

## Headline News

### Wal-Mart to Construct Distribution Facility Near Baytown

March 8, 2004

**HOUSTON** -- Andrews Kurth represented Wal-Mart in connection with the purchase of property for the construction of a 2-million-square-foot distribution facility. The new facility is expected to be operational by Summer 2005 and will be one of the largest distribution centers in the country.

The distribution facility will be located near the intersection of FM 1405 and Spur 55, the future route of the Grand Parkway, in Chambers County near Baytown, Texas.

The center will increase container tonnage through the Port of Houston as Wal-Mart plans to offload containers from ships docked at the port. From the port, the center will process the shipped goods for distribution to Wal-Mart stores nationwide. Approximately 450 jobs will be created to staff the completed facility. More than \$55 million in wages are expected to be paid during the construction phase.

Wal-Mart also acquired an option to purchase an adjacent 239-acre tract to expand the center by up to an additional three million square feet.

Upon completion of the 2-million-square-foot first phase of the distribution center, it will be purchased by the State Permanent School Fund for approximately \$80 million and leased back to Wal-Mart for an initial term of thirty years. As a result, the School Fund will be assured a substantial return on its investment and the land and building will be exempt from local government *ad valorem* taxation. It is anticipated, however, that the equipment to operate the facility will add between \$15 and \$20 million to local property tax rolls.

The Andrews Kurth team of Houston business transaction attorneys for this project included Bill Henry, Bob Collins, Jack Fields and Ilyse Lerner.

Andrews Kurth LLP, founded in 1902, has more than 400 lawyers and eight offices in Austin, Dallas, Houston, London, Los Angeles, New York, The Woodlands and Washington, DC. The firm has an international client base and has experience in all major industries and areas of business law.