

# BIRMINGHAM BUSINESS JOURNAL

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## Birmingham's big businesses up ante on federal lobbying

City's largest companies spent 5 percent more pushing issues in 2010

BY BEN PIPER | STAFF

Birmingham's largest companies spent nearly \$4 million combined in 2010 federal lobbying – a 5 percent boost over 2009, according to data collected by the Center for

Responsive Politics.

HealthSouth Corp. topped the local list at \$1.59 million, followed by Regions Financial Corp. at \$540,000, Vulcan Materials Co. at \$500,000 and the Drummond Co. at \$300,000.

Two of the 18 largest Birmingham companies analyzed by the *Birmingham Business Journal* that posted big increases in lobbying expenditures in 2010, Regions Financial and Blue Cross and Blue Shield of Alabama, had major legislative issues to combat: new banking and health care regulations.

Regions increased its lobbying costs 125 percent in 2010 from the \$240,000 spent in 2009. Regions' rise was the largest among Birmingham-based companies and centered around the Dodd-Frank Wall Street Reform and Consumer Protection Act, which passed in mid-2010.

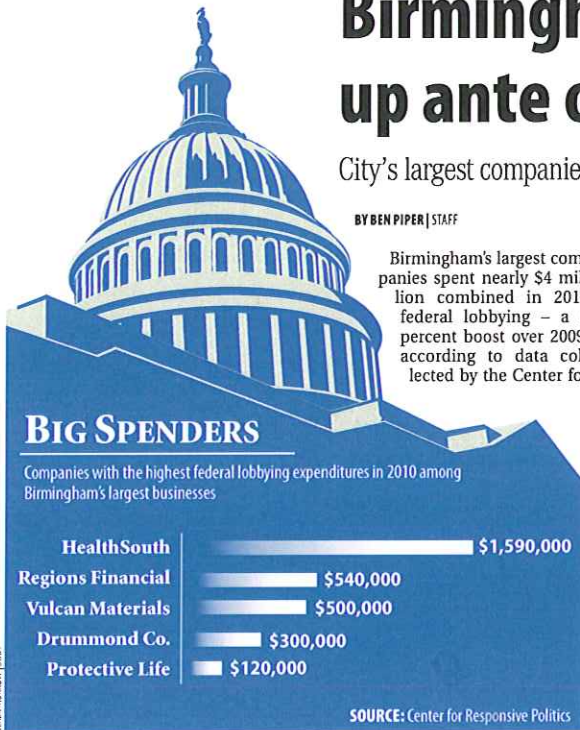
"This increased activity reflects

our efforts to help lawmakers in Washington understand the important differences between Main Street banks, like Regions, and the large Wall Street banks," Regions spokeswoman Evelyn Mitchell said. "Our focus has been to ensure that limits designed for these large banks will not have unintended consequences on banks like ours, as well as the customers and communities we serve."

Check out [bbj.com](http://bbj.com) for an online database of lobbying expenditures at Birmingham's largest companies.

Blue Cross increased its lobbying spending to \$105,000 in 2010 from \$60,000 in 2009 – a 75 percent increase. The additional funds were spent in a year when sweeping health care reform was passed in Congress. Interview

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### EXPERTS POINT TO ECONOMIC IMPROVEMENT

## Business bankruptcies drop

BY ANTRENISE COLE | STAFF

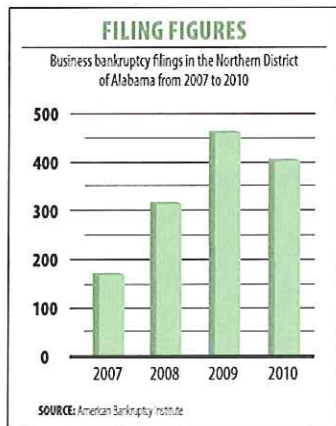
The number of business bankruptcy filings in the Northern District of Alabama, including the Birmingham metro area, declined 12 percent in 2010 from the previous year. However, filings were still much higher than they were before the credit crisis of 2008.

In 2010, there were 409 business bankruptcy filings in the Northern District of Alabama, down from 467 in 2009. But that is still up from 314 in 2008 and 172 in 2007, according to data compiled by the American Bankruptcy Institute, based in Alexandria, Va.

"The modest decrease in business bankruptcies in 2010 tells the same story that all of the economists seem to be telling: We're coming out of the Great Recession, but we're doing so very slowly," said David Bowsler, partner on the commercial restructuring and bankruptcy practice team at Adams and Reese LLP's Birmingham office. "I don't see us getting back to 2007 levels for a while."

BBVA Compass Chief U.S. Economist Nathaniel Karp said business bankruptcy filings should continue to decrease in 2011.

"Economic conditions are improving, and it should help to lower bankruptcies in general," he said. "There was a surprise jump in the



Northern District in December 2010, but it doesn't mean they will continue rising. Most likely this was an unusual movement, and we expect conditions to get better."

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## City eyes stores, restaurants, hotel in Fair Park project

BY LAUREN B. COOPER | STAFF

The city of Birmingham is looking for restaurants, a hotel and an entertainment destination for the first phase of commercial development at Fair Park.

A new \$46 million indoor track and pool facility is set to open this summer in Five Points West, which spurred the city to issue a request for proposals earlier this month seeking developers willing to build retail around it.

And while interest has been piqued for the first phase of commercial development at the 116-acre Fair Park property, the city said additional tracts of land could be proposed for redevelopment into an urban entertainment center, according to the RFP.

"There has been a tremendous amount of interest so far," said Tracey Morant Adams, the head of the city's economic development office. "We have been talking up the RFP during recent (International Council of Shopping Centers) meetings and we've had a few developers anticipating the



Morant Adams

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## BANKRUPTCIES: Chapter 7 filings were majority of Northern Alabama's cases

FROM PAGE 1

Nationwide, total bankruptcy filings, including both business and personal, were 1.59 million in 2010, an 8 percent increase from 2009's 1.47 million. Northern Alabama saw a dip with 19,839 total filings – business and personal – in 2010, down 2.4 percent from 20,332 in 2009.

Chapter 7 filings made up the majority of Northern Alabama's business bankruptcy filings with 72 percent, or 295 filings. That's a decrease of 8 percent from the 322 Chapter 7 filings in 2009. There were 83 Chapter 11 reorganizations, which allow a business to file for bankruptcy protection while it restructures

debt and continues operating, in 2010, down 23 percent from 108 in 2009.

"People are rarely happy when their businesses have to file for bankruptcy, but bankruptcy is no longer viewed as a bad word to be avoided at all costs," Bowsher said. "In fact, under the right circumstances, using the Bankruptcy Code to restructure a business' debt can be the smartest thing for a company to do."

However, Ellis Brazeal, partner at Jones Walker Waechter Poitevent Carrère & Denègre LLP, said the percentage of Chapter 11s that are successful is only 10 percent or less because it's difficult to reorganize.

"Most Chapter 11s wind up being con-

verted to a Chapter 7 and being liquidated at that point," he said.

Brazeal said commercial real estate businesses still aren't healthy, and he's seen more trucking companies fail in the recent months. He noted that there haven't been as many large businesses filing for bankruptcies in Alabama.

"A lot of companies have seen a dramatic drop off in their businesses and getting bank loans refinanced has been difficult," Brazeal said. "But I think the people who have held on this long are probably going to be able to make it."

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## LOBBYING: Regions, Blue Cross spent more in 2010 to debate new regulations

FROM PAGE 1

requests with Blue Cross were not returned by press time.

While HealthSouth spent the most among Birmingham companies, it spent slightly less in 2010 compared to 2009. The Birmingham-based inpatient rehabilitation provider spent \$1.59 million in 2010 compared to \$1.68 million in 2009 – a decrease of 5.4 percent. The company lobbied issues regarding Medicare and Medicaid, along with labor and antitrust legislation.

HealthSouth spokeswoman Helen Todd said the provider hired lobbying firms to help leaders keep up with active health care movement in Washington, D.C. And, she noted, the firms also assist with legislative issues in the 26 states where it has hospitals.

"The health care arena has been an active legislative topic for the past couple of years

and will continue to be for some time to come," she said.

Other Birmingham companies, such as Alabama Power, recorded a drop in lobbying spending from 2009 to 2010. Alabama Power spent \$100,000 on lobbying in 2010 compared to \$160,000 in 2009. Keisa Sharpe, spokeswoman for Alabama Power, said the issues of taxes, land ownership rights, the environment and power delivery are among the top legislative topics for the company.

"There's no specific formula why we saw a decrease in spending," she said. "We just weigh the issues on the table, and there's a broad range of issues that can affect that figure. If it's an issue affecting our customers or shareholders, we want to be at the table."

Charlie Waldrep, a shareholder at Waldrep Stewart and Kendrick LLC that consults with firms on lobbying efforts, said he wasn't surprised about the increase in lobbying spend-

ing among the area's largest companies. He actually expected it to be higher considering the massive switch in Congress.

"Anytime you have political change in direction, there's going to be more legislation introduced," he said. "The landscape has changed considerably, so anytime you have that, you're going to see companies impacted by more legislation."

Waldrep said companies look at lobbyists to look out for the interest of the company and its investors and to create a good economic atmosphere for businesses in Alabama.

"There are so many complicated issues that come before the legislature," he said. "The role of the lobbyist is to take the legislation and explain in the simplest terms to the legislators how it affects their clients."

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