

TXI expanding its plant near New Braunfels

Cement maker kicks off \$350 million project at its facility, joins Cemex SA in quest to boost production capacity.

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There now are two massive multimillion-dollar cement plants expanding near New Braunfels.

Texas Industries Inc. has begun a \$350 million expansion at its Hunter Plant that will boost its cement-making capacity from 900,000 tons to 2.3 million tons per year. TXI already is the largest cement producer in the state.

"Nothing warms my heart more than to see

dirt turning," said state Rep. Nathan Macias, R-Bulverde, who was at a groundbreaking for the TXI expansion Monday.

Mexican cement maker Cemex SA also is expanding its New Braunfels plant in a \$250 million project.

When the new project is complete, TXI will hire 35 to 40 new workers. Construction could involve hundreds of employees.

"Our increased production will allow for more jobs and an increased city, county- and school-tax

base to the community of New Braunfels," said J. Lynn Davis, vice president of TXI, who also was at Monday's groundbreaking.

Construction will take two years, and the plant will in operation by the end of 2009. San Antonio-based Zachry Construction Corp. will lead the contracting job. Zachry also partnered with TXI to expand a plant in California, which will begin production this month.

"There really is no greater compliment to our company than for our customer to give us additional jobs," said John Zachry, CEO of Zachry. "It's not just a vote of confidence but really an opportunity to continue the great work."

TXI has operated its Hunter Plant for 27 years,

See TXI /4E



Expansions

New Braunfels is now home to two major cement-making expansions. Total building costs are expected to reach nearly \$600 million.

Texas Industries Inc. expansion

Cemex expansion

EXPRESS-NEWS GRAPHIC

and it has been running at capacity for the past 25 of those.

"This facility came online in 1980 in order to supply cement to our customers so they could use that cement to build streets, roads, highways, schools, churches, hospitals, shopping malls and yes, a Starbucks on every corner," said Mel Brekhus, CEO of TXI. "We need this so we can supply this thriving economy."

The expansion also will include equipment upgrades for better environmental controls.

"We are always pleased to see progress of our companies," San Marcos Mayor Susan Narvaiz said. "This is a place where you're going to see that happen."

Leaders from San Marcos, New Braunfels and Seguin last year launched the Economic Development Partnership of Central Texas, which enables the region to market itself to businesses as a single entity.

Last week, TXI reported third-quarter net income of \$17.9 million, which was down 40 percent from \$29.4 million a year ago. The

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company said the results were because of delays caused by the summer's above-average rainfall and delays due to maintenance work on some of its other plants.

Although the housing market is struggling, that has not had a large impact on TXI, which relies more on commercial and public projects than residential, according to Morningstar analyst Parish Glover.

"We're seeing pretty good spending on public works projects," Glover said in a phone interview. "That's one of the reasons (TXI is) strong in California and Texas. The extent to which infrastructure projects will be scaled back because of housing will affect them a little bit. But Texas is currently facing a supply shortfall."

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