



— Come Home To
HARLINGEN

Harlingen Economic
Development Corporation
2015 ANNUAL REPORT

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FROM THE CHAIRMAN

2015 was a year that saw us complete some economic development projects from the previous year and initiate some new ones.

You may recall reading about Qualfon in our 2014 Annual Report. The back office customer contact center opened in Harlingen in 2015 with 170 employees and quickly increased their numbers before the end of year to nearly 400. The global company's plan is to be at 1,200 new jobs for our community before the middle of 2017. A recent renovation to their existing business added another 350 work stations to their building. We're extremely pleased with Qualfon's growth and positive stature within Harlingen's business community.

Palms Behavioral Health (PBH) was also featured in last year's Annual Report. Much like Qualfon, they are also on track to increase the number of staff beyond initial projections. Very shortly after unveiling plans for a 72-bed, 200 employee hospital, PBH re-drew their construction plans and added an additional 10,000 square feet to their new facility. Additional demand in health care needs raised the number of beds to 94 and increased their projected total of health care professionals to over 225.

Our 2015 Annual Report will highlight United Launch Alliance and their decision to remain here for another five years. I'm sure that many of the current 150 highly-skilled professionals working at the 300,000 square foot facility will agree that this announcement is just as important as any one of the many economic development projects in Harlingen over the last ten years.

This has been an exciting year to be a part of the HEDC Board of Directors. Take a look at our report, read the stories see what's happening in our community. I think you'll see why so many companies choose to "Come Home...To Harlingen."

Michael Lamon

CHAIRMAN AND PRESIDENT OF THE BOARD



FROM THE DESK OF THE CEO

One of the things I've learned over the past two decades working in economic development and real estate development is PATIENCE. Good deals take time. Good negotiations take time. Good projects take time. But I've also heard that time kills deals. Don't hesitate or you'll lose, they say.

It could be confusing to us, but it really is about TIMING. Sometimes, one must act quickly to take advantage of an opportunity, but one must be fully-aware of the market to act prudently. Other times, patience really does pay off. It provides for some opportunity to evaluate options and generate the best deal for mutual benefit.

In 2015, HEDC along with the City of Harlingen, Valley International Airport worked with United Launch Alliance to reach one of those mutually-beneficial agreements. It was a business retention project primarily, but with patience and some additional work, Harlingen has set the stage for ULA to continue to grow here for a very long time. Project Mountain, as it was initially called, began in 2013. It took time for everyone to understand what really mattered to each of the entities, and to understand what roles each of the entities played. Once that was established, the project moved forward.

In addition, HEDC has continued its two-pronged approach to marketing: business retention and business attraction. The programs we use to attract companies, such as job creation grants or infrastructure grants, are the same programs that we use to help existing companies grow within Harlingen. We attended trade shows and conferences dealing with aerospace. We met with site selectors who specialize in the aerospace industry. We created marketing materials specifically for the aerospace industry and to promote the Harlingen Aerotropolis, an idea which began several years ago, but has gained more attention due to our marketing efforts.

2015 is also a year where we continued to experience a declining unemployment rate; increasing retail sales; steady construction; continued investment in infrastructure; and continued ranking as one of the two lowest cost of living areas in the United States. Overall, the year will be remembered as one where Harlingen kept a burgeoning industry cluster here, and where Harlingen saw positive overall economic growth, and one that set the stage for another great year in 2016.

Raudel Garza
CHIEF EXECUTIVE OFFICER



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REACHING NEW HEIGHTS WITH UNITED LAUNCH ALLIANCE

2015 was another great year for new businesses choosing to *Come Home to Harlingen*. Texas State Rentals, Mountain Glacier Bottling Company, and Stefano's Italian Restaurant are just three of many new success stories that merit their own featured article in this year's Annual Report. All invested abundantly in the community and hired staff and created opportunities that serve at the root of our mission here at the Harlingen Economic Development Corporation. *To make a difference in the day to day lives of our community.*

This year's top story, however, is not about a new business coming to Harlingen. It's a success story that began over twenty-seven years ago.

United Launch Alliance began as a joint venture between aerospace giants Boeing and Lockheed Martin in 1989 here in Harlingen, Texas. Today ULA serves as the nation's launch service provider, having successfully delivered more than 90 satellites to orbit that provide critical capabilities for troops in the field, aid meteorologists in tracking severe

weather, enable personal device-based GPS navigation and unlock the mysteries of our solar system.

In 2015, United Launch Alliance announced plans to renew their lease in Harlingen, and as such, continue manufacturing rocket components at their 350,000 square foot plant within Valley International Airport. The announcement also meant that 150 highly skilled and well trained aerospace professionals will continue to live and work in an area that has quickly become the aerospace cluster of South Texas.

A development agreement between ULA, the City of Harlingen, and the Harlingen Economic Development Corporation was at the root of helping seal the deal to keep ULA in Harlingen.

"ULA is the foundation of the aerospace industry in the Rio Grande Valley," said Harlingen Mayor Chris Boswell. "We felt we needed to assure its employees and future workforce that we would do whatever we could to help them grow. We are excited at the possibilities that this growth will produce."

Michael Lamon, Chairman of the HEDC board, was equally pleased with ULA's agreement to remain in Harlingen. He recognized ULA's enormous impact to the Harlingen economy. "They are one of the largest taxpayers in Harlingen in a high skilled, high wage industry. Their impact is not only seen economically, but

even through educational programs that are now being offered at Texas State Technical College in Harlingen, specifically because of ULA."

Over the last twenty-seven years, ULA has played an important role in the US's presence in the aerospace industry. Whether it's been to aid our military in reconnaissance or by helping guide travelers on out of state trips with GPS technology, ULA's rockets are somehow intertwined in our daily lives. Not too many people know that many of those vital components on every rocket have been manufactured here in Harlingen for more than two decades now. We're delighted that ULA will be staying and truly making our community South Texas' aerospace cluster for so many highly trained professionals.

ULA is the foundation of the aerospace industry in the Rio Grande Valley. As such, Harlingen felt we needed to assure its employees and future workforce that we would do whatever we could to help them grow. We are excited at the possibilities that this growth will produce.

HARLINGEN EDC TARGETS AEROSPACE INDUSTRY IN 2015

With the recent announcements of United Launch Alliance extending their lease for a 300,000 square foot manufacturing facility at the Harlingen Aerotropolis and SpaceX building a launch pad only 30 miles away in Cameron County, the Harlingen Economic Development Corporation believes that timing couldn't be better to target the aerospace industry. In fact, if you ask industry experts, they'll say that the aerospace industry will define the future of the South Texas region for generations to come. The Harlingen EDC agrees that aerospace will be more important to the region in the future, and thus has initiated steps to attract companies in this sector.

Houstex Expo Conference

The Harlingen EDC joined United Launch Alliance at the Houstex Expo in 2015. The manufacturing trade show and conference, held in Houston, Texas featured hundreds of exhibitors focusing on the latest aerospace manufacturing technologies and new interactive opportunities. Highlights from the trade show included witnessing additive manufacturing/3-D printers and Computerized Numerical Control (CNC) instruments. ULA officials indicated at the trade show their plans to move more of their production in house. They also believed that it was essential that the HEDC understand their priorities. By partnering with ULA, HEDC was able to understand what new lines were being considered and what new equipment would be needed locally. The trade show

allowed HEDC the opportunity to talk to manufacturers about Harlingen.

HEDC officials also seized this opportunity to discuss the new Harlingen Aerotropolis at Valley International Airport. Earlier in 2015, the 480-acre air park was recognized as a Certified Site and ready to be developed by McCallum Sweeney Consultants, one of the world's leading site selection and economic development consulting firms.

Space Symposium

In the spring of 2015, HEDC Chief Executive Officer Raudel Garza attended the 31st Space Symposium held in Colorado Springs, CO. The event attracted space leaders from around the world to discuss, address, and plan for the future of the space industry. The space symposium, widely known as the premier U.S. space policy and program forum, was attended by many and included representatives from NASA, NOAA, FAA and Boeing. Garza was joined by Marv Esterly, Aviation Director for Valley International Airport. Garza was able to meet with various executives from aerospace companies such as ULA, SpaceX, and others. The conference provided a unique opportunity to discuss Harlingen's new developments in the aerospace industry with key decision makers and site selectors from throughout the world.

Aerospace Summit in Mexico

In September, HEDC staff traveled abroad to attend the Aerospace Summit in Queretaro, Mexico. Ramiro Aleman, Director of

Industrial Development, along with representatives from Valley International Airport and Western, LLC, were on hand to meet with executives from the aerospace industry at a global level. The event allowed them to gain insight into the industry and strengthen the collective efforts concerning the recruitment of new business to South Texas. Cindy Gettig, Marketing and Development Coordinator for Western, LLC stated, "Overall the experience was very educational and encouraged new strategies and avenues to take in order to reach the right industries that can benefit from expanding or relocating into the Harlingen area."

HEDC will market Harlingen this upcoming year by attending new trade shows and conferences and meeting with site selectors and real estate executives to promote Harlingen and grow the already burgeoning aerospace industry in South Texas.



ROOSEVELT BUSINESS PARK

So, we understand you may be thinking about building a new industrial facility in the near future? Well, before last year, there were only a few choices in Harlingen. You could build a new logistics warehouse, or medical device manufacturing facility at the Harlingen Industrial Park with 80 acres available. Or you could build in the 480 acre Harlingen Aerotropolis? But if you need really quick and easy access to the interstate system and the ability to reach as many customers as possible in the shortest time, then you may want to think about building inside of The Business Park at Roosevelt.

Recognizing a need for developed industrial land in north Harlingen, the HEDC Board of Directors authorized the purchase of approximately 50 acres off Interstate 69E and Roosevelt Road in 2015. Now, EDC staff and our engineers are working on a variety of options for the development of The Business Park at Roosevelt.

The Business Park at Roosevelt will feature approximately 40 acres of shovel-ready land with

a regional detention pond. The regional detention facility will also serve as a green space and buffer between The Business Park at Roosevelt and a residential subdivision nearby. We will also be adding a walking trail along that green space, and enough land for a few practice soccer fields for the neighbors to enjoy. Contact our office for more details on this new Class A project coming soon.

GARZA NAMED TO I-69 ADVISORY COMMITTEE

Raudel Garza, Chief Executive Officer of the Harlingen Economic Development Corporation was recently appointed to the I-69 Corridor Advisory Committee by the Texas Transportation Committee. The Commission created the Advisory Committee to assist the department in the transportation planning process for the I-69 System in Texas. Committee members along with staff will assist the Alliance for I-69 coalition by being an active and consistent advocate for the upgrade and completion of I-69 through East Texas, the Houston region and South Texas.

The staff recommendation of the new members

notes they were selected because they will ensure the committee represents a geographic distribution and reflects a diverse cross-section of the widely varying stakeholder groups needed to help the department identify and reach consensus on corridor needs and potential transportation solutions.



BINED

Economic development, in its current state, is very competitive. Communities throughout the world are fighting to attract the same investors and companies into their own different areas. At the local level, economic development remains very much a locally-driven issue, not one pushed by the state. Thus, when people talk about communities working together in a regional approach, many people often doubt that efforts undertaken by various communities can work in a fair manner.

In March 2014, the cities of Matamoros, Tamaulipas, Mexico and Brownsville, Texas and Harlingen, Texas came together in an unprecedented event and agreed to work together as a region to promote advanced manufacturing and related opportunities. The mayors of these three communities, along with US Congressman Filemon Vela, presented the idea of a Bi-National

Economic Development (BiNED) Zone and signed a historic agreement pledging to work together to achieve greater economic success for all three parties.

Shortly after the signing of a Memorandum of Understanding by the three mayors, other cities along the border in the region desired to work on the same or similar issues, and after another historic signing

event in August 2015, the cities of Reynosa, Tamaulipas, Mexico, and McAllen, Texas and Edinburg, Texas, along with the County of Hidalgo and the County of Cameron joined the BiNED trio and the group began to grow. The main purpose of the group is to work regionally to attract world-class manufacturers to the region on both sides of the border. Much work needs to be done, but a good start thus far...



HEAVY EQUIPMENT SALES & RENTAL SHOP OPENS IN HARLINGEN

The Harlingen Economic Development Corporation welcomed new business Texas State Rentals to Harlingen in 2015. The heavy equipment sales and rental shop will hire up to twenty-five employees when they reach full capacity. In addition to sales and office personnel, Texas State Rentals also employs highly skilled mechanics that work on bull dozers, fork lifts, back hoes, excavators, man lifts and other heavy equipment.

The EDC negotiated a development agreement with Texas State Rentals president Angus Davis months before opening that was approved by both the EDC board and Harlingen City

Commission. Texas State Rentals also operates businesses in Houston, La Porte, Victoria, College Station, and New Braunfels. The new store and mechanic shop is located on the 2700 block of F Street along US 83/77 and is already in operation. They rent and sell equipment by JLG, Skyjack, Yanmar, Sany, Liugong, Hyundai, Genie, and Caterpillar, John Deere, Skytrak, Gradall, Snorkel and Haulotte.



SMALL BIZ NEWS. BIG OPPORTUNITIES



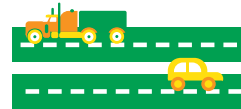
Dixieland Plaza | Bass Pro Drive | Harlingen, Texas



Cameron Crossing | Retail Building



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



What if that piece of dirt
was at the intersection of
2 MAJOR INTERSTATE
HIGHWAYS?

(Interstate 2 & Interstate 69E)



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

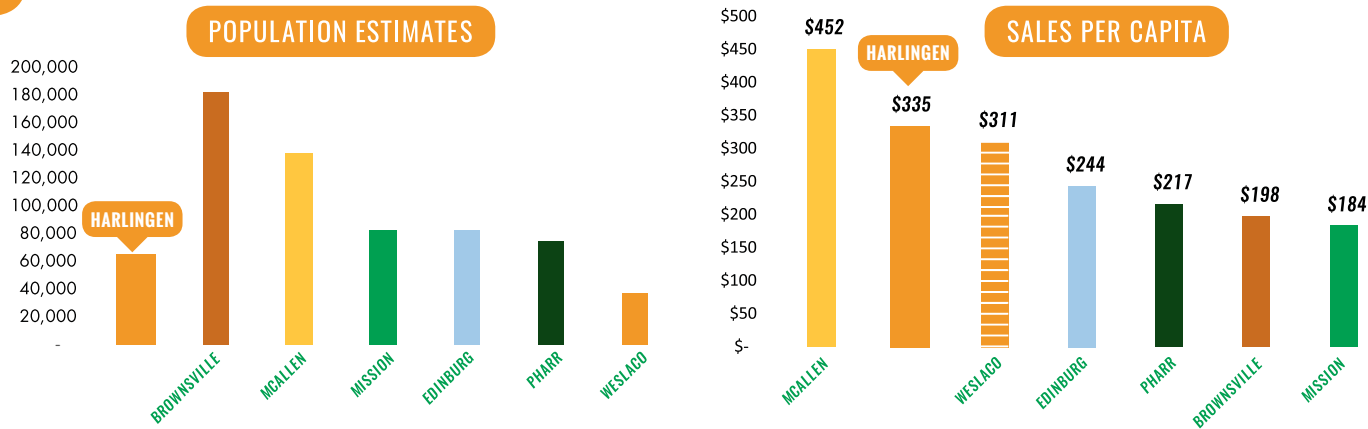
You could sell it, or you could even ground lease it. But if you really wanted to maximize the use of the property and the return, then build on it. At least that's what the HEDC is considering doing with a small tract of land in Cameron Crossing. Cameron Crossing is a retail destination area featuring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

NEW BUSINESSES





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 Orange County, CA, Brooklyn, NY or Harlingen, TX. This is what they found:

2015 COST OF LIVING INDEX BY THE COUNCIL FOR COMMUNITY & ECONOMIC RESEARCH (C2ER)

Beauty Salon	\$64.44	\$59.39	\$31.10
Dozen eggs	\$2.47	\$3.59	\$1.81
T-Bone steak	\$12.62	\$11.16	\$8.56
Gallon Milk	\$2.45	\$2.43	\$2.37
Apartment Rent	\$2,337	\$1,998	\$643
Home Price	\$963,047	\$809,108	\$214,860
Gasoline	\$2.75	\$3.38	\$2.11
Doctor visit	\$114.33	\$96.52	\$95.17
Pizza	\$11.50	\$9.67	\$8.00
Movie	\$13.46	\$12.64	\$10.10
	ORANGE COUNTY	NEW YORK	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. But don't take their word for it. The Council for Community and Economic 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





GREAT AMERICAN TRUCKING
SHOW CONFERENCE
DALLAS, AUGUST 2015



VIVA FRESH PRODUCE EXPO
AUSTIN, TX MARCH 2015



MOUNTAIN GLACIER
WATER

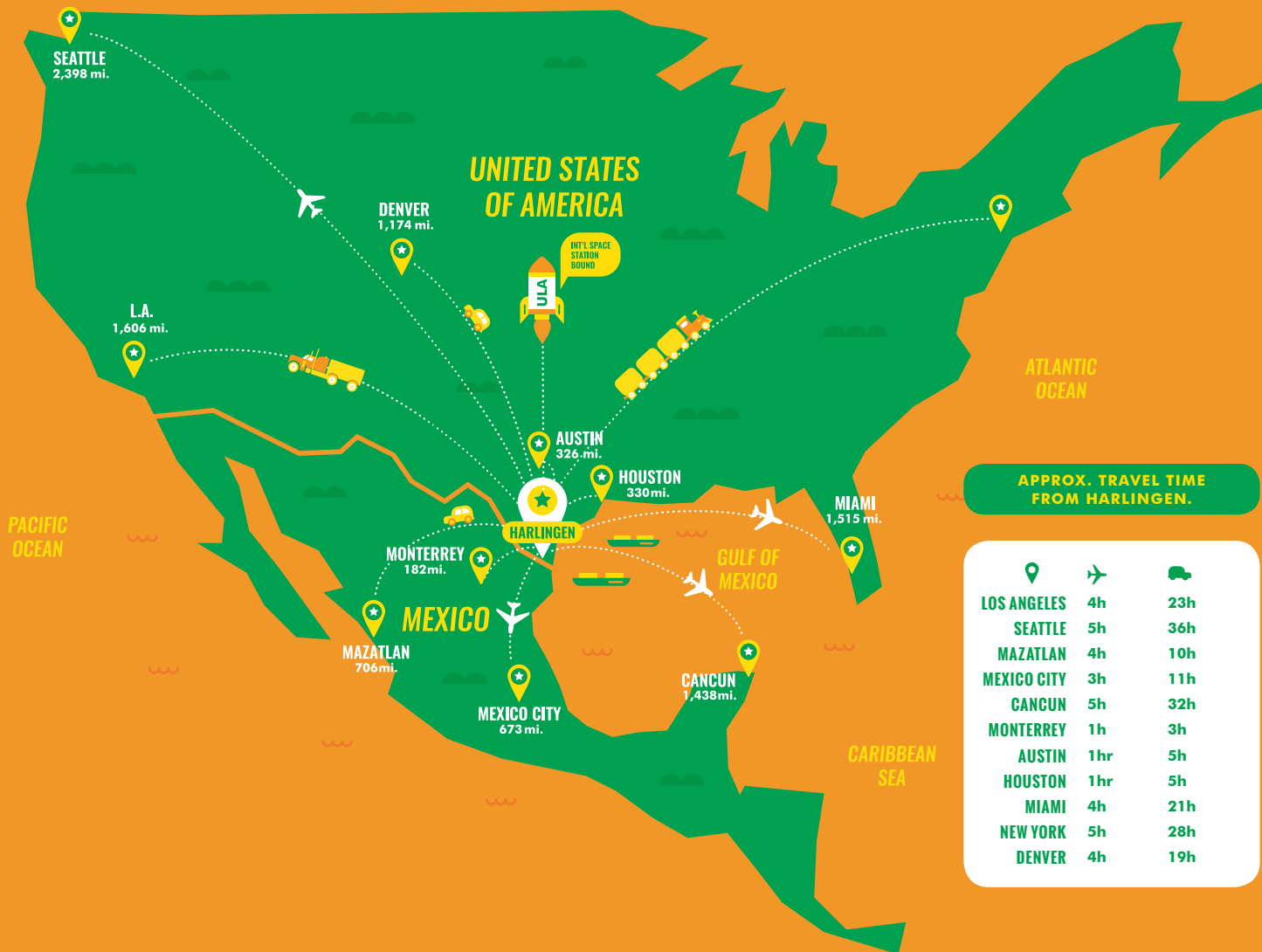


Assets

	Current Year September 30, 2015	Prior Year September 30, 2014
Cash	\$3,451,620	\$3,171,874
Reserve Cash	97,729	97,706
Receivables, Accounts - State Comptroller/other	308,303	324,043
Receivables, Accounts - Other	115,880	69,259
Receivables- Interfund	4,571	0
Receivables- Interfund TIF No. 3	576,416	646,416
Prepaid Expense	14,102	5,491
Loans Receivable	403,085	368,411
Land - Project Wilson	256,725	0
Land - Bass Pro Shops	4,187,758	4,187,758
Buildings & Improvements - Bass Pro Shops	36,698,765	0
Less: Depreciation	4,407,380	33,408,682
Total Assets	\$41,707,574	\$42,279,640

Liabilities & Fund Balance

Liabilities		
Accounts Payable - Other	\$758,06	\$25,469
Accrued Salaries Payable	9,728	7,262
Due - General Fund - Other	10,000	53,000
Deferred Revenues		
Loans	403,085	369,411
Other-TIF No. 3	576,416	646,416
Long Term Payble - BPS Land	4,431,205	4,431,205
- Front Bank Loan	2,615,000	2,990,000
Bonds Payable - BPS	29,110,000	30,180,000
Total Liabilities	37,231,238	38,701,763
Fund Balance	2,000,000	2,000,000
Designated Reserve	1,549,349	1,269,579
Unencumbered Fund Balance	926,987	308,298
Non Cash Fund Balance	4,476,337	3,577,877
Total Fund Balance		
Total Liabilities And Fund Balance	\$41,707,574	\$42,279,640



APPROX. TRAVEL TIME FROM HARLINGEN.

	✈️	🚗
LOS ANGELES	4h	23h
SEATTLE	5h	36h
MAZATLAN	4h	10h
MEXICO CITY	3h	11h
CANCUN	5h	32h
MONTERREY	1h	3h
AUSTIN	1hr	5h
HOUSTON	1hr	5h
MIAMI	4h	21h
NEW YORK	5h	28h
DENVER	4h	19h