LETTER FROM THE CHAIRMEN

In contrast to the national economic downturn, Harlingen continued to develop during fiscal year 2010-2011.

Many of the headlines throughout the year heralded the coming of Bass Pro Shops and the Cameron Crossing retail development. A lease was signed in December 2010 and the HEDC issued $32 million in sales tax revenue bonds to finance construction of the 150,000 square foot “destination outdoor retail store.” Construction began in January 2011 and by the end of the fiscal year, Bass Pro Shops was preparing to open with 325 employees.

As outlined in these pages, many other projects were initiated or completed during the fiscal year, insuring quality jobs and economic activity for the coming years. Much of Harlingen’s continuing success can be attributed to the dedication and visionary leadership of the Harlingen EDC Board of Directors and City Commission. The community will continue to benefit from their hard work in the future.

Sincerely,

Terry Gray, President               Ernesto Silva, President

In February 2011, the Veterans Administration dedicated its new 120,000 square foot, $40 million ambulatory surgery center and parking garage. By the end of the year, over 200 highly skilled medical professionals were employed at the center with an annual economic impact of $40 million in payroll and expenditures. The Harlingen EDC assisted the project by providing improved street access to the facility.

Harlingen continued to serve as headquarters for the new Veterans Administration region – Texas Valley Coastal Bend.
The purpose of the Corporation is to create wealth that improves the quality of life for the citizens of Harlingen.

- The focus of the Corporation will be the creation of “primary” (sometimes called “basic”) employment opportunities.
  - Primary employers sell their goods or services outside the community, resulting in new money in the local economy. This new money circulates (multiplier effect) within the community, generating additional jobs, tax revenue and economic activity.
  - Employers in this sector (manufacturing, distribution, administrative offices, research and development) typically pay higher wages.
  - Investment in this sector is typically higher, resulting in greater tax value with fewer burdens on local government services.
  - Potential new firms and existing businesses that consider expansion will be treated equally.
  - Priority will be given to corporate headquarters operations due to the added value these firms bring to a community.

- A secondary focus of the Corporation will be the recruitment of new, larger-scale retail development.
  - New retailers generate property and sales tax revenue for the City.
  - A broad range of retail opportunities adds to the quality of life of the City.

- The Corporation will support new and expanding small business through a variety of Federal, State and local economic development initiatives and partnerships as available.

- While building a better community is important and requires the effort of a number of organizations, groups and institutions, the focus of the Development Corporation will be “marketing” and “deal-making.” “Product development” activities will be conducted by others.
Harlingen continued to rank highly on several factors that impact growth and development:

- Harlingen had the lowest cost of living in the U.S. during 2010 and the first three quarters of 2011, according to the ACCRA Cost of Living Index. Harlingen’s cost of living is 19.5 percent below the national average according to the survey compiled by Council for Community and Economic Research released in October 2011. The cost for new management level housing in Harlingen is 25 percent below the national average.

- In a report released in October 2010, the Metropolitan Statistical Area (MSA) that includes Harlingen ranked 13th among “America’s Best Performing Cities,” according to the Milken Institute. The MSA “skyrocketed a remarkable 57 spots this year,” according to the study. The MSA ranked first in the growth of technology output for 2008-2009 and second in the growth of technology over the five year period. Increases in trade, transportation and health care employment and low cost of doing business “create a positive outlook for growth,” according to the report.

- Area Development magazine ranked the MSA that includes Harlingen as one of the “100 Leading Locations (Desirable Places for Doing Business)” in its Spring 2011 issue.

- For the 3rd year in a row, the Harlingen Economic Development Corporation received awards in the Marketing and Literature Awards competition of the Southern Economic Development Council. The 2009-2010 Annual Report of the Harlingen EDC won an Award of Merit in the Large Division in the most recent competition.

The Harlingen Economic Development Corporation emphasized its commitment to small business development by working with a wide variety of stakeholders to develop the Harlingen Small Business Development Plan. Major elements of the plan are:

   - Include information on services available from the Small Business Development Center, Downtown Improvement District, City of Harlingen, Harlingen EDC, Harlingen CIB, Harlingen CVB, U.S. Small Business Administration, Accion Texas and others.
   - Market the Small Business services through the Chambers, SBDC and others.
   - Make copies of the Guide available in print and on the HEDC website.

2. Identify methods of advertising local business in coordination with the Chambers, DID and CVB.

3. Encourage the addition of elements of Small Business services to the programs of work of local organizations.

4. Investigate initiating new programs for Small Business (like tax abatement) and expanding other programs (façade renovation, signage and fire safety grants and loans) beyond the Downtown Improvement District.

5. Conduct an inventory of commercial and industrial property, beginning with the Original Townsite (and possibly expanding to the rest of the community if the program is beneficial).
   - Utilize interns or college classes to gather information on buildings and sites, including ownership, size, maps, photos and condition of property.
   - Publicize available properties on DID and HEDC websites.
   - Coordinate the program through the City Planning Department so the information is useful in future community planning efforts.

6. Establish a fund to write down interest rates to make loans feasible from Accion Texas to Harlingen businesses.

7. Establish a campaign to encourage Harlingen residents to shop locally.
The Harlingen EDC continued its support of the Valley Initiative for Development and Advancement (VIDA). During the year, economically disadvantaged citizens of Harlingen and the surrounding area were trained and placed in jobs paying up to $38 per hour.

The HEDC also supported the efforts of Tech Prep of the Rio Grande Valley to assist high school students in taking college level classes and learning about career alternatives and opportunities. During the year, 2,129 Harlingen Consolidated Independent School District students took college level classes, an increase of 270 percent over the previous year. In addition, local school district graduates transferring to TSTC increased 419 percent. Harlingen EDC assistance allowed Tech Prep to continue the Educator Externships (with local business), job shadowing, the Career Expo, the Regional Labor Market Report (featuring Harlingen companies) and to develop a strategic plan for education in Harlingen.

In August 2011, the University Center of Harlingen opened. The 38,000 square foot Center is the only building south of San Antonio to achieve LEED Gold Certification, an indication of the energy and environmentally efficient design and construction. The Harlingen EDC provided $4.2 million to construct the $7.2 million project. The remainder of the funding came from Texas State Technical College (in addition to leasing the land upon which the building is sited) and the Harlingen Community Improvement Board which provided $750,000 to equip the building with state of the art telecommunications equipment.

The Center is also home to the Harlingen EDC offices, the Corporate College of TSTC, the regional office of the Governor’s Office of Economic Development and the Rio Tech Fund (to assist technology based businesses), making the Center literally a one stop resource center for companies needing assistance with job training, financing and incentives.
Existing industry and other primary employers are major economic drivers in Harlingen. The Harlingen EDC continued its program of working with local industry. Over 30 firms were called on to discuss expansion plans and issues they face.

The HEDC also continued to coordinate the activities of the Harlingen Manufacturers Association. A new video depicting the wide range of manufacturing in Harlingen was completed. The HMA display at Valley International Airport was also redesigned.

**Tyco Valves and Controls** completed its expansion in 2011. Over $5.7 million was invested in facility expansion and, in addition to retaining 120 highly skilled jobs, an additional 80 jobs were created.

**Cardone Industries** continued its growth at the 500,000 square foot Harlingen facility. Over 180 people are currently employed at the Harlingen facility.

**ITD Precision** announced a 28,500 square foot, $1.6 million expansion of its Harlingen facility. The expansion will bring total employment at ITD to over 90.

Nearly 3,000 people are employed at technical service centers in Harlingen, leading the Milken Institute to rank the Metropolitan Statistical Area that contains Harlingen as first in the nation in technology growth. **Dish Network, Advanced Call Center Technologies and UnitedHealth Group** added 250 new employees during the year.
The Bass Pro Shops® Outdoor World held its grand opening on November 16, 2011 (a few days after the end of the 2011 fiscal year). By opening, Bass Pro Shops had 425 employees (100 more than its normal employment level due to the grand opening and holiday season).

The official attendance for the grand opening (based on turnstile count) was 9,940, but unofficial estimates were as high as 14,000, making it one of the largest turnouts ever for the opening of a Bass Pro Shops® Outdoor World. Since the opening, the Harlingen Bass Pro Shops® has led the company in sales in several categories.

Tire Recycling and Processing, LLC (TRP) announced plans to establish a center to process used tires into granules, carbon black and biofuels in Harlingen. The company purchased a 42,777 square foot facility in the Harlingen Industrial Park and will install new equipment valued at $3.8 million. The operation will initially create 30 new jobs.

In August 2011, Panda Express, the California-based national leader in gourmet Chinese quick-service restaurants, selected Harlingen as its third location in the Rio Grande Valley. The new store will be located at 2005 West Lincoln Avenue. Panda Express will create 12 to 15 new jobs.

United Distribution United Distribution leased 10,000 square feet of space on Hanmore Street for a distribution center. The company plans to employ ten people.
In October 2010, Raudel Garza became the first executive director of the Rio South Texas Economic Council. Garza had previously served as executive director of the economic development corporations in Pharr and Mission prior to positions in commercial real estate development and sales in the region.

Rio South Texas again sponsored the inside the gatefold advertisement in “Texas Wide Open for Business,” the prime marketing piece for the Texas Governor’s Office of Economic Development. The three page ad features a map of the region and a summary of the advantages available to companies that locate in the region.

Rio South Texas participated in a variety of trade shows in our target industries, including the Society of Automotive Engineers (Detroit, April 2011 and the American Wind Energy Association (May 2011). Rio South Texas also participated in a TexasOne recruitment trip to Chicago to call on major site location consulting firms.

Rio South Texas was also a sponsor of the NBA-Developmental League Showcase held at South Padre Island in January 2011. This gave RSTEC representatives the opportunity to meet with NBA-DL executives and other business interests. RSTEC’s commercial also aired on the D-League games televised on Versus.
During 2010-2011, the Harlingen EDC continued its marketing efforts, including:

- Direct mail – The award winning 2010 HEDC Annual Report was mailed to nearly 900 site location consultants and regional and national commercial and industrial realtors.
- Advertising – The Harlingen EDC and Valley International Airport co-sponsored a full page advertisement in “Texas Wide Open for Business,” the marketing piece used by the Texas Governor’s Office of Economic Development to respond to all inquiries about doing business in Texas.
- Trade Shows - The HEDC staff participated in the Texas International Council of Shopping Centers’ deal making session and the American Wind Energy Association annual trade show
- The HEDC participated in the 2010 International Conference of Shopping Centers’ Texas Dealmaking Session in November in Grapevine, discussing the advantages Harlingen offers to retailers in light of the Bass Pro Shops announcement.
- With other EDCs in Texas, the HEDC sponsored events for site location consultants and corporate real estate directors at conferences of the International Asset Management Council in Albuquerque and Philadelphia.
- Search Engine Optimization - The HEDC continued its program to drive traffic to its website and maintain its ranking on search engines. Average daily visitors to the site increased 63% during this year and eight to nine “key words” used by the HEDC continued to rank on the first page of Google searches (where 85% of searches are conducted).
Back cover: The History of Mexico and Mankind Mural - Section 8: Peace and Unity. Represents the agricultural, industrial, technological and scientific revolutions symbolize world cooperation and peace, necessary for the success of the Soyuz-Apollo rendezvous.