

ANNUAL REPORT

2012

Southeast Texas Economic Development Foundation



GOAL: Provide regional economic development services to ensure long term growth and development for the region of Southeast Texas, and the State of Texas, by retaining and maximizing employment while increasing community income.



33.3 %

total loan volume growth



\$6,321,000

total sba debentures



27

prospect proposals submitted

# About our organization

*Innovation distinguishes between a leader and a follower.*

**- Steve Jobs**

The Southeast Texas Economic Development Foundation, an economic development organization comprised of the Texas counties of Jefferson, Orange, and Hardin, recognized the need to showcase the attributes of this region in a comprehensive, united fashion. Economic development professionals and stakeholders have joined forces to identify this region as a significant contributor to the economy of not only the State of Texas, but to the United States and the world.

Southeast Texas has a long history of stimulating growth with regional economic development efforts throughout Jefferson, Hardin and Orange County. Realizing a need to refocus regional economic development efforts, the SETEDF Board of Director's approved the concept of providing regional economic development services under the umbrella of SETEDF. A steering committee was formed to include economic developers in Jefferson, Hardin and Orange Counties in the process.

SETEDF is a non-profit development corporation that was formed in 1984 to assist small businesses in the region with long-term financing for real estate acquisitions, construction and equipment purchases. Its loan program, marketed under the name SBAlliance Capital, is a dba for SETEDF's certified development

***The concentrated effort of SETEDF in 2011 and 2012 has allowed for considerable program growth during a time of economic difficulty. Our commitment to the region through access to capital and regional economic development initiatives has made a significant impact on its economic stability and recovery.***

***-Charlie Foxworth, 2011-2012 Chairman***

corporation that processes, closes and services small business loans. It is licensed by the Small Business Administration (SBA) to offer the SBA 504 loan program. SETEDF is governed by a Board of Directors made up of local business and community leaders in Hardin, Jefferson and Orange Counties.

## **The Regional Economic Development Initiative**

The Regional Economic Development Initiative is a steering committee organized to oversee the objectives of the Southeast Texas Economic Development Foundation. It is the responsibility of REDI to fulfill the vision of regional economic growth

through the collaboration of ideas brought forth by each community represented.

# Board of Directors

## Voting Members

**Chairman:** Charlie Foxworth – ReMax Beaumont  
**Vice Chairwoman:** Ann Galassi – Sabine River Authority  
**Vice Chairman:** Paul Szuch – Lamar Institute of Technology  
**Executive Director:** Jim Rich – Greater Beaumont Chamber of Commerce  
Conrad Cooper – Lamar Small Business Development Center  
Pierce Harrington – Capital One Bank  
Dan Parker – CommunityBank of Texas  
Nada Rogers – City of Beaumont  
Karl Segura – Entergy

The Honorable Becky Ames  
Gene Arnold  
Sheri Arnold  
Floyd Batiste  
Austin Begnaud  
Wade Billingsley  
The Honorable Jeff Branick  
Mark Burlison  
Conrad Cooper  
Nathan Cross  
Shaun Davis  
Chuck Ege  
Kari Ellis  
Bobby Fillyaw  
Charlie Foxworth  
Ann Galassi  
Kimberly Garrett  
Todd Gaudin  
Weldon Gibson  
Steve Grantham  
Pierce Harrington  
Betsy Henslee  
Wayne Holland  
Eddie Hopkins  
Blake Hopper  
Shawn Hurley  
Will Jackson

*Mayor of Beaumont*  
*Gene Arnold Enterprises*  
*CBC Arnold & Associates*  
*Port Arthur EDC*  
*Brammer Begnaud & Lattimore*  
*Wade Billingsley Insurance*  
*Jefferson County Judge*  
*MCT Credit Union*  
*Small Business Development Ctr*  
*Edgar Kiker & Cross*  
*SETRPC*  
*SETEDF*  
*Jasper EDC*  
*Orange EDC*  
*ReMax Beaumont*  
*Sabine River Authority*  
*Silsbee EDC*  
*Gulf Credit Union*  
*Small Business Development Ctr*  
*JP Morgan Chase Bank*  
*Capital One Bank*  
*Betsy Henslee Insurance*  
*CommunityBank of Texas*  
*First Bank & Trust of East Texas*  
*Office of US Congressman*  
*Texas First Bank*  
*BBVA Compass*

John Johnson  
Tracie Killian  
Paul Latiolais  
David Locke  
David May  
Bill McCoy  
Wendell Meaux  
Ted Moor  
John Morrell  
Dave Mulcahy  
Dan Parker  
George Perrett  
Ron Reed  
Jim Rich  
Dean Robinson  
Nada Rogers  
Ida Schossow  
Terry Schwertner  
Karl Segura  
Walt Snider  
Brandon Spears  
Mike Stankovich  
Paul Szuch  
Clint Walters  
David White  
Wilton White  
Rick Williams

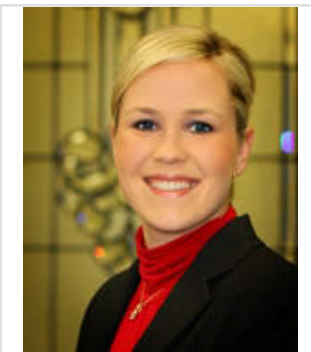
*Carl Griffith & Associates*  
*SETEDF*  
*Lamar University*  
*MidSouth Bank*  
*CommunityBank of Texas*  
*Greater Port Arthur COC*  
*CommunityBank of Texas*  
*Talon Insurance*  
*BBVA Compass*  
*Small Business Development Ctr*  
*CommunityBank of Texas*  
*MobilOil FCU*  
*SETEDF*  
*Greater Beaumont COC*  
*State Farm*  
*City of Beaumont*  
*Greater Orange COC*  
*Port Neches EDC*  
*Entergy*  
*Snider & Byrd*  
*Prosperity Bank*  
*AgriLand Farm Credit*  
*Lamar Institute of Technology*  
*MobilOil FCU*  
*Funchess, Mills, White & Co.*  
*Third Coast Bank*  
*Attorney*

*“Without continual growth and progress, such words as improvement, achievement, and success have no meaning.”*  
**-Benjamin Franklin**



**Jim Rich**  
 Executive Director

Jim Rich is Executive Director of the Southeast Texas Economic Development Foundation and SBAlliance Capital. Jim oversees all economic development efforts including loan development, disaster recovery, project recruitment and regional economic cooperation. Jim also coordinates the Foundation’s interest in special projects, such as the deepening and widening of the Sabine Neches Waterway, re-establishing air service to Jack Brooks Regional Airport, coastal windstorm insurance crisis and the effort of My Town. My Job. My Voice! to bring awareness to the importance of the oil, gas and related services industries.



**Jessica Hill**  
 VP Economic Development

Jessica Hill is Vice President of Economic Development for the Southeast Texas Economic Development Foundation. She promotes the U.S. Small Business Administration 504 loan program marketed under SBAlliance Capital, and coordinates project recruitment and regional economic development efforts through the Regional Economic Development Initiative. Additionally, Jessica is Executive Director of the Southeast Texas Young Professionals Organization, established to bring together individuals in our region with common interests and purpose.



**Cheryl Kizer**  
 Business Development and Servicing Director

Cheryl Kizer is Business Development Officer and Servicing Director for SETEDF and SBAlliance Capital. Cheryl manages SBAlliance’s 504 loan portfolio as an agent of the U.S. Small Business Administration. She contributes to economic development through the marketing of the 504 loan program and the administration of disaster loans. Cheryl is also responsible for coordinating Business Development Week, an annual week-long event to promote entrepreneurship, business growth and expansion and professional development throughout the region.



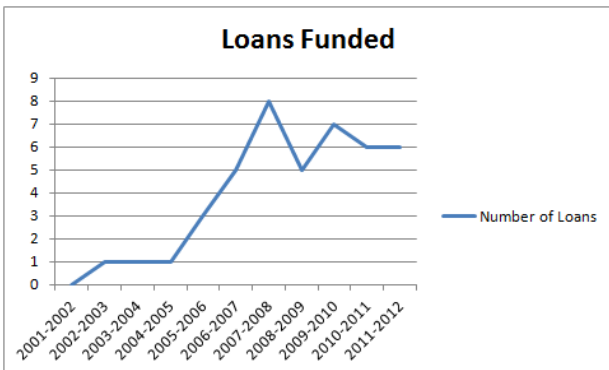
**Alicia Nunez**  
 Special Projects Assistant

Alicia Nunez is Special Projects Assistant for the Southeast Texas Economic Development Foundation. Alicia assists with the development of Business Development Week, SETEDF’s effort to implement paperless processing, and servicing the Hurricane Ike Forgivable Loan Program.



# Key figures

**SBAAlliance Capital's loan volume increased 33.3% over 2011**




Loans funded equalled the 2010-2011 performance. The funding of loans generally follows nine months to one year behind authorization due to the construction period. The SBA portion of the loan is not funded until construction is complete and the loan has been closed by SBAAlliance Capital. Some projects may have an extended construction period if changes are made to the project, or if the project is highly technical or specialized. The 2011-2012 funding of loans remains above the ten year average.



***Our 2011 performance was significantly better than 58% of Texas CDCs***

Loans authorized increased 50% over the previous year allowing SBAAlliance to record its second highest loan volume for the year. The increase is contributed to a relaxed lending environment as well as the temporary refinance program. 2012-2013 projections for loan authorizations will remain consistent with 2011-2012.



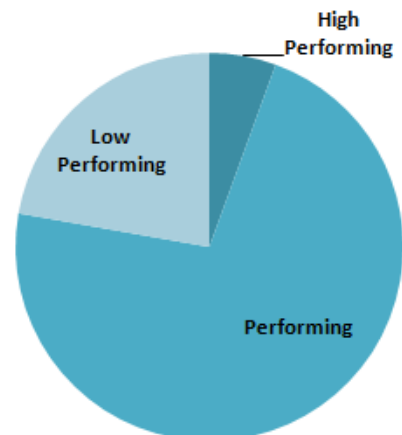
**\$2,629,278**

reduction in risk

## Servicing

Each year the loan portfolio of SBAlliance Capital is reviewed and risk rated. Financial statements on file for December 31, 2011 were considered current. A total of 39 loans were reviewed, with each loan rated from one, which is prime, to six which represents high risk. The review committee is happy to report improvement in the quality of the portfolio.

Improvement in the portfolio is largely due to the addition of 13 new loans totaling over \$5,000,000. Progress is also contributed to the liquidation of one non-performing loan in the amount of \$147,079 and the assumption by a third party of a loan for \$119,491. In addition, 10 of the loans improved their rating over the last review, 8 had no change and only 8 had a lower score than was determined during the previous review. Overall, 74% of the loans were rated average or above and 46% improved their rating.



# 2012 Award Winners

## Lender(s) of the Year

**Matt Crable  
Wendy Ghormley**



## Lending Institution of the Year



## Largest Loan

**Matt Crable  
Wendy Ghormley  
Randy Slater**



## Newcomer of the Year

**Gary Henderson**



## Millionaires Club

**Matt Crable, Texas First Bank  
Wendy Ghormley, Texas First Bank**

## 2011-2012 Projects

- Precision Pro - CommunityBank of Texas
- Family Health Pro - CommunityBank of Texas
- SRG Enterprises - Allegiance Bank Texas
- Baytown Family Clinic - Texas First Bank
- Diamond Brite - CommunityBank of Texas
- Joy Dental - Texas First Bank
- CC Creations - JP Morgan Chase
- Triangle Therapeutics - CommunityBank of Texas
- Larry's Old Time Trade Days - Texas First Bank



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**Chairwoman:** Ann Galassi - *Sabine River Authority*  
**Vice Chairman:** Dean Robinson - *State Farm*

Elaine Allums	<i>City of Kountze</i>	Cheryl Kizer	<i>SETEDF</i>
Floyd Batiste	<i>Port Arthur EDC</i>	Paul Latiolais (Advisory)	<i>Lamar University</i>
Karen Bourdier	<i>Entergy</i>	Bill McCoy	<i>Greater Port Arthur COC</i>
Shaun Davis	<i>Southeast Texas RPC</i>	Laurie O'Neal (Advisory)	<i>Office of the Governor</i>
Bob Dickinson	<i>Southeast Texas RPC</i>	Linda Parker (Advisory)	<i>Texas Department of Ag</i>
Brenda Erwin	<i>Lumberton COC</i>	Mark Rantala	<i>Nederland EDC</i>
Bobby Fillyaw	<i>Orange County EDC</i>	Jim Rich	<i>Greater Beaumont COC</i>
Kimberly Garrett	<i>Silsbee EDC</i>	Terry Schwertner	<i>Port Neches EDC</i>
Mary Hammon	<i>SETXWORKS</i>	Karl Segura	<i>Entergy</i>
Jessica Hill	<i>SETEDF</i>	Marilyn Smith	<i>SETXWORKS</i>
Tracie Killian	<i>SETEDF</i>	Jay Trahan	<i>City of Orange</i>

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## Regional Economic Development Initiative

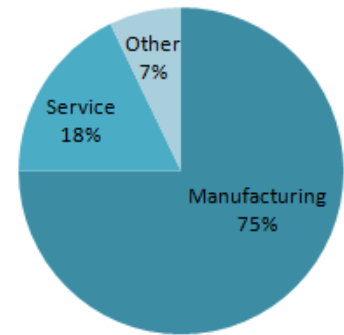
The Southeast Texas Economic Development Foundation remains committed to the economic growth of the region. The Regional Economic Development Initiative, operating as the steering committee for SETEDF, provides additional resources to continue moving forward in the regional development of Hardin, Jefferson and Orange Counties.

SETEDF, through REDI, continues to actively maintain the regional economic development website and update the site selection database with new properties that could be of interest to site selectors researching our area. Additional work has been done to implement a program to certify sites based on shovel readiness. The program will be designed by REDI and

will incorporate economic development professionals in the site's region, real estate agents, city and county services, and various other institutions and businesses necessary to validate a site's infrastructure and suitability. REDI members recently attended a State led workshop to develop a site certification program for Texas in hopes of creating a consistent process for all State sites.

One of the primary responsibilities of the Southeast Texas Economic Development Foundation is to respond to leads distributed by the State on behalf of site selector consultants. SETEDF has responded to 27 prospect leads from both State Requests for Proposals, and direct proposal requests from the prospect. Capital investment for the projects total over \$6,000,000,000 and 6,000 jobs.

Prospect leads represent a broad range of industries in multiple business sectors. The majority of proposals submitted by SETEDF are for manufacturing companies that fit our market demographics. Of the proposals submitted for consideration, 75% were for manufacturing companies, 18% were in the service industry and 7% represented various



other industry types.

Additionally, REDI is developing a regional business retention and expansion program to better serve existing businesses in the region. The regional BRE program will allow SETEDF to target specific businesses poised for growth and assist them in those efforts. It will also target businesses in decline to assist with any needs that may allow them to increase profitability and sales.

As we marked the anniversary of Hurricane Ike, forgivable loan recipients were audited to confirm adherence to program guidelines. Compliance was nearly 100% with only one business no longer in operation.

REDI continues its commitment to the growth of Southeast Texas and strives to pursue new and innovative ways of doing so.

