

TEDC 2023 CEDA APPLICATION

All Applications Must Be Received by August 25, 2023

The 2023 CEDA nominations will be judged in each of the five categories that have made the most significant contribution to economic development in their community and the State of Texas.

AWARD CATEGORIES

The CEDA will be given to one community from each of the following five population categories: (as currently marketed). Mark the population category for which you are applying.

- Population less than 10,000 ✓
- Population 10,001 to 20,000 _____
- Population 20,001 to 50,000 _____
- Population 50,001 to 100,000 _____
- Population 100,001 to 250,000 _____
- Population 250,001 and above _____

NOMINATION:

Name of Community: Hillsboro

TEDC Member Name: Art Mann (individual member, not organization)

Telephone #: 254-266-0407

Email Address: amann@hillsborotx.org

Community Population (as currently marketed): 8,305

Application Submitted By: Art Mann

Email Address: amann@hillsborotx.org

Media Contacts: [optional]

Organization: The Reporter Newspaper Contact Name: Shannon Cottensame

Email Address: shannon@khrhillsboro.com

Organization: Waco Tribune Herald Contact Name: Mike Copeland

Email Address: mcopeland@wacotrib.com

TEDC 2023 Community Economic Development Award Hillsboro EDC

The Hillsboro Economic Development Corporation (HEDC) presents Frontier Support Logistics (FSL) in Hillsboro's as its latest development for the 2023 TEDC Community Economic Development Award (CEDA) for a population less than 10,000.

FSL has been a community partner in Hillsboro's industrial park as a trucking firm since 2018, but in the past year it has expanded its horizons with the purchase of additional property, which features ground storage options, a rail spur, transload facility and the addition of a first-ever Foreign-Trade Zone (FTZ) for Hill County.

The project was the vision of FSL owners Rick Cook and Finn Jensen. Working with the HEDC Administrator Art Mann, the company was able to secure rail spur access off the HEDC-owned industrial lead, which is served by Union Pacific Railroad.

The new subsidiary started with an 18-acre purchase along Interstate 35 in north Hillsboro for its initial ground-storage facility. That was followed by the purchased a 32-acre tract for its rail spur and its corporate boardroom is located, along with approximately 200,000 square feet of covered storage buildings. Currently those buildings house lumber products that have been received, either by rail or by truck.

FSL then purchased 30- and 40-acre tracts bringing the company's total holdings in the industrial park to over 100 acres.

A major component of the new effort is the FTZ. Ernst and Young in Dallas was retained by the company to prepare and submit the FTZ application.

Trade zones, which were established under the Foreign-Trade Zone Act of 1934, allow foreign and domestic merchandise to be moved into a zone.

Rather than declaring items and paying tariffs when they arrive in ports, they can be relocated directly to a trade zone.

Under zone procedures, payment of duties are not required on foreign merchandise unless and until it enters U.S. Customs and Boarder Protection (CBP) territory for domestic consumption. At that point, the importer generally has the choice of paying duties at the rate of the original foreign materials or the finished product.

Domestic goods moved into a zone for export may be considered exported upon admission to the zone for purposes of excise tax rebates and drawbacks.

CBP will have a port director on site in Hillsboro to monitor the transfer of merchandise in and out of the zone.

The Hillsboro City Council, Hillsboro Independent School District and Hill County Commissioners' Court taxing entities, which already offer Triple Freeport tax exemptions, passed resolutions in support of the application following public hearings.

The application went to the Dallas-Fort Worth Regional Airport Board of Directors last fall (2022). The airport board controls all FTZs in North Central Texas. It gained board approval in November 2022, and the application was sent the following month to the Foreign-Trade Zones Board with the U.S. Department of Commerce in Washington, D.C. for final consideration.

Ernst and Young consultant William Methenitis told local officials that the review process in Washington generally takes about six months, but he was notified in March that the application had been approved by Washington officials in near record time.

One of the major selling points in the FTZ process was the application applied to all of Hill County. Methenitis pointed out, “FSL’s project by itself is an innovative use of the new rail spur and the Hillsboro EDC resources, but the way the FTZ part was put together, it gives all of Hill County immediate access to an FTZ, which is a significant on-going benefit.

“FSL could have applied for the FTZ for its project only. Instead, the company funded an application to add all of Hill County to the D-FW FTZ Service Area as the vehicle to allow FTZ designation for FSL.”

Should a future business locate anywhere in the county that can utilize the FTZ, it will only have to go through a relatively inexpensive 30-day application process in Washington before gaining approval.

A recent appraisal of an 11-acre tract near the Hillsboro Municipal Airport increased by over \$100,000 with the appraiser citing the fact that the FTZ had been approved as the reason for the jump in value.

In addition to its local trucking firm, FSL officials also own a heavy-haul trucking division that historically transports large loads out of the Port of Houston and other Gulf ports.

This has given FSL the needed connections to bring FTZ-eligible products that are shipped from overseas directly to be stored in its FTZ. The company will be able to receive the products by truck or rail.

CBP officials recently made a site visit to view the company’s operations. Methenitis said the implementation process is ongoing, and he anticipates the zone to be operational in September.

Also in the past year, the company purchased the panels for a 500,000-square-foot pre-cast concrete building from Gate Precast in Hillsboro after the original buyer chose to “go in another direction” for their building needs. The fully-insulated, climate controlled building expands FSL’s offerings to its FTZ and other customers. The panels are being stored on company property.

The company recently received a permit from the Texas Commission on Environmental Quality (TECQ) for a concrete batch plant. It will be used to pour the peers for the final covered storage building and the foundation for the warehouse.

Up until recently, FSL had not requested any type of incentives for its development, but with the pending erection of the large warehouse, officials have submitted an application seeking a tax abatement on the estimated \$30 million value on the building. The application is being presented to the HEDC Board of Directors in September. If approved, it will then be referred to the Hillsboro City Council and Hill County Commissioners’ Court for consideration.

The company’s staff has grown to 93, plus 21 contract truck drivers, and it continues to expand since its humble beginnings in an 8’x12’ storage building behind Cook’s house.

FSL is the seventh industrial-related company to either locate or expand its local footprint in the Hillsboro Industrial Park over the past five years.

The company is capitalizing on Hillsboro’s central location in the Texas triangle between Dallas-Fort Worth, Houston and San Antonio. This has allowed FSL to secure contracts with customers from across North America, Europe and other parts of the world.

As a good community partner, FSL has served as a major sponsor for concerts, school activities and festivals over the past 12 months.

Hundreds of billions of dollars of goods move through approximately 195 active FTZs across the country each year. In 2020, 3,400 companies in the FTZs employed over 470,000 people and Hillsboro’s FSL will be adding to those numbers.