shared by the 980 hourly workers employed at the company's five plants off South Broad and Middle Streets in Chattanooga.

"You never know what will happen in an economy like this," said Dewayne Burnett, a 24-year employee at Wheland. "But I'm ready to work no matter who ends up owning the company."

Belinda Goode, a seven-year inspector at Wheland's Middle Street plant, said the uncertainty raised by the bankruptcy has some workers concerned.

"You don't know in the long term if there are going to be layoffs and for a lot of people it would take two jobs to replace what they make at Wheland," she said. "We need these jobs in Chattanooga."

Staff Writer Duane Gang contributed to this report.

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2001 Wheland loses GM ductile iron castings contract, files a Chapter 11 petition for bankruptcy

SOURCE: WHELAND FILING IN U.S. BANKRUPTCY COURT

STAFF GRAPHICS BY BECK TOWERLY

Wheland trims shifts, looks for new owner

TFP 11.28.2001 p. C1

By DAVE FLESSNER
BUSINESS EDITOR

For the second consecutive week, most employees at Wheland Automotive Industries will work only three days this week.

The Chattanooga foundry will idle its main facility Thursday and Friday for maintenance while it continues to look for a buyer to help save the financially troubled company. Wheland, Chattanooga's oldest manufacturer, has continued to stamp out parts for nearly half the models of cars and trucks built in the United States since it filed for bankruptcy protection three weeks ago.

"There have been no layoffs of (its 980) hourly workers since the filing and none are planned for the foreseeable future," company spokesman Albert Waterhouse said Wednesday. "The company is working a three-day week this week because of some scheduled maintenance work, but it should be back to five days next week."

Work schedules were abbreviated last week for the Thanksgiving holidays, and some shifts were shortened this

week for many of the company's 1,300 employees. Mr. Waterhouse confirmed Wednesday that several companies had expressed interest in buying the assets of Wheland, which is operating under a Chapter 11 bankruptcy reorganization plan.

"For the most part, I think most workers believe this is a viable business and that it will sell," said Tony Troutman, president of the employees' union, United Steelworkers Local 3967. "That seems to be the best scenario at this point for the company, the union and the community."

But the bankruptcy filing has created anxiety for many Wheland retirees and former workers now on disability. More than a dozen appeared in federal court Tuesday with questions about whether their health coverage, pensions and other benefits are secure. "I have to live on the \$180.11 a month pension my husband gets from Wheland and I can't afford to lose that," said Betty Koger, whose late husband worked at Wheland for 34 years.

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CHATTANOOGA INDUSTRIES - WHELAND Co. (2001)

Wheland to close one plant, sell others

■ *Manufacturer looking
for ways to rescue*

Chattanooga operations.

TFP 12-15-2001 p. C1

By DAVE FLESSNER
BUSINESS EDITOR

The city's oldest manufacturer is looking for a new owner to help rescue its Chattanooga operations.

Wheland Automotive Industries, which plans to shut down its Warrenton, Ga., plant next month, has hired an investment adviser to help sell its main Chattanooga foundry. The 146-year-old company filed for bankruptcy protec-

tion last month after losing a major account and more than \$25 million in the first three quarters of the year.

"Our goal is to try to maximize the value of the company's assets for creditors and to sell this as an ongoing business," Matthew W. Levin, an Atlanta attorney who represents Wheland in its Chapter 11 case, said Friday. "We want to do that as quickly as possible, while keeping our eye on the ball to make sure we get the best offer possible."

Wheland, a subsidiary of the Chattanooga-based North American Royalties Inc., has been owned by the family of Gordon Street for more than a half century. Lorie Mallchok, the executive vice president and third generation manager, is continuing to operate the company under the protection of the federal bankruptcy court.

But Wheland, which bills itself as the nation's largest independent automotive foundry, may not remain independent much longer. Wheland has been hurt by the downturn in

the automotive industry, which has squeezed profit margins for automotive suppliers, and a failed attempt to sell drivetrain parts to General Motors. Earlier this year, Wheland abandoned a costly attempt to make ductile iron carrier castings for GM and idled the production line built to supply the contract.

Equity Partners Inc., a Maryland company which specializes in marketing financially troubled firms, has been hired to help market Wheland. The company filed a motion in bankruptcy court this week to hire EPI to sell Wheland.

Wheland operates gray iron and ductile iron plants on Broad and Middle Streets in Chattanooga and a nearby Centrifuse plant. Wheland built a gray iron plant in Warrenton, Ga., nearly a decade ago.

Albert Waterhouse, a spokesman for Wheland, confirmed Friday that the company plans to shut down its Warrenton, Ga., plant in January because of sluggish sales.

"We're continuing to work in

Chattanooga and I think the employees, if anything, are working harder than normal to show what we can do to prospective buyers," said Tony Troutman, president of the employees' union, United Steelworkers Local 3967.

Mr. Troutman said representatives from 10 different companies have looked at Wheland's operations and more automotive industry officials are coming next week. Wheland plans its traditional Christmas week closing after next week.

Wheland is among several automotive supply companies which have filed for bankruptcy this fall, including Hayes Lemmerz International Inc. and Federal-Mogul Corp. The two largest automotive equipment suppliers, Delphi Automotive Systems Corp. and Visteon Corp., have both reported sharply lower earnings this year.

Hayes Lemmerz International owns some of the equipment at one of Wheland's plants.

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Wheland needs new owners to avoid layoffs

TFP 12-18-2001 P. A1
BY DAVE FLESSNER
BUSINESS EDITOR

Wheland Automotive Industries may have to lay off nearly half of its staff in February unless the company is able to find a buyer for its foundries in Chattanooga and Warrenton, Ga., company officials said Monday.



Lori Mallchok

Wheland, the nation's largest independent automotive foundry and Chattanooga's oldest manufacturer, issued warning notices to 400 employees at its Middle Street foundry in Chattanooga and to 180 workers at its Warrenton plant. Wheland officials said the plants will close in mid-February because of sluggish sales unless they are rescued by a new owner.

"The company is hopeful that these plant closures can be avoided by the prompt sale of its plants, either as a whole or individually," said Lori Mallchok, executive vice president of Wheland's parent company, North American Royalties Inc. "Nonetheless, we have a responsibility to our employees and our creditors to provide sufficient planning time for employees should plants be closed."

Wheland has more than 1,300 hourly and salaried employees at its Chattanooga headquarters and its five foundry plants in Tennessee and Georgia. The company sold off its oil and gas division before filing a petition for Chapter 11 bankruptcy on Nov. 7.

Wheland filed the petition to reorganize its finances under federal bankruptcy court protection. The company has hired a Baltimore investment banking company, Equity Partners Inc., to help market Wheland and its assets.

"We have been retained to sell the facilities quickly," Equity Partners President John L. Herman said. "Given the initial interest expressed by potential purchasers, we are hopeful that we will successfully sell all of the properties within the necessary time frame."

Equity Partners, founded in 1988, has completed more than 225 business transactions in 40 states and around the globe.

Wheland produces brake castings and other automotive parts used in nearly half of all U.S.-built cars and trucks. But the company's attempt to expand its automotive equipment production and produce drive-trains for General Motors failed. Wheland idled its ductile iron casting plant built to serve GM earlier this year.

In the bankruptcy filing, Wheland officials reported the company had lost more than \$25 million in the first nine months of 2001 as the automotive market softened.

Wheland began in Athens, Tenn., in 1866 and, after relo-

cating to Chattanooga and expanding into the emerging automobile market, eventually became Chattanooga's largest heavy industry.

"Wheland is a key part of our manufacturing community and we obviously need these plants to keep operating, at least as much as possible," said Ray Childers, president of the Chattanooga Manufacturers Association. "If that doesn't happen under Wheland's ownership, then we hope it can under some new owner."

Chattanooga Mayor Bob Corker said he talked Monday with representatives of a venture capital fund about their interest in Wheland.

"It's a difficult, tough situation," he said during a radio news conference Monday.

Ms. Mallchok said Wheland's product quality and delivery ability remain high. She praised Wheland workers and their union, the United Steelworkers of America Local 3967, for keeping good plant performance for prospective buyers.

"We have had a lot of interest from many potential buyers and are very pleased to have Equity Partners bring their expertise to our team in

order to accelerate a quick and effective sale of this company," she said.

Duane Gang contributed to this report.

E-mail Dave Flessner at dflessner@timesfreepress.com

Wheland sale draws 'significant interest'

BY BOB GARY JR.
STAFF WRITER

There are "suitors at the door" interested in buying two Wheland Automotive Industries foundries, the bankrupt company's manager said Wednesday. *TFP 1-3-2002 p 81*

Lorie Street Mallchok, executive vice president at North American Royalties, the parent company of Wheland, said potential buyers have "significant interest" in two of Wheland's five factories. She said the company, which filed a Chapter 11 reorganization petition in November, will continue production through February.

"We hope to have a sale of some or all of the plants by then, so a shutdown wouldn't be necessary," Mrs. Mallchok said. The selling price of the properties in question, she said, is "still a

matter of negotiation."

Mrs. Mallchok commented after a hearing in U.S. Bankruptcy Court, during which Judge Thomas Stinnett approved Baltimore-based Equity Partners Inc. as the agent for Wheland's sale. Founded in 1988, Equity Partners has completed more than 225 transactions in 40 states.

"I've been optimistic all along that this company is very viable and will sell," said Tony Troutman, president of the United Steelworkers Local 3967, the labor union which represents about 80 percent of Wheland's workers.

Chattanooga's oldest manufacturer and the nation's largest independent automotive foundry, Wheland had about 1,300

hourly and salaried employees at four Chattanooga plants and one in Warrenton, Ga., but laid off more than 250 last year. The 145-year-old company makes brake castings and other parts used in nearly half of all U.S.-built vehicles.

Judge Stinnett also approved an agreement between Wheland and TRW, one of its major customers, concerning products already shipped by Wheland to TRW. Wheland claimed it was owed between \$5 million and \$6 million, while TRW claimed it owed about \$3 million.

The parties agreed to \$4.2 million, \$2 million of which already has been paid by TRW. Wheland will get the \$2.2 million balance later this month.

"This is a global settlement," said Matthew Levin, Wheland's lead attorney. "It settles all disputed issues."

Wheland and its creditors are due before Judge Stinnett again on Jan. 11, when issues including workers compensation are to be discussed.

Chattanooga bankruptcy attorney Tom Ray, lead attorney for Wheland's creditors, praised Wheland officials and attorneys.

"We've done a lot of work together," Mr. Ray said. "I'm happy with the direction."

Mrs. Mallchok had kind words for the Chattanooga and Hamilton County governments.

"I want to commend the city and county for working diligently to promote this sale," she said. "(Chattanooga Mayor) Bob Corker has been very proactive in trying to get a buyer in here, and so has the county. They're doing the right things."

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Wheland closure warning issued

Plant to shut in March if no buyer found

TFP 01-05-2002 pA1

BY BOB GARY JR.
STAFF WRITER

Barring its sale, Wheland Automotive Industries will close in two months.

Acting Friday in accordance with the federal Worker Adjustment and Retraining Act, Wheland formally notified employees and local governments of its intention to close two of its three South Broad Street plants in 60 days.

Wheland made a similar announcement in mid-December pertaining to its Middle Street facility in Chattanooga and another plant in Warrenton, Ga., that would close in mid-February. A fifth Wheland plant, also on Broad Street, closed last summer.

The company filed a Chap-



STAFF PHOTO BY CHAD McCLURE

Dennis Andrews pours iron Friday afternoon at Wheland Automotive Industries, which could shut down the last of its three Broad Street plants in 60 days.

ter II bankruptcy reorganization petition last November after a 1997 business expansion faltered and manufacturing declined last

year. Nearly 1,200 workers, including 23-year veteran Uless Strickland, would be idled if Wheland's four remaining plants

shut down.

"I always try to think positive, especially on this," said Mr. Strickland, 43. "But in a way, I'm

scared. It's a big letdown for a lot of us who have been there a long time."

Lorie Street Mallchok, executive vice president for North American Royalties, Wheland's parent company, said she remains optimistic that the company will be sold and those jobs saved.

"The only responsible thing to do is to tell our employees to be as prepared as possible if we don't get a buyer," she said. "But that doesn't mean we don't think these assets will sell.

"We're positive about getting the right buyer in here. We think that if we find the right buyer, Wheland can transform itself again and remain a vibrant part of this community."

Wheland has hired Baltimore-based Equity Partners Inc. to handle the sale or sales, which would have to be approved by the U.S. Bankruptcy Court in Chattanooga. Mark Miller, a New York-based partner at EPI, said there are a number of interested potential buyers.

"It's really a mix of types," he

said. "Some are interested in buying the whole operation. Others are interested in just one or two plants. Who's going to ultimately win? It's tough to say. Until we take something to court, we don't know what the terms are."

Mrs. Mallchok, who said Wheland plans to offer services including outplacement and resume preparation to its employees, said the company and its creditors are trying to find a buyer who would keep its foundries running and workers on the job.

"We're going to try to preserve that structure as long as we possibly can," she said. "We're not going to get into selling equipment piece by piece until we're absolutely sure that (selling as) a going concern is not a possibility."

Mr. Miller said he's "cautiously optimistic" that his company will find buyers interested in running at least some of the plants as going concerns. He said several potential buyers already have toured the plant and more will soon.

"The objective," Mr. Miller said, "is to save as many jobs as we can."

Dr. Richard Casavant, dean of the University of Tennessee at Chattanooga's College of Business and a Hamilton County commissioner, said the area would feel a "severe" economic impact if Wheland shuts down or continues operation as a far smaller company.

"I haven't measured the magnitude," he said, "but it would reverberate through the community, from hospitals to retailers to grocery stores, even to the tax base."

Dr. Casavant said a massive, Wheland-generated job loss



At a glance

Headquarters: Chattanooga

Plants: Four ductile and gray iron plants in south Chattanooga, one gray iron plant in Warrenton, Ga.

Products: 200 different gray and ductile iron castings ranging from one to 150 pounds each.

Primary uses: Wheland supplies brake castings and other parts used in half of all U.S.-made cars and trucks.

Daily production: Over 200,000 parts.

Ownership: Gordon Street family

Status: Company filed for bankruptcy on Nov. 7 and has hired Equity Partners Inc. to sell the business under a Chapter 11 reorganization.

History: Founded in Athens, Tenn. in 1865, the company moved to Chattanooga in 1873 and began making automotive parts for General Motors and other companies after World War II.

STAFF GRAPHIC BY LAURA E. WALKER

would be tough for the area to recoup.

"There aren't many opportunities out there for 1,200 good-paying, blue-collar jobs with health benefits," he said. "That's a hard fish to catch."

Mr. Miller said arranging a sale will be made tougher by the fact that two Wheland plants face mid-February shutdown and two more are set to close in early March.

"We're looking at getting some offers on the table much sooner than that," he said. "This is a very compressed process, but we've done it before and we're doing it here."

Mr. Miller said potential buyers will deliver to his company a letter detailing their plans and a deposit. If Wheland's creditors prefer a particular offer, he said, a motion for sale will be brought to Bankruptcy Court.

"The court would set a sale date hearing," Mr. Miller said, "and from there, it's an open process. Anyone can step in and bid up to the day of sale."

E-mail Bob Gary Jr. at bgary@timesfreepress.com

Wheland Foundry

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Revenues: \$222 million in 2000

Production: Over 200,000 pieces per day

Staff: 1,336 employees; 1,141 in Chattanooga.

Assets: \$212 million at end of 2000

Net loss: \$25 million, January - September 2001

Facilities: Headquarters in Dome Building downtown
Five plants along Broad and Middle streets in Chattanooga
One plant in Warrington, Ga.



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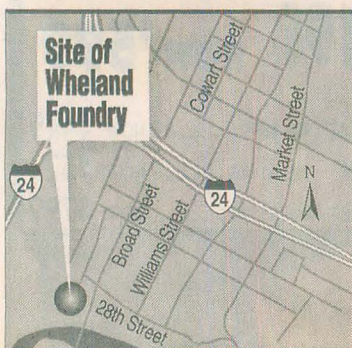
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SOURCE: WHELAND FILING IN U.S. BANKRUPTCY COURT

STAFF GRAPHICS BY BECK TOWERS



STAFF GRAPHIC BY LAURA E. WALKER

Customer to buy one Wheland plant

Buyers still sought for other facilities as business wanes

BY DAVE FLEISSNER
STAFF WRITER

TFPI-11-2002 PAI

One of the biggest customers of Wheland Automotive Industries has agreed to buy one of Wheland's five plants and save at least 70 Chattanooga jobs, company officials said Thursday.

"I hope this is the first of several good pieces of news," said Lorie Street Mallchok, executive vice president of North Ameri-

can Royalties Inc., the parent company of Wheland. "There is still remaining interest on the other facilities. We don't have any firm offers on the table, but we continue to have prospects looking at our plants, including one today."

Wheland, which employs 1,300 workers, filed for bankruptcy reorganization last November after a failed expansion and an economic downturn undermined Chattanooga's oldest manufacturer. The 145-year-old company is trying to find new buyers for its foundries before the business is forced to shut down over the next two months.

Wheland supplies parts used in more than half of all U.S.-built cars and trucks from its plants in Chattanooga and Warrenton, Ga. "It's good that there is an offer to keep the Centrifuse plant operating, but this isn't a done deal yet and the impact is rela-

tively small compared to the number of people still facing possible layoffs," said Tony Troutman, president of the employees' union, United Steelworkers Local 3967.

Wheland is proposing to sell its Centrifuse casting plant in South Chattanooga to Hayes Lemmerz International Inc. The proposed buyer already owns the equipment in the plant and buys all of the steel castings it produces. Hayes Lemmerz, which would keep the operation in Chattanooga, is offering \$4.1 million to acquire the 14-year-old plant to ensure it maintains its premium truck brake drums supply.

But Hayes Lemmerz also filed for bankruptcy protection last year. Now its purchase offer for the Wheland Centrifuse plant must be approved by bankruptcy courts in both Delaware and Michigan. Hayes has closed other plants and cut its staff to pare expenses in the past year. But the company needs the Wheland facility to maintain production of specialized steel castings used in many of its truck brakes.

"They want to complete the purchase as soon as possible to ensure that there is not a break in production," Ms. Mallchok said.

The Centrifuse plant currently employs 70 workers on a single shift. But at its peak, the plant had more than 120 employees working two shifts a day. Wheland notified employees in the plant last week that it would shut down by early March unless a buyer was found.

Mr. Troutman said the Middle Street foundry, which is scheduled to close next month, is now operating only three days a week. The Broad Street Gray Iron Foundry will go to a four-day work schedule next week. That plant is scheduled to close in early March unless a buyer is found.

"We still hope that these plants can continue to operate, but there's a lot of worry among

our members," Mr. Troutman said.

Chattanooga Mayor Bob Corker, who met briefly with Hayes Lemmerz officials, said Thursday night he is encouraged by the pending purchase of the Centrifuse plant.

"I'm real excited and thankful that we have a buyer for this plant and I hope for more acquisitions in coming weeks," he said.

Hayes Lemmerz International, based in the Detroit suburb of Northville, Mich., is the biggest producer of wheels and brakes in the country. But like Wheland, the automotive supplier has been hurt by the economic downturn. Hayes Lemmerz filed a Chapter 11 petition in bankruptcy court on Dec. 5 after accounting errors were discovered at one of its plants, widening its losses in the past year by \$14.7 million.

"The Chapter 11 bankruptcy filings were precipitated by declining market conditions and the company's excessive debt burdens," said Curtis Clawson, chairman of Hayes Lemmerz.

In their Chapter 11 proceed-

INSIDE

Workers' compensation is focus of hearing, C1



Wheland Centrifuse plant

Location: Off South Broad Street in Chattanooga

Products: Premium truck brake drums

Casting weights: 60 to 140 pounds

Staff: 70 employees now, 120 at capacity

Capacity: 1.2 million castings a year

Melting equipment: 14 electric holding furnaces

2000 sales: \$17 million

Buyer: Hayes Lemmerz

STAFF GRAPHIC BY LAURA E. WALKER



Headquarters: Northville, Mich.

Products: World's largest maker of automotive wheels

No. of plants: 46

No. of employees: 14,000

Annual revenues: \$2.2 billion

Status: Filed for bankruptcy reorganization on Dec. 5.

STAFF GRAPHIC BY LAURA E. WALKER

(OVER)

ings, both Wheland and Hayes Lemmerz are able to continue operations and reorganize their finances with court protection from creditors. Mr. Clawson said Hayes Lemmerz is reorganizing its businesses, including the Wheland plant acquisition, and should emerge from bankruptcy this year as "a stronger, more competitive company."

In Wheland's case, however, the company probably will not survive as an independent company, officials said. The assets of Wheland, once the nation's largest independent automotive foundry, are being marketed by Equity Resources Inc., a Baltimore company that specializes in selling troubled businesses.

"Our industry, our economy and this business has changed and it's time for us to move on," Ms. Mallchok said. "At this point, we just hope we can do the best for our employees, our creditors and our community."

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Wheland hearing focuses on comp dispute

TFP1-11-2002 p. C1

By BOB GARY JR.
STAFF WRITER

Wheland Automotive Industries officials and creditors will be back in U.S. Bankruptcy Court today, where they'll likely be joined by a number of Wheland employees.

The Chattanooga-based subsidiary of North American Royalties Inc. filed a Chapter 11 bankruptcy reorganization petition in November. Last week, Judge Thomas Stinnett approved several pre-arranged agreements between the company and its

■ *State, company to offer differing views on how compensation claims ought to be paid.*

creditors.

It could get dicier today, though, as Judge Stinnett is scheduled to consider issues including workers' compensation claims filed prior to Wheland's bankruptcy.

"There'll be a lot of people there who are very interested," said Lorie Street Mallchok, ex-

ecutive vice president of North American Royalties, Wheland's parent company. "A lot of people are anxious for that to go forward, and they should be."

As do all self-insured companies in Tennessee, Wheland posted a bond to pay workers' compensation claims in the event of the company's bankruptcy. Wayne Tamme, Wheland's vice president for human resources, said the bond amount, \$975,000, was determined by a state formula.

When it went bankrupt, the

company surrendered the bond to the state, which is responsible for paying claims. The bankruptcy itself, though, stopped all payments and pending claims. Mr. Tamme said the company and the state will put before Judge Stinnett differing views on how those claims should be paid.

"The state is of the opinion that you take a certain amount of time, assess the total picture, then start paying people a roughly equal percentage," he said. "In our opinion, you're better served to take the money and give pri-

ority to those with immediate needs."

The state has a guarantee fund to pay claims against an insurance company in the event that company goes bankrupt. The state has no such fund to similarly cover self-insured businesses, though, meaning that the \$975,000 bond is all there is for about 200 affected Wheland workers.

"There's no way that amount of money will cover all the

claims," said Tony Troutman, president of United Steelworkers Local 3967, which represents about 80 percent of Wheland's 1,200 hourly employees.

Judge Stinnett is also scheduled to consider a proposal to pay 22 "key employees" about \$1 million in retention bonuses prior to a sale or shutdown.

"It's not that everyone isn't important, but some (employees) are critical to make sure this process goes smoothly," said Mrs. Mallchok, one of the employees at issue.

"These people have opportunities to go elsewhere, and you want to provide them some incentive to stay until the end. If things don't go smoothly, the value of the company could be diminished by claims of nonperformance. This is very common in bankruptcy."

Mr. Troutman said retention bonuses could send the wrong signal to Wheland's work force.

"People might construe it as taking away from us and giving to them," he said. "I don't have that feeling myself. There are still people (potential buyers) going in and out on a daily basis, and I still have hopes of the place selling."

Also scheduled for discussion is the proposed retention by Wheland of Fidelity Trust Co., as the real estate agent. Last week, Judge Stinnett approved Baltimore-based Equity Partners Inc. as the agent charged with selling the business.

Mrs. Mallchok's husband, Paul Mallchok, is employed at Fidelity Trust, but Mrs. Mallchok said that shouldn't be an issue.

"My husband isn't a principal in the company, and Fidelity Trust has been doing real estate for Wheland long before he worked there," she said.

Mr. Troutman said retention bonuses and the potential in-

volvement of Mr. Mallchok's company in selling Wheland land don't move his union membership to a more sympathetic view of the Street family, Wheland's owner for more than a half-century.

"People are losing their jobs," he said. "I know there's a certain amount of animosity and mistrust for the Street family out there ... maybe a quarter of the membership. I think it's something that's building."

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LOCAL HISTORY
BICENTENNIAL LIBRARY

Hurt Wheland workers seek aid

Judge sends compensation dispute to Chancery Court

TFP 1-12-2002 p. A1

BY BOB GARY JR.
AND DAVE FLESSNER
STAFF WRITERS

For Mark West, the handling of Wheland Automotive Industries' bankruptcy could be literally life or death.

U.S. Bankruptcy Judge Thomas Stinnett ruled Friday that the workers' compensation portion of Wheland's bankruptcy proceeding should be heard in Hamilton County Chancery Court beginning Monday. That

INSIDE

Two historic buildings to be sold as part of liquidation, B1

may not be soon enough for Mr. West.

Working as a Wheland melting department supervisor in 1996, he was severely injured on the job in a natural gas explosion. He lay in a coma for a week, is paralyzed on his right side, and can walk only a short distance. He treats his seizures, depression, pain and more with 17 different medications, and pays about \$1,200 every month to do it.

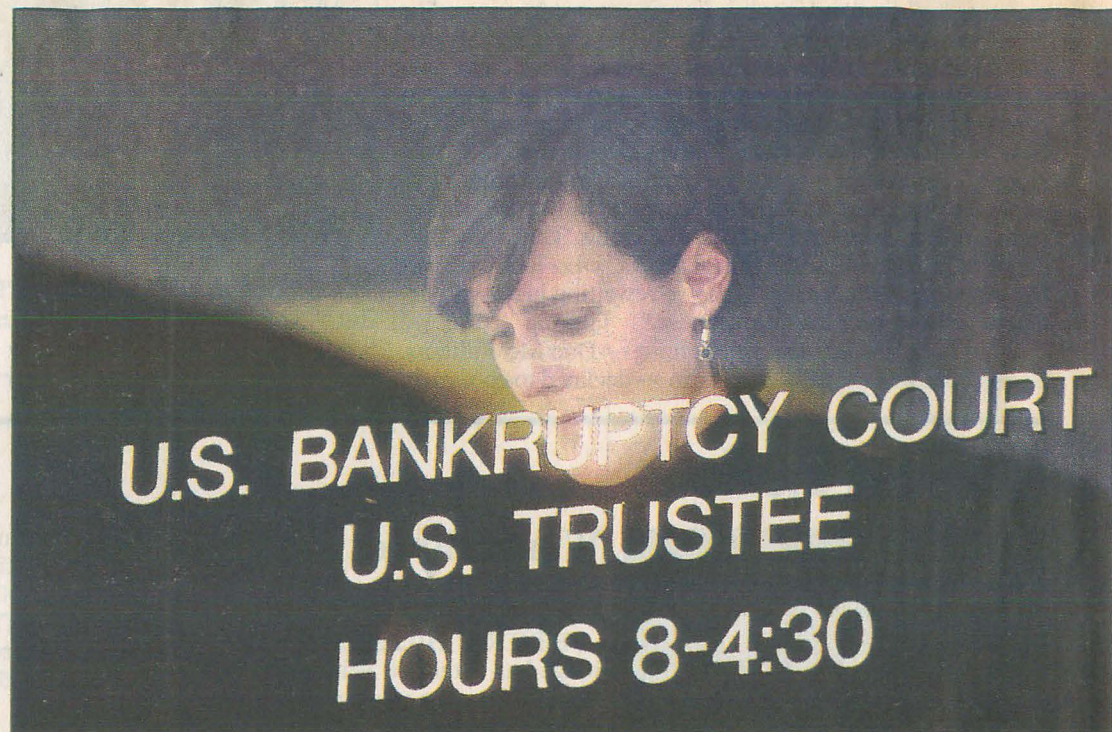
When Wheland went bankrupt in November, the court suspended pending workers' com-

pensation claims and payments on settled claims for more than 200 workers. Mr. West, 33, of East Ridge, was getting nearly \$1,700 per month, but now has just two days' of medicine left.

"What do I do in the meantime?" Mr. West asked Judge Stinnett. "If I die in two days, who's liable for that?"

Judge Stinnett was sympathetic. But neither the bankruptcy court nor state insurance regulators could assure Mr. West on Friday he would be getting assistance any time soon.

There was some good news



Lorie Street Mallchok, executive vice president of North American Royalties Inc., parent company of Wheland Automotive, walks out of the U.S. Bankruptcy Court Building on Friday.

STAFF PHOTO BY CHAD MCCLURE

for Wheland workers during Friday's bankruptcy hearing, however. The court approved an agreement hammered out late Thursday among company, union and creditor attorneys to guarantee that about 1,000 employees who are United Steelworkers Local 3967 members will get around \$800,000 for unused vacation time from the bankruptcy estate. The agreement also provides retention bonuses totaling about \$500,000 for 22 top executives, only half what the company first proposed.

"These matters are often the lightning rods in cases like this, but we think this is an equitable and reasonable agreement reached by all the parties in this circumstance," said Mark Richards, one of the attorneys for the creditors.

Wheland has agreed to sell one of its three remaining Chattanooga plants to one of its biggest customers, Michigan-based Hayes Lemmerz, for \$4.1 million. But that sale must be approved by bankruptcy courts

in Delaware and Tennessee.

"Because this issue requires court approval, any discussion about this matter is still premature," Marika Diamond, director of corporate communications for Hayes Lemmerz, said Friday.

Barring a sale, Wheland will shut down its other plants in early March.

The incentives approved Friday are intended to keep employees at Wheland until any shutdown or sale. The company is continuing to produce brake castings and other parts under a Chapter 11 bankruptcy until it completes its current customer orders.

While workers continue to be paid, those with workers' compensation claims are not. Wheland was self-insured for workers' compensation and paid out claims from its ongoing operations. But the court stopped those payments after Wheland filed for bankruptcy on Nov. 7.

As prescribed by Tennessee law, Wheland had a bond to help pay out claims in the event the business shut down. For the past year, that bond totaled \$975,000. For prior years, other workers' compensation bonds may provide even more money, attorneys said.

But the money may not be

enough to cover all the claims from the 233 active cases. When the company went bankrupt, it surrendered the bond to the state, which has responsibility for administering workers' compensation claims.

Judge Stinnett said the administration of workers' compensation claims is essentially a state issue.

"I can't make it work in this case," he said. "I wish I could."

Marie Joiner, an attorney for the state, argued that it would be less costly for the state to administer the claims in Nashville than in Chattanooga. She also suggested that the state's administrative cost should come from the bond funds.

But after Judge Stinnett and other attorneys objected, the state agreed to bring the case to Hamilton County Chancery Court next week. The state court must decide to whom and how claims will be paid from the bond proceeds.

"We don't know any more than we did when the sun came up this morning," said Mr. West's wife, Stacy, who wept during the hearing. "It's still going to be a long haul."

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Mill worker gets help

TFPI 75-2002 p. C1

State to petition for Wheland bond

By BOB GARY JR.
STAFF WRITER

Several Chattanoogaans bought Mark West \$600 in prescription drugs — and some time — Monday.

But the former Wheland Automotive Industries supervisor, severely injured in a 1996 on-the-job accident, likely will need more help before the workers' compensation portion of the company's bankruptcy action is resolved.

After his accident, Mr. West, 33, was getting about \$1,600 every month in workers' compensation. The 17 medications he needs to treat his pain and seizures, among other things, cost about \$1,500 monthly.

But when the company filed a Chapter 11 bankruptcy reorganization petition in November, payments and pending claims for 200-plus current and former Wheland workers stopped. Mr. West ran out of medicine Monday.

Over the weekend, however, one of Wheland's attorneys, Richard Klingler, found some donors who made sure Mr. West has another week's worth of medication. Mr. West's wife, Stacy, picked up 13 prescriptions Monday and is scheduled to get two prescriptions of eye drops today.

"I'm glad I could help, but they're (donors) the ones who really made it happen," Mr. Klingler said. "I just made a few phone calls."

Mrs. West said she and her husband are thankful for the help, but they know the solution is temporary.

"There are a lot of unknowns, and that's the scary part," she said. "In this case, unfortunately, we don't have any way of knowing how long it will take."

U.S. Bankruptcy Judge Thomas Stinnett ruled Friday that the workers' compensation portion of the Wheland bankruptcy should be heard in Hamilton County Chancery Court. Noting that some current and former Wheland employees affected have immediate needs, Judge Stinnett suggested the case be heard as soon as possible.

Marilyn Elam, communications director for the state Department of Commerce and Insurance, said state lawyers are on the case and will file a petition late this week or early next.

"It's in our interests, and certainly in the claimants' interest, to set it up as soon as practical," she said. "Hamilton County Chancery Court will be less complicated than fed-

eral court, but there's a legal process we have to honor, about 200 cases, and you never know what could come out of the woodwork."

As is the case with all self-insured businesses in Tennessee, Wheland has had to post bonds through the years to cover workers' compensation claims in the event of the company's bankruptcy.

Wheland had a \$975,000 bond in force when it filed for Chapter 11, but Ms. Elam said the company has posted five other bonds going back to 1974. Key for a worker seeking payment on a claim, she said, are the amount of the bond in force at the time of that worker's injury and the number of claims made on that money.

Ms. Elam said the state will ask the court to direct the bond companies holding those bonds to release those funds. The state also will seek permission from the court to establish a process by which claims would be administered. In bankruptcy court, the state argued that it should be paid for claims administration out of bond funds.

And as the lawyers prepare and the clock ticks, the claimants wait. Mrs. West said her husband will do so without his two pain medications, which he chose to give up because of the cost.

"We were lucky to get what would keep him alive," Mrs. West said. "It touches my heart to see there are people out there who care."

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LOCAL HISTORY
BICENTENNIAL HISTORY

CHATTANOOGA Co. Industries - Wheland (2002)

Bankruptcy attorneys set up gift fund for hurt Wheland worker

TFP 1-19-2002 P.C.1

BY BOB GARY JR.
STAFF WRITER

Two of Wheland Automotive Industries' Chattanooga bankruptcy attorneys have started a fund to cover the prescription drug costs of an injured former Wheland worker.

Dick Kennedy said Friday that the fund is being established to make sure Mark West has each of the 17 medications he needs until his workers' compensation payments resume. Those pay-

■ *Waiting for wheels of the law to grind on, injured man will have way of getting money to pay for his expensive medicines.*

ments stopped last November when Wheland filed a Chapter 11 reorganization petition.

"I don't feel I've done anything extraordinary," Mr. Kennedy said. "When some-

body's got a dire emergency, you do what you can do. This is what we can do."

One of Mr. Kennedy's partners, Richard Klingler, said the fund had \$3,500 as of Friday afternoon. Mr. West, who was severely injured on the job in a 1996 natural gas explosion, had been drawing \$1,600 monthly in workers' compensation, just enough to offset his monthly prescription bill.

"Words can't describe how I

felt" upon hearing of the fund's existence, said Mr. West, whose ailments include seizures and depression. "I know there are good people out there, but this is hard to believe. This is a lot of money."

U.S. Bankruptcy Judge Thomas Stinnett ruled last week that the workers' compensation portion of Wheland's bankruptcy should be heard in Hamilton County Chancery Court. He encouraged lawyers for state gov-

ernment, which has workers' compensation oversight authority, to file that petition as soon as possible.

Mr. Kennedy said the fact that the state is involved means Mr. West — and 200-plus other current and former Wheland workers who have seen payments or pending claims stopped — will have to wait far too long for help.

"I have no idea how long it will take the state of Tennessee

to get its act together," he said. "For some reason, the state doesn't act quickly."

Marilyn Elam, communications director for the state Department of Commerce and Insurance, said Friday she hoped the state would file its petition early next week.

"Mr. Kennedy's perceptions are his own," she said. "We've

had a (state) attorney general working all week on preparing the petition.

"You can't circumvent the law. There's a process you have to go through to invent an administrative process to distribute this money. It takes a lot of thought and energy, and other people have to have input. You have to review it and make sure it's what's going to be in the best interest of all the parties in-

involved.

"Hopefully, more work on the front end will mean less work the chancellor has to do," Ms. Elam said.

Living only on long-term disability insurance after his workers' comp payments stopped, Mr. West waited as long as possible to spend for new drugs. He would have run out last Monday but for one of Mr. Kennedy's partners, Richard Klingler.

Mr. Klingler found donors last weekend who chipped in to

buy a week's worth of drugs for Mr. West. That gave rise to the establishment of the fund.

Mr. Kennedy said his firm probably would run the fund for the short term but find "more traditional" administration later. Any money still in the fund if and when Mr. West's workers' comp payments resume, Mr. Kennedy said, could be returned to donors or be used for all affected Wheland claimants.

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Soon-idled Wheland workers get help

Job-search office opens; state files petition to unlock compensation cash

TFP 1-23-2002 p. C1

BY DAVE FLESSNER
AND BOB GARY JR.
STAFF WRITERS

Tennessee's state government moved Tuesday to help employees at Wheland Automotive Industries soon facing job losses or still struggling to get benefit checks for their prior injuries at the foundry.

The state Department of Labor and Workforce Development and the company, which filed a Chapter 11 bankruptcy reorganization petition in November, opened an Eastgate Town Center office to help workers polish their job-seeking skills.

At the same time, attorneys for the state asked a Hamilton County chancellor to start the process of settling suspended workers' compensation cases.

But the state and employer assistance may not be enough for many displaced workers or for those waiting on disability payments under workers compensation.

The man in charge of trying to sell Wheland's last three foundries conceded that those plants probably will shut down before they're sold.

"We've had widespread interest in these plants, and we continue to talk with seven or eight qualified buyers about their interest in one or more of the Wheland facilities," said John Herman, president of Equity Partners Inc., a Baltimore company hired to help sell Wheland's assets. "At this point, however, there probably isn't enough time to secure an interested buyer and complete the due diligence and court approvals required for a sale prior to the

plant shutdowns scheduled for next month."

Wheland has notified employees at its Middle Street foundry in Chattanooga and its Warrenton, Ga., foundry that their jobs will end in mid-February. Workers at Wheland's South Broad Street gray iron foundry are scheduled to lose their jobs in early March.

Hayes Lemmerz has agreed to buy the centrifuse plant that supplies its wheel castings. But the new owner will keep only 70 to 125 of the 1,300 Wheland workers being displaced, and even that sale still must be approved by the courts.

"There is a surplus of foundries in the industry right now, but we remain optimistic," Mr. Herman said. "I think

in the next couple of weeks the market should decide the future of the Wheland plants."

To help displaced workers, Wheland on Tuesday began offering optional courses on how to write resumes, fill out job applications, interview for a job and handle pension and 401(k) funds.

"We've got people who've

been there (Wheland) 20 years or more," said Wayne Tamme, Wheland's vice president for human resources. "We've tried to put together a package of information sessions to help people make a soft landing."

Gordon Morris, an eight-year Wheland veteran, got one-on-one resume help from Deborah Hester, a resource coordinator at the state's Southeast Career Center,

which is also at Eastgate. "Even with Wheland, I was always looking, keeping my resume up, ready to make a better move if one presented itself," said Mr. Morris, a shipping-department manager in Wheland's Broad Street plant.

The program got off to a slow start. Only four workers came by Tuesday, but Denny Clark, Wheland's training coordinator at Eastgate, said nearly 20 already are

signed up for sessions next week.

Settling workers compensation claims after Wheland's bankruptcy filing suspended payments also has been slow, a company official said Tuesday. Because Wheland is self-insured for its workers compensation, the 233 pending cases when the company filed for bankruptcy last November were put on hold.

U.S. Bankruptcy Court Judge

Thomas Stinnett lifted a stay order on the payments on Jan. 11 and directed the Tennessee Department of Commerce and Insurance to come back last week with a plan to handle the claims. State attorneys finally filed a plan for handling the workers compensation cases Monday.

The state wants to appoint the state Receiver's Office headed by Jeanne Bryant to handle pay-

ments of the bond proceeds for workers compensation and pay for such administrative expenses from the bond proceeds. But a hearing on the plan isn't scheduled until Feb. 11 and additional time will be required after that to give notice to affected workers.

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Wheland plant pours iron for last time today

TFPI-25-2002 p C1

By BOB GARY JR.

STAFF WRITER

Workers at Wheland Automotive Industries' Middle Street plant are pouring iron today for the last time.

The foundry, one of three the bankrupt company owns in Chattanooga, won't close until mid-February. After today, though, its 400-plus workers will busy themselves with packaging previously manufactured car parts, cleaning up and shutting down.

"I'm depressed about it," Ezell Townsend, who's spent the last 10 of his 12 years with Wheland at Middle Street, said Thursday. "It's a sad situation."

Few situations, though, could wind up being as sad as Paul Campbell's. The Grundy Coun-

ty resident works at Middle Street, but is set to move to what would be Wheland's last plant, on Broad Street, once Middle Street closes.

But unless it is sold, the Broad Street plant will shut down in early March. That would leave Mr. Campbell, who signed on at Wheland on March 28, 1972, scant days short of 30 years — and a full pension.

"There are actually four of us who started in March of '72," said Mr. Campbell, 53. "I'm wondering if I'll get my 30 in. I've got some unused vacation, but I just don't know if I'll get it or not."

Wayne Tamme, Wheland's vice president for human resources, said the company's pension plan call for retirees to receive "unreduced" pension at 30

years of service or 62 years of age. Falling even days short, he said, would make "a substantial difference" in a retiree's monthly pension.

But Mr. Tamme said the situations of Mr. Campbell and his fellow March '72 workers will be a likely topic when the company sits down with the United Steelworkers Local 3967 for "effects bargaining."

"We're going to talk about what the effects (of a shutdown would be) on the (union) membership," Mr. Tamme said. "Lots of things could be introduced, and I'm sure this type of issue will come up."

The Middle Street foundry produces a higher quality casting than Wheland's Broad Street gray iron foundry and has historically been among the com-

Middle Street plant at a glance

History: Opened in 1974 producing iron castings; expanded into ductile iron castings in 1986

Products: Ductile iron castings for car and truck parts

Daily output: 600 tons of metal per day; up to 100,000 castings daily

Casting weights: 1 to 30 pounds

Location: 1506 Middle Street

Staff: 409 employees

STAFF GRAPHIC BY LAURA E. WALKER

pany's most profitable plants. But with the current surplus of foundry capacity in the automotive industry, other suppliers moved quickly last fall to pick up Wheland's business after the company filed for bankruptcy.

"The Middle Street plant was one of our best facilities, but there is a lot of excess capacity in the industry right now and that has made it more difficult to sell our operations," said Lorie Mallchok, Wheland's executive vice president.

(over) →

Equity Partners Inc., a Baltimore company which specializes in selling troubled businesses, is continuing to market the Wheland plants. EPI President John L. Herman Jr. said seven qualified buyers are still looking at different Wheland plants. But so far, the only offer has come from one of Wheland's customers, Hayes Lemmerz, for Wheland's smallest plant — the centrifuse casing plant in Chattanooga.

David Tripp, who's put in about seven of his 24 years at Wheland at Middle Street, said the company's plight has left him disappointed and angry.

"I'm sort of mad because I'd always envisioned retiring at 30 years," he said. "I'm disappointed for all my co-workers. I care about my people out there. I feel like we've got one of the best work forces in Chattanooga and up to this day, they're still doing a good job — even under the circumstances. I'm very proud of them."

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Hayes-Wheland deal before federal judge

TFP 1-30-2002 p. C1

By BOB GARY JR.
STAFF WRITER

Wheland Automotive Industries is headed back to U.S. Bankruptcy Court, but this afternoon's hearing should be almost contention-free.

Judge Thomas Stinnett is expected to rule on two agreements reached by Wheland and one of its biggest customers, Michigan-based Hayes Lemmerz. One calls for Hayes to pay Wheland \$3.4 million in accounts receivable by March 15.

The other involves Wheland's previously announced intention to sell its Centrifuse plant in Chattanooga to Hayes for \$4.1 million. Hayes already owns much of the hardware in the Centrifuse plant.

As Hayes and Wheland are both operating under Chapter 11 bankruptcy reorganization

■ Also in bankruptcy, Hayes Lemmerz will pay \$3.4 million in accounts receivable, and \$4.1 million for the Wheland centrifuse plant.

protection, the potential sale must be approved by Judge Stinnett and his counterpart handling the Hayes case in Delaware.

"I know of no opposition or any objections" to the agreements, said Tom Ray, a Chattanooga bankruptcy attorney and lead counsel for a committee made up of Wheland's creditors.

Marika Diamond, director of communications for Hayes, would not comment specifically on whether the Delaware bankruptcy court handling the Hayes case has given its blessing to the deal. She would say only that the "matter is still evolving. Therefore, engaging in any discussion would be premature."

Mr. Ray said the purchase agreement calls for half the money to be paid now, with the other half to be paid in no more than one year. He said the second installment is a guaranteed "carve-out" in the Hayes bankruptcy.

"In view of Hayes' bankruptcy, this is a very good settlement," Mr. Ray said. "We'd like to have gotten more money, but, frankly, there wasn't another prospect."

Wheland's smallest, the Cen-

trifuse plant, employs about 70 workers. It would have shut down in mid-February. Mr. Ray said there is only middling interest in Wheland's two remaining Chattanooga plants.

The Middle Street plant, at which iron was poured for the last time Friday, is due to shut down in mid-February barring a sale. The Broad Street plant would close in early March.

"There are some nibbles," Mr. Ray said. "I'm going to be meeting with them soon, and we'll know more as to whether they could be more than just nibbles."

But in any case, Mr. Ray said, "I don't think there's any possibility" that the plants would sell before shutting down. "I think the process just got started too late," he said.

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CLIPPING FILE
LOCAL HISTORY
BICENTENNIAL LIBRARY

Chattanooga - Industries - Wheland Co. (2002)

CLIPPING FILE
LOCAL HISTORY
CENTENNIAL LIBRARY

Carnegie, Dome sales to be set by judge

Buildings expected to sell by March

TFP 1-31-2002 p. C1

By BOB GARY JR.
STAFF WRITER

The method by which two of Chattanooga's historic buildings will be sold is to be determined in U.S. Bankruptcy Court on Feb. 21.

Judge Thomas Stinnett is expected to rule at that time on a motion setting forth a proposed procedure for auctioning the Dome Building and the old Carnegie Library Building. The downtown buildings have been owned since the 1960s by North American Royalties, the parent company of Wheland Automotive Industries.

Wheland filed for Chapter 11 bankruptcy reorganization protection last November. The buildings are being marketed by Fidelity Trust Co.

"We're expecting \$3.2 million to \$3.5 million, but we're hoping for north of that" for both properties, Chattanooga bankruptcy attorney Tom Ray, lead counsel for Wheland's creditors, said Friday. "There's probably a half-million in furniture and artwork in there," said Mr. Ray, who added that the buildings are expected to sell by late March.

Opened in 1892 as the home of The Chattanooga Times, the Dome Building has 47,000 square feet on six floors. Four are leased offices, and the other two house data processing and accounting operations for North American Royalties.

Wheland's parent company also owns an adjacent 17,000-

square-foot warehouse where the Times press once ran.

The former Carnegie Library is just across Eighth Street from the Dome Building. Built in 1905 with \$50,000 donated by philanthropist Andrew Carnegie, the 13,000-square-foot building was Chattanooga's first public library. It now houses North American Royalties' headquarters.

"They're on the National Historic Register and are two of Chattanooga's most beautiful buildings," said Joanie Eldridge of Fidelity Trust.

In a Friday hearing, Judge Stinnett approved two agreements between Wheland and one of its major customers, Michigan-based Hayes Lemmerz. Hayes agreed to pay Wheland \$3.4 million for hardware it already has received from Wheland, and Hayes has agreed to buy Wheland's Centrifuse plant off Broad Street for \$4.1 million.

Hayes will pay Wheland \$2.1 million when the sale closes, with the other \$2 million due in no more than a year from closing. The sale leaves Wheland with plants on Middle Street and Broad Street, which are expected to close by early March barring a sale.

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CHATTANOOGA - Industries - Wheland Co. (2002)

CLIPPING FILE
LOCAL HISTORY
BICENTENNIAL LIBRARY

Middle Street plant mothballed

1st Wheland shutdown affects 400 people; cleaning locker 'worst part'

TFP 2-2-2002 P. C1

BY BOB GARY JR.
STAFF WRITER

Gary Miller worked a light day Friday, but he did so with a heavy heart.

After nine years at Wheland Automotive Industries' Middle Street plant, Mr. Miller left for the last time at midmorning because there was nothing left to do. Its weeklong mothballing complete, the Chattanooga foundry closed.

"It was hard to sit down and clean out my locker," the Whitwell, Tenn., resident said. "That was the worst part.

"There was a lot of sadness and frustration, talking to guys you'd been working with for 10, 15, 25 years. Even though you

say you'll keep in touch, we all live so far apart that we'll probably never see each other again."

The closing idles about 400 hourly and salaried workers. Because Wheland told the state in December that the plant would close Feb. 11, though, those workers will be paid up to then.

"This is a very difficult time for all our employees, their families and the community in general," said Wayne Tamme, vice president for human resources at Wheland's parent company, North American Royalties.

Wheland, which filed for bankruptcy last November, is scheduled to close its Warrenton, Ga., plant in about two weeks. Its Broad Street Gray and Centrifuse plants are set to close

in a month.

An agreement is in place for Michigan-based Hayes Lemmerz to buy the Centrifuse plant, and the other two plants are up for sale. But even if each of the plants is sold, Mr. Tamme said, they'll have to shut down first.

"We have several (potential buyers) still interested," he said. "There just haven't been any acceptable offers yet.

"But even if somebody walked in with the cash and said they were ready to buy right now, it would take two months — minimum," he said. "It's not like buying a house. It's very complicated."

Likewise, Mr. Miller said, life is going to be anywhere from

complicated for some ex-Wheland workers to downright desperate for others.

"I've got a high-school education and some college," said Mr. Miller, who said he helped build roads into Iraq during the Persian Gulf war with his U.S. Army engineering unit. "I've got pathways open that probably 60 percent of these men don't have.

"A lot of these men came out of high school or quit high school and came straight to Wheland. It used to be you could get all the overtime you wanted, and a lot of them built on that. Now they're going from \$46,000 a year to heaven knows what."

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Wheland benefits case set

■ Chancery judge will hear objections filed by bonding companies to the state's bid to release funds for injured workers.

TFP2-9-2002-PCI
By BOB GARY JR.
STAFF WRITER

The workers' compensation portion of Wheland Automotive Industries' bankruptcy proceeding will resume Monday afternoon in Hamilton County Chancery Court.

That's where U.S. Bankruptcy Judge Thomas Stinnett ruled Jan. 11 that the issue should be resolved, and where attorneys for the state filed their petition 11 days later. Chancellor Frank Brown will preside at the 1:30 p.m. session, which former Wheland worker Eddie Hart Sr. expects to be well attended.

"Wheland's got a lot of injured people out there," said Mr. Hart, who got lifetime medical coverage after he was injured on the job in 1989. "If I'm living, I'll be there."

At issue is at least \$2.3 million earmarked to cover workers' compensation claims made by Wheland workers over the last 25 years. As a self-insured business, Wheland was required by state law to post such bonds, which cover specific amounts and specific periods of time.

When the Chattanooga-based foundry filed a Chapter 11 bankruptcy reorganization petition in November, though, all payments and benefits re-

sulting from settled claims, such as Mr. Hart's, were stopped. Processing of pending claims was suspended.

More than 200 workers have been affected.

The state, which has responsibility for distributing workers' compensation claims, will ask Chancellor Brown to direct the bonding companies involved to turn over those funds.

The state also will ask Chancellor Brown to rule more quickly than usual. But two of the bonding companies, United States Fidelity and Guaranty Co. (USF&G) and United States Fire Insurance Co., have filed objections to the state's proposal.

The two companies also have objected to the state's request that costs it incurs in administering claims come out of the bond funds. USF&G put a \$350,000 bond in force six years ago and raised it to \$600,000 before it was canceled two years ago.

United States Fire then stepped in with a \$975,000 bond that was canceled when Wheland filed bankruptcy.

What the state does not outline in its petition is a plan to make fast benefit payments for workers who've gone without since Wheland's bankruptcy. Chattanooga bankruptcy attorney Richard Klingler, whose firm represents Wheland, said that's why it will seek to become involved in the Chancery Court proceeding.

"We believe there is sufficient protection that some portion of the money could start to be utilized right away to pay for emergency medical needs," he said. Former Wheland worker Mark West, severely injured in a 1996 explosion at the plant, would have run out of the 17 medications he requires had Mr. Klingler's firm not started a fund to cover his prescription drug expenses.

But Marilyn Elam, a spokeswoman for the state Department of Commerce and Insurance, said that to handle more urgent claims more quickly than others, the state first must be allowed to put its system in place.

"We're really starting from ground zero," she said. "We're trying to develop a system that deals with all claims, some of which probably will come from more than 20 years ago.

"You've got to have a process," she said. "Then, through that process, you establish priority for claims."

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CHATTANOOGA - INDUSTRIES - WHELAND CO. (2002)

Ex-Wheland workers to wait longer

TFP 2-12-2002 p. C1

By DAVE FLESSNER
BUSINESS EDITOR

Injured employees of Wheland Foundry will have to wait a while longer before their medical bills and workers compensation benefits are paid.

But Hamilton County Chancellor Frank Brown on Monday scheduled a hearing for next week that could expedite payments for those most in need.

"I really am trying to protect everybody's rights," Judge Brown said. "But we can't just can't walk through three more

months of legal maneuvering while these workers wait on their money. ... It's a fine line we're trying to walk."

More than 200 current and former employees of Wheland Automotive Industries with outstanding workers compensation claims have had their benefits and cases suspended since the company filed for bankruptcy Nov. 7.

Wheland was self-insured for its workers compensation coverage. The company has paid for up to \$2.3 million of

bonds to cover workers compensation losses in the event of the company's shutdown or bankruptcy. But those payments cover workers over three decades and may not be made until a court decides who should be paid and how.

The Tennessee Department of Commerce and Insurance petitioned the court Monday to order three bond companies to collectively pay nearly \$1.3 million for workers compensation

claims. The state agency wants to hire a Nashville attorney to gather and handle Wheland's workers compensation claims to distribute the money.

Attorneys for the three bond companies — United States Fire Insurance Co., United States Fidelity and Guaranty Co., and Employers Reinsurance Corp. — said they are willing to pay the face amount on their bonds, provided they are excused from any future liability. But one of the attorneys representing injured workers at Wheland, Tom Wyatt, argued that the bond companies should pay twice as much as the face value of their

bonds because they each represented Wheland for two or more years. Mr. Wyatt said bonds represent annual commitments which must be renewed each year.

But attorneys for the bond companies and the state rejected that claim, contending that the companies are only responsible for paying the bond amount in total, not each year.

Judge Brown will hear arguments on the disputed bond amount at 9:30 a.m. Feb. 21. Later that day, he also will hear from those with ongoing medical claims or temporary total disabilities to determine whether there is sufficient mon-

ey from the bonds to make some payments for immediate medical needs.

Such relief can't come too soon for Mark West, an injured former Wheland worker whose medications will run out next week. Mr. West, who was injured in a 1996 fire at the Wheland plant, is receiving help from a charity set up to cover his medical bills while the workers compensation dispute continues.

"They talk about emergency help, but it sure seems to take a long time," Mr. West said during a break in Monday's hearing.

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Wheland Foundry will close, but NAR Foundation won't

Recipients include aquarium, Calvin Donaldson Elementary

TFP 2-17-2002 p.A1
 BY BOB GARY JR.
 STAFF WRITER

Wheland Automotive Industries will die sometime in the next few days, but not without leaving a legacy.

In 1966, Gordon P. Street Sr., then-chairman of Wheland's parent company, North American Royalties, created a charitable foundation. Since then, the NAR Foundation has made gifts totaling \$4.5 million.

"The foundation will survive the company," said Gordon P. Street Jr., NAR's current chairman. He said the foundation has received no contributions from Wheland in recent years but will continue to function with investment income.

The foundation's recipients include the Tennessee Aquarium, the Creative Discovery Museum, Allied Arts and the like.

It spent \$1 million to turn what Gordon P. Street Jr. called "a horrible piece of property" on 28th Street into Harris-Johnson Southside Community Park.

For Mr. Street, at least one gift — though relatively small — continues to have special significance. "Calvin Donaldson," he said, "has been very meaningful."

In 1995, the NAR Foundation gave \$30,000 in new computers to its Adopt-A-School partner, Calvin Donaldson Elementary. Betty K. Williams, then the school's principal, said the equipment sorely was needed.

“ Wheland has served my family and many others extremely well. It's so tragic that the company ... will now affect so many people negatively, with job losses and retirees who are going to lose benefits.”

— Sherry Shipley Gravitt

"The computers we'd had were old," she said. "Most didn't work. Those (new computers) put us on the cutting edge for technology at that time."

The foundation's signature program has been one through which it has given \$1.25 million in 4-year college scholarships to dependents of Wheland employees.

Mr. Street said current scholarship recipients have been informed that their grants will not be affected by Wheland's imminent shutdown. No decision has been reached on the program's future, he said.

Mr. Street said the foundation has awarded scholarships to 148 recipients, most of whom

attended either the University of Tennessee at Chattanooga or the university system's main campus in Knoxville.

"Of those," he said, "110 have graduated. Some (families) now have second-generation NAR scholars."

One such family is the Gravitts of North Chattanooga.

With her NAR grant, Sherry Shipley Gravitt went from Brainerd High School to UT, where she graduated in 1974 with a degree in advertising.

"I was ecstatic," said Mrs. Gravitt, whose father, Irvin Shipley, retired from Wheland in 1988 after 38 years with the company. "It allowed me to be able to go away from home, which I think is part of the educational process."

Mrs. Gravitt's daughters, Neely and Hayden Criehtfield, also won NAR scholarships. Neely graduated from UT last year with a degree in photography, while Hayden is studying acting at New York City's Marymount Acting College. Their stepfather of seven years, Steve Gravitt, retired from Wheland last year after 36 years.

"Wheland has served my family and many others extremely well," Mrs. Gravitt said. "It's so tragic that the company ... will now affect so many people negatively, with job losses and retirees who are going to lose benefits."

"It saddens all of us tremendously."

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CHATTANOOGA - INDUSTRIES - WHELAND CO. (2002)

Wheland collapse ripples through economy

Expansions, strikes cripple city's oldest manufacturer

TFP 2-17-2002 p. A1
BY DAVE FLESSNER
BUSINESS EDITOR

For nearly a century and a half, Wheland Foundry has helped forge Chattanooga's manufacturing-based economy.

But next week, the city's oldest manufacturer will stamp out its final brake casting. The last of the 1,300 employees who once toiled inside the company's cavernous plants in South Chattanooga will be laid off next month.

WHELAND FOUNDRY



Today
The last shift

Monday
Personal toll

Tuesday
Forging ahead

"I always figured Wheland would be here forever," said Jerry Giles, a 26-year employee who picked up his final paycheck Thursday. "It's hard for a lot of us at our age to start over."

Finding buyers willing to start over with the 146-year-old business also has been hard. Only the smallest of Wheland's four foundries has attracted a buyer since the company filed



Dennis Andrews pours iron at Wheland Foundry, which is ceasing production this month.

STAFF PHOTO BY CHAD McCLURE

for bankruptcy last November.

The collapse of Wheland is likely to be the costliest bankruptcy in Chattanooga history. By some measures, the economic fallout from the foundry shutdown could cost Chattanooga's economy nearly a half billion dollars.

"This will touch almost everyone in our community in

some way," said Ray Childers, president of the Chattanooga Manufacturers Association. "Wheland was not only a major employer and parts purchaser but also a key supporter of local charities, the arts and education."

Wheland Automotive Industries, as the company renamed itself two years ago, was

the nation's biggest independent automotive foundry. It supplied parts for nearly half of all U.S.-built cars and trucks.

The company enjoyed a half-century record of consistent profits. But like a growing number of automotive suppliers, Wheland collapsed after costly expansions and labor strikes saddled it with too much debt

“This will touch almost everyone in our community in some way.”

— Ray Childers,
Chattanooga Manufacturers
Association

to withstand the current industry downturn.

"This is not a sustainable business as it is right now," said David Cole, director of the Center for Automotive Research at the University of Michigan. "There's simply too much capacity and we're seeing the casualties every day as a result."

Wheland is one of 10 major automotive suppliers to file bankruptcy in the past six months. The impact from Wheland's collapse is being felt by more than two dozen Wheland suppliers and lenders still waiting to be paid for more than \$140 million in supplies or work. They are likely to recover only a small portion of those claims from the sale of foundry assets in bankruptcy court, officials said.

For many local companies,

the shutdown of Wheland will be even more costly for their ongoing business than their one-time losses in the bankruptcy.

"Over the past 30 years, we've done a tremendous amount of work for Wheland," said Joe Farless, president of Lawson Electric Co. "It's been a great customer and their closing is obviously going to be a tremendous disruption for a lot of people."

WHAT WENT WRONG

Wheland's outlook was far different through most of the 1990s. Amid the longest economic upturn in U.S. history, Wheland nearly doubled in size to capitalize on the robust automotive market.

In 1995, Wheland expanded outside of its hometown for the first time by building a gray iron plant in Warrenton, Ga. Two years later, Wheland decided to expand in Chattanooga, with a \$35 million ductile line to make drivetrain parts for General Motors.

By November 1999, Wheland's staff swelled to nearly 2,100 employees in Chattanooga and Warrenton.

Bill Burton, a former director of strategic planning and acquisitions for the metal parts supplier Shiloh Industries, was hired as Wheland president. He talked about quadrupling Wheland's size into a \$1 billion-a-year company.

But along that growth path, Wheland hit some unexpected ruts and stumbled.

In the spring of 1998, Wheland's unionized employees walked off the job. The seven-week strike by United Steelworkers Local 3967 turned violent when the company brought in replacement workers from as far away as Montana.

Company officials said contract changes were needed to make their work force more flexible and efficient.

Auto suppliers hit the skids

Wheland is among at least a dozen major automotive supply companies that have filed for bankruptcy in the past two years.



Auto supply firm

Kaiser Aluminum
Oxford Automotive Inc.
Harvard Industries Inc.
Hayes Lemmerz International
Valeo Electrical Systems Inc.
Wheland Automotive Industries
Federal-Mogul Corp.
Bethlehem Steel Corp.
Talon Automotive Group
Mexican Industries
Cambridge Industries Inc.
Key Plastics LLC

Bankruptcy filing

February 2002
January 2002
January 2002
December 2001
December 2001
November 2001
October 2001
October 2001
July 2001
June 2001
May 2000
March 2000

SOURCE: COMPANY REPORTS, HOOVER'S ONLINE RESEARCH.

STAFF GRAPHIC BY BECK TOWERY

But some workers said standard products produced by Wheland during the strike weakened the company's reputation and balance sheet.

"When we came back, returns from customers were probably the highest they've ever been," said

Gary Miller, a union member who worked in the company's Middle Street plant. "The trust of our customers declined."

The steelworkers' strike was barely settled in 1998 when the United Auto Workers went out on strike against General Motors, lessening sales to one of Wheland's main customers.

As a result of the two strikes, 1998 produced one of the first losses in decades for Wheland.

PROBLEMS WITH GM DEAL

That same year, however, Wheland began preparing for its biggest single contract — a three-year, \$150 million deal to supply drivetrain parts to GM.

"The ductile line we built to supply that contract gave us the ability to make products in a market we were not in and ex-

“It's sad because Wheland was a good place to work for a lot of us. My whole family has worked there.”

— Jerry Giles,
26-year employee

pand our capacity in a faster-growing business," said Lorie Mallchok, the third-generation leader of Wheland. "There was a tremendous opportunity because General Motors was closing down one of its foundry facilities, so there was a lot of work on the market that could fill up that capacity immediately."

But Wheland was unable to fulfill the GM contract. Getting the molding lines, pouring furnaces and core-making equipment running and coordinated in time to meet GM's time and quality standards proved harder than Wheland officials had expected.

By the end of 2000, Wheland was forced to scrap its ductile line venture altogether. Eventually, Wheland agreed to pay GM \$15 million in penal-

ties for failing to meet its contract. The failed venture wiped out most of Wheland's net worth and forced the company to renegotiate its debt with its lenders.

"The inability to bring our ductile line into full production obviously hurt us, but I think we could have been successful had we been given more time," Wheland Chairman Gordon P. Street Jr. said. "Unfortunately, the market didn't give us that time and, at the same time, we were being pressured for lower prices and higher quality on many of our other products."

But Ms. Mallchok, the company's executive vice president and Mr. Street's daughter, insists Wheland's approach was a sound one.

"Strategically, I still believe the moves we made were the right ones," she said. "The execution of our expansion projects could have been stronger. But I don't look back and think we followed the wrong strategy."

BORROWING TROUBLE

Through its history, Wheland had never had to put up collateral to secure its bank loans. But after the company's value sunk in 1999 and 2000, Wheland officials eventually had to agree to a lien on plant property to secure another \$25 million of working capital last August.

Major banks and insurers, including Chase, Nationwide and First Tennessee, refinanced \$104 million of Wheland debt and provided additional funds for the foundry to try to recover.

But Wheland never did. After the Sept. 11 terrorist attacks, the business showed no signs of returning to profitability any time soon, Ms. Mallchok said.

The banks claim they have a secured inter-

est against Wheland's assets and should receive all of the proceeds from the liquidation of the company.

But because Wheland filed its Chapter 11 bankruptcy petition only 88 days after the banks secured their lien, the banks may not have priority in getting their money over other unsecured lenders. In a bankruptcy proceeding, the court may reclaim any money paid, including \$2 million in fees and interest paid to the lenders in the Wheland case, within three months of the bankruptcy filing.

Ms. Mallchok said she traveled to Atlanta for a final attempt last fall to again refinance Wheland's debts.

But the bankers balked at providing any more funds for a company that had already lost \$25 million in the first nine months of last year. As the meeting broke up, Ms. Mallchok said she knew the only recourse was to file for bankruptcy and give up the business that had been in her family since 1945.

She recalled the normal 2-hour drive back to Chattanooga from Atlanta took only 90 minutes.

"That was a sad drive home," she said.

A few days later, on Nov. 7, Wheland filed a Chapter 11 petition, which protects the com-

pany from creditors while it reorganizes its finances. But Wheland officials already had spent the previous year trying to reorganize and refinance their debt outside of bankruptcy court. The bankruptcy filing turned out to be primarily an orderly way to phase out the business and try to sell the assets.

SHUTTING DOWN

On the same day as the filing, Wheland sent a letter to its customers asking them immediately to pay their outstanding debts, waive claims of liability for supply interruptions and, in most instances, to pay higher prices in advance of any future shipments of goods.

"We needed to alert our customers of our status and to mitigate any ongoing cash losses during a time when we knew customers would be able to re-source their products elsewhere," Ms. Mallchok said.

The move has helped Wheland collect \$24 million in outstanding bills, but it also has pushed its customers to find other suppliers. Prospective buyers of most Wheland plants must now be willing to buy the plants without any ongoing customers.

The only plant to attract a buyer so far is Wheland's centrifuse plant in Chattanooga, the smallest facility with about 70 employees. But even the buyer of that plant is in bankruptcy.

Hayes Lemmerz International, one of Wheland's biggest customers, filed for bankruptcy last December. The company gained approval from the bankruptcy court last month to buy Wheland's centrifuse plant for \$4.1 million because the plant is the only source of some materials for Hayes Lemmerz.

The new owners began accepting applications to work in the centrifuse plant last week. But Hayes Lemmerz will hire only a small fraction of those displaced from Wheland.

"It's sad because Wheland was a good place to work for a lot of us," said Mr. Giles, who joined the company with his twin brother after graduating from high school in Sand Mountain, Ala. "My whole family has worked there, but I guess

we'll just have to try to find somewhere else to work. That's going to be tough."

Staff writer Bob Gary contributed to this report.

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Out of work

Wheland Automotive Industries employed more than 1,200 workers with an annual payroll of \$55 million at its four foundries and main office prior to recent plant shutdowns.

Plant	Number of employees	Closure date
Administration	16	Spring 2002
Broad Street gray iron	507	March 2002
Centrifuse plant	65	March 2002
Middle Street foundry	409	February 2002
Warrenton, Ga., foundry	180	February 2002
Broad Street ductile	90	July 2001

SOURCE: WHELAND AUTOMOTIVE INDUSTRIES

STAFF GRAPHIC BY BECK TOWERLY



Wheland Foundry through the years

- **1866** — Wheland Co. founded in Athens, Tenn., and begins manufacturing iron farm implements and cookware.
- **1873** — Company relocates to Chattanooga and expands production to include sawmills, gristmills and water wheels.
- **1900** — Production expands to include steam engine and boiler parts.
- **1920** — High-speed drilling equipment produced for emerging oil industry.
- **1940** — Production shifts to military equipment for World War II.
- **1945** — Gordon P. Street Sr. purchases Wheland and shifts production to automotive industry.
- **1947** — Wheland wins first contract with General Motors.
- **1968** — Reaches milestone of 19 million castings a year.
- **1969** — North American Royalties merged with Gordon Street Inc. Company becomes publicly traded.
- **1974** — Middle Street ductile iron plant opens in Chattanooga, producing gray iron castings.

- **1983** — North American Royalties converts from a publicly traded company to a privately held company through a \$40 million buy-out of minority shareholders by Gordon Street family.
- **1986** — Middle Street plant expands into ductile iron production.
- **1987** — Centrifuse Plant added to produce centrifugal castings for heavy truck drums.
- **1995** — Gray iron plant built in Warrenton, Ga., featuring two more molding lines. Production reaches milestone of 43 million parts for the year.
- **1999** — Broad Street ductile iron plant opens to serve 3-year, \$150 million contract with GM for drive-train parts.
- **2000** — Company changes name to Wheland Automotive Industries to reflect broader product line and expansion plans.
- **2001** — Company restructures debt in August but is unable to make debt payments after Sept. 11 and files for bankruptcy reorganization on Nov. 7.
- **2002** — Agrees to sell Centrifuse plant to Hayes Lemmerz International and announces plans to close its three other plants.

Source: Wheland Automotive Industries

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LOCAL HISTORY
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Wheland workers face few, tough options

TFP 2-18-2002 p. A1

By BOB GARY JR.
STAFF WRITER

Jamey Troutman never thought it would happen to him.

After a bit more than two years at Wheland Automotive Industries, Mr. Troutman, 24, was laid off last August and has been jobless since. The 146-year-old foundry went bankrupt last November and will be shut down by early March.

"I'm a fourth-generation foundryman," he said. "I felt I'd be OK because of my family's work history. My great-grandfather retired from

WHELAND
FOUNDRY



Sunday
The last shift

Today
Personal toll

Tuesday
Forging ahead

“Many of these workers are going to have to work two or three jobs to make what they did.”

— Daynise Couch,
Tennessee Industrial Renewal Network organizer

a foundry. So did my grandfather. Dad had 25 years (at Wheland).

"I figured once I got on, there'd be nothing to worry about," said the East Ridge resident.

Some Wheland workers have decent options. James Workman, a 25-year man, may wind up working for a different owner in the same Centrifuse plant where he's spent the last 12 years, or

he may turn his sideline of 20 years into a business. Tony Hawkins Jr., 25, is now looking at a military career. Kenneth Patton, an accomplished amateur barbecue cook, will try to become a full-time pro.

But Daynise Couch, an organizer for the union-backed Tennessee Industrial Renewal Network, said most laid-off Wheland workers have a lot to worry about. At Wheland, the aver-

age hourly employee was paid \$13.25 an hour, plus benefits.

"A person who's used to earning that isn't going to make it on a \$7-per-hour job at Wal-Mart," said Ms. Couch, who recently met with displaced Wheland workers.

"Many of these workers are going to have to work two or three jobs to make what they did. Unfortunately, they don't have transferable or marketable skills in today's economy."

Wheland and the state have tried to do something about that. Soon after Wheland gave the required 60-day notices about possible plant closings, officials from the Georgia, Tennessee and federal governments and organized labor met with Wheland employees to discuss training

opportunities, unemployment insurance, job-search programs and health care and pension issues.

"This is one of the largest mass layoffs in Tennessee and we've tried to be as responsive to worker needs as we can," said Don Ingram, Tennessee's dislocation unit manager. Perceptions to the contrary, he added, thousands of jobs are available statewide.

For its part, Wheland operated a transition center in Eastgate Town Center for four weeks. Workers got advice from financial and insurance counselors, as well as state personnel, on subjects including resume preparation, interviewing skills, and financial management.

"We're also filing everybody's unemployment paperwork," said Wayne Tamme, Wheland's vice president for human resources. "That's a bigger task than we ever thought it would be, but we'd do it again. It keeps our people from having to stand in line at the unemployment office."

Betty Lou Keith, who's winding up 29 years in Wheland's accounting department, said her frequent trips to the transition center have left her feeling better about her situation.

"I learned from the Social Security people that because I'm 60 years old and a widow, I'll be able to draw right away," she said. "That was a bright spot."

"I was concerned about a resume because I didn't have one. I found I had some qualities and experiences I could list that a company might be looking for. The



STAFF PHOTO BY CHAD McCLURE

Former Wheland worker Jamey Troutman, right, sits with his daughters Abigail, 4, and Elizabeth, 2 months, and wife, Carrie, in the living room of their home.

classes were very helpful to me.

"I'm not as stressed as I was," Mrs. Keith said. "Life's not going to stop here."

Mrs. Keith said she'll take some time to relax before starting a job search, but Mr. Troutman didn't have that luxury. He's been looking since his layoff but has only "ifs and maybes" to show for it.

"It's hard to find a good-paying job with the economy down and the shadow of Sept. 11," he said.

Mr. Troutman had been bringing home a bit over \$400 for a 40-hour week and extra for overtime. Sensing trouble ahead, though, he started saving and cutting back his spending early last year.

"If I hadn't done that, we'd really have been in trouble," he

said. "My wife was pregnant when I got laid off."

What Mr. Troutman had squirreled away ran out around Christmas, just after Carrie Troutman gave birth to their second daughter. The plan was for her to be a stay-at-home mom for 4-year-old Abigail and newborn Elizabeth,

but she returned Jan. 21 to her job as a Hamilton Christian Academy teacher's aide.

"We've got unemployment plus what she brings home," he said. "It's close. We've been keeping our heads above water is all."

And even that may not last much longer. His weekly unemployment benefit of \$275, the amount for which most Wheland workers in Tennessee qualify, will be gone in five weeks.

"Hopefully, I've got another job by then," he said. "If not, I'll be living off my wife, and I don't want that, either."

Mr. Troutman's family's history of pouring hot iron may not mean much in the face of cold economic reality, but it's given him the capacity to eye the future with a steely resolve.

"God will help us through this," he said. "We're Troutmans. We're survivors. We're going to make it."

Business Editor Dave Flessner contributed to this report

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CHATTANOOGA - Industries - Wheland Co. (2002)

Wheland struggles to sell amid automotive shakedown

TFP 2-19-2002 p.A1

WHELAND
FOUNDRY



Sunday
The last shift

Monday
Personal toll

Today
Forging
ahead

BY DAVE FLESSNER
BUSINESS EDITOR

American car buyers shelled out nearly \$1 trillion in the past three years to buy a record 51 million new vehicles.

But the sales boom in dealer showrooms only is creating financial turmoil in many automotive factories, including Chattanooga's oldest manufacturer. Despite the industry's **INSIDE** **■** Rossville mill could prosper again, North Georgia

Wheland officials are trying desperately to sell their idled foundries. But so are dozens of other auto industry suppliers that, like Wheland Automotive Industries, grew their production capacity faster in the late 1990s than the market demanded.

"What we've become is a zero-profit business right now," said Neil DeKoker, head of the automotive trade group Original Equipment Suppliers Association. "There's a real shake-out in the whole industry."

As a result, the future of Wheland's foundry facilities in Chattanooga and Warren-

ton, Ga., are as uncertain as many of the company's 1,300 displaced workers.

Wheland has reached an agreement to sell its smallest plant to one of its customers, Hayes Lemmerz International, which itself is in bankruptcy. The firm is preparing to take over Wheland's centrifuse plant.

But Wheland's main Broad

Street gray iron foundry, the Middle Street foundry in Chattanooga and the foundry in Warrenton, Ga., remain on the block.

"We're having some negotiations, which I can't comment on," said John Herman Jr., president of Equity Partners Inc., the Lutherville, Md., company hired last December to liquidate Wheland's assets.

LAYOFFS BEFORE SALE

Wheland officials remain confident that the plants will eventually sell, but not before the rest of Wheland's 1,300-employee staff is laid off in the next month. The foundries are expected to fetch only a portion of the debt on the facilities.

The company has completed initial environmental reviews of the foundry sites and did not uncover any major environmental liability that might hold up a sale.

"These are good facilities, and I'd like to see them purchased by other operators," said Gordon P. Street, chairman of North American Royalties, the parent company of Wheland Foundry.

"But there is certainly an over-capacity in our industry right now, and I don't see on the horizon any new foundries being built any time soon."

Despite the collapse of his own company, Mr. Street remains an unabashed enthusiast of the manufacturing industry for Chattanooga. Once dubbed "the Dynamo of Dixie," nearly half of all jobs in Chattanooga were in factories four decades ago, including nearly 5,000 in the foundry industry.

"With manufacturing, you can offer good-paying jobs and benefits to individuals across the socioeconomic spectrum," Mr. Street said. "I hear from some of our workers wondering

'Where else can those with a 10th-grade education make the kind of money Wheland paid?' Believe me, those kind of statements are heart-rending to me."

FACTORY JOBS DROP

But manufacturing comprises a declining share of jobs in the Chattanooga area. In 1970, for instance, 42 percent of all Chattanooga workers were employed in a manufacturing job. By the year 2000, manufacturing comprised less than 19 percent of the region's jobs and that share is expected to continue to decline.

Foundry jobs also have dropped in Chattanooga, once a Southern stronghold for the industry. In the 1980s, Ross-Meehan and Rockwell International, previously the Crane Co., closed their local foundries.

The Chattanooga area still has five other active foundries, including U.S. Pipe & Foundry near the Wheland plant; Mueller Co., off Amnicola Highway; Acheson Foundry & Machine Works in Alton Park; Eureka Foundry near downtown; and Lodge Manufacturing in South Pittsburg.

Waupaca Foundry, based in Wisconsin, built a \$95 million foundry last year in Etowah, Tenn., as part of its expansion plans for the automotive industry. However, the new Etowah plant has yet to begin production.

Jim Larson, vice president and manager for industrial relations for Waupaca Foundry, said the company is still sampling work for automotive customers at the Etowah Foundry. The company is running its overall business at only 85 percent of capacity because of the current overcapacity in the foundry business.

"The signs are that the economy will be back in recovery mode by the end of this year," Mr. Larson said. "Some work has come to us because of (Whe-

land's) closing. But we didn't plan the (Etowah) plant with the idea that its capacity would be filled with that work."

FOREIGN COMPETITION

Lorie Mallchok, executive vice president of Wheland, said Wheland, Waupaca and other domestic foundries are facing increased competition from overseas suppliers.

"A lot of the new foundry growth is in Mexico, and I think you'll probably see an increasing trend in South America, China and India where foundries are springing up," she said. "That is already starting and will be the toughest competition for the domestic foundry industry in the future."

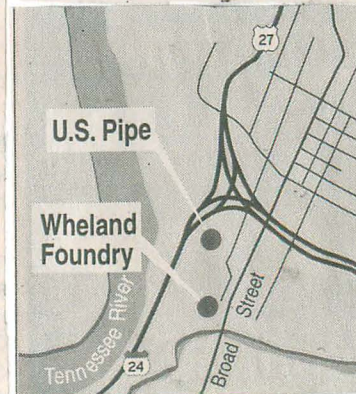
Dr. David Cole, director of the Center for Automotive Research at the University of Michigan, estimates that the U.S. automotive industry has up to 25 percent too much production capacity already.

"It's a very, very difficult period," Dr. Cole said. "There is a lot of consolidation, and I'm not sure that the worst is over."

HIGHER OUTPUT AND WAGES

But while fewer Chattanoogaans are toiling in foundries and factories, manufacturing output still has increased in many industries.

The DuPont Co., for instance, produces more nylon with 1,500 local employees today than it did with 5,500 workers here three decades ago.



"Manufacturing remains the backbone of the Tennessee economy, but it is not the growth engine that it was in the 1960s and 1970s," said Bill Fox, director of the Center for Business and Economic Research at the University of Tennessee. "There has been no expansion in jobs and slow growth in overall output in manufacturing."

Foreign competitors are stealing business overseas, and efficiency improvements are cutting staffing requirements for domestic producers, Dr. Fox said.

But manufacturing jobs tend to be among the highest paying in Chattanooga, especially for those without specialized or advanced skills.

The typical manufacturing employee in Tennessee is expected to earn about 20 percent more than the average worker this year.

"A lot of our lifestyles have been built around manufacturing because those are good paying

jobs," said EPB President Harold DePriest. "Manufacturing may not be as big of a share of our economy, but it is still vital and is critical for our future."

The shutdown of Wheland will cost EPB its second biggest customer. Only DuPont uses more electricity in Chattanooga than Wheland.

Earlier closings of foundries and other manufacturers, including Chattanooga Glass Co., reduced power usage in Chattanooga. Only in the past year did EPB sales recover to again reach the level of 1978 when more foundries and factories were in operation, Mr. DePriest said.

ECONOMIC DEVELOPMENT

Manufacturing will continue to be a large part of Chattanooga's emerging economic development strategy, officials said.

"When you try to recruit higher paying jobs, I think you have to look at manufacturing," said Tom Edd Wilson, president of the Chattanooga Area Chamber of Commerce, the agency leading Chattanooga's economic development program.

But most of the new manufacturing jobs will require more technical skills than those of the past, officials predict.

"Manufacturing in the future will be more and more high-tech," said Tony Grande, Tennessee's commissioner of Economic and Community Development. "That's why we're emphasizing technology and are trying to recruit those types of businesses."

LABOR PAINS

A generation ago, economic recruiters complained that Chattanooga's stronger union presence, especially in the traditionally nonunion South, may have discouraged some manufacturers from locating here. But the share of unionized workers in private sector jobs has since dropped in half over the past three decades, according to the Bureau of Labor Statistics.

The shutdown of Wheland will further reduce union representation in Chattanooga.

Wheland was Chattanooga's biggest unionized employer. The United Steelworkers Union, which represented most of Wheland's employees, has vowed to try to organize any successor company to Wheland. But most of the union members will be out of work within the next month, officials said.

"I don't know if we ever get back to the strength we once had, but it won't be for lack of trying," said Gary Watkins, an assistant business manager for IBEW Local 175 who was elected president of the Chattanooga Area Labor Council last November. "There is still a future for organized labor in Chattanooga."

Higher factory pay



The typical Tennessee manufacturing worker is expected to earn nearly 20 percent more than the average for all workers this year.

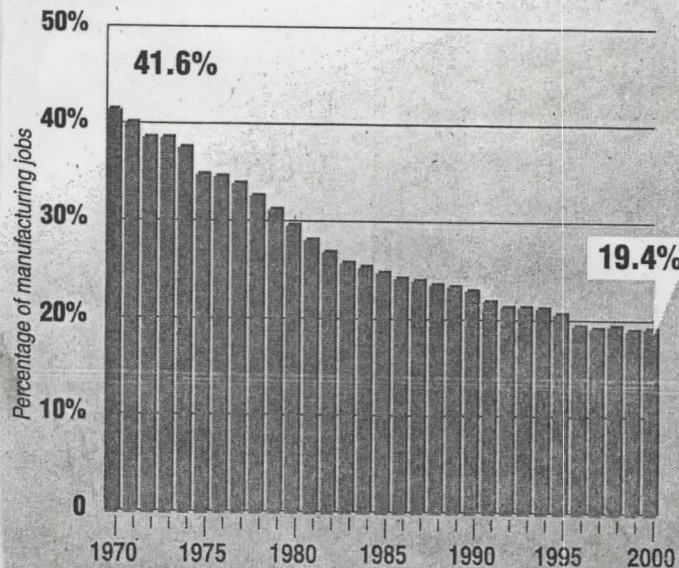
	Average annual wage for 2002
Finance	\$47,609
Manufacturing	\$39,519
Construction	\$35,690
Services	\$31,966
Government	\$31,774
Trade	\$25,295
All jobs	\$33,050

SOURCE: TENNESSEE ANNUAL PAY PROJECTIONS FOR 2002, CENTER FOR BUSINESS AND ECONOMIC RESEARCH, UNIVERSITY OF TENNESSEE.

STAFF GRAPHIC BY BECK TOWERY

TFP 2-19-2002 P. A3 Manufacturing jobs shrink

The number of manufacturing jobs in metropolitan Chattanooga declined from 56,800 in 1970 to 45,700 in 2000. In the same period, total employment in the Chattanooga area grew from 136,500 to 153,500. As a result, the share of all jobs in manufacturing has dropped from more than 40 percent to less than 20 percent in the past three decades.



SOURCE: TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

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Wheland Foundry stretches out near the Tennessee River.

STAFF PHOTO BY CHAD McCLURE

Wheland woes may bring changes in workers' comp

TFP 2-22-2002 p. C1
BY DAVE FLESSNER
BUSINESS EDITOR

Chancellor Frank Brown rejected a bid Thursday to require insurance and bond companies to pay more money to injured workers at Wheland Foundry Co.

But the Hamilton County judge pledged to do what he can to help resume medical and other workers' compensation benefits that were cut off for nearly 200 current and former Wheland employees when the company filed for bankruptcy last November. During a hearing on Wheland's unpaid workers' compensation claims, Judge Brown appealed to local doctors and lawyers to lower their fees and accept late payments to help disabled workers urgently needing medical care and benefits.

"I feel like I ought to pass the plate around," Mr. Brown said during an all-day hearing in Chancery Court. "Unfortunately, I don't think there is going to be enough money to cover all of these claims."

Wheland and union officials Thursday blamed state officials for the shortfall. They claim the state failed to require enough bond reserves to ensure workers would be paid in the event of Wheland's failure.

"Frankly, I think the state ought to be embarrassed the way they have handled this case," said Wayne Tamme, director of human resources for Wheland Automotive Industries. "The current law in Tennessee is very

“Frankly, I think the state ought to be embarrassed the way they have handled this case. The current law in Tennessee is very shortsighted and needs to be changed so there is better protection for the state’s citizens.”

—Wayne Tamme,
Wheland Automotive
Industries human resources
director

shortsighted and needs to be changed so there is better protection for the state's citizens."

The state's top labor leader, Tennessee AFL-CIO President Jim Neeley, agrees.

"The state has a failed system on their hands that we have got to change," said Mr. Neeley, who serves on the advisory board to the state's workers' compensation program.

Most Tennessee companies are required to have workers' compensation insurance to pay

for medical costs and a portion of lost wages for those hurt on the job. But about 200 of the state's biggest employers, including Wheland, are self-insured and pay workers comp benefits out of their operating funds.

Self-insured companies are required to have a bond or deposit to make sure injured workers are paid if the business shuts down. But in Wheland's case, the surety bonds appear to be inadequate and a lengthy and costly court battle is shaping up before any benefits are paid. The state also has no method for immediately

paying out any bond monies when a company closes or files for bankruptcy. In Wheland's case, the workers compensation claims are expected to take until this summer before they are all resolved.

"I'm in constant pain, but I haven't been able to get any medication while this is all held up in court," said Roger Passmore, a 52-year-old former Wheland worker on a lifetime medical program because of a 1995 back injury at the foundry.

Since Wheland filed for bankruptcy, Mark West is losing bi-weekly benefits of \$831, plus payments for 17 medications he requires because of injuries from 1995 explosion inside Wheland Foundry. A charity fund established by local churches is helping pay for Mr. West's medical care.

"But that fund can't go on much longer," said Stacy West, Mark's wife. "Our workers comp laws for self-insured companies have got to change to make sure this doesn't happen again."

Wheland is only the seventh company to fail among self-insured companies in Tennessee, state officials said. The Tennessee Department of Commerce and Insurance required Wheland to have a \$975,000 bond last year and previously required the company in earlier years to have \$950,000 of other bonds. But the total \$1.9 million of bond monies probably won't cover all of the more than 200 workers comp cases pending before Wheland, attorneys said Thursday.

Attorneys for some of the injured workers appealed to Chancellor Brown to require the bond

companies put up the face value of their bonds for each year they insured Wheland. That would have doubled the amount of money available for workers compensation benefits.

But Mr. Brown accepted the finding of the state Department of Commerce and Insurance that the law requires the face value of the bond to be paid only once.

Mr. Neeley and Mr. Tamme each said the state should have required a bigger bond to protect Wheland employees under such an interpretation.

Mr. Neeley said he wants the Legislature to revise the workers compensation law to allow the state to tap into its second injury fund pool for self-insured companies — a move that could provide Wheland employees access to another \$4 million.

"I hope we can get some of this money to these Wheland people by changing the law in this session," he said.

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Wheland production halts Monday

Iron will flow for final time 136 years after it started

TFP 2-24 - 2002 P. A1
By BOB GARY JR.
STAFF WRITER

Production will stop Monday at Wheland Automotive Industries — nearly 136 years after it started.

Iron will be poured for the last time at the bankrupt company's last operational plant — the Broad Street plant in Chattanooga. Lorie Street Mallchok, executive vice president at Wheland's parent company, North American Royalties, said a few workers may remain on the payroll into early spring to ship existing products and shut down the plant.

With the closure, the last 507 production workers for the company that once employed about 1,300 will have lost their jobs.

"This is a very emotional, sad time for me and my family," said Mrs. Mallchok, whose grandfather, Gordon P. Street Sr., acquired Wheland in 1945. "But first and foremost, our thoughts and prayers are with the employees. We want to do anything within our power to help these people.

"My family's really proud of what Wheland has been able to contribute to this community, and we're proud of our associ-

ation with an incredible group of employees."

One of those employees, Tony Troutman, said some of his fellow workers remain hopeful about the future.

"There's still some optimism, believe it or not, that someone will come in and pick this place up after it goes down," said Mr. Troutman, a 25-year Wheland employee and president of the United Steelworkers Local 3967.

The longtime cornerstone of Chattanooga's manufacturing economy, Wheland declared

bankruptcy last November. The company already had shut down plants at Warrenton, Ga., and on Middle Street in Chattanooga.

Its Centrifuse plant, also in Chattanooga, has been sold to Michigan-based Hayes Lemmerz for \$4.1 million. Matt Levin, Wheland's lead attorney in U.S. Bankruptcy Court, said during a hearing last week that a potential buyer has significant interest in the Warrenton plant, and Mrs. Mallchok said management will continue "aggressive" efforts to sell the Middle Street and Broad Street plants.

Mr. Troutman said his fingers are crossed.

"I think parts of these plants will sell," he said. "But I don't look for it to happen for three to five months."

One key element of the shutdown is final "effects bargaining" between the union and the company on issues such as pensions. Mrs. Mallchok said the company won't comment on

those negotiations until they're complete, but Mr. Troutman said workers are hoping for the best.

"A lot of people would like lump-sum payouts rather than monthly benefits, and we want to get in as many people as we can who are close to 30 years," he said. "In other words, instead of 30 years for full pension, we may be talking about 25 years. There's actually a small surplus in the pension fund, about 9 percent, so that's a little room to

move that doesn't cost the company anything."

Those negotiations are in the future, though. Wheland's last day of production is at hand, a fact that already has hit Mr. Troutman hard.

"I found myself driving down Broad Street one day last week," he said. "I turned off and drove by the Middle Street plant and saw the American flag flying over it. I turned around and saw another flag at Broad Street."

He said seeing those flags "with Middle Street like a ghost town and knowing Broad Street was soon to be the same," struck home.

"This is what American industry in general is coming to these days," he said.

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CHATTANOOGA - Industry - Wheland Co. (2002)

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LOCAL HISTORY
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Wheland suing GM, supplier for \$2 million

TFP 2-26-2002
p. C2
STAFF REPORT

Wheland Automotive Industries filed suit Monday in Hamilton County Chancery Court, seeking to recover about \$2.7 million from General Motors and one of its suppliers, Michigan-based Machining Enterprises Inc.

Dick Kennedy, an attorney for Wheland, said GM, acting through MEI, designed and asked Wheland to make a particular part last year. Defects were detected in the part in late March 2001, and Wheland ceased production on April 2.

A few days earlier, on March 31, GM officials came to Chattanooga to personally oversee production, Mr. Kennedy said. He said design and production

changes made by Wheland cost about \$2.7 million, for which it has not been reimbursed. Moreover, he added, GM officials assured their Wheland counterparts at the time that "(GM) would not be picky in approving expenses."

Mr. Kennedy said GM may contend that MEI is liable for the entire amount of the suit, given that Wheland's contract was with MEI.

"But GM became directly involved" with Wheland when its officials came to Chattanooga, "and became obligated when it did," Mr. Kennedy said.

Jerry Vickers, president and CEO of MEI, said he could not comment on the suit because he'd not yet seen it.

Wheland ends after 136 years

As layoffs begin at local plant, economy shows signs of a rebound

TFP 2-26-2002 p. A1

By BOB GARY JR.
STAFF WRITER

Just as Wheland Automotive Industries is laying off its last few hundred workers, a survey released Monday projects increased hiring in Chattanooga and nationwide this spring.

Monday was the last day of production at Wheland, the 136-year-old foundry that went bankrupt in November. Wayne Tamme, the company's vice president for human resources, said the company laid off more than 130 workers this weekend.

Mr. Tamme said another 315 workers will be let go at the end of the week, leaving about 50 to handle cleanup and mothballing for another couple of weeks. Wheland had 1,300 hourly production workers as recently as October, he said.

Lorie Street Mallchok, executive vice president of Wheland's parent company, North American Royalties, said a staff of 10 to 20 administrative personnel would be all that's left of the foundry by April. She said they will continue to try to sell the company's Broad Street and Middle Street plants in Chattanooga and its Warrenton, Ga., plant as ongoing operations "so these people can have a chance to come back to work."

Mrs. Mallchok, whose family has owned Wheland for 57 years, called this "a very sad time."

Even as Wheland breathes its last, though, Manpower Inc.'s quarterly survey shows em-



Steve Chitwood, center, shakes hands with Larry Houser, as Larry Keel, left, talks with Louis Burrows at the end of the work day at Wheland Foundry on Monday afternoon.

ployers see a rebirth ahead for the economy.

Of the 16,000 American businesses Manpower surveyed, 21 percent said they expect to add jobs in April through June. Just 10 percent said they see staff cuts ahead in the second quarter.

Though slight, the increase was the survey's first in more than a year. Chattanooga businesses were even more optimistic, with half forecasting staff additions and just 3 percent pro-

jecting decreases.

"Companies are going to be hesitating for some time yet, but the trend could turn into something more positive in the next two to three quarters," said Jeffrey Joerres, chairman and CEO of Glendale, Wis.-based Manpower, the nation's largest staffing company.

But Matt Murray, associate director of the Center for Business and Economic Research at the University of Tennessee in

Knoxville, said things have bottomed out but haven't started back up just yet.

"The international sector won't be a source of economic growth," he said. "Government spending won't be a source of economic growth, and consumers have been doing all they can do."

"The investment sector needs to grow before the overall econ-

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Wheland
(2002)

over

omy can grow, and until I see that start to move, I won't be completely convinced that the economy's moving forward. I think it's fine to be talking about a potential turnaround, but it's not on us yet," Dr. Murray said.

Even so, several area businesses have professed optimism for the second quarter and beyond. That list includes Covista Communications, Olan Mills, UnumProvident and Roper, which plan to add nearly 2,000 new jobs among them this year and next.

Mark Campbell, who owns Manpower franchises in Chattanooga; Cleveland, Tenn.; Dal-

ton, Ga.; and Scottsboro, Ala., said he's seen firsthand evidence of a turnaround in progress.

"My offices deal primarily in light industrial business," he said. "I'm not an economist. I can't say the recession's over. But in the last three weeks, I've seen a significant increase in the number of orders. I'm hoping that's a trend."

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Wheland case shows workers comp faults

TFP 2-26-2002 p. C1

By DAVE FLESSNER
BUSINESS EDITOR

Eddie Hart Sr. hasn't worked at Wheland Foundry for nearly 13 years.

But the 59-year-old former Wheland laborer literally feels pain from Wheland's collapse every day. Since Chattanooga's oldest manufacturer filed for bankruptcy on Nov. 7, Mr. Hart has lost the medical coverage provided through workers compensation for his back and arthritis medications.

"They seem to be able to pay a lot of big-time lawyers when they ought to be paying those of us who are injured and most in need," he said after a third court hearing last week on Wheland's unpaid workers comp benefits to nearly 200 current and former employees at Wheland. "The current system stinks."

State and company officials admit that in Wheland's case injured workers are having to wait on benefits already awarded to them and some workers

may not get all of their workers comp settlements paid. Spurred by both business and labor complaints, Senate Majority

INSIDE
■ Wheland
sues GM,
supplier, C2

Leader Ward Crutchfield, D-Chattanooga, said he plans to look this week into ways to fix the system.

"We definitely need to look into this situation and see what needs to be done," the Chattanooga Democrat said.

HEALTH OF SELF-INSURED?

As a self-insured business, Wheland did not have workers comp insurance and paid its claims out of its operating revenues. The state requires self-insured businesses to maintain a surety bond or deposit to provide workers comp in the event the business shuts down. But in Wheland's case, the state may not have set the bond requirement high enough to pay the expected workers comp claims against the company.

Wheland had to suspend any workers comp benefits in November when the company filed for bankruptcy. At the time of the filing, the required surety bond for the program was being canceled, and U.S. Bankruptcy Court Judge Thomas Stinnett said buying a new, more expensive bond would constitute an extraordinary expense not allowed under the federal bankruptcy code.

The state Department of Commerce and Insurance, which oversees Tennessee's workers comp program, appealed to the bankruptcy court to release the bonds used to guarantee the solvency of Wheland's workers comp benefits. Last week, Hamilton County Chancellor Frank Brown ordered three bond companies — United States Fire Insurance Co., United States Fidelity and Guaranty Co. and Employers Reinsurance Corp. — to pay the \$1.9 million face value of their bonds for Wheland workers eligible for workers comp.

But because there may not be enough money to pay all those entitled to the workers comp benefits, Hamilton County Chancery Court will have to decide how to allocate what money are available.

"There probably needs to be an examination of the current state regulations and procedures used on bonding self-insured companies in workers comp," said David Goetz, president of the Tennessee Association of Business. "There were some real problems in this Wheland case."

Organized labor wants the state to require companies that self-insure under workers comp to make more frequent financial disclosures to the state and to create a fund pool to ensure benefits will be paid when a business fails.

"The state should have known Wheland was in trouble, but unfortunately they only ask to see records of companies in the self-insured business once a year," said Jim Neeley, president of the Tennessee AFL-CIO. "That's not often enough to see when companies are in trouble."

INSUFFICIENT BOND

Mark Brothers, head of Tennessee's self-insured workers comp program, said the state typically requires companies that self-insure to maintain reserves or bonds equal to at least 50 percent more than the average annual expense of workers comp claims. In Wheland's case, that probably won't be enough money.

"We recognize that we need to review our procedures and rules to make sure we are getting an adequate amount of a bond to cover the expenses in the event a company goes out of business," said Everett Sinor, assistant commissioner for insurance in the Department of Commerce and Insurance.

Mr. Goetz says he supports such a review. "But we don't want to discourage companies from going to self-insurance because that tends to hold down costs and gives an incentive for businesses to make their work sites safer to avoid workers comp claims in the first place," he said.

Labor and business leaders also want to figure a better way to get ongoing benefits to workers comp recipients in the event of a bankruptcy by self-insured companies. In Wheland's case, for instance, workers will have to wait until this spring — and perhaps even this summer — before benefits will resume.

Last week, Chancellor Frank Brown appointed attorney Joe White as a receiver to help expedite the settlement of cases and payments to eligible workers. Mr. Brown will also consider any emergency-need payments in a March 21 hearing.

"Chancellor Brown seems to be trying to move this case ahead, but it should never take this long," said Stacy West, the wife of Mark West, an injured former Wheland worker who requires 17 medications a month. "We need a better system in Tennessee."

Mr. Neeley thinks that better system includes using the second injury funds — set up to help workers get back to work after disabling injuries — for self-insured businesses that fail and need more money. But tapping that fund will require new legislation. "We're going to see if we can't do something to help these Wheland employees," Mr. Neeley said.

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C - INDUSTRIES - Wheland (2002)

Hayes readying to reopen plant

TFP 3-7-2002 p. C1

By BOB GARY JR.
STAFF WRITER

Laid off just a week ago after more than 29 years at Wheland Automotive Industries, Blevin Hyatte Jr. is going back to work.

"It's rejoicing time," the Soddy-Daisy resident said Wednesday. "It's like having your right arm taken off and then put back on."

Mr. Hyatte is one of up to 70 former Wheland workers hired by Michigan-based Hayes Lemmerz to work at Wheland's former Centrifuse plant. Hayes has agreed to buy the Chattanooga foundry for \$4.1 million.

Marika Diamond, a spokeswoman for Hayes, said the company could announce as early as this week details of its plan to reopen the plant. Mr. Hyatte said he and his fellow workers are scheduled to meet with Hayes officials Friday morning.

Tony Troutman, president of the United Steelworkers Local 3967, said he's been told by some of Hayes' new workers that the company's pay scale and benefits are generally comparable to Wheland's. He found little cause for celebration in the plant's im-

minent restart, though.

"To me, there's not a great deal of good news here," he said. "We're talking about 70 jobs at most out of 1,100 to 1,300" lost in Wheland's shutdown. "That's just a drop in the bucket," said Mr. Troutman, who added that no determination on the unionization of the Hayes work force could be made until the plant was up and running.

After 136 years in business, Wheland declared bankruptcy in November and stopped production in February. Hayes also has been in bankruptcy in

Delaware and Michigan. Ms. Diamond said the judges involved have approved the company's purchase of the Wheland plant, but details have yet to be finalized.

Wheland made steel castings for truck brake drums at the 14-year-old Centrifuse plant. Hayes was the sole customer and owned most of the equipment in the plant. In its own bankruptcy proceeding, Hayes contended that it couldn't survive short of buying the Wheland plant and continuing production.

E-mail Bob Gary Jr. at bgary@timesfreepress.com

Hayes Lemmerz begins production

TFP 3-12-2002 p. C1

BY BOB GARY JR.
STAFF WRITER

About 60 workers began production Monday morning at the former Wheland Automotive Industries plant now owned by Hayes Lemmerz International.

Michigan-based Hayes finalized late last week its purchase of Wheland's former Centrifuse plant for \$4.1 million. Both companies are in Chapter 11 bankruptcy protection — Wheland filed in Chattanooga in November, a month before Hayes filed in Delaware. The sale was approved by both bankruptcy courts after Hayes officials

■ *Centrifuse plant once owned by Wheland cranks up again with 60 workers to produce brake castings.*

claimed the purchase of the Chattanooga foundry was necessary for their company's survival.

Ray Childers, president of the Chattanooga Manufacturers Association, said the restart at Centrifuse is good news.

"It may not be as satisfying as seeing a new company come

in and build a facility," he said. "But for part of a facility that was gone for all practical purposes, to stay alive is refreshing.

"It may be like kissing your sister," Mr. Childers said, "but it's better than nothing."

Hayes will make specialized steel brake-drum castings for heavy trucks, which Wheland was making exclusively for Hayes before the shutdown. Hayes already owned much of the equipment in the Centrifuse plant.

"This facility is a tremendous addition to our capabilities," said

Fred Bentley, president of Hayes' Commercial Highway and Aftermarket division. "We thank and appreciate the assistance of (Chattanooga) Mayor Bob Corker and (Hamilton) County Executive Claude Ramsey. We look forward to building relationships with vendors, employees and the community."

One of the world's leading global suppliers of automotive and commercial highway wheels, brakes and other components, Hayes has 43 plants and 14,000 employees worldwide.

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Wheland, steelworkers agree on pension upgrades

BY DAVE FLESSNER
BUSINESS EDITOR

TFP 3-20-02 P.C.1
Nearly 1,100 workers who lost their jobs after Wheland Foundry went bankrupt last fall may at least receive some extra pension benefits.

Wheland and its employees' union, the United Steelworkers Local 3967, have reached an agreement to use most of the extra \$6.5 million in the workers' pension fund to enhance retirement payments for some workers. Under the proposed changes, workers would qualify for full pension benefits after 27 years, instead of 30, and at age 59, instead of age 62. Those as young as age 57 could draw reduced benefits under the changes. Other workers vested in the pension plan who lost their jobs after Wheland filed for bankruptcy Nov. 7 would qualify for lump sum payments.

"I feel great that we were able to

do something to help many older workers who were near retirement but wouldn't have otherwise qualified for these level of benefits," said Tony Troutman, president of the steelworkers local.

Mr. Troutman said the agreement will still hold back \$1.5 million of extra funds in the \$38 million pension account in case the fund doesn't earn adequate returns to support all of the changes. If it does, participants in the plan who were employed when the business shut down may receive an extra lump sum payment.

"The pension funds are for the benefit of the workers, and we've been working to determine the best manner to distribute the overfunding from the plan that built up when the stock market did so well in recent years," said Wayne Tamme,

Wheland's vice president of human resources.

The plan must still be approved by U.S. Bankruptcy Court Judge Thomas Stinnett, who is overseeing the liquidation of the automotive foundry.

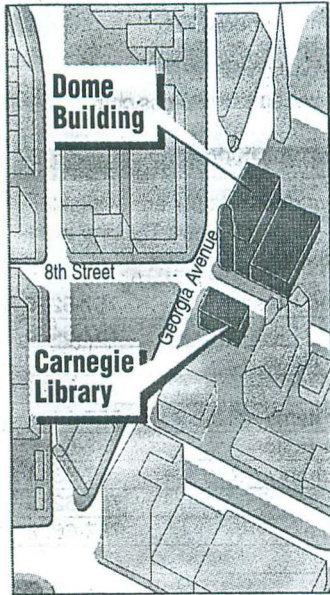
Wheland closed the last of its four major foundries earlier this month, shutting down what was Chattanooga's oldest manufacturer. Wheland fell victim to a failed expansion effort and downturn in the automotive supply industry. The company once employed nearly 2,000 people in Chattanooga and Warrenton, Ga.

Mr. Tamme said the last 10 of Wheland's full-time hourly employees will be laid off by the end of this week. Another 30 salaried workers remain to handle the disposition of plant assets and to close the books on equipment sales and other issues.

Mr. Troutman said the union is trying to gain representation for the workers under the new ownership. Hayes Lemmerz officials said they bought the assets of the business and did not acquire the plant as an ongoing business.

Mr. Troutman said because the plant formerly was unionized, and that the workers were hired by Lemmerz, unionization should be automatic.

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STAFF GRAPHIC BY BECK TOWERY

Downtown landmarks bought for \$4.7 million

TFP 4-4-2002 p. A1
BY BOB GARY JR.
STAFF WRITER

Two of downtown Chattanooga's more historic buildings have new owners.

Independent Healthcare Properties LLC came away from a Wednesday morning auction at U.S. Bankruptcy Court with ownership of the Dome Building, and attorneys Phillip and Jennifei Lawrence became owners of the Carnegie Library Building.

Independent Healthcare joined with the Lawrences in a combined bid of \$4.7 million for the downtown properties.

Bankruptcy Judge Thomas Stinnett approved the joint bid Wednesday afternoon. Independent Healthcare will pay \$2.875 million for the Dome Building while the Lawrences are paying \$1.825 million for the Carnegie structure.

The auction was held in conjunction with Wheland Automotive Industries' Chapter 11 bankruptcy action, which was filed in November. Whe-



STAFF PHOTO BY ALEX McMAHAN

Chattanooga-based Independent Healthcare Properties LLC bid \$4.7 million Wednesday in U.S. Bankruptcy court for the Dome Building and the Carnegie Library Building, right.

land's parent company, North American Royalties, was the previous owner of both buildings.

Greg Vital, Independent's president, said his company would not move into the Dome Building. His company had made an initial bid of \$2.1 million for the Dome Building in late January.

"We'll have tenants, and we plan to continue the tradition the building has had as a first-rate downtown office building," said Mr. Vital.

Mr. Lawrence said he and his wife will move their law firm's offices to the Carnegie Building.

"It's obviously very esthetically pleasing and fits our use perfectly," Mr. Lawrence said. "We hope to move in very soon."

One of the unsuccessful bidders for the Carnegie Building, Chattanooga developer Bucky Wolford, said the winning bids may have come as much from the heart as from the head.

"I think it got a little emotional in there, because you can't

justify those numbers from a business standpoint," Mr. Wolford said. "But the bankruptcy court ought to be pleased."

Tom Ray, the lead attorney for the committee comprised of Wheland's creditors, said he was "very happy" with the auction's outcome. He'd hoped the buildings would bring about \$3.5 million.

"I think it's worth it, but I was surprised it brought that much," Mr. Ray said. "This is a significant amount of money, and good for downtown real estate because it shows the value of that real estate is significant."

The 47,000-square-foot, six-floor Dome Building was opened in 1892 as the home of The Chattanooga Times. The former Carnegie Library, just across Eighth Street from the Dome Building, was built in 1905 with \$50,000 donated by philanthropist Andrew Carnegie.

Both structures are on the National Register of Historic Places.

E-mail Bob Gary Jr. at bgary@timesfreepress.com

CHATTANOOGA - Industries - Wheland - Stinnett (2002)

TFP 4-14-2002 p A1: "Life After Layoffs"

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148 file claims on Wheland

TFP 4-20-2002 p. C1

By MIKE O'NEAL
STAFF WRITER

A total of 148 former employees of the bankrupt Wheland Foundry submitted claims for workers' compensation payments by Friday's deadline, according to court records.

While the number of claims was below initial estimates, the amount of money available for workers' comp benefits may still not be enough to cover all the claims, officials said Friday. Hamilton County Clerk & Master Lee Akers said he will enter the claims and turn them over to a court-appointed attorney and receiver to determine who should be paid and how much.

"That means I'm going to have to work again this weekend," he said.

Mr. Akers said he doesn't think there will be enough money to pay the full amount of all claims submitted.

Former Wheland employees injured on the job lost their workers' comp benefits last November when Wheland filed for bankruptcy reorganization. The foundry continued operating until last month, but as a self-insured business Wheland had no money to pay ongoing workers' comp claims.

Tennessee requires self-insured companies to have surety bonds to guarantee injured workers will be paid if a business closes. But in Wheland's case, the bonds may not cover all of the claims of the injured workers.

The Tennessee Department of Commerce and Insurance required Wheland to have a \$975,000 bond for workers' comp last year and required the company in earlier years to have up to \$950,000 of bonds each year.

The state is responsible for distributing workers' compensation claims, and Michelle Rodriguez, a spokeswoman for the Tennessee Department of Commerce and Insurance, said a legal process must be followed regarding collection and

payment of bonds.

Ms. Rodriguez said it is too early to guess dollar amounts involved before reviewing all the documents.

"We have done everything possible to speed the process along to get funds to claimants," Ms. Rodriguez said. "Now we can begin to access the real figures and get a better idea about the claims."

The filings submitted by Friday's deadline for employee claims for benefits include temporary total disability, temporary partial disability, permanent partial disability, permanent total disability, current medical treatment and/or expenses, future medical treatment and modification of prior awards.

Mr. Akers said claims will be heard on a case-by-case basis by Joe White, the court-appointed receiver for the Wheland workers, comp cases. Any payments must be approved by Chancellor Frank Brown.

"If settlement isn't reached, a claim goes to a judicial or administrative hearing," Mr. Akers said. "After determining settlement amounts, the court will then prorate the actual dollar amounts to be disbursed."

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OKTAWOODA - INDUSTRIES - WHELAND (2002)

Wheland creditors seeking funds

TFP5-25-1002p.C1

BY BOB GARY JR.
STAFF WRITER

Unsecured creditors of Wheland Automotive Industries are attempting to obtain \$22 million in proceeds from a life insurance policy on the mother of Gordon Street Jr., head of the bankrupt company's parent, North American Royalties.

Dennis Meir, an Atlanta lawyer representing the Street family, said Friday that those creditors "have no right to the proceeds or policies" on the life of Ruth Street, now 96.

But Chattanooga attorney Tom Ray, who represents the creditors, said his clients are entitled to the policies' proceeds because those funds were used to secure a 1990 stock deal executed by NAR's main shareholders, he said.

"We are seeking to have the \$22 million note treated as stock so that the creditors may receive the proceeds of the life insurance policy," said Mr. Ray, who added that his clients are owed a total of \$140 million.

Mr. Ray filed a motion Thursday at U.S. Bankruptcy Court. In it, Wheland's unsecured creditors claim the individuals who were NAR's principal shareholders in 1990 engineered a \$22.3 million stock repurchase in May of that year.

Those shareholders included Mrs. Street and her son, Mr. Street Jr.

The creditors say that in 1991 NAR took out insurance policies totaling \$22 million on the life of Mrs. Street with NAR as the beneficiary. The creditors claim that in 1998 NAR used the life insurance policies as collateral to secure the stock repurchase.

Wheland filed a Chapter 11 reorganization petition last November and shut down last March. The motion states that after Wheland filed for bankruptcy, NAR claimed that the proceeds of the life insurance policies should not be included in the company's bankruptcy.

"These are policies on the life of Mrs. Street," Mr. Meir said. "It was a perfectly legal, well-documented transaction, well-known to the creditors at a time when the company was very healthy," Mr. Meir said.

Mr. Ray saw it differently.

"We don't think it's fair that the stockholders keep that \$22 million while there's \$140 million in debt," he said.

Judge Thomas Stinnett has scheduled a June 20 hearing on the motion.

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Wheland holdings headed for auction block

Real estate and equipment will be sold in September to pay company's creditors

BY BOB GARY JR.
STAFF WRITER

The attorney for Wheland Automotive Industries' creditors said Thursday that the bankrupt company's remaining real estate and equipment will go on the auction block in September. *TFPL-21-2002pC1*

Tom Ray said Wheland and its creditors have agreed to hold the auction the week of Sept. 9. He said a Houston firm, Plant & Machinery Inc., will administer the sale, with proceeds to be put toward the approximately \$140

million Wheland's creditors are owed.

"We have absolutely no idea what this will bring," Mr. Ray said.

Wheland filed for Chapter 11 bankruptcy protection last November. Shortly thereafter, the company sold its Chattanooga Centrifuse plant to Michigan-based Hayes Lemmerz, which reopened it.

The company's remaining properties include real estate and equipment at its Broad Street and Middle Street plants in Chattanooga and its War-

renton, Ga., plant. Equity Partners Inc., a Maryland-based firm, was brought in early this year to attempt to sell Wheland's holdings as going concerns, but Mr. Ray said that simply didn't work.

"We all agreed there was not enough interest to keep it intact," he said. "It was time to go to a liquidator."

John Herman, president of Equity Partners, declined comment except to say that his firm was no longer involved with the Wheland matter.

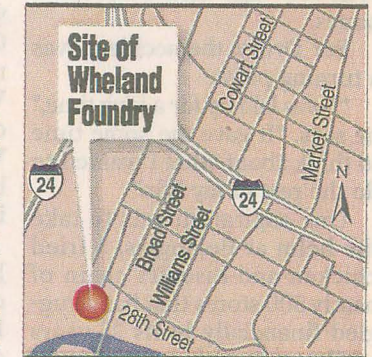
Mr. Ray said it's still possi-

ble that some Wheland holdings could yet be sold as going concerns.

"We think Warrenton will be reopened as a going concern, as might parts of Broad Street," he said.

Mike McGauley, president of Fidelity Trust Co., said that the auction's success hinges on whether the buyer wants to resurrect the foundries.

"If it becomes purely a real-estate deal, it takes on a whole new perspective," he said. "Once properties like that go from being in use to being out



STAFF GRAPHIC BY LAURA E. WALKER

of use, there's a lot of depreciation in terms of value. The buildings could become a liability."

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End of an era

Wheland assets go on the auction block; city, creditors hope for foundry revival

TFP 8-25-2002 p. A1

By DAVE FLESSNER
 BUSINESS EDITOR

The bankrupt Wheland Automotive Industries will be sold off piece by piece next month in what could be the largest auction ever in Chattanooga.

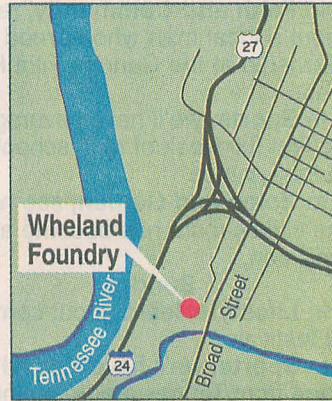
Chattanooga boosters hope a new owner still may revive at least part of the city's oldest manufacturer. Barring the restart of the idled foundry facilities, Southside planners say they are eager to bring other development into at least part of Wheland's sprawling industrial complex along South Broad Street.

"This could be one of the biggest foundry auctions ever and perhaps our biggest liquidation sale this year," said Robert Jay Braman, president of Plant & Machinery Inc., the Houston-based auctioneer hired to liquidate Wheland's assets. "We expect a lot of interest in this sale from throughout the country and even around the globe."

Mr. Braman's company was hired by the federal bankruptcy court to liquidate property, plant and equipment Wheland spent more than \$100 million to buy and develop. Previous attempts to sell Wheland plants as ongoing businesses have attracted only one buyer. But auctioneers and creditors hope a weeklong auction set to begin Sept. 10 will bring out more buyers.

"An auction of this size and type should attract a lot of bidders, and it is our understanding there is one, possibly two prospects, looking at trying to reactivate the foundry here," said Tom Ray, an attorney for the unsecured creditors in the Wheland bankruptcy. "I'm cautiously optimistic that will happen because of the interest in this sale, and we're certainly hopeful the auction will bring as much money as possible."

But Mr. Ray and others said



STAFF GRAPHIC BY BECK TOWERY

bidders probably will offer only a fraction of the \$140 million in unpaid debts owed by Wheland, which shut down its last foundry in March.

Wheland was once the nation's largest independent automotive foundry, supplying brake and other parts to half of all U.S.-built cars and trucks. The 136-year-old company employed more than 2,000 workers in Chattanooga and Warrenton, Ga., at its peak four years ago before a costly expansion failed and the automotive supply market turned sour.

Wheland filed for bankruptcy last November and the debtor hired a Maryland company, Equity Partners Inc., to try to sell the business. Ultimately, only one part of the foundry was sold.

Hayes Lemmerz Co., one of Wheland's biggest customers, bought Wheland's centrifuse plant for \$1.4 million. But the new owners rehired only 70 of the 1,300 Wheland workers displaced this year.

Hayes Lemmerz filed its own bankruptcy last year — one of 10 major automotive suppliers to head to bankruptcy court in the past year. The company bought the Wheland centrifuse plant to ensure it had an adequate supply of parts for its brake systems.

So far, however, no other



On the auction block

Starting Sept. 10, the property, plant and equipment of the bankrupt Wheland Foundry will be sold through sealed bids and regular auction.

Major properties:

- Broad Street ductile iron foundry, 2800 S. Broad St. Installed in 1999 at a cost of \$40 million, the plant includes more than 300,000 square feet of foundry buildings and 16,400 square feet of offices on 24 acres.

- Middle Street Foundry, 1506 Middle St. 127,000 square feet of plant space constructed in the 1970s, plus a 5,400-square-foot office building built in 1998 on 12 acres.

- Gray iron facility in Warrenton, Ga., built in 1995. Wheland invested \$50 million in the complex, which includes a 203,000-square-foot building on 76 acres and two other undeveloped sites nearby with a total of more than 132 acres.

- Stockroom building, 28th and Sydney streets. 78,000-square-foot masonry building on three acres.

- C-E Tubes building, 500 W. 26th St. 122,000-square-foot plant and 3,200-square-foot office on six acres originally built by Combustion Engineering.

- NAR Park buildings, 3017 Alton Park. 155,000 square feet of metal buildings on 15 acres.

Sale information:

- Auction Sept. 10-13

- Site information at www.pmi-auction.com

SOURCE: PLANT & MACHINERY INC., AUCTIONEER

STAFF GRAPHIC BY LAURA E. WALKER

CHATTANOOGA Industries - Wheland Co. (2002)

Wheland plants have been sold amid one of the toughest automotive supply markets in decades.

Nonetheless, city officials hope next month's auction might resurrect other Wheland facilities.

Lured by the prospect of buying plant and equipment for below-market prices, dozens of real estate and foundry industry representatives last week toured Wheland facilities in South Chattanooga and in Georgia.

"There is a finality to a sale like this that finally moves people from talking to doing," Mr. Braman said. "We've tried to structure the bid process to allow for the business to be reactivated, in part or in whole, if there is such an interest."

The bankruptcy court recently approved the hiring of Plant & Machinery Inc. to oversee the sale of Wheland assets and appointed "decision groups" composed of lenders, unsecured creditors and Wheland representatives to review bid proposals.

For Wheland's major properties, prospective buyers must submit sealed bids, which will be opened at 9 a.m. Sept. 10. The decision groups will meet to decide which parties submitted the best offers and immediately award title to the winning bidders.

After the major properties are sold, hundreds of pieces of

“We've tried to structure the bid process to allow for the business to be reactivated, in part or in whole, if there is such an interest.”

— Robert Jay Braman,
president of Plant &
Machinery Inc.

equipment will be offered in a piecemeal auction Sept. 11 and Sept. 12. On Sept. 13 office furniture and equipment will be sold to the general public.

"This process allows bidders to know upfront if they were successful in buying any of Wheland's properties and then they may proceed to buy whatever equipment they may need to operate those properties," Mr. Braman said. "This provides a greater opportunity for some or all of the plants to reopen as an ongoing business, if there is sufficient interest."

Chattanooga officials are offering extra incentives to those who invest in Wheland's South Broad Street complex. Because most of Wheland's 60 acres in the Southside are within the boundaries of the federally des-

ignated Renewal Community zone, investments in the Wheland properties may qualify for faster depreciation and more tax credits than businesses in other areas. Within the renewal community, anyone hired at a resurrected Wheland also would qualify the company for up to \$1,500 a year in additional employee tax credits.

"It certainly makes it attractive to somebody to buy an asset for less than market value, plus get extra tax credits for new investments or hiring downtown workers," said Amy Walker Cherry, director of economic development in Mayor Bob Corker's office. "We're very positive about the possibilities for these properties."

Leaders of the Broad Street Property Owners Association, a group of Southside businesses eager to upgrade South Broad Street for tourism and local traffic, want to make sure whoever buys the Wheland properties doesn't just let the idled factories become an industrial eyesore for the area.

"The closing of Wheland was obviously a sad thing for our community, but we've got to move forward in the future," said Jeff Messinger, owner of Mount Vernon Restaurant. "That site lends itself for other development, and if it is not industrial, then it should be developed over time for some other use."

The Regional Planning Agency is preparing a master plan for South Broad Street from Interstate 24 to the foot of Look-

■ Hundreds of pieces of equipment will be auctioned Sept. 11-12. Office furniture and equipment will be sold to the public on Sept. 13.

out Mountain based upon the ideas voiced by area merchants during planning sessions earlier this year.

"The Wheland site is a huge footprint of land that has to be developed into something," said Ann Weeks, president of Signal Design and a leader of the Broad Street Property Owners Association. Planners have suggested everything from apartments and parks to offices and other factories on the site, Ms. Weeks said.

Bidders at next month's auction of the Wheland properties must pay a 10 percent premium above their bid to cover the costs of the sale, and all deals will be finalized within 60 days.

"Assuming the auction goes well and the sales are confirmed, it would be everyone's hope that we would be in a position to begin making distributions to the creditors by the end of the year," said Matt Levin, an Atlanta attorney representing the Wheland bankruptcy estate.

Mr. Levin filed a motion last week to schedule a confirmation hearing on the final liquidation plan in bankruptcy court on Oct. 10.

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Michigan company presses on in former Wheland plant

TFP 8-25-2002 p.A8

BY BOB GARY JR.
STAFF WRITER

Not every door shut at Wheland Automotive Industries in March, nor was every light turned off.

In the midst of the 136-year-old company's shutdown, Hayes Lemmerz of Northville, Mich., bought Wheland's centrifuse plant and started its own production. Marika Diamond, a spokeswoman for Hayes, said things are going well at the plant just off Broad Street in South Chattanooga.

"We're still very positive about the purchase," said Ms. Diamond, whose company paid \$4.1 million. "We feel the facili-

ty is a positive addition to Hayes Lemmerz's capabilities."

Ms. Diamond declined comment on volume and dollar value of production at the plant, which has 68 employees, but she said "output has been steady. We look forward to increasing our volume as the economy picks up."

The centrifuse factory was Wheland's smallest facility, but it was very important to Hayes. Wheland manufactured brake-drum castings for commercial vehicles there and did so exclusively for Hayes. When Hayes bought the plant, it already owned most of the equipment in it.

"They were our supplier, so we did have a vested interest," Ms. Diamond said.

Both Wheland and Hayes were in bankruptcy court at the time of the purchase.

Ms. Diamond said Hayes' 14,000 employees worldwide are doing business as usual at more than 40 plants despite the fact that the company remains in Chapter 11 reorganization.

"The bankruptcy has not affected our relationships with our customers," she said. "Hayes Lemmerz has a history since 1908, and we're going to be around for a long time."

Hayes Lemmerz officials declined to permit the Times Free Press to interview officials at its Chattanooga plant.

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CHATTANOOGA

Industries - Wheland

G.

(2002)

Wheland auctions begin Tuesday

■ Mayor says a local group is trying to get financing to buy and restart the foundry.

TFP 9-9-2002 p. A1

By BOB GARY JR.
STAFF WRITER

A bankruptcy auction this week could give new life to Chattanooga's oldest manufacturer, or at least some of the company's 60 acres of property on the city's Southside.

Mayor Bob Corker said a local group is trying to arrange financing to buy and restart part of the former Wheland Automotive Industries foundry, which was shut down in March. Mr. Corker said he's been working "extremely closely" with a group interested in trying to resurrect the foundry.



Bob Corker

The mayor declined to identify the prospective buyers and said the group still has at least one more

hurdle to clear before submitting a proposal.

On Tuesday, auctioneers will open sealed bids for Wheland's major properties in Chattanooga and Warrenton, Ga. Foundry equipment will be sold piece by piece to the highest bidders during auctions the rest of the week.

"Our phones have rung consistently for several weeks with inquiries," said Bob Braman, president of Plant & Machinery, the Houston company that will administer this week's sale.

Mr. Braman said he considers the sale of Wheland's remaining holdings to be the "biggest foundry offering since I've been in the business" for over 40 years.

"The best thing that could happen for this community is for the successful bidder to operate the foundry and employ Chattanoogaans," Mr. Corker said. "The not-so-good result would be the business being sold off in pieces, taken away, and the site left in an unsightly manner."

Wheland, once the nation's largest independent automotive foundry, had about 2,000

workers making brake parts in Chattanooga and Warrenton, Ga., as recently as four years ago. After a 1998 expansion failed and the automotive supply market softened, though, the 136-year-old company declared bankruptcy in November 2001.

Baltimore-based Equity Partners Inc. was recruited by Wheland last year to try to sell its plants. Just one sold. Michigan-based Hayes Lemmerz, one of Wheland's biggest customers, bought the centrifuse plant in Chattanooga for \$4.1 million.

Tom Ray, lead attorney for the committee made up of Wheland's creditors, said this week's auction is likely to attract bidders from all over the world. He said sealed bids on the entire Warrenton plant and the Chattanooga real estate will be opened at 9 a.m. Tuesday. A committee will choose the best bid for each property — which may not be the highest bid — and announce the winner, Mr. Ray said.

Mr. Braman said an auction of machinery and equipment in Wheland's former Chattanooga plants will begin immediately after announcement of the sealed-bid winners. He said that auction is scheduled to last the rest of the week.

There are no plans, he said, to

suspend the bidding on Wednesday, the first anniversary of the terrorist attacks on New York and Washington, D.C.

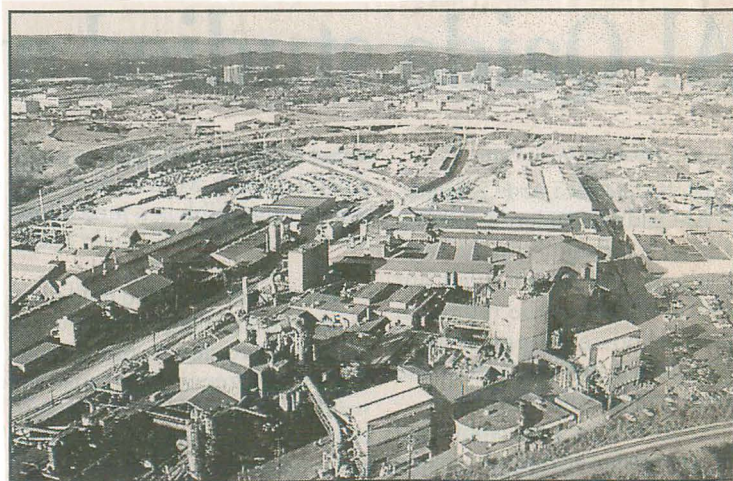
"I don't know of any specific plans on Sept. 11, but we're sensitive to the world today," Mr. Braman said. "If something raises its head, we'd certainly respond appropriately."

Were the economy stronger, Mr. Braman said, Tuesday's auction would mean "huge numbers, but we're trying to accomplish something in a weak economy."

Mr. Ray said he hopes Wheland's creditors can realize \$10 million from the sale of the property and equipment on which Wheland spent more than \$100 million.

That \$10 million figure, though, "might be optimistic," said Mr. Ray, who added that the bankrupt company's unsecured creditors are owed about \$140 million and have recovered \$25 million so far.

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STAFF PHOTO BY CHAD McCLURE

Wheland Automotive Industries is to be auctioned off starting Tuesday.

CHATTANOOGA - Industries - Wheland Foundry (2002)

Wheland doors will not reopen

Local attempt to purchase downtown foundries fails.

TFP 9/11/2002 p. A1

BY BOB GARY JR.
 STAFF WRITER

When the Chattanooga-based Livingston Co. failed Tuesday in its bid to buy the former Wheland Automotive Industries Broad Street plant,



Scott Probasco III

Chattanooga's mayor said the last hope for reviving a Wheland foundry in the city died.

At the outset of a four-day auction of the bankrupt auto parts maker's holdings, Livingston bid \$1.65 million for the Broad Street plant. Scott Probasco III, Livingston's board chairman, said the plan was to hire workers and restart the foundry.

The bid was rejected by a committee representing Wheland's creditors, however, leaving Mr. Probasco "very, very disappointed."

"We thought we would carry the day," said Mr. Probasco, adding Livingston's bid had been in the works for about eight months.

Several bidders, however, bought Wheland machinery and property at Tuesday's

sealed-bid sale. All told, Wheland's creditors realized nearly \$2.7 million from the sale. More of Wheland's equipment and machinery will be auctioned off this week.

Mayor Bob Corker said Livingston's failed bid represents "absolutely the end of the line" for hopes of resurrecting the bankrupt Wheland's foundries on Middle Street or Broad Street.



Lorie Mallchok

"I'm really sick that this plant will be unable to reopen in a mode that would have employed hundreds of Chattanoogaans," Mr. Corker said. "This was a great opportunity to breathe life into something dying a long, slow death. Now we'll have an empty site, which is still going to create additional issues down the road.

"We as a community are going to have to live with the consequences," he said.

Mr. Probasco said the company would have hired 100 workers right away, and had planned to have about 400 employees by the fourth year of operation. He said former Wheland executives Ron Reese and Charles Armor had agreed to take management roles in the business and some former Wheland customers had agreed to come back.

Mr. Probasco said the purchase price his company bid Tuesday represented "a fraction" of what it was prepared to invest in a Broad Street restart.

Tony Hawkins, who worked at Wheland for nearly 25 years but has been unemployed since its last plant closed in March, said he had hoped for the best.

"It would have been nice if they'd been able to buy that and get it running," said the Henagar, Ala., resident. "They apparently couldn't come up with enough money."

Bob Braman, president of Plant & Machinery Inc., the Houston-based company running the auction, said money was precisely the point on which the decision committee's determination turned.

"The decision group decided that individual bids, coupled with the anticipated proceeds to the creditors, would bring a much higher value to the estate," he said.

Wheland's unsecured creditors are owed more than \$110 million, but Mr. Corker said there was little difference between what those creditors would have gotten from the Livingston bid and from the piecemeal sale of Wheland equipment.

"I understand the responsibility of the trustees, but this is a very, very sad deal," he said.

That sadness extended to Lorie Street Mallchok, whose family presided over the 136-year-old company's last half century.

"I can promise there was no one in this town who wanted to see this run more than me," said Mrs. Mallchok, who said the committee made the right decision.

Mrs. Mallchok said she would have to regroup with Wheland's creditors and decide what to do about the company's former plants in Warrenton, Ga., and on Middle Street in Chattanooga. Neither facility was bid on.

A company headed by Mrs. Mallchok's husband, Paul, paid about \$1 million for the park built in Alton Park by North American Royalties, Wheland's parent company. Chattanooga Gary Chazen's company, SFSI LLC, bought three former Wheland buildings for about \$300,000. And Manufacturas Cifunsa, a foundry in Saltillo, Mexico, paid about \$1 million for equipment from the Broad Street facility.

Tom Ray, lead attorney for a committee representing Wheland's unsecured creditors, had said he hoped creditors would realize \$10 million from this week's sales.

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CHATTANOOGA - Industries - Wheland Co. (2002)

Corker objects to Wheland selloff

■ *The mayor asks the state attorney general if there's any means to block piecemeal liquidation of company's plants.*

TFP 9-12-2002 p. C1

BY DUANE W. GANG
AND BOB GARY JR.
STAFF WRITERS

Chattanooga Mayor Bob Corker said Wednesday the city is looking at its legal options to try to revive one of the shuttered foundries owned by the bankrupt Wheland Automotive Industries.

Mr. Corker said he has asked the city's lawyers and the state attorney general to review a decision earlier this week to reject a proposal from a group of Chattanooga investors wanting to buy and reactivate Wheland's Broad Street plant. The mayor questioned whether the panel appointed by the federal bankruptcy court to handle the property sale adequately considered all of the economic costs involved in rejecting a purchase offer from the Livingston group.

"It is a world apart from what is good for us," Mr. Corker said. "I am not sure the committee has thought this through to the end."

Mr. Corker said the city wants to see if there are legal steps it could take to block the piecemeal sale this week of equipment from the Chattanooga foundries.

"Before everything is removed we would just like to make sure we have unturned every stone possible to see if there is any way that plant once again can operate," he said.

The Chattanooga-based Livingston group Tuesday bid \$1.65 million to buy and revive the Broad Street foundry. A three-person committee rejected the offer, deciding instead that creditors would realize more money by selling some of the equipment in the plant to a Mexican foundry for \$1 million and liquidating the property later.

Other Wheland foundry buildings in Chattanooga and Warrenton, Ga., attracted no bidders.

If Mr. Corker's legal gambit fails, whatever remains of Wheland's three plants will likely be liquidated, one of the company's top executives said.

Lorie Street Mallchok, whose family ran Wheland for

the last 50-plus of its 136 years, said the company and its creditors have agreed on a joint liquidation plan. She said the plan is currently being voted on by the creditors.

If they accept the plan, she said, it would be presented to Judge Thomas Stinnett for his approval on Oct. 10.

"I don't expect this to be a contentious process," Mrs. Mallchok said. "I don't know that there's a lot to object to with a liquidation."

Mark Richards, a New York-based attorney for Wheland's unsecured creditors, said that if Judge Stinnett approves the liquidation plan, he will appoint a liquidation agent who would effectively have sole control over selling remaining Wheland assets. He said the trustee would likely be his co-counsel for Wheland's unsecured creditors, Chattanooga Tom Ray.

The liquidation agent will likely have what's left of Wheland's plants on Broad Street and Middle Street in Chattanooga and in Warrenton, Ga., to sell. At a sealed-bid sale Tuesday, the

only bid made that would have involved buying and restarting one of the brake-component factories was made by the Chattanooga-based Livingston Co.

Livingston's bid for Broad Street was rejected by Wheland's creditors, and no bids were made on the Middle Street and Warrenton plants.

Industry analyst Ken Kirgin of Fort Myers, Fla., said it surprised him that there were no bids on the Warrenton foundry, which was built just seven years ago.

"Middle Street has some newer equipment, but mostly older equipment," he said. "I

wouldn't have bid on Middle Street.

"But I thought somebody would buy the Warrenton plant. I heard there was interest there. The timing isn't so great, but the outlook for the next three years is pretty good.

"I guess there was just a feeling out there that return on investment isn't good enough," Mr. Kirgin said. "It's a sad thing, really. Those were good foundries."

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Mallchok defends 'hardest, saddest' decision

BY BOB GARY JR.
STAFF WRITER

The Wheland Automotive Industries executive who cast the decisive vote against a Chattanooga group bidding to buy and reopen the bankrupt company's Broad Street foundry said Thursday she did what she had to do. **TFP 9-13-2002 p A1**

"I feel really confident that I made the right decision, but it was the hardest and saddest one," said Lorie Street Mallchok, whose family ran Wheland for the last 50-plus of its 136 years.

In a sealed-bid sale conducted Tuesday at Wheland's former Middle Street plant, the Livingston Co. bid \$1.5 million plus a 10 percent fee for the Broad Street plant. Livingston's was the only offer to restart the brakepart factory, and it had the support of city officials and Wheland suppliers, who stood to recover lost business by selling



STAFF PHOTO BY REBECCA REID

Auctioneer Ronald Moore, vice president of Plant and Machinery Inc., conducts an auction Thursday afternoon of equipment at Wheland Foundry on Broad Street.

to a new owner.

Scott Probasco III, Livingston's chairman, said the offer represented "a fraction" of what

Livingston was prepared to spend on the foundry. He also anticipated hiring up to 400 workers over the next three to

four years.

The committee in charge of accepting or rejecting the bids deadlocked on Livingston's bid, leaving Ms. Mallchok to break the tie. The numbers, she said, left her little choice.

Mrs. Mallchok said the Livingston bid included machinery already set to be auctioned after the sealed-bid sale. There was also a \$1.3 million bid for a portion of Broad Street machinery, she said.

"What we had to decide was whether we would get more than \$200,000 for everything (Livingston) wanted us to pull out of the public auction," Mrs. Mallchok said. "As of now, we've gotten \$1.1 million for those items" and \$4.5 million in all through Thursday, the third day of the four-day auction, she said.

Approving Livingston's offer

(Over)

"would have been fantastic for the city," she said, "but my responsibility was to maximize value for all 2,000 creditors in this case. I did not have the luxury of asking them if they'd take a lower amount for that reason."

Gray McGee, owner of a company near Memphis to which Wheland owed \$550,000 when the foundry went bankrupt last November, said the opposing offers nearly offset.

"One was as good as the other as far as how much we (creditors) would get," said Mr. McGee, who said his Specialty Alloys Corp. supplied Wheland with "98 to 99 percent" of its ferral alloys.

"They were a very large customer of ours," he said. "Unfortunately, they were too large."

Mr. McGee said he's likely to recover only 15 cents to 25 cents on the dollar as a result of the bankruptcy action.

"This puts us in a very close situation, having to look at going bankrupt, 25 more people unemployed," he said.

Mr. McGee and Mrs. Mallchok each said officials of Plant

“My responsibility was to maximize value for all 2,000 creditors in this case. I did not have the luxury of asking them if they'd take a lower amount for that reason.”



— Lori Street Mallchok

& Machinery Inc., the Houston-based firm conducting the auction, brought pressure to bear on the Livingston decision. Mrs. Mallchok said PMI threatened to sue if she accepted the Liv-

ingston bid because that bid included machinery already set to be auctioned separately.

Mr. McGee said PMI officials were "very persuasive in selling banks (involved as creditors) on the idea that they could get their money quicker by selling per piece than having somebody come in and run it as a going foundry."

Bob Braman, president of PMI, could not be reached for comment Thursday night.

Chattanooga Mayor Bob Corker had contemplated a legal challenge to the result of the sealed-bid auction, but all but ruled out such an action Thursday.

"We can't see any grounds to halt the auction," said Mr. Corker, who declined to criticize Mrs. Mallchok's decision.

"If you have people charged with only getting the most dollars — and assuming they have gotten a few more dollars — I guess maybe they have done what they were supposed to do," he said.

Staff writer Duane W. Gang contributed to this report.

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Late offer for Wheland foundries stumbles

TFP 9-14-2002 p. C1

By BOB GARY JR.
STAFF WRITER

Potential buyer fears little equipment is left

An "able, deep-pocketed" investor is interested in buying and reviving the city's former Wheland Automotive Industries foundries, but thinks it may be too late, Chattanooga's business and industry liaison said late Friday.

Amy Walker Cherry, economic adviser to Mayor Bob Corker, said earlier in the day that a "serious, locally based" inquiry about the plants was made by a prospective pur-

chaser "with a vested interest in providing employment in this area and experience in this type of industry."

Ms. Cherry declined to name the party, but said no one is involved who was part of Tuesday's unsuccessful attempt by the Chattanooga-based Livingston Co. to buy Wheland's Broad Street foundry.

Ms. Cherry said she and Mr. Corker have been trying to put the potential buyer in touch with those who bought Wheland machinery at a Tuesday-through-Friday auction. The hope, she said, is that the potential bidder could deal with those people.

Late Friday, though, Ms. Cherry said the potential buyer expressed concern.

"The party's financial advisers have told us that the party has the liquidity necessary and is willing to pay more than has been offered," she said. "But he's uncertain as to what key equipment may still be remaining that would be essential to running the foundry as a going concern."

Ms. Cherry said the would-

be purchaser "has deeper pockets" than the Livingston Co. and could be interested in both Wheland's former Broad Street and Middle Street plants. She said the investor called the mayor's office after reading reports of lower-than-anticipated bids.

The Livingston Co. offered to buy and restart the Broad Street foundry for \$1.5 million, plus a 10-percent fee. Scott Probasco III, Livingston's board chairman, said the purchase offer represented "a fraction" of what the company was willing to invest in the plant.

A two-man decision committee deadlocked on the bid, leaving Wheland executive Lorie Street Mallchok to break the tie. She voted against the Livingston bid, she said, because the company's 2,000 creditors stood to recover more if the foundry's equipment was sold off piece by piece.

Mr. Corker considered a legal challenge to the rejection of the Livingston bid. He later said he couldn't see legal grounds for stopping the four-day auction of Wheland holdings, but didn't close the door on a court challenge.

David Garvey, an executive with Wheland creditor Porter Warner Industries, said his company and other creditors that supplied Wheland would have a chance to recover some of the money they're owed if a new owner restarts the foundries.

The auction of Wheland holdings ended Friday, but Mr. Garvey said there's still time for a legitimate bid from a potential owner/operator.

"From the unsecured creditors' standpoint, we're interested in anyone who would run it as a going concern," Mr. Garvey said. "We've been meeting for eight or nine months, and that's been the theme from our first meeting to our last.

"That's why it was so frustrating when we were so close and it slipped through our hands," he said.

Also Friday, Houston-based Plant & Machinery Inc. completed its four-day auction of Wheland holdings. Bob Braman, PMI's president, said Wheland's creditors would realize about \$5 million with perhaps more to come if Wheland's former Warrenton, Ga., plant sells.

"We have a number of things going on with Warrenton," Mr. Braman said of the 7-year-old foundry. He said that when no major bids were made Tuesday for Warrenton equipment, the creditors decided to leave the plant intact in hopes of selling it that way.

Wheland and its creditors have crafted a liquidation plan, on which creditors are currently voting. If the plan is approved, both parties will present it Oct. 10 to U.S. Bankruptcy Judge Thomas Stinnett. If Judge Stinnett approves the plan, he would name a liquidation agent who would have charge of selling Wheland's remaining holdings.

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Pollution clouds site's future

Wheland contamination could warrant costly cleanup

TFP 9-15-2002 P. A1

BY LINDSAY RIDDELL
AND DUANE W. GANG
STAFF WRITERS

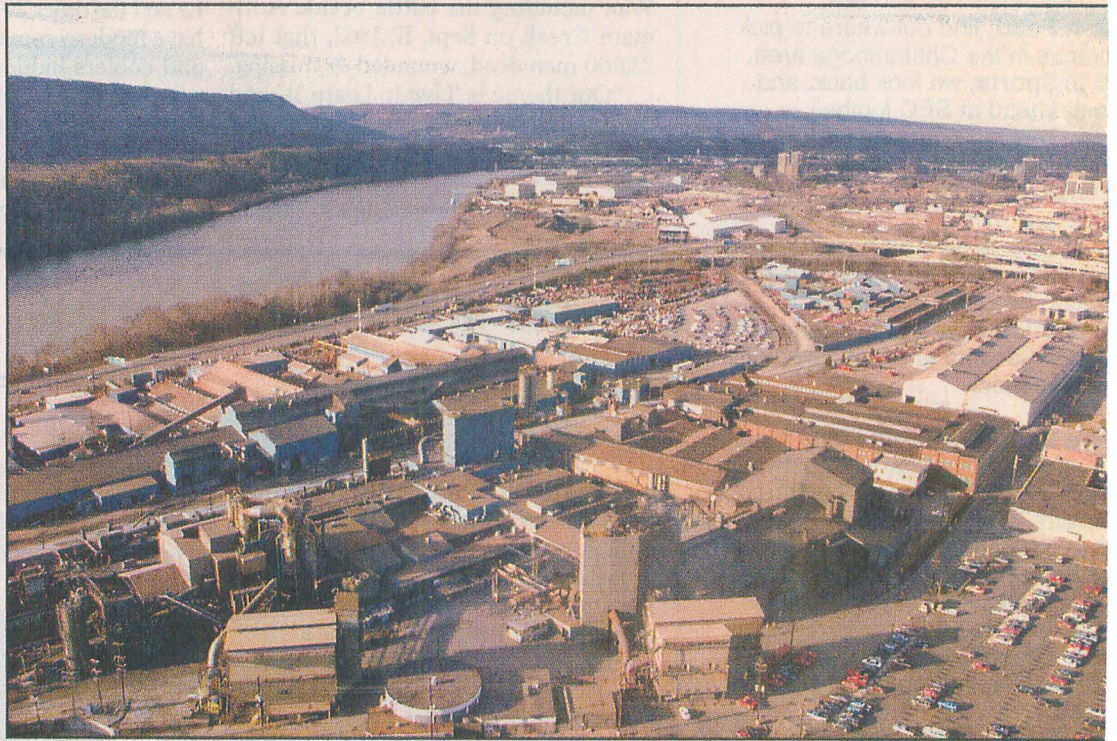
Recent groundwater testing on Wheland Foundry property found 6,000 times the federal limit of a possibly cancer-causing chemical in a new monitoring well near Chattanooga Creek and the Tennessee River.

"What we have is a real hot well," said Ashley Holt, director of the state's remediation program for the division of solid waste management in the Tennessee Department of Environment and Conservation. "There's extensive investigations that are going to have to be completed before we can begin to know if the source is Wheland or an off-site source."

Ms. Holt said regulators don't yet know if the contaminant, known as TCE, is getting into Chattanooga Creek, which flows from the south into the Tennessee River near the toe of Moccasin Bend.

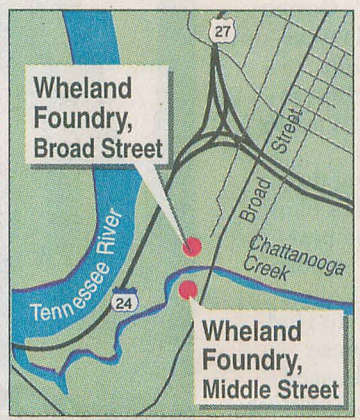
Chattanooga Mayor Bob Corker said he was concerned about the possibility of a contaminated site even before he learned a few days ago about the results of the new well test, made for state regulators on Aug. 20. The mayor said he already was worried pollution could complicate the site's future use, especially after a three-member panel appointed by a federal bankruptcy court last week rejected the only bid that might have kept one of Wheland Automotive Industries' plants operating.

Mr. Corker said the bankruptcy panel might not have considered the environmental issues



STAFF FILE PHOTO BY CHAD MCCLURE/FLIGHT BY BUTCHJOHNSON.COM

Wheland foundry buildings stand near Broad Street in Chattanooga's Southside.



STAFF GRAPHIC BY BECK TOWERLY

and the liability the city could have if the property reverts to its control. The city is owed between \$300,000 and \$400,000

“What we have is a real hot well. There's extensive investigations that are going to have to be completed before we can begin to know if the source is Wheland or an off-site source.”

— Ashley Holt, representative,
Tennessee Department of Environment and Conservation

in back taxes on the site, city officials said.

"I don't know if that particular component about liability was taken into account," Mayor Corker said.

Wheland officials, too, had wanted to clarify questions of pollution. That's why the bankrupt company had voluntarily entered

CHATTANOOGA - Industries - Wheland Foundry

(over)

a cleanup program with state regulators and then asked state officials to give the company's sites a clean bill of health. Wheland's environmental consultant, Larry Bowers, said company officials have complied with environmental regulations, and they hoped this extra effort would entice potential buyers.

"We didn't believe that reality could be any worse than perception, even if they found contamination," Mr. Bowers said of the new tests.

But state officials, concerned about the level of TCE in a well at the Broad Street plant, asked Wheland to drill several new test wells at the company's several plant sites. That was when the still-higher levels of TCE were found in one of the monitoring wells drilled and sampled at Wheland's Middle Street site.

Environmental officials said TCE — trichloroethylene — is a degreaser used to clean metal parts in many manufacturing operations. Excessive groundwater amounts can lead to possible birth defects, liver damage and cancer, according to Web sites operated by and linked to the U.S. Environmental Protection Agency.

PAYING FOR THE CLEANUP

Steve Stout, assistant general counsel for the Tennessee Department of Environment and Conservation, said the city is not likely to end up liable for the cleanup costs.

"There's a provision in the federal Superfund law that protects cities that have to take property for back taxes," Mr. Stout said.

But Mr. Corker said the city still has unanswered questions, especially with news of the recent testing information.

"Are we going to have another blighted site?" he said. "It is right in the heart of our city. We want that land to be brought back into productive use."

With the foundries idled and Wheland in bankruptcy, environmental and city officials are concerned that any necessary cleanup could become a taxpayer-funded Superfund operation, further limiting future uses on the 60 acres of the four Chattanooga manufacturing sites.

"If they (Wheland) cease to work voluntarily with our program, whether it be because they don't want to or because they run out of money, it then would go to Superfund," Ms. Holt said.

That means the state or, in extreme cases, the federal government would pay for the cleanup and then assesses the cost to whatever owner or past owner has responsibility and enough money, EPA officials said.

Wheland has money set aside for environmental issues, but company officials didn't know if that money can go toward the cleanup, said Matthew Levin, attorney for Wheland.

Mr. Corker said he believes

the money set aside by Wheland should cover the costs, but he's trying to make sure it will be used for the cleanup, which will ensure the city will not be required to pay the bill.

Ms. Holt said when Wheland no longer can pay, the case would be turned over to Superfund and then become the responsibility of the state.

VOLUNTEER PROGRAM

Until further investigations are complete, it is unclear how much a cleanup might cost, or even who would be responsible for paying for it, Ms. Holt said.

She said Wheland is a unique case.

"Usually companies that come into our programs are fully functional and operational and might have environmental problems, and they take care of them as they operate, and it's done," she said.

TDEC's Mr. Stout said the state's attorneys are in bankruptcy court to make sure Tennessee receives cleanup money up front and ahead of other

creditors.

"The state is trying to do whatever it can to make sure it has higher priority than other creditors so we can protect our interests, even if that means some of the other creditors don't get paid," Mr. Stout said.

He said he has no reason to believe Wheland won't cooperate, even though bankrupt companies have an out in that taxpayers could end up paying for the cleanup.

"That's why the government has a law called Superfund," Mr. Stout said. "If a site is bad

enough, you don't have to fear that it won't be cleaned up. It just might not get cleaned up on Wheland's quarter."

Wheland's Mr. Bowers said he doesn't think the cleanup will cost any more than that of CE Tubes, another Chattanooga company where TCE was found. Wheland purchased that site four years ago and paid \$54,000 to clean up the TCE there.

That cleanup was part of the volunteer program Wheland entered into with the state in December 1998 as an element of Wheland's purchase agreement, Mr. Bowers said.

On July 19, Wheland expanded its participation in the volunteer program by asking the state to assess the Broad Street and Middle Street sites that went up for auction last week, hoping to entice more or higher bids on its 100-year-old foundry, officials said.

Mr. Bowers said the levels of contamination found in the most recent tests, reported to the state on Aug. 22, are considered more of a concern because the future use of the site is unknown. Potential foundry buyers likely would expect some level of contamination at sites as old as Wheland, he said.

"Had we not been trying to sell the property, then it's no big deal," Mr. Bowers said.

PROPERTY UP FOR SALE

Environmental regulators in Chattanooga began fast-tracking inquiries into Wheland environmental issues in July following announcements of the company's bankruptcy and plans for last week's auction, state officials said.

One letter to Wheland executive Lorie Mallchok, which indicated that the Broad Street site had been referred to the state's remediation section in Nashville, stated, "Based on the report and discussions with representatives for Wheland Automotive Industries, further investigation, delineation and possible long-term remedial activities are most likely required."

The file also contained monitoring well test results from the Broad Street foundry, the only site that received a bid that could have kept jobs in Chattanooga.

In one test well, TCE was found at 26 times the federal maximum, and levels of lead in groundwater were found at

more than double the federal standard.

But the levels are not high enough to solicit cleanup, Ms. Holt said, and can be remedied simply by posting signs alerting people not to drink contaminated water on that site. That closed the Broad Street case in TDEC's eyes, she said.

Mr. Stout said Wheland has been complying with environmental laws — like maintaining landfills — since applying for bankruptcy and has cooperated fully with the remediation process.

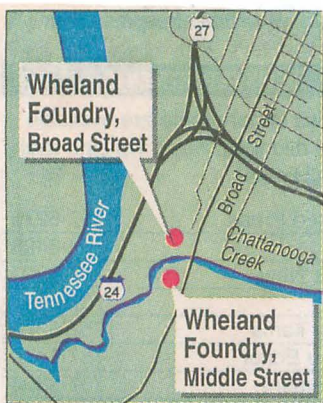
Mr. Bowers, the Wheland consultant, said he doesn't think the contamination, which he said is "not a major environmental issue," will affect the sale of the property.

"We think the real estate is going to sell for future industrial development or future development," he said. "I feel that the property has potential."

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CHATTANOOGA - Industries - Wheland (2002)



STAFF GRAPHIC BY BECK TOWERLY

Wheland targets source of impurities

■ More test wells planned at Middle Street site to determine extent of contamination found there.

TFP 9-17-2002 p. A1
 BY LINDSAY RIDDELL
 STAFF WRITER

Wheland officials plan to authorize drilling two more monitoring wells at the former manufacturer's Middle Street site to determine the source and extent of contamination found there, an environmental consultant said Monday.

"First off we are trying to eliminate the (Middle Street) plant as a source," said Larry Bowers, vice president of Global Environmental Solutions, Inc.

Wheland Automotive Industries and Tennessee Department of Environment and Conservation officials said they do not know the source of the chemical TCE, a degreaser used to clean oily parts, found at high concentrations in groundwater on a corner of the property near Chattanooga Creek.

Mr. Bowers said another

monitoring well closer to the plant showed much lower levels of contamination, indicating the chemical might not have come from Wheland.

He said he will submit the location of the monitoring wells to state environmental regulators for approval within the next two weeks.

Ashley Holt, head of the state remediation section for the Department of Environment and Conservation, said that unless Wheland officials can prove the contamination came from somewhere off company property, they will be responsible for paying to clean it up.

"They're obligated under law to perform as a responsible party, for remediation and investigation at the site," Ms. Holt said in an interview last week. "If they fail to do so, the site would ultimately be turned over to Superfund."

Tennessee's Superfund is set aside specifically to provide environmental cleanup of sites where there is no responsible party or the responsible parties cannot afford to pay, Ms. Holt said.

Mr. Bowers said one of the two new wells will be placed between the plant and the "hot

well" with the high TCE concentration. Another will be placed between the hot well and the property line Wheland shares with CE Tubes, a company formerly owned by Wheland for four years. After the new wells are drilled and groundwater tested, Wheland officials must determine if water collecting at the site has been contaminated by the TCE, Mr. Bowers said.

Mr. Bowers said Environment and Conservation officials might deal with the problem simply by changing the site's groundwater classification and posting signs indicating contamination.

But if not, Wheland will continue to follow through with its intentions of cleaning up the property, Mr. Bowers said. "We don't want to leave a mess, they (TDEC officials) don't want to have a mess. We've worked together and they have been aggressive from a legal standpoint to protect their interests."

Ms. Holt said that although it is not uncommon for industrial companies to be referred to the state's remediation division, this is the first time the state has

dealt with a bankrupt company.

With the Wheland property up for sale, it's possible that a potential buyer could factor in the cost of the cleanup in a purchase agreement, Mr. Bowers said.

Wheland officials made a similar deal when they bought CE Tubes in 1998, he said. Wheland paid \$54,000 for cleanup equipment and about \$20,000 a year in clean-up and testing expenses before selling that plant, Mr. Bowers said.

He said the CE Tubes site was contaminated with higher concentrations of TCE than those found at the Middle Street site.

Mr. Bowers said that for a plant the age of Wheland, he expected far worse results from the environmental tests done to facilitate sale of the property.

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Wheland ponds raise concerns

Environmental regulators fear contaminants will wash into Chattanooga Creek

BY LINDSAY RIDDELL
STAFF WRITER

Environmental regulators said Friday they are concerned that if the Wheland Foundry is demolished, newly exposed contaminants will bypass storm water ponds and wash into Chattanooga Creek.

"I've never seen a demolition process that did not create a lot of dirt," said Phil Stewart, who worked on Wheland storm water issues before his July retirement as head of the state's water pollution control division. "This dirt is going to have metals in it, and oil and grease in it." *TFP 9-21-2003 p A1*

Bankrupt Wheland Automotive Industries sold at auction two weeks ago the electric transformers that provide power to its stormwater pumps. Industry and regulatory officials said those pumps, still in place for now, send rainwater carrying contaminants such as metals and oils into two different catch ponds on Wheland property.

If those pumps do not work, rainwater will follow its natural course into the creek that snakes between Wheland's Broad and Middle Street sites, Mr. Stewart said.

Wheland officials said they cannot guarantee how long the power will stay on at the sites, but they will try to make sure it stays on until a buyer takes over the property, or at least through the equipment removal process.

"We're going to keep the pumps running as long as we



STAFF PHOTO BY CHAD MCCLURE

A warning sign marks the retention pond at Wheland's Broad Street plant.

have power," said Larry Bowers, Wheland's environmental consultant and a former employee.

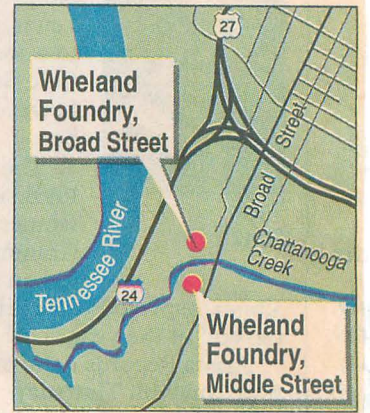
"It's a minor issue," Mr. Bowers said of the stormwater situation. "But with new contamination, the state does have a legitimate concern."

Without power, stormwater no longer can be pumped into Wheland's \$2.3 million catch pond system, where polluted water was collected before being pumped to the Moccasin Bend Sewage Treatment Plant.

Doug Fritz, who works with stormwater permitting for Chattanooga, said retention ponds were necessary while Wheland was operating so that runoff would not drain into Chattanooga Creek.

"If the industry is not running anymore, it shouldn't be generating the pollution that those ponds were there to treat," Mr. Fritz said.

He said that, since no auto-



STAFF GRAPHIC BY BECK TOWERY

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motive parts have been produced at Wheland since March, runoff now should be no more contaminated than runoff from any parking lot.

But Mr. Stewart and current state regulators said they aren't so sure.

Mr. Stewart said any contamination lingering or released as equipment is broken down and removed, especially if buildings are demolished, should continue to be pumped into the catch ponds to maintain the integrity of the creek.

"If you went over and ran your finger over equipment, it would stick with dusts and dirt," Mr. Stewart said. "Lots of solids are going to get released and come open, and all it takes is stormwater to move it into the stream."

Dick Urban, manager of the state's Water Pollution Control division, said the state is doing what it can to ensure Wheland keeps the stormwater pumps running, but the state's enforcement ability is limited by Wheland's bankruptcy proceedings.

Steve Stout, a Tennessee Department of Environment and Conservation attorney involved with the Wheland bankruptcy, said the state is trying to protect its interests, but whether the drainage pumps keep running has not been addressed specifically.

"If they're violating storm water permits, bankruptcy or no bankruptcy, they're obligated to comply with the law," he said.

Mr. Bowers said because the storm water systems were seized as assets by the bankruptcy court, he believes the court will make



STAFF PHOTO BY CHAD McCLURE

Wheland environmental consultant Larry Bowers looks into the stormwater retention pond.

sure power continues to run the pumps, even if that means buying back a transformer.

Assuming the pumps continue to operate, state officials said they still have concerns.

There are two stormwater retention ponds on Wheland property, one on each side of the creek. At both the Broad Street and Middle Street plant site ponds, chain-link fences enclose the murky rectangular pools, where rainwater carries oil, grease, metal particles and other material for filtration. The metal eventually settles to the bottom, but oil and grease, Styrofoam and other trash remain on the surface.

Mr. Bowers said Wheland Industries used a separate set of pumps to send water from the ponds to Moccasin Bend for treatment, which cost the company \$40,000 to \$60,000 a year.

Wheland applied to get its stormwater permits changed now that the company is not operating, so that water from those ponds could be discharged into the creek after the metals have settled, not sent to Moccasin Bend.

With the new permitting, the state's water pollution control division came up with a plan to limit the amount of contaminants that would make their way to the creek should the ponds overflow.

In a letter to Mr. Bowers from Mr. Stewart dated May 24, Wheland was urged to place booms — large, absorbent sponges — around the ponds to sop up floating oil and grease in case the ponds overflow and discharge into the creek. The letter also requested that structures called baffles be installed to direct water from the pond's intake

chamber into the retention pond.

Mr. Urban said the plan does not represent the ideal filtering system, but is better than nothing.

"Chattanooga Creek is not going to be intentionally abused by doing that," he said.

Mr. Bowers said none of the recommended structures had been installed as of Friday, but the ponds have not overflowed.

Wheland Automotive Industries, Chattanooga's oldest manufacturer, filed for Chapter 7 bankruptcy protection in November 2001. About 1,300 workers had lost their jobs by the time its last plant closed in March.

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Groundwater use restricted at Wheland

TFP 9-26-2002 p. B1

BY LINDSAY RIDDELL
STAFF WRITER

Use of groundwater on at least two Wheland Automotive Industries' plant sites has been placed under restrictive covenant by the state because of the underground contamination found there in August, state environmental regulators said Wednesday.

Ashley Holt, manager of the state's remediation division for Solid Waste Management, said the land use restrictions will go on the state's permanent record immediately and can be removed only by state officials. That means potential buyers of the Broad and Middle street plants cannot use the groundwater there for anything — even hosing off the parking lots, she said.

"They (the restrictions) last until we have committal of proof that the site was cleaned to pristine conditions," Ms. Holt said. "And it's unlikely that will occur."

Higher than standard concentrations of trichlorethylene, a degreasing chemical known commonly as TCE, were discovered in groundwater on both the Broad and Middle Street plant sites last month.

Results from environmental tests, paid for by Wheland to entice potential buyers, showed levels more than 6,000 times the federal standard in one test well.

Larry Bowers, Wheland's environmental consultant, said Wheland had used groundwater at the Middle Street site in

■ *Potential buyers of the Broad and Middle street plants will not be able to use groundwater for any purpose, regulators say.*

a sand system to make metal parts. He said the water was from an industrial well drilled deeper than the monitoring well where the TCE was found. The industrial well has not been used since Wheland closed its doors in March, Mr. Bowers said.

"The only thing we ever used our groundwater on site for was one well that went into the sand system," he said.

Ms. Holt said contamination is expected on industrial sites, and most companies that enter the state's remediation program end up with land use restrictions.

The restrictive covenants will require future owners to prove the groundwater is clean before the Tennessee Department of Environment and Conservation will lift the restrictions, she said.

Wheland's other sites, which include landfills and a plant in North Georgia, likely will garner the same restrictions, Ms. Holt said.

Lorie Street Mallchok, executive vice president at North American Royalties, the parent company of Wheland, declined comment for this story.

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CHATTANOOGA - Industries - Wheland Co. (2002)

Developers squabble over industrial park

TFP 9-28-2002 p. C1

By BOB GARY JR.
STAFF WRITER

A federal bankruptcy court judge is being asked to settle a dispute between two Chattanooga developers over the sale of an industrial park developed by the bankrupt Wheland Automotive Industries.

The losing bidder at a recent auction of the NAR Park claims that he was misled by the eventual winning bidder, "an apparent representative" of Wheland, according to documents filed in U.S. Bankruptcy Court.

In a motion filed Thursday, attorney Tom Ray, who represents Wheland's creditors, said Chattanooga developer Jimmy Hudson expressed interest in the NAR Park, which consists of "various commercial, rental and vacant properties near Alton Park." The NAR Park was among the Wheland assets up for auction Sept. 10, nearly a year after the company's November 2001 bankruptcy.

According to the motion, Mr. Hudson was referred to Paul Mallchok at Fidelity Trust Co. Fidelity had been managing the property "for quite some time" prior to Wheland's bankruptcy, the motion said, and "continued to receive a commission from rents" paid after the bankruptcy.

Mr. Mallchok is the husband of former Wheland executive Lorie Street Mallchok and the son-in-law of longtime NAR head Gordon Street Jr. The Streets controlled Wheland for the last 50-plus of its 136 years.

Fidelity "was in possession of certain information in its capacity as an apparent representative" of Wheland, the motion said. According to the motion, Mr. Hudson asked Mr. Mallchok, also "an apparent representative" of Wheland, whether he knew of other potential bidders. Mr. Mallchok replied in the negative, the

motion said.

At the subsequent sealed-bid sale, Paul Mall Inc., Mr. Mallchok's company, won NAR Park with a bid of \$1.04 million. Mr. Hudson, who bid \$750,000, was the only other bidder.

In the motion, Mr. Ray said Mr. Hudson claimed he would have bid more had he known there was another interested party. Mr. Ray said in the motion that he filed only after trying unsuccessfully to settle the dispute.

Mr. Ray told the court said "it does not appear that there was any intentional wrongdoing by any party." Mr. Ray asks Judge Thomas Stinnett to approve the sale to Mr. Mallchok's company, order a rebid between Mr. Mall-

chok's company and Mr. Hudson's company or resolve the matter another way.

Mr. Hudson declined comment, but Mr. Mallchok wasn't so reserved. "I find it sad that this sealed-bid auction is being questioned by a losing bidder," he said. "This is personally insulting to me and my family."

Mr. Mallchok said neither he nor Fidelity had any "official capacity" relating to the sale of the property. Moreover, Mr. Mallchok said, "I work at Fidelity, not for Fidelity.

"We provided copies of leases as a courtesy at the request of Wheland officials," he said.

Mr. Mallchok said he replied to Mr. Hudson's question about other potential bidders by saying "he was the only person to have contacted me at that point."

Mr. Mallchok declined comment on whether he knew he would bid on the NAR Park at

the time Mr. Hudson asked him about other potential bidders. Mr. Mallchok said that he and Mr. Hudson were bidding on different parts of the NAR Park, and that anyone who'd wanted to buy the park could have done so up to two years ago.

"The property portions of the NAR Park property were publicly offered in 2000, well in advance of the bankruptcy," he said. "The asking price was \$1.4 million. Mr. Hudson was aware of that at the time."

Bob Braman, whose Houston-based Plant & Machinery Inc. administered the Wheland auction, said he doesn't expect Mr. Hudson will prevail.

"Generically, the sealed-bid process is designed to be final," he said. "I've been in this business a long time, and I've never heard of anything quite like this."

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Judge set to decide NAR Park dispute

■ *Ownership of an industrial park developed by bankrupt Wheland Automotive Industries is being contested.*

BY BOB GARY JR.
STAFF WRITER

The question of who will own an industrial park developed by bankrupt Wheland Automotive Industries moved further from resolution Thursday. *TFP 10-11-2002 p. A1*

U.S. Bankruptcy Court Judge Thomas Stinnett approved two motions seeking to void last month's sale of the NAR Park to a company headed by Paul Mallchok. Mr. Mallchok is the husband of Lorie Street Mallchok, a top Wheland executive, and the son-in-law of Gordon Street Jr., longtime head of Wheland's parent company, North American Royalties.

Judge Stinnett scheduled an Oct. 25 hearing on the NAR Park motions. He also sched-

uled an Oct. 18 hearing on the appointment of Chattanooga attorney Tom Ray, co-counsel for the committee made up of Wheland creditors, as liquidation agent for what's left of the company's holdings.

Mr. Ray said his principal task as liquidation agent would be to sell the company's remaining assets. Foremost among those assets, he said, are the still-intact plant at Warrenton, Ga., and 60 acres' worth of real estate and buildings at Wheland's former Broad Street and Middle Street plants in Chattanooga.

"Our options are to try to sell quickly, demolish (the buildings) ourselves or sit on the assets for six months or more and see what kind of interest there is," said Mr. Ray, who said there has been interest shown in the Broad Street and Warrenton facilities.

As part of Wheland's November 2001 bankruptcy, the automobile part maker's property and equipment were set to be sold at auction in September, starting with a sealed-bid auction on Sept. 10.

According to a motion filed by Mr. Ray, Chattanooga developer Jimmy Hudson expressed interest in the NAR Park, located near Alton Park. Mr. Hud-

son was referred to Mr. Mallchok at Fidelity Trust Co., the motion said.

The motion said Mr. Mallchok had been managing the property for some time before Wheland's bankruptcy. According to the motion, Mr. Hudson asked Mr. Mallchok if there were any other potential bidders for the property. Mr. Mallchok said there were not, the motion said.

At the sealed-bid sale, Mr. Mallchok's company, Paul Mall Inc., won the NAR Park with a bid of \$1.04 million. Mr. Hudson, who bid \$750,000, was the only other bidder.

Mr. Ray said his initial motion was not intended to take a side, but merely to bring the dispute to the court's attention. Later on, he said, the creditors committee voted to file another motion seeking nullification of the sale. U.S. Trustee William Sonnenburg later followed suit.

"The committee and the trustee felt that the events that occurred affected the integrity of the auction process," Mr. Ray said.

Attorney John Anderson, who's representing Paul Mall Inc., said his client's position is that "the sale was conducted according to the procedures set forth by the court. The sale is final."

Mr. Hudson's lawyer, Glenn Stophel, saw it differently.

"We believe the creditors did not receive as much in the bid as they would have if everything had been known to all potential bidders, including my client," he said.

Mr. Stophel said the judge's most likely options would be to confirm NAR Park's sale to Paul Mall Inc. or order the sale reopened. In the latter case, Mr. Stophel said, he would ask that the new sale be limited to the two initial bidders.

"We believe the estate would be enhanced if the sale is reopened," Mr. Stophel said.

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CHATTANOOGA - Industries - Wheland (2002)

Judge will allow Hudson bid

Bankruptcy judge says Mallchok offer 'tainted'

TFP 10-26-2002 p. C1

BY BOB GARY JR.
STAFF WRITER

Chattanooga developer Jimmy Hudson got another chance Friday to buy an industrial park developed by the parent company of bankrupt Wheland Automotive Foundries.

Saying the process by which another developer, Paul Mallchok, outbid Mr. Hudson for the park last month was "tainted," U.S. Bankruptcy Court Judge Thomas Stinnett gave Mr. Hudson until Nov. 8 to top Mr. Mallchok's September bid.

Mr. Mallchok will then have until 10 a.m. Nov. 14 to submit another bid, with Judge Stinnett set to revisit the issue in an 11 a.m. hearing. The U.S. Bankruptcy Trustee's office and Wheland's creditors had filed motions asking Mr. Mallchok's bid be set aside.

Each of the principals said they felt good about the ruling.

"We'll proceed on a level playing field, and that's good," said Mr. Hudson, who said he would bid prior to the Nov. 8 deadline. Mr. Mallchok, who said he would have to see Mr. Hudson's bid before deciding how to proceed, called Judge Stin-



Jimmy Hudson



Paul Mallchok

nett's "a creative solution."

"I appreciate the scholarly fashion in which he made the decision," Mr. Mallchok said.

Wheland's parent company, North American Royalties, built NAR Park in Alton Park. After Wheland went bankrupt last November and efforts to sell the company failed, Judge Stinnett ordered in August that its buildings and equipment be sold at auction.

The weeklong proceeding began with a Sept. 10 sealed-bid auction. Mr. Mallchok's company, Paul Mall Inc., won NAR Park with a bid of \$1.04 million. Mr. Hudson, who bid \$750,000, was the only other bidder.

Mr. Mallchok, husband of Wheland executive Lorie Street

Mallchok, was acting as the leasing agent for the property. Tom Ray, co-counsel for Wheland's creditors, called Mr. Mallchok a "gatekeeper," the person privy to information critical to anyone wanting to buy the property.

Mr. Hudson testified that when he asked Mr. Mallchok if he'd been approached by other potential bidders, Mr. Mallchok left a clear impression that he was not a potential bidder.

Mr. Mallchok "knew what I was asking and why," Mr. Hudson said. "He knew what I was doing, and he knew what he was going to do."

Mr. Mallchok did not testify, but his attorney, John Anderson, argued that Mr. Hudson erred in not asking Mr. Mallchok directly whether he planned to bid himself. Moreover, Mr. Anderson said, the results of the sale should be considered final given that the court set the terms for that sale.

In making his ruling, Judge Stinnett said it appeared that Mr. Mallchok's responses to Mr. Hudson's questions were "calculated in such a manner as to conceal his intent to bid on the property."

Judge Stinnett said Mr. Mallchok "probably" had no legal obligation to be more forthcoming "in a business sense ... but because of his relationships to (Wheland and his wife), he was bound by a higher duty."

Judge Stinnett fixed the value of Paul Mall Inc.'s bid at

(over) →

\$1,144,000 — the actual bid plus a 10 percent fee payable to Houston-based Plant & Machinery Inc., which administered the September sale. Should Mr. Hudson choose to bid, the judge said, he must bid at least \$1,258,400 — 10 percent more than the Paul Mall amount.

Mr. Ray said the judge is likely to make one of two rulings on Nov. 14.

“He’ll either allow Mr. Mallchok to have the last bid or open it up to an auction conducted in the courtroom,” Mr. Ray said.

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State seeks Wheland money for company landfill cleanups

TFP 10-31-2002 P. A1

By LINDSAY RIDDELL
STAFF WRITER

Tennessee environmental regulators have filed bankruptcy claims for more than \$3.5 million in cleanup costs at the defunct Wheland Automotive Industries, including \$2 million for company landfills and a corroded pipe they claim is threat-

ening Chattanooga Creek.

Records from the Wheland bankruptcy file and Trumbull Services — the firm handling claims against Wheland's parent company North American Royalties — show the state's 18 claims are among 968 now pending in U.S. Bankruptcy Court in Chattanooga after the city's old-

est manufacturer filed for bankruptcy last November.

The claims indicate the money is needed to close and maintain landfills, control runoff contamination and pay for future closure and cleanup costs at the idled Wheland foundry sites.

State officials declined to

comment on the claims.

Tom Ray, co-counsel for Wheland creditors, said "the environment is something we'll take care of and deal with."

The claims and the environmental needs are issues that will be worked out in the bankrupt-

cy court, he said.

The Wheland landfills involved, at Long Street, St. Elmo and Burnt Mill Road (in Georgia), have bonds or insurance policies that should offset some of their maintenance costs, Mr. Ray said. He said Wheland attorneys are negotiating a deal with the Tennessee Department of Environment and Conservation to maintain the landfills after Wheland is liquidated.

"Each one has a different, complicated aspect," he said. "Some have bonds on them. There is insurance on some of them. Some are closed. Some are open. We're hoping we'll have in a very short time a plan that will take care of every one of those issues."

One of the state's claims involves what regulators' reports called a "corroded" and "partially collapsed" pipe buried beneath the St. Elmo landfill that could leak hazardous waste into Chattanooga Creek a quarter of a mile from the Tennessee River.

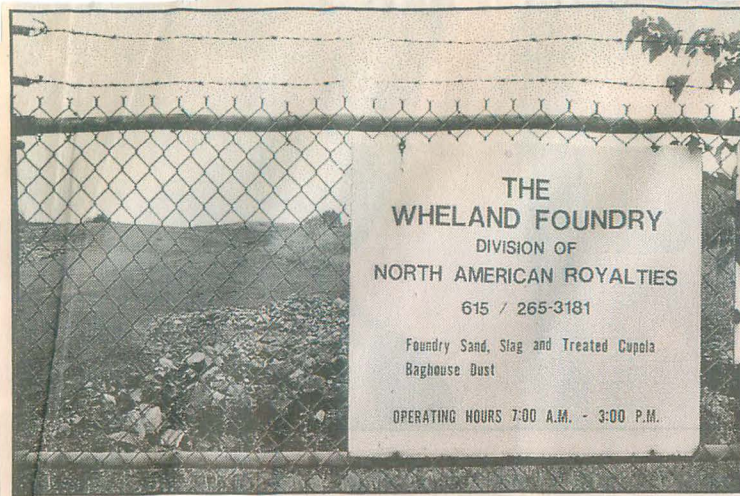
Mr. Ray said he does not believe the pipe is corroded now.

"The worry is that over the next 20 or 30 or 50 or 100 years there will be corrosion issues," he said.

"We'll deal with the settlement of that," he said. "It's just one of the little headaches."

DETAILING THE CLAIMS

State records show environmental regulators are concerned the corrosion of a partially col-



STAFF FILE PHOTO BY CHAD McCLURE

A fence surrounds Wheland Foundry property with some debris in the background.

lapsed pipe running under the St. Elmo landfill could mean landfill material — sand and baghouse dust containing hazardous lead and cadmium — could be seeping through cracks in the pipe and washing into Chattanooga Creek.

One report describes the St. Elmo landfill as a “hazardous waste” landfill that sits on top of Gillespie Spring Branch, a creek that runs beneath the landfill through the large pipe in question before the pipe empties into Chattanooga Creek.

Regulators wrote in the reports that they also are concerned sections of pipe may collapse completely, causing the landfill’s earthen cover to crack.

“A future problem with this pipe is the potential for washout

of hazardous wastes to Chattanooga Creek and then into the Tennessee River should this pipe deteriorate more significantly,” the report said.

And in May 2002, Steve Stout, attorney for the state, wrote in an e-mail to the former head of the Water Quality Control Division of the state’s Department of Environment and Conservation that the condition of the pipe and its future deterioration were a “big concern.”

“If the pipe has the potential to collapse, then that affects the stability of the landfill cap and causes releases to the environment from water (coming) into contact with waste. But even now there is a (thought) that (there) is some waste already falling into the pipe in areas where the sections join.”

But Mr. Ray said the pipe has been treated and welded.

“If it wasn’t, there’d be a lot of white knuckles at TDEC,” he said.

A spokeswoman for the state attorney general’s office said she couldn’t comment on the Wheland case because of bankruptcy proceedings. A spokesman for the Department of Environment and Conservation deferred questions to the state attorney general’s office.

Mr. Ray said the state likely will inherit the St. Elmo landfill and its potential problems, as it is a closed landfill and the company is out of business.

Bankruptcy records show the state is seeking \$736,000 for “post-closure care” at that landfill. The claim breaks down some of the expected expenses this way:

- \$247,500 for concrete pipes.
- \$140,780 for a trench for the new pipe.
- \$49,000 for drilling and blasting and other expenses.
- \$4,200 for “dewatering.”
- \$134,362 for “haul away material.”
- \$258,260 for labor, engineering, surveying and contingency costs.

The state also has filed a claim in bankruptcy court for an additional \$1.75 million to cover “closure and post-closure care” of the Long Street Landfill, according to bankruptcy court records.

Mr. Ray said he hopes the Long Street Landfill, which still is operational, can be sold. And

according to one regulators’ report, “The Long Street Landfill may not pose any immediate problem if it is sold and properly operated as an ongoing concern.”

A third Wheland landfill, Burnt Mill Landfill, also could become a state liability.

A Department of Environment and Conservation May site visit report indicates some of the 500,000 tons of foundry sand capped by grass on the site could end up in Chattanooga Creek if erosion controls at the North

Georgia landfill are not maintained.

The state report said there is a \$106,000 bond set aside toward future maintenance of the Burnt Mill landfill, but any regulatory action would be filed with the state office in Georgia.

Mr. Ray said he is negotiating with regulators as well as creditors.

“We’re not going to do anything to violate any environmental laws,” he said.

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Wheland plants to be demolished



STAFF PHOTO BY CHAD McCLURE

Wheland Foundry's Broad Street plant will be demolished in the first quarter of next year after having closed in March.

Broad Street foundry offer fails to arrive

TFP 11-9-2002 p. C1
BY DAVE FLESSNER
AND BOB GARY JR.
STAFF WRITERS

The biggest part of the bankrupt Wheland Foundry Co. will be demolished in early 2003, ending a yearlong effort to revive part of Chattanooga's oldest manufacturer, officials said Friday.

A final attempt to lure another foundry business to reactivate part of the former Wheland facilities collapsed this week even after the city offered to take ownership of the plant to ease any environmental concerns.

"We really have done everything humanly possible to make something work at Wheland, but unfortunately in the end it just didn't work out," Mayor Bob Corker said Friday. "The bright side of this otherwise unhappy story, however, is that we should be getting some prime property available for other business development in the future."

U.S. Foundry, a Florida-based maker of manhole covers, considered restarting Wheland's Broad Street plant after the company paid \$200,000 to buy a key piece of equipment in the foundry during a September auction.

When company officials discovered it would cost \$500,000 to disassemble and ship the equipment to its main plant near Miami, U.S. Foundry briefly considered reactivating the Broad Street foundry as a second production site. But the costs of operating two separate sites in an economically fragile industry would have proven too high of a hurdle to overcome for the family-owned business, Mayor Corker said.

"We're very disappointed U.S. Foundry didn't come up here, but we knew it was a long shot," said Tom Ray, co-counsel for the Wheland creditors.

"They made a very thorough analysis and tried to massage it every way they could."

With no interested users of the plants, Mr. Ray said he is proceeding with getting bids to demolish the Broad Street foundry and probably the nearby Middle Street foundry. Mr. Ray said removing the plants would clear about 28 acres of land in Chattanooga's Southside along South Broad Street.

"When we demolish the site, it will leave a nice, large tract of land for an industrial park, a strip mall, or any one of a number of other things," Mr. Ray said.

But the attorney said that the sale of the land may not yield much more than the cost of removing the foundry buildings and addressing environmental concerns.

"We're committed to addressing the environmental issues that we must," he said. "We're not going for the cheese as much as we are just trying to get out of the trap."

Only the centrifuse plant among the four major foundries once operated by Wheland is still in production. Michigan-based Hayes Lemmerz, one of Wheland's biggest customers, bought the centrifuse plant in Chattanooga for \$4.1 million from the Wheland estate earlier this year. The plant has fewer than 100 workers.

Prior to its collapse last year, Wheland had employed nearly 2,000 workers who stamped out parts for half of all U.S.-built cars and trucks.

Wheland and its creditors have tried for the past year to sell other Wheland assets. Baltimore-based Equity Partners Inc. marketed the business prior to Wheland's final shutdown in March, and Plant & Machinery Inc. conducted a September auction of the plant and equipment. The foundry equipment was sold piece by piece from the main facilities, but no bidders emerged for the major properties.

"We've been working for four or five months to attract interested parties to this business, but it's just extraordinarily difficult right now because of the excess capacity in the industry and the absence of new markets for companies that might want to bid on these properties," said Bob Braman, president of Plant & Machinery Inc. "The market for foundry facilities is very difficult, and we're getting more calls from foundries that are being closed and liquidated."

But Mr. Braman said an offer has been made for Wheland's newest plant built in Warrenton, Ga.

Metal Technologies Inc. is offering to fork over \$2 million in payments and fees to buy Wheland's Warrenton plant, Mr. Ray said.

"It's a similar type foundry to the six we have already bought, and we do have an interest in acquiring it," said Jeff Turner, vice president of administration and general counsel for Metal Technologies. "Our business has grown through acquisitions, and we look for good opportunities."

Mr. Ray said the Metal Technologies' offer will be presented to bankruptcy court, and creditors hope to solicit other bids based upon the offer. Tentatively, Mr. Ray wants the court to consider the purchase offers in early December.

Mr. Ray said there has been some tentative interest also in the Middle Street foundry. But barring a sale in the next few months, demolition crews are expected to tear down most of the aging foundry facilities in the first quarter of next year.

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Hudson makes new bid for NAR park

TFP 11-9-2002 p. C1

By BOB GARY JR.
STAFF WRITER

Chattanooga developer Jimmy Hudson made a bid Friday for the Alton Park industrial park built by North American Royalties, but he won't know until next week if he was successful.

Paul Mallchok, who looked to have won the NAR Park in a September sealed-bid auction, has until 10 a.m. Thursday to top Mr. Hudson's bid of \$1.41 million. The two are set to appear

one hour later before U.S. Bankruptcy Judge Thomas Stinnett, who has taken charge of selling the property.

Mr. Mallchok said he didn't know whether he would bid by Thursday.

"I will need to review what decision I might make," said Mr. Mallchok, who bid in September on behalf of his company, Paul Mall Inc. "I just have to review my numbers and take a look at the situation."

Wheland Automotive Industries, a subsidiary of North



Paul Mallchok



Jimmy Hudson

American Royalties, filed for bankruptcy a year ago. Judge Stinnett ordered in August that

Wheland's land, buildings and equipment be put on the auction block in September.

The four-day sale began with a sealed-bid auction on particular Wheland assets, including NAR Park. Mr. Mallchok bid \$1.04 million, easily topping Mr. Hudson's \$750,000 bid.

Mr. Mallchok, husband of former Wheland top executive Lorie Street Mallchok, was acting as the leasing agent for the property. Mr. Hudson claimed that when he asked Mr. Mallchok if any other potential bidders had asked about NAR Park, Mr. Mallchok left a clear impression that he would not be bidding.

Judge Stinnett found that in answering Mr. Hudson's questions, Mr. Mallchok "calculated in such a manner as to conceal his intent to bid on the property." The judge ruled that Mr. Hudson could make another bid, and that Mr. Mallchok would have a chance to top it.

Mr. Hudson's attorney, Glenn Stophel, declined comment on Mr. Hudson's potential plans for the property. Mr. Stophel noted that in an Oct. 25 hearing before Judge Stinnett, Mr. Hudson said a partnership involving himself and his father owns some land adjacent to NAR Park.

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Mallchok wins bid on NAR Park

BY BOB GARY JR.
STAFF WRITER

One dollar made the difference Thursday in ownership of the Alton Park industrial park built by North American Royalties. **TFPII-15-2002p C1**

Chattanooga developer Paul Mallchok's company, Paul Mall Inc., won NAR Park in U.S. Bankruptcy Court. Rival developer Jimmy Hudson had bid \$1.41 million for the property, but Mr. Mallchok topped that bid by a single dollar.

"I'm glad it's over, and I look forward to closing on the property," said Mr. Mallchok, who added that he



Paul Mallchok planned to continue leases with the park's tenants — Buffalo, N.Y.-based Niagara Cold Drawn Steel and Livonia, Mich.-based Casting Materials Co. — and perhaps initiate further development.

Mr. Hudson was philosophical after Judge Thomas Stinnett awarded the property to Paul Mall Inc.

"Obviously we're disappointed, but we had a chance to bid and were thankful for that opportunity," said Mr. Hudson, who owns property bordering one side of NAR Park. "I wish him (Mr. Mallchok) well. He outbid me."

The property went on sale in September as part of a court-ordered auction of Wheland Automotive Industries assets. Wheland, a subsidiary of North American Royalties, went bankrupt a year ago.

At the September sealed-bid auction, Mr. Hudson bid \$825,000, \$750,000 plus a 10 percent commission, for the NAR Park. Mr. Mallchok bid \$1,144,000, \$1.04 million plus the commission, and was awarded the property.

Mr. Mallchok, husband of former Wheland head Lorie Street Mallchok, was acting as leasing agent for the property. Mr. Hudson challenged the result of the sealed-bid sale, claiming that when he asked Mr. Mallchok about other potential bidders, Mr. Mallchok left the clear impression that he was not one himself.

After an Oct. 25 hearing, Judge Stinnett found the process had been "tainted" by Mr. Mallchok's effort to "conceal his intent to bid on the property." The judge gave Mr. Hudson until Nov. 8 to submit a new bid at least 10 percent higher than Mr. Mallchok's bid and said Mr. Mallchok would have six days to top that bid.

Given the opportunity, Mr. Mallchok said, he'd do nothing different a second time.

"I followed the instructions of the court in making the sealed bid," he said.

The extra round of bidding meant an extra \$266,000 for Wheland's creditors, who joined Mr. Hudson in his action.

"We just wanted the opportunity to make sure the creditors got a fair value for the property," said Tom Ray, attorney for the creditors.

Mr. Ray also said Indiana-based Metal Technologies has made a \$2 million bid for Wheland's Warrenton, Ga., plant. Mr. Ray said there could be competing offers, but the issue is scheduled to be settled Dec. 4, the day before he's set to present the top offer to Judge Stinnett for approval.

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CHATTANOOGA-INDUSTRIES - Wheland Co. (2002)

Workers' compensation case closed for Wheland

Judge orders all claims paid immediately

TFP 11-23-2002 p. B1

By MIKE O'NEAL
STAFF WRITER

All workers' compensation claims made by former employees of bankrupt Wheland Automotive Industries are to be paid immediately, Hamilton County Chancery Court Judge Frank Brown ordered Friday.

Lee Akers, Hamilton County clerk and master, said the judge and his staff have been trying to complete all required paperwork so payments can begin before Thanksgiving.

"Beginning Monday, the checks should be in the mail," he said.

As a self-insured business, Wheland was required to maintain bonds to cover workers' compensation claims should it close its doors. When the company filed a Chapter 11 bankruptcy reorganization petition in November 2001, that money was frozen until an equitable

distribution plan could be developed.

At issue was at least \$2.3 million set aside to ensure payment of injured workers' claims against the company. Records show as many as 200 former employees had filed claims with the court.

The process of setting an orderly payment schedule began in January, with Chancellor Brown devoting much of the month of August to matching the workers' claims against a limited resource.

Court records show that, among others, bonds of \$947,882 from the United States Fire Insurance Co. and bonds of \$506,377 from United States Fidelity and Guaranty Co. were available to cover claims.

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Local group wants Georgia Wheland site

■ Livingston Co. makes a bid after an earlier one for a Chattanooga foundry was rejected.

TFP 12-5-2002 p. C1
BY BOB GARY JR.
STAFF WRITER

An attorney for Wheland Automotive Industries creditors said Wednesday that the Chattanooga-based Livingston Co. is taking another crack at acquiring one of the bankrupt foundry's plants.

Tom Ray said Livingston has made a bid for Wheland's former Warrenton, Ga., plant, which has remained basically intact since Wheland's bankruptcy 13 months ago. Mr. Ray said that if the creditors accept the bid, it will be presented Dec. 19 to U.S. Bankruptcy Court Judge Thomas Stinnett for his approval.

Through Mr. Ray and company representatives, Livingston officials declined comment.

Mr. Ray declined to specify the amount of the Livingston bid, but said the Chattanooga group "claims" the offer is similar to a \$2 million bid submit-



STAFF GRAPHIC BY LAURA E. WALKER

ted earlier by Metal Technologies Inc. Jeff Turner, a vice president and general counsel for the Auburn, Ind.-based company, confirmed that it is no longer interested in buying the Warrenton property.

"We went through the due diligence and, in the final analysis, came to the conclusion that this wouldn't be a good fit right now," Mr. Turner said.

Mr. Ray said Metal Technologies officials indicated that their reservations had to do with potential environmental problems at the site. Mr. Ray said those problems were "not par-

ticularly serious, but ones they're telling us they don't want to deal with.

"They told us they're a very conservative company when it comes to those issues," Mr. Ray said.

As part of Wheland's bankruptcy proceeding, the company's assets were sold at auction in September. Livingston made a \$1.65 million bid for the Broad Street plant. Livingston's chairman, Scott Probasco III, said at the time that the bid represented "a fraction" of what his group was willing to spend to restart the idled factory.

That bid was rejected, however, by a three-person committee made up of two creditor representatives and top Wheland executive Lorie Street Mallchok. Mrs. Mallchok, who cast the deciding vote against the Livingston bid, said creditors stood to get more from a piece-

meal sale of Wheland's assets.

Chattanooga Mayor Bob Corker said at the time that the committee failed to consider the economic damage rejecting the Livingston bid would do to the city. He briefly considered a legal challenge to the results of the auction, but soon abandoned that idea.

There were no bids on the Warrenton plant at the September auction, but Mr. Ray said Wednesday that Livingston "has indicated for several months that they have an interest in it."

Mr. Ray said he remains "guardedly optimistic about the prospects" of selling the 7-year-old gray iron foundry. He said Wheland's former Broad Street plant likely will be demolished early next year, which would clear nearly 30 acres of Southside land.

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Wheland plant in Georgia is sold

Livingston Co. agrees to pay \$2.25 million for facility and around \$1.5 million to refurbish it.

TFP 12-6-2002 p c1

By BOB GARY JR.
STAFF WRITER

The Chattanooga-based Livingston Co. agreed Thursday to buy Wheland Automotive Industries' former Warrenton, Ga., plant for \$2.25 million.

The deal approved by U.S. Bankruptcy Court Judge Thomas Stinnett remains subject to approval by the committee representing the bankrupt foundry's creditors. Tom Ray, the attorney for that committee, said it likely would meet next week to consider the offer.



Al Duke

Al Duke, Livingston's president, said that company plans to restart and operate the Warrenton foundry. He said former Wheland executives Ron Reese and Charles Armor would be on its management team.

"We're very pleased to conclude this transaction allowing us to reopen the Wheland foundry in Warrenton," Mr. Duke said.

"In every industry, there are niche opportunities available if the right elements are present. The most important element is management. We truly believe Ron Reese and Charlie Armor represent an incredibly strong management group to build around," Mr. Duke said.

Mr. Ray said Livingston officials told him they intend to put about \$1.5 million into refurbishing the 7-year-old gray iron plant, which would make castings for automobiles and trucks. He said Livingston has a customer eager for the new owners to restart the foundry.

Foundry industry analyst Ken Kirgin of Fort Myers, Fla., said the Warrenton plant "has a good future ahead of it."

"It's well equipped to be a good, solid producer," said Mr. Kirgin, who said his company, Stratecast Inc., does marketing forecasts for clients including the American Foundry Society.

"Production is at its lowest point in many years. Inventories are going down, so production will come back. I think this country needs that plant. I'm happy they're not letting it die," he said.

Mr. Ray said the Livingston group submitted a bid Wednesday for Warrenton that he judged insufficient. He said Livingston came back early Thursday afternoon with the beefed-up bid, which calls for the Chattanooga company to pay \$850,000 at closing, prob-

ably in early January, and the balance in no more than two years.

"This is a good deal," said Mr. Ray.

Indiana-based Metal Technologies had made and then withdrawn a \$2 million bid for the plant, Mr. Ray said.

"It's an excellent buy for Livingston, and we had no (other) real prospects," he said. "The alternatives were not good."

Livingston bought the Warrenton plant three months after trying unsuccessfully to buy Wheland's former Broad Street plant. That factory and other Wheland assets were put up for

auction in September, 11 months after the 136-year-old foundry went bankrupt.

At that auction, Livingston bid \$1.65 million for the Broad Street plant and was prepared to invest far more in restarting it, Livingston Chairman Scott Probasco III said then. A committee of three comprising two creditor representatives and top Wheland executive Lorie Street Mallchok turned down that bid, though. Mrs. Mallchok said at the time that a piecemeal sale of Wheland's assets would mean more for creditors.

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CHATTANOOGA - INDUSTRIES - Wheland (2002)

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Warrenton plant purchase complete

TFP 2-13-2003 p. C1
Chattanooga-based WWG Acquisitions Co. LLC finalized Wednesday its purchase of the former Wheland Automotive Industries plant in Warrenton, Ga., according to Tom Ray, an attorney for Wheland's creditors.

Mr. Ray said WWG officials paid \$850,000 of the \$2.25 million purchase price and have two years to pay the balance. He said WWG is a holding company for the Chattanooga-based Livingston Co. and other investors in the Warrenton plant, including former Wheland executives Ron Reese and Charles Armor.

Livingston President Al Duke said then that "niche opportunities" are available in the foundry business.

CHATTANOOGA
Industries - Wheland Co. (2003)

CHATTANOOGA - Industries - Wheland Co. (2003)

Bankrupt Wheland goes into Chapter 7

U.S. Bankruptcy Judge Thomas Stinnett converted the Wheland Automotive Industries bankruptcy case Friday to a Chapter 7 liquidation, according to one of the lawyers for Wheland's creditors. *TIP 2-15-2003 p. C1*

Mr. Ray said the judge is likely to enter the order Tuesday, at which time the bankruptcy court would take charge of collecting assets and settling all claims in the case. Wheland filed for Chapter 11 reorganization protection in November 2000.

Once Chattanooga's largest manufacturer, the foundry stopped making automobile and truck castings nearly a year ago.

Wheland case prompts state to change rules for self-insureds

TFP 2-23-2003 p. A7

BY BOB GARY JR.
STAFF WRITER

Tennessee has adopted new workers' compensation rules for self-insured companies in the wake of Wheland Automotive Industries' bankruptcy, a state insurance official said Friday.

"We think we have a more thought-out process for how we calculate self-insureds," said Everett Sinor, assistant commissioner for insurance at the state Department of Commerce and Insurance.

Last year Mr. Sinor said his department recognized a need to review that process when Wheland's bankruptcy stopped payments to injured company employees, 154 of whom filed claims in Hamilton County

Chancery Court.

The state requires self-insured companies, as Wheland was, to carry bonds to cover workers' compensation claims in the event of the company's failure.

Chattanooga-based Wheland had bonds totaling nearly \$2 million in face value when it declared bankruptcy in November 2001.

But Tom Wyatt, a Chattanooga attorney who represented 31 of those injured workers, said there was simply too little money for too many claims.

"The pie was significantly smaller than it should have been," Mr. Wyatt said. "My first impression of the situation was that the state should have done far more to make sure there was

"My first impression of the situation was that the state should have done far more to make sure there was adequate security for that employer."

— Tom Wyatt, attorney

adequate security for that employer."

Mark Brothers, head of the state's self-insured workers' comp program, said last year the state usually required self-insured companies to have bonds or reserves equaling at least 1½ times the average annual expense of workers' comp claims.

Today, Mr. Sinor said, the state

mandates that self-insured companies carry bond amounts equal to 1½ times the three-year average of paid claims, or 1½ times the expected loss, whichever is higher.

"This has resulted in a greater bond amount for most self-insured employers, although not all of them," said Mr. Sinor, who added that bond amounts are reviewed annually.

Mr. Wyatt said most claimants had to settle for a percentage of their workers' compensation because there simply wasn't enough money to fund the full amounts.

Franklin Davis, of East Chattanooga, who said he hurt his back on the job at Wheland in 1997, said he accepted about \$21,000, less than half of what he expected.

"I had to go ahead and settle," Mr. Davis said.

Chancellor Frank Brown, who oversaw the workers' compensation portion of Wheland's bankruptcy proceeding, said most of the money was paid before Thanksgiving, and the rest could go out by the end of

this month.

But the Wheland claimants who feel they got too little may have one last chance. Mr. Wyatt has taken his case to the Tennessee Court of Appeals.

Should the appeals court rule in favor of Mr. Wyatt, the funds available could go from nearly \$2 million to almost \$6 million.

"The bond companies say that will be a crisis, that it will overturn the apple cart," Mr. Wyatt said.

Chancellor Brown said if the appeal goes Mr. Wyatt's way, it "would only be fair" to claimants who were forced to settle for 40 percent to 50 percent of their expected benefits.

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Demolition seen for plants

TFP 2-23-2003 p. A1

BY BOB GARY JR.
STAFF WRITER

Wheland's former Broad Street and Middle Street foundries will be demolished, according to a longtime principal in the company's bankruptcy case.

Tom Ray, a Chattanooga bankruptcy attorney who served 15 months as co-counsel for a committee representing Wheland's

creditors, said the only questions are who'll swing the wrecking ball and when.

"There is a prospect who has expressed a great deal of interest in buying the properties and assuming any type of environmental liability," said Mr. Ray, who declined to identify the potential buyer. "There's no question it will not be a foundry."

Former Wheland worker David Lawson said he'd be inter-

ested in driving to South Broad Street to watch his onetime workplace come down — under the right circumstances.

"I might go help them take it down if they'd pay me," said Mr. Lawson, a certified welder who said he put in 25 years at Wheland before being laid off a year ago.

After Wheland shut down its

Broad Street, Middle Street and Centrifuse plants, idling some 1,200 workers, Michigan-based Hayes Lemmerz bought the Centrifuse unit. That plant was the smallest of the three, however, and Hayes needed only about 60 workers to run it.

Last September, on the same day the foundries and equipment went up for auction, Chattanooga-based Livingston Co. made a bid to buy and run the Broad Street plant. The bid failed, as did efforts backed by Chattanooga city officials. The Livingston Co. wound up buying Wheland's former Warrenton, Ga., plant.

Mr. Ray said Wheland has recovered about \$30 million in assets to be divided among its creditors. He said that money came from sales of property and equipment owned by the foundry and its parent company, North American Royalties, including downtown Chattanooga's Dome Building and Carnegie Library building, the

NAR Park in Alton Park, the Warrenton plant, equipment at Broad Street and Middle Street and collections of outstanding accounts receivable.

Mr. Ray said Wheland's creditors are owed about \$110 million more, however. He said Chattanooga attorney Doug Johnson, who has charge of completing the liquidation process and distributing the money to creditors, likely will recover only \$3 million to \$5 million more pending the outcome of litigation involving insurance policies on the lives of Mrs. Gordon Street Sr., mother of Wheland executive Gordon Street Jr., and Gordon Smith, Mr. Street's brother-in-law.

Mr. Ray said that aside from those insurance policies, which total \$20 million, the principal

remaining Wheland asset is the site of the Broad Street and Middle Street foundries. He said that if Mr. Johnson gets \$1 million for that property —



Tom Ray

Middle Street has unresolved environmental issues — "he will have done extremely well."

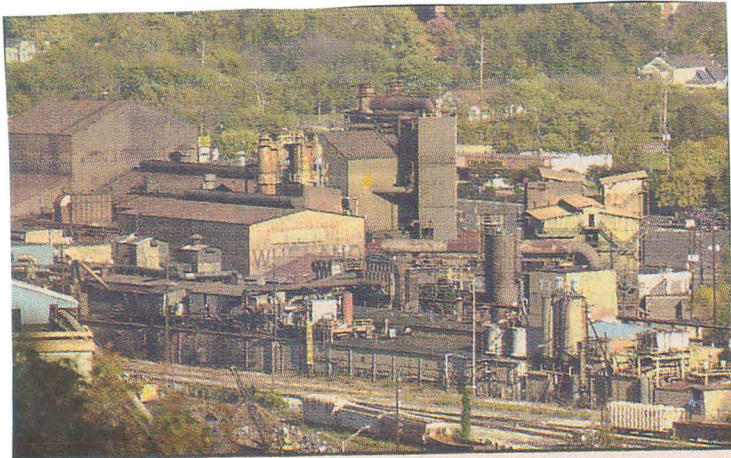
Mr. Johnson took the Wheland case after U.S. Bankruptcy Court Judge Thomas Stinnett recently converted it from a

Chapter 11 reorganization to a Chapter 7 liquidation. That effectively put the court in charge, and Assistant U.S. Trustee Bill Sonnenburg appointed Mr. Johnson to the case last week.

"My job is to sell the real estate, figure out if there are any more assets I can liquidate, finish pending litigation and see if there's other litigation to be initiated," Mr. Johnson said.

"I can't imagine it taking less than a year (to resolve), but that doesn't mean there won't be interim disbursements to creditors," he said.

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STAFF PHOTO BY CHAD McCLURE

Wheland Foundry lies empty several months after closing.

Foundry shutdown takes toll

CLIPPING FILE
LOCAL HISTORY
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CHATTANOOGA - INDUSTRIAL - DISTRICT - (2003)

Loss of Wheland jobs still felt in local economy

TFP 2-23-2003 p. A1

BY BOB GARY JR.
STAFF WRITER

Wheland Automotive Industries stopped production for good 12 months ago, but the effects of the nation's largest foundry failure of 2002 are still rippling through the Chattanooga area.

Some former Wheland workers, such as Tony Hawkins, of Henagar, Ala., went jobless for months before finding work. The job Mr. Hawkins finally got pays about half that of his last Wheland wage, he said.

After the Feb. 25, 2002, shutdown, Gary Miller, of Whitwell, Tenn., enrolled in Chattanooga State Technical Community College for state-paid job retraining, along with an estimated 70 to 100 other former Wheland workers. But Mr. Miller had to leave his machine tool course suddenly — and indefinitely — when his Tennessee Army National Guard unit was called to active duty.

Others, such as Soddy-Daisy's David Lawson, have drifted from temporary job to temporary job. Put together, he said, those jobs cover fewer than four of the past 12 months.

Meanwhile, 149 injured Wheland workers have had to wait for their worker's compensation cases to be resolved. Chattanooga attorney Tom Wyatt, who said he represents about 30 such workers, said that in many cases they have had to accept meager returns for their patience.

University of Tennessee economist Matt Murray said the idling of 1,200 workers in a metropolitan area Chattanooga's size is only part of the story.

"For every job lost in a facility, you lose another half to three-quarters of a job elsewhere in a community," said Dr. Murray, associate director of the Center for Business and Economic Research at the school's Knoxville campus. "The withdrawal of purchasing power among households with lost jobs would primarily affect the service and retail trade sectors.

"In short, the cumulative effect of that loss can be quite substantial," Dr. Murray said.

So can the psychological impact of one manufacturer's layoffs on another's workers, said Ray Childers, president of the Chattanooga Manufacturers Association.

"Perhaps even more traumatic is the fear and insecurity it puts in those who have jobs but don't know how long they'll keep them," he said. "It raises the question and the fear of 'Who's next?'"

Wheland wasn't the first

foundry to shut down in Chattanooga. Rockwell International, Ross-Meehan and Chattanooga Coke and Foundry shut down in the 1980s.

But the demise of Chattanooga's oldest manufacturer and largest union employer sent new tremors through the area.

"It was a shock to everybody. Wheland was a major player," said Florida-based industry analyst Ken Kirgin. He added that 3,530 U.S. foundries have closed since 1955, leaving 2,620.

When the 136-year-old maker of metal automotive castings failed in Chattanooga, idling 1,200 workers, there were several reasons, Mr. Kirgin said.

Principal among those, he said, were a rapid decline in sales of the heavy trucks for which Wheland made castings and competitive pressures from rival producers with better productivity.

The shutdown of Wheland, along with the closings of textile manufacturer Culp and the bread-making Earthgrains plant later in the year, dealt further blows to Chattanooga's manufacturing base last year. Some other major manufacturers, including DuPont and U.S. Pipe & Foundry, trimmed staffs last year.

The closings and layoffs combined to idle more than 1,700 workers during 2002 and reduce Chattanooga's overall manufacturing employment below 40,000. Three decades ago, manufacturers in metropolitan Chattanooga employed more than 61,000 workers.

LOOKING TO THE FUTURE

In the 1960s, more than 40 percent of all jobs in Chattanooga were in manufacturing. But by

WHELAND
FOUNDRY



One year later

INSIDE

Case spurs change in rules for self-insured companies, A7

(OVER)



STAFF PHOTO BY CHAD MCCLURE

Former Wheland employee Gary Miller receives machine tool instruction in a class at Chattanooga State Technical Community College.

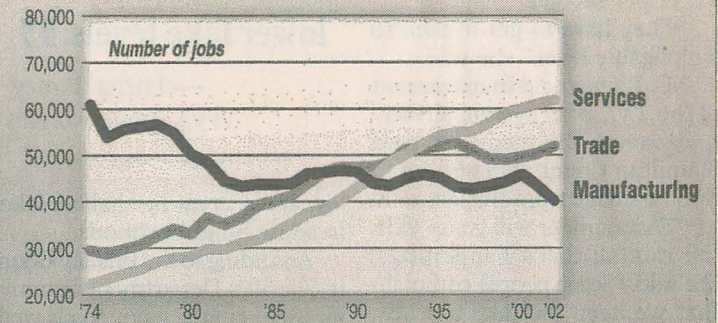


STAFF PHOTO BY CHAD MCCLURE

David Lawson, a former employee at Wheland, prepares dinner for his family while speaking to a prospective employer on the telephone.

Shifting jobs

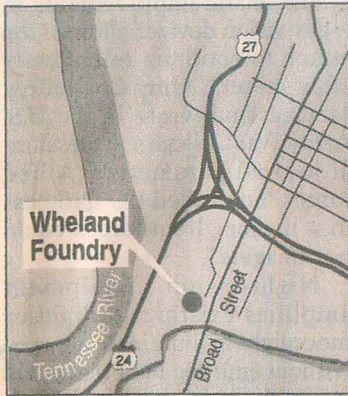
The number of manufacturing jobs in metropolitan Chattanooga has dropped by a third since 1974 while service industry employment has nearly tripled and trade-related jobs have nearly doubled.



* Based upon latest estimates available from November 2002

SOURCE: TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

STAFF GRAPHIC BY LAURA E. WALKER



STAFF GRAPHIC BY BECK TOWERY

the end of last year, only one of every six jobs in metro Chattanooga was in manufacturing.

At the same time, service industry employment in metro Chattanooga has nearly tripled, and trade-related jobs have nearly doubled, according to figures from the Tennessee Department of Labor and Workforce Development.

In the 13 months between December 2001, the month after Wheland's bankruptcy, and December 2002, the last month

for which state figures are available, the monthly unemployment figure for the Chattanooga metropolitan area — Hamilton and Marion counties in Tennessee plus Catoosa, Dade and Walker counties in Georgia — has averaged 3.6 percent.

Other Labor and Workforce Development figures, however, show that in 2001, the average weekly service wage was \$558 — \$135 less than the average weekly manufacturing wage.

"You've got to go back to the fact that one manufacturing job supports seven service-industry jobs," said Tony Troutman, who worked at Wheland for 25 years and served from 1996 to 2002 as president of the United Steelworkers of America Local 3967.

"You keep losing manufacturing jobs, and the service industry and the local economy in general will suffer," Mr. Troutman said.

Chattanooga boosters are responding to the manufacturing losses by launching some of the biggest economic develop-

ment efforts in the city's history both to lure new industry and to promote existing businesses.

The Chattanooga Area Chamber of Commerce is preparing to begin a \$9 million, four-year program to "Tell the World" about Chattanooga, and Hamilton County announced plans last week to begin a \$1.5 million Center for Entrepreneurial Growth.

Chattanooga Mayor Bob Corker also is preparing to begin an Enterprise Center to encourage the growth of technology and other startup businesses and capitalize on Chattanooga's ties

to nearby federal research facilities in Oak Ridge and Tullahoma in Tennessee and Huntsville, Ala.

The mayor said he and other city officials "couldn't have worked any harder to save Wheland," but now city and business leaders have moved on out of necessity.

"Certainly we were disappointed," Mayor Corker said, "but we haven't spent time trying to quantify that loss. I don't know what benefit or good that does our citizens.

"We have an incredible new industrial park (Enterprise South), an incredible (business) recruiting effort under way and an incredible renewal effort

ongoing for the central city," he said. "We have redoubled our efforts to be aggressive and move this city ahead."

Mr. Troutman said local efforts have seemed geared toward promoting tourism.

"I think the powers that be want Chattanooga to be a tourism town, and that's about where it is," Mr. Troutman said. "I think the facts speak for themselves as far as the decline of industry in Chattanooga. I don't think it's because of the work force. The work force is here."

Business Editor Dave Flesner contributed to this story.

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Lawyer charged with closing Wheland case

Bankruptcy trustee Johnson hopes to pay creditors \$33 million, more if he can

TFP 3-16-2003 p. G1
BY BOB GARY JR.
STAFF WRITER

It may seem an unlikely comparison, but Chattanooga bankruptcy attorney Doug Johnson has something in common with Atlanta Braves pitcher John Smoltz.

The Braves generally call on their ace reliever in a game's last inning to finish off the opposition and preserve a win. The federal government has called on Mr. Johnson to close out the Wheland Automotive Industries bankruptcy.

Mr. Johnson said the case is the biggest on which he's served as a trustee and perhaps one of the two or three biggest in Chattanooga history. Even so, he said, his job is the same.

"You have two jobs," he said. "Create a pot of money and figure out who gets it."

Mr. Johnson said the pot of money Wheland's creditors will eventually split is around \$33 million — far short of the approximately \$140 million the bankrupt company's creditors are owed.

How much larger that pot grows, he said, depends on how much he can get for the nearly

36 acres on which the defunct foundry's Broad and Middle streets plants once stood.

"I don't have a dollar value in mind, but the old Pruett's (Broad Street) store just sold for \$825,000," he said. "I don't know what kind of space that is, but it's not 36 acres."

Mr. Johnson said there is pollution at the site, but those problems "have been greatly overestimated." Demolition of the buildings on the property is "more likely than not," he said, a prospect that saddened at least one former Wheland employee.

"I'd want to see right before it starts and when it's done, but I don't think I'd have the heart to actually watch it go down," said Bob Ferguson, who said he rose to the position of quality systems manager at the Middle Street plant in his

13 years there. "It was monolithic to us. We never expected it to fail or fall. It's hard to imagine after putting so much of my life into that place that it won't be there," he said. Wheland filed for Chapter 11 bankruptcy reorganization protection in November 2001. Last month, U.S. Bankruptcy Court

“You have two jobs. Create a pot of money and figure out who gets it.”

— Doug Johnson



Wheland Foundry, the facility in the foreground, covers 36 acres between Interstate 24 and South Broad Street.

STAFF PHOTO BY CHAD McCLURE

Judge Thomas Stinnett converted the case to a Chapter 7 liquidation, effectively taking control from lawyers representing Wheland and its creditors.

Judge Stinnett directed Assistant U.S. Trustee Bill Sonnenburg to appoint a trustee. Mr. Sonnenburg tapped Mr. Johnson, who said he paused before taking the assignment, which he said could run two more years. "It was a bolt from the blue,"

Mr. Johnson said. "The question was (taking on) the volume of work involved and keeping a practice going, too. But I thought about it and decided to do it."

Mr. Sonnenburg said Mr. Johnson brings several attributes to the case.

"He brings a drive and desire to accumulate assets to pay to creditors," Mr. Sonnenburg said. "He heads up his own firm, so he doesn't have senior partners to

answer to. He can devote the time necessary."

Mr. Johnson said potential buyers may like that they can deal with one man rather than committees.

"I'll come back from court and have 30 messages," he said. "I haven't had a day off since I got back from vacation February 16th."

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STAFF PHOTO BY TIM BARBER

Doug Johnson is the new court-appointed trustee in charge of liquidating the remnants of bankrupt Wheland Automotive Industries on South Broad Street.



STAFF GRAPHIC BY BECK TOWERY

Offer made for Wheland plants

TFP 6-7-2003 p. C1

BY BOB GARY JR.
STAFF WRITER

The effort to sell the former Wheland Automotive Industries property in Chattanooga has hit "high gear," the trustee in charge of the sale said Friday.

Chattanooga bankruptcy attorney Doug Johnson said a local concern has made a written offer for the bankrupt company's Broad Street and Middle Street plants.

"I could sign it, go to court and cash the deposit check right now," said Mr. Johnson, who was appointed to the case in mid-February by Assistant U.S. Trustee Bill Sonnenburg.

Mr. Johnson declined to identify the potential buyer. He also declined to specify a dollar amount, but said he's now "trying to get someone else to top it."

He said he does not know what plans the potential buyer has for the sites, which total about 30 acres on the Southside. That he has a written offer in hand will likely accelerate the process because it sets the standard for other bids, he said.

"Now I've got my baseline," he said. "Anyone who wants to buy is going to have to stick to (the terms of) this contract," meaning the former Broad Street and Middle Street

foundries as a package.

Chattanooga Mayor Bob Corker said he also does not know who or what concern submitted the contract proposal. But he said he's talked to several parties who "want to move the site along."

"We've been encouraging private investment on the site," he said. "Someone could buy it just to hold it, but one would hope that whoever buys it has plans to turn it to productive use."

The mayor said the interested parties to whom he has spoken indicated a willingness to take responsibility for whatever environmental cleanup is required at the former foundry.

"They've done assessments and were willing to make offers that would take all of that into account and move on," Mr. Corker said.

Mr. Johnson said he'll "keep negotiating, but not a whole lot longer." He said once he accepts

an offer and submits it to the U.S. Bankruptcy Court for approval, other would-be buyers would have no more than 30 days to make last-ditch offers.

Wheland, once a cornerstone of Chattanooga's manufacturing-driven economy, filed in November 2001 for Chapter 11 bankruptcy reorganization protection. The Broad Street and Middle Street plants closed in March 2002, as did its nearby Centrifuse foundry and its Warrenton, Ga., facility.

The latter two plants were resurrected, though. Michigan-based Hayes Lemmerz International paid \$4.1 million for the Centrifuse plant, where Wheland had made automobile and truck brake castings for Hayes.

The Chattanooga-based Livingston Co. bought the Warrenton plant late last year for \$2.25 million with the intention of restarting it.

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CHATTANOOGA Industries - Wheland Foundries (2003)

\$1 offer planned on Wheland site

Company could spend \$1 million for cleanup work

TFPS-15-2003p C1
BY BOB GARY JR.
STAFF WRITER

A Chattanooga company has offered to buy Wheland Automotive Industries' former Chattanooga site for \$1 — plus as much as \$1 million to clean it up.

Doug Johnson, the trustee in charge of the Wheland bankruptcy, said Thursday that Perimeter Properties LLC's offer was the best he's received. He said the offer will be part of a motion he plans to file today in U.S. Bankruptcy Court.

In the motion, Mr. Johnson said, he'll ask the court for permission to sell the property and accept other offers through Sept. 8. Anyone with an offer in by then could bid on the property at a Sept. 11 hearing, he said.

"I expect four other offers to come in," Mr. Johnson said.

Mr. Johnson said he's gotten offers for more money, but those offers have included contingencies having to do with the 30-acre site's environmental problems.

"Every environmental person we've talked to says it's not as bad as people think," he said. "We just can't shake that perception."

Mike Apple of the state



STAFF PHOTO BY CHAD McCLURE/FLIGHT COURTESY OF BUTCHJOHNSON.COM

An aerial photograph shows the former Wheland Automotive Industries plant in the South Broad Street area.

Department of Environment and Conservation said test samples show contamination on the site, including in the groundwater.

"It doesn't seem to be high enough to create a major problem, but it would have to be cleaned up," said Mr. Apple, director of TDEC's solid waste management division.

Perimeter member Mike Mallen said his group's offer is "an irrevocable, firm and binding commitment ... to turn the

property back into a useable industrial or commercial site."

Mr. Mallen said his group's investment should be adequate to clean up the site, but the state's Mr. Apple said "there's no way to know" if \$1 million will do the job.

"When you redevelop land, there's all sorts of potential for the unknown to crop up," Mr. Apple said. "They might be able to do it for a half-million.

"But I guess if I were the city

of Chattanooga or the bankruptcy court, I'd look at it as a chance to get it cleaned up," he said.

Mr. Mallen said he and his fellow Perimeter members, who have taken on similar projects such as Southern Foundry Supply, "have a very good track record" and "vast experience nationally in this arena."

He said the company's most

successful Chattanooga area project was its restoration of the former U.S. Pipe soil pipe foundry site in the mid-1990s. After U.S. Pipe closed the plant, he said, his group invested between \$6 million and \$7 million to "turn it back into a productive site."

Mr. Mallen said the chore of cleaning up the former Wheland site is "manageable."

"I think it'll be a very arduous task, but it's one we're experienced in," he said. "We understand it. It's hard work, but we're not afraid."

Mr. Mallen said Perimeter Properties would immediately begin demolishing the buildings that once housed Chattanooga's mightiest manufacturing operation. He said he knew neither the length of time it would take to restore the property, nor the final cost.

"The total investment will exceed \$1 million. By what amount, I don't know," he said.

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3 companies

set to bid on former Wheland site

TFP 9-9-2003 p. C1

By BOB GARY JR.
STAFF WRITER

Three companies will bid for the former Wheland Automotive Industries foundries near downtown Chattanooga, the trustee in charge of Wheland's bankruptcy said Monday.

Doug Johnson said he'll sit down at 8:30 a.m. Thursday with representatives of Birmingham, Ala.-based L&M Excavating and two Chattanooga-based companies, Perimeter Properties LLC and Investment Properties Co. Mr. Johnson said he's scheduled

to recommend an offer to U.S. Bankruptcy Court Judge Thomas Stinnett about two hours later.

"It's a scenario with three people going head to head," Mr. Johnson said. "We'll find out who wants it the most."

Perimeter Properties bid first, submitting a \$1 offer last month. L&M put in a \$25,000 bid last week, and Investment Properties got in Monday afternoon. All three bidders also have submitted a bond or letter of credit for \$1 million to cover the potential environmental cleanup cost, Mr. Johnson said.

Wheland Automotive Industries, once Chattanooga's oldest manufacturer, went bankrupt in late 2001 and shut down its foundries early last year.

Chattanooga attorney Robert Brown, who said he represents Investment Properties, said that group's members believe industry can be returned to the 30-acre site. Investment Properties would undertake a "partial reuse of some of the facility," he said, and tear down buildings that cannot be reused.

"It may have some nonindustrial uses, but it's definitely in an industrial area," Mr. Brown said. "You've got two foundries there."

Chattanooga Mayor Bob Corker wrote a letter to Mr. Johnson endorsing the Perimeter Properties bid, which involves salvaging what buildings can be saved, undertaking the environmental cleanup and redeveloping the site for either commercial or industrial use.

The letter was dated Sept. 4.

The mayor said he did not know at the time that there were or would be other bidders.

"If the other individuals would like to do so, we'd love to talk to them," he said.

Mr. Corker said he and Gary Chazen, Perimeter's chief member, have agreed in writing that should Perimeter win the bid and then fail to follow through on redeveloping the site, the city would have the right to take the property.

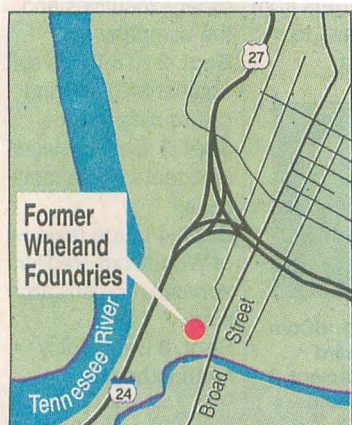
"From the standpoint of ... making sure it doesn't just stand there and rust, we took a proactive role," the mayor said.

"We'd rather have a private-sector entity" as the property owner, Mr. Corker said. "We know all the partners in the Perimeter Properties deal. They've talked to us about opportunities they feel exist and a plan of action."

Mr. Corker said his sole aim "has been to make sure our citizens' best interests are represented here."

"As this evolves, hopefully it can be a win-win. The trustee can do what's best for (Wheland's creditors), but we hope he can keep in balance what's best for our citizens," the mayor said.

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STAFF GRAPHIC BY BECK TOWERY

Wheland sites sale delayed

Hearing adjourned while withdrawal of bidders is investigated

TFP 9-12-2003 p.c.1
BY BOB GARY JR.
STAFF WRITER

The sale of the former Wheland Automotive Industries foundry sites in Chattanooga was delayed Thursday for at least one week.

U.S. Bankruptcy Court Judge Thomas Stinnett was scheduled to approve or reject a bid recommended by Doug Johnson, the trustee in charge of the Wheland case. He continued the hearing until Sept. 18, after Assistant U.S. Trustee William Sonnenburg asked for time to investigate why two of the three bidders withdrew.

"I want to find out why that happened," Mr. Sonnenburg said. "I think we can find that out in short order."

Chattanooga-based Perimeter Properties LLC was the sole remaining bidder after another Chattanooga company, Investment Properties Inc., and Birmingham, Ala.-based L & M Excavating pulled out of a Thursday morning auction.



STAFF PHOTO BY CHAD McCLURE

Bids were accepted on the former Wheland Automotive Industries foundry sites Thursday. A decision will be made in a week.

(over)

Each of the three companies had qualified for the auction with preliminary bids.

Perimeter Properties and Investment Properties submitted bids of \$1 and \$1,000, respectively, for the 30-acre parcels on which Wheland's former Broad Street and Middle Street plants stand.

L & M bid \$25,000. Each bidder was also required to commit to an environmental cleanup of the site with a \$1 million letter of credit or bond.

By the auction's scheduled 8:30 a.m. starting time, no one had appeared to represent L & M. Mr. Johnson said he'd been advised Wednesday that the Birmingham company was withdrawing its bid.

Alan Dreher, a partner in Birmingham's Jefferson Iron and Metal Brokerage, said Thursday that his company had planned to bid in a joint venture with L & M, but environmental concerns prompted him to pull out.

"We never could get a grip

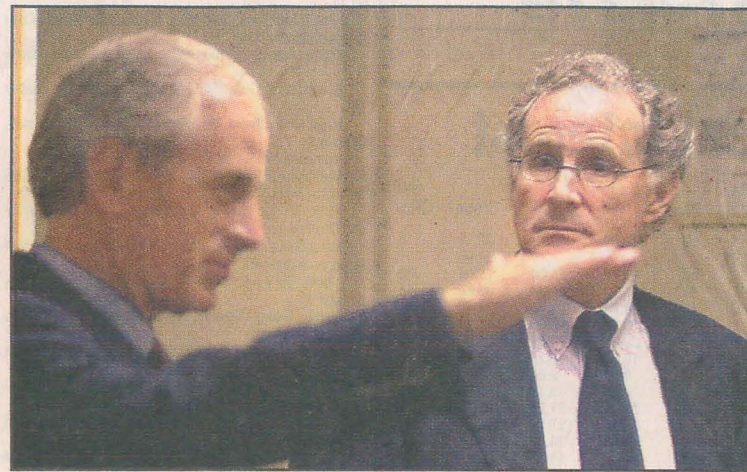
on how large or how expensive the remediation might be," Mr. Dreher said. "They've been operating a foundry on that spot for over 100 years.

"I'm not suggesting there are things there. I don't know that. But after 100 years, we could very easily uncover some stuff we're not aware of, and that's what scares us," he said.

Investment Properties withdrew shortly after the auction began, following questions as to whether the company could obtain the necessary letter of credit.

Speaking for the company, attorney Shelley Rucker said it could have moved forward, but that would likely have resulted in litigation and delay in rehabilitating the Wheland site.

Chattanooga Mayor Bob Corker, who had endorsed the Perimeter Properties bid to Mr. Johnson, praised Robert Brown, who also appeared on behalf of Investment Properties, for Mr.



STAFF PHOTO BY CHAD MCCLURE

Mayor Bob Corker, left, speaks to Gary Chazen, of Perimeter Properties, during Thursday morning's bidding on the former Wheland Automotive Industries foundry sites.

Brown's "magnanimous" withdrawal from the process.

"(His) not wanting to slow the progress was very much appreciated," the mayor said.

Investment Properties' exit left only Perimeter Properties, but Judge Stinnett deferred that

company's victory by at least one week.

"We're fine," said Mike Mallen, one of Perimeter's members. "It's the judge's call. This gives us time to get the language finalized."

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Wheland process gets nod of U.S. trustee

TFP 9-18-2003 p. C2

BY BOB GARY JR.
STAFF WRITER

The official investigating bidding on the former Wheland Automotive Industries foundry sites said in a document filed Wednesday that he found "no basis for further delay" in selling the property at a hearing set for today.

Assistant U.S. Trustee Bill Sonnenburg said in the document, filed in U.S. Bankruptcy Court, that he made that decision after talking with representatives of the two bidders who withdrew from the Sept. 11 auction and Doug Johnson, the trustee in charge of the Wheland case.

Three bidders qualified for last week's auction — Birmingham, Ala.-based L&M Excavating and two Chattanooga-based companies, Perimeter Properties LLC and Investment Properties Inc. L&M bid \$25,000 for the 30-acre site, more than Investment Properties' \$1,000 offer and Perimeter's \$1 bid.

Each bidder was also required to produce a letter of credit for \$1 million to pay for environmental cleanup of the parcels on which Wheland's Broad Street and Middle Street plants once stood.

No one from L&M appeared at the auction, and L&M offi-

cial Alan Dreher said later that his firm had decided the previous day to pull out.

When questions arose during the auction as to whether Investment Properties could produce the required letter of credit, that company withdrew as well.

That left Perimeter Properties as the lone bidder. But when Mr. Sonnenburg asked for time to find out why L&M and Investment Properties withdrew their bids, Judge Thomas Stinnett continued the hearing until 1:30 p.m. today.

Mr. Sonnenburg's finding notwithstanding, though, today's hearing may not be a formality for Perimeter. Mr. Johnson said officials with Investment Properties are

apparently "still thinking about taking a run at it." Shelley Rucker, the attorney for Investment Properties, declined comment Wednesday afternoon.

Mr. Johnson also said he's gotten a \$1,600 bid from Hixson retiree Juanita Reed. She said she will ask for federal, state, city and county grants to clean up the site if she can't obtain a \$1 million letter of credit by this afternoon.

"I feel I can save this property for the better of Chattanooga and its taxpayers' future," she said, adding that she would try to bring manufacturing back to the site.

"I saw it going for \$1 and thought, 'If they can get it for \$1, why can't I get it for another \$1?'" she said.

Mr. Johnson said a key issue will be whether Judge Stinnett will allow bids made during the time he gave Mr. Sonnenburg to investigate last week's auction.

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Wheland site goes to Chazen group

TFP 9-19-2003 p. C1

By BOB GARY JR.
STAFF WRITER

Two former Wheland Automotive Industries foundry sites will be clean and ready to use sooner than later, according to one of the properties' new owners.

"In a year's time," Gary Chazen said, his Perimeter Properties LLC group plans to "have that land back in productive use."

Perimeter's bid to buy Wheland's former Broad Street and Middle Street plants, which total more than 30 acres, was approved Thursday by



Gary Chazen

U.S. Bankruptcy Judge Thomas Stinnett. Perimeter's bid — \$1 plus a \$1 million letter of credit earmarked for environmental cleanup of the sites — was recommended by Wheland trustee Doug Johnson.

Perimeter member Jim Steffner said he'd like to see industry return to the onetime foundry site. Another Perimeter member, Mike Mallen, said the land could be made suitable for commercial or industrial use.

"The best use will find the property," said Mr. Mallen, who said the deal should close in 30 days to 45 days. He said Perimeter has enlisted Chattanooga-based Consolidated Technologies Inc., an environmental engineering firm, to "help us understand and quantify what the overall (environmental) condition is" at the site.

Chattanooga Mayor Bob Corker, a successful developer before taking office in 2001, said the site has great potential.

"First, the site needs to be environmentally clean, period," he said. "Some of the infrastructure can be reused for industry, (but) large portions of the site have facilities that aren't reusable. Those have to be demolished and scrapped and the land graded and cleaned.

"These guys (Perimeter members) have committed to all these things. I feel confident they will

do the things they said they'd do," the mayor said.

Mr. Mallen said the city will have considerable input on the project.

"We'll be working with the city to find a use compatible for the city's long-term objectives for that section of town," he said.

"What we want to do is create a scenario where the property is most readily available for reuse. We have confidence in the city's decision makers. It's in our best interest to collaborate," he said.

Mr. Corker said the tangible benefit of restoring the property isn't the only one.

"This is symbolic to us right now," he said. "This is where a business failed that had 1,200 to 1,400 good-paying jobs. That site is sitting there today, vacant.

"As mayor of this city, I want to see that site put back to productive use," he said.

Two other bidders attempted to delay Thursday's sale, which had already been postponed for one week. But neither Hixson retiree Juanita Reed nor

Investment Properties Co. had the necessary \$1 million letter of credit for the site's environmental cleanup.

Speaking for Investment Properties, attorney Shelley Rucker told Judge Stinnett that company had a commitment for \$500,000 and asked for another week to raise the rest.

But Mr. Johnson, the Wheland trustee, told the judge he preferred Perimeter's already-in-hand offer.

E-mail Bob Gary Jr. at bgary@timesfreepress.com

Wheland flap settlement urged

STAFF REPORT

TFP 9-27-2003 P. C2

According to a motion filed Friday in U.S. Bankruptcy Court, former North American Royalties head Gordon Street Jr. and members of his family would pay \$325,000 to settle a suit involving NAR's bankrupt subsidiary, Wheland Automotive Industries.

Doug Johnson, the bankruptcy trustee in charge of the Wheland case, said that company once took out life insurance policies for Mr. Street and his then-wife, Judy Street; and his brother-in-law, Gordon Smith, and his wife, Frances Street Smith.

Mr. Johnson said the agree-

ment didn't contemplate Wheland's going out of business, though. According to the filing, the settlement calls for the Streets and Smiths to pay \$325,000 to the bankruptcy estate and release the estate from paying further premiums.

Mr. Johnson said in the motion that based on the life expectancies of the Streets and Smiths, the estate will save \$470,000 in premiums, making the settlement's net worth to the estate \$795,000.

The motion for settlement is scheduled to be heard by Judge Thomas Stinnett in an Oct. 23 hearing.

Foundry demolition begins

Tearing down of old Wheland buildings expected to be finished by fall

BY BOB GARY JR.
STAFF WRITER

The buildings in which Wheland Automotive Industries helped drive Chattanooga manufacturing for decades will be gone by fall, one of the former foundry site's new owners said Tuesday. *TFP2-4-2004 p. B1*

Mike Mallen, a partner in Bromid LLC, said demolition began Tuesday at the former company's Middle Street plant site. Bromid is a subsidiary of Perimeter Properties LLC, which purchased the property in September 2003.

"Nobody alive today has ever laid eyes on the South Broad Street skyline without Wheland Foundry there," Mr. Mallen said. "It's going to be a radical change. It's a watershed event, to change that skyline."

Tony Troutman, who worked 25 years at Wheland before the company went bankrupt in late 2001, said the demolition hits home despite the fact that it's been nearly two years since the foundry shut down.

"That (Middle Street) was the first plant I worked at," he said. "You'd have to be totally without feeling to not have some sort of feeling toward what's going on."

Mr. Mallen said it's likely that D.H. Griffin, a South Carolina-based wrecking company, will tear down all the buildings at the Broad Street and Middle Street factories. Bromid's plan is to "return this to a developable piece of property" by



STAFF PHOTO BY CHAD McCLURE
An employee of D.H. Griffin Wrecking Co. Inc. begins demolishing Wheland Foundry on Tuesday. The work is expected to take several months.

September, one year after his group bought it, Mr. Mallen said.

He said "national-type" developers have expressed interest in the onetime foundry site. The property is far more likely to find new life as a commercial or retail location than an industrial parcel, he said.

"If we find an industrial customer, we'd be delighted," Mr. Mallen said. "That would be a huge bonus, but right now we

don't know of one and there's a lot of other industrial property in the county available.

"Unfortunately, we're seeing more industry leaving this area than migrating to it," he said.

Chattanooga Mayor Bob Corker admitted to mixed emotions about use of the site.

"To be 100 percent honest, I'd rather see a foundry operating there," he said. "Since that can't be the case, having local people who have the financial resources

to see through making the site available for another use, and watching that occur, is great for our community.

"The worst case was that we lose the (foundry) jobs, then someone gets the site who doesn't have the resources (to restore it) and it sits there rusting for 20 more years. That was the alternative we didn't want to see," Mr. Corker said.

E-mail Bob Gary Jr. at bgary@timesfreepress.com

CHATTANOOGA - INDUSTRIES - Wheland Foundry (2004)

Cleaning up Wheland site

Plan under way to decontaminate ground water at former foundry

TFP2 -13-2004p A1
By BOB GARY JR.
STAFF WRITER

Contaminated ground water won't keep one of Chattanooga's oldest industrial sites from being redeveloped, according to officials with the company hired to clean it up.

Gary Cosby, president of Consolidated Technologies Inc., said the environmental obstacles at the former Wheland Automotive Industries foundries in South Chattanooga can be overcome.

"The environmental conditions at the foundry are quantifiable and manageable," he said. "They can be addressed without undue risk to people or the environment."

Mr. Cosby said a single well at the onetime Wheland Middle Street plant holds ground water with about 6,000 times the federal government's acceptable limit of the industrial solvent trichloroethylene, or TCE.

Mike Apple, director of the Tennessee Department of Environment and Conservation's solid waste management division, called TCE a carcinogen.

Mr. Cosby said he knows neither the TCE's source nor whether the tainted ground water is seeping into the nearby Chattanooga Creek.

"We've tried to look at several potential sources, but right now we don't know where it came from," he said.

Mr. Cosby's company was hired by Bromid LLC, a subsidiary of Perimeter Properties LLC. The latter company bought the former Wheland plants on Middle Street, where demolition

began last week, and Broad Street last September for \$1 and a pledge to spend up to \$1 million to cover cleanup costs.

Mr. Apple said TCE is a degreaser commonly used in foundries. According to the federal Environmental Protection Agency, the solvent could, if consumed excessively, cause liver damage.

Mike Mallen, a partner in Bromid and Perimeter Properties, said, "The good thing is that (the site is) not a drinking water source.

"It's not a residential site and never will be," said Mr. Mallen, who has said the property likely will be developed for commercial or retail projects.

Finding the chemical's source won't be easy, Mr. Apple said.

"We're going to have to sink additional wells and determine the direction it's coming from," he said. "TCE is heavier than water. It moves in unusual ways, and it's tough to tell where it's coming from."

Mr. Cosby said it could take years to clean the ground water to federal standards, but the solvent problem can be dealt with quickly and effectively in the short term. He said his initial plan involves using pumps to lower the ground-water level enough to cause it to flow to a recovery well.

"That well will be used to remove as much contamination from that vicinity as we can," he said. "That water will be treated before it's disposed of."

Mr. Cosby said he is unaware of environmental "skeletons" at the onetime foundry site, other than the trichloroethylene. He said the foundry sand there has not proved to be hazardous. Mr. Apple agreed, saying TDEC has "taken numerous soil samples on site and detected no major problems."

Mr. Mallen said workers have cleaned and are cleaning several baghouses, designed to pull

particulates out of the air during foundry operation.

"We're accumulating the baghouse material, vacuuming it up and sending it to permitted hazardous waste treatment storage disposal facilities," he said.

Mr. Mallen said his group hired Chattanooga-based Consolidated Technologies Inc. to be a "traffic cop for the whole (cleanup) process."

"We wanted an independent, reputable, experienced environmental consulting firm to identify all the different areas of concern," he said. "Then we wanted to hire another firm to do the work, with CTI overseeing."

The second firm is Marion Environmental Inc., also based in Chattanooga. Bromid officials wanted CTI and Marion working together, he said, so that "we've got two pairs of eyes looking at everything. We want to do this absolutely professionally."

So far, so good, said Mr. Apple, who said CTI has "done everything we've asked them to do and been timely in responding."

Mr. Mallen said Bromid is aiming to have the onetime foundry site rehabilitated and ready for development by September, one year after his group bought it.

Facts about TCE

- Released to soil, trichloroethylene either will evaporate or leach into ground water.
- Released to water, it will quickly evaporate. It has only a moderate potential to accumulate in aquatic life.
- TCE is a colorless or blue organic liquid with a chloroformlike odor.
- It most commonly is used to remove grease from fabricated metal parts and some textiles.

Source: Environmental Protection Agency

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CHATTANOOGA Industrial Co. (2004)



STAFF PHOTO BY CHAD MCCLURE

An employee of D.H. Griffin Wrecking Co. Inc. continues the process of demolishing the former Wheland Automotive Industries Middle Street foundry site Thursday.

Wheland site awaits springtime

40-acre city lot could go industrial or mixed use; cleanup cost passes \$2 million

TFP 12-12-2004 p. G1

BY BOB GARY JR.
STAFF WRITER

Chattanooga's renovated riverfront will command attention this spring, but a landmark site across town should be having its own coming-out at about the same time.

Mike Mallen, an owner of the former Wheland Automotive Industries plants on Broad Street and Middle Street, said the 40-acre site should "look like we want it to look" by early spring.

"The development has been uneventful," he said, "because we've worked very hard and

planned for it to be uneventful."

Wheland went bankrupt in late 2001 and shut down the plant in early 2002. Mr. Mallen and his partners formed Bromid LLC and bought the Broad Street and Middle Street plants in late 2003 for \$1 and a pledge to spend no less than \$1 million on environmental cleanup.

Mr. Mallen said Bromid is "bumping up against \$2 million" spent thus far and will be "a little north" of that amount by the time the project is finished. He said demolition set to wind up by January 2005 was completed

"We're taking all that down as close to grade as possible, so the site looks like what a developer would envision."

— Mike Mallen

in September, and crews are now pulverizing the remaining foundations.

"We're taking all that down as close to grade as possible, so the site looks like what a developer would envision," he said.

He said the cleanup is finished as well. He said he and his partners got in October a letter from the Tennessee Department of Environment and Conservation saying "no further action" is required before the site can be

developed.

Mike Apple, director of the department's solid waste management division, said that means "all areas of concern have been identified, proper actions have been taken" and the site is suitable for use — with one exception.

That, he said, is an area at the south end of the 40-acre site containing ground water contaminated by trichloroethylene, or TCE, an industrial solvent and carcinogen.

Mr. Apple said his department will consider that area, no more than a quarter-acre, "active" until Bromid finds and cuts off the pollutant's source or uses bacteriological agents to reduce the concentration of TCE.

In the latter case, Mr. Apple said, the owners would be obligated to inform a potential buyer of the pollutant's presence.

Mr. Mallen said the contaminated water isn't and won't be used for drinking, and the site

is not "and never will be" residential. He said any buyer would have to accept as part of a sale TCE-specific restrictions such as drilling and well placement.

Mr. Mallen has said that sale could be made to either a commercial developer or a retail developer. He said "we're not quite ready to market (the site) yet," but the first request for proposals could go out nationwide as early as January.

The Planning & Design Studio, an arm of the Chattanooga-Hamilton County Regional Planning Agency, is set to put together the specifics of those requests and field the responses, he said.

Karen Hundt, the group's director, said that whoever ponies up the cash will have a site with a nice upside.

"The location is really good," she said. "It's right off the interstate and close to downtown.

"It's a large piece of property, which gives you a lot of options. You could divide the site up into parcels or get one user in there with a large manufacturing facility."

But as a practical matter, she said, the multiple-use prospect is

a far more likely one.

"Everybody wants the big auto manufacturing plant, but those are pretty tough to land," she said. "And if that industry goes south, you could lose the whole thing. That's less likely if you're diverse.

"The best mix might be a

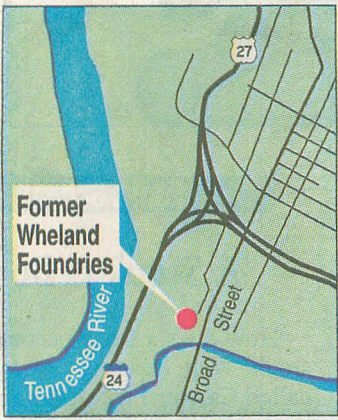
combination of light industry and warehousing on the back side of the property, away from Broad Street. Moving closer to the Broad Street frontage, you could have retail or maybe an office park," she said.

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Stein Construction workers break up concrete on the site of the former Wheland Automotive Industries' Broad Street Foundry. U.S. Pipe & Foundry looms in the background.

STAFF PHOTO BY LIDO VIZZUTTI



STAFF GRAPHIC BY BECK TOWERLY

Wheland site tidied for buyers

■ *The \$3 million cleanup is showcased at an upcoming conference of environmental officials and businesses.*

TFP 5-15-2005 p. G1

BY BOB GARY JR.
 STAFF WRITER

Chattanooga's former Wheland Automotive Industries foundry locations are drawing "serious inquiries" from potential buyers, according to an owner of the Southside sites.

Mike Mallen, a partner in Perimeter Properties LLC, said the onetime Middle Street plant is being looked at by "national companies who'd use it for commercial or logistical purposes." That property is unusual, he said, in that it has access to CSX and Norfolk Southern rail lines.

The former Broad Street foundry has been eyed by three "highly qualified regional developers with national reputations for commercial and retail projects," he said.

Mr. Mallen declined to identify the interested parties but said "there might be something to talk about over the course of the summer" in terms of announcing a deal or deals.

After 136 years in operation, Wheland went bankrupt in November 2002 and shut down in March 2003. Perimeter Properties bought the 28-acre Broad Street site and the neighboring 12-acre Middle Street site six months later for \$1 and a promise, backed up by a \$1 million letter of credit, to clean the sites up.

Having finished that job, Mr. Mallen said he's set to help tell its story Thursday in Gatlinburg, Tenn., at the state Department of Environment and Conservation's annual Solid and Hazardous Waste Conference and Exhibition.

Mr. Mallen said Taylor Stein of Chattanooga-based Consolidated Technologies Inc., the company with which Perimeter worked most closely on the project, TDEC attorney Steven Stout and Larry Bowers, Wheland's former environmental manager, will join him in the presentation.

"Most every environmental lawyer, engineer and contractor in the state comes to this,"

Mr. Mallen said. "I call it the prom.

"We'll be talking about taking a closed industrial plant and working to convert it to a modern, public use," he said.

That job looked pretty formidable back in late 2003, Mr. Mallen said.

"This was a 100-plus year-old heavy industrial plant that still had all the trappings of existing operations, including raw materials and waste products," he said.

"It was a train wreck, but we knew where all the pieces were," he said.

Mr. Mallen said Perimeter's previous experience with other old foundry sites gave it an advantage.

"There are a lot of known and quantifiable environmental issues that concern any industrial plant," he said. "We knew what those were."

He said Perimeter brought in CTI for extra help. The two companies worked together to determine what areas could be demolished right away, and what areas needed cleaning up before demolition.

Mr. Stein said the job went more smoothly than he had imagined. For instance, he said, the old foundry's 1.5 million gallon stormwater system proved a godsend.

"The system was designed to capture a little over 3 inches of rain in ponds, then into the sanitary sewer system," he said. "That made it easier to get stormwater permits from the state and city."

Even so, Mr. Stein said, the job wasn't without unanticipated challenges.

"One of the biggest came after the steel was removed," he said. "We found some large pits with oil and water we couldn't pump into ponds. We had to do some on-site filtering."

"We pumped the majority of that water into the sewer after the oil was removed, but we had to have trucks come in and vacuum the last of it out. That cost a bunch of money," he said.

The price tag for the project has reached the \$3 million mark.

Mr. Mallen said Perimeter recovered some of that cost through salvage and selling scrap metal and foundry equipment.

"Our pledge didn't stop at \$1 million," he said. "It was to clean the site to the satisfaction of TDEC. We thought it would cost more," he said.

Mr. Mallen said Perimeter is still paying for ongoing monitoring and corrective action related to the removal of groundwater pollutant trichloroethylene, or TCE, a toxic industrial solvent found in two wells on the property.

"The state was aware of that," Mr. Mallen said. "The state has protocols for identifying, monitoring and the ultimate remedi-

ation of those kinds of things. It's not unusual, and nobody expects (removing the TCE) to be a rapid process."

Acknowledging that the removal of the solvent was continuing, the state agency sent Perimeter a letter in October 2004 saying no further action was required at the former Wheland sites before those sites could be developed.

Mr. Stout, an assistant general counsel at the conservation department, praised Perimeter

for bringing CTI to the process as a "private enforcer."

"They hired CTI for another layer of oversight over and above government agencies," he said. "(Perimeter) really wanted to go above and beyond the legal minimum, to have a level of assurance for a future buyer."

"They've not left any stone unturned. This property is clean — not only legal, but above that," Mr. Stout said.

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STAFF GRAPHIC BY LAURA E. WALKER

Developer, board to meet about landfill

■ *The regional solid waste panel likely will set a public hearing on the plan but not vote on it until December, an official says.*

TFP 10-3-2005 p. B 1
BY IAN BERRY
STAFF WRITER

A developer who wants to build a landfill south of downtown Chattanooga will meet this week with a regional board whose approval he needs for the project.

The Southeast Tennessee Development District's municipal solid waste planning board is expected to hear Wednesday from Birmingham, Ala., developer Charles Stephens. Mr. Stephens wants to open a landfill at the former Wheland Foundry property on Long Street, according to Douglas Johnson, bankruptcy trustee for Wheland.

Gary Sexton, planning director for the development district, said the meeting will allow the board to accept the application and set a public hearing on the matter. But the board probably won't vote on the issue until December, he said.

Mr. Johnson said he would complete the sale to Mr. Stephens if the panel approves the project.

However, if the regional board rejects Mr. Stephens' proposal, Mr. Johnson said he has another buyer lined up. He declined to name the company, or to say whether it had a similar proposal to the landfill plan.

"I'm not sure what they would do," Mr. Johnson said. "But they're in that business."

Even with board approval, Mr. Stephens still would have to settle a dispute over zoning, officials have said.

"Mr. Stephens has indicated he'll take on that matter with the city, so I guess he feels pretty confident," Mr. Johnson said.

Chattanooga Mayor Ron Littlefield has said there's a "zero percent" chance the landfill proposed by Mr. Stephens, which would be 100 feet high, will ever materialize.

Mr. Stephens said his request of the regional board and city officials is simple: "Just for them to leave it as it is now."

The site previously was a landfill but ceased operation in 2002, according to a letter from Wheland Foundry to city officials. City officials say a new zoning ordinance altered the site's zoning once the landfill was shut, and no longer allows for a landfill.

But Mr. Johnson and Mr. Stephens said attorneys would

argue that the site's original zoning should be protected under federal bankruptcy law. Bankruptcy law provides for an automatic stay, which prohibits collection action against the debtor.

"In simplest terms, when you file for bankruptcy, everything is supposed to stop," Mr. Johnson said.

Robert Rasmussen, a Vanderbilt University law professor and bankruptcy expert, said trying to apply the stay to zoning regulations was "a fairly aggressive argument." He said the stay provision doesn't apply to government

WHAT'S NEXT

The Southeast Tennessee Development District's municipal solid waste planning board will meet to hear a developer's proposal for a landfill on Long Street in Chattanooga. The meeting is open to the public, although public comments will be taken at a later date.

■ **When:** Wednesday at 9:15 a.m.

■ **Where:** The Chattanooga-Hamilton County Bicentennial Library

■ **For more information:** Call (423) 266-5781

enforcement unless the government is trying to collect money.

"It's not a clear losing argument, but I think they have an uphill battle," Mr. Rasmussen said.

Chattanooga zoning official Richard Hutsell said even if Mr. Stephens wins that argument, the city still would maintain the proposed construction and debris landfill was different from the old Wheland-operated landfill, and it would require different zoning.

The Tennessee Department of Environment and Conservation has given preliminary approval for a permit, provided the regional board approves it. The regional board has to consider whether the landfill conforms to the region's long-range waste disposal plan, officials have said.

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CHATTANOOGA

+ news stories - Wheland Foundry

(2005)

CHATTANOOGA - Industrial - Wheland Co (2005)

Developer says site approved for landfill

TFF 10-6-2005 p B1

BY IAN BERRY
STAFF WRITER

A developer who wants to build a landfill in South Chattanooga made his presentation Wednesday to a regional board that must approve the project, saying the site already has landfill authorization.

"We don't want a permit. We don't need to change the permit," Birmingham, Ala., developer Charles Stephens said. "We don't need to change the site."

Wednesday's meeting of the Southeast Tennessee Development District's regional solid waste board was needed to accept Mr. Stephens' application for a proposed construction and demolition landfill on 18 acres on Long Street.

At a meeting last spring, board members said they could not accept the application because Mr. Stephens hadn't brought the paperwork with him.

Lee Norris, chairman of the regional board and director of citywide services, said the board will set a public hearing on the project and schedule a vote Dec. 12.

City officials Wednesday reiterated their opposition to the project. They said the proposed landfill does not conform to the city's zoning and is unnecessary and unwanted as the city tries to revitalize the area.

The landfill would be an estimated 100 feet high and 900 feet wide, officials have said.

"This would be the largest land mass between Lookout Mountain and Missionary Ridge," said Todd Womack, spokesman for Mayor Ron Littlefield.

Mr. Stephens said a 2002 plan from the Tennessee Department of Environment and Control includes the site as an approved landfill.

TDEC spokeswoman Tisha Calabrese-Benton said the 2002 plan Mr. Stephens was referring to is a regional plan submitted to the state.

She said it's ultimately up to the region to decide how many landfills it needs, and referred to Tennessee law that states TDEC can't issue a permit unless the regional board approves.

Mr. Stephens said he understands most of the community doesn't support the proposal, but that he is helping out by paying to clean up pollution caused when Wheland Foundry operated the landfill.

He said he wouldn't try to build a typical landfill filled with food and other municipal waste.

He said a construction and demolition landfill doesn't pose the same environmental hazards.

Ms. Calabrese-Benton said the state is trying to determine if it has the money to clean up the site but that it wasn't relying

on Mr. Stephens to do it.

"We do not feel that Mr. Stephens is the only option for remediating this site," she said. "The department has treated him with the same assistance we would give any applicant or potential applicant."

Mr. Norris said the city has been ordered by the Environmental Protection Agency to clean up its air and that truck traffic to and from the site would hamper

those efforts.

Mr. Stephens said development district planning director Gary Sexton has hung up on him on two occasions and that, in general, officials have tried to obstruct the process.

Mr. Sexton disputed Mr. Stephens' account.

"I think his memory does not fit too well with my memory of events," Mr. Sexton said.

The Wheland Foundry site is owned by a bankruptcy trustee. The foundry's industrial landfill was closed in 2002.

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WHAT'S NEXT

The Southeast Tennessee Development District's regional solid waste board will set a public hearing on the Long Street landfill project and meet Dec. 12 to vote on the proposal.

Greenspace, offices planned for Long Street site

TFR 12-15-2005 p 31
BY IAN BERRY

STAFF WRITER

On Monday, the old Wheland Foundry property on Long Street was the center of a publicly reviled landfill proposal. By Tuesday, the site had become a promising piece for South Chattanooga's revitalization.

The president of Marion Environmental Inc., the new proposed buyer of the 17.5-acre property, said her company's plans for the land include greenspace, a bird sanctuary and eventually an office warehouse complex.

Ellen Gallant said the company wants a project compatible



STAFF GRAPHIC BY LAURA E. WALKER

with the vision of city officials, who adamantly opposed a landfill on the site.

"If our plan is approved,

AT A GLANCE

Plans for Long Street site:

- Clean up, cap existing landfill
- Greenspace
- Bird sanctuary
- Upscale office-warehouse complex

Source: Marion Environmental Inc.

there would be three distinct areas of the property, and all would be maintained and tastefully done," Ms. Gallant said.

Douglas Johnson, bankruptcy trustee for the Wheland Foundry property, on Mon-

day abandoned plans to sell to Birmingham, Ala., developer Charles Stephens, who proposed the landfill. He filed court papers proposing a sale to Marion Environmental after the Southeast Tennessee Development District's solid waste board rejected Mr. Stephens' proposal.

Mr. Stephens said early Tuesday he was unaware Mr. Johnson had abandoned the plans, and he could not be reached later for comment.

Mr. Stephens' April 2004 purchase of the property for \$100,000 was contingent on his getting approval for the land-

fill. A court motion Mr. Johnson filed Monday stated that he terminated the contract Aug. 15 but would reinstate it should Mr. Stephens get approval for the landfill.

Without approval by Monday, the motion stated, Mr. Johnson already had reached a conditional agreement to sell the property to Marion.

Marion's purchase, for \$50,000, still must be approved by a federal bankruptcy judge. The Tennessee Department of Environment and Conservation must approve the cleanup plan.

The sale is under the condition that no "higher, better bids" are made on the property between now and a Jan. 12 bankruptcy hearing.

Ms. Gallant said it probably would be a few years before the office warehouse complex would be built and that those plans could change.

The idea was well received by critics of the landfill proposal.

"It certainly sounds like a good idea to me," Chattanooga Mayor Ron Littlefield said.

Critics of the landfill proposal said it would hamper South Chattanooga's revitalization. Local leaders said there were better uses for the site.

AT A GLANCE

Details about Marion Environmental Inc.:

■ **Based in:** Chattanooga

■ **Founded in:** 1991

■ **Employees:** About 60 (40 full time)

■ **What it does:**

Environmental cleanup including chemical spills and consulting



STAFF PHOTO BY JOHN RAWLSTON

This former Wheland Foundry property in South Chattanooga, sought in bankruptcy court by a Birmingham businessman for use as a construction landfill, now is expected to be the site of a mixed-use development.

“To put some kind of light industrial or commercial development there is a much more appropriate use for that property,” said Hayes Ledford, a Chattanooga Area Chamber of Commerce vice president.

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Disputed landfill site sold

TFP1-13-2006p. B1

BY IAN BERRY

STAFF WRITER

Birmingham developer Charles Stephens lost a bid Thursday to revive his proposal to build a landfill in South Chattanooga.

"He agreed that if I gave him his (\$5,000) deposit back, he would fade back into the woodwork gracefully," said Douglas Johnson, the Wheland Foundry bankruptcy trustee who originally agreed to sell the property to Mr. Stephens.

Shortly afterward, Mr. Johnson sold the site to Perimeter Properties for \$130,000, according to those involved in the sale. The company plans to clean up the property on Long Street and possibly turn it into greenspace, officials said.

Mr. Stephens' landfill proposal was rejected by a regional board last month, prompting Mr. Johnson to terminate the sale and reopen bidding. Mr. Stephens filed an objection Jan. 6 in U.S. Bankruptcy Court protesting Mr. Johnson's action.

Mr. Stephens' purchase of the property for \$100,000 was contingent upon approval of the landfill, according to court filings.

Mr. Stephens argued in court filings that the \$100,000 purchase should remain valid. But in case the bidding was reopened, he submitted a bid for \$60,000, \$10,000 more than a bid by Marion Environmental Inc.

Perimeter Properties then outbid Marion Environmental by \$5,000 to purchase the property, Mr. Johnson said.

Mike Mallen, president of Perimeter and a vocal opponent of the landfill proposal, said the company got involved when it became apparent Mr. Stephens again could acquire the property through his new bid.

Marion Environmental, a cleanup firm, had planned to clean up an existing landfill site on the property and develop an office warehouse complex and bird sanctuary.

Mr. Mallen said he wasn't sure what Perimeter would do, but there could be "light commercial activity" at the site in the future.

"We don't plan a landfill or other activity that would be insulting to the community," Mr. Mallen said. "I think our owning that and making sure that use is compatible with the Southside is enough."

Neither Mr. Stephens nor his Birmingham, Ala., attorney could be reached for comment.

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CHATTANOOGA - Industries - Wheland Foundry Inc. (2006)

Sale of Long Street landfill site finalized

TFP 4-15-2006 p. B3

BY IAN BERRY
STAFF WRITER

Developers closed this week on a deal to purchase the old Wheland Foundry landfill site in South Chattanooga, and the new owner says his company will clean it up before giving it new life.

The property had been the site of the proposed Long Street landfill that eventually was withdrawn after intense public opposition. Mike Mallen, president of Perimeter Properties, said he and business partners formed a new company, Long Street LLC, to complete the \$130,000 sale.

He said after the site undergoes an environmental cleanup and "closure" of the landfill it will be an attractive development prospect.

"The way it's zoned and

“There was a very dark period for downtown when this cowboy from Birmingham rode into town to ‘help us.’”

— Mike Mallen

with what's around it, it could be light commercial, potentially retail," Mr. Mallen said.

Douglas Johnson, the bankruptcy trustee for Wheland Foundry who completed the sale on Thursday, said the

key part of the deal was to ensure that the buyer would work with the Tennessee Department of Environment and Conservation to close the landfill.

Mr. Johnson said as long as he owned the property, he was "on the hook" for the cleanup. An estimate from TDEC several years ago put the cleanup price tag at \$1.75 million, although both Mr. Johnson and Mr. Mallen said they were unsure how much it might cost now.

The buyer of the property will pay for the cleanup, which will be overseen by TDEC.

"They can clean it up and use the majority if not all of it," Mr. Johnson said.

Mr. Johnson said completion of the sale leaves only one major hurdle — a \$17 million claim by



STAFF GRAPHIC BY LAURA E. WALKER

the United Steelworkers union — before the Wheland Foundry bankruptcy is finalized.

Charles Stephens, a developer from Birmingham, Ala., had proposed building a construction and demolition landfill at the site, but area residents and government officials said it would hurt efforts to revitalize the area. Mr. Stephens ended his

effort in January.

"There was a very dark period for downtown when this cowboy from Birmingham rode into town to 'help us,'" Mr. Mallen said.

He said cleanup of the old landfill site could begin in 90 to 120 days.

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'It looked like the moon'

Wheland's former landfill site restored

TFP 11-12-2006

BY BOB GARY JR.

STAFF WRITER P.G.1

Having rehabilitated the former Wheland Automotive Industries site, Mike Mallen and his business partners weren't necessarily itching for another such project.

They got one, though, in Wheland's former Long Street landfill. Mr. Mallen said he and his associates bought the site in April, have just finished restoring it and are awaiting final approval from the Tennessee Department of Environment and Conservation.

"At that point," he said, "the land will be developable."

Mr. Mallen said his group, Long Street LLC, bought the 18-acre site out of bankruptcy last spring for \$130,000. That group wasn't the first suitor, though — Birmingham, Ala., developer Charles Stephens proposed building a construction and demolition landfill there.

His plan called for capping the landfill at 100 feet, which would have been the highest elevation between Lookout Mountain and Missionary Ridge. Opposition

to that plan came quickly and fiercely, and Mr. Stephens withdrew it in January.

Mr. Mallen said that was when his group rode in.

"We weren't looking for the project," he said. "The project found us.

"We thought we had to do this. As residents of Chattanooga who worked hard across

the street (at the old Wheland foundry), we couldn't stand by and let this become a 100-foot high landfill," he said.

Glen Pugh, program manager for TDEC, said Wheland had dumped typical foundry waste, including sand, dust cells and

slag material, at Long Street over the years. The dust was the big problem, he said, given that it had high levels of lead and cadmium, both of which are toxic.

"It was in two piles," Mr. Pugh said. "One was fairly well contained, but not covered.

"Wheland had treated the other pile with another chemical to bind (the lead and cadmium). That pile was just sitting atop the landfill, exposed to rain, wind or anybody that wanted to get on the site," he said.

Mr. Mallen put the landfill's appearance more succinctly.

"Of those 18 acres," he said, "16 looked like the surface of the moon."

He said Long Street LLC

hired Consolidated Technologies Inc., a Chattanooga environmental engineering firm with which the Long Street members had worked on the Wheland foundry site.

The state approved a plan calling for the covering of the toxic dust cells with clay and topsoil, Mr. Mallen said. The resulting 30-foot hill, or cap, was seeded, as was the rest of the property, which was graded as well.

Mr. Pugh said he was on site in September, when the cap was being put in place.

"That will keep (the dust cells) from being eroded away, from becoming windborne or exposed to contact by passers-by," he said.

"We're going to do a final inspection sometime in the next couple of weeks, but based on the information I've seen, and their certification documents, they seem to have met the objectives. It looked good," Mr. Pugh said.

Mr. Mallen said the state has mandated that the site be monitored and maintained for 30 years, whether by his group or an entity to which his group might sell or lease the site.

He said Long Street LLC has spent about \$500,000 on the site thus far. He said rehabilitation and maintenance could push that cost toward the \$1 million mark, but that money has been and will be well spent.

"It was a good time to get this property back on the tax rolls, not to mention keeping it from becoming something contrary to the good of the city and county," he said.

Developer Jimmy Hudson, who has 200,000 square feet of warehouse space on a 14-acre parcel neighboring the landfill, said the site could accommodate a commercial, manufacturing, warehousing or light industrial operation.

"It's an attractive chunk of land, which is hard to find in that part of town, and it's got good access to Interstate 24," he said. "You've got to commend those guys for taking an unusable site and putting it back in a usable state."

Mr. Mallen said he and his partners will now turn their attention to the former U.S. Pipe site, their purchase of which closed in August. He said his group will "keep pretty still" on the adjacent former Wheland site while they work on the "more complex" U.S. Pipe property.

"Wheland took 10 months," he said. "U.S. Pipe will take about a year. That site has antique masonry buildings from the turn of the 19th century. We want to preserve that masonry and maybe bring some of that 19th-century architecture into the 21st century."

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STAFF PHOTO BY TIM BARBER

Mike Mallen of Long Street LLC talks about the work his company has done to complete the environmental requirements on the Long Street landfill. The raised portion of the property, center right, rises 30 feet above the surrounding landscape.

Wheland, U.S. Pipe project planned

TFP 12/24/2013, p. 1

BY MIKE PARE
STAFF WRITER

Work on the first commercial project in the largest undeveloped tract in Chattanooga's Southside could start early next year.



Mike Mal-Allen

Owners of the Wheland Foundry-U.S. Pipe parcel are planning an office and retail development on nearly two acres fronting South Broad Street.

Mike Mal-Allen, a partner in Perimeter Properties, said the multimillion-dollar project is aimed at holding "uses that will be interesting and a little different and unique." That could also include a new restaurant at the site in a reuse of the brick buildings estimated at about 80 years old at South Broad and 28th streets, he said.

"We're looking in and out of town for uses," he said.

Mallen's group is partnering with Priam Ventures LLC of Nashville, a developer with experience in re-purposing old buildings. Plans are to create about 40,000 square feet of commercial space, Mallen said.

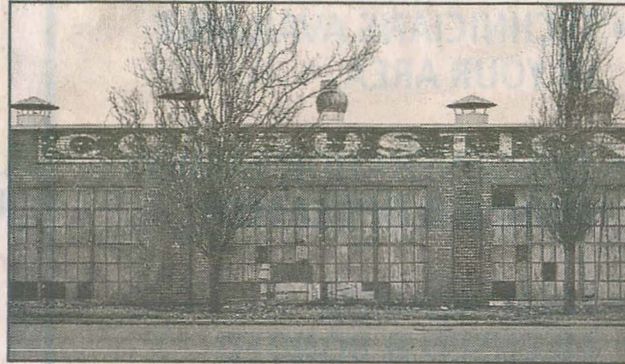
Andrew Stone of Priam said plans are to capture and reuse the existing architectural features of brick, wood and steel in the structures, which were formerly Combustion Engineering sites and later served Wheland as warehouses.

"We'll try to create space that has a wonderfully great vibe," he said. "We're pretty excited."

Mallen said what Priam has done in Nashville is "take similar former industrial property and turn it into more of an interesting venue."

He said there are other tenants on the 141-acre Wheland-U.S. Pipe site which are providing manufacturing uses, but the new undertaking is the first commercial development.

Plans are to seek a rezoning of the property from manufacturing to urban general commercial from the Chattanooga-Hamilton County Planning Commission in January.



STAFF PHOTO BY C.B. SCHMELTER

The Wheland Foundry building is pictured.

The City Council also will need to sign off on the zoning change.

Mallen's group bought Wheland Foundry, set between South Broad Street and Interstate 24, after the business shut down in 2003 following 136 years of operation.

Three years later, the adjacent U.S. Pipe business closed after more than 100

years of operation. Perimeter purchased that property and since has been looking at redevelopment options for both parcels.

The Great Recession that began in 2008 slowed the effort. Mallen said the economy is improving enough now that a master plan earlier crafted to redevelop a 100-plus-acre site is relevant again.

"That conversation has improved in the last 18 months," he said. "We're having more conversations."

Earlier this year, the state approved engineering money for a \$40 million road project that will drastically help I-24 motorists exit into the Southside and to Lookout Mountain.

Also, plans are for the Tennessee Riverwalk to go through the Wheland and U.S. Pipe sites and onto St. Elmo.

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STAFF GRAPHIC BY LAURA W. McNUTT