



Annual Report

Southeast Texas Economic Development Foundation
*SBA*lliance Capital



THE TEAM



Jim Rich

Executive Director



Jessica Hill

*Business Development
Manager*



Cheryl Kizer

Servicing Director

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 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.

Thank YOU

THE HIRD LAW FIRM, P.C.
ERIC R. HIRD, ATTORNEY AT LAW

Eric Hird of The Hird Law Firm, is responsible for the legal review of SBA documents. Eric is an SBA 504 Designated Attorney and prepares the necessary closing documents submitted to SBA for final debenture sale. He has recently taken on additional loan closing responsibilities and SBAlliance appreciates his dedication to detail and commitment to the success of our program.



Statesman Business Advisors provides full-service government guaranteed loan packaging for SBAlliance Capital. They are tasked with underwriting and packaging our 504 loans to be submitted to SBA for authorization. We believe Scott Actkinson and his staff are the best in the industry and we are pleased to work with them. They provide the knowledge and expertise to assist us in financing the most appropriate projects across our region.



Known for their expertise as Houston and Beaumont insurance claim attorneys, Snider Law Firm, PLLC provides both common and highly-specialized transaction and litigation legal services for small- to medium-sized businesses and individuals in and around the cities of Houston and Beaumont. Snider Law Firm concentrates in areas of insurance claim litigation, commercial and consumer litigation, real estate and business law, including labor and employment, contract disputes and more. Walt Snider has been a great contributor to the success of the Foundation and SBAlliance through his legal advice and help with the Hurricane Ike Loan Program. We appreciate the continued support through their services.

Board of Directors

Voting Members

Chairman: Mr. Charlie Foxworth - Foxworth Real Estate Co.
Vice Chairman: Mr. Rudy Beeching, Iberia Bank
Vice Chairwoman: Ms. Ann Galassi, Sabine River Authority
Mr. Wade Billingsley - Wade Billingsley State Farm
Mr. Steve Grantham - JP Morgan Chase Bank N.A.
Mr. Wayne Holland - Community Bank of Texas
Ms. Mary Ann Reid - Greater Port Arthur Chamber of Commerce
Mr. Jim Rich - Greater Beaumont Chamber of Commerce
Ms. Nada Rogers - City of Beaumont
Mr. Karl Segura - Entergy—Texas

The Honorable Becky Ames	<i>City of Beaumont</i>	Mr. Eddie Hopkins	<i>First Bank & Trust of East Texas</i>
Mr. Gene Arnold	<i>Gene Arnold Enterprises</i>	Mr. Blake Hopper	<i>Congressman Ted Poe</i>
Mr. Floyd Batiste	<i>Port Arthur EDC</i>	Mr. Shawn Hurley	<i>Texas First Bank</i>
Mr. Rudy Beeching	<i>Iberia Bank</i>	Mr. Will Jackson	<i>Wells Fargo Business Banking</i>
Mr. Austin Begnaud	<i>Brammer, Begnaud & Lattimore, CPAs</i>	Ms. Tracie Killian	<i>Nederland EDC</i>
Mr. Wade Billingsley	<i>Wade Billingsley Insurance</i>	Mr. Donald Legato	<i>Third Coast Bank SSB</i>
Judge Jeff Branick	<i>Jefferson County</i>	Mr. David Locke	<i>MidSouth Bank</i>
Mr. Joseph Broussard	<i>Mehaffy & Weber, P.C.</i>	Mr. David May	<i>Community Bank of Texas</i>
Mr. Mark Burlison	<i>MCT Credit Union</i>	Mr. Wendall Meaux	<i>Community Bank of Texas</i>
Mr. Doug Chase	<i>JP Morgan Chase Bank N.A.</i>	Ms. Vergie Moreland	<i>Orange County</i>
Mr. Gerald Condon	<i>Collision & Classics</i>	Mr. Dave Mulcahy	<i>Lamar University SBDC</i>
Mr. Conrad Cooper	<i>Lamar University SBDC</i>	Mr. Dan Parker	<i>Community Bank of Texas</i>
Mr. Shaun Davis	<i>SETRPC</i>	Mr. David Parmer	<i>Baptist Beaumont Hospital</i>
Mr. John E. "Jed" Dollinger	<i>Wathen, DeShong & Juncker, LLP</i>	Mr. George Perrett	<i>Mobiloil Federal Credit Union</i>
Mr. Charles Ege	<i>Wells Fargo Business Banking</i>	Mr. Ronald Reed	<i>MidSouth Bank</i>
Ms. Kari Ellis	<i>Jasper EDC</i>	Ms. Mary Ann Reid	<i>Greater Port Arthur COC</i>
Mr. Bobby Fillyaw	<i>Orange County EDC</i>	Mr. James Rich	<i>Greater Beaumont COC</i>
Mr. Charlie Foxworth	<i>Foxworth Real Estate Co.</i>	Ms. Dessie Richard	<i>BBVA Compass</i>
Mr. Joel Foxworth	<i>Third Coast Bank SSB</i>	Mr. Dean Robinson	<i>Dean Robinson State Farm</i>
Ms. Ann Galassi	<i>Sabine River Authority</i>	Ms. Nada Rogers	<i>City of Beaumont</i>
Ms. Kimberly Garrett	<i>Silsbee EDC</i>	Mr. Terry Schwertner	<i>McFerrin Insurance Agency</i>
Mr. Weldon Gibson	<i>Lamar University SBDC</i>	Mr. Karl Segura	<i>Entergy - Texas</i>
Mr. Steve Grantham	<i>JP Morgan Chase Bank N.A.</i>	Mr. Mike Stankovich	<i>MidSouth Bank</i>
Mr. Pierce Harrington	<i>Capital One Bank</i>	Mr. Clint Walters	<i>Mobiloil Federal Credit Union</i>
Ms. Jessie Haynes	<i>Beaumont ISD</i>	Mr. David White	<i>Funchess, Mills, White & Co., PC</i>
Ms. Betsy Henslee	<i>Betsy Henslee State Farm</i>	Mr. Wilton White	<i>Third Coast Bank SSB</i>
Mr. Wayne Holland	<i>Community Bank of Texas</i>	Mr. Rick Williams	<i>Law Office of Rick Williams</i>

Loan Authorizations



Mian, LLC

Liquid Waste Solutions

Sterling Shipyard

Golden Triangle Foot and Ankle Specialists

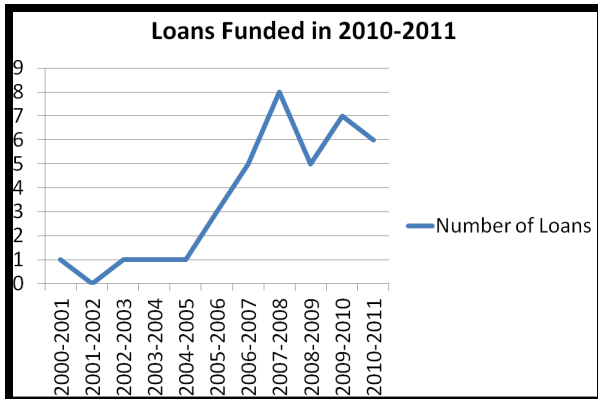
Schlotzsky's

Prime Choice Rentals

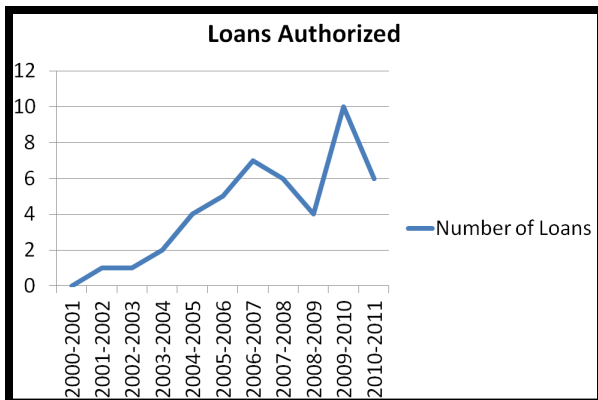


By the Numbers

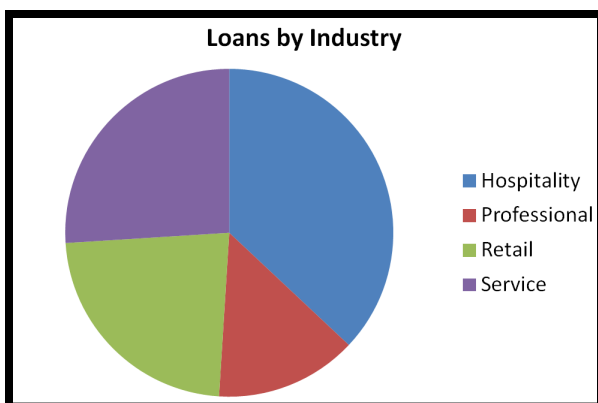
(Per SBAlliance Capital's active portfolio)



Loans funded decreased slightly over 2009-2010. The funding of loans generally follows nine months to one year behind authorization due to the construction period. The SBA portion of the loans is not funded until construction is complete and the loan has been closed by SBAlliance 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 2010-2011 funding of loans is still far above the average funding of 3.5 loans per year since 2000-2001.



There was also a decrease in loan authorizations from 2009-2010. Even with the decrease in authorizations, SBAlliance recorded its third highest loan volume for the year. The slight drop could be attributable to our region lagging behind the rest of the country in feeling the impact of the economic downturn. 2011-2012 projections for loan authorizations will remain consistent with 2008-2009 and 2010-2011 results. The increase in 2009-2010 was largely due in part to the American Recovery and Reinvestment Act.



SBAlliance strives to maintain a diversified portfolio. The loan portfolio has changed slightly in 2010-2011 due to several defaults in the hospitality industry. Hospitality remains as our largest loan concentration at 37%, down from 39% in 2009-2010. Professional and retail loans have also decreased from representing 41% of the portfolio to 37%. The service sector has grown in concentration from 20% to 26%.

SBAlliance Capital has financed projects in the amount of over \$44,000,000. Complete project costs total over \$110,000,000.

2010-2011 Lending Partners



Lender of the Year

Wayne Holland



Largest Loan Volume

Largest SBA Loan

Scott Adams



Thank you to all our lending partners for your continued support!

REDI

Ms. Elaine Allums

City of Kountze

Mr. Floyd Batiste

Port Arthur EDC

Ms. Karen Bourdier

Entergy-Texas

Mr. Shaun Davis

SETRPC

Mr. Bob Dickinson

SETRPC

Ms. Brenda Erwin

Lumberton COC

Mr. Bobby Fillyaw

Orange County EDC

Ms. Ann Galassi—Chairwoman

Sabine River Authority

Ms. Kimberly Garrett

Silsbee EDC

Ms. Mary Hammon

Workforce Solutions

Ms. Jessica Hill

SETEDF

Ms. Cheryl Kizer

SETEDF

Mr. Paul Latiolais

Lamar University, CIC

Mr. Bill McCoy

Greater Port Arthur COC

Ms. Laurie O'Neal

The Governor's Office

Mr. Jim Rich

Greater Beaumont COC

Mr. Dean Robinson—Vice Chair

Dean Robinson State Farm

Mr. Terry Schwertner

Port Neches EDC

Mr. Karl Segura

Entergy-Texas

Ms. Marilyn Smith

Workforce Solutions

Mr. Jay Trahan

City of Orange

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.

2010-2011 Objectives



Standard Operating Procedures 50 10 5 (D) was released at the end of FY 2011 and made modifications to the SBA 504 loan requirements. The most significant changes involved the temporary refinance program initially authorized last year. Changes are intended to increase the number of businesses eligible for the refinancing program. SOP 50 10 5 (D) also increased the SBA lending limit to \$5.0 million, and \$5.5 million for small manufacturers and energy conserving projects.

The U.S. \$13 billion Keystone pipeline system will play an important role in linking a secure and growing supply of Canadian crude oil with the largest refining markets in the United States, significantly improving North American security supply.

In June 2010 TransCanada commenced commercial operation of the first phase of the Keystone Pipeline System. Keystone XL will terminate at a delivery point near existing terminals in Nederland to serve the Port Arthur marketplace. The Southeast Texas Economic Development Foundation and the Greater Beaumont Chamber of Commerce, through the My Town Campaign, have been a vital advocate for the pipeline, responsible for tens of thousands of letters in support of the project.



In September, REDI representatives completed a site selector tour prior to the 2011 IEDC Annual Conference. Jessica Hill, Bobby Fillyaw and Mike Barnes met with six representatives of the top site selection firms in the country. Each consultant was impressed with the region and all that it has to offer.

SB Alliance Capital was an exhibitor at the 2011 Texas Credit Union League Leadership Conference held in San Antonio, Texas, September 8-10. TCUL is the official state trade association serving credit unions in Texas. Organized in 1934, the Texas Credit Union League provides credit unions with valuable resources, products, services and programs to meet present and future challenges.

SB Alliance will also exhibit at the TCUL Annual Conference in Galveston on April 18, 2012. Partnering with credit unions to finance small businesses through the SBA 504 loan program has been integral to the success of SB Alliance Capital.



Project Development

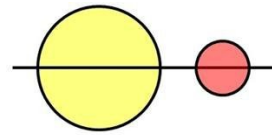


MPW is the leading service provider of integrated technology-based Industrial Cleaning, Facility Management, Water Purification and Container Management in North America. As AK Steel's Supplier of the Year, MPW partners with customers to enhance operational efficiencies, improve reliability and minimize costs.

MPW will locate in the Port Arthur Business Park on West Port Arthur Road. This was the first project of the Regional Economic Development Initiative, an effort to utilize all the assets of Southeast Texas through a collaboration of the economic development professionals in Hardin, Jefferson and Orange Counties.

Several projects came out of the failed development of Eastman Chemical. Pandora Methanol, ZEEP (Zero Emission Energy Plants) and Quantex now have a presence in Southeast Texas. Pandora has purchased, and is in the process of restarting, the Beaumont Methanol facility. ZEEP is in discussions with Eastman to rescale the original project and purchase a portion of the previously developed intelligence.

A role of the Regional Economic Development Initiative and SETEDF is to facilitate the recruitment and retention of major employers throughout Southeast Texas. The Foundation receives leads from the state to which we respond on behalf of the region. Below is an overview of the projects for which REDI, through SETEDF, submitted a proposal response.



Pandora Methanol LLC



Project Name	Capital Inv/Jobs	Project Name	Capital Inv/Jobs	Project Name	Capital Inv/Jobs
Project Pine	N/A	SubSea Pipeline	N/A	Revier Forest Products	N/A
Project Call	N/A; 50	Project Delta	\$206,000,000; 260	Project Nexant	\$200,000,000; 150
Project Red JLL	N/A; 400	International Wood Co.	\$23,000,000; 200	Project Big Top	\$27,800,000; 460
Project Vegan Dinner	\$4,000,000; 50	Project Genesis	\$7,000,000; 100	Project Hot Sun	\$2,500,000; 101
Project Texas H2O	N/A	Pandora Methanol	\$150,000,000; 100	Project Ball Bearing	N/A; 100
Project Sam's Club	\$7,000,000; 63	Project EC-001	\$40,000,000; 110	Project Mung Dahl	\$4,000,000; 20
Project Constellation	10,000,000; 40	M&G Polymers	\$800,000,000; 250	Project Green Oil	\$100,000,000; 65
Volunteer Pastilles	N/A; 15	Project Delta	\$800,000,000; 870	Project California MD	N/A; 175
Project Golden Dragon	\$100,000,000; 350	Quantex	\$25,000,000; 30	Project Touch Screen	N/A; 125

MY Town MY Job MY Voice

In the summer of 2010, we started seeing a disturbing struggle throughout the oil and gas industry and the small businesses that rely on the industry for their livelihood. Regulatory pressures, the oil spill in the Gulf of Mexico and the slow economy were making it difficult for the industry in the United States to do business as usual. Recognizing this industry has a tremendous impact on local and state economies, and the jobs and businesses it supports, we were increasingly alarmed about the direction of public policy relating to energy.

The Greater Beaumont Chamber of Commerce was inspired to develop the My Town My Job My Voice campaign one year ago to counter the negative political, media and public perceptions about the oil and gas industry and to remind everyone about how important this industry is to the daily lives of all Americans.



We were concerned that people here take it for granted and others outside of our area didn't fully appreciate how much the oil and gas industry add to our quality of life. We had the vision to get off of the sidelines and into the game – since so much was at stake.

The My Town Campaign quickly became a chamber-driven effort delivered through a website (www.mytownmyjobmyvoice.org) that relies heavily on face-to-face outreach at the local, state and national levels. Our aim was to unite businesses, organizations and communities that are impacted by the regulatory policies being placed or proposed on the oil, gas, petrochemical and refining industries.

We traveled around Texas and Louisiana, and even to Illinois, to make presentations about the value of the manufacturing and how poor public policy decisions are challenging these industries and our quality of life. We called on a variety of audiences to join the campaign and carry the message to their members, family and friends.

The My Town Campaign has grown as we sharpened our message and focused our outreach. Our plans for the upcoming year are even more ambitious. Our goal is for this campaign to become a sustainable advocacy effort that supports American jobs, new investment, and impacts public policy in major ways.

In one year, we have grown from our chamber to 41 chambers of commerce and 11 economic development organizations in three states. We expect to break 50 chamber of commerce partners by the end of the year. We have made presentations to state and federal groups and several state and national trade associations. As time has passed our message is more relevant and timely than ever! In the summer of 2010, we started seeing a disturbing struggle throughout the oil and gas industry and the small businesses that rely on the industry for their livelihood. Regulatory pressures, the oil spill in the Gulf of Mexico and the slow economy were making it difficult for the industry in the United States to do business as usual. Recognizing this industry has a tremendous impact on local and state economies, and the jobs and businesses it supports, we were increasingly alarmed about the direction of public policy relating to energy.

The Greater Beaumont Chamber of Commerce was inspired to develop the My Town My Job My Voice campaign one year ago to counter the negative political, media and public perceptions about the oil and gas industry and to remind everyone about how important this industry is to the daily lives of all Americans.

We were concerned that people here take it for granted and others outside of our area didn't fully appreciate how much the oil and gas industry add to our quality of life. We had the vision to get off of the sidelines and into the game – since so much was at stake.

The My Town Campaign quickly became a chamber-driven effort delivered through a website (www.mytownmyjobmyvoice.org) that relies heavily on face-to-face outreach at the local, state and national levels. Our aim was to unite businesses, organizations and communities that are impacted by the regulatory policies being placed or proposed on the oil, gas, petrochemical and refining industries.

We traveled around Texas and Louisiana, and even to Illinois, to make presentations about the value of the manufacturing and how poor public policy decisions are challenging these industries and our quality of life. We called on a variety of audiences to join the campaign and carry the message to their members, family and friends.

The My Town Campaign has grown as we sharpened our message and focused our outreach. Our plans for the upcoming year are even more ambitious. Our goal is for this campaign to become a sustainable advocacy effort that supports American jobs, new investment, and impacts public policy in major ways.

In one year, we have grown from our chamber to 41 chambers of commerce and 11 economic development organizations in three states. We expect to break 50 chamber of commerce partners by the end of the year. We have made presentations to state and federal groups and several state and national trade associations. As time has passed our message is more relevant and timely than ever!

