

— Come Home To
HARLINGEN

Harlingen Economic
Development Corporation
2016 ANNUAL REPORT

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HMC EXPANSION

HARLINGEN – Do you dread going to the emergency room because you may have to wait several hours for anyone to see you?

If that's your concern, you're not alone, and the Harlingen Medical Center wants to shorten the wait time at its emergency room.

Yesterday morning, the hospital at 5501 S. Expressway 77, broke ground on the expansion of its ER. The crowd which had gathered for the occasion included Harlingen city commissioners, school teachers, and hospital staff.

"I think they're opening up the ER because so many people use it," said City Commissioner Victor Leal. "I think the expansion is great for the creation of more jobs."

Brenda Ivory, president and CEO of the hospital, thanked everyone for coming. The expansion will more than double the size of the ER. The current facility covers 7,061 square feet and the expansion will add an additional 14,800 square feet. This will increase the size of the ER to 21,861 square feet.

"This will be a major expansion which will allow us to better meet the needs of our growing community," Ivory said. "It will allow us to serve more people with

the care our patients have come to expect from Harlingen Medical Center."

The expansion will be completed in 22 months, she said. The work will cost between \$9 million and \$15 million. It will also allow for the expansion of several departments, including the cardiovascular center and the radiology and imaging department. The operating room will also have more space. These additional expansions will add up to an extra 12,000 square feet.

The hospital is one of the city's largest employers, said Mayor Chris Boswell.

"HMC is one of our greatest corporate citizens," he said. "It's one of our strongest supporters of charitable causes. This expansion will be of great economic benefit to our community with high-paying jobs."

HMC has a special place in the heart of State Rep. Eddie Lucio III.

"My daughter was born here," he said. "Quality care is a blessing for all of us. I want my daughter to be whatever she wants to be."

The first reason people gave for the expansion was overcrowding, a chronic problem at ERs across the country. Harlingen is no different, as City Commissioner Ruben De La Rosa learned Friday night. His wife had been injured in some sort of accident and

he brought her to the ER. People awaiting treatment were lined up on the floor and the hallways.

Dr. Michael Mohun, medical director and trauma director of the ER, said overcrowding has been a persistent problem in providing everyone with adequate care.

"It's a huge frustration," he said. "Many people use it as a clinic. It's important that everybody has access to health care."

People come to the ER for many reasons. Some may be brought in for head injuries suffered in a traffic accident. Others may seek treatment for a broken finger because no other medical care is available.

"Many people don't have access to health care," Mohun said. "They don't have insurance or they may be illegal."

Soon, with the additional space, HMC's emergency room will staff enough nurses so they can attend to anyone seeking help.

They may have internal injuries from a car accident.

They may be suffering a heart attack. Or perhaps one of our recent immigrants, lacking documentation, may find a place to bring her baby – all hopefully without a wait.

CAMERON COUNTY COMMISSIONERS' COURT
UNANIMOUSLY APPROVES FREEPORT TAX EXEMPTION

Cameron County Commissioners Court unanimously voted Tuesday to approve an exemption of its Freeport tax on warehouse inventory.

The exemption is effective January 2018 and is aimed at boosting economic development in the County. The County now joins most cities and school districts in Cameron County in allowing an exemption of taxes on goods that have been acquired in or imported into Texas to be forwarded out of the state within 175 days.

In 1989, Texas voters approved a constitutional amendment giving local taxing jurisdictions the option to exercise or not exercise their authority to tax specific personal property known as freeport goods.

"Cameron County has opted to not exercise its authority to impose the freeport tax," Cameron County Judge Eddie Trevino Jr. said. "In doing so, we have created an economic development tool."

In Harlingen alone, about \$107 million in warehoused inventory would qualify for the tax exemption resulting in a savings for companies up to \$417,000 annually. Brownsville companies qualifying

for freeport goods tax exemptions have almost \$250 million in inventory. This could represent up to \$975,000 in savings for Brownsville-based industries. San Benito and Los Indios-based companies could qualify for up to \$500,000 in savings based on their 2016 inventory levels.

"In the past, we've seen communities located in "triple-freeport" communities expand their operations and hire more people because of the savings in taxes. We have also seen how these communities are much more competitive in attracting new investment, and we know this will happen in Cameron County," said Trevino.

"This exemption, coupled with the lowest tax rate among Valley counties, places Cameron County at a very competitive advantage in attracting industry."

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- Judge Eddie Trevino Jr.



FOX VALLEY MOLDING EXPANDS IN HARLINGEN

Harlingen, TEXAS – June 23, 2016 – Fox Valley Molding, a plastic injection molding company located here in Harlingen, in partnership with the Harlingen Economic Development Corporation, is pleased to announce the expansion of their operations. Fox Valley Molding, Inc., was founded in 1984 in Plano, Illinois. Fox Valley Mold-

ing is a custom processor of thermoset molding compounds and engineering grade thermoplastics, serving customers throughout North America. Many of their products are used in the manufacturing of appliances.

“Since we started operations in Harlingen in 2001, we knew this strategic location would allow us to serve our customers in the United States and Mexico faster and more efficiently saving us time and money,” said Don Haag, owner. “Harlingen is a city with long-term growth potential, and we are honored by the outstanding support we’ve received from the Harlingen Economic Development Corporation.”

“They will be expanding their existing facility and creating 28 new high skilled, high wage jobs that the city strives to attract,” stated Mayor Chris Boswell. These new jobs will increase Fox Valley Molding’s annual payroll by 35% over the next three years, with very competitive wages and good benefits for the new employees.

Lupita Gutierrez-Garza, incoming Chairwoman and President for Harlingen EDC, expressed her delight in the announcement: “The Board and staff at HEDC understand that real economic growth comes from the creation on primary jobs, and this project does just that.

As part of our Business Retention and Expansion Program, HEDC staff reaches out to local manufacturers and helps with expansion plans or other issues that our manufacturers may face, to help them remain competitive in this global economy.

“Small to mid-sized manufacturing companies are the backbone of manufacturing base here in Harlingen, and we strive to help them grow whenever we can. Fox Valley Molding wanted some help with some of the upfront costs of setting up new equipment and with some of the expenses related to expanding the existing facility. HEDC presented them with a proposal to help with some of those expenses based on job creation and the investment being made by Fox Valley Molding,” stated Raudel Garza, Chief Executive Officer for HEDC.

Fox Valley Molding is located within the Harlingen Industrial Park off of FM 509 (an overweight corridor to the Los Indios International Bridge) and Grimes Road on the east side of Harlingen. The Harlingen Industrial Park encompasses approximately 530 acres of land, with only about 80 acres available for sale. There are over twenty companies with a total employment of about 1000 positions, and over one million square feet of manufacturing and warehouse space, with only a seven percent (7%) vacancy rate, within the Harlingen Industrial Park. The Harlingen Industrial Park is strategical-

ly-located only two miles away from the Port of Harlingen, one mile away from the Harlingen Aerotropolis, and 13 miles away from the Free Trade International Bridge at Los Indios. The Harlingen Industrial Park is home to other manufacturers such as Cardone Industries, Penn Aluminum, Aloe Labs, Pentair, Atlantic Tool & Die, ITD Metal Stamping, Pan American Hydrogen, and more.

Over the last four years, this concerted effort to bring in primary jobs to Harlingen has resulted in a drop of about four percentage points from 9.1% in August 2012 to a 5.2% rate this past May. That trend is expected to continue as our industrial base grows, and as our health-care industry grows as well.

For more information on opportunities in the Harlingen area, please visit www.harlingenedc.com.

SMALL BIZ NEWS. BIG OPPORTUNITIES

EL CLAVO LUMBER AND BUILDING SUPPLIES TO OPEN IN HARLINGEN



Harlingen, Texas – April 6, 2016 – Brownsville building supplier El Clavo Lumber announced plans today to open a new construction materials and supply store in Harlingen. The wholesale and building materials supplier believes the new store will allow them to service the Rio Grande Valley and South Texas with greater ease and efficiency. The announcement came after several months of discussions between El Clavo ownership and the Harlingen Economic Development

Corporation.

The new location, located at 114 N. H Street in downtown Harlingen is ideal according to El Clavo owner David Rodriguez. “The new centralized location in Harlingen is going to alleviate some very big headaches for our drivers. We are currently servicing customers as far north as Robstown, and as far west as Starr County.” Harlingen Mayor Chris Boswell was equally excited. “El Clavo not only fills the void left by Zarsky Lumber, they expand on it with a larger regional market. They purchased a vacant building adjacent to our downtown district, and we couldn’t be more thrilled about it.”

Details of the agreement between El Clavo and the Harlingen Economic Development Corporation called for an investment by El Clavo of \$250,000 to improve the Harlingen building in addition to the creation of 14 new full time jobs. The project is expected to have a large impact on the local economy, with anywhere from a \$4 to \$7 million annual economic output. Improvements include the addition of a railroad switch and the extension of a railroad spur to a loading dock on the building, which totals an additional \$140,000 in the improved infrastructure. In return, the Harlingen EDC and the City of Harlingen would each refund a

portion of sales tax generated through sales of supplies by Clavo back to El Clavo up to verified and approved costs of the railway improvements. Harlingen EDC Chief Executive Officer Raudel Garza explained the agreement. “It’s a great opportunity to reenergize an area of the city that has been neglected by many. The building sat empty for a number of years and we’re happy that it will soon be back on the tax rolls generating sales and employing people. Incentive agreements like this one are ideal because buildings and infrastructure are improved by the owners and there is no upfront cost to the city or EDC.” The agreement also obligates El Clavo to pay a minimum of \$9 per hour in wages in order to comply with hiring requirements.

“We looked at a number of locations across the Valley that could have worked for us”, said Rodriguez. “The prompt service and professionalism shown by the City and EDC made the choice to make Harlingen our new home an easy one.” El Clavo Lumber and Supplies was founded in 1975.

For more information on business opportunities like El Clavo’s in Harlingen, please visit www.harlingenedc.com.

SMALL BIZ NEWS. BIG OPPORTUNITIES

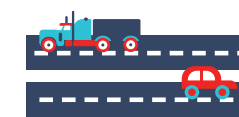


NEW BUSINESS



WHAT WOULD YOU DO
with an approximately
one-half acre tract of land
right next door to Bass Pro
Shops Outdoor World?

You could sell it, or you could even ground lease it. But if you really wanted to maximize the use of the property and the return, then build on it. At least that’s what the HEDC is considering doing with a small tract of land in Cameron Crossing. Cameron Crossing is a retail destination area featuring Bass Pro Shops, the Residence Inn by Marriott,



What if that piece of land
was at the intersection of
2 MAJOR INTERSTATE
HIGHWAYS?
(Interstate 2 & Interstate 69F)

Cracker Barrel, Longhorn Steakhouse, and at least two other restaurant chains soon to be announced. It is also a short walk to a Sam’s Club, and a soonto- be constructed 43,000 square foot Conference Center with an adjacent hotel. A local architectural firm, Megamorphosis, is designing a retail and office spec building for HEDC on that site.

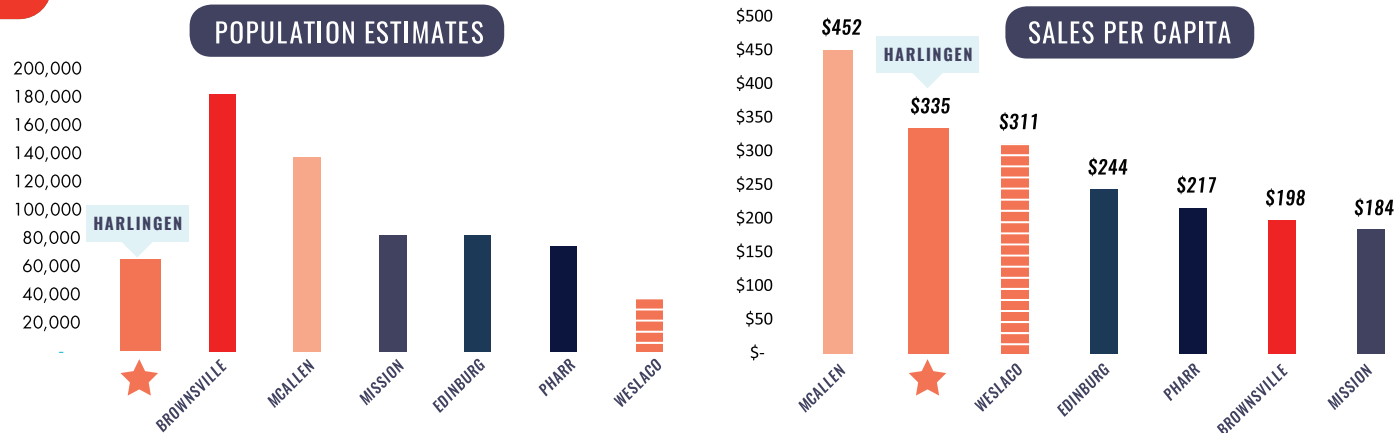


In a city generating over
\$1 BILLION
in annual taxable
retail sales?



Call us to be a
part of this great
new location!
956-216-5081

HARLINGEN RANKINGS



MEET TWIN SISTERS JANE AND JILL.

Both recently graduated medical school. Jane went to school in New York. Jill went to school at UT-RGV School of Medicine in Harlingen. Now that they're ready to begin their careers, they are trying to decide where they're going to live, raise a family and practice their medical profession. They've narrowed their choices to Charleston, N-SC, Portland, OR, or Harlingen, TX. This is what they found:

2016 COST OF LIVING INDEX BY THE COUNCIL FOR COMMUNITY & ECONOMIC RESEARCH (C2ER)

Wine	\$9.07	\$13.29	\$5.90
Vet Services	\$52.13	\$72.25	\$35.50
Boys Jeans	\$20.74	\$25.69	\$9.73
Dry Clean	\$11.00	\$14.07	\$9.46
Shampoo	\$0.99	\$1.01	\$0.75
Toothpaste	\$2.73	\$3.79	\$2.40
Beauty Salon	\$39.10	\$56.00	\$23.79
2 PC Chicken	\$6.03	\$5.00	\$2.99
Pizza	\$8.99	\$11.49	\$9.00
Ibuprofen	\$10.97	\$10.27	\$8.42

CHARLESTON

PORTLAND

HARLINGEN

SO WHAT'S THE BOTTOM LINE?

It's not even close! By moving to Harlingen, Jane and Jill will have a savings of 20% below the National Average cost of basic necessities. Buts don't take their word for it. The Council for Community and Economics Research (C2ER) has named Harlingen the Least Expensive Urban Area among participating communities Five out of the last Six Years!

2010-2014
#1 LEAST EXPENSIVE
URBAN AREA IN THE US
HARLINGEN, TX

2015
#2 LEAST EXPENSIVE
URBAN AREA IN THE US
HARLINGEN, TX

Assets

Current Year
September 30, 2016

Prior Year
September 30, 2015

Cash	\$2,007,728	\$3,451,620
Reserve Cash	0	97,729
Investments - TaxPool	2,003,824	0
Receivables, Accounts - State Comptroller/Other	339,095	308,303
Receivables, Accounts - Other	65,966	113,013
Receivables - Interfund	0	0
Receivables - Interfund TIFRZ No. 3	506,416	576,416
Prepaid Expense	23,816	0
Loans Receivables	313,024	403,085
Land - Project Wilson, Project Liberty	564,311	256,725
Land - Bass Pro Shops	4,187,758	4,187,758
Buildings & Improvements - Bass Pro Shops	36,698,765	0
Less: Depreciation	5,534,676	31,174,090
TOTAL ASSETS	\$41,186,027	\$41,686,034

Liabilities & Fund Balance

Liabilities

Accounts Payable - 83/77 Developer	\$0	\$0
Accrued Salaries Payable	12,987	9,728
Accounts Payable - Other	93	71,271
Accrued Interest - BPS Land Conveyed	476,791	
- Frost Bank Loan	10,695	
- Bonds	196,820	684,306
Due - General Fund - City Services Reimb.	0	0
- Professional Services	1,920	0
- Other	0	10,000
Due - In Current Year		
- Compesated Absences	8,000	3,000
- Frost Bank Loan	410,000	390,000
- Bonds Payable - BPS	1,150,000	1,105,000

Long Term Debt

Bonds Payable - BPS	26,855,000	28,005,000
Bond - Original Issue Discount	(241,099)	(259,645)
BPS Land Conveyed	1,417,986	1,417,986
Frost Bank Loan	1,815,000	2,225,000
Accrued Leave (Sick/Vacation)	37,880	31,332
Total Liabilities	32,152,071	33,654,216
Fund Balance		
Designed Reserve	2,000,000	2,000,000
Unencumbered Fund Balance	3,078,995	2,436,016
Non Cash Fund Balance	3,954.961	3,595,803
Total Fund Balance	9,033,956	8,031,818
TOTAL LIABILITIES & FUND BALANCE	\$41,186,027	\$41,686,034

