

TO: Iowa Newspaper Association Member Editors
FROM: Iowa Department of Economic Development
DATE: December 9, 2008
RE: "Iowa Innovators"

The "Iowa Innovators" series is a joint project of the Iowa Newspaper Association and the Iowa Department of Economic Development (IDED). The series is an outgrowth of an idea from member INA publishers. "Iowa Innovators" articles describe initiatives that Iowa communities have used to improve their ability to attract business and industry and demonstrate community innovation. The articles also describe Iowa companies on the leading edge of technology, business expansion, workforce development and recycling.

It is hoped that these article ideas will be published locally and spark community and business initiatives statewide. If you have community or business success stories to share, contact IDED, 200 East Grand Ave., Des Moines, IA 50309, 800.245.IOWA (4692) or e-mail: business@iowalifechanging.com.

The following is a list of companies and communities featured in this round of "Iowa Innovators" articles:

1. To help farmers move ever increasing amounts of grain from the field to storage, a farm equipment manufacturer in the eastern Iowa community of **Shell Rock** has expanded and is creating new jobs to meet increasing demand for its grain handling, tillage and spraying equipment. **Unverferth Manufacturing** has just completed a 70,000-square-foot expansion to its Shell Rock facility and will soon be adding more jobs to its current workforce of 300. The company, based in Kalida, Ohio, makes tillage implements, grain, hay and manure handling equipment as well as agricultural dual and specialty changeover wheels under the Brent Products, Parker, Kill Bros. and Unverferth brands. Family owned Unverferth has been in Shell Rock since 1988 when it purchased local company Brent Manufacturing.
2. An empty **Lucas, Iowa**, building is the site of Los Angeles-based company **Vivètique** new manufacturing and distribution center. Scott Carwile says his company will take advantage of trucks that become available after delivering groceries to the nearby Hy-Vee Food Stores distribution center. And while Carwile, whose company makes mattresses and other bedding products from all-natural materials, first described the location as "In the middle of nowhere," he now says his new Iowa location is "In the middle of everywhere." Starting in early 2009, the 33,000-square-foot facility will employ 10 Iowans to produce Vivètique all-natural mattresses, comforters, pillows and other items that go into their "sleep systems."
3. Because of a shipping mistake, wind energy is now a market opportunity for Iowa's barge industry. According to Jay Darlington, Alter Barge Line terminal services representative, the wind-turbine component market for barges came about because wind-turbine blades were shipped by truck to Iowa in error and needed to get back to the Houston area as inexpensively as possible. "I believe we were the first people to put wind-turbine blades on a barge," says Darlington, "Until now, shippers have just been paying trucking rates. But trucking the blades, which require special trucks and escorts for the 154-foot-long, 16-ton blades, is expensive. When the shipper approached Darlington and Alter's Blackhawk Fleet in Buffalo with the question "Is it possible to save money by using barges to move the blades?" Darlington said, "Yes, we can handle these."

Unverferth Moves It Along

As the 2008 harvest season comes to a close, the USDA estimates that Iowa and U.S. farmers will yield 155 bushels of corn per acre, up from the record yield of 151 bushels per acre in 2007.

With more than 88 million acres planted in corn, more than 12.5 billion bushels of corn will be moved from field to storage during the harvest season.

When one adds in the almost three billion bushels of soybeans that were harvested by farmers in 2008, that's a lot of grain that needs to be moved.

To help farmers move this ever increasing bounty, a farm-equipment manufacturer in the eastern Iowa community of Shell Rock has expanded and is creating new jobs to meet increasing demand for its grain handling, tillage and spraying equipment.

Unverferth Manufacturing has just completed a 70,000-square-foot expansion to its Shell Rock facility and will soon be adding more jobs to its current workforce of 300.

"The agricultural economy has been in a positive upswing for the past several years and we have high hopes for 2009 and beyond," says Jerry Ecklund, Unverferth advertising manager.

"Our grain carts allow farmers to efficiently move corn or soybeans from the combine to waiting grain wagons or trucks," says Ecklund.

The company, based in Kalida, Ohio, makes tillage implements, grain, hay and manure handling equipment as well as agricultural dual and specialty changeover wheels under the Brent Products, Parker, Kill Bros. and Unverferth brands.

Family owned Unverferth has been in Shell Rock since 1988, when it purchased local company Brent Manufacturing.

"In 1988, we started manufacturing grain carts and grain wagons and we purchased Brent because it was a well regarded manufacturer and it also allowed us to enter the western corn belt market," says Ecklund.

With this latest expansion, Unverferth will have nearly 300,000 square feet of manufacturing space under one roof.

The \$7-million expansion was awarded \$200,000 from the Iowa Department of Economic Development's (IDED) Community Economic Betterment Account

(CEBA) and tax benefits from IDED's High Quality Jobs Creation (HQC) program.

Demand for Unverferth's large carts, wagons and sprayers prompted the expansion, Ecklund says.

"We chose to expand with a new building, which will allow a new line of large carts," continues Ecklund. "That, in turn, should increase job opportunities, and it also allows us to put some newer machinery in, such as laser machines and other capital equipment, instead of buying from the outside, which is what we're doing now."

Production in the new facility is slated to begin in early 2009. "It also allows more space to stage and store products," Ecklund says.

"The job creation is significantly important for our area," says Jeff Kolb, executive director of the Butler County Development Corp., noting

the county had seen more of its residents go elsewhere to work for some time. "We did a labor study early this summer, and it showed once again that we have a large out-commute, which has been par for the course for us," Kolb continues.

"A large percentage of Butler County residents work in Waterloo, Cedar Falls, Waverly and even Charles City. With this, we're creating more jobs locally, which not only helps us keep the families we have living here, but it helps us grow the county."

Pioneer Hi-Bred recently projected a 40 percent increase in corn and soybean yields by 2018.

Monsanto, another leading life sciences company with significant operations in Iowa, says corn yields will increase to 245 bushels per acre by 2022.

If these projections hold true, farmers will need all the help they can get to move massive amounts of grain from the fields to mills, ethanol plants and animal feeding operations.

And Shell Rock's Unverferth will be ready with the equipment farmers need to handle Iowa's corn and soybean crops.

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Resting Comfortably in Iowa

As he watched empty semi-trailer truck after empty semi-trailer truck roll past him, Scott Carwile had an epiphany.

An empty Lucas, Iowa, building would be the site of his company's new manufacturing and distribution center. Here his company could take advantage of trucks that become available after delivering groceries to the nearby Hy-Vee Food Stores distribution center.

And while Carwile, whose 90-year-old Los Angeles-based company Vivètique makes mattresses and other bedding products from all-natural materials, first described the location as "In the middle of nowhere," he now says his new Iowa location is "In the middle of everywhere."

Vivètique first opened its doors in the "Crown City" of Pasadena, California in 1917, where the company was originally known as Crown City Mattress. Today, twin brothers Steve and Scott Carwile are maintaining Vivètique's status as the leading organic mattress manufacturer with decades of experience.

Starting in early 2009, the 33,000-square-foot facility will employ 10 Iowans to produce Vivètique all-natural mattresses, comforters, pillows and other items that go into not just a bed, says Carwile, but a "sleep system."

Within two years, Carwile projects 30 employees in Lucas will be hand-stitching mattress pads and other customized bedding components in the time-honored manner started by Carwile's father.

Sales of natural mattresses have been anything but sleepy. Several years ago, Vivètique's natural-latex mattress sales — Carwile says prices range from \$2,000 to \$9,000, excluding the foundation — represented less than five percent of Vivètique's revenues.

In 2008, sales of Carwile's Natural Bedroom natural-latex mattresses brought in close to \$5 million for the company.

"The environmental bedding industry has been increasing at a rate of about 35 percent for each of the past four years," says Carwile. "Our mattresses are sold by more than 500 retailers in the U.S., Canada and Australia."

Still, Vivètique's results are dwarfed by industry leader Sealy Corp.'s annual revenue of more than \$1.5 billion.

Using all-natural materials including latex from rubber trees in Sri Lanka, cotton from Texas and wool from the Pacific Northwest, Carwile wanted a second facility east of the Rocky Mountains to reduce shipping costs to Midwestern and East Coast markets.

"By opening a plant east of the Rockies, we can reduce our carbon footprint by 50 percent," Carwile says.

And for a company that markets itself as green, "That's a big, big deal," he says.

Landing a California manufacturer in the rural Iowa community of Lucas is also a big deal, says Ruth Comer, director of the Lucas County Development Corporation.

"We met with

Scott in summer 2007 to discuss his company's expansion needs," explains Comer. "We had an available building in Lucas, and as Scott saw the steady stream of trucks rolling by on the highway, he realized he could ship his mattresses throughout the nation inexpensively."

The expansion project was leveraged by an \$150,000 Economic Development Set-Aside (EDSA) award from the Iowa Department of Economic Development.

Carwile has been pleased with his decision. "The quality and availability of the workforce is excellent," he says. "The work ethic of Iowans is second to none."

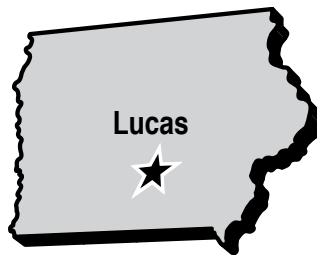
While Vivètique continues to grow, Carwile is not about to rest on his company's laurels.

"Our goal is to move beyond boutique sellers and into the mattress retail mainstream," he says. "We don't plan on altering our manufacturing methods, but will use our new Iowa location to grow the company."

Building upon a mission of providing customers with the most restful and healthy night's sleep possible, and without compromising a commitment to quality, Vivètique's 90-year history of growth has led the company to Iowa.

And soon, Iowans will be helping deliver sweet dreams to Vivètique's customers.

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Barging in on Wind Energy

Spanish wind-turbine components manufacturer Elevadores Goian recently announced it is opening its first U.S. location in Ankeny. With the announcement, the state of Iowa continues to demonstrate its leadership role in renewable energy sources.

The company — which designs, manufactures and installs industrial elevators that lift people and equipment inside support towers for wind turbines — joins more than five other companies in Iowa's burgeoning wind energy industry.

"The wind energy industry continues to be a source of tremendous growth for Iowa," says Mike Tramontina, Iowa Department of Economic Development (IDED) director.

And remarkably, because of a shipping mistake, wind energy is now a market opportunity for Iowa's barge industry.

According to Jay Darlington, Alter Barge Line terminal services representative, the wind-turbine component market for barges came about because wind-turbine blades were shipped by truck to Iowa in error and needed to get back to the Houston area as inexpensively as possible.

"I believe we were the first people to put wind-turbine blades on a barge," says Darlington, "Until now, shippers have just been paying trucking rates. But trucking the blades, which require special trucks and escorts for the 154-foot-long, 16-ton blades, is expensive. So when this wind-turbine parts importer accidentally sent the wrong blades up to Iowa from Houston in the fall of 2007, there was a problem."

When the shipper approached Darlington with the question "Is it possible to save money by using barges to move the blades?" Darlington said, "Yes, we can handle these," although no barge terminal had ever done so to his knowledge.

Alter's Blackhawk Fleet in Buffalo, provides terminal, fleeting, repair shop and barge-cleaning services. It also has a heavy-lift crane with the ability to lift 150 tons of cargo.

"We knew we could move the blades onto barges, and from there it's a straight shot south via the Mississippi River," Darlington explains.

Darlington says shipping multi-ton wind-energy turbines, blades, hubs and other components by barge is not

only less expensive, but also saves fuel.

"One barge can accommodate 12 wind-turbine blades or 1,500 tons of cargo. That's the equivalent of 15 jumbo-hopper railcars or 58 semis," explains Darlington. "One 15 barge tow can carry the same amount of cargo as 870 semi-truck loads and more than two 100-car trains."

As one of the state's 57 terminals along the Mississippi River, Blackhawk Fleet is a gateway for Iowa shippers to an extensive 12,000-mile inland waterway system that provides access to ports throughout the country and ultimately, the world.

"From our location, wind-energy manufacturers can reach New Orleans and Houston to the south to St. Paul/Minneapolis to the north," notes Darlington. "We've also carried wind-tower sections up the Arkansas River to the Port of Catoosa and can ship into Tulsa to the west and Pittsburgh to the east."

Although shipping by barge can take up to 20 days, as opposed to two or three days by truck, Darlington believes there is less chance of damage to the blades on the rivers than over roads that are not always in the best condition.

Since the fall 2007, Alter has facilitated in shipping not only blades, but has carried six barges of wind turbine towers from Houston to St. Paul.

Other barge carriers have used Blackhawk Fleet's crane to off load more than 120 blades shipped from the port of Houston, before they were trucked to their final destination.

"It's been going like clockwork," says Darlington, who is especially pleased that the green industry of wind turbines has chosen the greenest form of transportation to move the wind components.

"We're looking to get more and more involved in wind energy. It is good for Iowa's barge industry, good for Blackhawk Fleet and good for the environment."

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