



## Hostess Brands LLC Announces Expansion

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The Regional Development Association of East Central Kansas board of directors reviewed an expansion project Monday morning to Hostess Brands LLC plant in Emporia.

"Emporia is an important facility for Hostess," said Michael Cramer, an executive vice president with Hostess Brands, in an email Monday afternoon. "We are very appreciative of the ongoing support of the local authorities, and we are delighted to be making additional investments in this great community. The expansion and upgrades will enable us to increase production capacity for our iconic snack cakes and enhance overall efficiencies as we move forward."

The company plans to expand the plant by adding an approximate 36,000-square foot warehouse building, said RDA President Kent Heermann. This warehouse addition will cost approximately \$3.5 million. In addition, the company plans to add an auto bake production line, which (with installation) will cost approximately \$25 million. Other modifications include equipment purchases/equipment refurbishment of about \$2 million–\$3 million for a total cost in excess of \$30 million.

Employment as of Nov. 15 was at 332 full time people. The company expects that — with the expansion project — an additional 50 full-time people will be hired at a median wage of \$33,000 for an additional payroll increase of \$1.65 million.

"Originally when we had the ribbon cutting in June, they said 250 jobs in the first year, and 300 by the second year, and they are already at 332," Heermann said. "They've exceeded what their projections were, and we're excited about that. We welcome all new jobs in the community and certainly those jobs certainly came at an optimal time, and we look forward to continued growth with Hostess Brands in Emporia, Kan., for a long time to come."

The new production line and the warehouse should each be operational by the end of the second quarter or the beginning of the third quarter.

The RDA board of directors recommends to the Emporia City Commission that a 10-year 100 percent tax abatement be allowed on the Hostess Brands LLC expansion project.

The RDA will present the recommendation at Wednesday's commission study session, Heermann said.

"Assuming the city proceeds with it, then the city attorney (Blaise Plummer) will start drafting an incentive compliance agreement with Hostess Brands, probably to be reviewed between then and sometime in January," he said.

The expansion announcement follows the re-opening of the plant earlier this year. After Hostess Brands Inc. declared for Chapter 11 bankruptcy in January 2012 to restructure the company, the International Brotherhood of Teamsters and the Bakery, Confectionery, Tobacco and Grain Millers International Union tried to renegotiate labor contracts. The Teamsters union compromised with the company in September, but the bakery union would not back down because of halted pensions. It went on strike Nov. 9, 2012. Bakery union employees at the Emporia plant went on strike at 1 a.m. Nov. 10, 2012. When Hostess shut down operations on Nov. 21, more than 500 Emporia-area workers lost their jobs.

Hostess Brands Inc. accepted a \$410 million "stalking horse" bid March 12 from Apollo Global Management and Metropoulos & Co. The offer included the purchase of the Hostess cake brands, the recipes, the trademarks and five production plants, including the one in Emporia at 1525 Industrial Road, along with plants in Los Angeles, Schiller Park, Ill., Indianapolis, and Columbus, Ga.

Gov. Sam Brownback, Kansas Department of Commerce Secretary Pat George, Mayor Rob Gilligan, Vice Mayor Jon Geitz, Hostess President Rich Seban and Cramer were at the June 6 ribbon-cutting ceremony at the Emporia plant.