



**SOUTH EAST TEXAS
ECONOMIC DEVELOPMENT DISTRICT (SETEDD)
BOARD OF DIRECTORS**

**MCM Elegante Hotel
Fountainview Room
2355 I-10 South
Beaumont, TX 77705**

**September 13, 2018
11:30 a.m.**

AGENDA

1. WELCOME AND INTRODUCTIONS

Dean Robinson, Chair, SETEDD

2. OVERVIEW OF THE TEXAS PROPERTY ASSESSED CLEAN ENERGY (TX-PACE) PROGRAM

Panelists:

Marina Badoian-Kriticos, Regional Program Advisor, Texas PACE Authority

Steve Brown, Project Lead, Greenworks Lending

Rachel Davis, Vice President, Petros PACE Finance

Seth Eslami, Property Manager, Stellar International

Frank Slaughter, Regional Managing Director, CleanFund Commercial PACE Capital

3. DISCUSSION OF TOPICS FOR NEXT BOARD MEETING

Dean Robinson, Chair, SETEDD

Bob Dickinson, Director, Transportation and Environmental Resources, SETRPC

4. QUESTIONS AND ANSWERS

5. SET NEXT MEETING DATE

6. ADJOURNMENT

****Lunch is sponsored by: Greenworks Lending, LLC, Petros PACE Financing, CleanFund Commercial PACE Capital, Inc., and the South East Texas Economic Development District****



TEXAS  PACE

AUTHORITY

IMPROVING PROPERTIES. INCREASING CAPITAL.

PICKING UP THE TX-PACE IN JEFFERSON COUNTY

Jefferson County | September 13, 2018

PANEL



- **Steve Brown**, Project Lead, Texas Greenworks Lending
sbrown@greenworkslending.com



- **Rachel Davis**, Vice President
Petros PACE Finance
rachel@petrospartners.com



- **Seth Eslami**, Vice President, Property Management
Stellar International Commercial Real Estate



- **Frank Slaughter**, Regional Managing Director
Clean Fund
frank.slaughter@cleanfund.com



- **Marina Badoian-Kriticos**, Program Advisor
Texas PACE Authority
marina@texaspacauthority.org

WHAT IS TX-PACE?

TEXAS PROPERTY ASSESSED CLEAN ENERGY

A simple way of paying for capital projects with no money out of pocket.

- *What: 100% long term, low cost financing*
Energy efficiency, water conservation,
and **distributed generation/resiliency** projects
- *Where: On **commercial** (non-profit, hospitality, healthcare);*
industrial (manufacturing, agricultural); and
multi-family (5+units) **properties**
- *How: Repaid via special property assessment*
(similar to a sidewalk or sewer assessment) over the
useful life of the improvements

TX-PACE WILL

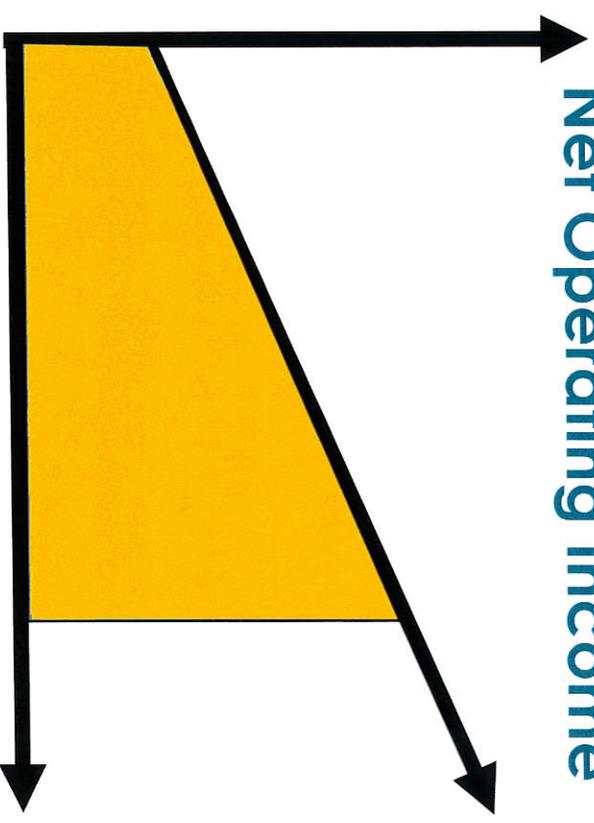
LOWER

Utility Costs



INCREASE

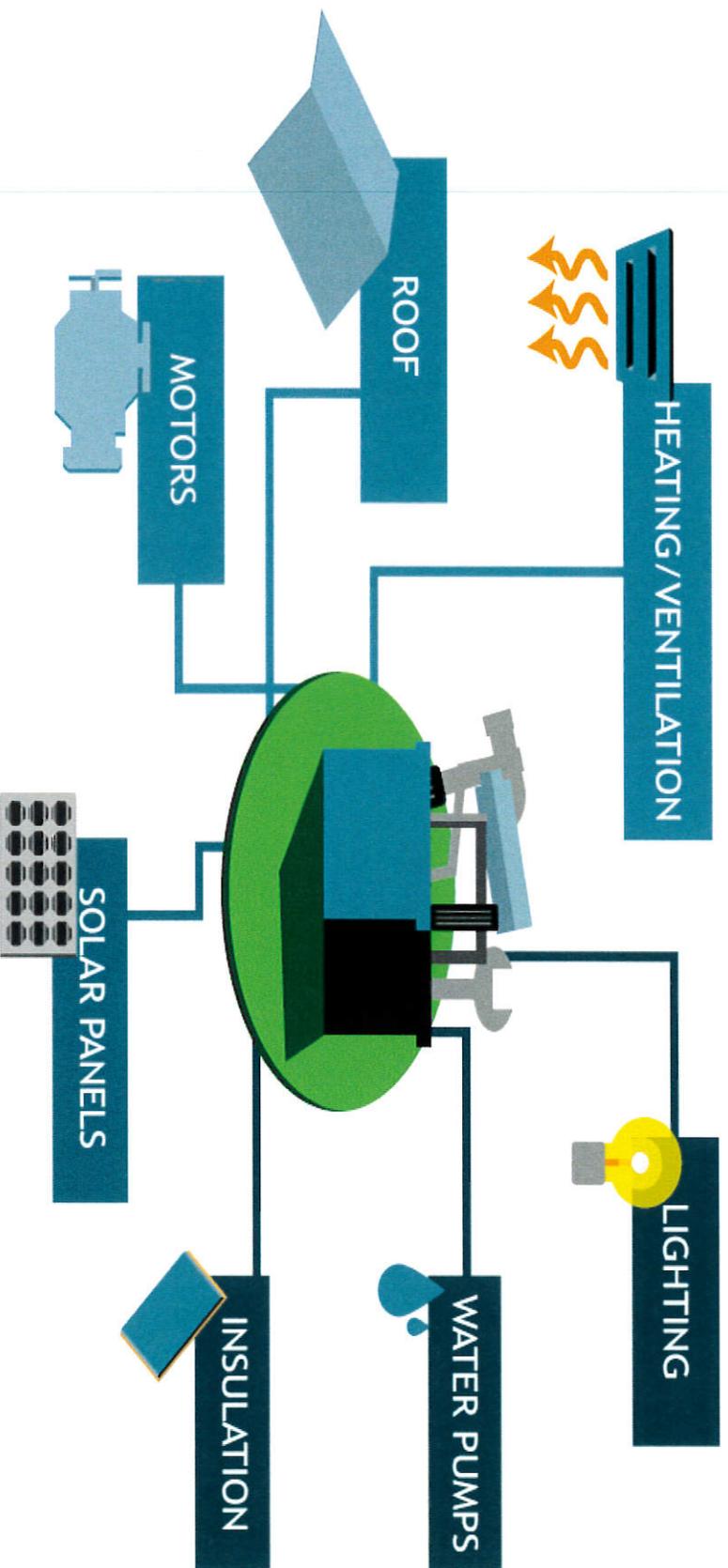
Net Operating Income



Bottom Line: Increased Building Value

ELIGIBLE IMPROVEMENTS

Projects that reduce energy or water usage or generate energy onsite.
Many of these measures can also make the property more resilient



...and more!

Image source: <http://pacenation.us/what-is-pace/>

HOW TX-PACE WORKS

City or county
creates type of
assessment district



Property owners
voluntarily sign-up
for financing and
install
energy/water
projects



Financing provided
to property owner
to pay for project



Property owner
repays loan
through property
assessment

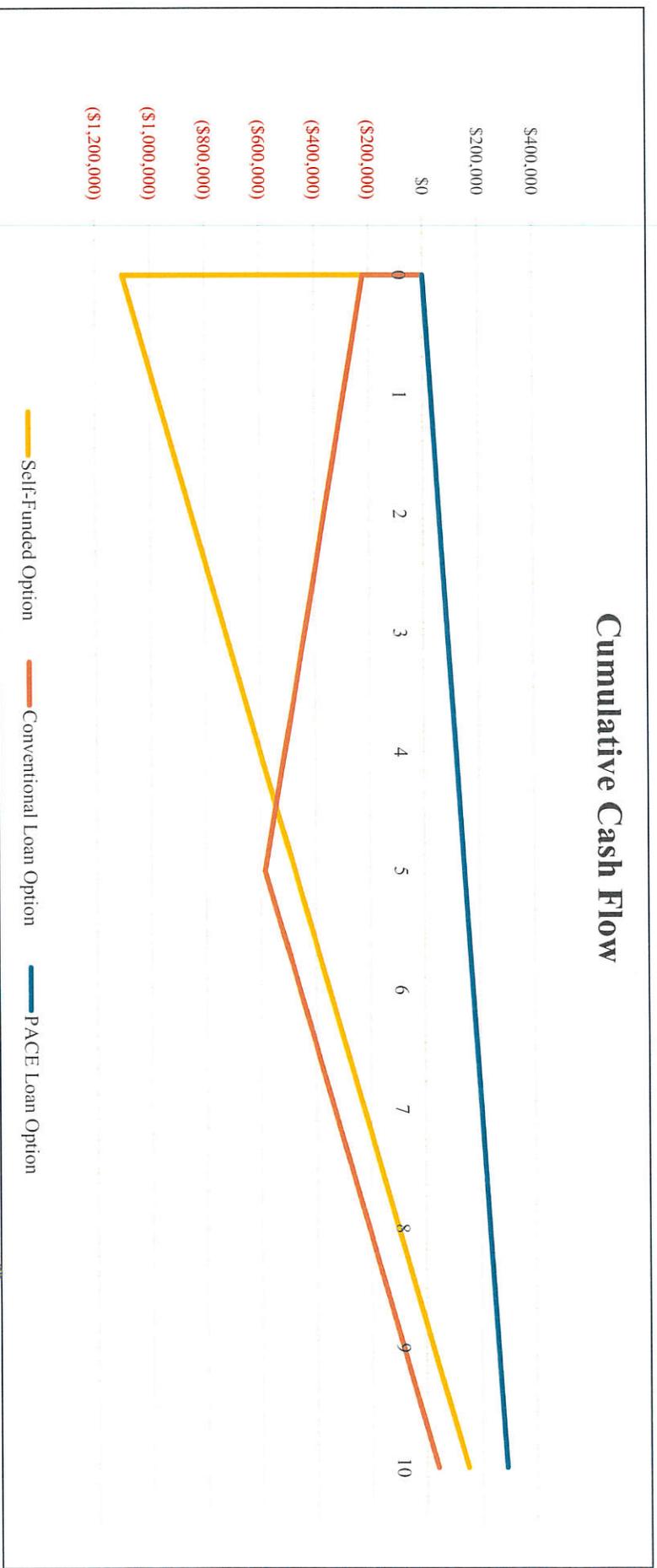


Image source: <https://www.energy.gov/eere/slc/property-assessed-clean-energy-programs>

FINANCIAL IMPACT OF TX-PACE

- Increase property value with no capital investment by building owner
- Generate positive cash flows immediately

Cumulative Cash Flow



TX-PACE Assessments

CAN Include:

- The cost of materials and labor necessary for the installation of a qualified improvement.
- Permit fees;
- Inspection fees;
- Lender's fees;
- Program application and administrative fees;
- Project development and engineering fees;
- ITPR fees, including verification fees;
- Any other fees or costs that may be incurred by the property owner incidental to the installation, modification, or improvement;
- Legal, consulting and other fees on an actual cost basis; and
- Changes to the existing property that are incidental to the installation.

CAPITAL STACK APPROACH: DEVELOPER

Example: \$24M Redevelopment



Butler Brothers • City of Dallas

HVAC • Lighting • Plumbing • Irrigation
Glazing • Insulation • Exterior Waterproofing/Plaster

Assessment: \$24 Million

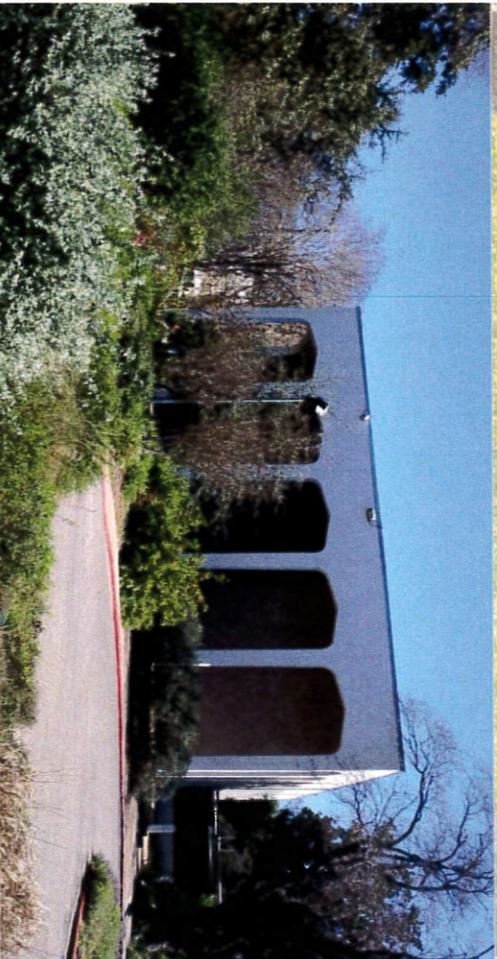
Annual Savings: 40% Energy Reduction, 700,000 gallons of water; 3,500 metric tons CO_{2e}



1225 North Loop West • City of Houston
HVAC • LED lighting • BAS Controls
Assessment: \$1.3 Million • Annual Savings: \$185,000



R.J. Liebe Company • Navarro County
HVAC • LED lighting
Assessment: \$325,000 • Annual Utility Savings: 30%



Congregation Beth Israel • Travis County
Boilers • Chillers • Window Film • BAS Controls
Assessment: \$450,000 • Annual Savings: \$40,000



Simon Property Group • Multiple Counties
HVAC • Lighting • Water
Assessment: \$10 Million • Annual Savings:

Where is TX-PACE?

Counties:

- Brazos County
- Cameron County
- El Paso County
- Fort Bend County
- Hays County
- Hidalgo County
- Jefferson County
- Navarro County
- Nueces County
- Tarrant County
- Travis County
- Willacy County
- Williamson County
- City of Amarillo
- City of Dallas
- City of Farmers Branch
- City of Houston + ETJ
- City of Rockdale

Cities:

... **and more coming soon!**

TX-PACE for Recovery

As many owners search for financial solutions to fix properties damaged by Hurricane Harvey, Texas PACE Authority is working with local governments to help communicate TX-PACE as an effective recovery tool.

TX-PACE is transforming how developers, owners and contractors look at projects, proving that there is a clear path forward to disaster recovery, energy efficiency, distributed generation, water use reduction and resiliency improvements.

[Learn more about TX-PACE for Recovery](#)



Texas PACE answers the question,

“How are we going to pay for it?”

TX-PACE is transforming how developers, owners, and contractors look at projects, proving that there is **a clear path forward for energy efficiency, distributed generation, water reduction, and resiliency projects** in existing buildings.

RESOURCES

- **How TX-PACE works for the business community –**
<https://www.texaspaceauthority.org/wp-content/uploads/Private-Sector-092617.pdf>
- **Case Studies –**
<https://www.texaspaceauthority.org/resources/>
- **Program Guide and Technical Standards –**
<https://www.texaspaceauthority.org/Documents/Program%20Guide.pdf?dl=0>
- **TX-PACE for Disaster Recovery and Resiliency –**
https://www.texaspaceauthority.org/wp-content/uploads/Texas-PACE-Program-Provides-Businesses-another-Tool-for-Disaster-Recovery_final.pdf
- **Events and Training –**
<https://www.texaspaceauthority.org/event-directory/>



TEXAS★PACE

AUTHORITY

**TEXAS' OPEN-MARKET PACE
PROGRAM ADMINISTRATOR**

www.TexasPACEAuthority.org

POWERED BY:



TX-PACE FOR LOCAL GOVERNMENT



TEXAS★PACE
AUTHORITY

WHAT IS THE TEXAS PACE PROGRAM?

Texas Property Assessed Clean Energy (TX-PACE) is a voluntary program that creates jobs, improves the environment, and saves Texas companies money on their utility bills. Local governments across the state are taking advantage of the Texas PACE statute and establishing programs to further provide quality and valuable services to their constituencies, stakeholders, and taxpayers. Local PACE programs have already enabled over \$30 million of new private investment in local building stock in urban and rural Texas in just two years.

The Texas PACE Act, Chapter 399 of the Local Government Code, is a local adoption model. The Texas “PACE in a Box” model was created by over 130 PACE stakeholders to facilitate a consistent, user-friendly approach to TX-PACE design and implementation. The model has been unanimously adopted by every local government establishing a TX-PACE program in Texas.

The model plug and play program contains consumer protection underwriting and technical best practices and model documents. “PACE in a Box” has minimal impact on government staff, adds no additional cost to the general taxpayer or burden to the treasury, and is administered by a nonprofit that does not compete with the private sector. Texas PACE Authority administers the uniform “PACE in a Box” model as a public service on behalf of local governments and is funded through user fees and grants.

This successful “PACE in a Box” model is market-based and flexible, providing the lowest possible administrative cost and highest level of consumer protection, allowing owners to do business with the parties of their choosing.

HOW DOES TX-PACE WORK?

TX-PACE facilitates the use of private capital to finance water conservation, energy efficiency, resiliency, and distributed generation projects to eligible commercial, industrial, agricultural, nonprofit, and multifamily properties. Owners choose a private sector capital provider and request that the local government place a voluntary senior lien on the property for the total cost of the project. The owner agrees to pay the TX-PACE assessment until it is paid in full, similar to that of a sidewalk or sewer assessment.

Property owners can lower operating costs and use the savings to pay for eligible projects. Since the assessment is tied to the property and transfers upon sale, TX-PACE makes it easier for owners to invest in facility upgrades and modernization, with little or no upfront capital. The widespread benefits impact the property owner, tenants, environment, and community, resulting in lower operating costs, more local jobs, and a concerted effort to conserve energy and water.

How It Works

A Building Owner:



If the owner, building, and project all meet PACE requirements:



WHAT ARE THE BENEFITS OF PACE?

Local Government Benefits:

Workforce and economic development • No local government obligation • Minimal staff support • Improve building stock • Business retention and expansion • Better air quality • Water and energy conservation

Property Owner Benefits:

Cash flow positive projects • 100% financing • Automatic transfer upon sale • Long-term financing (up to 20 years or more) • Lower energy and water costs • No personal guarantees • Competitive rates and terms • Owner retains all tax incentives • Increase property value • Preserve capital for core business • Healthier and more comfortable facilities • Reduce environmental impacts

Service Provider Benefits:

Increase local hiring • Accelerate project timelines • New market penetration • Best practices • Technology advancement improvements

Capital Provider Benefits:

Steady and stable process • Fully collateralized • Tax assessment lien position • Improve asset value • Mortgage-holder consent • Enhance customer finance position

WHERE IN TEXAS IS TX-PACE?

Counties:

Brazos	Hidalgo	Travis
Cameron	Jefferson	Willacy
El Paso	Navarro	Williamson
Fort Bend	Nueces	
Hays	Tarrant	

Cities:

Amarillo	Dallas	Farmers Branch
Houston	Rockdale	...and more on the way!

WHAT PROPERTY TYPES AND IMPROVEMENTS ARE ELIGIBLE?

Eligible Property Types:

- Commercial
- Industrial/Manufacturing
- Multifamily housing (5+ units)
- Hospitality
- Agricultural
- Nonprofit

Eligible Improvements:

Chillers, boilers, and furnaces • HVAC, BMS, BAS, EMS controls • Lighting • Water heating systems • Energy management systems and controls • Roofing • Windows • Doors • Insulation • Elevator modernization • Pool equipment • Cogeneration or combined heat and power • Heat recovery and steam traps • Solar panels • Wind turbines • Water management systems and controls • Irrigation equipment • Rainwater collection systems • Toilets • Faucets • Greywater systems... and more!

PICK UP THE TX-PACE IN YOUR REGION!

TX-PACE programs are being launched all over the state and are currently available in more than a dozen regions. TX-PACE can help you create jobs, promote economic development, and protect the environment.

Contact Texas PACE Authority to learn how to develop a TX-PACE program for your community.



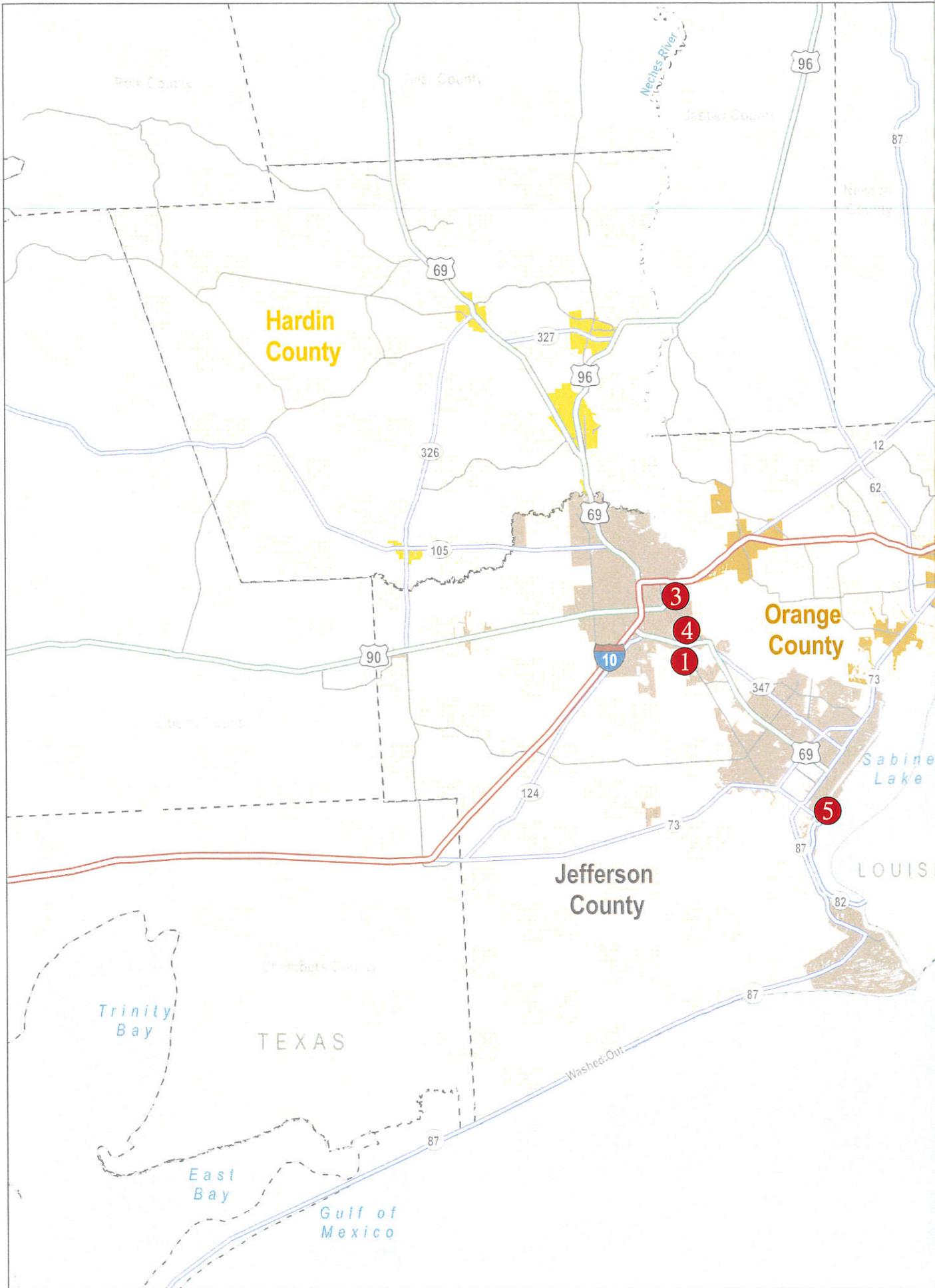
admin@texaspaceauthority.org
855-738-PACE (7223)
www.TexasPACEAuthority.org

Texas PACE Authority administers the uniform "PACE in a Box" model as a public service on behalf of local governments and is funded through user fees and grants.



**South East Texas Economic Development Administration's
2018 Hurricane Harvey Disaster Recovery Grants
Pending Final Approval**

Port of Beaumont	\$5,000,000
Lamar State College-Port Arthur	\$1,600,000
Port Arthur Economic Development Corporation	\$4,700,000
Port of Port Arthur	\$4,800,000
Total	\$16,100,000





Helpful Hints for Submitting a Successful Economic Development Administration (EDA) Grant Application

**Regional Economic
Development Administration
Office:**

504 Lavaca Street, Suite 1100
Austin, Texas 78701
Phone: 512-381-8144
Fax: 512-381-8177

**South East Texas Economic
Development District Staff:**

Bob Dickinson
South East Texas Regional
Planning Commission
2210 Eastex Freeway
Beaumont, Texas 77703
Phone: 409-899-8444 x7520
Fax: 409-729-6511
bdickinson@setrpc.org

Have a concept for your project.

- The EDA wants to see a defined concept in its applications. Make sure your concept is well thought out.

Communicate with the EDA.

- Before assembling your application, contact the EDA to explain your concept. They can provide direction on how to best approach developing your application.

Have a relationship with District staff.

- The staff for the South East Texas Economic Development District is here to provide technical assistance to you in preparing your EDA grant application. We can help you locate data and review your application.

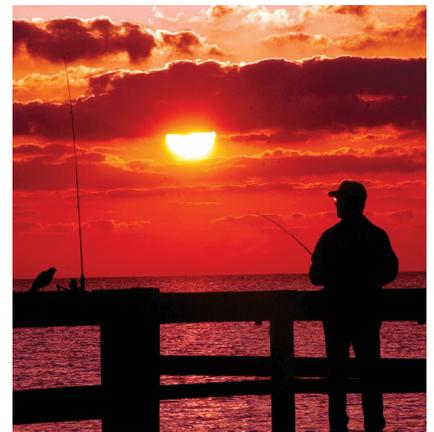
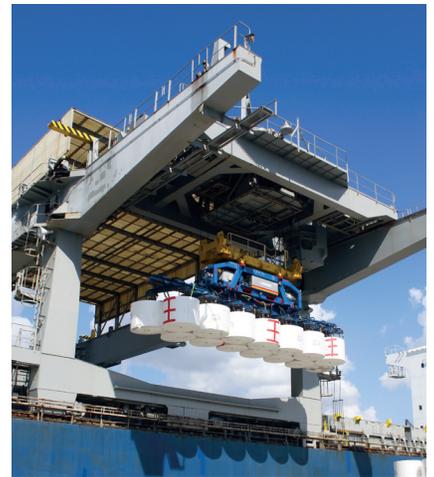
Ensure you are using the correct data and source it.

- The data requested by the EDA in your application is used to determine the competitiveness of your application. They require verifiable information, so it is important to source all data.

Turn in your application early.

- The EDA will review and respond with a list of issues that need to be resolved in order for your application to be considered more competitive.

THE COMPREHENSIVE
**ECONOMIC
DEVELOPMENT
STRATEGY**
2015



SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT



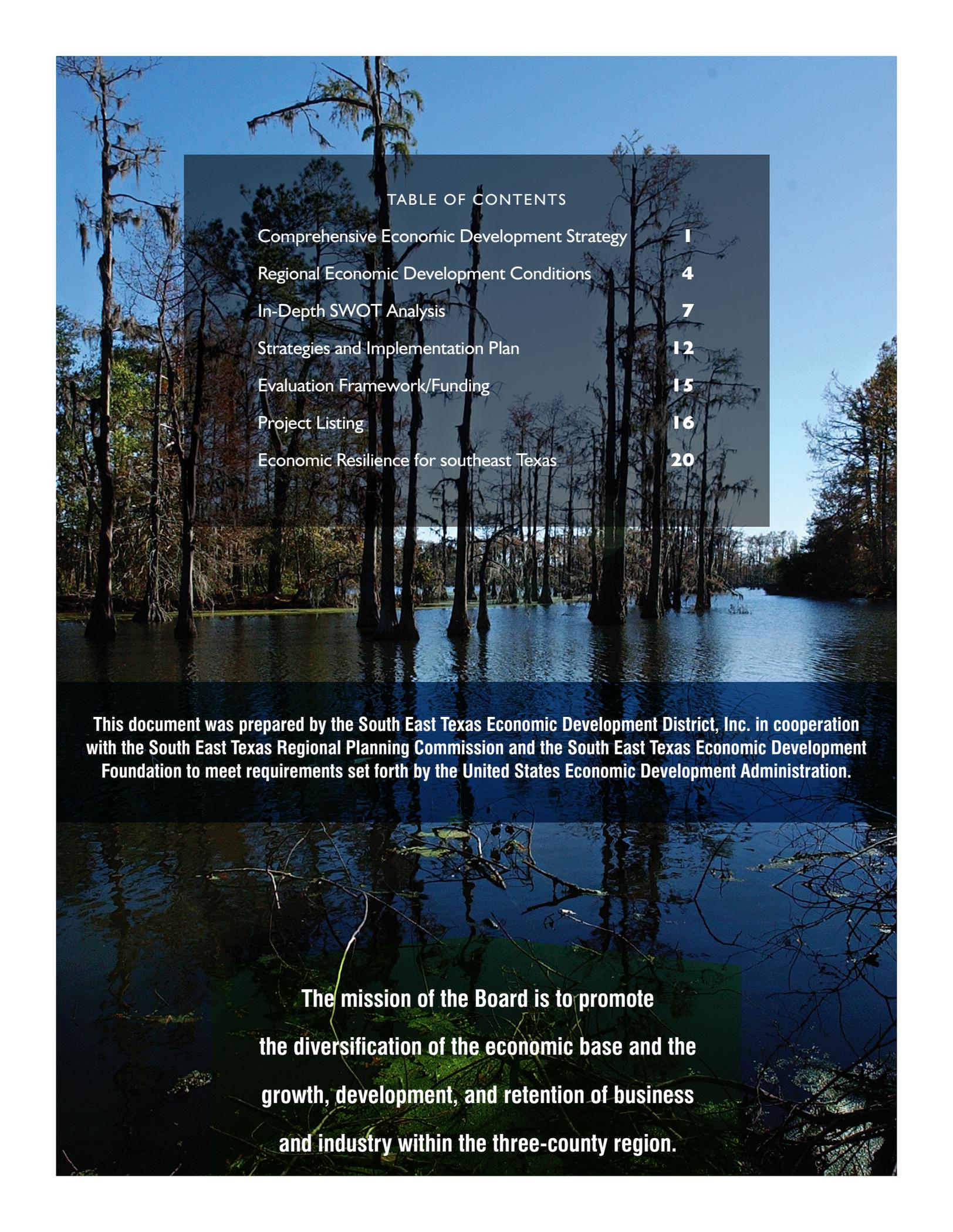


TABLE OF CONTENTS

Comprehensive Economic Development Strategy	I
Regional Economic Development Conditions	4
In-Depth SWOT Analysis	7
Strategies and Implementation Plan	12
Evaluation Framework/Funding	15
Project Listing	16
Economic Resilience for southeast Texas	20

This document was prepared by the South East Texas Economic Development District, Inc. in cooperation with the South East Texas Regional Planning Commission and the South East Texas Economic Development Foundation to meet requirements set forth by the United States Economic Development Administration.

The mission of the Board is to promote the diversification of the economic base and the growth, development, and retention of business and industry within the three-county region.

2015 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

Prepared by the South East Texas Economic Development District in cooperation with the South East Texas Regional Planning Commission and the South East Texas Economic Development Foundation to meet requirements set forth by the United States Economic Development Administration.



Southeast Texas, which includes Hardin, Jefferson and Orange Counties, has plenty to offer when it comes to a favorable business climate, strong workforce, higher-education opportunities and quality of life with its low cost of living relative to the national average. The area, strategically situated around Interstate 10 and U.S. Highways 69/287 and 96, abounds with natural resources important for industry but also enjoyable to residents for boating, fishing, hiking, biking, camping and horseback riding.

The Port of Beaumont and the Port of Port Arthur in Jefferson County and the Port of Orange in Orange County are based here, securing the region's importance as a major import/export hub. The Neches and Sabine Rivers, Sabine Lake, Sabine Pass to the Gulf of Mexico and the Gulf Intracoastal Waterway are the major water routes critical to the movement of cargo, but are also popular for water sports and recreation. Village

Creek State Park in Hardin County offers a beautiful venue for kayaking, canoeing, fishing, hiking and camping. To the north lies the Big Thicket National Preserve, known as the biological crossroads of North America since it is a transition zone where southeastern swamps, eastern deciduous forests, central plains, pine savannas and dry sand hills meet.

The region hosts several institutes of higher learning including Lamar University, known for excellent programs and centers including the Center for Innovation, Commercialization and Entrepreneurship (CICE), Lamar Institute of Technology, Lamar State College – Port Arthur and Lamar State College – Orange, all of which add to the industrious and educated workforce of the area.

With its business-friendly climate, strong workforce, educational opportunities and natural amenities, southeast Texas is a great place to live, work and play.

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

This Comprehensive Economic Development Strategy (CEDS) is the result of a local planning process designed to guide the growth of the southeast Texas region. The purpose of CEDS development is to establish a process that will help create jobs, foster a more stable and diverse economy and improve living conditions. The intent is for this document to be a guide for economic resilience within the region.

It is important to recognize that this document, while developed with broad input from South East Texas Economic Development District members and others, carries no direct authority and is a tool to be referenced and utilized in coordinating economic development efforts in the region. The CEDS examines the southeast Texas area as a region that competes globally for employers and workers, and thus focuses on the interdependence of entities in the area.

THE ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3121), as amended, to generate jobs, help retain existing jobs and stimulate industrial and commercial growth in economically distressed areas of the United States. EDA assistance is available to rural and urban areas of the nation experiencing high unemployment, low income or other severe economic distress.

In fulfilling its mission, EDA is guided by the basic principle that distressed communities must be empowered to develop and implement their own economic development and revitalization strategies. Based on these locally and regionally developed priorities, EDA works in partnership with state and local governments, regional eco-

conomic development districts, public and private nonprofit organizations and Indian tribes. EDA helps distressed communities address problems associated with long-term economic distress, as well as sudden and severe economic dislocations including recovering from the economic impacts of natural disasters, the closure of military installations and other federal facilities, changing trade patterns and the depletion of natural resources.

THE SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT, INC.

The South East Texas Economic Development District, Inc. (SETEDD) was created in 1993 to facilitate the flow of Economic Development Administration grant and loan funds into the southeast Texas region, which is comprised of Hardin, Jefferson and Orange Counties. The SETEDD is a non-profit corporation that is governed by a Board of Directors composed of twenty-five people from throughout Hardin, Jefferson and Orange Counties. Board members are appointed by each County Commissioners' Court and represent a cross section of the region's population and economic interests. The mission of the Board is to promote the diversification of the economic base and the growth, development and retention of business and industry within the three-county region.

Due to the presence of locally based economic development organizations and initiatives throughout the service area of the SETEDD, the District's economic development program places an emphasis on providing a supportive role to entities focused on economic development within the region such as chambers of commerce, business associations, local government and economic development departments. The SETEDD also promotes coordination of economic development planning activities among these various enti-

ties. A key focus of the SETEDD's work includes assisting local governments and organizations in project and grant development and submission through technical assistance. While the SETEDD strives to be aware of economic development needs and potential projects in the area that will enhance the local economic base, the District's role in the implementation of such projects is limited.

ADMINISTRATIVE ORGANIZATION

The SETEDD is a non-profit corporation with no employees and contracts for administrative support services with the South East Texas Regional Planning Commission (SETRPC) and the South East Texas Economic Development Foundation, Inc. (SETEDF). Staff at SETRPC and SETEDF conduct day-to-day operations, as well as implementation of activities associated with the District's planning grant from the EDA.

The SETRPC is a voluntary association of local governments that serves the three-county region of Hardin, Jefferson and Orange Counties. The Planning Commission was established in June 1970 under authority provided by the Texas Legislature in 1965. The SETRPC is one of twenty-four regional planning councils that serve all of Texas. Each of these regional councils was founded for the purpose of solving area-wide problems by promoting intergovernmental cooperation and coordination, conducting comprehensive regional planning and providing a forum for the discussion and study of area issues.

The SETEDF is an economic development organization that covers the three Texas counties of Hardin, Jefferson and Orange. 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. It is licensed by the Small Business Administration

to offer the SBA 504 loan program. SETEDF is governed by a Board of Directors composed of local business and community leaders from Hardin, Jefferson and Orange Counties. The SETEDF has a steering committee, the Regional Economic Development Initiative (REDI), that oversees the objectives of the Foundation.

CEDS UPDATE PROCESS

The SETEDD Board of Directors served as the steering committee for the development of the 2015 Comprehensive Economic Development Strategy and provided the necessary technical and advisory input. Committee members were relied upon to disseminate information about the CEDS process within their individual communities and to ensure their communities' needs and concerns were brought to the committee for attention. In addition, SETEDD worked closely with other economic development entities in the region during the update of the CEDS to gather input.

Three focus-group sessions were held in the spring of 2015 to solicit input for the CEDS update. Mike Barnes of Mike Barnes Group, Inc., whose services were provided by the SETEDF, facilitated each of these sessions. All sessions were held at the offices of the South East Texas Economic Development District. These sessions gathered input for the CEDS update from the Regional Economic Development Initiative, the steering committee for the SETEDF, which consists of area economic development stakeholders and professionals, the SETEDD Board of Directors and other interested individuals and organizations. A Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was conducted during each of these sessions. The results of this analysis can be found in this report.

REGIONAL ECONOMIC DEVELOPMENT CONDITIONS

AREA ECONOMY

Industry Cluster Analysis

Industry clusters are geographic concentrations of competing, complementary or interdependent firms and industries that do business with each other and/or have common needs for talent, technology and infrastructure.

An analysis of southeast Texas' industry clusters shows a competitive advantage in a number of areas. The following table shows the Location Quotients (LQ) for industry clusters in the southeast Texas region as well as the total number of employees in each of these clusters. LQ is a measure of an industry's concentration in an area relative to the nation. If the LQ is equal to one, it indicates that the industry share of local employment is equal to the national share of employment for that industry. A Location Quotient of greater than one shows competitive advantage in that industry locally.

Southeast Texas shows the highest competitive advantage in Energy (Fossil and Renewable), Chemicals and Chemical-Based products, Fabricated Metal Product Manufacturing and Glass and Ceramics. Other industries that show a competitive advantage in the region include Advanced Materials, Primary Metal Manufacturing, Machinery Manufacturing and Mining.

	EMPLOYMENT	LOCATION QUOTIENT
Total-All Industries	158,374	1.00
Advanced Materials	9,201	1.79
Agribusiness, Food Processing and Technology	1,200	0.33
Apparel and Textiles	135	0.17
Arts, Entertainment, Recreation and Visitor Industries	2,741	0.44
Biomedical/Biotechnical (Life Sciences)	17,112	0.99
Business and Financial Services	7,765	0.55
Chemicals and Chemical-Based Products	6,224	2.73
Defense and Security	8,164	0.94
Education and Knowledge Creation	2,987	0.5
Energy (Fossil and Renewable)	20,747	2.9
Forest and Wood Products	1,147	0.78
Glass and Ceramics	564	2.08
Information Technology and Telecommunications	1,293	0.21
Manufacturing Supercluster	8,036	1.35
Primary Metals	373	1.74
Fabricated Metal Products	3,845	2.55
Machinery	1,605	1.6
Computer and Electronic Products	799	0.71
Electrical Equipment, Appliance and Components	123	0.36
Transportation Equipment	1,291	0.94
Mining	296	1.31
Printing and Publishing	771	0.31
Transportation and Logistics	4,187	0.87

Source: Stats America - Innovation in American Regions (<http://www.statsamerica.org/innovation/>)

The most recent data from the Texas Workforce Commission indicate the Labor Force information shown below for southeast Texas:

The total labor force for the Beaumont-Port Arthur MSA in March 2015 was **180,724**.

The unemployment rate for the same time period was **6.2%**.

Projected occupational needs, according to the Texas Workforce Commission, from 2012-2022 can be found on the following hyperlink: <http://www.tracer2.com/cgi/dataanalysis/occprjReport.asp?menuchoice=income>

Similarly, projected employment by industry 2012-2022 can be found at the following hyperlink for southeast Texas: <http://www.tracer2.com/cgi/dataanalysis/indPrjReport.asp?menuchoice=indprj>

AREA ECONOMIC DEVELOPMENT ACTIVITY & RESOURCES

In recent years, economic development has shifted to the forefront in southeast Texas, with an ever-increasing focus on regionalism. The region boasts a number of chambers of commerce well distributed throughout the area. Additionally, there are numerous economic development corporations at the city and county levels. The South East Texas Economic Development Foundation brings all of these various entities together to promote a regional effort when it comes to economic development. In addition, southeast Texas enjoys the benefits of the Texas business climate with its lack of personal state income tax, minimal corporate taxes and business-friendly attitude.

Economic Development Corporations

The State of Texas' Development Corporation Act authorizes cities to adopt a sales tax and establish a Type A or B economic development corporation, or both, to administer the tax funds. Several jurisdictions within the southeast Texas region have adopted this mechanism through imposing a half-cent sales tax to fund local development projects and initiatives. Those entities with Type A sales tax can fund a variety of facilities and infrastructure as well as job training classes and career centers. Type B sales tax funds can be used for the same purposes as Type A and additionally for other types of tourist and entertainment facilities. Businesses and organizations can apply directly to the various economic development corporations for funds, which are charged with administering the sales-tax revenues.

Orange County also has an economic development corporation formed by Orange County, the Port of Orange and cities within the county that does not fall under the 4A and 4B classification.

SOUTHEAST TEXAS COMMUNITIES BY TYPE OF Economic Development Corporation

ENTITY	TYPE
Nederland	4B
Port Arthur	4A
Port Neches	4B
Orange	4B
Groves	4B
Lumberton	4A
Kountze	4A
Sour Lake	4A
Silsbee	4A

Chambers of Commerce

Southeast Texas boasts numerous chambers of commerce throughout the region: Kountze, Lumberton, Silsbee, Groves, Port Neches, Sour Lake, Greater Beaumont, Greater Port Arthur, Nederland, Bridge City, Greater Orange and Vidor.

Lamar University

The administration, faculty and staff of Lamar University strive to maintain a strong relationship and synergy with local and regional industries and needs. They attempt to align regional needs with their programs in engineering, nursing and health care occupations and educational fields, thereby strengthening university studies that complement the needs of the regional industrial base and populace.

As part of its economic development efforts, Lamar University pursued designation as an EDA University Center and received this designation in 2010. With this designation and the associated funding, Lamar will operate its Center for Innovation, Commercialization and Entrepreneurship (CICE), offering expertise in patenting, technology transfer and marketing. The Lamar College of Engineering is partnering with the Lamar College of Business to tie together technical expertise with economic research, business training and business counseling. The result will be a comprehensive program offering comprehensive technical, business and networking assistance to produce high-tech, environmental and energy-related entrepreneurs, small businesses and industry. The Center's mission is to leverage the technology, expertise and infrastructure of Lamar University's research centers and business resources to establish new innovation-based businesses and create synergies with established industries. The result will be a diversified and resilient economy for southeast Texas.

Workforce Solutions Southeast Texas

Workforce Solutions Southeast Texas evaluates and oversees the delivery of all workforce training and employment services in Hardin, Jefferson and Orange Counties. For employers, Workforce Solutions Southeast Texas offers recruiting, retention, training and retraining and outplacement services as well as valuable information on labor law and labor market statistics. For job seekers, Workforce Solutions Southeast Texas offers career development information, job search resources, training programs and, as appropriate, unemployment benefits. Economic development and business expansion and retention shape training strategies at Workforce Solutions Southeast Texas, which is part of a state network dedicated to developing the workforce of Texas.

Other entities involved in economic development

Entergy Texas is active in economic development in the southeast Texas region and offers confidential and free business development services to firms seeking buildings or sites in their service area. Entergy maintains a comprehensive database of buildings and sites available in their service area, which includes southeast Texas, and provides community profiles and demographic data for the region.

The Lower Neches Valley Authority (LNVA) is responsible for maintaining an economic development program to enhance economic growth in the Neches River Basin and the Neches-Trinity Coastal Basin. Funds to cover the activities of the economic development program are generated from a 1-cent rate per 1,000 gallons of raw water sales to industrial and municipal customers. The LNVA program consists of low-interest loans and/or grants for water/wastewater infrastructure improvements and for projects that improve water

availability, water quality and water management or enhance economic growth within the Authority's jurisdiction.

The Sabine River Authority (SRA) is active in efforts to enhance the economic vitality of the Sabine River Basin and increase awareness of the

Sabine River and its tributaries. Economic development programs vary throughout the Basin based on community needs and attributes. The SRA is committed to working with organizations and communities throughout the Basin to complement existing economic development efforts.

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY
2015

IN-DEPTH SWOT ANALYSIS

The Mike Barnes Group's President/CEO provided two days of focus groups with south-east Texas participants in the offices of the South East Texas Regional Planning Commission/South East Texas Economic Development District aimed at an in-depth analysis of Strengths/Weaknesses/Opportunities/Threats. These SWOT Focus Groups occurred on April 22 and 23, 2015. Participants included elected and appointed public officials from within the region, economic development professionals, workforce staff, planning staff, educational staff, community leaders and members. The groups were asked to evaluate the region in the same fashion corporations and/or site selection professionals make their evaluations. The region was evaluated along the following criteria: Business Climate, Workforce/Education, Available Buildings/Sites/Infrastructure and Quality of Life.

Participants evaluated these factors as a component of the SWOT focus groups, citing the relative strengths, weaknesses, opportunities and threats regarding the region's attributes. It should be noted that many factors are simultaneously, at times, in multiple categories. This stems from the perspective of the participants relative to the specific issues at hand. The following pages represent the findings of the In-Depth SWOT Analysis, specifically related to the region's economic resilience.

BUSINESS CLIMATE

Research suggests that an economy that is sheltered from large economic swings is more attractive to companies and employees. When unemployment rates are low, the region typically benefits from an expanded tax base and increased spending. A growing economy is also vital to attract and retain workers in any industry. Skilled workers are highly sought after and highly mobile. This mobility is largely due to the many living and working options before them. Regions must offer sustainable economic growth that creates career opportunities to retain and attract these in-demand workers.

STRENGTHS

- ★ Texas enjoys great reputation for business climate/SE TX enjoys a similar reputation
- ★ State and local taxes are favorable
- ★ Attainment Area
- ★ Permitting process is relatively easy
- ★ Available state and local incentives/CDC Financing
- ★ Competitive wages
- ★ Interlocal governmental agreements
- ★ Ability to site difficult projects
- ★ Region receptive to traditional industry
- ★ Leadership understands and embraces economic development

WEAKNESSES

- Lack of financing for small projects
- Cities and counties do not enjoy shared vision of advancing economic growth
- Lack of population growth
- Perceived limited career opportunities
- Economic Development effort is underfunded
- Union perception

OPPORTUNITIES

- ★ Overall cost of business continues to be lower than competitive locations
- ★ Entrepreneurs could find SE TX an ideal business climate in future
- ★ Regional economic development effort can enhance overall business climate
- ★ Connectivity between Lamar University and the communities to enhance business climate

THREATS

- Potential governmental "red tape"
- Perception of Texas politics on national basis
- Strengthening of US dollar
- Keystone Pipeline not being constructed

WORKFORCE AND EDUCATION

STRENGTHS

- ★
Lamar University
- ★
Lamar Institute of Technology-throughout the southeast Texas region
- ★
Some area pre-k through 12 schools are outstanding
- ★
Workforce Solutions Southeast Texas
- ★
Overall workforce
- ★
Training facilities
- ★
Improving safety in region's industry
- ★
Lamar-tech transfer

WEAKNESSES

- Some area pre-k through 12 are not adequate
- Keeping young and educated talent
- Aging workforce
- Some school districts
- Limited career opportunities

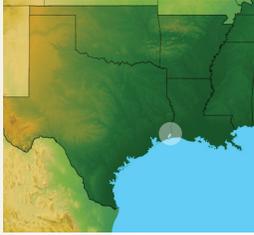
OPPORTUNITIES

- ★
Lamar-Port Arthur curriculum
- ★
School Districts/ Workforce collaboration
- ★
Bio-Med future
- ★
Connectivity between Lamar and downtown Beaumont
- ★
Emerging technology within both education and workforce applied

THREATS

- Lack of future leadership in both areas
- "Brain Drain"

AVAILABLE BUILDING/SITES INFRASTRUCTURE



Southeast Texas is strategically located along the Gulf of Mexico coast of the United States, close to the major city of Houston. The region shares many of the same attributes in terms of its basic industry as the Houston region. In evaluating the infrastructure and sites of southeast Texas, one recognizes the region is comprised of a number of independent communities, all of which have their own set of infrastructure and sites.

<div style="background-color: #4F7942; color: white; padding: 5px; text-align: center; font-weight: bold;">STRENGTHS</div> <ul style="list-style-type: none"> ★ I-10 Corridor ★ Cost effective sites and buildings ★ Ports and waterways ★ Airport ★ Pipelines ★ Rail ★ \$30 B investment in public/private in next 5 years ★ Proximity to Houston ★ Oil and gas infrastructure 	<div style="background-color: #4F7942; color: white; padding: 5px; text-align: center; font-weight: bold;">WEAKNESSES</div> <ul style="list-style-type: none"> • Lack of infrastructure in some locations • Interstate Highways Exits and Access • Proximity to Houston overlooked 	<div style="background-color: #4F7942; color: white; padding: 5px; text-align: center; font-weight: bold;">OPPORTUNITIES</div> <ul style="list-style-type: none"> ★ Deepening the ship channels ★ Incubators ★ Further development of airport property ★ Planning for accessible communities ★ Lamar/Region Bio-Med/Tech facilities and infrastructure ★ Low fuel costs take advantage of transportation network available 	<div style="background-color: #4F7942; color: white; padding: 5px; text-align: center; font-weight: bold;">THREATS</div> <ul style="list-style-type: none"> • Airport issues • Keystone Pipeline not being developed • Outmigration of water resources • Aging infrastructure
--	---	--	---

QUALITY OF LIFE

STRENGTHS

- ★ Lamar and accompanying amenities
- ★ Community colleges with amenities
- ★ Regional museums
- ★ Cost of living
- ★ Natural Resources provide recreational options
- ★ Location in proximity to beaches/large metros, etc

WEAKNESSES

- Health care in certain specialty areas
- Perception of lack of cultural amenities
- Cultural Outlook
- Lack of diversity
- Relatively low population growth does not enhance quality of life—stagnation
- Environment
- Out-migration on week-ends
- Lack of pride in housing gives unappealing appearance of region
- Minimal youth activities/opportunities create desire to leave

OPPORTUNITIES

- ★ Expansion of Ford Arena and Park Facilities
- ★ Lamar’s expanding role to enhance quality of life opportunities-connectivity to downtown
- ★ Downtown improvements
- ★ Lamar attracting more diverse population
- ★ Prioritize quality of life will result in more opportunities

THREATS

- Educated youth exit area threatens Quality of Life
- Natural Disasters
- Future leadership not emphasizing Quality of Life
- Lack of internet in all parts of the region
- Lack of region-wide entertainment

STRATEGIES AND IMPLEMENTATION PLAN

The South East Texas Comprehensive Economic Development Strategy incorporates overall aspects of the region's economy, existing and future economic development efforts and inclusion of those factors impacting economic resilience including but not limited to natural disasters, cyclical economic development trends, diversification and existing and planned projects including waterway improvements, port development and surface/air transportation. In addition, workforce issues are recognized as vital and an ongoing integral component to the region's economic vitality, sustainability and resilience.

ECONOMIC RESILIENCE

Southeast Texas is subject to natural disasters, primarily hurricanes. The region has shown resilience from numerous hurricanes in the past 25 years. Any Comprehensive Economic Development Strategy must recognize the ongoing threat of this phenomenon to the region and its economy. Local, regional, state and federal resources including the Economic Development Administration, FEMA, HUD and others have worked jointly with the region to overcome these barriers to the regional economy as quickly as possible. One of the outcomes of the In-Depth SWOT Analysis is **the need for an updated economic development regional plan** that recognizes these hurricanes and includes mechanisms to address a speedy recovery that lends to economic resilience.

The Mike Barnes Group worked collaboratively with the region's economic development group, REDI/South East Texas Economic Development Foundation, to develop a regional economic development strategic plan in 2009-2010. This plan included identification of poten-

tial markets, economic assessments and an overall marketing and evaluation strategy. This plan served as a foundation for the region's economic development effort. The plan should be re-visited and possibly updated or a new plan developed to ensure the region's economic resilience. Numerous projects have been undertaken since the adoption of this plan including billions of dollars of public/private investment including waterway designed for improvements, Lamar University's extended participation in the economic development process, port projects, numerous marketing efforts by the region and its included entities, a major workforce strategy adopted highlighting trends and integration of workforce/economic development.

DIVERSIFICATION

Although the petrochemical industry has been a large source of employment, investment and governmental revenue for the region, it is widely thought that other industries should similarly be present in larger numbers to address potential cyclical depressions to the regional economy.

It should be noted that diversification is not uniformly held as a strategy or implementation plan. However, overall consensus is that there is a need for continued diversification. The area, with its improvements to the surface, water and air transportation infrastructure, coupled with its location in proximity to Houston, is ideal for other diversified investments. The workforce, education and economic development groups see this as a positive effort.

There are a multitude of programs available to obtain funding for this diversified effort including the Economic Development Administration. The development of a revised or updated Regional Economic Development Strategic Plan would provide sources and methods for utilizing approaches aimed at diversifying the regional economy. The major population centers within the region possess suitable amenities for a multitude of diverse businesses and industries. The region's educational assets at both the pre-K through 12 and post-secondary levels provide abundant training resources for the adoption of such a strategy.

Entrepreneurship has been identified as a means to further diversification and is a logical extension of much of the work underway with Lamar University and the collaboration with Workforce Solutions Southeast Texas. The strong work ethic within the region can serve as a resourceful asset in attracting those businesses and industries that can provide employment opportunities that can further diversify the region's economic base.

THE REGIONAL ECONOMIC DEVELOPMENT EFFORT

The region has benefitted from an effort to combine the resources of many of the cities and their respective economic development agencies to market the region on a global basis. This effort

has been undertaken in the following ways:

- ★ **Regional economic development website**
- ★ **Regional attendance at trade shows, corporate real estate gatherings**
- ★ **Regional attendance at site selector gatherings**
- ★ **Regional submittals to business/industrial prospects reviewing the area for potential locations**

The Regional Economic Development Initiative/South East Texas Economic Development Foundation has worked to minimize the geopolitical lines and maximize the attributes of the region. As a result of the In-Depth SWOT Analysis and recognition of the area economy, the following action items were identified:

- ★ **Enhanced funding for regional economic development efforts**
- ★ **Enhanced marketing of the region to prospective businesses and industries**
- ★ **Update/new regional economic development plan based on the findings contained in the CEDS**
- ★ **Further cooperation and collaboration between the private and public sectors in sustaining and expanding the region's economic development effort.**

These efforts require a strategy and accompanying funding to implement the strategy. The CEDS process demonstrated to the stakeholders such an expanded need. Given local/regional budget constraints, outside sources of funds such as those of the Economic Development Administration should be sought.



THE ACTION PLAN

The Action Plan must be undertaken along the following lines in order to achieve economic resilience, diversification and overall economic development success:

- ★ Continued collaborative effort of REDI/SETEDF
- ★ Enhanced funding for regional marketing
- ★ Enhanced cooperation among and between the region's governmental entities and private sector
- ★ Further collaboration among and between the region and state/federal government in securing funding for ongoing economic development efforts to achieve the goals identified above.
- ★ Updated regional Economic Development Strategy taking into account the success of the region since the adoption of the last plan and recognizing the importance of economic resilience in futuristic terms
- ★ Continued cooperation and collaboration with and between the region's school districts, Lamar University, community and technical colleges, Workforce Solutions Southeast Texas, local/regional economic development agencies and their respective interaction with local/regional governments
- ★ Performance and Evaluation Standards

EVALUATION FRAMEWORK/FUNDING

The evaluation framework is an important element of the ongoing planning process and should answer the questions, “How are we doing?” and “What can we do better?” The evaluation framework, with its associated measures and timelines, should cascade from the strategic direction and action plan, which, in turn, flow from the SWOT analysis. Below are elements of the Evaluation Framework for the region:

- ★ Development of a regional economic development score-card to include, but not limited to, the traditional metrics of jobs and investment but expanded to include quality of life metrics, educational metrics, workforce and training metrics
- ★ Increase in the economic resilience of the region via higher incomes, less economic inequality, increased access to broadband/ internet within the region
- ★ Improved access to and enhanced healthcare within the region
- ★ Increased population growth to reflect the growing economy
- ★ Recognition of a “sense of urgency” relative to the regional economic development effort
- ★ Increase in the labor participation rate
- ★ Develop a grid to analyze the region’s success and performance utilizing the above criteria
- ★ Increase in exports from firms within the region

SOURCES OF FUNDING

In order to accomplish the goals and evaluate those identified, funding of programs and projects must occur. Sources of funding for the southeast Texas region include the following:

TRANSPORTATION PROJECTS

- ★ TxDOT
- ★ Local Government
- ★ Possible EDA for Business/Industry Projects

WORKFORCE PROJECTS

- ★ Workforce Solutions Southeast Texas
- ★ TX Workforce Commission
- ★ Dept. of Labor
- ★ Possible EDA

INFRASTRUCTURE PROJECTS

- ★ Local Governments
- ★ Texas Capital Funds
- ★ EDA
- ★ HUD

QUALITY OF LIFE PROJECTS

- ★ Local Governments
- ★ Private Foundations
- ★ State of Texas

ECONOMIC DEVELOPMENT MARKETING

- ★ Local Governments
- ★ EDA
- ★ Chambers of Commerce

PROJECT LISTING

The following project listing identifies projects and activities that should be undertaken in the next few years. These projects reflect the vision, goals, and objectives that have been outlined in the CEDS.

PROJECT Improve signage of truck routes to ports

GOAL Further promote intermodal connections and transportation in the area

Possible Funding Source or Sponsor TxDOT

PROJECT Improve turning radii at intersections along designated truck routes

GOAL Further promote intermodal connections and transportation in the area

Possible Funding Source or Sponsor TxDOT

PROJECT Widen & deepen local ship channels

GOAL Further promote intermodal connections and transportation in the area

Possible Funding Source or Sponsor United States Army Corps of Engineers

PROJECT Beautify & enhance waterfront areas

GOAL Improve quality of life in the region

Possible Funding Source or Sponsor Local governments; Economic Development Corporations

PROJECT Market southeast Texas' ecological treasures

GOAL Enhance and expand tourism in southeast Texas

Possible Funding Source or Sponsor SETEDF; Visitor Bureaus; Chambers of Commerce

PROJECT Develop Village Creek attractions-lodging, food, etc
GOAL Enhance and expand tourism in southeast Texas

Possible Funding Source or Sponsor TPWD

PROJECT Develop a regional bulletin board for the posting of economic development activities, incentives, and success stories
GOAL Increase regionalism in southeast Texas' economic development efforts

Possible Funding Source or Sponsor SETEDF; SETRPC

PROJECT Develop a “buy local” campaign
GOAL Improve perception of southeast Texas

Possible Funding Source or Sponsor SETEDF; SETRPC; Chambers of Commerce

PROJECT Provide workshops on importance of economic development to local organizations & governments
GOAL Raise awareness of the importance of economic development

Possible Funding Source or Sponsor SETEDF; SETRPC

PROJECT Establish outreach program to stay informed of project ideas in the region
GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor SETEDF; SETRPC

PROJECT Develop a database of site selectors to market southeast Texas
GOAL Improve perception of southeast Texas

Possible Funding Source or Sponsor Chambers of Commerce; SETEDF

PROJECT Increase awareness of foreign trade zone
GOAL Further promote intermodal connections and transportation in the area

Possible Funding Source or Sponsor SETRPC; SETEDF; Ports

PROJECT Incorporate career academies in schools/apprenticeships

GOAL Improve workforce training

Possible Funding Source or Sponsor Local School Districts; Workforce Solutions Southeast Texas; Lamar University, Lamar Institute of Technology & Lamar State College Port Arthur & Orange

PROJECT Develop financing mechanisms for site development

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor Economic Development Corporations; SETEDF; Chambers of Commerce

PROJECT Assemble parcels of land into desirable business & industrial sites

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor Economic Development Corporations; Downtown Associations

PROJECT Start a coalition that can stand for the interests of southeast Texas on a national level

GOAL Improve perception of southeast Texas

Possible Funding Source or Sponsor SETEDF; SETRPC

PROJECT Improve Spur 93 to improve access to the Jack Brooks Regional Airport

GOAL Further promote intermodal connections and transportation in the area

Possible Funding Source or Sponsor TxDOT; Local Governments

PROJECT Develop programs and policies that provide access to technology, capital, and incubator services

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor SETEDF; Lamar University; Economic Development Corporations

PROJECT Increase awareness of local business needs

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor Chambers of Commerce; SETEDF

PROJECT Aid local business and industry in getting what they need for success/growth

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor Economic Development Corporations; SETEDF

PROJECT Work with local entities to develop quality, high profile projects

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor SETEDF; SETRPC; Economic Development Corporations

PROJECT Maintain awareness of EDA investment priorities to inform local efforts

GOAL Create new jobs and retain existing meaningful, well paying jobs

Possible Funding Source or Sponsor SETEDF; SETRPC

PROJECT Develop new and existing area levees for storm surge protection

GOAL Be poised for disaster recovery

Possible Funding Source or Sponsor Army Corps of Engineers, Local Governments, Economic Development Corporations

PROJECT Develop Regional Waste Water Treatment Facility in Orange County

GOAL To improve water quality for Adams and Cow Bayous that feed into the Sabine River and then into the Gulf of Mexico

Possible Funding Source or Sponsor Sabine River Authority of Texas

PROJECT Develop upgraded IH-14 access to multimodal facilities in southeast Texas

GOAL Improve access between military installations and deployment seaports

Possible Funding Source or Sponsor TxDOT; Ports

ECONOMIC RESILIENCE FOR SOUTHEAST TEXAS

Southeast Texas enjoys a steady economy poised for more growth. The region's leaders and planning committees realize that natural disasters, cyclical depressions in the energy sector and workforce issues have contributed to problems in the past, but they are committed to setting plans in place to keep the economy of southeast Texas resilient. This process recognizes those barriers to economic resilience and puts in place programs and projects to overcome those barriers. The region's vast resources coupled with the strong work ethic of its labor force continue to contribute to the economic well-being of southeast Texas. This Comprehensive Economic Development Strategy process provides

an opportunity to establish priorities, set goals and develop programs of work for the region.

These measures will be monitored by the SETEDD Board of Directors. The District's activities will be considered successful if positive trends are identified on an annual basis. Once the status of these measures has been established each year, a course of action will become apparent. To keep this economic development plan resilient for the region, board members and economic development professionals will contribute their input for an annual evaluation of economic trends. The South East Texas Economic Development District appreciates the participation of those engaged in making this effort a region-wide success.





