

ANNUAL REPORT 2019-20 FISCAL YEAR

October 2020



Midlothian Economic Development
Make great things with us.

From the Chair

The 2019-20 fiscal year has been one of excitement and continued progress for Midlothian Economic Development (“MED”). We began our year by welcoming, Kyle Kinateder as the new President and CEO of our organization. Kyle is the fourth person to serve in this role and replaced Larry Barnett who retired and remains a resident of our community.

The Board approved a work plan that focused on five core areas that balanced internal organizational improvements with our charge to aggressively seeking out new and expanding business enterprises. The Midlothian Business Park was the highest priority of our core focus areas as we’ve positioned this asset for immediate success. At the end of September, we successfully closed on 71 acres for the construction of a 1.1 million square foot facility for Sunrider Manufacturing. We also ended the year with an additional 55 acres under contract that is scheduled to close in late November. Over 80% of the Midlothian Business Park has been sold or is under contract.

In addition to our focus on recruitment, the MED assisted our existing industry. In March, Gerdau/Ellis Solar announced an \$80 million project to construct an 80-megawatt solar farm. This project is the first step in a reinvestment plan of the Gerdau facility that will preserve over 1,000 jobs in Midlothian.

At the conclusion of another successful year, the Midlothian economy remains strong as we continue to have new investment and expansion of our local facilities.

Sincerely,



Dr. Wayne Shuffield
MED Board Chair

About the MED Board

The Board is made up of 7 members who are empowered to make decisions and enter agreements for the MED. Board members are selected by the Midlothian City Council. Board members can serve for two-year terms at the pleasure of the Council.

The MED is tasked to grow the Midlothian economy by undertaking qualified projects outlined by state statute. Projects are limited to (1) the creation or retention of primary jobs, (2) certain job training, (3) certain infrastructure improvements needed for new or expanded enterprises, and (4) career centers. The MED may also undertake other certain projects with the approval of Midlothian voters.

Five Areas of Focus...

In December 2019, the Board approved a work plan that outlined five core focus areas. Each focus area was defined and included specific action items that would be carried out during the fiscal year. The Board received monthly updates on the progress of the work plan. Key performance indicators were used to measure progress throughout the year.



#1 Midlothian Business Park

The highest priority for the MED was to see the development of the Midlothian Business Park. The park was to be marketed to primary job employers and speculative industrial developers who would use private funding to build spaces for new and expanded business enterprises.



#2 Department Fundamentals

With new management staff onboard, the MED would use the year to review internal procedures, update policies, and streamline processes that will be used by the MED for years to come.



#3 Expansion

One of the core purposes of the MED is to seek out new and expanding companies that create primary jobs and grow our local economy.



#4 Workforce Development

The MED and greater community have a long history pursuing education and workforce programs that benefit our residents and employers.



#5 Partnerships

Our community has multiple organizations that offer economic development incentives. Throughout the year, the MED reengaged these relationships and helped to build a cohesive economic development team.





Midlothian Business Park

The Midlothian Business Park was the MED's primary focus of the year. The land for the park was purchased in 2014. The MED intended to create a park that would increase the quality of industrial development, create a new location for small industrial users, and to grow the Midlothian economy. Infrastructure improvements were immediately constructed to offer development ready sites for new or expanding business enterprises. The MED engaged with Colliers International to expand our exposure to national tenants looking within the Dallas-Fort Worth market.

The 2019-20 strategy was to seek out speculative industrial developers who would privately develop industrial space since most companies will only consider space that available for immediate occupancy.

During this time, staff connected with Project Moon Driver. In May 2020, Earth Root Holdings put under contract 71 acres which will be used to construct a 600,000 square foot manufacturing facility and a 500,000 square foot warehouse and distribution building for Sunrider Manufacturing. Sunrider manufactures health and wellness products that are sold through independent distributors and over 500 retail stores worldwide. This property closed in late September with construction to begin in late October 2020.

In June, 8.625 acres was put under contract to build a 40,000 square foot manufacturing facility for Vision Engineering. Vision Engineering designs and manufactures LED lighting that is used in large warehouses and in commercial refrigeration displays. This property is scheduled to close by late November 2020.

In July, 47 acres was put under contact to TCGNA Inc.. TCGNA is a developer who plans to construct over 500,000 square feet in multiple buildings. The first building will be at least 150,000 square feet and will be available for companies as small as 25,000 square feet. This property is scheduled to close by late November 2020.



Department Fundamentals

The MED is a non-profit industrial development corporation that was established in 1999 with approval by Midlothian voters. The MED was created to grow the Midlothian economy and to benefit the City of Midlothian. Though a separate entity, the MED has enjoyed a long partnership with the City. The MED has benefited from the City's leadership and support as our organization was established and grown.

In effort to improve the MED's organization. The MED conducted an internal audit and identified multiple internal processes and items for improvement. Each of these items were reviewed and changes were made to ensure long-term benefit to our organization. Improvements during the 2019-20 fiscal year include:

- Resolutions - The MED expanded its practice of using Resolutions to formalize Board actions. Each Board action now requires an MED Resolution that has been drafted to provide background and justification each action. Prior to being approved, each MED Resolution is review for legal accuracy by the MED's attorney.
- Investment Policy - The MED undertook an extensive update to the MED Investment Policy. Significant changes were made to ensure compliance to State statute as well as current practices by the City of Midlothian. The changes better align with current practices and will streamline future implementation.
- Midlothian Business Park Administration – As part of our efforts to sell property at the Midlothian Business Park, the MED made multiple updates and changes to the broker listing agreement, property owner association bylaws and restrictive covenants, and easements that will benefit the park and community for years to come.
- Other – The MED also made updates to streamline our agreements, service agreement, budget process, and records management.



Expansion

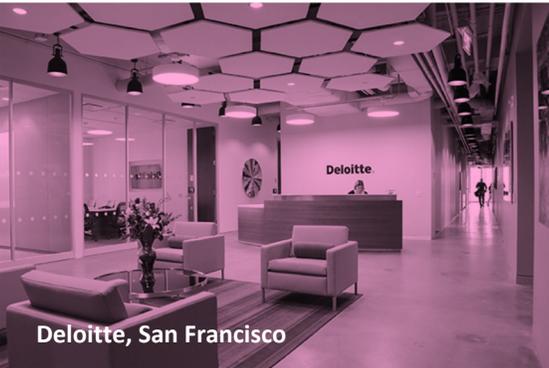
Company expansion is one of the main objectives of the MED. The MED specifically seeks out companies that create or retain primary jobs. Primary jobs occur at companies that export a product or service and thereby generate new money for our local economy. The MED works with both existing Midlothian companies as well as new companies seeking to locate to our City.

The MED’s expansion target is to attract quality development and generate new wealth for our community. The MED uses the recruitment pipeline (*lead – inquiry – prospect – locate*) to help companies move through the site selection process. New leads are generated through MED marketing and promotional activities. The MED leverages regional and state partners to better promote the City of Midlothian and generate new leads.

As part of the 2019-20 fiscal year, the MED used Recruitment Events, Industry Events, Primary Job Employer Meetings, Inquiries, and Prospects as key performance indicators to monitor our progress throughout the year. Despite significant adjustments that resulted from COVID-19, the MED was able to achieve or exceed each of our key performance indicators except primary job employer meetings which were limited at the request of our local employers.

MED EXPANSION KEY PERFORMANCE INDICATORS

	Recruitment Events	Industry Event	PJE Meetings	Inquiries	Prospects
FY 2019-20	8	2	11	158	52
Fiscal Year Goal	8	2	14	120	42



Expansion Activities

The MED uses a variety of activities to engage primary job employers and to identify new leads including targeted lead generation, website promotion, site selector events, trade shows, industry events, and most importantly strengthening relationships with existing employers and previous recruitment contacts.

Trade Shows

The MED partnered with Team Texas, Oncor and Site Location Partnership to attend five trade shows. Through these events over a thousand new leads were generated. The MED also uses these events to follow up with previous leads.

Roadshows & Marketing Meetings

The MED partnered with Team Texas and the DFW Marketing Team to host events and meetings with companies and site selection consultants. From these meetings, the MED was able to generate over 20 leads that translated into active prospects and one location.

Primary Job Employer Meetings

The MED met with 11 primary job employers from Midlothian. These meetings are a great opportunity to strengthen our relationship with our existing employers and for the companies to learn about how the MED can assist them with their retention or expansion projects.



Workforce

The Midlothian community and the MED have a long heritage promoting education and workforce development. Significant resources and countless volunteer time have been given to our local public school district, community college, and area trade school in effort to ensure the opportunity for our residents and qualified workers for our local industry.

During the 2019-20 fiscal year, the MED sought to evaluate Section 501.162 of the Texas Local Government Code to identify potential new programs for our community. We also sought out to support our local workforce partners.

Section 501.162 authorizes Type A and Type B economic development corporations to use their funding for workforce development. Through this section, corporations can provide grants to employers for workforce training so long as they increase wages or pay above a prevailing. The MED evaluated multiple grant programs that may apply to our community. It was determined that the MED forgo a new program and utilize its resources on other projects.

Throughout the year, the MED supported its many training partners.

- The MILE - The MED supported community awareness to drive awareness and funding for the MILE. The MILE is a new facility that will offer high school students a premier facility as part of their Career Education and Technology program.
- Midlothian Higher Education Center – The MED continues to actively facilitate a collaborative effort to bring higher education to the Midlothian Community. Because of COVID and personnel changes, several of the meetings were canceled. The group looks forward to a reboot over the next year.
- Chamber Higher Education Committee – The MED provided financial and administrative support to the Chamber’s higher education committee. The year began with a successful kickoff of the Business Plan Competition, when COVID hit, most events had to transition online. Despite the new format, the committee continues to provide our local businesses resources to grow their businesses.
- TSTC Scholarship – FY 2019-20 concludes the third year of a commitment by the MED to provide funding for TSTC scholarships to Midlothian residents. Going into the year, TSTC had more funding than students. Mid-year, the MED and TSTC made adjustments to how the scholarship is promoted, to-date 20 scholarships have been filled. TSTC and the MED will continue to promote the remaining 10 scholarships.

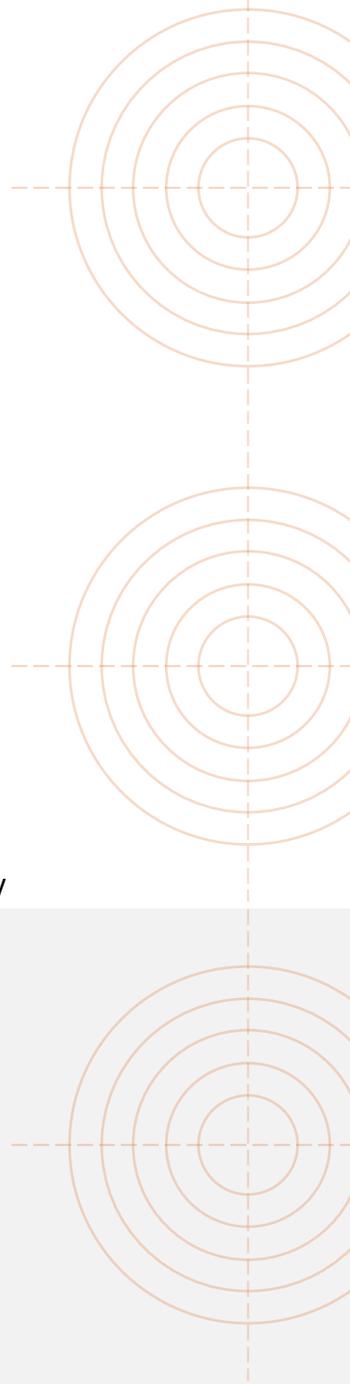


Partnerships

Midlothian has multiple organizations that offer economic development resources including (1) City of Midlothian, (2) Ellis County, (3) Midlothian Community Development Corporation, (4) Midlothian Development Authority, and (5) the MED. The MED acts as the single point of contact for large projects seeking to locate or expand in the City. The MED evaluates each project to determine the best approach for local participation and to maximize the overall benefit to our community.

During the 2019-20 fiscal year, the MED sought to strengthen its relationships with each of these organizations to ensure united strength for each project that the group would consider. The MED met regularly with each organization to provide updates on ongoing projects. Throughout the year, multiple projects were evaluated, and each organization was given the ability to consider their participation where applicable.

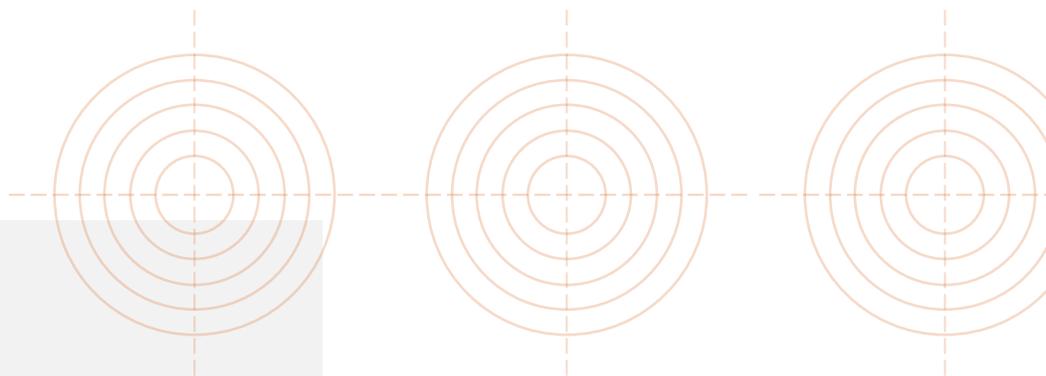
In June, the MED took the lead in updating the City's Tax Abatement Policy. The new updates highlight the collaboration between each of the community's economic development organizations. The policy removed prior program limitations to align with state law. The changes give the City the ability to negotiate each project and to be more aggressive when a project provides more benefit for the community. The City added a wage requirement so City tax abatements will only be used for those projects that have an average wage in excess of the County's average wage. For those projects that do not meet the wage requirement, the other economic development organizations are still able to participate.



Moving into 2020-21

The focus for the upcoming year will include:

- **Administrative Policy & Efficiency** - As part of an ongoing effort to improve organizational efficiency, the MED will review and update the MED Bylaws, internal policies, and standard operating procedures. The MED will identify and review internal processes for efficiencies that will free up both staff and board time.
- **5 Year Focus on Projects** – The MED will undertake a planning exercise that will identify key projects, authorized by Subchapter C of Chapter 501 of the Texas Local Government Code, for the MED to pursue over a five-year period. The MED will allocate funding to each project type and modify the annual work plan to carry out the key projects. Overtime this list will be modified and adjusted to the direction of the MED Board and City Council. Possible projects may include funding for a higher education center, downtown infrastructure improvements, new commercial and industrial development, etc.
- **Target Primary Job Employers** – Company expansion is one of the key objectives of the MED. The MED has made significant progress to create speculative space. During the upcoming year, the MED will focus all recruitment and expansion efforts on attracting primary job employers to the City of Midlothian.
- **Intentional Promotion** – State law allows the MED to expend funds for promotional purposes. The MED will focus its promotional efforts on (1) enhancing Midlothian’s image to MED prospects, (2) creating awareness to MED prospects of the existing space and shovel ready sites within Midlothian, and (3) supporting workforce training opportunities for our community.



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