



Community
Environmental Scan
2013

DEMOGRAPHIC CHARACTERISTICS

McAllen Overview

Fifty years ago, the Rio Grande Valley of South Texas was a rural, agriculture-based economy characterized by sporadic growth. Today, the area is being transformed into a major international trade area by developing first-rate commercial, retail, office, industrial, medical, retirement and educational facilities. The promotion of international and retail trade, tourism and manufacturing is among the most successful along the U.S.-Mexico Border.

The Rio Grande Valley includes the four southern-most counties in Texas: Cameron, Hidalgo, Starr and Willacy. It is in the geographic center of the region most recently termed the Rioplex, which includes the four Rio Grande Valley counties and the Northern Mexico border cities between Matamoros and Ciudad Mier.

The principal cities of McAllen, Brownsville and Harlingen combine to form the northern half of the Rioplex and are among the most rapidly growing region in America. The 2010 Census places the population of the McAllen MSA at 774,769, a 66.8% increase over 2001. The southern half of the Rioplex includes the Mexico border cities of Matamoros, Rio Bravo and Reynosa, which contribute at least another 1.7 million to the region's population. The city of Reynosa according the Census of 2010 had a population of 608,891. This brings the total population of this bi-national, bicultural, bilingual, international metropolitan area to 1.4 million.

Hispanics represent 90% of the McAllen area population and individuals under 35 years of age make up between 59.3% of the population. The population, although diverse, is defined by two dominant demographic criteria: Hispanic and young. The population, although diverse, is defined by two dominant demographic criteria: Hispanic and young.

Comparison of Population within Selected Metro Areas

Metropolitan statistical area	1990	2000	2010	Change	
				2000-2010	
				Number	Percent
Atlanta-Sandy Springs-Marietta, GA	3,068,975	4,247,981	5,268,860	1,020,879	24.0
Dallas-Fort Worth-Arlington, TX	3,989,294	5,161,544	6,371,773	1,210,229	23.4
Detroit-Warren-Livonia, MI	4,248,699	4,452,557	4,296,250	-156,307	-3.5
El Paso, TX	591,610	679,622	800,647	121,025	17.8
Houston-Sugar Land-Baytown, TX	3,767,233	4,715,407	5,946,800	1,231,393	26.1
Las Vegas-Paradise, NV	741,368	1,375,765	1,951,269	575,504	41.8
McAllen-Edinburg-Mission, TX	383,545	569,463	774,769	205,306	36.1

Miami-Fort Lauderdale-Pompano Beach, FL	4,056,228	5,007,564	5,564,635	557,071	11.1
New Orleans-Metairie-Kenner, LA	1,264,383	1,316,510	1,167,764	-148,746	-11.3
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	5,435,550	5,687,147	5,965,343	278,196	4.9
Phoenix-Mesa-Glendale, AZ	2,238,498	3,251,876	4,192,887	941,011	28.9
San Antonio-New Braunfels, TX	1,407,745	1,711,703	2,142,508	430,805	25.2
San Francisco-Oakland-Fremont, CA	3,684,112	4,123,740	4,335,391	211,651	5.1

Population

According to the U.S. Census, the McAllen MSA grew by more than 205,306 people since 2000, a 36.1% growth rate, or 3.61% annually. By 2015, McAllen's population is projected to exceed 132,041, while the MSA will grow to an estimated 839,625 persons.

The U.S. Hispanic population has soared to 16.7% of the U.S. total. The importance of this explosion in the Hispanic population is pertinent both in sheer numbers and economic impact. Growth indicators project that by the year 2015, Hispanics will be the largest minority group in America.

Rank	MSA	Hispanic Population
1	Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area	5,723,065
2	New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area	4,349,923
3	Miami-Fort Lauderdale-Pompano Beach, FL Metropolitan Statistical Area	2,328,016
4	Houston-Sugar Land-Baytown, TX Metropolitan Statistical Area	2,117,920
5	Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area	2,011,740
6	Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area	1,967,895
7	Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area	1,768,034
8	Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area	1,245,954
9	San Antonio, TX Metropolitan Statistical Area	1,169,324
10	San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area	998,141

11	San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area	944,227
12	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area	775,036
13	McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	707,327
14	El Paso, TX Metropolitan Statistical Area	662,012
15	Denver-Aurora, CO Metropolitan Statistical Area	577,070

The McAllen MSA has the 13th largest Hispanic population in the U.S., totaling 707,327. Hispanics comprise 90.7% of McAllen MSA's population. The table above presents the Metropolitan Statistical Area with the highest Hispanic population in the U.S.. The table does not take into account the population on the other side of the border that in reality increases the market potential for Hispanics in the McAllen MSA.

McAllen City, Texas

General Demographic, Household and Income Characteristics

QuickFacts	McAllen	Texas
General Demographic Characteristics		
Population, 2010	129,877	25,145,561
Population, percent change, 2000 to 2010	22.0%	20.6%
Population, 2000	106,414	20,851,820
Persons under 5 years, percent, 2010	8.1%	7.7%
Persons under 18 years, percent, 2010	30.1%	27.3%
Persons 65 years and over, percent, 2010	10.9%	10.3%
Female persons, percent, 2010	52.2%	50.4%
White persons, percent, 2010 (a)	83.9%	70.4%
Black persons, percent, 2010 (a)	0.9%	11.8%
Living in same house 1 year & over, 2006-2010	83.1%	81.5%
Foreign born persons, percent, 2006-2010	28.4%	16.1%
Mean travel time to work (minutes), workers age 16+, 2006-2010	18.7	24.8
Household characteristics		
Housing units, 2010	45,862	9,977,436
Homeownership rate, 2006-2010	63.6%	64.8%
Housing units in multi-unit structures, percent, 2006-2010	25.8%	24.1%
Median value of owner-occupied housing units, 2006-2010	\$100,000	\$123,500
Households, 2006-2010	40,104	8,539,206
Persons per household, 2006-2010	3.12	2.78

Income characteristics

Per capita money income in past 12 months (2010 dollars) 2006-2010	\$19,490	\$24,870
Median household income 2006-2010	\$39,547	\$49,646

(a) Includes persons reporting only one race.

(b) Hispanics may be of any race, so also are included in applicable race categories.

Source: US Census Bureau State & County QuickFacts

ECONOMIC FACTORS

McAllen is located at the center of the Rio Grande Valley and provides a direct connection between the international and U.S. markets. Located strategically in the Rio Grande Valley of South Texas, McAllen is only eight miles from the U.S.-Mexico border. The City has done a tremendous effort to enhance McAllen with great amenities, economic and community development projects. The McAllen area is being transformed into a major international trade area by developing first-rate commercial, retail, office, industrial, medical, retirement and educational facilities. The promotion of international and retail trade, tourism and manufacturing is among the most successful along the U.S.-Mexico Border.

An integral part of the McAllen economy are visitors and investors from Mexico. They expand the McAllen trade area to Reynosa and Monterrey, Mexico and other cities in the north of Mexico. The Reynosa according the Census of 2010 had a population of 608,891. The Monterrey area, the second most important economic zone in Mexico had more than 4 million in population according to the 2010 Census. This trade area in Mexico and within less than a 3 hour drive help explains the economic benefits that Mexican Shoppers bring to the McAllen area.

Some important Accolades for the McAllen MSA:

- *McAllen MSA ranked #1 in the nation for long term job growth*
- U.S. Bureau of Labor Statistics, 2012
- *McAllen was named the 3rd most affordable city in the United States*
- The Street, 2012
- *McAllen MSA #3 Among Top Mid-Sized Cities in the U.S. for Jobs*
- Forbes, 2012
- *McAllen MSA ranked #18 Best Performing City in the Nation*
- Forbes, 2012
- *McAllen MSA ranked #7 Fastest Growing U.S. City*
- CNN Money, 2012
- *Texas / Mexico corridor was named a Top Region to Watch in 2012 for automotive manufacturing revival*
- Forbes, 2012
- *McAllen MSA was named the fastest growing metro area in the nation*
- The Fiscal Times, 2012

- *29% of McAllen's general population with a bachelor's degree or higher outperformed state and national averages of 26% and 28% respectively*
- U.S. Census Bureau – American Community Survey, 2012
- *McAllen MSA was ranked as the best housing market in the nation*
- Market Watch – The Wall Street Journal, 2012

Retail Trade

It is an undisputed fact that McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people within a 200-mile radius. In the bi-national metropolitan area, McAllen retailers serve an immediate market population of 1.8 million. McAllen is represented by 40 of America's top 100 retailers.

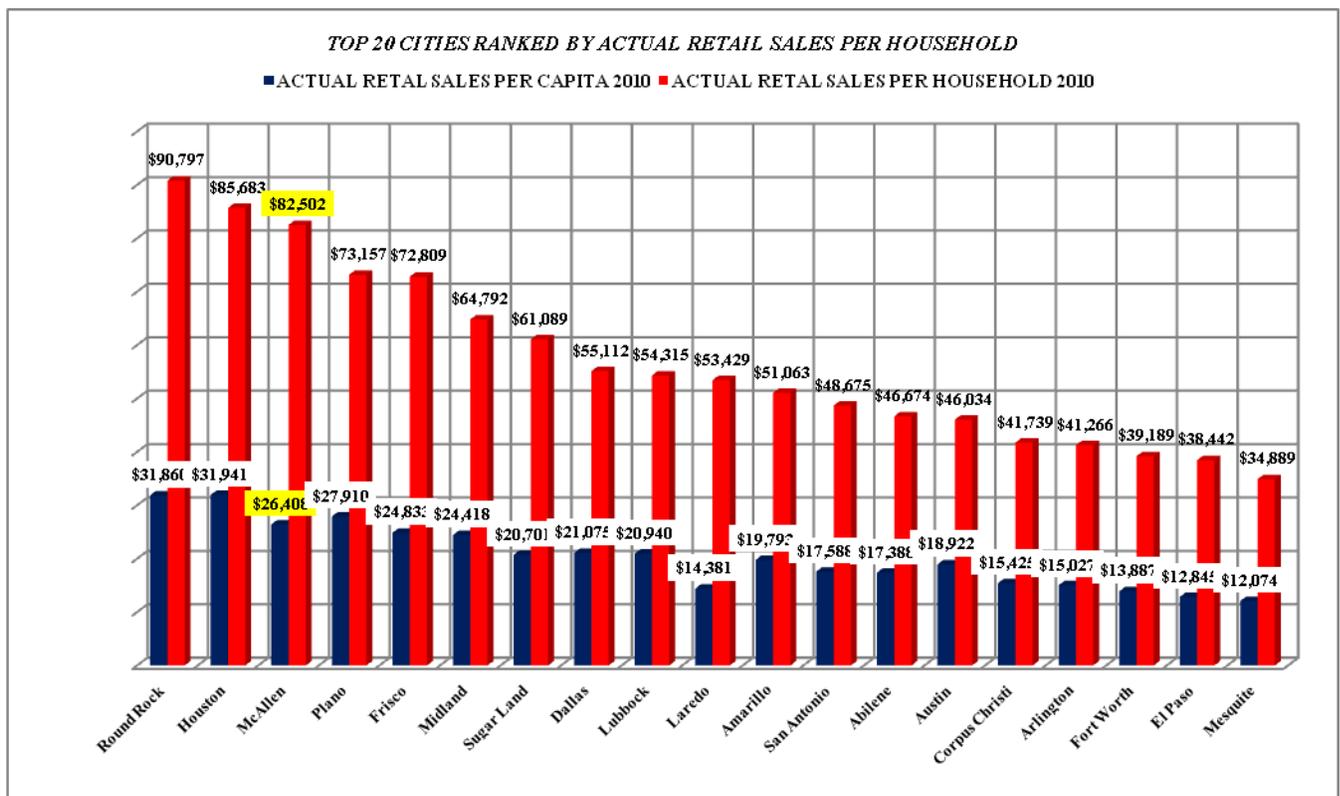
The Texas Comptroller tracks the Top 20 Cities in Texas on a regular basis. Retail sales tax collections provide the clearest illustration of McAllen's retail sales experience. The table below presents the top 20 Cities in Texas in terms of the Sales Tax Collections for 2012. It also presents the most recent Census population estimates for 2010. We have added in the Actual Retail Sales in 2012 that occurred in the top 20 cities to highlight the extraordinary strength of McAllen's ranking within this group of cities..

	POP 2010	HOUSEHOLDS 2010	2012 SALES TAX	PER CAPITA	PER HOUSEHOLD	ACTUAL RETAL SALES 2012	ACTUAL RETAL SALES PER CAPITA 2010	ACTUAL RETAL SALES PER HOUSEHOLD 2010
1 Round Rock	99,887	35,050	\$ 62,834,141	\$ 629	\$ 1,793	\$ 3,182,422,199	\$ 31,860	\$ 90,797
2 Houston	2,099,451	782,643	\$ 569,942,545	\$ 271	\$ 728	\$ 67,059,368,210	\$ 31,941	\$ 85,683
3 <u>McAllen</u>	<u>129,877</u>	<u>41,573</u>	<u>\$ 59,167,296</u>	<u>\$ 456</u>	<u>\$ 1,423</u>	<u>\$ 3,429,856,754</u>	<u>\$ 26,408</u>	<u>\$ 82,502</u>
4 Plano	259,841	99,131	\$ 68,410,251	\$ 263	\$ 690	\$ 7,252,078,519	\$ 27,910	\$ 73,157
5 Frisco	116,989	39,901	\$ 49,889,488	\$ 426	\$ 1,250	\$ 2,905,159,675	\$ 24,833	\$ 72,809
6 Midland	111,147	41,887	\$ 53,702,908	\$ 483	\$ 1,282	\$ 2,713,953,925	\$ 24,418	\$ 64,792
7 Sugar Land	78,817	26,709	\$ 43,557,020	\$ 553	\$ 1,631	\$ 1,631,621,593	\$ 20,701	\$ 61,089
8 Dallas	1,197,816	458,057	\$ 232,445,766	\$ 194	\$ 507	\$ 25,244,398,057	\$ 21,075	\$ 55,112
9 Lubbock	229,573	88,506	\$ 55,916,147	\$ 244	\$ 632	\$ 4,807,228,848	\$ 20,940	\$ 54,315
10 Laredo	236,091	63,545	\$ 38,337,991	\$ 162	\$ 603	\$ 3,395,123,540	\$ 14,381	\$ 53,429
11 Amarillo	190,695	73,918	\$ 65,386,227	\$ 343	\$ 885	\$ 3,774,449,076	\$ 19,793	\$ 51,063
12 San Antonio	1,327,407	479,642	\$ 244,094,371	\$ 184	\$ 509	\$ 23,346,608,987	\$ 17,588	\$ 48,675
13 Abilene	117,063	43,612	\$ 41,225,157	\$ 352	\$ 945	\$ 2,035,544,568	\$ 17,388	\$ 46,674
14 Austin	790,390	324,892	\$ 158,855,261	\$ 201	\$ 489	\$ 14,955,976,609	\$ 18,922	\$ 46,034
15 Corpus Christi	305,215	112,795	\$ 72,581,730	\$ 238	\$ 643	\$ 4,707,992,880	\$ 15,425	\$ 41,739
16 Arlington	365,438	133,072	\$ 88,941,229	\$ 243	\$ 668	\$ 5,491,327,018	\$ 15,027	\$ 41,266
17 Fort Worth	741,206	262,652	\$ 112,745,847	\$ 152	\$ 429	\$ 10,293,180,572	\$ 13,887	\$ 39,189

18	El Paso		216,894	\$ 74,164,329	\$ 114	\$ 342	\$ 8,337,924,531	\$ 12,845	\$ 38,442
19	Mesquite	649,121	48,390	\$ 36,634,299	\$ 262	\$ 757	\$ 1,688,267,353	\$ 12,074	\$ 34,889
		139,824							

Source: Michael J Blum and ourcpa.cpa.state.tx/allocation/AllocHistResults.jsp and ourcpa.cpa.state.tx.us/allocation/HistSales.jsp

After analysis, one will find that in 2012, McAllen Ranked 15th in population among the top 20 cities in Texas, but ranks 3rd in **ACTUAL** retail sales per household, 3rd in **sales tax** per household and 4th in **per capita** sales tax. McAllen is clearly the dominant retail center in all of South Texas.



Considering that the State's population is about 23 million and statewide retail sales were approximately \$300 billion, per capita retail sales statewide amounts to \$12,945, while McAllen's is over two times the state average and 140% of the average of the top 20.

In 2012 the City of McAllen achieved over \$3.4 billion in total retail sales. This represents 37.9 % of all retail sales in Hidalgo County and 86.7% of all retail sales in Cameron County.

	Total Sales 2012	% of RGV	McAllen % of Hidalgo County
Hidalgo County	\$ 9,040,365,618	69.6%	37.9%
Cameron County	\$ 3,954,770,570	30.4%	McAllen % of Cameron County
McAllen	\$ 3,429,856,754	26.4%	86.7%
COMBINED RETAIL SALES	\$ 12,995,136,188	100.0%	

SOURCE: Michael J. Blum and ourcpa.cpa.state.tx.us/allocation/HistSalesResults.jsp

McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people. This sector has become the driving force in McAllen's economy, growing a staggering 138% over the last 10 years, to over \$3.4billion and employing 27% of the workforce.

McAllen is known to generate an average of 1.5 million visitors per month which amounts to more than 18 million visitors annually. Many national retailers located there are among the most profitable stores in their chains.

In McAllen's La Plaza Mall than 140 Specialty stores. Anchors include Dillard's, Macy's, Macy's Home and Children's Store, JC Penney, Sears, and Joe Brand.

- When Guess Inc. launched its new clothing boutique, Marciano, in 2004; the company chose Los Angeles, Toronto and McAllen as its three test cities.
- Macy's, owned by Macy's, in Cincinnati, says operations in McAllen and nearby Laredo are its fastest-growing locations.
- JC Penney says about three quarters of customers at its McAllen store are from Mexico and last year the chain allowed Mexican shoppers to apply for its gift registry and credit card.

The buying power of Rio Grande Valley Hispanic population is over \$9.3 billion dollars. In 2012

McAllen Ranking 2012

- McAllen, TX ranked 3rd most affordable city in the nation to live in - Kiplinger, 2012
- McAllen, TX: #4 Most Popular City People Move to - The Fiscal Times, 2012
- McAllen MSA ranked #1 in the nation for long term job growth - U.S. Bureau of Labor Statistics, 2012
- McAllen was named the 3rd most affordable city in the United States - The Street, 2012
- McAllen MSA #3 Among Top Mid-Sized Cities in the U.S. for Jobs - Forbes, 2012
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- McAllen MSA was ranked as the best housing market in the nation - Market Watch – The Wall Street Journal, 2012

Cost of Living

The ACCRA Cost of Living Index measures differences between areas in the cost of consumer goods and services, excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. It is based on 59 items, for which prices are collected quarterly by a chamber of commerce, economic development organization or some similar group in each participating urban area. Small differences should not be interpreted as showing any measurable difference, according to ACCRA.

ACCRA COST OF LIVING INDEX COMPARISON USING DATA FOR FIRST QUARTER 2012

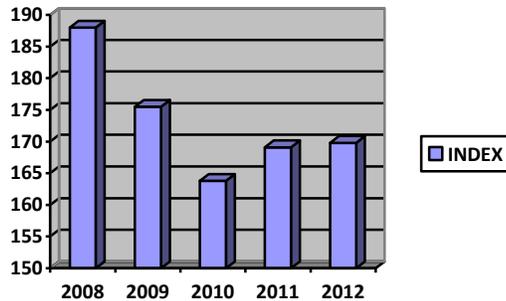
Metro Area	Composite	Grocery	Housing	Utilities	Transportation	HealthCare	Misc.
Philadelphia, PA	124.5	124.7	140.5	129.3	105.8	105.6	117.4
Dallas, TX	99.8	101.9	75.0	111.4	108.9	108.2	113.1
Denver, CO	104.0	96.5	114.8	89.6	90.8	109.8	105.7
Austin, TX	95.7	87.3	87.4	92.5	100.4	107.9	104.2
Nassau, NY	134.8	119.5	175.0	129.1	114.4	107.3	117.8
McAllen, TX	83.8	83.6	66.8	92.7	93.3	94.0	91.4
Shreveport, LA	97.4	93.5	95.2	93.7	93.5	91.9	104.3
Brownsville/Harlingen, TX	90.3	85.9	78.3	98.5	96.2	100.7	96.6

The ACCRA Cost Of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places equals 100, and each participant’s index is read as the percentage of the average for all places. The summary below places McAllen MSA very favorably on the composite index.

Economic Trends

On a monthly basis the Chamber publishes the McAllen Area Economic Pulse. The Pulse measures the economic activity for McAllen, Mission, Pharr and Edinburg in the following areas: retail sales, motor vehicle sales, lodging tax receipts, airline boarding’s, construction permits, new home permits, home sales, average home sale price, Hidalgo bridge crossings, peso exchange rate, wage and salary employment and unemployment numbers. This chart is a graphic

representation of the dynamic changes in the economic index from January 2008 to January 2012.



As of April 2012 the Economic Pulse index increased to a value of 173.7. A copy of this document is attached on the next page as Exhibit A.

COMPETITION

The McAllen Chamber of Commerce, with a membership of 2,000 and a staff of 23 was founded in 1924 and its forerunner, the McAllen Businessmen’s Club, founded and drove the creation of the City of McAllen in 1911. The McAllen Chamber of Commerce is the largest chamber in a 15 county area. The McAllen Chamber of Commerce is broadly seen as the most innovative, cutting edge and progressive chamber in the region. The staff of the McAllen Chamber has been integral in creating and developing cooperative efforts in the region. Several efforts led by the McAllen Chamber of Commerce to create a regional voice and focus include: The Texas Border Coalition, the Rio South Texas Economic Council, the “No Border Wall” Coalition, the RGV Business PAC, South Texas Nature Marketing coop., Hidalgo County Tourism Coop, Rio Grande Valley Film Commission. In addition the McAllen Chamber of Commerce draws members from outside the city limits of McAllen.

On the City level, the McAllen Chamber of Commerce enjoys a very close and strong working relation with the City of McAllen and the McAllen Economic Development Corporation. The city funds both the chamber and the McAllen EDC, yet the two entities serve different purposes in the city’s strategic plan and purposes. The three entities collaborate as equal partners on events, issues and activities. On a weekly basis, the chamber President/CEO, the McAllen City Manager and the President/CEO of the EDC meet for breakfast to coordinate and plan activities for all three entities.

On an educational level, the McAllen Chamber of Commerce actively works with the McAllen ISD, South Texas College and the University of Texas - Pan America (UTPA). Programs vary

from development of the International Baccalaureate Program with the school system and annual raising \$75,000 in scholarships for the top 25 graduates from each high school in McAllen. The Chamber also sponsors an annual exchange of business leaders and educators to focus on education issues and business's expectations of the school system. The McAllen Chamber of Commerce also works with the local community college to foster job training and programs that produce results the business community is looking to implement or need to compete in the global market. The Chamber also spends a great deal of time and training with UTPA in development of innovation and entrepreneur support through idea development, prototype development and market feasibility studies.

On the entrepreneur and small business development level, the McAllen Chamber works with the Texas Emerging Tech Fund, the Collaboration to Help Innovators Speed Toward Purposeful Action (CHISPA), Makers Faire, the SBDC and the Chamber's Inventors and Entrepreneurs Network all with the goal of accelerating innovation and start-ups.

On the governmental affair level, The McAllen Chamber's Governmental Affairs Department maintains a close working relationship with elected officials at the local, state and national levels. The department hosts issue forums, "meet and greet" candidate forums, legislative update luncheons and breakfasts, legislative tracking exchanges and issue position discussion groups. The program works to gather issues at both the federal and state level through a variety of collaborations with the US Chamber of Commerce and the Texas Association of Business (TAB). In addition to impacting legislation important to the business community, the McAllen Chamber of Commerce helped establish the RGV Business PAC., which contributes money to state-wide elected officials.

Overall the McAllen Chamber of Commerce operates in a cooperative process and not a competitive process with other entities and organizations. A strong working partnership has been the underlie strategy for the McAllen Chamber of Commerce and its leadership in the community and region.

SOCIAL FACTORS

As outlined in the Demographic Characteristic section, Hispanic represent 85% to 90% of the Rio Grande population and individuals fewer than 35 years of age make up 45% of the population. The population continues to become diverse with an influx of individuals from North and South America and Asia. The region is defined by dominate characteristic – young and Hispanic. The community is bi-lingual, with English and Spanish spoken fluently and interchangeable by the majority of the population. Tex-Mex, a local mix of Texas English and Northern Mexico Spanish is spoke freely without any specific grammatical rules and is frequently utilized by residents in "everyday" conversations.

The economic prosperity and growth McAllen has experienced has been fueled by substantial population growth through birth rates and as well as an influx of new immigrants to the area. This growth and immigration has impacted McAllen's economy and has had a profound enrichment in the community through culture, language, and economic activity and diversification. New foods, music and cultural influences from all over the world have exposed the residents of this once isolated community to different worldviews, thoughts and ideas. McAllen traditional sense of openness and tolerance has served the community well as it has moved into the 21st Century. Economic growth and prosperity has been part of McAllen's DNA and newcomers are regarded as an asset further enhancing McAllen economic engine. Combined with a positive attitude toward life, work, family and the future, this openness creates an environment low in social tension and high in entrepreneurial spirit and a sense of optimism that is contagious and impacts both visitors and residents.

Four other keys and focus in McAllen's economy and story are a "quality" place to live, a fundamentally strong education system, a low-cost of living and a place of opportunity.

Quality of Place

The McAllen has made huge strides in offering and enhancing the arts, music and entertainment in the last five years. The McAllen Chamber of Commerce has been a leading force in arts development in the community based on many of Richard Florida's concepts of the creative class. There is now an emphasis in the community led by the Chamber's Cultural Arts and Entertainment Series, Mexican Artist Show, Arts Grants, music outdoors with Music After Hours, which presents local musicians; Broadway shows and the McAllen Chamber's Creative Incubator that will be located into the "old main Library." The incubator offers low rent and business support to artists of all disciplines. The community has also launched Palm Fest and Folk Life Festival, a farmers market and New Year Ball Drop that attracts over 20,000 people every year. The City has also funded the McAllen Chamber to help and assist in creating and commissioning public art for the community. In the last several years, six different public art projects have been commissioned by the chamber that has impacted and grown the arts in the community.

State Farm Arena, is a 5,000 seat venue, is home to professional hockey, basketball and arena football. The arena has also played host to top name entertainers and musicians and other professional entertainers.

McAllen is also home of the International Museum of Art and Science, educational center which showcases artists that are local, national and international. The museum rotates on a regular basis a six different galleries. The museum has the largest collection of Mexican Folk Art in the Southwest with over 3,000 pieces. The museum is affiliated with the Smithsonian system and continues to attract artists from all over the world.

Wildlife

The Rio Grande Valley is the most popular birding and butterfly location in the United States. People visit from all over the world to see some of the over 350 bird and butterfly species that can be found almost exclusively in this area. The area is one of the most biologically diverse areas in the United States. Wildlife watchers and photographers flock to this region because of the myriad opportunities to view birds, butterflies and fauna.

The area hosts over ten wildlife watching sites, which includes McAllen's Quinta Mazatlan, McAllen's wing of the World Birding Center. Quinta Mazatlan is an interpretive nature and education center, with not only birding trails but also a LEED certified "glass class" that host educational programs for students and families. Quinta Mazatlan is also home to Wild Walk, an outdoor festival for children and McAllen's Vida Verde Festival, which educates residents about sustainability practices that can be applied at home.

The city's hike and bike trails and other private and public native landscaping brings the colorful neo-tropical bird species our region is so famous right into the city.

Outdoor sports

For those who enjoy the outdoors, there are also several fine golf courses that are open year round with very reasonable green fees. And because the weather is sp temperate, the courses are filled year around with avid golfers, many times in short sleeves and shorts in the middle of January and February. Other sports include running, biking, rollerblading and jogging along the city's hike and bike trails. Soccer and baseball continues to grow exponentially in popularity and participant because of the influence of Mexico and South America.

The city's new Town Lake at Firemen's Park has sparked a new interest in kayaking and canoeing with families making a quick trip to the park to try their hands at kayaking.

Winter activities

McAllen is also a draw for "Winter Texans" or snowbirds, destination. Many activities during the winter months are geared for visitors from the frozen north. McAllen is known as the place to eat and enjoy of 600 restaurants and great live music or even to take a late afternoon of dancing and great food on the Rio Grande River.

Worship

McAllen is the home to over hundred churches, synagogues and mosques, with many offering services in both English and Spanish.

Accommodations

The City has 36 convention quality hotels with over 3,500 rooms. Current hotels include major chains from full service convention hotels such as Renaissance Marriott, Embassy Suites, and Hilton to economy hotels. Several hotels are extended stay hotels. Another three hotels are scheduled to be built as convention hotels (located next to the convention center) within the next two years. In addition many Winter Texans choose to stay at one of the hundred of area RV parks, second homes or apartments. A limited number of camp sites are also available.

City Amenities

Retail and restaurants are two of McAllen's greatest strengths when it comes to attraction. You can find most major chains you expect to find in any big city and many local specialty shops as well. Retail growth has occurred along north-south axes and an east-west growth along the Expressway 83. New developments include a second Sam's Club in north McAllen and national restaurants like Longhorn Steak House, Five Guys Burger, a second Red Lobster, numerous frozen yogurt shops and several locally owned restaurants that bring the flavor of the region alive.

As our city becomes more culturally diverse, a large number of specialty stores have also appeared. There are Japanese, Korean and Filipino groceries, several health food stores and farmers markets that are offering organic products such as fruits and vegetables.

The city offers in-town bus service; hike and bike trails and a downtown parking garage have made parking easier and more accessible. American and United provide daily jet service to McAllen International Airport and Allegiant flies directly to Las Vegas and in the summer, Orlando.

McAllen's convention center is a 175,000 square foot facility that hosts state, regional, national and international conventions. The center features a 62,000 square foot Exhibition Hall, a 10,000 square foot ballroom and 16 breakout rooms and spacious foyer/reception area and a water feature in front of the center that has become a local landmark for pictures and wedding photos.

Education System

McAllen Independent School District

McAllen ISD offers choice - an International Baccalaureate Programme that provides students with a highly rigorous curriculum set to global standards, a comprehensive high school that offers students Advanced Placement college-level instruction in our high school classrooms, a concurrent enrollment program with students attending a local university or college, and a dual enrollment program with students acquiring credit at both levels (high school and university) simultaneously.

Through a special agreement with a local institution of higher learning, students may also enroll in one of a multitude of specialized academies: DEMSA (Dual Enrollment Medical Science Academy), DEEA (Dual Enrollment Engineering Academy) or the DECSA (Dual Enrollment Computer Science Academy). These programs put students on a path to earn specific Associates Degrees even before they finish high school! This also goes for students in the Achieve Early College High School. McAllen ISD offers the only ECHS in the Valley that is based at a college campus. These students will also hold an Associate's Degree by the time they graduate high school. Furthermore, there are three-year plans for early graduates and a Career Technical Education Program that offers licensures and certifications in seven different disciplines.

In 2011-12, McAllen ISD unveiled its TLC3 framework. Called Transforming Learning in the Classroom, Campus and Community, this bold plan will place an electronic learning device into the hands of every student. Students are already using either the iPad or the iPod Touch as a daily learning tool, one that will ignite the natural curiosity in every child and help them forge a path of learning and discovery. This notion has not gone unnoticed. Mainstream media including The Associated Press, The San Antonio Express-News, The Huffington Post, Forbes, Parent & Child magazine, Texas Monthly magazine's website, NBC Latino network and National Public Radio affiliates have shed light on it. Education publications including Texas School Business, Education Week, Scholastic Administrator, The Journal and Texas Lone Star have devoted attention to this endeavor as well. McAllen ISD will continue its rollout in the fall of 2012.

Along with this comes a wealth of enrichment offerings like a widely acclaimed fine arts program, a highly touted athletics program, and student organizations to accommodate every child's interest and well-being.

How does MISD measure success? McAllen ISD received a Gold Performance Acknowledgement for College Readiness from the State in 2009-10 and 2010-11. With renewed vigor on how the lessons are taught and how the data is analyzed through a highly respected INOVA Program--a business approach to the business of learning -the district can step it up even more. It is data that teachers have taken to heart as they gain specialized insight into how they can challenge students at every level to gain more knowledge. It's about adding value for every student with high expectations in the classroom.

Instilling a love of learning in children is what it does best. McAllen ISD offers quality at every level. District teachers have earned 18 Regional or State Teacher of the Year awards in the past 20 years. Our Board of Trustees was named the Best School Board in the Region (area from Laredo, TX to Brownsville, TX) in 2012.

McAllen ISD has a rich heritage and a legacy of high standards.

Basic Facts:

- * 25,300 students
- * 33 campuses
- * 3,265 employees
- * 1,634 teachers
- * A School Board committed to the success and well-being of children

- * A balanced budget

Private Schools

Central Christian School

The Central Christian School was started in 1979. It serves children from 3 years old to 7th grade levels. There are currently 200 students enrolled. The school offers after school daycare for each age during the school year. In addition to the ABEKA curriculum, Central Christian School offers computer, art and Spanish courses, as well as piano lessons. Athletic competition is provided for upper grades. For more information call (956) 687-2340.

Covenant Christian Academy

Covenant Christian Academy serves McAllen and the surrounding communities with a challenging, nondenominational curriculum for grades K3 - 8th grades. Over 25 churches are represented in the student body. You will find a safe and well disciplined environment that focuses on academic excellence. CCA has an experienced faculty that loves kids. Spanish is taught to all students, as well as music, art and computer. If you are looking for a private Christian school that has that warm, safe feeling, call for a tour. The number is (956) 686-7886.

Our Lady of Sorrows Catholic Church

Our Lady of Sorrows School is located in the heart of McAllen and has an established tradition of excellence that spans over 60 years. Approximately 600 students are enrolled. The school provides a Catholic faith-based, educational preparatory program that includes a Montessori pre-kindergarten and kindergarten program, a comprehensive elementary program for first through fifth grade, and a quality junior high school sixth to eight grade program. It also provides a well-rounded athletic program, an after-school program, a summer school program and an academic support program that includes: online access to school information, faculty homework pages, online homework websites, and one-on-one and group tutorial support from teachers.

The school is fully accredited by the Texas Catholic Conference Education Department sanctioned under the state-approved Texas Private School Accreditation Commission under the auspices of the Texas Education Association. Other memberships include the National Catholic Education Association, the National Middle School Association and the South Texas Junior High League. For more information, an application or to take an online virtual tour visit our website at www.olsschool.org or call (956) 686-3651 to schedule an appointment.

St. John's Episcopal Day School

St. John's Episcopal Day School has served McAllen and surrounding counties for over 48 years. Currently the school has over 200 students and has a permit to expand its facilities. The school also offers an after-school Day Care Program.

The goal of St. John's Episcopal Day School is to offer a thorough academic program that meets the needs of the students in a Christian environment. Students are enrolled from 2 years old through 5th grade level in small classes so that the students may receive the individual attention they need to excel. All of this is done in a religious and patriotic environment.

The core curriculum consists of reading, math, grammar, spelling, science, social studies, handwriting, music, physical education and Spanish. A computer lab allows the students to enhance their learning experience. Extracurricular activities include choir, athletics, and visits to the library, ballet and theater productions. For more information call (956) 686-0231 or <http://www.stjohnskids.org>. Laying the foundation for a bright future through challenging educational opportunities combined with religious, spiritual and moral values.

St. Paul Lutheran Church and School

St. Paul Lutheran School was established in 1943. It offers a Christian Day School as well as a Child Care program. The student body of 370 children range in age from 18 months through eighth grade.

The classrooms have an average student/teacher ratio of 20:1 and are taught by Certified Christian teachers. Students are given every opportunity to develop academically, socially, spiritually, emotionally and physically. The students will receive a well-rounded education in the basics, plus instruction in computers, music, art, physical education and Spanish. Students have daily Bible study and worship and also enjoy a number of extracurricular activities.

The program of education is supported by an experienced and degreed teaching staff. One area of the program that is especially important is a comprehensive music program for all children. Vocal, band and orchestra are elements of a program that allows students to grow in self-expression. St. Paul Lutheran Church and School invites your family to consider enrollment. Please call the office at (956) 682-2345 or visit their Web site at www.stpaullutheran.com for more information.

The Discovery School

The Discovery School is the most established Montessori School in the upper Valley. It was founded as a parent cooperative, non-profit organization in 1974. The Montessori Method is an individualized, educational approach that offers a unique program of instruction to its students. Teachers travel to special training centers to receive Montessori training in order to become certified Montessori Guides (teachers). The Discovery School is home to over 200 students ranging in age from 18 months to 12 years old. Its new campus was specially designed to enhance this child-centered approach to life. Each classroom is equipped with its own microwave, refrigerator, kitchen sink and bathroom. All classrooms also have their own backyards with garden plots. Additionally, there are over five acres of fenced playground with three large man-made hills, mesquite trees, and even a wildlife habitat. This outdoor environment is a crucial extension of the Montessori classroom. Curriculum is designed to fit each child's individual needs while incorporating traditional educational objectives in all academic areas. Specialists teach Spanish, music and physical education as well as topics of special interest. For more information about this unique school, please call (956) 381-1117.

South Texas College

Since opening its doors, South Texas College (STC) has grown to educate more than 30,000 students annually with a faculty and staff of more than 1,600 working across five state-of-the-

arts campuses in McAllen, Weslaco and Rio Grande City. The college offers more than 100 degree and certificate program options, including associate's degrees in a variety of art and science fields of study and a Bachelor of Applied Technology. Additionally, STC provides a wide variety of course scheduling options with flexible hours to include evening, weekend and online courses. However, the college goes well beyond these options to meet the higher education needs of the communities it serves.

Bachelor of Applied Technology

STC offers Bachelor of Applied Technology degrees in Computer and Information Technologies, Medical and Health Services Management and Technology Management. The college is the only Texas community college accredited to offer three BAT degrees.

Dual Enrollment Opportunities

STC has instituted a variety of dual enrollment programs, including early college high schools, drop-out recovery programs, academies and other unique initiatives with high schools throughout Hidalgo and Starr counties. The programs allow eligible students to take college courses with the opportunity to earn certificates and associate degrees while attending high school. Combined, more than 10,000 students are currently enrolled in these programs.

eSTC Virtual Campus

Through the college's new virtual campus, students not only have access to more than 500 online courses, they can also take advantage of library services, admissions, advising, payment services, financial aid, bookstore and testing. STC also offers 10 online associate degrees options so students never need set foot on an STC campus to earn their degree.

Continuing, Professional and Workforce Education

The program provides opportunities for lifelong learners who want to upgrade their skills, change careers, renew licenses and certifications, or seek personal enrichment. There is a wide variety of course offerings including online classes. Additionally the division also offers customized training to area businesses, industries and the community. Training programs are tailored to a client's specific needs in terms of content, schedule and location.

NAAMREI

The college is the fiscal agent and home of the executive offices for the North American Advanced Manufacturing Research and Education Initiative. STC serves as the Regional Institute for Advanced Manufacturing linked to all community and technical colleges in the region. The college has taken the lead in helping train workers to fuel a regional manufacturing economy and to support innovations in advanced, rapid response manufacturing.

Articulation Agreements

For those students who wish to continue their education beyond an associate's degree, STC has more than 60 articulation agreements in place with colleges across the country.

For more information about STC, please visit the website at www.southtexascollege.edu.

The University of Texas – Pan American

The University of Texas-Pan American is located in Edinburg, Texas, just seven miles north of McAllen. UT-Pan American is the fifth largest campus in The University of Texas System and the 10th largest public university in Texas.

More than 89 percent of UT-Pan American's 19,302 students are Hispanic, giving UTPA the second highest number of Hispanic students in the state and among the highest in the nation. Many of the students represent the first generation of their families to go to college, and it is not uncommon for students, upon graduation, to triple their earning power compared to their parents.

UTPA offers 55 bachelor's degrees and 53 master's degrees in more than 30 departments of the arts and humanities, business, education, health and human services, science and mathematics, engineering and computer science, and social and behavioral sciences. The university also offers three doctorates -- Business Administration, Educational Leadership, and Rehabilitation Counseling – and two cooperative doctorate degrees – in Pharmacy with The University of Texas at Austin and in Spanish with the University of Houston.

Founded in 1927, UT-Pan American celebrated its 85th anniversary last year and continues to see tremendous growth. Since 1990, the university has added numerous programs supported by new buildings with state-of-the-art facilities and computer laboratories. The university makes innovative use of new technology to prepare students for careers and life in the 21st century. It is a leader within the UT System in its use of interactive video telecommunications and other information resources.

A \$20 million Engineering Building, which opened in 1996, and a \$26 million Science Building, which opened in 1997, provided UTPA one of the best facilities for undergraduate science and engineering in the United States. The International Trade and Technology Building opened in 1998 and provides state-of-the-art conferencing and meeting facilities.

A 44,000 square-foot, \$7 million Student Union opened in 2000, featuring a 500-seat theater, convenience store and food court. The UT-Pan Am campus also features a \$12.5 million General Classroom/Computer Center Building and baseball stadium it shares with the Edinburg Roadrunners, an independent minor-league baseball team.

Research efforts at UT-Pan American include special centers that focus on border economics, education, economic development, rapid response manufacturing, subtropical studies, and

tourism. Outreach centers assist area businesses, manufacturers and local government districts, including the Data and Information System Center, which is an official U.S. Census Information Center and affiliated with the Texas State Data Center.

Less than 20 miles from the U.S.-Mexico border, UT-Pan American has cooperative agreements with 15 Mexican universities, including seven in Tamaulipas state and four in Monterrey, Nuevo León.

For more information on the University of Texas-Pan American, call (956) 665-4000 or (866) 441-8812, or visit the web site at <http://www.utpa.edu>.

Health Care Environment

Doctors Hospital at Renaissance

Since its inception in 1997, Doctors Hospital at Renaissance has been committed to setting a standard of excellence in patient care. Founded by eight physicians, who focus was on patients care and wanting decision to be made locally by doctors have created a 506 bed acute care facility that provides a full range of services with 50 specialties and sub specialties. It has been ranked among the nation's 100 Top Hospitals by Thomas Reuters (2007, 2008 and 2009) and as one of the top 100 hospitals for Cardiovascular Care (2008).

Doctors Hospital at renaissance has over 568 physicians on medical staff representing over 50 specialties and over 3,400 employees. The hospital continues it long tradition of focusing on state-of-the-art equipment and delivery of care.

McAllen Medical Center

McAllen Medical Center is the Upper Valley's lead trauma center with a focus on neurological and orthopedic care, both of which are evident by the hospital's certifications as a Primary Stroke Center and a Bone and Joint Center of Excellence. The 441-bed hospital is also home to the Valley's only transplant center, a new pediatric unit, a dedicated oncology unit, and a family-focused birthing center with an advanced NICU just steps away. Physicians and staff are among the best in the country. A respected healthcare institution for more than 70 years, McAllen Medical Center is recognized as having established "benchmarks for success."

McAllen Medical Center is the largest full-service hospital in the South Texas region. The parent company, Universal Health Services, Inc., is one of the nation's largest healthcare management companies.

More than 600 physicians representing over 50 different specialties are members of the medical staff. The Advanced Level III Trauma Center, South Texas Transplant Center, Certified Bone and Joint Center for Orthopedic Care, Accredited Chest Pain Center, Certified Primary Stroke Center, the Level III Neonatal Intensive Care Unit are several of the disciplines offered.

Patients come from all over the South Texas for exceptional quality care, highly credentialed physicians, specially trained staff, and latest medical technology. McAllen Medical Center is

located at 301 W. Expressway 83, McAllen, TX 78503 - (956) 632-4000. Visit www.mcallenmedicalcenter.com or www.southtexashealthsystem.com for more details.

McAllen Heart Hospital

McAllen Heart Hospital is the first freestanding cardiology and cardiovascular hospital built in the United States. Dedicated to heart-related medical needs for patients, McAllen Heart Hospital specializes in diagnosis and treatment, emergency heart care, heart catheterization, heart surgery and education. The hospital is also home to a results-driven Weight Loss Surgery Program.

The 60-bed hospital has cardiac catheterization labs and open-heart operating suites. Since its inception, the hospital has continued to maintain market share leader for cardiovascular care in the South Texas region. Cardiology medicine is one of the cornerstone service lines for South Texas. The hospital is nationally recognized as the leader in excellence, technology, quality, and service capabilities. McAllen Heart Hospital offers the only Accredited Chest Pain Center with PCI in the Upper Rio Grande Valley area and is a Certified Primary Stroke Center. The hospital also offers a Bariatric Surgery Center of Excellence. The Emergency Center is a Designated Level IV Trauma Center.

McAllen Heart Hospital is located at 1900 S. D Street, McAllen, TX 78503 - (956) 994-2000. Visit www.mcallenhearthospital.com or www.southtexashealthsystem.com for more details.

Rio Grande Regional Hospital

Founded in 1982, Rio Grande Regional Hospital is a 320-bed, full service medical facility serving the Rio Grande Valley. With over 500 physicians representing over 35 specialties, Rio Grande Regional Hospital along with the Children's Medical Center at Rio Grande Regional Hospital offer an array of comprehensive services including: full surgical and diagnostic capabilities, Cardiac Care; Surgical Services; Radiology; Women's Services; Diabetes Management; Intensive Care for Adults and Pediatric; Neonatal Care; Physical, Occupational and Speech Therapy; Advanced Level III Trauma Services, on-site Helicopter Landing Zone, an Off-Site Emergency Department, and are proud to be the First and only hospital in the Rio Grande Valley with a Pediatric Heart Program. For more information visit our website at www.riohealth.com.

Other Health Care Providers

Besides the three major healthcare providers mentioned above, McAllen is home to a prosperous and rapidly expanding network of individual medical offices who serve the community and its visitors at the highest levels of excellence, comparable or superior to facilities in the large metropolitan areas of the U.S.

POLITICAL FACTORS

On a regional level, the Rio Grande Valley is comprised of four county regions of Hidalgo, Cameron, Starr and Willacy Counties. The area is federally represented by three as draw by the

federal courts in a restricting battle in 2011. The region also gets strong backing and support from the two US Senators that represent the entire state. In the State of Texas, the area is represented by nine state representatives and two state senators. The City of McAllen is the largest municipality in Hidalgo County and is directly represented by two members of the U.S. Senate and one U.S. congressman, two State Senators and two State Representatives. The City of McAllen is lead by the innovative, visionary and very business friendly mayor Richard Cortez and the city administration is handled by the 2012 City Manager of the Years (Texas City Manager Association). The City Commission is made up of six members with a strong pro-business and pro-growth agenda.

The working relationship between the City Government of McAllen and the McAllen Chamber of Commerce is very close, strong and highly productive. The city funds the McAllen Chamber of Commerce to attract and grow small business and promote and attract visitors and conventions to the city. The two entities work very closing to coordinate their efforts on a daily basis. City elected official and representatives are always present at McAllen Chamber of Commerce events, and the mayor, city manager and city commissioners are frequent guests and speakers at chamber events. The director of governmental relations for the city and the VP of Governmental Affairs for the McAllen Chamber of Commerce are in frequent contact and share information and activities on a weekly basis.

On the county level, the municipalities of Hidalgo County have very strong working relationships with each other, and the county government headed by County Judge Ramon Garcia, who is a strong proponent of regionalism and cooperation. The judge frequently reaches out to the McAllen Chamber of Commerce, as well as other entities in the county, for advice and support. The local state representative and state senators are frequent guests of the McAllen Chamber of Commerce events and invited on a regular basis to address the membership during Legislative Updates and Governmental Affairs meetings. On a federal level relationship with the area's two Congressmen have been strained because of critical votes that have been "job killers" the McAllen Chamber has opposed. There continues to be dialogue with the congressional offices, but progress has been slow.

The McAllen Chamber of Commerce's involvement in business development, entrepreneurs, education, the arts and community development has earned it a very positive reputation among the citizens, business community and elected officials. The Chamber's by-laws prohibit endorsement of political candidates, but the RGV Business PAC has afforded the Chamber key access with state-wide elected officials at critical times.

INFRASTRUCTURE

The Rio Grande Valley in general and the City of McAllen in particular, are located at a strategic point of a logistical artery, commonly referred to as the "NAFTA Highway," connecting the North American continent. This strategic location has fueled a substantial portion of the local economic growth and also increased the importance of regional infrastructure activity, not only on a local level, but also from a regional, national, and international economic perspective. Community growth and infrastructure development has been focused in the areas of Highway

Infrastructure, Bridge Crossings, Air Transportation, Public Transportation, Railroads and General Construction.

Highway Infrastructure

Interstate-69 vital for moving trade to and from Mexico.

On July 15, 2013 history was made in the Rio Grande Valley with the formal installation of new interstate highway signs on US 83, Interstate-2) US 77 and US 281 (Interstate 69 East and Interstate 69 Central, respectively)

The importance of I-69 to the valley is the connection with Mexico, and how having an interstate system would help speed up the delivery of raw materials and products to and from Texas' biggest trading partner. The U.S. does an average of \$1.2 billion of trade each day with Mexico.



Figure 1 Celebration of Interstate Sign Installation

Why is I-69 important? Because the busiest trade routes in the nation are in this area.

Ports of Entry for Mexico Trade	
Counties	Cargo Trucks
Cameron	218,000
Hidalgo	525,000
Starr	36,000
Webb	1,800,000
Total	2,579,000

South Texas communities served by I-69 & I-2 are all impacted by cross border trade and traffic.

To further underscore the importance of this new transportation enhancement, consider these facts.

- There are 165 Ports of Entry in the US.
- Since NAFTA was adopted in 1994, most of the ports have enjoyed substantial growth in bi-national trade between NAFTA partners.
- In 2011, Rio Grande Valley Ports, (Brownsville-Roma) taken as a whole, rank 5th nationally, in bi-national trade with \$34.5 billion.
- Hidalgo County alone, ranked 7th with \$23.5 billion.

Bridge Crossings

The McAllen-Hidalgo International Bridge opened in 1926 with four lane spans connecting the Rio Grande Valley to Reynosa, Tamaulipas, Mexico. For more than six decades it has facilitated the transport and promoted international union and friendship between Texas and Mexico.

It is the only International Port of Entry in the area that has a pedestrian crossing. Within the four lane spans there is one lane conveniently dedicated as an EZ Cross lane, this lane is used with a reloadable pre-paid card which can be purchased at the Bridge's administration building.

The McAllen-Hidalgo International Bridge is a 24 hour, 7 days a week, 365 days a year operation.

McAllen International Toll Bridge

Month	PEDESTRIANS		% VAR	CARS		% VAR	TRUCKS		% VAR	BUSES		% VAR	Maquila Employees		% VAR.
	FY 2011	FY 2012		FY 2011	FY 2012	FY 2011	FY 2012		FY 2011	FY 2012		FY 2011	FY 2012		
	OCTOBER	135,630	123,162	-9%	264,998	238,207	-10%	129	182	41%	1,463	1,553	6%	357	378
NOVEMBER	138,174	124,921	-10%	250,504	235,810	-6%	113	184	63%	1,460	1,337	-8%	273	275	1%
DECEMBER	160,681	137,537	-14%	288,770	278,658	-4%	132	208	58%	1,428	1,401	-2%	250	1	-100%
JANUARY	117,982	116,628	-1%	249,300	242,613	-3%	135	162	20%	1,522	1,312	-14%	239	0	-100%
FEBRUARY	112,107	110,074	-2%	223,474	231,624	4%	150	150	0%	1,293	1,304	1%	226	0	-100%
MARCH	134,849	132,244	-2%	248,679	257,657	4%	172	273	59%	1,537	1,495	-3%	284	0	-100%
APRIL	134,115	127,604	-5%	243,637	245,811	1%	129	838	550%	1,507	1,624	8%	259	3	-99%
May	127,821	126,792	-1%	251,431	252,987	1%	135	987	631%	1,503	1,352	-10%	310	2	-99%
June	118,670	118,833	0%	240,172	246,041	2%	115	943	720%	1,458	1,359	-7%	257	3	-99%
July	125,428	123,353	-2%	251,714	259,655	3%	110	940	755%	1,394	1,315	-6%	243	1	-100%
August	120,864	121,865	1%	250,724	255,070	2%	141	898	537%	1,464	1,279	-13%	297	0	-100%
September	114,238	116,019	2%	234,293	241,964	3%	179	855	378%	1,435	1,349	-6%	322	0	-100%
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTALS	1,540,559	1,479,032	-4%	2,997,696	2,986,097	-0%	1,640	6,620	304%	17,464	16,680	-4%	3,317	663	-80%

Air Transportation

Air Transportation McAllen has emerged as a regional air transportation center serving the 4th fastest growing metropolitan area in the United States. Frequent daily flights between McAllen-Miller International Airport and major airline transportation hubs in Dallas and Houston provide easy access to any destination in the world. American and Continental Airlines serve the airport with 737 and DC-9 equipment. United Airlines offers an average of 6 flights daily flights to Houston's Bush Intercontinental, and American Airlines has four daily flights to Dallas-Fort Worth International. Together they link McAllen to more than 200 major destinations with only one intermediate stop. There are several air charter services, aircraft maintenance and one FBO - McCreery Aviation.

Infrastructure
McAllen Airline Activity

McAllen International Airport (MFE)	2006	2007	2008	2009	2010	2011
Enplaned passengers	407,143	426,418	385,586	369,946	356,038	342,455

Source: McAllen-Miller International Airport

Public Transportation



Metro McAllen

Metro McAllen is the City of McAllen’s public transit system. Metro operates seven (7) intercity bus routes and para-transit bus service for eligible patrons. Metro’s hours of operation are from 6:00pm – 11:00pm Monday through Saturday and Sundays from 8:00 a.m. to 8:00 p.m. Bus fares are as follows: \$1.00 for adults, \$.50 for students, the elderly (60+), Medicare recipients, and person with disabilities, and Children (under 7-) ride free. Metro hubs out of the City’s downtown bus terminal, Central Station, where passengers can connect to an array of international, national, regional and intercity destinations.



With over 3 million visitors a year, Central Station has become a significant bus terminal along the Texas/Mexico Border. It is a primary point of ingress and egress to Texas and Northern Mexico thru the Rio Grande Valley. Central Station is home to international bus companies, intercity bus companies and public transit systems (Metro McAllen for intracity service and Valley Metro for regional service). The spacious and modern station has 14 bus ticket counters, a 250 seat lobby, and a restaurant and retail area. It is located Downtown McAllen on Business 83 and 15th Street.

Railroads

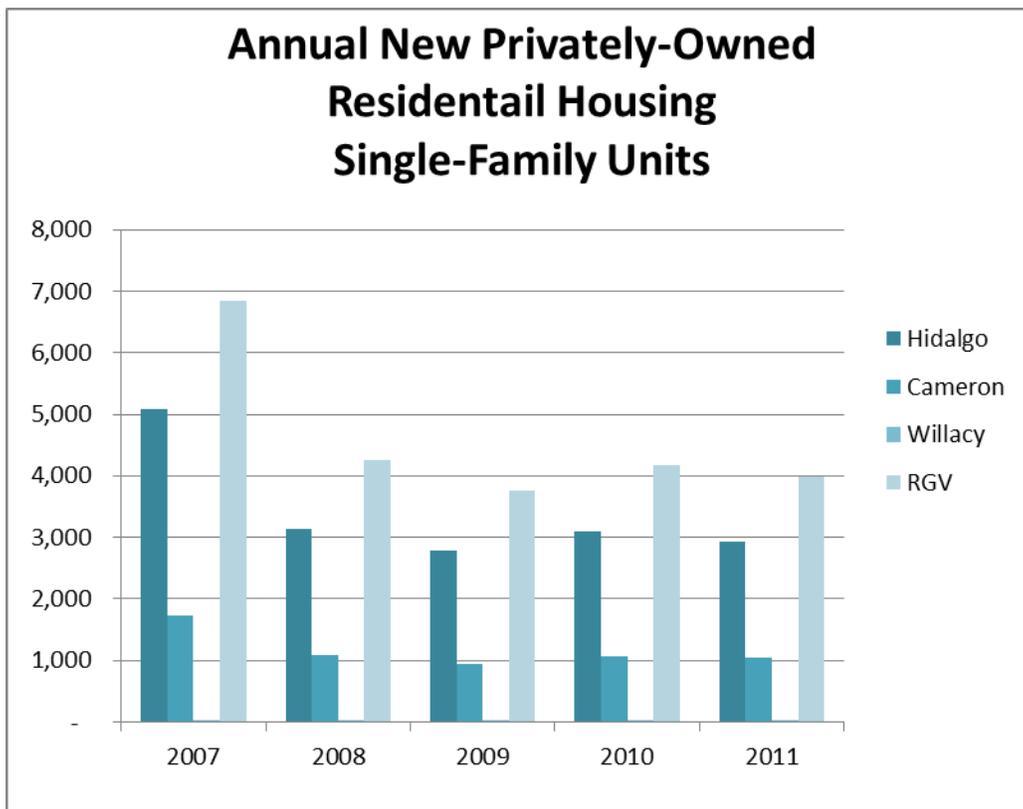
Railroads in the Rio Grande Valley have been the catalyst for development of the region since 1903. Rio Grande Switching Company maintains daily freight service throughout Hidalgo County. The company was founded in 1993 and has 49 miles of track, running from Mission to Harlingen and a branch line that runs to the McAllen Foreign Trade Zone. Rail service in Mexico is provided by Ferrocarriles Nacionales de Mexico, the national railway company, which includes passenger traffic. The rail service between Monterrey and Reynosa continues to be critical to production of the Maquila industry in the border region.

General Construction

Year	RGV Permit Value	McAllen Permit Value	% of Valley	%McAllen Growth
2009	\$769,613,363	\$97,838,037	12.71%	38.70%
2010	\$885,575,819	\$135,705,194	15.32%	6.13%
2011	\$783,737,861	\$144,027,853	18.38%	19.65%
2012	\$890,538,770	\$172,333,430	19.35%	N/A

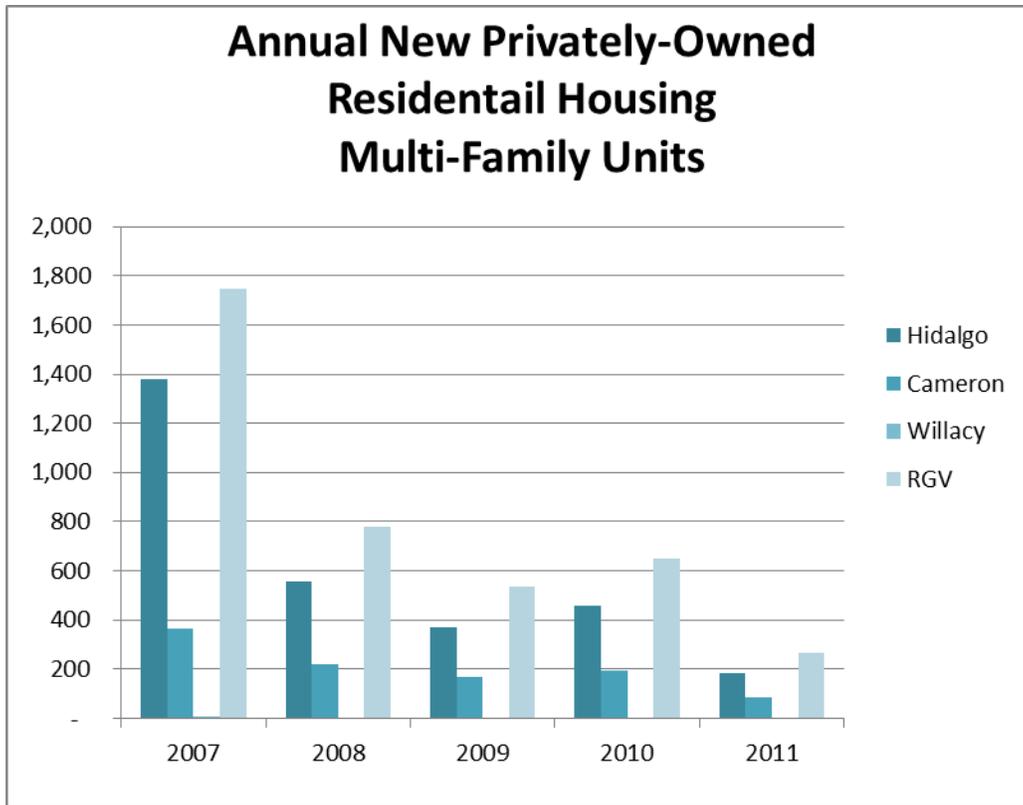
Source: RGV Partnership

Building permit values in Rio Grande Valley cities rose from \$769 million in 2009 to \$890 million in 2012. McAllen leads the Valley with \$172 million respectively.



Source: RGV Partnership

This graph represents the number of single-family homes permitted during the period indicated. Most of the single-family housing units are occurring in the county of Hidalgo; and McAllen has been an important factor for this growth.



Source: RGV Partnership

This graph represents the dollar values of permitted Multi-family construction during the period indicated. Within the RGV region, Hidalgo county has the highest contribution to this growth.

SWOT ANALYSIS

The success of the McAllen Chamber of Commerce is directly tied to the success of the City of McAllen and the region. Therefore the Strengths, Weakness, Opportunities and Threats of the community are also the same Strengths, Weakness, Opportunities and Threats for the McAllen Chamber of Commerce.

Strengths

As indicated in the previous sections of the environmental scan, McAllen has managed not to go as deep during the recession as other parts of the country. Home values retain their value and even grew during the darkest part of the national recession. Commercial construction and car sales remained strong and job creation lead the nation for a city McAllen's size on a per capita basis. Overall McAllen's slow down was shallow and short compared to other parts of the country.

Low cost of Living

The **C2ER** cost of living index ranked McAllen as the third lowest cost place to live and work in the United States in the first Quarter of 2012. **The Street** named McAllen as the third most affordable city in the United States. Market Watch from the **Wall Street Journal** ranked the McAllen MSA as the best housing market in the United for 21012.

Job and Career Opportunities

Forbes has ranked McAllen as one of the best places to for job creation and job growth even during the darkest times of the recession during the last three years. The McAllen MSA posted employment gains in the last 84 months out of 100 months and was rated number one based on an analysis by the U.S. Bureau of Labor of Statistics. In July 2012, The Fiscal Times ranked McAllen as the fourth most popular city to move to for job and job opportunities. Forbes ranked the McAllen MSA as #3 among Top Mid-Sized Cities in the United States. CNN Money ranked the McAllen MSA #7 fastest growing U.S. city.

Education and Quality Schools

Twenty-nine percent (29%) of McAllen's population holds a bachelor's degree or higher, outperforming the state and national average of 26% and 28%. Texas Monthly ranked McAllen ISD has the most forward thinking school district in the state for its I-pad initiative to give every student an I-Pad in the 24,000 student district. The Board was chosen by Region 1 Education Center as the School Board of the Year for 2012. McAllen ISD has been named one of 26 schools in the nation that has been recognized as an innovation leader. The International Baccalaureate Program within the district with a 98% of completion, one of the highest in the world.

Outstanding Retail Performance

The Texas Comptroller ranks McAllen 3rd in the state for sales tax collection per capita and is ranked 13th in overall retail performance is ranked first in total retail per household. Over one billion dollars of retail sales for the McAllen comes from Mexican Nationals shopping in McAllen (Federal Reserve Bank of Dallas).

These key factors have a positive impact on the McAllen business community; strengthen the economic outlook for member businesses and the economic foundation of the McAllen Chamber of Commerce.

The strong working relationship with major stakeholder and resource partners within the City of McAllen and Hidalgo County and the Rio Grande Valley as a whole as well partners with the State and Federal offices, provides the Chamber with a competitive position and a force multiplier to leverage its efforts and activities in the region and the state.

As indicated in the social factors section, the Rio Grande Valley growth has also made the area an ethnically and culturally diverse area, attract individuals and businesses from throughout the state, the nation and the world. The McAllen Chamber of Commerce in a large extent reflects this diversity, with a staff comprised of Rio Grande Valley natives, as well as individuals originating from other parts of the state, the country, and Mexico. The staff is fluent in English and Spanish.

Weaknesses

As indicated throughout the environmental scan, the City of McAllen and the Rio Grande Valley as a whole, has experienced tremendous growth and transformation in recent decades, in particular in the last 15 years. This rapid pace of expansion has been experienced by all sectors of the community, yet the transformation varies in sectors based on skills set and educational attainment of the base employment of that sector before the explosive growth.

Transportation

Transportation infrastructure continues to lag economic expansion and growth due to the immense cost needed expansion within the existing infrastructure, which causes to new pathways for people and goods to move from this region to other parts of the country and Mexico. Situations only get more complicated when Mexican infrastructure is included in the overall strategies and plans for infrastructure growth and development. The lack of an Interstate designation, high speed rail and jumbo jet certificated airports and demands on international ports of entry represents a challenge for the future growth and development for the region and market place presence in a global economy.

Arts and Cultural Activities

The rapid economic growth and expansion of the City of McAllen and the region has transformed the region traditional agriculture focus towards an emphasis on manufacturing, retail, medical logistics and transportation. All these developments have brought great wealth and prosperity to the region as well as an influx of new individuals that expect and demand a wide variety of art and cultural experiences. The McAllen Chamber of Commerce has made improving the variety and quantity of cultural events and venues in the community as one of its five strategic goals. The Chamber has been the leader in fostering new venues, events and artists in the community. The McAllen Chamber of Commerce has developed the Creative Incubator and Idea lab that fosters artist and other art groups in low cost space in the city's art district. The Chamber also oversee and manages the City of McAllen's Public Art projects, which in the last three years has sited over six public art projects at a cost of \$100,000. In addition, the McAllen Chamber of Commerce has provided art grants to over 55 different art groups to fund performances and events. The Chamber has also sponsored for the last five years the monthly Music-After-Hours and Mexican Artist event in McAllen. Many efforts have been made, the lack of depth and breadth of culture and arts in McAllen is a challenge the Chamber continues to address.

Educational Attainment and Income Levels

As previously mentioned, the City of McAllen and the region has gone through multiple stages of economic development and growth at a very rapid pace over the last 29 years. Similar to transportation infrastructure, the development of large advance educational initiations requires scaling up to meet demand and a sizable investment for facilities. Currently there are over 87,000 students in higher education institution in the region. Education institutions like South Texas College, University of Texas Pan America have seen enrollment double in the last ten years. Higher education institutions have lagged behind 21st Century jobs and industries in our region for the simple fact the workforce was prepared and well equipped to compete in the global market with skills sets that did not require advance degrees or additional education beyond high school. The younger population as it transitions through our public education system and higher

education system is better prepared to compete successfully in a global economy where the skill set is more advanced and requires post secondary education. Our wage scale is both a curse and a blessing. Our region continues to a more competitive place for industrial relocation and job creation, plus we consistently rank in the top five least expensive places to live, which has allowed us an opportunity to catch the attention of fortune 500 companies. In the last decade, we have made huge gains in wage and salary levels. McAllen continues to be the leader in salary and wage growth in the area and consistently out performs the region. We recognize that we still lag behind the national averages, but ground is being made up.

Opportunities

Young and entrepreneurial

As described in the demographic characteristics and Social factors section of this environmental scan, the leading generation is young, predominately Hispanic, bi-lingual and bi-cultural is a leading factor in our improving income levels and educational attainment. The young population has become highly desirable to employers throughout the United States as the importance of the Hispanic population segment grows in the United States. The region youth is highly mobile, in part to their desire to experience life outside the Rio Grande Valley, and in part, to traditional migration experienced in the region as skilled agriculture workers would follow harvest patterns throughout the United States. Strong family ties move people back to the region and with changing agriculture work and a highly motivated workforce that is intently dedicated and entrepreneurial, the opportunities are shifting in our region. This young and entrepreneurial is one of the major advantages that this region has working in its favor.

Regional Growth

As emphasized throughout the environmental scan, the City of McAllen and the Rio Grande Valley as a whole is experiencing tremendous economic growth and expansion. The City of McAllen and the McAllen Chamber of Commerce and the business community have been at the forefront of the economic growth and are generally considered trendsetters and leading innovators in the region. As innovation and economic expansion spreads from McAllen to surrounding communities, and these communities experience their own economic growth, those positive shockwaves are sent back through McAllen and McAllen benefits due to being the geographical center of the region. The growth of the region continues to further enhance McAllen's own growth and opportunities. The synergies are developed where both McAllen and the surrounding communities experience wonderful economic growth and prosperity. These factors and a strong small business and entrepreneurial program run by the McAllen Chamber of Commerce drives businesses wanting to be a part of the Chamber and its connection to a vibrate economy and the McAllen economy has a whole. These factors and present a great opportunity to the McAllen Chamber of Commerce to sustain its growth and development far into the future.

I-69 and Trans Texas Corridor

As mentioned in the weakness section, transportation infrastructure represents one of the shortcomings of our economic environment scan, but sizeable investments for I-69 and the Trans Texas Corridor is making a sizable impact. In the last two years, over \$160 million that has been invested in US Highway 281 with another \$40 million being considered to bring US Highway 281 up to Interstate standards. In addition, rail project continue to be develop with the McAllen

Road/Railer project leading the way in rail infrastructure investment. These investments are improving the logistics network and capacity and attracting additional investment to the region because of improving logistics and transportation infrastructure. These investments continue to further enhance McAllen's economic attraction and opportunities for Fortune 500 companies.

Threats

Border Security Perceptions & Legislation

The last three years has seen a dramatic increase in media coverage and legislative action related to drug issues and drug and drug cartel spill over violence in the border region, which has not occurred but continues to be discussed. The national media and political discourse and scrutiny have brought both positive and negative implications to the region. The attention have national leaders has provided an opportunity for dialogue about the challenges to our region and the opportunities. The lack of scope and understanding of the dynamics and several misguided legislation initiatives have left the region struggling to overcome poor legislation and misguided efforts by both national parties. Because of the lack of understanding of the social, cultural and economic dynamics of the area poorly researched and developed laws and initiatives such as the border fence and operation "linebacker" have caused more harm than good and left a long-term stain on the region regarding image and opportunity. While the McAllen Chamber of Commerce understands the importance of a secure border, we believe more effective ways to secure the border are available, but require the intelligence and the nuances to make the programs work. Disruptive Anti-border legislation driven by ignorance and fear of the border region among the general population and the elected bodies could threaten the economic vitality of the region and the McAllen Chamber of Commerce.

Lack of Philanthropic Giving

Every successful community has had the underpinning of an active community foundation or family foundation that has impacted their community in so many positives ways. The community of McAllen has no such foundation that is driving a sustainable effort to impact the community in the arts, education, and research or community development. The lack of a foundation to impact or to partner with local non-profits has emerged has a major threat to our community and its ability to address pressing social issues and emerging issues. There have been several key business leaders and families that have made sizable fortunes in the local economy and yet have not given back to the community or re-invested their wealth to assist in helping the next generation. In fact several successful business leaders have given sizeable contributions to Texas charities outside the region, which was a surprise to many community leaders. The lack of giving and or investment in the community is a growing concern. The McAllen Chamber has created a community foundation that is slowing building capital, but it still lacks the key investment made by a leading family.

Talent Flight

As our higher education institutions have begun to produce more graduates in key industries such as engineering, computer sciences and medical and healthcare, we are seeing the exodus of talent from the region because of the lack of good paying jobs that support a young person with a highly desirable degree. The career ladder in our community is limited and presents several challenges in keeping the talent that has been developed in the community. The talent flight

continues to challenge McAllen in developing enough critical mass to support expansion on a scale that would change the unemployment numbers substantially and drive the economic expansion. The threat of talent leaving the area is a challenge to McAllen Chamber of Commerce, because without talent in the 21st Century, communities cannot compete and will be left behind in the global economy.

Water

As Texas has experienced drought for the last two years, the community of McAllen has come to understand the importance of long term water and water contracts. Adding to the Challenge is the fact that part of McAllen's water supply comes from an international treaty with Mexico. In addition, McAllen lacks drinkable ground water because of the "brackish" contents of the water that is available. Water rights and prices have skyrocketed in the last two years and long-term contract for water rights are increasing in triple digits prices for the community. The community's long term growth and success depends on the ability to lock in water rights for the city for a least for 50 years in the future. The McAllen Chamber of Commerce continues to advocate for long term water contracts, even if the prices appear high for today's market. Water will become the next great commodity (like oil is today) for the growth and success of a community. Those cities that have access to water and water rights will experience economic growth and prosperity and cities that don't have their future water determined will be at the mercy of markets well beyond our current understanding.