



# KILGORE

★ T E X A S ★

ECONOMIC DEVELOPMENT CORPORATION

Mid-Year Report 2020 - 2021

Page left blank intentionally.

# INTRODUCTION

In September 2016, the KEDC Board of Directors approved a five-year strategic plan describing how the organization would pursue its vision and mission statements. The **FYE 2021 Mid-Year Report** describes the progress being made so far towards the goals and objectives described in that plan, and it includes the following key elements:

- Section II** Executive Summary.
- Section III** 2017-2022 Strategic Plan.
- Section IV** 2021 Program of Work.
- Section V** Challenges and Issues with relevant program of work recommendations.
- Section VI** P&L Budget Overview (Budget vs. Actual).
- Section VII** Estimated Cash Flow worksheet.

## *Board of Directors*



**Bob Davis**  
*President*  
Bob Davis Sales



**Bobby Beane**  
*Vice-President*  
Laird Insurance



**Ricardo Vitoria**  
*Sec.-Treas.*  
Astronics



**Mike Head**  
*Asst. Sec.-Treas.*  
Closure Systems



**Jeff Stone**  
*Director*  
Yamaha/Skeeter

---

## *KEDC Staff*



**Jana Russell**  
*Executive Director*



**Stephanie Moore**  
*Office & Property Director*



**Austin Clark**  
*Research Specialist*

---

## Section II - Executive Summary

### *Summary*

Since the March 31 mid-point, KEDC closed two expansion projects and is negotiating a third. Together the two projects represent projections as shown below. **New and retained investment together is about twice the total investment of most years and exceeds all of the past five years with the exception of the year Orgill expanded.**

Retained Investment	New Investment	Retained Jobs	New Jobs
\$36,063,000	\$13,200,000	404	23

In addition to these projects the pipeline of leads and potential projects continues to grow. Last fiscal year, the number of leads exceeded expectations. So far, 2021 is on pace to equal 2020 lead generation.

<i>Leads</i>		
<p>KEDC staff cultivated 34 leads, of which 24 were actionable. Nine of the 10 leads in which we were unable to respond were sourced from the State. The other lead was presented to KEDC from a broker.</p> <p><b>Leads are contacts that have required an economic development service from KEDC. The overall number of leads is consistent from last year but grew from the previous year by 21 percent.</b></p> <p style="text-align: center;">The number of non-oil and gas related leads remains consistent at 88 percent.</p> <p>Internal KEDC activities continue to be the leading source for actionable leads. Internal KEDC activities include both inbound and outbound marketing.</p>		
<p>Total Leads Number</p>	<p>Total Leads Non-Oil and Gas</p>	<p>Actionable Leads</p>
34	30	24

Internal lead sources include direct calls, regional marketing groups, KEDC specific outreach and referrals. Those sources represent 71 percent of actionable leads and 50 percent of all leads.

During the past five years Kilgore Economic Development Corp. has closed projects that represent more than \$144 million in new and retained capital investment and 2,300 jobs with companies such as Orgill, Yamaha Marine (Skeeter Products) and Closure Systems International. The organization has invested almost \$20 million in asset and infrastructure development including the expansion of Synergy Park, a Class-A, campus-style industrial park.

## Section III - Strategic Plan 2017-2022

The Strategic Plan for Kilgore Economic Development has three areas of focus:

1. Business Climate – Development of real estate assets for Kilgore EDC targets.
2. New and Retained Investment and Jobs –Project development and closure.
3. Sustainability – Maintenance of resources to support economic development in Kilgore.

Business Climate	Maintain a relevant inventory of property for primary employers.
New and Retained Investment and Jobs	Generate leads from non-energy related industry sectors.
Sustainability	Protect the financial integrity of the organization.

The Kilgore EDC organizational statements are as follows:

**Mission:** To enhance a business climate that is conducive to primary job creation and retention, improving the standard of living for Kilgore residents.

**Vision:** A diverse economy that attracts and retains high impact projects and quality jobs.

**Value:** We deliver high impact results with outstanding customer service.

## Section IV – Program of work 2019-2020

Business Climate	Maintain a relevant inventory of property for primary employers.	Mid FYE 2021
Objective	To be primed to attract investment, we must evaluate gaps in inventory and infrastructure and invest as finances allow, ensuring key sites and buildings are prospect ready.	
Goal	Keep “Cannot Respond” rate to below 20%.	29%
Measurement	Commitments for: <ol style="list-style-type: none"> <li>1. Asset and</li> <li>2. Infrastructure development to benefit primary employers.</li> </ol>	\$2,572,363

2020-2021 Program of Work						
Strategy	Activity	Goal	Project	Complete	Remain	Target MY
<b>Infrastructure</b>						
Synergy Park	Utility installation	1	Electricity		1	Y
		1	Fiber/Broadband		1	Y
		1	Natural Gas		1	Y
<b>Inventory</b>						
Synergy Park Phase V	Road Construction	1	Design		1	Y
Industrial Park 2.0	Site Evaluation	1	Evaluate and Compare Sites		1	Y
Spec Building Program	Construction Documents	1	100,000 SF		1	Y
	Promotion	1	Various Channels	1	0	Y
Property Management	Inspections	2	4005 FM 349	1	1	Y
		2	CDL Facility	1	1	Y
		2	4017 Enterprise	2	0	Y
		2	Synergy Park	2	0	Y
		4	Cox Drive	2	2	Y
		4	Kilgore Industrial Park	2	2	Y
		4	North Kilgore Industrial Park	2	2	Y
		4	East Kilgore Industrial Park	2	2	Y
		4	General Dynamics Property	2	2	Y
	Lease renewals	As Needed	4005 FM 349	0		Y
		As Needed	CDL Facility	0		Y
		As Needed	4017 Enterprise	0		Y
		As Needed	General Dynamics Property	0		Y
	Maintenance	As Needed	4005 FM 349	2		Y
	Maintenance	As Needed	CDL Facility	0		Y
	Maintenance	As Needed	4017 Enterprise	6		Y
	Maintenance	As Needed	General Dynamics Property	0		Y
	Room Rentals	As Needed	Synergy Center	2		Y
Property Identification	Other Real Estate	12	Available Industrial Space	6	6	Y

New and Retained Investment and Jobs	Generate leads from non-energy related industry sectors.	Mid FYE 2021
Objective	To attract and retain high impact projects with quality jobs from targeted industries we must engage in both inbound and outbound marketing and BRE programs.	
Goal	Close projects with an average ROR of 10% or more and a payback period of 10 years or less.	24.6% 4.25 Years
Measurement	<p>From targeted industry sectors:</p> <ul style="list-style-type: none"> <li>3. Number of leads generated from targeted industry sectors.</li> <li>4. Number of closed projects.</li> <li>5. Number of jobs under contract.</li> <li>6. Amount of investment under contract.</li> </ul>	<ul style="list-style-type: none"> <li>3. 30 of 34</li> <li>4. 2</li> <li>5. 427</li> <li>6. \$50,080,000</li> </ul>



2020-2021 Program of Work							
Strategy	Activity	Goal	Project	Complete	Remain	Target MY	
<b>Lead Development</b>							
Retained and Expanded Industries	Key Account Management	13		13	0	Y	
	Contact Maintenance	45		17	28	Y	
	Industry Survey	30	General			Y	
		3	Pulse	7	-4	Y	
New Industries	Geographic Recruitment	3	NETEA	1	2	Y	
		1	Team Texas	0	1	Y	
			1	TBIC	0	1	Y
			2	Internal	0	2	Y
		Trade Shows	2	Right Corner	0	2	Y
			1	Team Texas	0	1	Y
			1	TBIC	0	1	Y
			6	SLP	4	2	Y
			3	Internal	0	3	Y
		Internal Outreach	10	Lead Generation Initiative	12	-2	Y
Lead Generating Agents	Site Selectors	1	SEDC	0	1	Y	
		1	Team Texas	0	1	Y	
		Office of the Governor	1	NETEA	0	1	Y
			1	Go Big in Texas	0	1	Y
		Industrial Realtors	2	I-20 Corridor	0	2	Y
			1	IAMC	0	1	Y
		Lead Nurturing	1	Pipeline Management	1	0	Y
<b>Branding</b>							
Collateral Materials	Videos	1	Testimonials	0	1	Y	
	Photos	As Needed		1		Y	
	Profile	1	Brochure	0	1	Y	
		1	Digital Presentation	0	1	Y	
	Promotional Items	As Needed		3		Y	
Online Presence	Website Update	1	New	1	0	Y	
	Directories	2	Site Selection Publications	2	0	Y	
	Available Properties	60	Entry and Verification	10	50	Y	
<b>Workforce Development</b>							
Kilgore ISD	HR Luncheons	4	Lunch & Learn	1	3	Y	
	KISD Teacher Facility Tours	4	Annually	0	4	Y	
	Career Events	1	Middle School Career Fair	0	1	Y	
Kilgore College	Advisory Boards	2	Representation	2	0	Y	
WorkKeys	Testing	75	Students	0	75	Y	
	Assessments	1	Industry	0	1	Y	
<b>Small Business Development</b>							
Pipeline Management	Advice and Referrals	As Needed		0		Y	
	Business Information Center	1	SizeUp Tool	1	0	Y	
	Promotion	1	Website Link, Various	0	1	Y	

Objective

To impact economic outcomes in Kilgore we must seek and provide opportunities to collaborate with economic development partners.

Goal

Maintain Kilgore Economic Development Corp. as a relevant and financially viable organization.

Measurement

- 7. Meet budget.
- 8. Maintain positive cash flow.

- 7. Expenses at 34 percent of budget.
- 8. Even when considering potential cash outlay and reduced revenue, cash flow is projected to be positive over the next 10 years.

2020-2021 Program of Work						
Strategy	Activity	Goal	Project	Complete	Remain	Target MY
<b>Partner Collaboration</b>						
Chamber of Commerce	Bizconnect	1	Sponsorship	0	1	Y
	Membership	1		1	0	Y
	E4	1	Participation	0	1	Y
& Other	Joint Training Opportunities	As Needed	Sponsorship	0		Y
Existing Industry	Special Projects	12	As Needed	8	4	Y
	Management Roundtable	2	Annually	1	1	Y
	Industry Appreciation	1	Reception	0	1	Y
	Workforce Appreciation	6	TBD	3	3	Y
Governmental	Collaboration	As Needed	City	6		Y
		As Needed	County	2		Y
		1	State	1	0	Y
		As Needed	Federal	1		Y
<b>Organizational Proficiency</b>						
Employee Performance Reviews	Meetings	3		2	1	Y
Continuing education	BRE, ED, Gov., Property, Reg	12		7	5	Y
	Webinars	As Needed		0		Y
Awards	Economic Excellence	1	Designation	0	1	Y
Program of Work	2022	1		0	1	Y
<b>Communications</b>						
Advisory Board Meetings	Administrative	2		1	1	Y
Board Meetings	Administrative	11		6	5	Y
SPPOA	Administrative	1		1	0	Y
News	Various activities and information	6		4	2	Y
<b>Financial</b>						
Budget	Board Meetings	11		6	5	Y
Cash flow	Board Meetings	11		6	5	Y

## Section V - Challenges and Issues

The three areas of the current KEDC Strategic Plan and corresponding Program of Work are focused on project related goals: preparing for primary employers; finding, developing and closing projects from existing and new primary employers; and sustaining our financial ability to accomplish both.

While we are in the process of recovering from the global pandemic, we have not quite recovered and KEDC's most successful lead generation and closure methods have been stymied. Even though the pandemic may end and the economy will rebound, certain adjustments have remained. Prevalent economic forecast scenarios suggest a cautiously optimistic rebound within the next quarters dependent on virus variants, vaccine distribution and vaccine effectiveness against the variants. Early recovery estimates projecting initial recovery beginning in 12-18 months with a 2- to 5-year recovery period are proving to be accurate.

### *Short Term Challenges*

**Challenge:** Rebuilding the KEDC project pipeline.

**Recommended Response:** While the number of leads is impressive, actionable leads and lead closure has suffered without access to marketing methods that have proved successful for the organization.

Opportunities from the KEDC Marketing Plan are beginning to become part of the calendar as California and Chicago begin to "open." We recommend a continued progressive response to lead generation activities.

### *Long Term Issues*

**Issue:** Budget Volatility.

**Recommended Response:** Because local sales tax is being impacted in a variety of ways, the KEDC budget is in the forefront of KEDC conversations. Our recommendation is to continue expansion of the "virtual" and real building program to develop alternative income for the organization. If effective, the program over time will require additional property development and management expertise and additional KEDC personnel.

In addition, the Strategic Plan for Kilgore EDC is due for renewal in 2022. Given the nature of recent budget developments, our recommendation is to pursue a new plan where development is directed by a third-party strategic planning firm.

# Section VI- P&L Budget vs. Actual

11:15 AM  
04/08/21  
Accrual Basis

## Kilgore Economic Development Corp Fund 70 Budget vs. Actual Summary October 2020 through March 2021

	Oct '20 - Mar 21	Budget	\$ Over/Under Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
5001 · Sales Taxes	753,738.78	2,250,000.00	-1,496,261.22	33.5%
5005 · Garbage Sales Tax	5,810.27	11,254.00	-5,443.73	51.63%
5201 · Interest -Austin Bank Operating	1,382.64	4,680.00	-3,297.36	29.54%
5204 · Interest - Texpool Operating	3,615.36	51,900.00	-48,284.64	6.97%
5205 · Interest-TexSTAR Bond Set Aside	690.38	12,000.00	-11,309.62	5.75%
5400 · Lease Revenue	138,260.62	283,533.00	-145,272.38	48.76%
5401 · Miscellaneous Income	569.11	1,000.00	-430.89	56.91%
5402 · Incentive Recovery	35,080.91	25,800.00	9,280.91	135.97%
<b>Total Income</b>	<b>939,148.07</b>	<b>2,640,167.00</b>	<b>-1,701,018.93</b>	<b>35.57%</b>
<b>Gross Profit</b>	<b>939,148.07</b>	<b>2,640,167.00</b>	<b>-1,701,018.93</b>	<b>35.57%</b>
<b>Expense</b>				
600 · Supplies Expense	2,283.85	7,800.00	5,516.15	29.28%
610 · Contractual Services	391,068.74	789,300.00	398,231.26	49.55%
612 · School Registration & Training	594.00	6,640.00	6,046.00	8.95%
614 · Travel Expenses	397.29	25,200.00	24,802.71	1.58%
616 · Dues, Fees & Memberships	1,755.00	4,034.00	2,279.00	43.51%
620 · Marketing	60,838.86	225,000.00	164,161.14	27.04%
630 · Business Retention - Expansion	4,509.51	76,102.00	71,592.49	5.93%
640 · Synergy Center Lease Expenses	49,827.41	84,940.00	35,112.59	58.66%
650 · Buildings & Grounds Maintenance	43,472.08	181,032.00	137,559.92	24.01%
660 · Capital Expenditures	64,934.13	415,000.00	350,065.87	15.65%
<b>Total Expense</b>	<b>619,680.87</b>	<b>1,815,048.00</b>	<b>1,195,367.13</b>	<b>34.14%</b>
<b>Net Ordinary Income</b>	<b>319,467.20</b>	<b>825,119.00</b>	<b>505,651.80</b>	<b>38.72%</b>
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
680 · Transfers Out of Operating Fund	412,560.00	825,119.00	412,559.00	50.0%
<b>Total Other Expense</b>	<b>412,560.00</b>	<b>825,119.00</b>	<b>412,559.00</b>	<b>50.0%</b>
<b>Net Other Income</b>	<b>-412,560.00</b>	<b>-825,119.00</b>	<b>-412,559.00</b>	<b>50.0%</b>
<b>Net Income</b>	<b>-93,092.80</b>	<b>0.00</b>	<b>-93,092.80</b>	<b>100.0%</b>

## Section VII - Cash Flow Worksheet

Page left blank intentionally.







KILGORE ECONOMIC DEVELOPMENT CORPORATION Estimated Cash Flow Worksheet

	98	B										C E I G I I										AH			
		SCHEDULE A - Special Projects - Funds Committed: (Maximum Payments on Contractual Commitments)																							
		Actual	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG
		09/30/20	PD	09/30/21	PD	09/30/22	PD	09/30/23	PD	09/30/24	PD	09/30/25	PD	09/30/26	PD	09/30/27	PD	09/30/28	PD	09/30/29	Estimated	Estimated	Estimated	Estimated	Estimated
98																									
99																									
100	Adams/Alliance Tilt Wall Direct Fees & Expenses 08/21/18	-		2,183	X			7,000																	
101	Ana Lab #2097 10/15/19	-		29,500	X	3,500																			
102	City of Kilgore/Commitment for Type B projects (carryover)	-		20,915	I																				
103	Cleveland Steel 01/2019	-		15,330	X																				
104	Closure Systems International (Southern Plastics) 01/15/19	-		48,000	X	31,500	X																		
105	Closure Systems International (Southern Plastics) 05/04/21	-		600,000	X	50,000		51,530																	
106	Command Packaging (PakSher) 05/04/21	-		52,800		97,800		74,800																	
107	Evolution Outdoor Design #2068 06/04/2019	-		68,726		174,600		15,000																	
108	FM 349 at FM 2276, Infrastructure Environ/Wetlands	-		18,781																					
109	General Dynamics - Lot on County Road @ Longview Street	-		30,252	NC																				
110	KEDC Covid-19 Grants 04/07/2020	-		122,400	I																				
111	KEDC Halliburton FM 349 Langant/Adams Engineering 01/12/11	-		36,000	I																				
112	KEDC Halliburton FM 349 Pendulum Surveying 01/12/21	-		12,000																					
113	KEDC Halliburton FM 349 Environmental Phase 1 01/12/21	-		4,500																					
114	KEDC Halliburton FM 349 Environmental Phase 11 03/16/21	-		9,915																					
115	KEDC Halliburton FM 349 Ernest Money	-		25,000	X																				
116	KEDC Halliburton 2906 Hwy 349 Property Purchase Closing	-		2,475,000	X																				
117	KEDC Strategic Construction Finish-out Tilt Wall Bldg 04/09/19	-		234,546																					
118	Maverick Drive, Unit 2, Lot 3 Detention Pond Engineering	-		8,730																					
120	Merritt #2061 01/2019	-		37,500	X	37,500																			
121	Orgill 07/17/2018	-		75,000		75,000		75,000																	
122	Premier Pressure Pumping 11/22/16	-		17,487	I	25,000		25,000																	
123	SCP Distributors #1 11/2013	Extended		8,332																					
124	Texas Core Energy LLC # 2171 Carpedim 06/16/2020	-		47,250		22,250		20,562																	
125	VW Manufacturing Services #1 2056 05/2018	-		20,000																					
126	VW Manufacturing Services #2 2056 10/2018	-		30,118	I	10,000																			
127	VW Manufacturing Services #3 2092 04/09/2019	-		0																					
128	Wagner Tuning 05/2019 (Lease payment reduction-applied to bond pymt)	-		-317,000	NC	100,000	NC	100,000	NC	100,000	NC	100,000	NC	50,000	NC	50,000	NC								
129	Wagner Tuning 05/2019	-												44,229		40,834									
130																									
131	<b>TOTAL RESERVED FOR COMMITMENTS</b>	0		4,367,266		627,150		368,892		243,563		267,000		184,229		180,834		22,000		15,000		0		0	
132	<b>TOTAL CASH RESERVED FOR COMMITMENTS*</b>	0		4,020,014		527,150		268,892		143,563		167,000		134,229		130,834		22,000		15,000		0		0	
133	(*subtract any non-cash incentives from total)																								
134																									
135																									

	B	C	E	G	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH																							
	SCHEDULE B - Special Projects - Pending Commitments:																Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated																				
	(Maximum Payments on Pending Commitments)																09/30/21	09/30/22	09/30/23	09/30/24	09/30/25	09/30/26	09/30/27	09/30/28	09/30/29	09/30/30	09/30/31	09/30/32																									
136	Prospect 1756 01/20/15 (formerly 1642) (incentive + engineering)																232,700																																				
137	Prospect 1947 Chalkboard 06/20/17 Land Lot 13																65,000 NC																																				
138	Prospect 1947 Chalkboard 06/20/17																600,000																																				
139	Prospect 1947 Chalkboard 06/20/17 Possible loan from City of Kilgore																(600,000)																																				
140	Prospect 1947 Chalkboard 06/20/17																																																				
141	Prospect 2118 Bronco 04/07/2020																126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200	126,200				
142	Prospect 2179 Magnolia Expansion 09/03/20																130,000	100,864	17,464	48,044	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764	19,764		
143	Prospect 2167 Waterboy 05/19/2020																270,400																																				
144	Prospect 2238 Black Box 05/24/2021																15,000	500,000	500,000	600,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000		
145	Property Acquisition C																																																				
146	Property Acquisition E																																																				
147	TOTAL POSSIBLE PENDING COMMITMENTS																805,250	727,064	812,484	884,244	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464	566,464			
148	TOTAL POSSIBLE PENDING CASH COMMITMENTS*																740,250	727,064	643,664	884,244	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364	141,364
149	(*subtract any non-cash incentives from total																																																				
150	Total Paid X																																																				
151	Partial Paid Y																																																				
152	Non-Cash NC																																																				
153	Decisions needing to be made																																																				
154	Funds reserved after due date																																																				
155	Option amount only																																																				
156	Cash Available for future commitments																																																				
157	Grant funds obligation released																																																				
158																																																					
159																																																					
160																																																					