DEVELOPMENT CORPORATION OF HARLINGEN, INC.
BOARD OF DIRECTORS’ REGULAR MEETING
January 26, 2016

Notice is hereby given that the above Board of Directors will hold a Regular Meeting on Tuesday, January 26, 2016 at 5:30 p.m. at Valley International Airport, 3002 Heritage Way, 3rd Floor, Conference Room, Harlingen, Texas 78550

The Development Corporation of Harlingen, Inc. reserves the right to meet in Executive Session on any agenda item should the need arise, and if applicable, pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code. Development Corporation meetings are available to all persons regardless of disability. If you require special assistance, please contact the HEDC office at (956) 216-5081 or e-mail us at info@harlingenedc.com at least 24 hours in advance of the meeting.

AGENDA ITEMS

Call Meeting to Order

Roll Call

Pledge of Allegiance

Citizen Communication

1. Consider and take action to approve the minutes of December 1, 2015 special meeting.

2. Consider and take action to approve the Financial Reports of November 30, 2015.


4. Consider and discuss staff reports:

   a) Report on commercial development activities over the past few months including, but not limited to:
      1. Construction activities
      2. Marketing activities
      3. Texas Retail Forecast Forum
      4. Business retention activities

   b) Report on industrial development activities over the past few months including, but not limited to:
      1. Industrial recruitment
      2. Industrial retention activities
      3. Update on HIFI activities
      4. Update on HMA activities; and
      5. Aerotropolis marketing activities

   c) CEO report on monthly activities including but not limited to:
      1. Updates on RSTEC, BiNED, Texas One, TEDC, I-69 Texas, and RGV Partnership
      2. Presentation of new video promoting the Harlingen Aerotropolis
      3. Update on Board Retreat & Strategic Plan initiative
5. Consider and take action to approve or reject request from Strategic Behavioral Health to amend the terms of the AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION OF HARLINGEN, INC., THE CITY OF HARLINGEN AND STRATEGIC BEHAVIORAL HEALTH, LLC to reflect a new occupancy date of October 1, 2016 and adjust the other dates related to such a change.

6. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.072), regarding the purchase, lease or value of real estate, if the deliberation in an open meeting would have a detrimental effect on the position of the Development Corporation of Harlingen Inc. in negotiations with a third person regarding some of the following projects and/or Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.087) regarding commercial and financial information from business prospects with which the Board is conducting economic development negotiations and/or to discuss or deliberate financial or other incentives to business prospects known as:

   a) Project Bird  
   b) Project Polar  
   c) Project Thor  
   d) Project Wilson  
   e) Project Annie

7. Action on executive session items:

   a) Project Bird – Consider and take action to authorize CEO to negotiate possible terms of an agreement with Project Bird and to authorize attorney to finalize Development Agreement.  
   b) Project Polar – Consider and take action to approve or reject HEDC being named "sponsor" for the construction of the facility and to act as project manager on behalf of the owners of the Free Trade International Bridge at Los Indios, subject to execution of a management agreement.  
   c) Project Thor – Consider and take action to approve or reject incentive proposal and authorize CEO to negotiate possible terms of an agreement with Project Thor and to authorize attorney to finalize Development Agreement; and consider recommending City participation in said agreement and incentive package, subject to final approval of legal document.

The Board may meet in closed executive session on any of the above agenda items if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the Attorney on a matter in which the duty of the attorney to the Board under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Act. Section 551.071 of the Texas Open Meetings Act.

2. The purchase, exchange, lease, or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the Harlingen Economic Development Corporation, Inc. in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.

3. A contract for a prospective gift or donation to the Development Corporation of Harlingen, Inc., if the deliberation in an open meeting would have a detrimental effect on the position of the Development Corporation of Harlingen, Inc. in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.

5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.


I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Board of Directors of the above named Corporation is a true and correct copy of said notice posted on the bulletin board at City Hall of said City of Harlingen, Texas in a place convenient and readily accessible to the general public at all times and said Notice was posted on Friday, January 22, 2016 at or before 4:30 p.m. and remained so posted for at least 72 hours preceding the time of said meeting.

Raudel Garza, Manager and Chief Executive Officer
Development Corporation of Harlingen, Inc.
Special Meeting
December 1, 2015

On this 1\textsuperscript{st} day of December 2015 at 11:30 a.m. the Development Corporation of Harlingen, Inc. Board of Directors convened at the University Center, 2424 Boxwood Street, Room 126, Harlingen, Texas 78550. The following are the minutes of the meeting.

Present
Michael Lamon
Lupita Gutierrez-Garza
Rick Ledesma
Dr. Gilbert Leal
Robert B. Dunkin

Staff
Raudel Garza, Manager and CEO
Brendan Hall, HEDC Attorney
Ramiro Aleman, Lyle Garza, Tania Duron and MaryAnn Villarreal

Also present was City Manager Dan Serna, Assistant Finance Director Sergio Villasana and Senior Finance Accountant Raul Sanchez.

Call to Order
Mr. Michael Lamon called the meeting to order; a quorum was established and the following proceedings were held.

Roll Call
Mr. Lamon announced Mr. Rick Ledesma, Dr. Gilbert Leal, Mr. Robert B. Dunkin and Ms. Lupita Gutierrez-Garza were present.

Pledge of Allegiance
Mr. Lamon led the Pledge of Allegiance.

Citizen Communication
None.

1. Consent Agenda.

The following items are of a routine or administrative nature. The Board has been furnished with background material on each item and/or it has been discussed at a previous meeting. All items will be acted upon by one vote, without being discussed separately, unless separate discussion of any item is requested by a Board Member. Items withdrawn from the Consent Agenda for individual consideration will be heard in their normal sequence after the remainder of the Consent Agenda has been acted upon.

a) Consider and take action to approve the minutes of October 20, 2015 regular meeting.

b) Consider and take action to approve the Financial Reports of October 31, 2015.

Motion was made by Mr. Dunkin and seconded by Mr. Ledesma to approve Consent Agenda. Motion carried unanimously.
The October 2015 financials were presented and approved as follows:

**Development Corporation of Harlingen, Inc.**
**Interim Financial Statements**
**For Month Ending October 31, 2015**

**Balance Sheet**
Cash $3,819,387  
Receivables $1,385,766  
Prepaid Expense $10,155  
Assets (Land, Building & Parking Lot)  
Less Depreciation $36,735,868  
Total Assets $41,951,175  

Liabilities & Payables $2,497,182  
BPS Land Payable $4,431,205  
Loan $2,225,000  
Bonds Payable $28,005,000  
Total Liabilities $37,158,386  

Designated Reserve $2,000,000  
Unencumbered Fund Balance $1,819,387  
Non-Cash Fund Balance $973,403  
Total Fund Balance $4,792,789  

Total Liabilities & Fund Balance $41,951,175

**STATEMENT OF REVENUES AND EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$411,433</td>
<td>$411,433</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$67,194</td>
<td>$67,194</td>
</tr>
<tr>
<td>Contracts</td>
<td>$27,500</td>
<td>$27,500</td>
</tr>
<tr>
<td>Projects</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$94,694</td>
<td>$94,694</td>
</tr>
<tr>
<td><strong>Revenues Less Expenditures</strong></td>
<td>$316,739</td>
<td>$316,739</td>
</tr>
</tbody>
</table>

2. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.072), regarding the purchase, lease or value of real estate, if the deliberation in an open meeting would have a detrimental effect on the position of the Development Corporation of Harlingen Inc. in negotiations with a third person regarding some of the following projects and/or Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.087) regarding commercial and financial information from business prospects with which the Board is conducting economic development negotiations and/or to discuss or deliberate financial or other incentives to business prospects known as:
a) Project Wilson  
b) Project Liberty  
c) Project Horn

At 11:35 a.m., President Lamon announced the board would convene into executive session under Government Code (Section 551.072) and (Section 551.087) to discuss Item No 2.

Motion was made by Mr. Ledesma and seconded by Dr. Leal to convene into executive session under Government Code (Section 551.072) and (Section 551.087). Motion carried unanimously.

At 12:02 p.m., President Lamon announced the board had completed its executive session under Government Code (Section 551.072) and (Section 551.087) declared the meeting open to the public.

3. Consider, discuss and take action on executive session items:  
   Project Wilson – authorize CEO to extend purchase agreement for an additional 30 days for land, a 34.418 acre tract of land, more or less, being out of a portion of an 89.95 acre tract of land out of the East 112 of Block 1 (20.00 acres), the Southwest 114 (9.95 acre) of Block 1, al/ of Block 2 (40.00 acres) and the West 1/2 of Block 3 (20.00 acres) of the FL. BISHOP SUBDIVISION, Cameron County, Texas, and to expend $5,000 additional earnest money.

Motion was made by Mr. Dunkin and seconded by Mr. Ledesma to authorize CEO to extend the purchase agreement for Project Wilson for 30 days for $5,000 additional earnest money and to authorize CEO to extend the contract beyond this 30 days if necessary for the same time period and earnest money. Motion carried unanimously.

4. Consider and discuss dates for a future board retreat.

Discussion was held between Mr. Raul Garza and the Board Members to provide options for future board retreat. Board members asked Mr. R. Garza to come back with suggested dates upon further review of some of the logistical issues.

5. Consider authorizing CEO to submit letter of support for the Annova LNG project.

Mr. R. Garza introduced the item. He reminded the Board that Annova LNG representatives had made a presentation to them. They had said they were working on providing information only. Mr. R. Garza asked the Board for opinions on the project and if they wanted to support the plant. After some discussion, motion was made by Mr. Dunkin and seconded by Dr. Leal to authorize CEO to submit letter of support for the Annova LNG project. Motion carried unanimously.

6. Staff reports:
   
a) Commercial Development report – Lyle Garza

Mr. Lyle Garza gave an update on the commercial development activities.

b) Industrial Development report – Ramiro Aleman

Mr. Ramiro Aleman gave an update on the industrial development activities.

c) CEO’s report – Raul Garza
Mr. Garza gave an update on his trip to the Site Selectors Guild conference in Philadelphia.

Mr. Garza mentioned the visit with Cardone Industries while he was in Philadelphia and the importance of this continued relationship.

Mr. Garza spoke about the trip to Houston for I-69 Alliance. He informed the Board that he had been asked to sit on the I-69 Alliance Board along with Alan Johnson, County Commissioner David Garza and others.

The Valley Morning Star had an article on the Cold Storage facility which Mr. Garza mentioned.

Mr. Garza updated the board on the opening for the Director’s position for Rio South Texas Economic Council.

Mr. Garza also mentioned some vacation time that he would be taking from December 2nd through the 6th, then attending a conference and returning on December 9th.

There being no further business to discuss, motion was made by Mr. Ledesma and seconded by Ms. Gutierrez-Garza to adjourn the meeting at 12:55 p.m.

Development Corporation of Harlingen, Inc.

______________________________________________________________
Mr. Michael Lamon, President

ATTEST:

______________________________________________________________
Raudel Garza, Manager and CEO
Development Corporation
Executive Summary

I. Agenda Item: Consider and take action to approve Financial Reports for period Ending November 30, 2015.

II. Brief Overview:

Reviewing the Balance Sheet (PAGE 1), an analysis of the fund balance indicates a designated reserve of $2,000,000, an encumbered Fund Balance of $2,149,634 and a non-cash Fund Balance of $738,781. Total assets are shown at $42,054,243 Liabilities are reported at $37,165,828. The amount reported under cash, which represents NOW Accounts, earned 0.010% interest during the month on the collected balance. From the Statement of Revenues, Expenditures, and Changes in Fund Balance (PAGE 2), revenues are reported at $791,449 and total expenditures (Page 3) at $197,869 - generating revenues over expenditures in the amount of $593,581.

Development Corp. Sales tax receipts received from Texas State Comptrollers for the month of November was $319,096 a decrease of $1,003 or -0.31% (Page 4). In the month of November Brownsville experienced a -1.44% decrease and McAllen a -6.33% decrease from the prior year. During the month $1,799 was paid on the Bales Mold Service, Inc. Note, $1,128 was paid on the Dollar Save Energy Note.

III. Budget
Item Budgeted____Yes_____No____X____N/A. If yes, fund (s) & Amount. If no, Sources of funding, amount requested & funds remaining.

IV. Finance Director Comments: ______Approved____Disapproved________None

VI. Staff Recommendation:
Staff recommends approval of financial reports as presented.

NAME: ELVIA TREVINO
TITLE: Finance Director

DEPARTMENT: Finance
### Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,149,834</td>
<td></td>
</tr>
<tr>
<td>Receivables- Sales Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables- Other &amp; TIFRZ No. 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables - Loans</td>
<td>$319,096</td>
<td>$311,886</td>
</tr>
<tr>
<td>Prepaid Expense</td>
<td>$631,588</td>
<td>$631,588</td>
</tr>
<tr>
<td>Assets(Land, Bldg &amp; Improvmts)-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deprec</td>
<td>$397,578</td>
<td>$389,305</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$36,554,652</td>
<td>$36,554,652</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>---------------</td>
<td>--------------</td>
</tr>
</tbody>
</table>

### Liabilities and Fund Balance

| Liabilities & Payables           | $35,630       |
| Deferred Revenues- Loans         | $397,578      |
| Deferred Revenues- TIFRZ No. 3   | $576,416      |
| Long Term Payable-BPS Land       | $4,431,205    |
| Loan                             | $2,615,000    |
| Bonds Payable                    | $29,110,000   |
| Total Liabilities                | $37,165,828   |
|-----------------------------------|---------------|--------------|
| FUND BALANCE                      |               |
| Designated Reserve               | $2,000,000    |
| Unencumbered Fund Balance        | $2,149,633    |
| Non-Cash Fund Balance            | $738,781      |
| Total Fund Balance               | $4,888,415    |

| Total Liabilities & Fund Balance | $42,054,243   |

### Statement of Revenues and Expenditures

#### Revenues

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$321,563</td>
<td>$665,700</td>
</tr>
<tr>
<td>Investment &amp; Interest</td>
<td>$3,183</td>
<td>$6,365</td>
</tr>
<tr>
<td>Rentals</td>
<td>$34,174</td>
<td>$68,039</td>
</tr>
<tr>
<td>Inter-Fund Reimbursements</td>
<td>$16,161</td>
<td>$31,345</td>
</tr>
<tr>
<td>Transfer From Fund Balance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$375,082</td>
<td>$791,449</td>
</tr>
</tbody>
</table>

#### Expenditures

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Operations</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Employee Benefits</td>
<td>$34,053</td>
<td>Strategic Behavioral Health, LLC</td>
</tr>
<tr>
<td>City Reimbursement</td>
<td>$4,833</td>
<td>United Launch Alliance</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$1,095</td>
<td>BPS Bond Payment</td>
</tr>
<tr>
<td>Services &amp; Charges</td>
<td>$793</td>
<td>BPS Land -380 Agreement</td>
</tr>
<tr>
<td>Marketing</td>
<td>$15,881</td>
<td>Loan Debt Service-$4M</td>
</tr>
<tr>
<td>Other</td>
<td>$11,888</td>
<td>Other</td>
</tr>
<tr>
<td>Total Operations</td>
<td>$68,543</td>
<td>Total Projects</td>
</tr>
</tbody>
</table>

| Total Expenditures                    | $98,548        | Total Expenditures | $197,868 |

| Revenues Less Expenditures            | $276,534       | Revenues Less Expenditures | $593,581 |
Agenda Date: January 26, 2016

Development Corporation
Executive Summary

I. Agenda Item: Consider and take action to approve Financial Reports for period Ending December 31, 2015.

II. Brief Overview:

Reviewing the Balance Sheet (PAGE 1), an analysis of the fund balance indicates a designated reserve of $2,000,000, an unencumbered Fund Balance of $2,398,541 and a non cash Fund Balance of $758,969. Total assets are shown at $42,310,161 Liabilities are reported at $37,152,652. The amount reported under cash, which represents NOW Accounts, earned 0.010% interest during the month on the collected balance. From the Statement of Revenues, Expenditures, and Changes in Fund Balance (PAGE 2), revenues are reported at $1,244,370 and total expenditures (Page 3) at $288,587 generating revenues over expenditures in the amount of $955,783.

Development Corp. Sales tax receipts received from Texas State Comptrollers for the month of December was $321,361 an increase of $5,344 or 1.69% (Page 4). In the month of December Brownsville experienced a 2.18% increase and McAllen a -8.16% decrease from the prior year. During the month $1,799 was paid on the Bales Mold Service, Inc. Note, $1,128 was paid on the Dollar Save Energy Note.

III. Budget

Item Budgeted_____Yes______No___X__N/A. If yes, fund (s) & Amount. If no, Sources of funding, amount requested & funds remaining.

IV. Finance Director Comments: √Approved_____Disapproved____None

VI. Staff Recommendation:

Staff recommends approval of financial reports as presented.

NAME: ELVIA TREVIN
TITLE: Finance Director

DEPARTMENT: Finance
DEVELOPMENT CORPORATION OF HARLINGEN, INC.

Interim Financial Statements

For Month Ending December 31, 2015
### Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables - Sales Tax</td>
<td>$321,361</td>
<td>$1,009,899</td>
</tr>
<tr>
<td>Receivables - Other &amp; TIFRZ No. 3</td>
<td>$733,913</td>
<td>$9,553</td>
</tr>
<tr>
<td>Receivables - Loans</td>
<td>$394,802</td>
<td>$160,441</td>
</tr>
<tr>
<td>Prepaid Expense</td>
<td>$0</td>
<td>$74,477</td>
</tr>
<tr>
<td>Assets(Land, Bldg &amp; Improvmts)-Deprec</td>
<td>$36,461,544</td>
<td>$0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$42,310,161</td>
<td>$1,244,370</td>
</tr>
</tbody>
</table>

### Liabilities and Fund Balance

<table>
<thead>
<tr>
<th>Liabilities &amp; Payables</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Revenues- Loans</td>
<td>$394,802</td>
<td>$104,796</td>
</tr>
<tr>
<td>Deferred Revenues- TIFRZ No. 3</td>
<td>$576,416</td>
<td>$14,500</td>
</tr>
<tr>
<td>Long Term Payable-BPS Land</td>
<td>$4,431,205</td>
<td>$7,320</td>
</tr>
<tr>
<td>Loan</td>
<td>$2,615,000</td>
<td>$1,880</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$29,110,000</td>
<td>$33,851</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$37,152,652</td>
<td>$64,090</td>
</tr>
</tbody>
</table>

### FUND BALANCE

<table>
<thead>
<tr>
<th>Designated Reserve</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unencumbered Fund Balance</td>
<td>$2,938,541</td>
<td>$17,500</td>
</tr>
<tr>
<td>Non-Cash Fund Balance</td>
<td>$758,963</td>
<td>$34,000</td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td>$5,157,510</td>
<td>$51,500</td>
</tr>
</tbody>
</table>

### Statement of Revenues and Expenditures

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$324,199</td>
<td>$1,009,899</td>
</tr>
<tr>
<td>Investment &amp; Interest</td>
<td>$3,188</td>
<td>$9,553</td>
</tr>
<tr>
<td>Rentals</td>
<td>$82,401</td>
<td>$160,441</td>
</tr>
<tr>
<td>Inter-Fund Reimbursements</td>
<td>$43,132</td>
<td>$74,477</td>
</tr>
<tr>
<td>Transfer From Fund Balance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$452,921</td>
<td>$1,244,370</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Employee Benefits</td>
<td>$47,552</td>
<td>$104,796</td>
</tr>
<tr>
<td>City Reimbursement</td>
<td>$4,833</td>
<td>$14,500</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$4,860</td>
<td>$7,320</td>
</tr>
<tr>
<td>Services &amp; Charges</td>
<td>$833</td>
<td>$1,880</td>
</tr>
<tr>
<td>Marketing</td>
<td>($5,722)</td>
<td>$33,851</td>
</tr>
<tr>
<td>Other</td>
<td>$28,344</td>
<td>$64,090</td>
</tr>
<tr>
<td>Total Operations</td>
<td>$80,699</td>
<td>$216,436</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contracts</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional EDC-TIPA</td>
<td>$0</td>
<td>$17,500</td>
</tr>
<tr>
<td>I-69 Alliance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$4,000</td>
<td>$34,000</td>
</tr>
<tr>
<td>Total Contracts</td>
<td>$4,000</td>
<td>$51,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Behavioral Health, LLC</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>United Launch Alliance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>BPS Bond Payment</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>BPS Land -380 Agreement</td>
<td>$6,019</td>
<td>$15,651</td>
</tr>
<tr>
<td>Loan Debt Service-$4M</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$5,000</td>
</tr>
<tr>
<td>Total Projects</td>
<td>$6,019</td>
<td>$20,651</td>
</tr>
</tbody>
</table>

| Total Expenditures                         | $90,718       | $288,587     |
| Revenues Less Expenditures                 | $362,202      | $955,783     |
Mike Garone  
Director of Development  
Strategic Behavioral Health  
8295 Tournament Drive, Suite 201  
Memphis, TN 38125

January 11, 2016

Raulel Garza  
Manager and Chief Executive Officer  
Harlingen Economic Development Corporation  
2424 Boxwood Street, Suite 125  
Harlingen, TX 78550

Dear Mr. Garza:

I am writing to formally request an amendment to the terms of the AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION OF HARLINGEN, INC., THE CITY OF HARLINGEN AND STRATEGIC BEHAVIORAL HEALTH, LLC. Section 4 of the Agreement describes that the incentives are contingent upon SBH's obligation to obtain a Certificate of Occupancy by January 31, 2016. Subsection A details the obligation:

"no later than January 31, 2016, obtaining a certificate of occupancy for an approximately 50,000 square foot facility located in Harlingen"

I am requesting that the obligation to obtain a certificate of occupancy be changed from January 31, 2016 to October 1, 2016. As indicated through our previous conversations there are two major reasons for the project being delayed:

1. The initial timeline was based upon the project being 72 beds, and approximately 50,000 sq/ft. After the agreement was executed, SBH made the decision to expand the size of the project to 94 beds, approximately 60,000 sq/ft. This change caused there to be design modifications, in turn causing the construction start date to be delayed. The long term impact of the increased number of beds will undoubtedly have a positive impact on the number of jobs created.

2. Our typical construction contracts allow for reasonable delays due to inclement weather conditions. The initial timeline was created using our past experience regarding inactivity based on weather conditions. The unforeseeable amount of rain in Harlingen since the
commencement of construction has negatively impacted the overall timeline of the project by several months. According to our General Contractor, we are quickly approaching the stage of the project where weather will no longer have an impact on the timeline.

At this point in time we are fully committed to this project and will take all necessary steps to ensure that the Opening occurs as soon as possible. We thank you in advance for your consideration in granting this amendment and look forward to providing services in our new home, Harlingen.

Please don't hesitate to contact me should you have any questions about this request. My cell phone number is (901) 277-6522.

Sincerely,

[Signature]

Mike Garone
January 12, 2016

Mr. Raudel Garza  
Manager and Chief Executive Officer  
Harlingen Economic Development Corporation  
2424 Boxwood Street, Suite 125  
Harlingen, TX 78550

Dear Mr. Garza:

The initial completion date for the SBH Palms Facility in Harlingen, Texas was set to be 1/31/16; however, that date has been pushed back due to two main reasons.

The project was originally designed for 72 beds. After further study of the needs in the area, SBH decided to add 22 beds for a total of 94 beds. Since construction documents were nearly complete at the time of this decision, the design team needed additional time for plan revisions. This resulted in pushing back the construction drawings completion date.

Weather has also impacted the completion date. The initial construction schedule was approximately 360 days. Based on the addition of the 22 beds, the construction schedule was extended to 390 days from receipt of the building permit. The permit issued on 3/10/15 revised the completion date to 4/13/16. The project has experienced a total of 112 lost days due inclement weather through December 2015. Since the building is not completely under roof, there is still the potential for additional lost weather days.

At this time, Thomas Construction Group is confident that we can complete the project and obtain the Certificate of Occupancy prior to 10/1/16 barring any unforeseen circumstances during final inspections by local and state agencies.

Please feel free to contact us if you have any questions regarding the above.

Sincerely,

THOMAS CONSTRUCTION GROUP, LLC

[Signature]

Harold B. Haggard, Jr. CHC  
Senior Project Manager

HH/ab
AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION
OF HARLINGEN, INC., THE CITY OF HARLINGEN
AND STRATEGIC BEHAVIORAL HEALTH, LLC

On the 9th day of June, 2014 this AGREEMENT BETWEEN
THE DEVELOPMENT CORPORATION OF HARLINGEN, INC., THE CITY OF
HARLINGEN, AND STRATEGIC BEHAVIORAL HEALTH, LLC (hereinafter
"Agreement") was entered into by the DEVELOPMENT CORPORATION OF
HARLINGEN, INC. (hereinafter "DEVELOPMENT CORPORATION"), THE CITY OF
HARLINGEN (HEREINAFTER "City"), and STRATEGIC BEHAVIORAL HEALTH, LLC
a Delaware limited liability company (hereinafter "SBH"), on the following terms and
conditions:

1. PURPOSE: The DEVELOPMENT CORPORATION finds and determines
that the location of a behavioral health facility described below and to be developed by
and/or under the direction of SBH will create new jobs at the salaries and benefits set out
in Exhibit "A" attached; and that the expenditures for the behavioral health facility such as
the infrastructure, facilities and equipment described below are required and/or suitable
for this project and are necessary to promote and develop existing, new and/or expanded
business enterprises and will promote and develop existing, new and/or expanded
business enterprises, economic development and job growth in the greater Harlingen
community and area resulting in new and enhanced employment opportunities, and
funding this project complies with requirements of the Act. Furthermore, the
DEVELOPMENT CORPORATION finds and determines that this project is undertaken
by the DEVELOPMENT CORPORATION and is approved by the City of Harlingen and
that the City of Harlingen is located within twenty-five (25) miles of the international border.
with Mexico and at the time of the approval of this Agreement, the City of Harlingen’s average rate of unemployment is greater than the state’s average rate of unemployment during the twelve (12) month period for which data is available that immediately precedes the date of approval of this Agreement.

2. **COMMISSION APPROVAL:** This Agreement is subject to the express approval of the Elective Commission of the City of Harlingen. Failure to receive such approval shall render this Agreement null and void, and no party to this Agreement shall have any liability under this Agreement to any other party.

3. **FINANCIAL ASSISTANCE:** Based upon the commitments by SBH, set forth herein and the representations in other documents provided to the DEVELOPMENT CORPORATION by SBH and its representatives, the DEVELOPMENT CORPORATION agrees to provide the following financial assistance to SBH:

   For a period of three (3) years after the SBH Harlingen facility opens, the DEVELOPMENT CORPORATION shall provide a job creation grant to SBH up to Two Thousand Five Hundred Dollars ($2,500.00) per new full-time position created, and filled annually, up to a total maximum payment by DEVELOPMENT CORPORATION of Five Hundred Thousand Dollars ($500,000.00). To be eligible for this job creation grant, the job must be a full-time position at the Harlingen SBH facility and filled for a minimum of forty (40) consecutive weeks annually. Starting wages for these jobs will determine the grant to be paid as provided in paragraph 4 below. For purposes of this Agreement, “full-time” means at least 1,664 hours per year.
The DEVELOPMENT CORPORATION shall also provide an infrastructure grant of up to Forty-Four Thousand Dollars ($44,000.00) for fiber optic line extensions to the Harlingen SBH facility and other off-site infrastructure improvements required to construct the Harlingen SBH facility. The DEVELOPMENT CORPORATION shall arrange for the construction of the fiber optic line and deduct the cost from the Forty-Four Thousand Dollars ($44,000.00) grant. To be eligible for reimbursement from the remaining funds in this grant, SBH shall construct the required infrastructure, which must have been approved by the DEVELOPMENT CORPORATION, and submit the paid invoices for the constructed infrastructure along with proof reasonably satisfactory to the DEVELOPMENT CORPORATION that SBH paid the invoices. Upon approval by the DEVELOPMENT CORPORATION, reimbursement shall be paid to SBH within sixty (60) days.

The DEVELOPMENT CORPORATION shall also assist SBH by taking the following actions:

a. The DEVELOPMENT CORPORATION will work with SBH to identify opportunities to seek grants from state and federal agencies whenever possible, such as the Skills Development Fund from the Texas Workforce Commission or additional job training from Texas State Technical College or other educational and workforce development partners.
b. The DEVELOPMENT CORPORATION will help SBH in its recruitment efforts by sponsoring a job fair prior to or within the first year of operation of the SBH Harlingen facility as coordinated by both SBH and the DEVELOPMENT CORPORATION.

The CITY OF HARLINGEN shall also assist SBH by taking the following actions:

a. The CITY OF HARLINGEN will enter into a Chapter 380 Agreement with SBH under which the CITY will refund 100% of the incremental ad valorem taxes collected by the City for City taxes only for a period of up to four (4) years, for an amount of up to $200,000 in the aggregate. By “incremental ad valorem taxes” is meant any property taxes paid above the established base year. A copy of the executed Chapter 380 Agreement shall be included as Exhibit “B” of this Agreement.

b. The City of Harlingen will nominate SBH’s Harlingen project to be designated as a State Enterprise Zone Project no later than September 2, 2014, and thereafter use reasonable efforts to obtain such designation. If designated by the Governor’s office or other state agency as a “project”, SBH will be eligible to receive a refund of the state’s portion of sales and use taxes paid to the state for purchases made for use at the qualified SBH business site.

4. **SBH’s Obligations**: In consideration for the incentives and funding to be provided by the DEVELOPMENT CORPORATION and by the CITY, SBH acknowledges and agrees that the incentives set forth in paragraph 3 above are fully conditioned on and contingent upon SBH’s timely performance of each of the following obligations:
a. no later than January 31, 2016, obtaining a certificate of occupancy for
   an approximately 60,000 square foot facility located in Harlingen; and
b. in order to receive any of the job creation grant and the infrastructure
   grant, SBH must meet the January 31, 2016 certificate of occupancy
   deadline and must meet the job creation criteria established in
   paragraph 3. above and the amount of each job creation grant will be
determined as follows:

• For newly-created full-time positions paying a minimum of
  $9.00 per hour (not including benefits and/or bonuses) and
  meeting the time criteria above, the DEVELOPMENT
  CORPORATION will provide a one-time grant of $1,000.00
  per new job.
• For newly-created full-time positions paying a minimum of
  $10.00 per hour (not including benefits and/or bonuses) and
  meeting the time criteria above, DEVELOPMENT
  CORPORATION will provide a one-time grant of $1,500.00
  per new job.
• For newly-created full-time positions paying a minimum of
  $11.00 per hour (not including benefits and/or bonuses) and
  meeting the time criteria above, DEVELOPMENT
  CORPORATION will provide a one-time grant of $2,000.00
  per new job.
- For newly-created full-time positions paying a minimum of $12.00 per hour (not including benefits and/or bonuses) and meeting the time criteria above, DEVELOPMENT CORPORATION will provide a one-time grant of $2,500.00 per new job.

The job creation grants will be paid to SBH on an annual basis, subject to verification of information reasonably satisfactory to the DEVELOPMENT CORPORATION, with no more than $100,000 paid per year for up to five (5) years from the date that operations begin at the Harlingen facility. Any amount due to SBH in one year which exceeds the yearly cap will be paid the following year.

c. SBH hereby certifies that it does not and will not knowingly employ any undocumented workers, as defined in Section 2264.001 of the Texas Government Code. SBH further states and certifies that if, after receiving any of the incentives or funds from the DEVELOPMENT CORPORATION as provided under this Agreement, it is convicted of a violation under 8 U.S.C. Section 1324a(f), SBH shall repay the value of the incentives and shall repay to the DEVELOPMENT CORPORATION the amount of any funds received from the DEVELOPMENT CORPORATION hereunder, with interest at the rate of six percent (6%) per annum and payable in three (3) equal annual installments.

5. **ACCESS TO RECORDS:** SBH will supply prompt verification of compliance with all of these obligations to the DEVELOPMENT CORPORATION as requested and will promptly provide access to any financial, employment or other records
in SBH’s possession, or which are reasonably available to it which are necessary to verify employment statistics or investments in the Harlingen/San Benito area or compliance with any other obligation under this Agreement including, but not limited to, Texas Workforce Commission Employer’s Quarterly Reports.

6. **REIMBURSEMENT**: DEVELOPMENT CORPORATION and SBH agree that it would be difficult, if not impossible, to determine the damages to the DEVELOPMENT CORPORATION and to the statutory purposes and uses of these tax-generated funds caused by a default by SBH in the terms of paragraphs 4 or 5 above and/or paragraphs 7 or 9 below. Therefore, the DEVELOPMENT CORPORATION and SBH agree that, in the event of SBH’s default in the provisions of paragraphs 4 or 5 above and/or paragraphs 7 or 9 below that is not cured within forty-five (45) days after notice, SBH shall reimburse the DEVELOPMENT CORPORATION as liquidated damages and not as a penalty, the total of all sums paid hereunder and/or paid on SBH’s behalf or for its benefit by the DEVELOPMENT CORPORATION in any amount which the DEVELOPMENT CORPORATION determines, in its sole discretion, is appropriate in relation to the default or defaults, provided that in no case shall the maximum liability of SBH for damages or otherwise under this agreement exceed the total amount of funds received by SBH from the DEVELOPMENT CORPORATION hereunder. There shall be no further liability on SBH’s part once such liquidated damages have been paid.

7. **DEFAULT**: Failure by SBH to meet any of the requirements set forth in paragraphs 4 (a), through 4 (c) or 5 above or paragraph 9 below, or if any creditor or other person or entity attempts to execute or actually executes on SBH’s assets, or if any creditor or other person or entity attempts to garnish or actually garnishes any of SBH’s
funds, including but not limited to any grant funds paid to or payable to SBH under this Agreement, or if SBH becomes insolvent, goes into receivership, or files for or is put into bankruptcy, or if SBH fails to pay its property taxes, state franchise taxes, state or federal employment taxes, or federal income taxes; any of such events shall be a default under this Agreement. Upon the DEVELOPMENT CORPORATION's determination of default by SBH, written notice of such default shall be sent to SBH, at Strategic Behavioral Health, 8295 Tournament Drive, Suite 201, Memphis, Tennessee 38125. ATTENTION: President SBH has forty-five (45) days from the date of such written notice to cure the default. Notwithstanding the foregoing, in the event of fraud, criminal behavior, or intentional wrongdoing by SBH, there will be no cure period allowed. After receipt of such notice in writing from the DEVELOPMENT CORPORATION and after failure to cure the default within the cure period, SBH shall pay such reimbursement(s) plus accrued interest to the DEVELOPMENT CORPORATION within forty-five (45) days Furthermore, the DEVELOPMENT CORPORATION's obligations to provide any funding not yet paid to SBH shall immediately cease in the event of any such default and expiration of the applicable cure period.

8. **NOTICE TO DEVELOPMENT CORPORATION**: All notices by or from SBH to the DEVELOPMENT CORPORATION shall be sent by fax and certified mail to the Manager of the DEVELOPMENT CORPORATION at (956) 216-2580 and at 2424 Boxwood, Harlingen, Texas 78550, and to the City Attorney of the City of Harlingen at (956) 427-8744 and at 118 E. Tyler, Harlingen, Texas 78550. All notices by or from the
DEVELOPMENT CORPORATION to SBH shall be sent to SBH at the address in paragraph 7 above.

9. **PARTIES BOUND AND ASSIGNMENT:** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns. SBH may not assign this Agreement or any of its rights hereunder without the prior written consent of the DEVELOPMENT CORPORATION, which shall not unreasonably be withheld. This Agreement and SBH rights hereunder cannot be assigned to a lender or otherwise used as collateral and any funds due SBH hereunder cannot be garnished, nor executed upon. Any such event shall be a default under paragraph 7 above.

10. **LAW:** SBH further declares that it is understood that the funds provided hereunder may only be used in accordance with Texas law, including, but not limited to Chapters 501-504, Texas Local Government Code, and the Articles of Incorporation and Bylaws of the DEVELOPMENT CORPORATION. To the best of DEVELOPMENT CORPORATION's knowledge, the purposes for which the incentive is made available hereunder are consistent with and do not exceed those limitations and purposes.

11. **NO PARTNERSHIP, ETC.** It is specifically agreed that there shall not be and that there is not, by reason of this Agreement or any transaction contemplated hereby, any joint venture or partnership between DEVELOPMENT CORPORATION and SBH. Nothing herein shall in any way be construed as a commitment to any financial support of SBH by DEVELOPMENT CORPORATION beyond that expressly stated herein. In performing the duties detailed herein, no officer, agent, or employee of SBH shall be an officer, agent or employee of DEVELOPMENT CORPORATION and
DEVELOPMENT CORPORATION shall have no duties to any officer, agent, or employee of SBH.

12. **WAIVER.** No party shall by any act of omission or commission be deemed to waive any of its rights or remedies under this Agreement unless the waiver is in writing and signed by that party, and then only to the extent specifically set forth. A waiver in one event shall not be construed as continuing or as a bar to or waiver of any right or remedy of a subsequent event.

13. **NO ORAL MODIFICATION.** This Agreement may not be changed or terminated orally. Changes may only be made in writing, signed by both DEVELOPMENT CORPORATION and SBH and approved in writing by the Elactive Commission of the City of Harlingen.

14. **INTERPRETATION.** This Agreement is intended by the parties as a complete and exclusive statement of the terms of their agreement. This Agreement supersedes all prior agreements, written or oral. No course of prior dealings between the parties shall be relevant to supplement or explain any term used in this Agreement. Acceptance or acquiescence in a course of performances rendered under this Agreement shall be relevant to determine the meaning of this Agreement.

15. **INVALIDITY OF PARTICULAR PROVISIONS.** If any term or provision of this Agreement shall, to any extent, be held by a court of law with jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each term and provision of this Agreement, other than those which have been held invalid or unenforceable, shall be valid and be enforced to the fullest extent permitted by law.
16. **FORCE MAJEURE:** In the event that performance by either party of any its obligations under the terms of this Agreement shall be interrupted or delayed by an act of God, by acts of war, terrorist acts, riot, or civil commotion, by strikes, fire, flood, or by the occurrence of any other event beyond the control of the parties hereto, that party shall be excused from such performance for the same amount of time as such occurrence shall have lasted or such period of time as is reasonably necessary after such occurrence abates for the effects thereof to have dissipated.

17. **AUTHORIZATION:** The parties acknowledge and represent to each other that the persons who executed this Agreement were duly authorized to do so on behalf of each party and all necessary authorizations and approvals have been properly obtained.

18. **EXPIRATION OF OFFER:** If this Agreement is not executed by SBH and received by the DEVELOPMENT CORPORATION no later than June 30, 2014, the incentives offered in this Agreement shall expire and the Agreement shall be null and void.

Executed at and performable in Harlingen, Cameron County, Texas.

**DEVELOPMENT CORPORATION OF HARLINGEN, INC.**

BY: Robert Dunkin
ITS: President

**STRATEGIC BEHAVIORAL HEALTH, LLC**

BY: Jim Shaheen
ITS: President

**CITY OF HARLINGEN**

BY: Chris Boswell
ITS: Mayor
STATE OF TEXAS
CAMERON COUNTY

INTERLOCAL COOPERATION AGREEMENT

THIS AGREEMENT is entered into and between the COUNTY OF CAMERON, TEXAS, hereinafter referred to as "COUNTY" and the CITY OF HARLINGEN and CITY OF SAN BENITO, hereinafter referred to as "CITIES, pursuant to V.T.C.A., Government Code, Chapter 791, cited as the Interlocal Cooperation Act.

1. LOCATION OF PROJECT: Cameron County, Texas (Free Trade Bridge at Los Indios).

2. PROJECTS TO BE COMPLETED: Construction of a Cold Storage Facility at the Free Trade Bridge at Los Indios on GSA owned property.

3. The total estimated cost contribution which will be provided by Cameron County and the Cities of Harlingen and San Benito to construct the Facility is approximately $450,000.00. County will pay approximately 50% of the cost and the cities in this agreement will each pay approximately 25% of the cost for the project. The County and Cities agree to pay their portion of the final cost of construction before project is started to the project sponsor (Harlingen Economic Development Corporation) so that all funds are in place prior to construction. The COUNTY will solely be responsible for providing the funding to construct the Facility identified in this Interlocal Agreement. County will not pay for anything other than for the construction for this project.

4. COUNTY/CITIES intend to make improvements to Free Trade Bridge at Los Indios as soon as is practicable but no later than the end of the 2016-2017 fiscal year and will initiate construction of the Facility in 2016 once Interlocal Agreements between Cameron County and the City of Harlingen and City of San Benito are approved and payment is made to the Project Sponsor.

5. This agreement constitutes a one-time agreement between the parties and does not constitute a continuing agreement or responsibility for operations or maintenance of the subject project. There will be a separate procurement for operations and maintenance of the facility. In addition, any future operations or maintenance will be determined by parties to this agreement prior to work taking place.

6. The rules, regulations and orders of COUNTY shall govern this agreement and the parties agree the project sponsor and the COUNTY as the owner of the Free Trade Bridge at los Indios shall supervise the performance of this agreement.

7. The agreement shall have no legal force or effect until such time as it is properly adopted and approved by the CAMERON COUNTY COMMISSIONERS COURT, the CITY OF HARLINGEN COMMISSION and the CITY OF SAN BENITO COMMISSION. This agreement shall terminate at the completion of the project.

8. Any payments made under this Agreement will be made from the current revenues of the paying party.

Celeste Z. Sanchez
Mayor
City of San Benito

Pete Sepulveda, Jr.
County Judge
Cameron County

Chris Boswell
Mayor
City of Harlingen