

Texas Quarterly Update

NON-CIRCULATING

Published by the Texas Industrial Commission

Revolving loan Funds overcome High interest rates

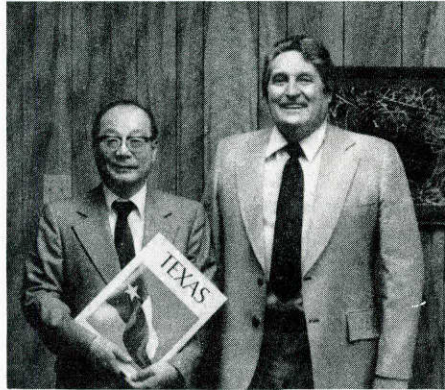
With today's high interest rates for conventional lending and the threat of federal interest subsidies drying up, many businesses are desperate for available, affordable capital. Several Texas communities are finding the revolving loan fund to be an effective device for using both private and public dollars for economic development.

As early as 1973 the Department of Housing & Urban Development (HUD) used some Model Cities money for revolving loan funds (housing rehabilitation). However, it was not until later in the '70's that revolving loan funds for commercial and industrial development took hold when cities began using HUD Community Development Block Grant and Urban Development Action Grant funds.

The unique advantage of the revolving loan fund is that it allows continual reuse of a single sum of money. Generally, it will fund only enough of a project to leverage private financing that would not otherwise have been forthcoming. This makes public sector investments go further and provides the city or development organization a dependable ongoing source of capital.

Through its Small & Minority Business Development Department, the Industrial Commission is currently working with several small communities as well as the economic development departments of major cities to establish revolving loan funds. This "recycled" money is being used for everything from

(See REVOLVING FUNDS, Page 5)



TIC Executive Director Gerald Brown (r) presents a memento of Texas to Sadao Saito, Consul-General of Japan. Saito was in Austin visiting the Industrial Commission offices and getting acquainted with the International Development staff. He has recently been assigned to the Consulate General's Office in Houston.

Governor Clements Appoints two new TIC Commissioners

Governor Bill Clements has appointed J. A. (Joe) Kloesel, Jr. of Midland and John Sammons, Jr. of Temple to the Texas Industrial Commission board. Both men will represent the general public on the 12-member board and will serve six-year terms which expire February 15, 1987.

Commissioner Kloesel, vice president of Canyon Consolidated, Inc., is currently president of the Midland Industrial Development Corporation and president-elect of the West Texas Chamber of Commerce. He is vice president of the Midland Industrial Foundation, dis-

(See NEW COMMISSIONERS, Page 4)

Sharp competition marks states' Recruitment of high-tech firms

Industrial development has always been a competitive field, but recently more and more states have begun zeroing in on recruiting specific industries.

The hot pursuit of electronics jobs, for example, is hardly surprising. Using 1977 as a base year, the Labor Department says that employment in computers and related products will grow by up to 82 percent by 1990, and jobs in electronic components will grow by 64 percent. This kind of employment expansion contrasts sharply with maximum motor vehicle growth estimated at 37 percent, textile growth at 18 percent, and steel growth at only eight percent.

A recent article in *The New York Times*, "Going After High

Tech" by Doug McInnis, takes a look at what some states are doing to land the high-technology growth industries.

In North Carolina, Governor James Hunt, Jr. is spearheading the state's effort to woo the microelectronics industry. For example, he headed up a recruiting trip to California's Silicon Valley where he met with officials from Intel, Memorex and Hewlett-Packard. He has also pushed for construction of a multimillion-dollar, state-run microelectronics center to help lure the industry. (The state legislature recently approved \$24 million for the facility which is expected to be complete by 1983.)

The results to date have been

(See HIGH-TECH, Page 9)

Texas Quarterly Update

Vol. 1 FALL, 1981 No. 3



GOVERNOR

William P. Clements

COMMISSIONERS

Don Adams, Chairman
 Ray Clymer, Vice Chairman
 Lewis E. Bracy, Jr.
 Zack Burkett
 Hector Gutierrez, Jr.
 James T. Hunt
 J. A. Kloesel
 Pat Mauritz
 Jim Sale
 John Sammons, Jr.
 James H. Simms
 Jon Underwood

EXECUTIVE DIRECTOR

Gerald R. Brown

STAFF AND CONTRIBUTORS

Cheryl L. Rummel, Editor
 Ralph Hausser, Associate Editor
 Sarah Hubert, Contributing Editor
 Nancy J. Gamble, Typography
 Jackie Powell, Reproduction

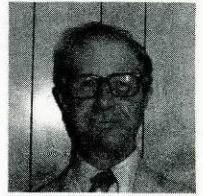
For Information Call:
 512/472-5059

Executive Division
 Fiscal & Staff Services
 Communications & Information
 Rural Loan Fund & Revenue
 Bond Administration

Economic Development Division
 Industrial Locations & Services
 Energy Utilization
 International Development
 Small & Minority Business
 Development
 Research & Data Services

The Official Publication of the Texas Industrial Commission. Editorial contributions are welcome and should be addressed to Editor, P.O. Box 12728, Capitol Station, Austin, Texas 78711.

Personally Speaking



The Energy Utilization Department of the Texas Industrial Commission has been asked to assist the major airport facilities across the United States in a program of energy conservation.

A representative of Transworld Airlines attended one of the TIC-sponsored workshops in Dallas and was impressed with the professional manner in which the workshop was conducted as well as with the practical and usable information received. It was at this time the Joint Aviation's Facilities Energy Management Task Force was formed, and the TIC was contacted to develop an energy conservation workshop that would address the energy problems of major airports. We were pleased to respond to this request and scheduled a two-day workshop in San Antonio covering energy conservation in boiler operations and steam and condensate systems.

The September workshop is jointly sponsored by the American Association of Airport Executives, Airport Operators Council International and the Air Transport Association of America. Energy managers of major airports from throughout the United States will attend.

We in the Energy Department take justifiable pride in having been selected to conduct this workshop for one of the most energy intensive operations in the United States. Our past record, as certified by an independent auditing firm, reveals this department has given direct assistance to Texas industries which has resulted in an energy savings of 465.6 trillion BTU's of energy. This translates to \$3.2 billion of avoided energy costs for Texas industries. This savings provides available funds for plant growth and expansion resulting in more job opportunities and a healthier financial climate for the State of Texas.

Such sponsored workshops are a relatively new concept developed by the Energy Department, and the response has been outstanding. As of this date, workshops have been sponsored by the City of Waco, Texas Tech University, Houston Lighting & Power Company, General Foods, West Texas State University, Lubbock Power & Light Company, Amarillo College, the Tandy Corporation, the City of Harlingen, Gulf States Utilities, the City of El Paso and Sun Oil Company.

Our department stands ready to work with any group or organization interested in sponsoring workshops on a variety of subjects relative to increased profits through the reduction of energy costs.

Ted Waldrop, Manager
 TIC's Energy Utilization Department

Dallas supplier named Hispanic Businessman of the year

Sam Moreno has been named Hispanic Businessman of the Year by the Texas Association of Mexican-American Chambers of Commerce (TAMACC), because he owns one of the largest minority-owned oil field supply companies, and because he constantly tries to spread the word to other Hispanics that a better way of life is within reach if one can learn what makes America tick . . . economics.

Traveling around the state speaking to various groups, Moreno says, "In one way I hate to get out and talk because it looks like I'm saying, 'Look at me, look what I've done.' But I never pass up a chance because I feel Mexican-Americans need role models, particularly those who are struggling in less than advantageous situations and need someone to help them see what's down the road."

Moreno's business success and civic contributions serve as excellent role models. Raised in Dallas, he graduated from SMU and worked in the international depart-



SAMUEL MORENO

ment of Republic National Bank before spending 13 years in the financial department of Mene Grande Oil Company (a subsidiary of Gulf Oil Corporation) in Venezuela. When his mother died, he

(See *BUSINESSMAN*, Page 8)

SBA 503 program helps LDC's Make small business loans

EDITOR'S NOTE: The following article reviews the status of the Small Business Administration's Section 503 program. Because of its relative newness, the program remains in a state of flux. Specific questions should be directed to TIC's Small & Minority Business Development Department.

The Small Business Administration's (SBA) Section 503 program is becoming an increasingly popular source of fixed-asset financing for small businesses. Through the program, SBA certifies state and local development companies (LDCs) and helps them raise capital by guaranteeing the debentures they issue. Using the proceeds from the sale of the debentures, LDCs may

then make long-term loans to eligible small businesses. Qualifying investments include plant construction, acquisition or modernization, and purchase of equipment that has a life expectancy of at least 15 years.

SBA will not approve Section 503 projects that include tax-exempt industrial revenue bonds as part of their financing. However, firms receiving Section 503 assistance may want to complement it with a Section 7(a) guaranteed loan for either additional fixed-asset financing or for working capital and equipment. Section 7(a) loans

(See *SBA 503*, Page 9)

Texas paying more Than it receives in Federal grants

You get what you pay for. Not necessarily. For 23 "paying" states, federal grant programs last year cost more in tax dollars than the citizens of those states received back in the form of grants-in-aid.

Each year, Tax Foundation economists tally up how much each state pays in taxes to the national government and compares these figures with the various grants-in-aid coming to the states from Uncle Sam. In FY 1980, 23 states paid more than they received.

Topping the list of "paying" states was Texas, which sent \$1.40 in taxes for a dollar of federal aid received. (Last year, Texas was second, with a "cost" of \$1.36 for each \$1 received.) Connecticut was second with a tax payment of \$1.35 per aid dollar, followed by Indiana (\$1.34), Ohio (\$1.27) and Florida (\$1.23).

Vermont, which "paid" only 45 cents for each \$1 of federal aid was at the top of the "receiving" list, followed by South Dakota (48 cents), Alaska (52 cents) and Mississippi (53 cents).

Tax Foundation economists also point out that the federal tax burden does not end the costs incurred by states benefiting from federal assistance. In order to administer the programs funded by the grants, in most cases state and local governments must come up with matching funds. These, together with administrative costs, must be allocated from revenues raised locally.

For example, in 1980 every \$2.50 of federal aid required about \$1 in matching funds from either state or local government.

EDITOR'S NOTE: The Tax Foundation, Incorporated is a nonprofit organization engaged in non-partisan research and public education on the fiscal and management aspects of government. It is supported by voluntary contributions from corporate and individual sponsors. For additional information, write the Tax Foundation, Inc., 1875 Connecticut Avenue, N.W., Washington, DC 20009, or call (202) 328-4500.

International Trade can spur business growth

...State & Federal programs ease entry

FACT: Last year the U.S. trade deficit was estimated at \$28 billion. Since each \$1 billion means the loss of 50,000 jobs, this deficit means that nearly 1.5 million Americans were deprived of job opportunities during 1980.

FACT: There are an estimated 380,000 companies in the United States. Of these, only about 28,000 market their product overseas.

FACT: Last year U.S. exports were only 6.7% of our \$1 trillion gross national product — the lowest of any industrial country.

FACT: Our domestic market is shrinking in relation to foreign markets. In 1970 the U.S. consumed one-half of its industrial output. Today, we barely consume one-third.

Even though the facts show a strong case for increasing exports, many companies, particularly small firms, refuse to explore the possibility of foreign marketing opportunities. Their reasons are many . . . language barriers, an unfamiliarity with custom procedures, the fear of failure, and perhaps most importantly, not knowing what to do first.

These companies should take heed . . . in most cases, help is just a phone call away. Listed below are a few of the options.

TIC'S INTERNATIONAL DEVELOPMENT DEPARTMENT — This department of the Texas Industrial Commission stands ready to provide information and assistance to Texas businesses wishing to investigate opportunities for expansion through foreign sales. TIC maintains a data file on most foreign countries. With this information on

purchasing trends and market estimates, Texas companies can do the research necessary to properly evaluate their product or service export potential. Basic information on import/export regulations, location of custom house brokers, freight forwarders and banks dealing in

international matters is also available. Staff consultants provide advice and guidance on a one-to-one basis. Seminars covering the technicalities of exporting are scheduled in various locations throughout the state. TIC also sponsors
(See *INTERNATIONAL TRADE*, Page 7)

Kloesel and Sammons are new Industrial Commissioners

(Continued from Page 1)

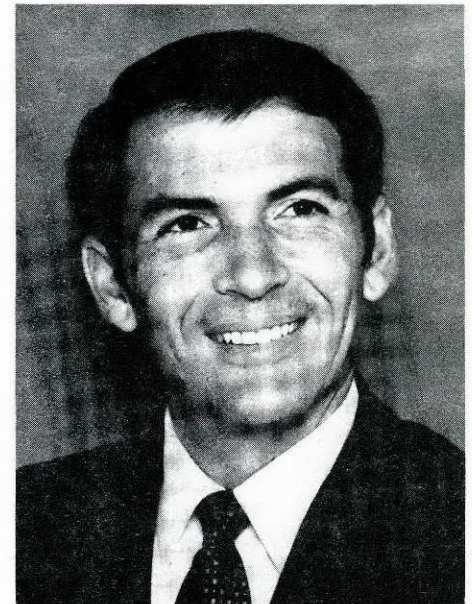


JOE KLOESEL

strict legislative chairman of the National Association of Manufacturers, vice president of the Texas State Chamber of Commerce, and a member of the President's Council-American Institute of Management.

Kloesel replaces Sam Naifeh of Orange whose term expired. Naifeh, a retired petrochemical plant executive, served on the TIC board since his appointment by Governor Briscoe in 1975 and was vice-chairman for two years.

Commissioner Sammons is vice president and general manager of Temple Supply Company, Inc., a family-owned industrial and building supplies firm. He is cur-



JOHN SAMMONS, JR.

rently serving his second year as Mayor of Temple. Sammons is an active member of the Temple Chamber of Commerce, the Texas Association of Business, the National Federation of Independent Businessmen and has served as chairman of the City of Temple Planning Commission.

He replaces C. Truett Smith, a newspaperman and banker from Wylie. Smith was first appointed to the TIC board by Governor Smith in 1969 and reappointed by Governor Briscoe in 1975. He served two 2-year terms as chairman of the Commission.

Revolving funds Help rehab projects

(Continued from Page 1)

revitalization projects to new manufacturing locations. "We can no longer afford to rely on one-way loans or grants," says department manager Shirley Shaw. "By emphasizing the reuse of the money, we are helping communities set up a permanent financing vehicle."

A good example is the revitalization loan programs in the Texas Main Street Project towns. Financial institutions in these cities are committing resources to help reverse the deterioration of the downtown areas by setting up low interest loan programs to spur reinvestment in the central business districts.

Here's what's being done in these pilot programs:

EAGLE PASS—Frontier State Bank, First National Bank and First Savings & Loan Association have each committed \$10,000 to establish an 8% interest revolving loan fund.

NAVASOTA—Security State Bank, First Federal Savings & Loan and First National Bank have developed a \$60,000 loan pool at 8% for downtown revitalization.

PLAINVIEW—City National Bank, First National Bank, Hale County State Bank and Plainview Savings & Loan have pledged \$25,000 each to establish a \$100,000 facade loan fund available at 9%.

SEGUIN—First National Bank, Nolte National Bank and Seguin State Bank & Trust Company are committed to a 9¾% loan pool with no maximum amount.

HILLSBORO—Citizens National Bank, Colonial Trust Company, Hillsboro Federal Savings & Loan and Hillsboro State Bank have set up an 8% loan pool.

Anyone interested in more details on revolving loans should contact TIC's Small & Minority Business Development Department.

TIDC News

OFFICERS . . .

At the 31st annual Texas Industrial Development Conference in Houston earlier this month the Texas Industrial Development Council (TIDC) elected officers for 1981-82. They are as follows: President — James Hardy, Tyler; First Vice President — Dwayne Sparks, Houston; Second Vice President — Malcolm Williams, Beaumont; Third Vice President — Douglas Henson, Midland; Secretary-Treasurer — Robert R. Johnson, Houston. Gary Bowling of Fort Worth, immediate past-president, will serve on the Executive Committee.

BOARD MEMBERS . . .

Newly elected TIDC board members for 1981-82 are: Grant Billingsley, Midland; Frank Birkhead, McAllen; Ken Burdick, Dallas; Frank Davis, Dallas; Kent Fuller, Houston; Wayne Mackley, Athens; Mike Skaggs, Hurst-Euleless-Bedford; and George Pat Walsh, Amarillo. Serving their second of the two-year term on the board will be: Brodie Allen, Corpus Christi; Stephanie Coleman, San Antonio; Charles Dromgoole, Sherman; Sam Holmes, Dallas; Jerry Huffman, Lufkin; Paul Latture, Jr., Wichita Falls; James McAuley, Longview; Joyce Owens, Levelland; and Wade Terrell, Waco. Ex-officio board members are: Bob Seal (Dallas) American Economic Development Council representative; Kent Fuller (Houston) Southern Industrial Development Council representative; and Bud Reed (Austin) Texas Industrial Commission representative.

VIDY AWARD WINNERS . . .

Sam Stennis of Amarillo and Granville Hahn of Big Spring were selected Volunteer Industrial Developer of the Year (VIDY) award winners for 1980-81. The award has been given annually since 1967 to honor volunteers in the industrial development field. The award winners will be featured in the next *Texas Quarterly Update*.



1981-82 TIDC OFFICERS

Pictured from left to right: Jim Hardy, Dwayne Sparks, Malcolm Williams, Doug Henson, Robert Johnson and Gary Bowling.

NEWSBRIEFS...

AMARILLO PLANS 8th JOB FAIR

The Amarillo Chamber of Commerce and the local Texas Employment Commission office are teaming up once again to sponsor the eighth annual Amarillo area job matching fair. It will be held Saturday, October 3, from 9:00 a.m. to 3:00 p.m. at the Amarillo Civic Center. By mid-September, 24 firms from five cities had listed more than 400 job openings for skilled and semi-skilled workers. According to Sam Stennis, chairman of the chamber's Local Industry Committee, many firms have indicated that they are willing to train individuals. To date, firms in Borger, Canyon, Dumas, and Pampa, as well as Amarillo, have signed up to have representatives interviewing at the fair. "Historically about 40-50% of the job seekers are hired on-the-spot," says Don Renner, assistant general manager of the Amarillo Chamber. According to Renner, last year 1,446 people attended the job fair and 737 of these were hired that day. One of the reasons Amarillo has been so successful with the job fair concept is that emphasis is placed on the entire area rather than just firms in Amarillo. "We approach this with the attitude that whatever is good for the area is good for Amarillo," Renner said. The Amarillo Board of City Development supports the job fair with advertising in Texas and surrounding states. This year ads are running in ten cities in Texas, Kansas, Colorado, Oklahoma and New Mexico. The Industrial Commission also provides back-up support in terms of local and state-wide publicity. One of the biggest selling points of the fair is that it is free. Neither the companies represented or the job applicants are charged for the service.

ADVERTISING . . . A LOOK AT OTHER STATES

"Kentucky & Co., The State That's Run Like a Business" . . . "New York State Votes 'Yes' for Business" . . . "We Want Your Company in Pennsylvania" . . . "Red Carpet Instead of Red Tape" (Georgia) . . . These are just some of the themes of the many campaigns from the various states engaged in economic development advertising. The August issue of *State Government News*, a monthly publication of The Council of State Governments, takes an indepth look at the advertising efforts of the various states. The article, "Selling the States" by Elaine Knapp, includes such information as campaign theme, publications used, costs, prospects generated and results.

One interesting note is that Texas is one of only three states indicating dissatisfaction with recent ad efforts. However, the article only includes those states that responded to a volunteer survey and is therefore incomplete. A comprehensive survey of economic development efforts by states is being undertaken by the National Association of State Development Agencies. When completed, a report will follow in a future issue of *Texas Quarterly Update*.

TRAINING PROGRAM ESCAPES BUDGET CUTS

The Private Sector Initiative Program, a CETA project that serves private sector businesses, has survived the severe federal budget cuts. Under the program, private industry councils in every state help train unemployed or economically disadvantaged people in skills required by specific employers. The program works one of two ways . . . the councils either reimburse companies that hire and train CETA participants for up to 50% of the employee's wages over a given period, or the councils set up, operate and fund their training programs, based on the needs of local employers. According to the Department of Labor, the program had about 60,000 participants enrolled in training in 1980.

FASTEST GROWING CITIES

According to the latest census report, the U.S. currently has 169 cities with population of 100,000 or more, and most of these cities are in the South. Of these, Texas placed two in the top ten fastest growing category (1970-80 percentage gain). Arlington was no. 6 with a 77.5% increase, and Garland was no. 8 with a 70.5% increase. The big gainer was Anchorage, Alaska, with a 259.8% increase in population. Another interesting note, of the cities with populations of one million or more, only Houston and Los Angeles gained during the 1970's. Along these same lines, the Texas Department of Community Affairs recently published a report on Texas boomtowns. The article, "Texas Boomtowns Big and Small" appeared in the July/August issue of the *TDCA Bulletin*. It found that in the past decade 72 Texas cities grew more than 100%, and 62 of these were part of a standard metropolitan statistical area.

Franchising ... An easier way into your own business

In recent years, the franchise industry has grown by leaps and bounds. It now provides products and services ranging from hair care salons to fast food operations. And although the industry is no newcomer to the business world, more and more "beginners" in business seem to be attracted to the prospect of starting a franchise operation.

EDITOR'S NOTE: The following is an excerpt taken from a report, "The Franchise Industry: 1981 and Beyond" by Anthony Moore, a research analyst with the Minority Business Information Institute, Inc. The article originally appeared in Volume 8, Number 4 of the MBII Newsletter. We gratefully acknowledge permission to reprint.

Today if you went into business on your own you would have only a 20 percent chance of success. As a franchisee you have an 80 percent chance of success.

Franchising is a method used by different companies to distribute their products or service. The franchise method involves three elements: a company (franchisor) which grants to others (franchisees) a right or license (franchise). The word "franchise" is used to describe the many different types of agreements which exist between franchisors and franchisees.

The franchisor supplies the product or teaches the service to the franchisee who in turn sells it to the public. The franchisee usually compensates the franchisor with a franchise fee and continuing royalties for allowing him to use the proven sales methods, trademarks, etc. that the franchisor has acquired. The franchisee usually is given exclusive access to a designated geographical area.

If you have secured a franchise, there is no guarantee of financial success. However, you have a far greater chance of success than if you went into business on your own. The risk is much lower than

going it alone because someone else has removed most of the trial and error.

BENEFITS OF FRANCHISING

There are several other advantages to being a franchisee. One of the biggest advantages is that, to a great extent, you are your own boss. In many ways it is your own initiative and expertise that creates the successful business/ franchise operation.

As a franchisee you also enjoy the benefits of collective buying power. A franchisee receives an initial training program plus ongoing supervision and consulting services from his franchisor. A franchisee enjoys local, regional and national advertising. A franchisee may enjoy certain financial advantages which the franchisor chooses to offer. These range from assistance and guidance in obtaining a loan all the way to direct loans.

In short, the franchisee can have the best of two worlds. He has a great sense of business autonomy at the same time knowing that the franchisor is always there to assist and guide him. However, always remember that as a franchisee you are part of a larger system and can never really "go it alone." Your sense of business autonomy must always be tempered with an understanding that in the final analysis the franchisor is the "boss."

RESEARCH REQUIRED

A simple rule, and yet an important one, is to simply investigate before investing. An effective way to begin is to ask the franchising company for a list of

existing franchising outlets in the area you are considering. Selecting several of the locations and visiting them during operating hours could allow the prospective franchisee the opportunity to make many important observations guiding towards a decision.

After there has been a considerable amount of research and decision making time, a prospective investor should make an inquiry to the desired company.

After these various initial and preliminary contacts comes the first personal meeting. It is important that a disclosure statement be received at least seven days before payment of any consideration or the signing of a franchise agreement. It would also be helpful to have your lawyer accompany you on this first meeting. There will also be some benefit in letting your lawyer and accountant review the disclosure statement in evaluating the stability of the company.

Subsequent contacts with the franchisor should involve personal interviews with at least one other holder of the same franchisor.

Before selecting a specific site in a well chosen area, you may also wish to talk with your competitors as to how they are doing; interview local merchants for a general idea as to business conditions; and talk to the local banker or chamber of commerce.

(Continued on Overleaf)

(Continued from Overleaf)

METHODS OF FINANCING

Making an inventory of your own personal savings and assets would be the best avenue to take. You may get ordinary bank loans at minimal interest rates with collateral, or perhaps your local bank knows you well enough to grant you a personal loan. Check your own potential resources such as friends, relatives, and backers who can afford to help you by risking their capital with yours.

If you are unable to get a loan elsewhere, the Small Business Administration may lend you the money you need, or part of it directly, or it may help you arrange a loan through a commercial lending institution.

There is also the possibility of receiving financial assistance from the franchisor. Leading companies are continually seeking prospective franchisees who have the integrity and willingness to work hard and especially those who have the desire to become associated with their particular operation.

POTENTIAL PROBLEMS

Franchising's biggest hang-up is still the matter of disclosure. The Federal Trade Commission is the federal agency that has done most to help the embattled franchisees. It is committed to greater financial disclosure in franchise deals. Painful as it may become, more financial information has to be disclosed in franchise agreements.

An important prerequisite for business success is the identification of all possible business risks and the carrying of adequate insurance covering all those that can be insured. There is obtainable insurance for almost any business risks except those not measurable, such as depressions, wars, or declines in sales or profits. Inadequate insurance can mean sure failure of any franchise endeavor.

The specific risks of a given franchise cannot be the same as those of all other franchises, because the nature of the risks varies with the type of enterprise, its location, its personnel, its customers, and its physical properties. Finding out possible risks, understanding the coverage necessary to protect you and determining the cost is the best course of action to take before signing or finalizing a contract.

FUTURE OUTLOOK

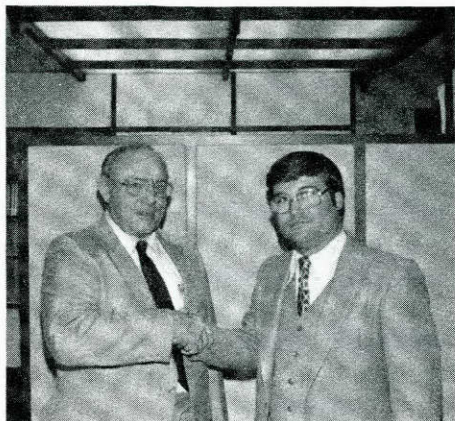
In summation, the franchise industry in the future looks to be a promising investment consideration for those interested. The determination and desire to become an entrepreneur are qualities most liked by the franchisors. With an investigative and businesslike approach, the steps toward establishing your own franchise business should organize with ease and prove very promising.

Persons seriously considering the franchise route may wish to begin by consulting one or more of the following publications: "The Guide to Franchising," by Martin Mendelsohn; "How To Get Started in Your Own Franchised Business," by David D. Seltz; "Franchising in the Economy 1979-81," U.S. Department of Commerce.

International trade A key to business Growth

(Continued from Page 4)

trade missions to allow Texas businessmen to visit select areas of the world and meet face-to-face with potential customers. Through contacts with embassy and consular officials abroad, private meetings are arranged with potential buyers and Texas companies interested in selling a particular product overseas. For assistance contact the International Development Department at (512)472-5059.



Frank Alagna (l), manager of TIC's International Development Department, congratulates Edward Hodes on his selection as the manager of the Texas State Office in Mexico City. Hodes, a native from Ohio, has been living and working in Mexico for the past 20 years and was most recently employed in sales with a corrugated paper box company.

EXIMBANK SMALL BUSINESS HOTLINE — The U.S. Export-Import Bank (Eximbank) is one of several federal agencies responsible for supporting the export of U.S. goods and services. Their "hotline" offers on-the-spot assistance by serving as a central point of information for Eximbank financing services. Small business suppliers with questions about which bank financing programs could be used

Texas Air Control Board adopts Permit fee schedule

The Federal Clean Air Act Amendments of 1977 required that states include a method to collect fees for air quality permits in their State Implementation Plans. The Texas Legislature has passed this responsibility on to the Texas Air Control Board (TACB).

At a recent TACB board meeting, the Ad Hoc Committee studying such permit fees presented their proposed fee schedule for preliminary consideration. The proposed system would be simple, not costly to administer, and equitable in the sense that those constructing the most expensive projects would pay the largest fee, while those constructing less expensive projects would pay the least.

In addition, although this system would not recover costs of processing each permit, correlation studies show that it would generally recover the total average cost of TACB's permitting activities. The permit applicant would be able to predetermine the fee and submit it with his application. Such a system could be administered with minimal impact on permit processing time.

most effectively in an export marketing plan, how to apply for Exim assistance, where to get export credit insurance, or how to make maximum use of complementary assistance programs offered by other government agencies find this "hotline" service to be most useful. Since the program began operating in 1979, more than 15,000 exporters have used the hotline to get expert advice and assistance in developing their export operations. The toll-free "hotline" number is (800)424-5201. An expanded assistance and follow-through program for business users recently began operation under a special

The fee system envisioned would generally consist of the following:

- * A one-time fee charged for construction permits paid by the applicant at the time of application.
- * No fee would be charged for exemptions, amendments to permits, permits issued representing only changes of location or ownership, or any administrative or technical services provided by TACB.
- * One fee would be determined for each integrated permit project regardless of the number of permits issued for that project.
- * The fee would be calculated based on the cost of a project in accordance with the following schedule:

PROJECT COST	FEE
Less than \$300,000	\$300
\$300,000—\$7.5 million	.1% of Project Cost
Greater than \$7.5 million	\$7,500

- * Project cost would be defined as the estimated capitalized cost. It would be the responsibility of the applicant to provide the cost figure.

Before the proposed permit fee schedule can be implemented, it must receive approval from TACB's Regulation Committee, public hearings and formal board action. This could result in a permit fee schedule for Texas by early 1982.

arrangement with the U.S. Department of Commerce.

"FOREIGN COMMERCE HANDBOOK" — This recent publication is a definite plus for companies that want to crack the export market. The guide lists sources of information, pertinent laws, shipping details, financing information as well as groups and organizations in and out of government that offer help. Copies of the publication are available for \$10.00 by writing Publication Fulfillment, U.S. Department of Commerce, 1615 H Street, NW, Washington, DC 20062.

Hispanic business - man of the year

(Continued from Page 3)

returned to Dallas to be close to his father. He took his savings and started a corrugated box company.

"My experience with the box company tested the skills I'd developed as an employee and got me directly involved in the management aspects of a business," Moreno says.

With this experience, plus the knowledge of oil company operation, some strong encouragement from investors, and a \$1,000 personal investment, Moreno and his partner, Bob Flores, formed Petroleum Energy Equipment Company (PEEC) in 1972. "It was a response to the beginning of opportunities for minorities in that field," he says. "The oil companies, through affirmative action programs, discovered that they didn't have anybody they could look to for any significant volume."

At first Moreno split his time between the box company and PEEC, but in 1976 he devoted his full energy to the oil field equipment company and the business took off. After 18 months of negotiations, he landed a Republic Steel distributorship (the first new one Republic had granted to anyone in 18 years).

This permitted PEEC to sell pipe and tube for oil field operations in a big way. "Much of the value of being a distributor for one of the large steel mills is that a lot of supplies go directly from manufacturers to end user, eliminating the need for warehousing. This way PEEC can keep inventory low."

PEEC's sales shot up from \$1.2 million in 1977 to \$5.3 in 1978, \$7.9 in 1979, and \$16.3 million in 1980. They are expected to reach \$22 million in 1981.

The company's product lines include tubular goods (pipe), rick bits, drilling equipment (pumping units), valves, production equipment and tanks. Its corporate headquarters are in Dallas.

Moreno says he did not go it alone. With the help of his family (they all work for the company), he now has offices in Midland, Odessa, Houston and New Orleans.

While nepotism sometimes has a bad connotation, he says, "Having your family working closely with you is great because you know you have someone you can totally rely on, and they get just as excited as I do when something good happens in the company." The family works hard to make it a success.

Hard work is hereditary in this family. Moreno's grandfather came to the U.S. from North Central Mexico in 1888 to work in the coal mines and establish a better life. By age 11, Moreno's father was working in the mines of North Texas, also.

His mother, Maria, may have had the greatest influence on him. She came to the United States around 1910, educated herself, and became a teacher, working largely with kids outside of the educational mainstream and being involved in civic endeavors.

Civic involvement and responsibility has thus been passed down. Moreno currently is on the advisory board of the Salvation Army and the board of directors of the Dallas Chamber of Commerce (the first Mexican-American to occupy that place). He has also served on the Dallas County Mental Health and Retardation Board and is a member of the National Hispanic Institute and many others. Recently named Dallas Hispanic Businessman of the Year, he carries a success story around the state to various Hispanic organizations.

"A lot of Mexican-Americans don't really have any role models. They don't realize that the key is education, that they need to go to school and release some of that potential," he says.

"A lot of business leaders tell me, 'I plan on getting out and helping others when I get this business in order.' My feeling is that you'll never have any more time than you do now, and the time is now or never."

Ten of the top thirty Hispanic Firms HQ'd in Texas

According to a recent issue of *Nuestro Business Review*, ten of the top thirty Hispanic-owned businesses in the United States are Texas companies. Texas also placed three in the top ten.

Companies were ranked according to estimated sales for 1980. Following is a list of the companies with their ranking, the year they began operations, the type of business, location and the number of employees:

- (2) Diaz Enterprises, Inc., 1958, family merchandising centers, Rio Grande City, 1,000
- (4) H&H Meat Products, Inc., 1947, meat packers, Mercedes, 285
- (10) Centeno Supermarkets, Inc., 1928, supermarket, San Antonio, 370

- (13) Santos Enterprises, Inc., 1965, retail merchandising centers, El Paso, 314
 - (17) Amex Steel Corp., 1978, scrap broker, Corpus Christi, 11
 - (22) Sanchez-O'Brien Oil & Gas Corporation, 1973, oil and gas producer and explorer, Laredo, 115
 - (23) Jiminez Food Products, Inc., 1953, manufacturer of mexican foods, San Antonio, 345
 - (24) Petroleum Energy Equipment Corporation, 1972, distributor of oilfield pipe, equipment and supplies, Dallas, 16
 - (27) El Fenix Corporation, 1918, mexican restaurant, Dallas, 1,000
 - (28) Ninfa's, Inc., 1973, mexican food restaurants, Houston, 1,211
-

Competition hot for High-tech firms

(Continued from Page 1)

impressive:

- Northern Telecom, Inc. recently dedicated a \$20 million facility to make digital switching equipment for the telephone industry.
- General Electric Company is building a \$55 million microelectronics research center.
- During the last three years, seven major electronics plants have been completed or are being built at a cost of more than \$250 million. They will bring more than 5,000 new jobs to the state.

And North Carolina is not the only state to recognize the benefits of landing these high-technology growth industries that are generating jobs. In Ohio, for example, the state recently deeded 700 acres of state-owned land to a consortium of universities to develop a research park. And among other measures, the Dayton Development Council ran a six-page advertise-

ment in the January issue of *Scientific American* touting its advantages as a site for high-tech companies.

Texas, on the other hand, has always been aggressive in recruiting as is evidenced by the annual industrial tours sponsored by the regional chambers of commerce. And now more than ever before these tours are concentrating on high-tech companies. Earlier this month the West Texas Chamber of Commerce group visited the Chicago and St. Louis areas while the Lower Rio Grande Valley Chamber met with industrialists from New York, New Jersey and Connecticut.

Ted M. Levine, president of Development Counselors of New York City which is currently working with some 20 development groups to lure industry, tells the story of a foreign client who made a Silicon Valley recruiting trip only to find at least ten other development groups there during the same period. "I would say most of the states are going after high technology," Levine said. "This is the fastest-growing sector of a pretty dull economy."

Sixteen new IRB Corporations began During last quarter

Following is a list of non-profit development corporations incorporated and not published in previous newsletters:

- The Alamo Area Industrial Authority of Hidalgo County, Inc.
- Angelina County Industrial Development Corporation
- Bexar County Industrial Development Corporation
- Cedar Park Industrial Development Corporation
- Forney Industrial Development Corporation
- Hale County Industrial Development Corporation
- Harris County Industrial Development Corporation
- Lipscomb County Industrial Development Corporation
- Lone Oak Industrial Development Corporation
- Magnolia Industrial Development Corporation
- Pecos County Industrial Development Corporation
- City of Portland, Texas Industrial Development Corporation
- Robstown Industrial Development Corporation
- Saginaw Industrial Development Authority
- Seminole Industrial Development Corporation
- Zavala County Industrial Development Corporation

EDITOR'S NOTE: New incorporations are reminded to provide TIC with a personal contact, complete mailing address and telephone number. This information is kept on file for use by industrial prospects.

SBA 503 Program

(Continued from Page 3)

cannot be used as part of a financing package in a Section 503 project.

Currently, LDCs may make loans for up to \$500,000 for a maximum term of 25 years. Interest rates run substantially below prime. For example, in mid-August the rate was 14.8% for a 25-year debenture. Typically, the loan from the debenture proceeds may not exceed 40% of the project's costs and must be in a second position to a loan from a private lender which covers 50% of the project's costs. The remaining 10% must come from the LDC's own funds or from the small business receiving the loan. SBA has been considering a change in its policy to require LDCs to contribute

from their own funds a certain minimum percentage of each project's cost.

To cover operating expenses, LDCs may charge a processing fee of 1.5% of the amount of the debenture at the time of closing plus an annual servicing fee of 1/2% of the outstanding balance. These fees are generally not enough to cover an LDC's operating expenses and most LDCs share their staff with the city's economic development agency.

About 75% of the certified development companies operate in a single county or city, 18% on a regional or multi-county basis, and 5% in neighborhoods. Although SBA may certify statewide LDCs, only Iowa has one. Texas currently has two certified LDCs, one in Cedar Park and one in San Antonio, although several others are in the

process of receiving approval. Due to the rapid expansion of the program, SBA is considering putting a limit on the number of LDCs in a certain area.

Although the 503 program really didn't get off the ground until late spring, by the end of July SBA sold 17 guaranteed debentures for a total of \$2.5 million on behalf of nine development companies. These debentures ranged from \$40,000 for a beauty salon to \$336,000 for a testing laboratory. The interest rate (which floats about one-eighth percent above the rate for U.S. Treasury bonds of comparable term) ranged from 13 to 14.5%. Although the \$250 million appropriated for the program for FY81 appears to be more than sufficient to meet the current demand, the funding level for next year is still uncertain.

Summary of IRB Approvals

INDUSTRIAL DEVELOPMENT CORPORATION	DATE OF FINAL APPROVAL	COMPANY	AMOUNT AVERAGE RATE TERM	LOCATION	ESTIMATED NO. OF EMPLOYEES	PROJECT DESCRIPTION
City of San Antonio Industrial Development Authority	6/15/81	Parrent Investors No. 9, Ltd.	\$ 3,050,000 10.4%—13 yrs.	San Antonio	4	New Packaged food warehouse & distribution center
Fort Bend County Industrial Development Corporation	6/15/81	Dreco, Inc.	\$ 4,600,000 *%—3 yrs.	Rosenberg	100	New Manufacturing facility for "Eddy Current Brakes"
City of El Paso Industrial Development Authority, Inc.	6/22/81	Tony Lama Company, Inc.	\$ 6,000,000 9.6%—17 yrs.	El Paso	1,000	New Manufacture boots
City of Childress Industrial Development Corporation	6/22/81	Brinkcraft, Inc.	\$ 2,300,000 *%—15 yrs.	Childress	275	New Manufacture mobile homes
Longview Industrial Corporation	6/25/81	Dreco, Inc.	\$ 4,200,000 *%—3 yrs.	Longview	300	Acquisition Manufacture drill rig masts
Lower Neches Valley Authority Industrial Development Corporation	6/25/81	Rainbow, Ltd.	\$ 1,970,000 *%—15 yrs.	Port Arthur	45	Expansion Barges for dry dock
Guadalupe-Blanco River Authority Industrial Development Corporation	6/25/81	United States Gypsum Company	\$ 3,500,000 *%—3 yrs.	New Braunfels	36	Expansion Rotary kiln for high calcium lime
Trinity River Industrial Development Authority	6/25/81	Production Center Partners	\$ 9,400,000 *%—30 yrs.	Dallas	142	New Facility for film & video projects
San Antonio River Industrial Development Authority	6/25/81	Crown Zellerbach Corporation	\$ 1,000,000 9.5%—3 yrs.	San Antonio	50	New Office supplies distribution complex
Montgomery County Industrial Development Corporation	6/25/81	Michelin Tire Corporation	\$ 6,700,000 *%—15 yrs.	Woodlands	10	New Tire distribution facility
Waco Industrial Development Corporation	6/25/81	MAGS Property	\$ 800,000 *%—15 yrs.	Waco	50	New Process paper products
Port Development Corporation	6/30/81	Azrock Industries, Inc.	\$ 5,000,000 10%—12 yrs.	Houston	60	Expansion Manufacture floor tile
Washington County Industrial Development Corporation	6/30/81	Blue Bell Creameries, Inc.	\$ 5,000,000 9.75%—12 yrs.	Brenham	50	Expansion Manufacture ice cream
Glasscock County Industrial Development Corporation	6/30/81	Champlin Petroleum Company	\$ 1,000,000 11%—20 yrs.	Fort Worth	4	New Cryogenic gas plant
Brazos County Industrial Development Corporation	6/30/81	Champlin Petroleum Company	\$ 1,000,000 11%—20 yrs.	Fort Worth	20	Expansion Gas gathering facility
North Richland Hills Industrial Development Corporation	6/30/81	Sealy Mattress Company of Fort Worth	\$ 4,200,000 9.75%—11 yrs.	Fort Worth	72	New Manufacture mattresses & springs
Temple Industrial Development Corporation	7/2/81	G&W Electric Specialty Company	\$ 1,300,000 10%—10 yrs.	Temple	40	New Manufacture switch gear
Milam County Industrial Development Corporation	7/2/81	Micro Power Corporation	\$ 600,000 11.5%—7 yrs.	Elsa	22	New Reform micro nutrients into granular form
Harrison County Industrial Development Corporation	7/2/81	Berwind Railway Service Company	\$ 2,600,000 *%—10 yrs.	Scottsville	60	Expansion Repair rail cars
Montgomery County Industrial Development Corporation	7/2/81	Parrent Investors No. 4, Ltd.	\$ 3,390,000 10%—14 yrs.	Conroe	4	New Packaged food products distribution center
Marble Falls Industrial Development Corporation	7/2/81	Highland Publishing Company, Inc.	\$ 650,000 7.5%—12 yrs.	Marble Falls	13	New Newspaper publishing
Houston County Industrial Development Authority	7/10/81	Ennis Business Forms, Inc.	\$ 1,000,000 10%—10 yrs.	Ennis	12	Acquisition Printing equipment facility
Trinity River Industrial Development Authority	7/10/81	Sherwood Medical Industries, Inc.	\$ 1,675,000 12%—15 yrs.	Dallas	20	New Medical supplies warehouse distribution complex

INDUSTRIAL DEVELOPMENT CORPORATION	DATE OF FINAL APPROVAL	COMPANY	AMOUNT AVERAGE RATE TERM	LOCATION	ESTIMATED NO. OF EMPLOYEES	PROJECT DESCRIPTION
Brazos Harbor Industrial Development Corporation	7/10/81	Canadian Millwork, Inc.	\$ 6,500,000 15%—12 yrs.	Canadian	100	New Molding & gluing imported wood products
Waxahachie Industrial Development Authority	7/10/81	International Window Corporation-Texas	\$ 326,000 *%—7 yrs.	Waxahachie	24	New Manufacture residential constr. aluminum products
Waxahachie Industrial Development Authority	7/10/81	International Extrusion Corporation-Texas	\$ 7,197,000 *%—7 yrs.	Waxahachie	73	New Facility to produce aluminum extrusions
Trinity River Industrial Development Authority	7/17/81	Rehrig Pacific Company	\$ 1,500,000 *%—8 yrs.	Dallas	20	New Produce plastic containers
San Antonio River Industrial Development Authority	7/17/81	Alcon Laboratories, Inc.	\$ 1,000,000 *%—10 yrs.	San Antonio	185	Expansion Manufacture beauty care products
Wichita County Industrial Development Corporation	7/17/81	Foster Cathead Company	\$ 7,500,000 15%—3 yrs.	Wichita Falls	100	New Manufacture oilfield equipment
Port Development Corporation	7/17/81	U.S. Tape, Inc.	\$ 1,925,000 10%—9 yrs.	Houston	90	Acquisition Manufacture sensitive tape
Abilene Industrial Development Authority	7/20/81	Petro-Tex	\$ 800,000 9%—10 yrs.	Abilene	140	Acquisition Manufacture oilfield equipment
Gulf Coast Industrial Development Authority	7/20/81	Schepps Interests	\$ 8,000,000 *%—15 yrs.	Houston	25	New Grocery distribution center
Waller County Industrial Development Corporation	7/27/81	Galveston-Houston Company	\$ 1,000,000 15%—3 yrs.	Houston	30	Expansion Machine shop facilities
Lubbock Industrial Development Corporation	7/27/81	Magnolia Seed Company of Lubbock	\$ 700,000 10%—15 yrs.	Lubbock	4	Expansion Warehouse and distribution center
Guadalupe-Blanco River Authority Industrial Development Corporation	7/27/81	John Dollinger, Jr., Inc.	\$ 1,600,000 11.25%—15 yrs.	Beaumont	50	Acquisition Manufacture structural steel
San Antonio River Industrial Development Authority	7/27/81	Southwest Research Institute	\$ 13,500,000 *%—12 yrs.	San Antonio	470	Expansion Research facility
Saginaw Industrial Development Authority	7/27/81	Wilsey Foods, Inc.	\$ 5,000,000 *%—10 yrs.	Saginaw	66	New Vegetable oil processing
City of Mansfield Industrial Development Corporation	7/27/81	GH Hensley Industries, Inc.	\$ 1,400,000 15%—3 yrs.	Mansfield	150	Acquisition Manufacture buckets for excavating machinery
Industrial Development Corporation of Ennis	7/27/81	Ennis Business Forms, Inc.	\$ 1,000,000 10%—10 yrs.	Ennis		Acquisition Printing equipment
Saginaw Industrial Development Authority	8/4/81	Lone Star Perforating Company	\$ 2,000,000 *%—10 yrs.	Saginaw	20	New Manufacture perforated metals
Round Rock Industrial Development Corporation	8/4/81	Weed Instrument Co., Inc.	\$ 1,850,000 15%—12 yrs.	Round Rock	46	New Manufacture electro-mechanical & transducer instruments
Fort Bend County Industrial Development Corporation	8/4/81	Warren Automatic Tool Company	\$ 3,400,000 *%—3 yrs.	Rosenberg	100	New Manufacture oilfield equipment
Midland Industrial Development Corporation	8/6/81	Compressor Systems, Inc.	\$ 1,000,000 *%—10 yrs.	Midland	65	Expansion Machine shop operation
City of El Paso Industrial Development Authority, Inc.	8/18/81	Bruce Foods Corporation	\$ 2,200,000 9.5%—10 yrs.	El Paso	230	Expansion Food processing facility
Gulf Coast Industrial Development Authority	8/18/81	Clarke Checks, Inc.	\$ 1,200,000 11%—12 yrs.	Houston	110	New Check printing facility
Port of Corpus Christi Industrial Development Authority	8/18/81	Holt-Hulings Realty Company	\$ 3,500,000 10%—10 yrs.	Corpus Christi	101	New Oilfield equipment re-fabrication facility

(Continues on Next Page)

TEXAS INDUSTRIAL COMMISSION
 P. O. Box 12728, Capitol Station
 Austin, Texas 78711

SUMMARY OF IRB APPROVALS

(Continued from Page 11)

City of Arlington Industrial Development Corporation	8/18/81	Federal Signal Corporation	\$ 650,000 *%—9 yrs.	Arlington	28	Expansion Sign & signal manufacturing facility
Port Development Corporation	8/18/81	Mitsui & Company (U.S.A.), Inc.	\$ 9,000,000 *%—20 yrs.	Deer Park	30	New Barge dock facility
Texarkana Industrial Development Corporation	8/24/81	La Quinta Motor Inns, Inc.	\$ 4,200,000 12%—20 yrs.	Texarkana	80	New 130-room LaQuinta Motor Inn
Garland Industrial Development Authority	8/24/81	Q-Dot Corporation	\$ 2,000,000 *%—15 yrs.	Garland	75	New Manufacture waste heat recovery equipment
Tomball Industrial Development Corporation	8/24/81	Dresser Industries, Inc.	\$ 4,100,000 10%—10 yrs.	Tomball	61	New Manufacture oilfield equipment
Port Arthur Industrial Development Corporation	9/1/81	Ben and Ellen Shinn	\$ 3,680,000 10%—19 yrs.	Port Arthur	135	New Two-story Ramada Inn
Kerr County Industrial Development Corporation	9/1/81	Kerr Publications, Inc.	\$ 825,000 *%—15 yrs.	Kerrville	5	New Newspaper production
McKinney Industrial Development Corporation	9/1/81	Montgomery Elevator Company	\$ 2,500,000 *%—10 yrs.	McKinney	40	Expansion Manufacture elevator parts
Port of Corpus Christi Industrial Development Authority	9/1/81	Champlin Petroleum Company	\$ 20,000,000 9.25%—3 yrs.	Corpus Christi	12	Expansion Dock facilities including new large-vessel dock
Olney Industrial Development Corporation	9/1/81	Dayco Corporation	\$ 1,100,000 15%—10 yrs.	Olney	18	Expansion Manufacture wire reinforced hose
San Antonio River Industrial Development Authority	9/1/81	AmBus Properties, Inc.	\$ 3,000,000 *%—10 yrs.	San Antonio	13	New Produce business forms
Port of Corpus Christi Industrial Development Authority	9/1/81	Econo-Therm Energy Systems, Inc.	\$ 2,400,000 *%—7 yrs.	Corpus Christi	30	Expansion Shell & tube heat exchanger fabrication

* Variable

YEAR-TO-DATE TOTALS AS OF 9/1/81
 APPLICATIONS APPROVED — 130

AMOUNT — \$448,736,000

ESTIMATED EMPLOYMENT — 10,509

COMPLETE TOTALS:
 APPLICATIONS APPROVED — 227

AMOUNT — \$843,054,517

ESTIMATED EMPLOYMENT — 19,026

EDITOR'S NOTE: TIC has computerized reports available on all revenue bond projects approved to date. In addition to the above information, these reports list the original bond purchasers or underwriters, the bond attorneys and the financial advisor. This information is available at no charge. Attention requests to the Revenue Bond Department.