



**ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS**

Location:

City of Edinburg, City Hall-Council Chambers
415 W. University Drive, Edinburg, Texas

**April 23, 2024
REGULAR MEETING AGENDA
5:30 PM**

1. CALL TO ORDER, ESTABLISH A QUORUM

A. Pledge of Allegiance.

2. CERTIFICATION OF PUBLIC NOTICE

3. DISCLOSURE OF CONFLICT OF INTEREST

4. PUBLIC COMMENTS

A specific portion of the meeting shall be dedicated to allowing Public Comments which will be limited to three (3) minutes. Please note that this public comment period is not interactive. The Edinburg EDC Board may not respond to public comments.

If a resident desires to make a public comment in person, please complete the Public Comments Form which will be located outside of the City Council Chambers and submit the completed form to the Economic Development staff prior to the commencement of the Edinburg EDC Board meeting. We ask for everyone's cooperation in following this procedure.

All requests must be received beginning at 9am and end immediately before the start of the meeting. Your request should include your name, address, and telephone number. We ask for everyone's cooperation in following this procedure.

5. AGENDA ITEMS

- A. Consider Approval of Minutes for the Special Board Meeting held on March 25, 2024.
- B. Presentation of year-to-date Financial Report ending on March 31, 2024.
- C. Presentation of Quarterly Investment Report ending on December 31, 2023
- D. Consider presentation and request for matching grant for an internship program by Workforce Solutions and RGV Focus.
- E. Consider Approval of Presentation of EEDC Audit Report for Fiscal Year 2022-2023.

6. EXECUTIVE SESSION

The EEDC will convene in Executive Session, in accordance with the Texas Open Meetings Act, Vernon's Texas Statutes and Codes Annotated, Government Code, Chapter 551, Subchapter D, Exceptions to Requirement that Meetings be Open. The EEDC May Elect To Go Into Executive Session On Any Item Whether Or Not Such Item Is Posted As An Executive Session Item At Any Time During The Meeting When Authorized By The Provisions Of The Open Meetings Act.

A. Deliberation regarding economic development projects and possible action related to projects (§551.087 Deliberation Regarding Economic Development Negotiations; §551.071 Consultation with Attorney; §551.072 Deliberation Regarding Real Property; Closed Meeting).

1. Project Lakes
2. Project Gas Too
3. Project Jules Verne
4. Project Aluminum Foil
5. Project Hospitality
6. RGV CDL
7. Project Tonka
8. Project TAC
9. Parking Garage
10. New Industrial Park

B. Discussion related to position of International Business Development Manager (§551.074 Personnel Matters)

C. Contract with Retail Strategies (§551.071. Consultation with Attorney; Closed Meeting)

D. Consultation with Attorney (§551.071. Consultation with Attorney; Closed Meeting)

7. OPEN SESSION

The EEDC will convene in Open Session to take necessary action, if any, in accordance with Chapter 551, Open meetings, Subchapter E, Procedures Relating to Closed Meeting, §551.102, Requirement to Vote or Take Final Action in Open Meeting.

8. STAFF REPORTS

A. Commercial Development Report

- Construction and Building Permits
- Sales Tax Report/Summary
- Commercial Planning Updates
- LiftFund Update
- FLIP Update
- Workforce Development Update
- Labor Market Report

B. Industrial Development Report

- Update on Cano Warehouse
- Travel / Events
- Update on Planning Activity

C. Marketing Report

- Social Media Report
- Staff Engagements
- Upcoming Conferences

D. Executive Director Report

- I69 Alliance
- Other Activity

9. ADJOURNMENT

I hereby certify this Notice of an EEDC Meeting was posted in accordance with the Open Meetings Act, at the City Offices of the City of Edinburg, located at the 415 West University entrance outside bulletin board visible and accessible to the general public during and after regular working hours.

This notice was posted on April 19, 2024 at 5:00 pm.

By: /s/ Raudel Garza

Signature: 

Name: Raudel Garza, Executive Director Edinburg
Economic Development Corporation



Edinburg Economic Development Corporation

Meeting Date: April 23, 2024

Consider approval of Minutes for the Board Meeting held on
March 25, 2024.

1. Agenda Item:

Consider approval of Minutes for the Board Meeting held on March 25, 2024.

2. Description/Scope:

Board meeting minutes are reviewed by Executive Director, Raudel Garza, and approved by the EEDC Board on a monthly basis.

3. Estimated Timeline:

N/A

4. Budget:

N/A

5. Procurement/Selection Process:

N/A

6. Staff's Recommendation:

Staff recommends approval.

7. Justification:

N/A

/s/ Raudel Garza, EEDC
Executive Director

ATTACHMENTS:

Attachment A: March 25, 2024 Board Minutes



MINUTES OF THE
EDINBURG ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

LOCATION:

City of Edinburg, City-Hall Council Chambers
415 W. University Drive. Edinburg, Texas

March 25, 2024

SPECIAL MEETING AGENDA

5:30 PM

PRESENT: Veronica Gonzales, President
Raul Resendez, Vice President
Daniel “Dan” Diaz, Mayor Pro Tem
Eddie Garza, Treasurer
Sabrina Walker Hernandez, Director
Richard Gonzales, Director

LATE: Omar Ochoa, City Attorney

ABSENT: Aaron “Ronnie” Rivera, Secretary

STAFF: Raudel Garza, Executive Director
Samantha Martinez, Business Operations Coordinator
Jacqueline Guerra, Marketing & Research Manager
Leticia Pantoja, Project Manager
Carlos Garza, Project Manager

1. CALL TO ORDER, ESTABLISH QUORUM

President, Veronica Gonzales, called the meeting to order at 5:30 pm.

A. Pledge of Allegiance

Raudel Garza, Edinburg EDC Executive Director, proceeded with roll call and established quorum. For the record, Secretary Aaron “Ronnie” Rivera was absent and City Attorney Omar Ochoa was not present at this moment.

2. CERTIFICATION OF PUBLIC NOTICE

Mr. Garza confirmed the public notice was posted in accordance with the Texas Open Meetings Act, on March 22, 2024 at 5:00 PM.

3. DISCLOSURE OF CONFLICT OF INTEREST

President, Veronica Gonzales, revised the conflict of interest disclosure statement and asked if any board members had a conflict.

No conflicts of interest were declared by Board members.

4. PUBLIC COMMENTS

A specific portion of the meeting shall be dedicated to allowing Public Comments which will be limited to three (3) minutes. Please note that this public comment period is not interactive. The Edinburg EDC Board may not respond to public comments. If a resident desires to make a public comment in person, please complete the Public Comments Form, which will be located outside of the City Council Chambers and submit the completed form to the Economic Development staff prior to the commencement of the Edinburg EDC Board meeting. We ask for everyone's cooperation in following this procedure.

There were no public comments.

5. SPECIAL AGENDA ITEMS

- a. Consider Approval of Minutes for the Board Meeting held on March 25, 2024.**

MOTION TO APPROVE MINUTES WAS MADE BY DIRECTOR SABRINA WALKER AND SECONDED BY VICE PRESIDENT RAUL RESENDEZ ALL IN FAVOR. MOTION CARRIED UNANIMOUSLY.

- b. Presentation of Financial report ending on January 31, 2024.**

Executive Director Raudel Garza gave a brief presentation of the EDC's total assets, monthly department expenditures, and restricted & unrestricted funds. Some questions and discussion ensued. No action was necessary as this was a presentation.

- c. Discussion and possible action on participation at the ICSC Convention May 19-21, 2024**

Executive Director Raudel Garza briefed the EDC Board on the

collaboration between Edinburg EDC and RGV Partnership for the upcoming ICSC event. This partnership enables Edinburg to expand its booth presence, reduce financial commitments, and benefit from shared staffing resources. Additionally, the EEDC will use Retail Strategies to enhance engagement. Mayor Pro Tem Dan Diaz confirmed city council members' attendance, while Marketing & Research Manager Jacqueline Guerra provided insights on other municipal attendees. Director Richard Gonzales inquired about meeting arrangements, to which Mr. Garza assured that details would be finalized closer to the event. Discussion of sponsorship of a RGV Partnership reception also ensued.

MOTION TO APPROVE SPONSORSHIP FOR THE RGV PARTNERSHIP RECEPTION IN THE AMOUNT OF \$1,500.00 WAS MADE BY TREASURER EDDIE GARZA AND SECONDED BY DIRECTOR RICHARD GONZALES ALL IN FAVOR. MOTION CARRIED UNANIMOUSLY.

d. Discussion of Board Retreat, Including selection of facilitator, venue, and dates.

Executive Director Raudel Garza provided an overview to the board regarding the two options under consideration: TIP Strategies and Opportunity Strategies. Mr. Garza detailed the respective timeframes, distinctions, and ultimate objectives set forth by the Edinburg Economic Development Corporation (EEDC) for this board retreat. Director Sabrina Walker and Vice President Raul Resendez articulated concerns regarding comprehension, transparency, and expediency. Mayor Pro Tem Dan Diaz inquired about the feasibility of incorporating an economic component into the Kendig Keast comprehensive plan led by the City of Edinburg, Discussion ensued.

MOTION TO APPROVE OPPORTUNITY STRATEGIES PROPOSAL FOR THE CREATION OF A STRATEGIC PLAN, FACILITATING A BOARD RETREAT AND CONDUCTING OTHER ACTIVITIES OUTLINED IN THE PROPOSAL WAS MADE BY DIRECTOR SABRINA WALKER AND SECONDED BY TREASURE EDDIE GARZA ALL IN FAVOR. MOTION CARRIED UNANIMOUSLY.

e. Consider approval of a resolution authorizing participation in the Texpool investment pools and designating authorized representatives.

Executive Director Raudel Garza informed the EDC board of the current investment management arrangement with TexStar. Given that the majority of the city's investments are held in TexPool, Mr. Garza proposed transitioning to TexPool for the sake of operational simplicity and enhanced collaboration with Ascencion Alonzo, the Director of Finance, the other investment officer.

MOTION TO APPROVE RESOLUTION TO MOVE INVESTMENTS FROM TEXSTAR TO TEXPOOL WAS MADE BY DIRECTOR SABRINA WALKER AND SECONDED BY TREASURER EDDIE GARZA. MOTION CARRIED UNANIMOUSLY.

- f. Consider selection of a design firm for the development of drawings for the office space finish out for EEDC'S space at the transit center, and authorizing Executive director to engage selected firm.**

Executive Director Raudel Garza presented the available options for hiring a designer to plan the layout of the office space at the transit center. Executive Director Raudel Garza reviewed the three options and answered questions from the board.

MOTION TO APPROVE MILNET AS DESIGN FIRM WAS MADE BY DIRECTOR RICHARD GONZALES AND SECONDED BY TREASURER EDDIE GARZA. MOTION CARRIED UNANIMOUSLY.

- g. Consider approval of Expenditures related to the installation of signage at North Industrial Park.**

Executive Director Raudel Garza presented four proposals for the North Industrial Park Signage. Subsequent deliberations ensued; however, consensus on a course of action could not be reached. Mayor Pro Tem Dan Diaz suggested that a large LED sign be considered instead of the submitted proposals. Staff was asked to explore other sign options.

NO ACTION WAS TAKEN ON THIS ITEM.

- h. Discussion and possible action on selection of an engineering firm to assist in the development of a master plan for industrial properties at South Texas International Airport, and authorizing the Executive Director to engage selected firm.**

Executive Director Raudel Garza elaborated on the masterplan assistance aimed at facilitating development south of the runway at the South Texas International Airport. Discussion ensued regarding the selection of engineers and the review of submitted proposals pertaining to this master plan.

MOTION TO APPROVE ENGINEERING FIRM KSA WAS MADE BY DIRECTOR SABRINA WALKER AND SECONDED BY VICE PRESIDENT RAUL RESENDEZ. MOTION CARRIED UNANIMOUSLY.

6. EXECUTIVE SESSION

At this time the board entered executive session at 6:34 pm.

MOTION TO ENTER EXECUTIVE SESSION WAS MADE BY DIRECTOR SABRINA WALKER AND SECONDED BY TREASURE EDDIE GARZA. MOTION CARRIED UNANIMOUSLY.

The EEDC Board convened in executive session, in accordance with the Texas Open Meetings Act, Vernon's Texas Civil Statutes annotated, Government Code, Chapter 551, Subchapter D, exceptions to requirements that meetings be open, to deliberate under the following sections:

- **SECTION 551.071, CONSULTATION WITH ATTORNEY**
- **SECTION 551.072, DELIBERATION REGARDING REAL PROPERTY**
- **SECTION 551.087, DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**

The board deliberated the following item:

- A.** Deliberation and possible action regarding economic development negotiations (§551.087 Deliberation Regarding Economic Development Negotiations; §551.072. Deliberation Regarding Real Property; §551.071 Consultation with Attorney; Closed Meeting.)
1. FLIP
 2. Project Italy
 3. Project Faucet
 4. Project Frio
 5. Project Sprinkler
 6. Project Stick Burner
 7. Project Born Again
 8. Project Health
 9. Food Truck Park Update
 10. Project Hospitality

7. OPEN SESSION

The EEDC convened in Open Session to take necessary action, in accordance with Chapter 511, Open Meetings, Subchapter E, Procedures Relating to Closed Meeting §551.102, Requirement to Vote or Take Final Action in Open Meeting.

President, Veronica Gonzalez left at 7:38pm. Vice-President Raul Resendez took over as chair, and declared that no action was taken in executive session.

The EDC board reconvened for open session at 7:40pm.

MOTION TO ENTER OPEN SESSION WAS MADE BY MAYOR PRO TEM

DAN DIAZ AND SECONDED BY TREASUER EDDIE GARZA. MOTION CARRIED UNANIMOUSLY.

MOTION TO APPROVE 40 SELECTED FLIP APPLICANTS AS DISCUSSED IN EXECUTIVE SESSION WAS MADE BY TREASURER EDDIE GARZA AND SECONDED BY DIRECTOR RICHARD GONZALES. MOTION CARRIED UNANIMOUSLY.

MOTION TO APPROVE PROJECT “2. PROJECT ITALY, 3. PROJECT FAUCET, 4. PROJECT FRIO, 10. PROJECT HOSPATALITY” AS DISCUSSED IN EXECUTIVE SESSION WAS MADE BY DIRECTOR RICHARD GONZALES AND SECONDED BY MAYOR PRO TEM DAN DIAZ. MOTION CARRIED UNANIMOUSLY.

8. ADJOURNMENT

There being no further business to consider, the meeting adjourned at 7:40 pm.

MOTION TO ADJOURN MEETING WAS MADE BY DIRECTOR RICHARD GONZALES AND SECONDED BY DIRECTOR SABRINA WALKER HERNANDEZ. MOTION CARRIED UNANIMOUSLY.

Minutes Transcribed by:

Samantha Martinez, Business Operations Coordinator, Edinburg Economic Development Corporation

The Board of Directors approved the meeting minutes on _____, 2024.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION:

Aaron Rivera, EEDC Board Secretary



Edinburg Economic Development Corporation

Meeting Date: April 23, 2024

Presentation of year-to-date Financial Report ending on March 31, 2024

1. Agenda Item:

Presentation of year-to-date Financial Report ending on March 31, 2024.

2. Description/Scope:

Executive Director, Raudel Garza, will give a presentation on the year-to-date EEDC Financial Report ending on March 31, 2024.

3. Estimated Timeline:

October 1, 2023 – March 31, 2024.

4. Budget:

N/A

5. Procurement/Selection Process:

N/A

6. Staff's Recommendation:

N/A

7. Justification:

N/A

/s/ Raudel Garza, EEDC
Executive Director

ATTACHMENTS:

Attachment A: EEDC Financial Report ending 03/31/2024

Management Report

Edinburg Economic Development Corporation
For the period ended March 31, 2024



Prepared on
April 18, 2024

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET (Unaudited)

March 31, 2024

Assets

Cash and Cash Equivalents	\$	11,365,945
Sales Tax Receivable		737,543
Receivables, Net		4,094,445
Santana Receivable, Net		9,662,121
Restricted Assets		
Cash and Cash Equivalents		780,454
Investments		9,040,001
TOTAL ASSETS	\$	35,680,509

Liabilities

Current Liabilities		
Accounts Payable	\$	505,829
Total Liabilities	\$	505,829

Fund Balance

Restricted For:		
Capital Projects	\$	6,676,739
Debt Service		2,272,093
Other: Note Receivables		9,662,121
Other: Property Acquisitions		4,726,172
Unrestricted		11,837,554
Total Fund Balance	\$	35,174,680
TOTAL LIABILITIES AND FUND BALANCE	\$	35,680,509

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

MONTHLY BUDGET ACTIVITY REPORT (Unaudited)

As of March 31, 2024

	Current Budget	YTD	Percent Used	Remaining Budget
Revenues				
GEN SALES & USE TAX (.5%)	\$ 9,725,677	\$ 3,868,624	40%	\$ 5,857,053
INTEREST EARNED	60,000	62,251	104%	(2,251)
INTEREST EARNED SERIES 2019	40,000	146,283	366%	(106,283)
INTEREST EARNED SERIES 2021	-	203,039	0%	(203,039)
MISCELLANEOUS REVENUE	-	14,533	0%	(14,533)
TRANSFER IN GENERAL FUND	1,800,000	-	0%	1,800,000
Total Revenues	\$ 11,585,677	\$ 3,945,408	34%	\$ 7,640,269
Other Financing Resources				
SALE OF PROPERTY	\$ 2,190,000	\$ -	0%	\$ 2,190,000
Total Other Financing Resources	\$ 2,190,000	\$ -	0%	\$ 2,190,000
Total Revenues and Other Financing Resources	\$ 13,775,677	\$ 3,945,408	29%	\$ 9,830,269
Expenditures				
Administrative Services				
ADMINISTRATION FEE	\$ 500,000	\$ -	0%	\$ 500,000
SALARIES & FRINGE BENEFITS	805,231	233,835	29%	571,396
COMMUNICATIONS SERVICE AGREEMENT	21,600	1,679	8%	19,921
PRINTING	8,400	-	0%	8,400
RENTS & CONTRACTUAL	14,400	10,760	75%	3,640
OFFICE SPACE LEASE	22,500	17,500	78%	5,000
OFFICE MAINTENANCE & CONTRACTUAL - IT	12,000	2,611	22%	9,389
BOARD EXPENSES	6,000	1,195	20%	4,805
OFFICE SUPPLIES & OTHER MATERIALS	12,000	1,615	13%	10,385
WEARING APPAREL	4,200	876	21%	3,324
OFFICE EQUIP & FURNITURE	50,000	7,096	14%	42,904
OTHER MATERIALS	10,200	301	3%	9,899
AUDIT / ACCOUNTING	30,000	-	0%	30,000
CONTINUING EDUCATION	36,000	-	0%	36,000
MEMBERSHIP DUES, SUBSCR	60,000	15,004	25%	44,996
PROFESSIONAL SERVICES	96,000	25,575	27%	70,425
Total Administrative Services	\$ 1,688,531	\$ 318,047	19%	\$ 1,370,484
Programs				
CONFERENCES	\$ 120,000	\$ 18,074	15%	\$ 101,926
JOB TRAINING PROGRAMS	515,000	25,000	5%	490,000
MARKETING AND ADVERTISING SERVICES	420,000	212,186	51%	207,814
RESEARCH, STUDIES, OTHER CONTRACTS	360,000	4,750	1%	355,250
SPONSORSHIPS	144,000	32,100	22%	111,900
TRAVEL, TRAINING, MEETINGS	90,000	21,512	24%	68,488
Total Programs	\$ 1,649,000	\$ 313,622	19%	\$ 1,335,378
Properties				
GENERAL INSURANCE	\$ 75,000	\$ 39,908	53%	\$ 35,092
LAND - PURCHASE OF PROPERTY	4,726,172	-	0%	4,726,172
PROPERTY MAINTENANCE	30,000	190,811	636%	(160,811)
PROPERTY TAXES	40,000	-	0%	40,000
UTILITIES	9,000	-	0%	9,000
Total Properties	\$ 4,880,172	\$ 230,719	5%	\$ 4,649,453
Incentive Agreements				
CONTRIBUTION - CITY	\$ 5,850,000	\$ 7,257,022	124%	\$ (1,407,022)
ECONOMIC DEVELOPMENT INCENTIVES	500,000	79,658	16%	\$ 420,342
FIRST HARTFORD REALTY-RESTAURANT PLAZA	100,000	-	0%	100,000
DOMAIN DEVELOPMENT CORP (HYDE & BRENTWOOD PLZ	400,000	-	0%	400,000
MGEN CAPITAL	35,000	-	0%	35,000
KAPAL SUPPLIER, LLC	40,000	-	0%	40,000
Total Incentive Agreements	\$ 6,925,000	\$ 7,336,680	106%	\$ (411,680)

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

MONTHLY BUDGET ACTIVITY REPORT (Unaudited)

As of March 31, 2024

	Current Budget	YTD	Percent Used	Remaining Budget
Debt Service				
BOND PRINCIPAL PAYMENT	\$ 1,640,000	\$ 1,050,000	64%	\$ 590,000
BOND INTEREST EXPENSE	1,037,974	531,076	51%	506,898
BOND FEES	5,000	1,725	35%	3,275
Total Debt Service	\$ 2,682,974	\$ 1,582,801	59%	\$ 1,100,173
Total Expenditures	\$ 17,825,677	\$ 9,781,868	55%	\$ 8,043,809
Sources Over/(Under) Uses	\$ (4,050,000)	\$ (5,836,460)	144%	\$ 1,786,460
Bond Projects Expenses				
WORKFORCE/RESOURCE CENTER	\$ 1,840,000	\$ -	0%	\$ 1,840,000
EL TULE CENTER	-	184,655	0%	(184,655)
CONTRIBUTION - CITY (ACE CENTER)	7,000,000	7,000,000	100%	-
CONTRIBUTION - CITY (MUNICIPAL WATER PARK)	1,000,000	1,000,000	100%	-
Total Bond Projects Expenses	\$ 9,840,000	\$ 8,184,655	83%	\$ 1,655,345
TOTAL SUMMARY				
Total Revenues	\$ 13,815,677	\$ 4,294,730	31%	\$ 9,520,947
Total Expenses	(27,665,677)	(17,966,523)	65%	(9,699,154)
Change in Fund Balance	\$ (13,850,000)	\$ (13,671,793)	96%	\$ (178,207)

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION (Unaudited)

Cash Balances as of March 31, 2024

	Beginning Balance	YTD Activity	Ending Balance
Cash - Unrestricted			
Operating - Interest Bearing	\$ 14,463,285	\$ (7,457,719)	\$ 7,005,566
Total Unrestricted Cash	\$ 14,463,285	\$ (7,457,719)	\$ 7,005,566
Cash - Restricted			
Non Interest Bearing:			
Debt Service Funds	\$ 2,361,391	\$ (1,580,937)	\$ 780,454
Total Non Interest Bearing Cash	\$ 2,361,391	\$ (1,580,937)	\$ 780,454
Interest Bearing:			
Series 2019 Bonds - Project Fund	\$ 3,304,613	\$ 675,538	\$ 3,980,151
Series 2021 Bonds - Project Fund	9,665,137	(6,968,549)	2,696,588
Debt Service Reserves Fund	1,478,726	12,914	1,491,639
Reserved for Property Acquisitions	4,726,172	-	4,726,172
Total Interest Bearing Cash	\$ 19,174,648	\$ (6,280,098)	\$ 12,894,550
Total Restricted Cash	\$ 21,536,039	\$ (7,861,034)	\$ 13,675,005
Total Unrestricted and Restricted Cash	\$ 35,999,324	\$ (15,318,754)	\$ 20,680,571



Edinburg Economic Development Corporation

Meeting Date: April 23, 2024

Presentation of Quarterly Investment Report ending on December 31, 2023

1. **Agenda Item:**

Presentation of Quarterly Investment Report ending on December 31, 2023.

2. **Description/Scope:**

Executive Director, Raudel Garza, will give a presentation of the Quarterly Investment Report provided by the City of Edinburg's Finance Department.

3. **Estimated Timeline:**

October 1, 2023 – December 31, 2023

4. **Budget:**

N/A

5. **Procurement/Selection Process:**

N/A

6. **Staff's Recommendation:**

N/A

7. **Justification:**

N/A

/s/ Raudel Garza, EEDC
Executive Director

ATTACHMENTS:

Attachment A: EEDC Quarterly Investment Report ending 12/31/23



April 18, 2024

President Veronica Gonzalez
Board of Directors

RE: Edinburg Economic Development Corporation - Quarterly Investment Report for Quarter
Ending December 2023/Statement of Compliance

The above-referenced report is hereby presented, pursuant to the Public Funds Investment Act (PFIA), for your review and acceptance.

This quarter's investments totaled \$16,876,232.64 which included interest earned totaling \$224,718.99.

The PFIA also requires that the report contain a Statement of Compliance, signed by the Investment Officers, as presented below:

STATEMENT OF COMPLIANCE

This report complies with the requirements of the Public Investment Act as well as the Edinburg Economic Development Corporation's adopted investment policy. The Edinburg Economic Development Corporation follows all provisions of the Public Investment Act and the Edinburg Economic Development Corporation's investment policy.

Presented by the Edinburg Economic Development Corporation's Investment Officers:

Ascencion Alonzo, Investment Officer

Raudel Garza, Investment Officer



EDINBURG ECONOMIC DEVELOPMENT CORPORATION
QUARTERLY INVESTMENT SUMMARY REPORT
QUARTER ENDING DECEMBER 31, 2023

	TexStar Investment Pool
COST	
Beginning Balance	\$ 16,651,513.65
Additions:	
Interfund Transfers-out	-
Contributions	-
Investment earnings-TexStar	224,718.99
Investment earnings-	-
Deductions:	
Interfund Transfers-out	-
Disbursements	-
Ending Balance	<u>\$ 16,876,232.64</u>
MARKET VALUE	
Beginning Balance	<u>\$ 16,648,449.77</u>
Ending Balance	<u>\$ 16,875,760.11</u>
Weighted Average Maturity- TexStar	36
TexStar-Weighted Average Yield	5.33%

**EDINBURG ECONOMIC DEVELOPMENT CORPORATION
HOLDINGS BY INVESTMENTS
QUARTERLY INVESTMENT REPORT
QUARTER ENDING DECEMBER 31, 2023**

<u>Type of Investment</u>	<u>Beginning Cost</u>	<u>TexStar Interest</u>	<u>Interfund Transfers</u>	<u>Disbursements</u>	<u>Ending Cost</u>	<u>Market Value</u>
Texpool:						
New Series Debt Srvc Debt Rsrv Fund #1081510230	\$ 803,163.67	\$ 10,839.02	\$ -	\$ -	\$ 814,002.69	\$ 813,979.90
New Series 2019 Construction Fund #1081520190	\$ 5,705,490.25	76,997.94	-	-	5,782,488.19	5,782,326.28
2021A TaxExempt Dbt Srvc Rsrv Fund #1081520210	\$ 477,670.96	6,446.37	-	-	484,117.33	484,103.77
2021B Taxable Debt Srvc Rsrv Fund #1081520211	\$ 171,638.90	2,316.31	-	-	173,955.21	173,950.34
2021A 2021B Project Funds #1081520212	\$ 9,493,549.87	128,119.35	-	-	9,621,669.22	9,621,399.81
Total	\$ 16,651,513.65	\$ 224,718.99	\$ -	\$ -	\$ 16,876,232.64	\$ 16,875,760.11

TexStar Investments Detail Activity
Quarter Ending December 31, 2023

EEDC NEW SERIES DEBT SRVC RSRV FUND ACCOUNT #1081510230

		Income				Ending Balance
	Opening balance:	TexStar Interest	Contributions	Interfund Transfers	Disbursements	
October	803,163.67	3,630.56	0.00	0.00	0.00	806,794.23
November	806,794.23	3,534.87	0.00	0.00	0.00	810,329.10
December	810,329.10	3,673.59	0.00	0.00	0.00	814,002.69
		<u>10,839.02</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

EEDC NEW SERIES 2019 CONSTRUCTION FUND ACCOUNT #1081520190

		Income				Ending Balance
	Opening balance:	TexStar Interest	Contributions	Interfund Transfers	Disbursements	
October	5,705,490.25	25,790.78	0.00	0.00	0.00	5,731,281.03
November	5,731,281.03	25,110.82	0.00	0.00	0.00	5,756,391.85
December	5,756,391.85	26,096.34	0.00	0.00	0.00	5,782,488.19
		<u>76,997.94</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

EEDC 2021A TAXEXEMPT DBT SERVICE RES FND ACCOUNT #1081520210

		Income				Ending Balance
	Opening balance:	TexStar Interest	Contributions	Interfund Transfers	Disbursements	
October	477,670.96	2,159.26	0.00	0.00	0.00	479,830.22
November	479,830.22	2,102.32	0.00	0.00	0.00	481,932.54
December	481,932.54	2,184.79	0.00	0.00	0.00	484,117.33
		<u>6,446.37</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

EEDC 2021B TAXABLE DBT SERVICE RES FND ACCOUNT #1081520211

		Income				Ending Balance
	Opening balance:	TexStar Interest	Contributions	Interfund Transfers	Disbursements	
October	171,638.90	775.85	0.00	0.00	0.00	172,414.75
November	172,414.75	755.41	0.00	0.00	0.00	173,170.16
December	173,170.16	785.05	0.00	0.00	0.00	173,955.21
		<u>2,316.31</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

EEDC 2021A 2021B PROJECT FUNDS ACCOUNT #1081520212

		Income				Ending Balance
	Opening balance:	TexStar Interest	Contributions	Interfund Transfers	Disbursements	
October	9,493,549.87	42,914.10	0.00	0.00	0.00	9,536,463.97
November	9,536,463.97	41,782.70	0.00	0.00	0.00	9,578,246.67
December	9,578,246.67	43,422.55	0.00	0.00	0.00	9,621,669.22
		<u>128,119.35</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	

TexSTAR

MONTHLY NEWSLETTER

DECEMBER 2023



PERFORMANCE

As of December 31, 2023

Current Invested Balance	\$ 10,557,076,424.02
Weighted Average Maturity (1)	45 Days
Weighted Average Life (2)	84 Days
Net Asset Value	0.999972
Total Number of Participants	1037
Management Fee on Invested Balance	0.06%*
Interest Distributed	\$ 47,126,751.44
Management Fee Collected	\$ 522,944.49
% of Portfolio Invested Beyond 1 Year	5.62%
Standard & Poor's Current Rating	AAAm

Rates reflect historical information and are not an indication of future performance.

December Averages

Average Invested Balance	\$ 10,279,903,132.33
Average Monthly Yield, on a simple basis	5.3378%
Average Weighted Maturity (1)	44 Days
Average Weighted Life (2)	85 Days

Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instruction to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

The maximum management fee authorized for the TexSTAR Cash Reserve Fund is 12 basis points. This fee may be waived in full or in part in the discretion of the TexSTAR co-administrators at any time as provided for in the TexSTAR Information Statement.

NEW PARTICIPANTS

We would like to welcome the following entities who joined the TexSTAR program in December:

- * Bandera Economic Development Corporation
- * Memorial Point Utility District
- * Quitman Development Corporation

HOLIDAY REMINDER

In observance of Martin Luther King Jr. Day, **TexSTAR will be closed Monday, January 15, 2024.** All ACH transactions initiated on Friday, January 12th will settle on Tuesday, January 16th.

ECONOMIC COMMENTARY

Market review

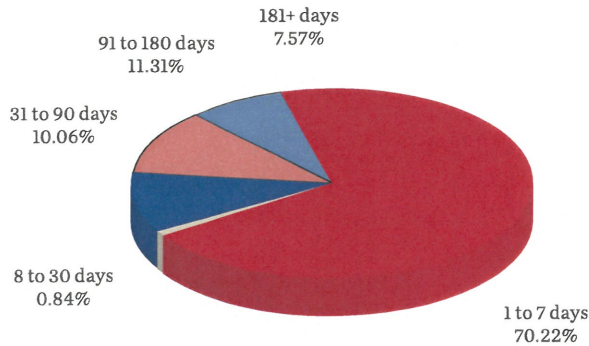
2023 was a year filled with many twists and turns. Yet, through it all, the U.S. economy remained resilient, posting three quarters of positive GDP growth despite facing aggressive monetary tightening by the Federal Reserve (Fed), heightened geopolitical risks and a regional banking crisis. Data released in December pointed to the continued possibility of the Fed engineering a soft landing while making progress in achieving its goal of 2% inflation. Inflation continued to trend downward with headline CPI rising 0.1% month-over-month (m/m) and 3.1% year-over-year (y/y) in November, slightly above consensus but down from October, while core CPI rose 0.3% m/m and 4.0% y/y. The Fed's preferred measure of inflation, the Personal Consumption Expenditures Price Index (PCE), was softer than expected. Headline PCE fell 0.1% m/m, bringing the year ago level down from 2.9% in October to 2.6% in November. With expectations for a further slowdown in rent inflation in the coming months, this reading provides further evidence that price growth is softening.

Cooling inflation was also met with strong labor market data as the U.S. labor market continued to demonstrate improved demand/supply balance. The demand for labor, as measured by the Job Openings and Labor Turnover Survey (JOLTS) report, showed openings falling 6.6% to 8.73 million, the lowest level since 2021, but still slightly above pre-pandemic norms. The job openings to unemployed ratio is now at 1.3x, near pre-pandemic levels. The November Jobs report showed healthy employment gains but provided further evidence that the labor market is moderating. Nonfarm payrolls rose by 199,000, beating expectations of 180,000 but were below the 2023 average of 233,000. The unemployment rate declined to 3.7% from 3.9% the prior month, as new workers joined the labor force, but has moved up from its 50-year low of 3.4% earlier in the year. Average hourly earnings came in slightly above expectations, rising 0.4% m/m, with the year ago level unchanged at 4.0%.

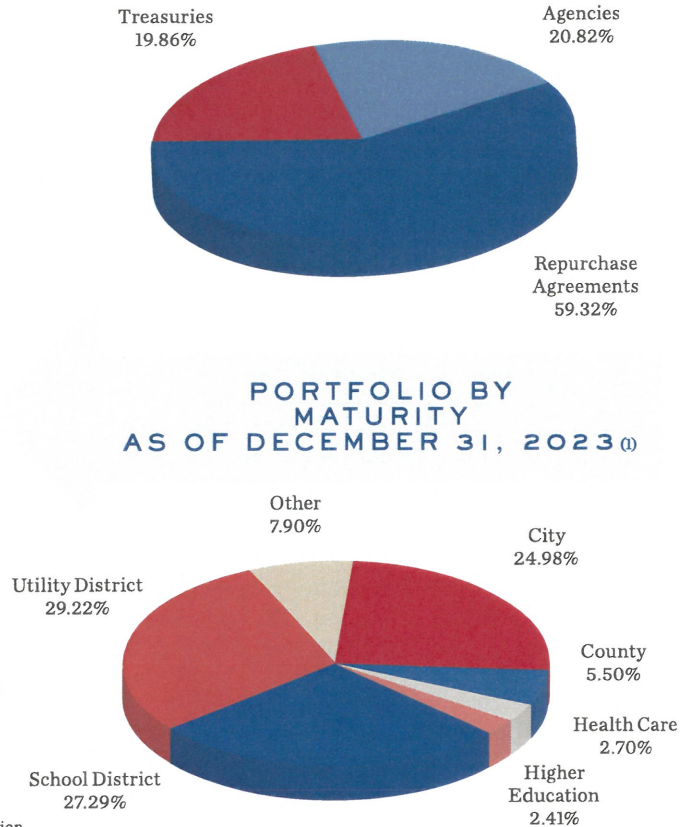
(continued page 4)

INFORMATION AT A GLANCE

PORTFOLIO BY TYPE OF INVESTMENT AS OF DECEMBER 31, 2023



DISTRIBUTION OF PARTICIPANTS BY TYPE AS OF DECEMBER 31, 2023



(1) Portfolio by Maturity is calculated using WAM (1) definition for stated maturity. See page 1 for definition

HISTORICAL PROGRAM INFORMATION

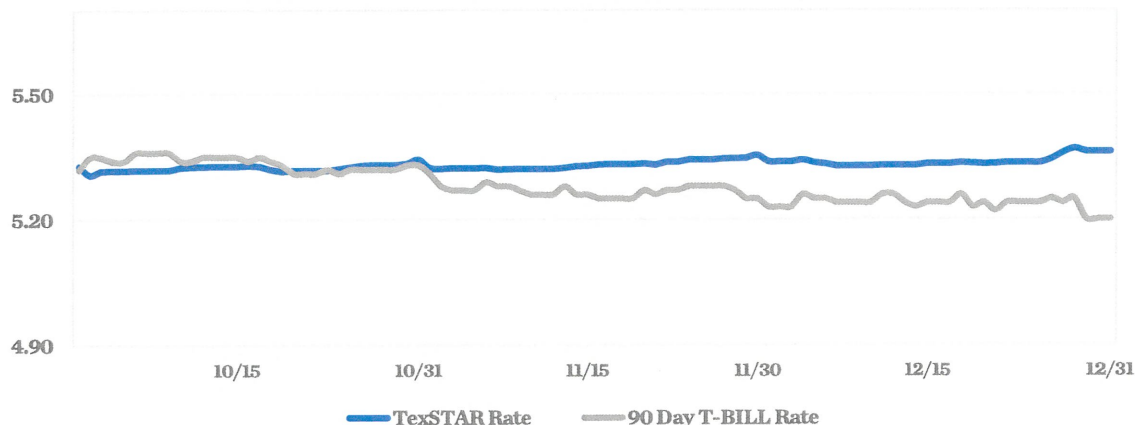
MONTH	AVERAGE RATE	BOOK VALUE	MARKET VALUE	NET ASSET VALUE	WAM (1)	WAL (2)	NUMBER OF PARTICIPANTS
Dec 23	5.3378%	\$10,557,076,424.02	\$10,557,101,303.24	0.999972	44	85	1037
Nov 23	5.3307%	10,148,883,026.83	10,148,191,305.12	0.999931	33	74	1034
Oct 23	5.3231%	10,017,668,653.01	10,016,121,800.83	0.999845	29	69	1031
Sep 23	5.3105 %	9,992,445,950.80	9,990,730,955.61	0.999816	29	56	1028
Aug 23	5.2974%	10,207,693,267.12	10,205,377,223.94	0.999773	26	49	1023
Jul 23	5.1148%	10,852,471,505.08	10,849,665,890.42	0.999741	22	47	1021
Jun 23	5.0764%	10,475,876,514.08	10,473,945,855.73	0.999806	22	50	1020
May 23	5.0471%	10,704,350,596.85	10,702,720,616.60	0.999847	20	45	1019
Apr 23	4.8292%	10,940,711,794.05	10,941,057,413.24	1.000031	17	42	1017
Mar 23	4.6066%	11,042,113,205.98	11,042,864,910.32	1.000029	11	39	1012
Feb 23	4.4919%	10,962,890,240.57	10,961,778,645.78	0.999898	9	38	1008
Jan 23	4.2515%	10,451,037,339.95	10,450,044,625.54	0.999905	6	41	1003

PORTFOLIO ASSET SUMMARY AS OF DECEMBER 31, 2023

	BOOK VALUE	MARKET VALUE
Uninvested Balance	\$ 688.68	\$ 688.68
Accrual of Interest Income	24,725,480.61	24,725,480.61
Interest and Management Fees Payable	(47,137,068.19)	(47,137,068.19)
Payable for Investment Purchased	0.00	0.00
Repurchase Agreement	6,275,567,999.86	6,275,567,999.86
Government Securities	4,303,919,323.06	4,303,944,202.28
TOTAL	\$ 10,557,076,424.02	\$ 10,557,101,303.24

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact TexSTAR Participant Services.

TEXSTAR VERSUS 90-DAY TREASURY BILL



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The TexSTAR management fee may be waived in full or in part at the discretion of the TexSTAR co-administrators and the TexSTAR rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment of \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the TexSTAR pool to the T-Bill Yield, you should know that the TexSTAR pool consists of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-Day T-Bill. The TexSTAR yield is calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940 as promulgated from time to time by the federal Securities and Exchange Commission.

DAILY SUMMARY FOR DECEMBER 2023

DATE	MNY MKT FUND EQUIV. [SEC Std.]	DAILY ALLOCATION FACTOR	INVESTED BALANCE	MARKET VALUE PER SHARE	WAM DAYS (1)	WAL DAYS (2)
12/1/2023	5.3378%	0.000146240	\$10,203,701,066.79	0.999970	39	83
12/2/2023	5.3378%	0.000146240	\$10,203,701,066.79	0.999970	39	83
12/3/2023	5.3378%	0.000146240	\$10,203,701,066.79	0.999970	39	83
12/4/2023	5.3419%	0.000146354	\$10,298,532,269.96	0.999917	41	83
12/5/2023	5.3359%	0.000146189	\$10,293,580,332.14	0.999917	41	83
12/6/2023	5.3322%	0.000146087	\$10,309,778,751.67	0.999934	42	83
12/7/2023	5.3270%	0.000145944	\$10,337,629,021.66	0.999925	42	85
12/8/2023	5.3274%	0.000145957	\$10,553,898,549.12	0.999906	41	82
12/9/2023	5.3274%	0.000145957	\$10,553,898,549.12	0.999906	41	82
12/10/2023	5.3274%	0.000145957	\$10,553,898,549.12	0.999906	41	82
12/11/2023	5.3290%	0.000145999	\$10,497,667,862.02	0.999896	42	82
12/12/2023	5.3285%	0.000145985	\$10,526,303,023.75	0.999894	42	83
12/13/2023	5.3284%	0.000145984	\$10,479,118,212.65	0.999955	43	83
12/14/2023	5.3285%	0.000145987	\$10,210,000,118.08	0.999964	45	87
12/15/2023	5.3326%	0.000146098	\$10,040,954,152.19	0.999935	45	87
12/16/2023	5.3326%	0.000146098	\$10,040,954,152.19	0.999935	45	87
12/17/2023	5.3326%	0.000146098	\$10,040,954,152.19	0.999935	45	87
12/18/2023	5.3349%	0.000146162	\$10,013,927,198.87	0.999942	47	89
12/19/2023	5.3332%	0.000146115	\$10,049,726,823.48	0.999950	47	89
12/20/2023	5.3314%	0.000146067	\$10,071,552,003.60	0.999969	46	88
12/21/2023	5.3329%	0.000146107	\$9,976,329,288.08	0.999994	47	90
12/22/2023	5.3352%	0.000146170	\$10,174,866,975.33	0.999982	45	87
12/23/2023	5.3352%	0.000146170	\$10,174,866,975.33	0.999982	45	87
12/24/2023	5.3352%	0.000146170	\$10,174,866,975.33	0.999982	45	87
12/25/2023	5.3352%	0.000146170	\$10,174,866,975.33	0.999982	45	87
12/26/2023	5.3443%	0.000146419	\$10,341,300,231.56	1.000016	47	87
12/27/2023	5.3586%	0.000146811	\$10,288,904,584.37	0.999998	47	87
12/28/2023	5.3684%	0.000147080	\$10,216,288,902.58	0.999974	47	88
12/29/2023	5.3606%	0.000146866	\$10,557,076,424.02	0.999972	45	84
12/30/2023	5.3606%	0.000146866	\$10,557,076,424.02	0.999972	45	84
12/31/2023	5.3606%	0.000146866	\$10,557,076,424.02	0.999972	45	84
Average	5.3378%	0.000146240	\$10,279,903,132.33		44	85



ECONOMIC COMMENTARY (cont.)

At its final meeting of the year, the Federal Open Market Committee (FOMC) delivered an early holiday gift with a dovish shift in policy expectations, leaving the federal funds rate target range unchanged at 5.25%-5.50%, while strongly hinting that rates are at their cycle peak and the next move will be a rate cut. The median FOMC member now expects three rate cuts next year to 4.6%, an extra cut compared to the dot plot in September's Summary of Economic Projections (SEP). Moreover, updates to the SEP showed lower inflation forecasts for 2023, 2024 and 2025 without material revisions to the growth or employment forecasts, suggesting that the Fed is forecasting a soft landing. In the press conference, Chair Powell did not push back on dovish market pricing and said the Fed had started to discuss cuts at this meeting. Markets interpreted the December FOMC meeting as a pivot in policy and began to price in more aggressive rate cuts for 2024. Consequently, Treasury yields rallied across the curve in December and with longer maturities declining more. The three-month Treasury bill yield declined 5 basis points (bps) on the month to 5.34%, while one-year T-bill and two-year Treasury yields fell 35 bps and 43 bps to end the year at 4.77% and 4.25%, respectively.

Outlook

The U.S. economy is entering the new year in a better place than expected as the largely anticipated recession did not occur. Strong consumption, supported by a solid labor market has led to economic resilience despite significant monetary policy tightening by the Fed. The Fed's recent dovish pivot has tipped the odds away from recession toward a soft landing. Following the December FOMC announcement, investors are breathing a sigh of relief now that the Fed is done raising interest rates. Indeed, yields fell based on a more accommodative interest rate outlook for 2024. Markets are now pricing in 150 bps of easing in 2024, with the first rate cut as early as March. We believe these expectations have gone too far and are anticipating something closer to the Fed's projections with rate cuts beginning in May or June this year.

Looking ahead, it is reasonable to expect that the balance of risks is now skewed towards the impact higher rates will have on growth and labor markets, not necessarily inflation. That said, the past two years have shown that inflation can come down even with tight labor markets and above trend growth. If this dynamic continues, a less restrictive monetary policy stance should allow for a soft landing in the U.S. economy.

This information is an excerpt from an economic report dated December 2023 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.



TEXSTAR BOARD MEMBERS

Monte Mercer	North Central TX Council of Government	Governing Board President
David Pate	Richardson ISD	Governing Board Vice President
Anita Cothran	City of Frisco	Governing Board Treasurer
David Medanich	Hilltop Securities	Governing Board Secretary
Jennifer Novak	J.P. Morgan Asset Management	Governing Board Asst. Sec./Treas
Brett Starr	City of Irving	Advisory Board
Sandra Newby	Tarrant Regional Water Dist/Non-Participant	Advisory Board
Ron Whitehead	Qualified Non-Participant	Advisory Board

The material provided to TexSTAR from J.P. Morgan Asset Management, Inc., the investment manager of the TexSTAR pool, is for informational and educational purposes only, as of the date of writing and may change at any time based on market or other conditions and may not come to pass. While we believe the information presented is reliable, we cannot guarantee its accuracy. HilltopSecurities is a wholly owned subsidiary of Hilltop Holdings, Inc. (NYSE: HTH) located at 717 N. Hardwood Street, Suite 3400, Dallas, TX 75201, (214) 859-1800. Member NYSE/FINRA/SIPC. Past performance is no guarantee of future results. Investment Management Services are offered through J.P. Morgan Asset Management Inc. and/or its affiliates. Marketing and Enrollment duties are offered through HilltopSecurities and/or its affiliates. HilltopSecurities and J.P. Morgan Asset Management Inc. are separate entities.



J.P.Morgan
Asset Management



Edinburg Economic Development Corporation

Meeting Date: April 23, 2024

Consider presentation and request for matching grant for an internship program by Workforce Solutions and RGV Focus.

1. **Agenda Item:**

Consider presentation and request for matching grant for an internship program by Workforce Solutions and RGV Focus.

2. **Description/Scope:**

Workforce Solutions (WFS) has proposed investing \$25,000 in the LEAD Internship Initiative Expansion to support up to 23 students. Additionally, they are seeking an additional \$25,000 in matching funds from industry partners. RGV Focus has already committed \$5,000, leaving a remaining \$20,000 needed for program funding.

The LEAD Internship Initiative aims to bridge the gap between employers and students by providing meaningful paid work experiences. These opportunities will span various fields including; Agriculture, Food, Natural Resources, Business, Finance, Marketing, Educational and Training, Health Science, Information Technology, Manufacturing, Law Public Service, Transportation, Distribution, and Logistics; and Science, Technology, Engineering, and Math (STEM).

The program will be facilitated by the University of Texas Rio Grande Valley (UTRGV)'s Career Center, which commits to supporting the initiative by:

- Coordinating efforts with WFS to ensure the sustainability of the LEAD Internship program.
- Assisting with outreach and recruitment of employers and students.
- Providing feedback on the ongoing needs of internship opportunities.

If the Edinburg EDC partners for this program, staff will collaborate with Workforce Solutions and RGV Focus to establish specific criteria, including but not limited to:

- Students must reside in Edinburg resident or the internship must take place in Edinburg.
- Student must be 18 years of age or older.
- Student must be eligible to work in the U.S.

3. Estimated Timeline:

Selected interns will receive an internship position by the end of July 2024. Internships begin late August 2024 and will be completed by December 2024.

4. Budget:

Edinburg EDC Contribution: \$20,000.

The Edinburg EDC has \$65,000 uncommitted funding available through the Small Business Program/Workforce Training/Job Training Program line item.

5. Procurement/Selection Process:

The procurement process will involve discussing terms and conditions with Workforce Solutions to outline the specifics of the partnership agreement, including participant criteria.

6. Staff's Recommendation:

Staff recommends moving forward with the proposed partnership with Workforce Solutions for the LEAD Initiative Internship Program.

This collaboration aligns with our mission to support workforce development initiatives and cultivate talent within our community. The program offers a strategic opportunity to invest in the future workforce while addressing local labor market needs.

7. Justification:

By allocating funds to support the LEAD internship initiative, the Edinburg EDC demonstrates its commitment to nurturing local talent and retaining skilled individuals within the community. Additionally, empowering students through internship opportunities contributes to the long-term economic vitality of Edinburg by fostering a skilled workforce and attracting businesses seeking qualified talent.

/s/ Raudel Garza, EEDC
Executive Director

ATTACHMENTS:

Attachment A: Workforce Solutions LEAD Internship Initiative Proposal



Grant Proposal Concept

LEAD INTERNSHIP INITIATIVE EXPANSION

8/30/2023

I. Proposal Summary (Executive Summary)

Please see the attached list of Target Career Clusters and Occupations the Foundation is currently supporting. The Proposal Summary should be about one paragraph of 1-3 sentences and should include:

- *The amount of funding requested.*
- *Provide where the 1 to 1 Matching Funds will come from (matching funds must be available no more than 30 days from RSTEF's funding).*
- *Give the most general description of the use that will be made of the funds.*

The Lower Rio Workforce Development Board, dba Workforce Solutions (WFS), is proposing to invest \$25,000, through this grant application, in the LEAD Internship Initiative Expansion for up to 23 students who may become part of the Texas border region's future workforce, particularly in the WFS service area of Hidalgo, Starr, and Willacy counties. The proposal considers an additional \$25,000 of matching funds sourced from the Texas Workforce Commission's (TWC) grant funded initiatives, TWC/WFS award incentives, and/or industry partners. The LEAD Internship Initiative is designed to bridge the gap between employers and students by engaging them in meaningful paid work experience and identifying potential future employees possessing the necessary skills to excel within their organizations.

II. Organization Description and History

The Organization Description and History section should be about 1-4 pages in length and should include (in the order below):

- *The history of the organization.*
- *The structure of the organization.*
- *Information about office locations that will be involved in carrying out the activities that will be funded by the requested grant.*
- *Major accomplishments of the organization.*
- *Relevant experience and accomplishments of the organization.*
- *Established partnerships and relationships that will be important to carrying out the activities funded by the grant.*
- *Explanation of how the description you provide makes your organization an appropriate grantee.*

of programs that align and prepare local job seekers to meet employer's skills expectation resulting in employment.

WFS Goal: Understand business needs through business relationships.

- Communicate the business community's top priorities to stakeholders.
- Conduct continuous analysis of local labor market and industry data to validate demand.
- Work in partnership with employers to develop strategies that provide and support the delivery of services to meet business needs.

TX SPG Goal #2: Engage in Partnerships

WFS is aware that it is vital for the growth and success of the local workforce pipeline to maintain and continuously improve the strong, established, collaborative initiatives with local employers, education, training, economic development, and non-profit partners. To ensure individuals within the WFS service delivery area have the expected knowledge, skills, and abilities to meet employer needs resulting in employment, WFS will continue to support, lead, facilitate, improve, and enhance its strategies.

WFS Goal: Prepare a job-ready workforce and foster external partnerships that promote educational and skill attainment within service delivery areas.

- Support education and literacy initiatives that promote educational attainment.
- Engage in strategic conversations that open doors to new partnerships and strengthen existing partnerships.
- Provide educational and workforce stakeholders with information reflecting the needs of business and state of the workforce to contribute to a demand-driven system.
- Ensure available customer training responds to business demand and addresses current and future skill and educational gaps.
- Develop a mechanism to disseminate employer skill development training requirements to ensure expectations are met.
- Collaborate with educational and training institutions to promote industry recognized certification attainment.

TX SPG Goal #3: Align System Elements

WFS strives to provide excellent service to workforce customers, both job seekers and businesses. All programs and services are coordinated with internal and external partners to help prepare local job seekers meet the employer's skill expectations.

WFS Goal: Build strategic partnerships to leverage resources for customers.

B. Relevant experience

The Texas Workforce Commission (TWC) administers and provides funding to local workforce development boards (e.g. Workforce Solutions). In Fiscal Year (FY) 2022 WFS administered eleven (11) programs (e.g. Workforce Innovation and Opportunity Act, Temporary Assistance for Needy Families, Child Care Services, etc.) in the amount of \$105,647,138. In addition to ten (10) special initiatives and grants (e.g., Texas School Ready, Summer Earn & Learn, Externship for Teachers, etc.) in the amount of \$9,291,772. Workforce Solutions is considered a high performing board, as it has consecutively met and exceeded all TWC contracted measures (22/22).

C. Office Locations

Workforce Solutions serving Hidalgo, Starr and Willacy Counties consists of several Workforce Offices located throughout Lower Rio Grande Valley. The function of the Workforce Offices is to provide our customers with tools and resources that empower and enable them to obtain employment in the career path of their choosing. Services in the centers include professional workshops, career counseling, support services and more. Currently, we offer both in-person and virtual services, to best meet the needs of job seekers.

1. **Corporate Office**

3101 W. Business 83
McAllen, TX 78501
Tel: (956) 928-5000
Fax: (956) 664-8987

2. **McAllen Office**

2101 S. 2nd St.
McAllen, TX 78503
Tel: (956) 302-0800
Fax: (956) 627-5239

3. **Edinburg Office**

2719 W. University Dr.
Edinburg, TX 78539
Tel: (956) 380-0008
Fax: (956) 316-2626

4. **Mission Office**

901 Travis St., Ste. 7
Mission, TX 78572
Tel: (956) 519-4300
Fax: (956) 519-4388

5. **Willacy County Office**

700 FM 3168, Ste.3

- Securing students and businesses to participate in the initiative.
- Providing reports to Workforce Solutions and RSTECDF as required by the grant.

E. Major Accomplishments & Accolades

WFS serves as one of twenty-eight (28) boards in the State of Texas and is recognized as a high performing workforce development board.

In FY 2022, WFS:

- Met and/or exceeded all TWC contracted measures.
- Was recognized by TWC for the Service to Employer Award. This award recognizes workforce boards in which Texas employers hire a TWC job seeker who have received services and retained employment for two quarters after placement.
- Helped 29,052 job seekers with business related services.
- Assisted 8,523 employers (e.g., hiring, job fairs, job postings, etc.)
- Assisted 4,898 individuals gain employment.

F. Explanation of how the description you provide makes your organization an appropriate grantee.

Considering Workforce Solutions's (WFS) resources, staffing capacity, infrastructure, partnerships and the fact that WFS is the entity designated by the Texas Workforce Commission (TWC) to deliver workforce services in the Hidalgo, Starr, and Willacy counties, makes WFS a suitable organization to serve as the grantee for the LEAD Internship Initiative Expansion proposal. Additionally, WFS's leadership in the region values and supports initiatives that align not only with WFS's and RSTECDF's goals, but also with initiatives that directly impact the future of the local workforce and regional economic prosperity.

III. Background

The Background section, of 1-3 pages in length and should provide (in the order below):

- *An explanation of the problem that has created the need for the program that will be funded by the requested grant.*
- *It should provide evidence that the problem exists in the Rio South Texas Region (Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy, Zapata)*
- *Provide statistics for the region that reflect a need for the program.*
- *Provide evidence that the proposed project will contribute to a solution to the problem or will reduce the harmful impact of the problem.*
- *Highlight media and government publications or public support letters suggesting that the problem is a high priority and that the proposed solution is one that decision makers support and believe in.*

students.

Fostering Practical Skill Development:

Internship programs offer an unparalleled platform for students to apply classroom knowledge to real-world scenarios. Whether in Agriculture, Food, and Natural Resources; Business, Finance, and Marketing; Educational and Training; Health and Science; Information Technology; Manufacturing; Law and Public Service; Transportation, Distribution, and Logistics; or STEM fields, students gain practical skills that are often unattainable within a purely academic setting. These skills not only enhance their employability but also contribute to the growth of industries as they introduce innovative and contemporary approaches.

Bridging the Skills Gap:

In the U.S.A., the persistent skills gap between what academic institutions provide and what industries require has become a focal concern. By immersing students in internship experiences that align with their fields of study, we narrow this gap significantly. In the state of Texas, where a diverse range of industries thrive, this becomes even more pressing. As these industries continue to evolve and adopt new technologies, internship programs play an integral role in equipping students with the skills demanded by employers.

Empowering Local Communities:

Within the counties of Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy, and Zapata, internship programs hold the potential to bolster local economies and uplift communities. By nurturing a homegrown talent pool, these programs contribute to reduced unemployment rates and increased economic sustainability. In rural regions where certain industries, such as Agriculture and Manufacturing, form the backbone of local economies, internships provide young individuals with opportunities to learn from seasoned professionals, preserving these vital sectors for generations to come.

Diversity and Inclusion:

Internship programs have the ability to promote diversity and inclusion within industries that have historically lacked representation. In STEM fields, for example, underrepresented groups are given the chance to showcase their talents and contribute meaningfully to scientific advancements and technological innovations. This inclusivity not only enriches the workforce but also fosters a sense of belonging and equality within industries.

Student-Employer Alignment:

Internship programs enable students to gain exposure to various industries and professions, assisting them in making informed career choices. By engaging in internships early on, students can test their interests and aptitudes, optimizing their career trajectories. Simultaneously, employers benefit by identifying potential future employees who possess the necessary skills and values to excel within their organizations.

The need for internship programs across diverse industries and geographies is undeniable. The United States, the state of Texas, and the counties of Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy, and Zapata are no exception. By fostering practical skill development, bridging the skills gap, empowering local communities, promoting diversity and inclusion, and aligning students with prospective employers, these programs create a symbiotic relationship between academia and industry. Through

3. Services and Expected Results:

The LEAD Internship Initiative will deliver a range of services to both students and employers to ensure a mutually beneficial experience. To achieve our goals, we have outlined the following component goals:

Recruiting Employers and Students:

- Activities: Engaging with industry partners, promoting the program, and encouraging employers to create internship opportunities.
- Measurement: Number of new employer partnerships established.

Posting Internship Jobs:

- Activities: Collaborating with employers to craft comprehensive job descriptions and posting them on the university's Handshake system.
- Measurement: Number of internship postings created.

Screening Student Candidates:

- Activities: Reviewing student applications, assessing their qualifications, and matching them with suitable internships.
- Measurement: Percentage of qualified students selected for interviews.

Interviews:

- Activities: Facilitating interviews between employers and selected students, assessing mutual compatibility.
- Measurement: Percentage of interviewed students who receive internship offers.

Making Internship Job Offers:

- Activities: Communicating internship offers to selected students and facilitating acceptance procedures.
- Measurement: Percentage of internship offers accepted by students.

Beginning of the Internship Job:

- Activities: Coordinating the onboarding process for students and employers, ensuring a smooth transition into the internship.
- Measurement: Successful completion of internship start-up procedures.

Closing of the Internship Successfully:

- Activities: Monitoring student progress during the internship, addressing any issues, and ensuring a productive experience.
- Measurement: Percentage of students who successfully complete their internships.

4. Staff Qualifications:

The success of the LEAD Internship Initiative is attributed to Workforce Solution's and UTRGV's dedicated teams, which includes experienced professionals in career services, project management, and academic counseling. The teams possess a deep understanding of industry dynamics, university policies, and student needs. Their expertise ensures the smooth execution of each program goal, providing students and employers with the support required for a fruitful internship experience.

The LEAD Internship Initiative has demonstrated its efficacy in propelling students

- Phase Four: Interviews
 - Facilitate interview process between employers and potential interns by the end of June 2024
- Phase Five: Offer Internship Positions
 - Begin eligibility process by July 2024
 - Ensure student requirements with the university are met
 - Ensure basic eligibility criteria with WFS are met
 - Selected interns will receive an internship position by the end of July 2024
- Phase Six: Internship Begins
 - Internships begin late August 2024 for students that accepted their internship offers
 - Stipend distributed to students throughout the duration of the internship
 - Estimated amount to be spent: \$45,000
- Phase Seven: Successful Completion of Internship
 - Interns should successfully complete their internships by December 2024 & submit any materials required by the university
 - Submit reporting requirements to funding entities (TWC, WFS, RSTECDF)

VI. Budget

Provide the reader with a table with categories of expenditures that will be funded by the requested grant, how much funding will be required for each category, and how much of that funding will come from the grant request. Also include matching funds and who the donors are. The Foundation requires a 1:1 match.

LEAD Internship Initiative Expansion:

Expenditure Category	RSTECDF fund request	Matching Funds from other sources	Matching Funds Organization	Total
Salaries WFS/UTRGV (5.84%x2=11.68%)	\$5,840	\$0	-	\$5,840
23 Internships @ \$1,920	\$19,160	\$25,000	WFS/TWC	\$44,160
Rent/Mortgage	\$0	\$0	-	\$0
Utilities	\$0	\$0	-	\$0
Transportation	\$0	\$0	-	\$0
Totals	\$25,000	25,000		\$50,000



Edinburg Economic Development Corporation

Meeting Date: April 23, 2024

Consider Approval of Presentation of EEDC Audit Report for
Fiscal Year 2022-2023.

1. Agenda Item:

Consider Approval of Presentation of EEDC Audit Report for Fiscal Year 2022-2023.

2. Description/Scope:

Cascos & Associates, PC conducted the audit and reviewed the EEDC's Annual Financial Report for the year ended September 30, 2023. Cascos & Associates, PC staff will be available for any questions.

3. Estimated Timeline:

Audit is completed once a year.

4. Budget:

The audit was budgeted in FY2023 for \$30,000.

5. Procurement/Selection Process:

The Edinburg EDC has a representation letter with Cascos & Associates, PC, for Auditing Services for year ending September 30, 2023.

6. Staff's Recommendation:

Staff recommends acceptance.

7. Justification:

/s/ Raudel Garza, EEDC
Executive Director

ATTACHMENTS:

Attachment A: Representation Letter

Attachment B: Management Comments & Findings Letter

Attachment C: Edinburg EDC Audit Report – September 30, 2023



April 15, 2024

Cascos and Associates, PC
765 E. 7th Street
Brownsville, TX 78520

This representation letter is provided in connection with your audit(s) of the financial statements of the Edinburg Economic Development Corporation (the "EEDC"), which comprise the respective financial position of the governmental activities and each major fund of the EEDC, a component unit of the City of Edinburg, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 15, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 8, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the EEDC is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the EEDC from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements .
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the EEDC and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the EEDC's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the EEDC's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

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www.edinburgedc.com

- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The EEDC has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have appropriately disclosed all information for conduit debt obligations in accordance with [GASBS No. 91](#).
- 28) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.
- 31) The EEDC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The EEDC has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements include all fiduciary activities required by [GASBS No. 84](#), as amended.
- 35) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended.
- 36) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 37) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 38) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 39) Provisions for uncollectible receivables have been properly identified and recorded.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 43) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) We have appropriately disclosed the EEDC's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 46) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 47) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____

Title: _____

Randall Hays
Executive Director



ANNUAL FINANCIAL REPORT

FISCAL YEAR 22-23

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Edinburg Economic Development Corporation (EEDC), a component unit of the City of Edinburg, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the EEDC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the EEDC, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the EEDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As discussed in Note III to the financial statements, the EEDC has notes receivable totaling \$13,640,003 due from Santana Textiles, LLC. Santana Textiles, LLC has ceased operations and has not complied with the loan repayment terms as outlined in the note agreements. Accordingly, Santana Textiles, LLC is in default with the terms of the note agreements. Management has evaluated the facts and circumstances associated with these notes, including the EEDC's status as second lien holder and the market values of property and equipment. Management expects to substantially recover the balances due from Santana Textiles, LLC. Any changes in management's estimates associated with these notes may have a material effect on the EEDC's financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EEDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the EEDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EEDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and pension and other post-employment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, on our consideration of the EEDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the EEDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EEDC's internal control over financial reporting and compliance.



Cascos & Associates, PC
Brownsville, Texas
April 15, 2024

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

In this section of the Annual Financial Report, we, the managers of Edinburg Economic Development Corporation (EEDC), discuss and analyze the EEDC's financial performance for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 1, and the EEDC's Basic Financial Statements and related disclosures, which begin on page 10.

FINANCIAL HIGHLIGHTS

General Fund

- At year-end, total fund balance for the General Fund was \$48,241,848.
- General Fund revenues were \$9,946,842 and General Fund expenses were \$5,714,290.

Government-Wide

- EEDC's governmental activities reported program expenses of \$4,240,085. General revenues totaled to \$10,720,638 and charges for services \$17,138, resulting in an increase in net position of \$6,497,691.
- At year end, EEDC's governmental activities reported combined total net position of \$23,600,438.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities on pages 10 and 11. These statements provide information about the activities of the EEDC as a whole and present a longer-term view of EEDC's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner like the financial reports of a business enterprise.

Fund financial statements, starting on page 12, report the EEDC's operations in more detail than the government-wide statements by providing information about the EEDC's most significant funds. For governmental funds, these statements tell how services were financed in the short-term, as well as, what resources remain for future spending. They reflect the flow of current financial resources and the appropriations budget.

The notes to the financial statements starting on page 16 provide narrative explanations or additional data needed for full disclosure in the government-wide statements and fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to EEDC's basic financial statements. EEDC's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Government-Wide Financial Statements

The analysis of the EEDC's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the EEDC is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the EEDC's assets, liabilities and outflow of resources at the end of the year while the Statement of Activities includes all the revenues and expenses generated by EEDC's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All the current year's revenues and expenses are recognized regardless of when cash is received or paid. The EEDC's revenues are divided into those provided by outside parties who share the costs of some programs. All the EEDC's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the EEDC's net position and changes in them. The EEDC's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) provide one measure of the EEDC's financial health or financial position. Over time, increases or decreases in the EEDC's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the EEDC, however, you should consider non-financial factors as well, such as changes in the EEDC's sales taxes due to the economy and the condition of the EEDC's facilities.

In the Statement of Net Position and the Statement of Activities, we reflect the EEDC in only one kind of activity:

- Governmental activities: All of the EEDC's basic services are reported here. Sales taxes designated for economic development finance most of EEDC's activities.

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the EEDC as a whole. The EEDC has one fund type - Governmental Funds.

- Governmental funds: All of the EEDC's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the EEDC's general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. At year end, EEDC's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$23,600,438. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements was \$(1,880,826). In prior years, EEDC acquired debt that was committed for projects and assets contributed to other entities, please refer to Note XVII - Commitments for additional information. The release of funds related to the contributed projects and assets, decreases the restricted net position. In the year ending September 30, 2023, unrestricted net assets increased by \$7,788,055 and restricted net assets decreased by \$359,454. Additionally, EEDC sold land and buildings, leased office space, and took on additional research and customer relation and management tools that decreased capital assets by \$1,148,458.

The following table summarizes the EEDC's net Position as of September 30, 2023.

Table I

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	\$ 48,311,156	\$ 43,116,198
Capital assets	7,462,480	8,610,938
Total assets	<u>55,773,636</u>	<u>51,727,136</u>
Deferred outflow of resources	1,583,142	1,566,855
Total Assets and Deferred Outflow of Resources	<u>\$ 57,356,778</u>	<u>\$ 53,293,991</u>
Liabilities		
Current liabilities	\$ 202,119	\$ 1,218,887
Long-term liabilities	33,531,881	34,735,000
Total liabilities	<u>33,734,000</u>	<u>35,953,887</u>
Deferred inflow of resources	22,340	-
Total Liabilities and Deferred Inflow of Resources	<u>33,756,340</u>	<u>35,953,887</u>
Net Position		
Net in invested in capital assets	7,442,671	8,610,938
Restricted	18,038,593	18,398,047
Unrestricted	(1,880,826)	(9,668,881)
Total Net Position	<u>23,600,438</u>	<u>17,340,104</u>
Total Liabilities and Net Position	<u>\$ 57,356,778</u>	<u>\$ 53,293,991</u>

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Statement of Activities

The EEDC's total revenues were \$10,737,776. Sales tax contributed \$9,184,192 or 85.5% of total revenues, which contributed for most of the revenues increase. Economic Development and Assistance expenses decreased by \$2,576,381 or 46.0% as the EEDC was restructured. As part of the restructure, EEDC incorporated new personnel after the beginning of the year, reducing personnel cost and also delaying the completion of projects and other expenses. Additionally, Developers' and other grantees' experienced delays on the completion on their projects, for delaying the related reimbursements to them. Series 2015 Sales Tax Revenue Bond was refinanced in fiscal year 2021, bond interest decreased as expected.

The following table summarizes the change in the EEDC's net position from its activities for the year ended September 30, 2023.

Table 2

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program Revenues:		
Charges for Services	\$ 17,138	\$ 104,995
General Revenues:		
General Sales Taxes	9,184,192	8,600,943
Miscellaneous Revenue	250	336,242
Investment Earnings	745,262	107,322
Gain on Sale of Property	790,934	236,617
Total Revenue	<u>\$ 10,737,776</u>	<u>\$ 9,386,119</u>
Expenses		
Economic Development and Assistance	\$ 3,022,682	\$ 5,599,063
Interest on Debt and Other Debt Charges	1,217,403	1,355,227
Total Expenses	<u>4,240,085</u>	<u>6,954,290</u>
Change in Net Position	6,497,691	2,431,829
Net Position Beginning	17,340,104	14,908,275
Prior Period Adjustment	(237,357)	-
Net Position Ending	<u>\$ 23,600,438</u>	<u>\$ 17,340,104</u>

As reflected in the Statement of Activities, total expenses for governmental activities were \$4,240,085. General revenues of \$10,737,776 exceeded the total net expenses for governmental activities of \$4,240,085 by \$6,497,691. As projects are undertaken, expenses are increasing, and a large decrease in net position in the upcoming year due to the magnitude of the projects is expected.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

GENERAL FUND FINANCIAL ANALYSIS

The General Fund is the chief operating fund of the EEDC. At the end of the current year, the total fund balance of the General Fund was \$48,241,848.

General Fund Budgetary Highlights

The EEDC amended the General Fund budget during the year. Those budget amendments fall into two categories. The first involved amendments moving funds from categories that did not need all the resources to categories with resource needs. The second involved adjusting the budget to better reflect the needs and resources available as changes in personnel affected the use of the budget.

- The major revenue variance of \$680,262, or 91%, was in Investment Earnings as it was budgeted conservatively.
- Overall expenditures were below budget. The Executive Director hired new personnel after the beginning of the year which reduced personnel costs and the completion of projects. Marketing activities were also below projected. There were delays in land acquisitions and programs took longer than projected to implement, which reduced the related expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current year, the EEDC had \$7,462,480 invested in a broad range of capital assets, including land, buildings, furniture and equipment. No capital assets are impaired.

More detailed information about the EEDC's Capital Assets is presented in the notes to the financial statements.

Debt

At year-end, the EEDC had \$33,155,000 in bonds outstanding versus \$34,735,000 last year. The decrease is attributed to principal payments made during the year. No new debt was issued.

More detailed information about the EEDC's long-term liabilities is presented in the notes to the financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fiscal year 2024 is projected to be a year of continued growth. Both public and private development in building and infrastructure activity will serve to broaden the City's tax base and provide continuing employment opportunities for the residents. In 2023, the EEDC experienced a 6.8% increase in sales tax revenue from 2022. Cash reserves are in place in accordance with the investment policy in secured investments. Additionally, according to the Texas Labor Market Review, the unemployment rate for the McAllen-Edinburg-Mission MSA as of November 30, 2023 was 5.3%, which represents a decrease compared to a 6.4% from prior year. The state average rate is reported at 3.5% and the national average rate is at 3.5%.

The EEDC Board of Directors has approved the General Fund Budget for fiscal year 2024 that includes funding for continued growth and development opportunities. Revenues in the General Fund are estimated at \$12,015,676, with an additional transfer in from the City of Edinburg of \$1,800,000. Budgeted expenditures are estimated at \$13,815,676. Cash is expected to decrease by the close of fiscal year 2024 as construction progresses. Priority has been placed on the development of the airport, infrastructure projects, workforce programs, and the revitalization of the Downtown District, including the construction of the Parking Garage and the completion of the Edinburg Arts, Culture, and Events Center (A.C.E.).

CONTACTING THE EEDC'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the EEDC's finances and to show the EEDC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the EEDC's administration office at:

Edinburg Economic Development Corporation
3111 W. Freddy Gonzalez Dr.
Edinburg, Texas 78539

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 13,501,268
Cash and Cash Equivalents - Restricted	19,742,338
Due from Primary Government	1,695,444
Notes Receivable, Net	13,367,203
Prepayments	4,903
Capital Assets:	
Land	6,780,643
Buildings, Net	660,734
Right-to-Use Lease & SBITA, Net	21,103
Total Assets	<u>55,773,636</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge for Refunding	1,441,087
Deferred Outflow Related to Pensions	131,582
Deferred Outflow Related to OPEB	3,178
Deferred Outflow Related to OPEB - MED	7,295
Total Deferred Outflows of Resources	<u>1,583,142</u>
LIABILITIES	
Accounts Payable	44,224
Accrued Interest Payable	132,811
Due to Primary Government	10,878
Accrued Expenditures	14,206
Noncurrent Liabilities:	
Due Within One Year	1,644,809
Due in More Than One Year:	
Bonds, Notes, Loans, Leases, etc.	31,530,000
Net Pension Liability	287,625
Net OPEB Liability	9,507
Net OPEB - MED Liability	59,940
Total Liabilities	<u>33,734,000</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions	1,078
Deferred Inflow Related to OPEB	5,275
Deferred Inflow Related to OPEB - MED	15,987
Total Deferred Inflows of Resources	<u>22,340</u>
NET POSITION	
Net Investment in Capital Assets	7,442,671
Restricted for:	
Restricted for Capital Acquisition	13,495,296
Restricted for Debt Service	3,763,297
Restricted for Other Purposes	780,000
Unrestricted	(1,880,826)
Total Net Position	<u>\$ 23,600,438</u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary government:				
GOVERNMENTAL ACTIVITIES:				
Economic Development and Assistance	\$ 3,022,682	\$ 17,138	\$ -	\$ (3,005,544)
Interest on Debt	1,213,653	-	-	(1,213,653)
Other Debt Charges	3,750	-	-	(3,750)
Total Governmental Activities	<u>4,240,085</u>	<u>17,138</u>	<u>-</u>	<u>(4,222,947)</u>
Total Primary Government	<u>\$ 4,240,085</u>	<u>\$ 17,138</u>	<u>\$ -</u>	<u>(4,222,947)</u>
General Revenues:				
				9,184,192
				250
				745,262
				790,934
				<u>10,720,638</u>
			Change in Net Position	6,497,691
			Net Position - Beginning	17,340,104
			Prior Period Adjustment	(237,357)
			Net Position - Ending	<u>\$ 23,600,438</u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 13,501,268
Cash and Cash Equivalents - Restricted	19,742,338
Due from Primary Government	1,695,444
Notes Receivable, Net	13,367,203
Prepayments	4,903
Total Assets	<u>\$ 48,311,156</u>
LIABILITIES	
Accounts Payable	\$ 44,224
Due to Primary Government	10,878
Accrued Expenditures	14,206
Total Liabilities	<u>69,308</u>
FUND BALANCES	
Nonspendable	13,367,203
Restricted for:	
Restricted for Capital Acquisition	13,495,296
Restricted for Debt Service	3,763,297
Restricted for Other Purposes	780,000
Unassigned	16,836,052
Total Fund Balances	<u>48,241,848</u>
Total Liabilities and Fund Balances	<u>\$ 48,311,156</u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 48,241,848
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$9,235,003 and accumulated depreciation was \$624,065. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(24,557,207)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.	449,629
Current year GASB 68 changes for the TMRS Pension plan this fiscal year required that the EDC report their net pension liability in the Government-Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$287,625, a Deferred Resource Inflow of \$1,078, and a Deferred Resource Outflow of \$131,582. The net effect of these was to decrease the ending net position by \$157,121.	(157,121)
Current year GASB 75 changes for the OPEB Pension plan this fiscal year required that the EDC report their net OPEB liability in the Government-Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$69,447, a Deferred Resource Inflow of \$21,262, and a Deferred Resource Outflow of \$10,473. The net effect of these was to decrease the ending net position by \$80,236.	(80,236)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(37,896)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(258,579)
Net Position of Governmental Activities	<u>\$ 23,600,438</u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund
REVENUES	
General Sales Taxes	\$ 9,184,192
Lease and Rental	17,138
Investment Earnings	745,262
Other Revenue	250
Total Revenues	<u>9,946,842</u>
EXPENDITURES	
Conservation and Development	
Economic Development and Assistance	2,984,786
Debt Service:	
Principal on Debt	1,596,342
Interest on Debt	1,093,261
Other Debt Charges	3,750
Capital Outlay:	
Capital Outlay	36,151
Total Expenditures	<u>5,714,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,232,552</u>
OTHER FINANCING SOURCES (USES)	
Sale of Real and Personal Property	1,937,647
Right-to-Use Lease and SBITA Proceeds	36,151
Total Other Financing Sources (Uses)	<u>1,973,798</u>
Net Change in Fund Balance	6,206,350
Fund Balance - October 1 (Beginning)	<u>42,035,498</u>
Fund Balance - September 30 (Ending)	<u>\$ 48,241,848</u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 6,206,350
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays, the disposal of capital assets with net value of (\$1,146,713) and debt principal payments of \$1,596,342 is to increase net position.	449,629
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position	(37,896)
Amortization of deferred bond charges and accrued interest payable are not recognized as expenses in governmental funds since they do not require the use of current financial resources. The net effect of the current year's amortization expense of \$125,768 and accrued interest of \$5,376 is to decrease the change in net position.	(120,392)
Change in Net Position of Governmental Activities	<u><u>\$ 6,497,691</u></u>

The accompanying notes are an integral part of these financial statements.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edinburg Economic Development Corporation (EEDC), a component unit of the City of Edinburg, Texas, (the City) was incorporated on April 23, 1990, under the Constitution of the State of Texas. The EEDC was organized on behalf of the City for the purpose of promoting the development of commercial, industrial, and manufacturing enterprises as well as improving the quality of life within its city limits and encouraging new employment opportunities.

The EEDC is a 501(c)(4) not for profit corporation by the Internal Revenue Service, and thus, its income is generally exempt from federal income taxation.

The EEDC prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

The accounting policies of the EEDC as reflected in the accompanying financial statements conform to GAAP for local governmental units as prescribed by the GASB.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," provides guidance for determining which governmental organizations should be included within a reporting entity. GASB statement No. 61 sets forth financial accountability as the basic criterion for inclusion of a government unit in a governmental reporting entity. Financial accountability is defined as appointment of a voting majority of the component units board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Due to the primary government's ability to impose its will on the EEDC, the EEDC is a component unit of the City.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the EEDC's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes and other intergovernmental revenues.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (*Continued*)

The Statement of Activities demonstrates how other people or entities that participate in programs the EEDC operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the EEDC. The "grants and contributions" column includes amounts paid by organizations outside the EEDC to help meet the operational or capital requirements of given function. If a revenue is not a program revenue, it is a general revenue used to support all of the EEDC's functions. Taxes are always general revenues.

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the government-wide statement of net position.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present net increases and decreases in current assets (i.e. revenues and other financing sources and the expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The EEDC considers all revenues available if they are collected within 60 days after year-end.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (*Continued*)

Revenues from local sources consist primarily of sales taxes. Sales tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The EEDC considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

D. FUND ACCOUNTING

The EEDC reports the following major governmental funds:

General Fund - The primary operating fund is the only major fund in the current fiscal year. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.

E. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The capital projects are appropriated on a project-length basis. The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Board of Directors.

F. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

F. OTHER ACCOUNTING POLICIES (*Continued*)

2. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
3. Receivables consist of uncollected notes receivable at year end. Additional details can be found on Note III.
4. Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the EEDC as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the EEDC are depreciated using the straight-line method over the following estimated useful lives. The estimated lives range from 5 to 20 years for equipment, 10 to 40 years for improvements, and 40 years for buildings.

5. Deferred Outflows/Inflows of Resources are sometimes an addition to assets and liabilities. They are reported in a separate section for deferred outflows and inflows of resources in the statement of net position. Deferred outflow of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The EEDC records deferred outflows of resources related to deferred charges on refunding.
6. *Restricted Assets:* Proceeds of revenue bonds issued, as well as, certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because their use is limited by applicable bond covenants.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

F. OTHER ACCOUNTING POLICIES (*Continued*)

7. When the EEDC incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In the fund financial statements, governmental funds report fund balance based on the following classifications: non-spendable, restricted, committed, assigned *or* unassigned. Restricted fund balances are amounts legally restricted by outside parties for use by a specific purpose. Commitments of fund balance require approval of the Board of Directors through formal action. The Board of Directors delegates the responsibility to assign fund balance to the Director or his/her designee, when appropriate. Unassigned fund balance is the residual classification for the general fund after the amounts for the restricted, committed, and assigned classifications have been identified. Funds will be utilized in the following order: restricted, committed, assigned, and unassigned.

G. CURRENT ACCOUNTING STANDARDS

In June 2017, GASB issued Statement No. 87, Leases, which improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The EEDC implemented GASB 96 for reporting Subscription-Based-Information Technology Arrangements (SBITAs). GASB 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. There are no SBITAs that require a prior period adjustment.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

II. DEPOSITS AND INVESTMENTS

The EEDC Depository Agreement requires its designated financial institution to secure by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2023, the EEDC's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the pledging financial institution's agent in the EEDC's name, pursuant to the Depository Agreement. The bank balance consisted of the following at September 30, 2023:

Bank	Bank Balance
Texas National Bank-Operating	\$ 13,806,008
Texas National Bank-Debt Service	2,310,824
Texas National Bank-Arena	780,000
TexStar 2019 DS	803,164
TexStar 2021AB	9,493,550
TexStar 2021B DS	171,639
TexStar 2021A DS	477,671
TexStar 2019	5,705,490
Total Bank Deposits	\$ 33,548,346

The Public Funds Investment Act (Government Code, Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the EEDC to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity (2) portfolio diversification (3) allowable investments (4) acceptable risk levels (5) expected rates of return (6) maximum allowable stated maturity of portfolio investments (7) maximum average dollar- weighted maturity allowed based on the stated maturity date for the portfolio (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas (2) certificates of deposit (3) certain municipal securities (4) money market savings accounts (5) repurchase agreements (6) bankers acceptance (7) Mutual Funds (8) Investment Pools guaranteed investment contract (10) and common trust funds.

At September 30, 2023 the EEDC had 100% of its investments in interest paying accounts and TexSTAR, a conservatively managed fund operated in full compliance with the PFIA, rated AAAM by Standard & Poors. TexSTAR is an investment pool created by Local Governments for Local Governments.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

II. DEPOSITS AND INVESTMENTS (*Continued*)

As of September 30, 2023, all of the EEDC's external investment pools meet the criteria described in GASB Statement No. 79 and measure all of their investments at amortized cost; therefore, the EEDC has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the EEDC limits investments to Certificates of Deposits, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralized by the U.S. Government Securities. As of September 30, 2023, the EEDC's investments were secured by the U.S. Government Securities, pursuant to the Depository Agreement.

Custodial Credit Risk for Investments: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the EEDC complies with this law, it has no custodial credit risk for deposits.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institutions. As of September 30, 2023, the EEDC had investments only in a public funds investment pool.

Interest Rate Risk: Interest rate risk is defined as the risk that changes in interest rates will adversely affect the amortized value of an investment. For operating funds, such as the general fund, maturities shall not exceed one year. As of September 30, 2023, the EEDC had investments only in a public funds investment pool.

Foreign Currency Risk for Investments: Foreign currency risk is the risk that changes in exchanges rates will adversely affect the fair value of an investment. At year-end, the EEDC was not exposed to foreign currency risk.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

III. AGGREGATE RECEIVABLES

The aggregate receivables at September 30, 2023, were:

Notes Receivable - Santana Textiles	\$ 13,640,003
Allowance for Uncollectible Notes	(272,800)
Total Notes Receivable, net	\$ 13,367,203
Accounts Receivable - Accrued Interest and Late Fees (Santana Textiles)	\$ 3,577,449
Accounts Receivable - Nu-Co Tool	127,633
Allowance for Uncollectible	(3,705,082)
Total Receivable, net	\$ -

The notes receivable (Santana Textiles) account is comprised of two (2) notes from Santana Textiles, LLC. The first note originated on April 16, 2010, in the amount of \$5,000,000. The second note originated on August 30, 2011, in the amount of \$10,000,000. The current agreement with Santana Textiles expired on October 21, 2022. The EEDC renegotiated an extension which was approved by the Board of Directors on November 15, 2023 and by City Council on December 5, 2023. However, to this date, Santana Textiles has failed to execute the agreements and also to pay the amount due to bring the notes current. Other options to collect are being explored and pursued.

The \$5,000,000 note receivable from Santana Textiles, LLC requires payments of \$26,778 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

The \$10,000,000 note receivable from Santana Textiles, LLC requires payments of \$59,971 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

Santana Textiles has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on the notes. Management of EEDC feels that a satisfactory agreement will be placed and is negotiating an extension to agree on a date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation.

The combined balance of the Santana Textiles notes receivable is \$13,640,003. An allowance for uncollectible has been setup for \$272,800 or 2% of the note receivable balance. An additional allowance for uncollectible has been set up for 100% of the related accrued interest and late fees. The total notes allowance for uncollectible balance is \$3,577,449 which brings the notes receivable, net balance to \$13,367,203. A Cross-Collateralization and Cross-Default and Security Agreement was executed on August 30, 2011 and recorded in the Office of the County Clerk of Hidalgo County, Texas as Document No. 2237059 for both Notes.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. ACCOUNTS PAYABLE

The accounts payable at September 30, 2023, were:

Communications & Other	\$ 3,008
Projects	3,400
Travel, Training and Meetings	16,217
Audit	16,000
TML Insurance	5,599
Total Accounts Payable	\$ 44,224

V. SINKING FUNDS

As of September 30, 2023, the sinking funds consisted of the following:

Account	Reserve Required	Balance at 09/30/23	Overfunded/ (Underfunded)
TexStar Series 19 Bond Reserve	\$ 761,150	\$ 803,164	\$ 42,014
TexStar Series 2021A Bond Reserve	456,194	477,671	21,477
TexStar Series 2021B Bond Reserve	162,988	171,639	8,651
	\$ 1,380,332	\$ 1,452,474	\$ 72,142

VI. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund
General Sales Taxes	\$ 9,184,192
Lease and Rental	17,138
Investment Earnings	745,262
Other Revenue	250
Total	\$ 9,946,842

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

VII. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Primary Government</u>			
<i>For the Years Ended September 30,</i>	2022	Additions	Retirements	2023
Capital assets not being depreciated:				
Land	\$ 7,322,205	\$ -	\$ (541,562)	\$ 6,780,643
Total capital assets not being depreciated	7,322,205	-	(541,562)	6,780,643
Capital assets being depreciated:				
Buildings	1,912,074	-	(1,123,054)	789,020
Furniture and equipment	724	-	-	724
Right-to-use lease	-	29,651	-	29,651
SBITA	-	6,500	-	6,500
Total capital assets being depreciated	1,912,798	36,151	(1,123,054)	825,895
Less: accumulated depreciation for:				
Buildings	(623,341)	(22,848)	517,903	(128,286)
Furniture and equipment	(724)	-	-	(724)
Right-to-use lease	-	(9,884)	-	(9,884)
SBITA	-	(5,164)	-	(5,164)
Total accumulated depreciation	(624,065)	(37,896)	517,903	(144,058)
Total capital assets, being depreciated, net	1,288,733	(1,745)	(605,151)	681,837
Governmental activities capital assets, net	\$ 8,610,938	(1,745)	\$ (1,146,713)	\$ 7,462,480

Costs associated with the ongoing construction projects were not capitalized as the assets will be owned and operated by the City or other entities. See note XIV for additional information. For the fiscal year ended September 30, 2023 depreciation expense was \$37,896.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

VIII. LONG-TERM DEBT

Long-term debt for bonds consists of the following at September 30, 2023:

\$2,300,000 Bond Issue Series 2013A; payable in semi-annual installments of \$18,750 plus interest of 3.120%, maturing February 15, 2024; collateralized by economic development sales tax receipts.	\$ 265,000
\$4,575,000 Bond Issue Series 2013B; payable in semi-annual installments of \$37,500 plus interest of 3.040%, maturing August 15, 2024; collateralized by economic development sales and use tax receipts.	525,000
\$10,840,000 Bond Issue Series 2019; payable in semi-annual installments plus interest maturing August 15, 2044.	9,885,000
\$7,730,000 2021A Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 2.500%-3.375%, maturing in August 15, 2046; collateralized by sales and use tax receipts.	7,275,000
\$2,250,000 2021B Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 4.750%-5.250%, maturing in August 15, 2046; collateralized by sales and use tax receipts.	2,145,000
\$13,610,000 2021 Sales Tax Revenue Refunding Bonds; payable in semi-annual installments plus interest of .355%-2.340%, maturing in February 15, 2035; collateralized by sales and use tax receipts.	<u>13,060,000</u>
	<u>\$ 33,155,000</u>

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

VIII. LONG-TERM DEBT (Continued)

EEDC has issued sales tax revenue bonds to finance various construction projects to enhance economic development in the area of the City. These bonds are to be repaid with sales tax revenue.

Annual debt service requirements to maturity for the EEDC's general long-term debt are as follows:

Fiscal Year	Principal	Interest
2024	\$ 1,625,000	\$ 1,049,036
2025	1,665,000	1,010,977
2026	1,695,000	977,766
2027	1,735,000	941,187
2028	1,775,000	900,010
2029-2033	9,590,000	3,778,671
2034-2038	7,060,000	2,415,669
2039-2043	5,580,000	1,280,163
2044-2046	2,430,000	169,275
	<u>\$ 33,155,000</u>	<u>\$ 12,522,754</u>

On June 1, 2023, EEDC entered into a 12 month lease as Lessee for the use of JH/JC, LLC & EEDC 3111 W. Freddy Gonzalez. An initial lease liability was recorded in the amount of \$29,651. As of September 30, 2023, the value of the lease liability is \$19,809. EEDC is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 2.56%. The Buildings estimated useful life was 12 months as of the contract commencement. The value of the right to use asset as of September 30, 2023 of \$19,767 with accumulated amortization of \$9,884 is included on Note VII. EEDC has 1 extension option for 12 months.

A summary of right-to-use lease arrangements for the year ended September 30, 2023 is as follows:

	Interest Rate	Original Lease Liability	September 30, 2022	Additions	Reductions	September 30, 2023	Current Portion
Right-to-Use Lease - Office Space	2.56%	\$ 29,651	\$ -	\$ 29,651	\$ (9,842)	\$ 19,809	\$ 19,809
Total Right-to-Use Lease		\$ 29,651	\$ -	\$ 29,651	\$ (9,842)	\$ 19,809	\$ 19,809

Debt service requirements for right-to-use lease is as follows:

Fiscal Year	Principal	Interest
2024	\$ 19,809	\$ 191
	<u>\$ 19,809</u>	<u>\$ 191</u>

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

VIII. LONG-TERM DEBT (Continued)

On December 15, 2022, the EEDC entered into a 12 month subscription for the use of REsimplifi Application. An initial subscription liability was recorded in the amount of \$6,500. As of September 30, 2023, the value of the subscription liability is \$0.00. EEDC is required to make annual fixed payments of \$6,500. The subscription has an interest rate of 3.14%. The value of the right to use asset as of September 30, 2023 of \$6,500 with accumulated amortization of \$5,164 is included on Note VII. EEDC has 1 extension option, for 12 months.

A summary of the SBITA for the year ended September 30, 2023 is as follows:

	Interest Rate	Original Lease Liability	September 30, 2022	Additions	Reductions	September 30, 2023	Current Portion
SBITA	3.14%	\$ 6,500	\$ -	\$ 6,500	\$ (6,500)	\$ -	\$ -
Total SBITA		\$ 6,500	\$ -	\$ 6,500	\$ (6,500)	\$ -	\$ -

Summary of changes in Long-Term Debt for the year ended September 30, 2023:

	September 30, 2022	Additions	Reductions	Adjustments	September 30, 2023	Current Portion
Bonds payable						
Series 2013A	\$ 520,000	\$ -	\$ (255,000)	\$ -	\$ 265,000	\$ 265,000
Series 2013B	1,030,000	-	(505,000)	-	525,000	525,000
Series 2019	10,170,000	-	(285,000)	-	9,885,000	295,000
Series 2021A	7,495,000	-	(220,000)	-	7,275,000	225,000
Series 2021B	2,195,000	-	(50,000)	-	2,145,000	55,000
Series 2021 Refunding	13,325,000	-	(265,000)	-	13,060,000	260,000
Total Bonds Payable	34,735,000	-	(1,580,000)	-	33,155,000	1,625,000
Right-to-Use Lease	-	29,651	(9,842)	-	19,809	19,809
SBITA	-	6,500	(6,500)	-	-	-
Net Pension Liability	-	-	-	287,625	287,625	-
Net OPEB Liability	-	-	-	69,447	69,447	-
Total Long-Term Debt	\$ 34,735,000	\$ 36,151	\$ (1,596,342)	\$ 357,072	\$ 33,531,881	\$ 1,644,809

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IX. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the government-wide financial statements, deferred outflows include deferred charges on refunding of the bonds.

As of September 30, 2023, the various components of deferred outflows and inflows of resources are as follows:

Deferred Outflow Related to TMRS Pension	\$ 131,582
Deferred Outflow Related to OPEB	<u>10,473</u>
Total Deferred Outflows	<u>\$ 142,055</u>
Deferred Inflow Related to TMRS Pension	\$ 1,078
Deferred Inflow Related to OPEB	<u>21,262</u>
Total Deferred Inflows	<u>\$ 22,340</u>

X. EMPLOYEE RETIREMENT BENEFIT PLAN

Texas Municipal Retirement System

Plan Description

The EEDC participates as one of the 892 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS), thru the City of Edinburg (City).

TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.org.

All eligible employees of the EEDC are required to participate in TMRS, as are employees of the City.

All terms, conditions and benefits of EEDC employees are identical to the City's employees and covered under the City's plan with TMRS.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

X. EMPLOYEE RETIREMENT BENEFIT PLAN (*Continued*)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and apply to EEDC employees.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments which cannot exceed 75% of the member's deposits and interest.

Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following city employees which include EEDC employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit	325
Inactive employees entitled to but not yet receiving benefits	609
Active employees	<u>986</u>
Total	<u><u>1,920</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200% both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.63% and 14.78% in the calendar years 2022 and 2023, respectively. The City's contribution to TMRS for the year ended September 30, 2023 were \$7,551,647 and were equal to the required contributions.

Net Pension Liability

The EEDC's Net Pension Liability (NPL) is included in the City's Net Pension Liability (NPL) and was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. There is no specific information as it relates to the EEDC's portion.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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X. EMPLOYEE RETIREMENT BENEFIT PLAN (*Continued*)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 3-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class (Arithmetic)	Target Allocation	Long-Term Expected Net Real Rate of Return
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Real estate	12.0%	5.80%
Other Public and Private Markets	12.0%	8.10%
Hedge Funds	5.0%	6.90%
Private equity	10.0%	11.80%
Total	100.0%	

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
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X. EMPLOYEE RETIREMENT BENEFIT PLAN (*Continued*)

The discount rate used to measure Total Pension Liability was 6.75%. The projections cash flow used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Schedule of Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability Liability (a) - (b)
Net Pension Liability - December 31, 2021	\$ 188,772,526	\$ 166,486,369	\$ 22,286,157
Changes for the year:			
Service Cost	7,924,131	-	7,924,131
Interest (on the Total Pension Liability)	12,787,769	-	12,787,769
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,988,085	-	3,988,085
Changes of assumptions	-	-	-
Contributuions - employer	-	7,256,687	(7,256,687)
Contributuions - employee	-	3,512,914	(3,512,914)
Net investment income	-	(12,170,826)	12,170,826
Benefit payments, including refunds of employee contributions	(6,572,314)	(6,572,314)	-
Administrative expense	-	(105,164)	105,164
Other changes	-	125,492	(125,492)
Net Changes	18,127,671	(7,953,211)	26,080,882
Net Pension Liability - December 31, 2022	\$ 206,900,197	\$ 158,533,158	\$ 48,367,039

The amount presented above includes pension liabilities for the City's discretely presented component units. At September 30, 2023, the City's Governmental Activities portion of the net pension obligation was \$36,266,866, and the Business type activities was \$11,013,175, the Boys & Girls Club of Edinburg's portion was \$799,373, and the EEDC's portion was \$287,625. The total net pension liability for the Primary Government was \$47,280,041.

Sensitivity of the Net Pension Liability to Changes in the Discounted Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as, what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
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SEPTEMBER 30, 2023

X. EMPLOYEE RETIREMENT BENEFIT PLAN (*Continued*)

	Current Single Discount		
	1 % Decrease	Rate Assumption	1 % Increase
	5.75%	6.75%	7.75%
Governmental Activities	\$ 61,896,093	\$ 36,266,866	\$ 15,672,084
Business Type Activities	18,796,014	11,013,175	4,759,149
Boys & Girls Club	1,364,277	799,373	345,435
Edinburg EDC	490,885	287,625	124,292
Total net pension liability	<u>\$ 82,547,269</u>	<u>\$ 48,367,039</u>	<u>\$ 20,900,960</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City and component units recognized a combined pension expense of \$10,495,822. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,501,784	\$ 181,284
Changes in actuarial assumptions	146,521	-
Difference between projected and actual investment earnings	10,896,549	-
Contributions subsequent to measurement period	5,582,060	-
Total	<u>\$ 22,126,914</u>	<u>\$ 181,284</u>

Of the total deferred outflows relating to the pension plan, \$16,591,338 is reported in Governmental Activities and \$5,038,298 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$365,696, and the remaining \$131,582 pertains to the EEDC.

Of the total deferred inflows relating to the pension plan, \$135,931 is reported in Governmental Activities, and \$41,279 is reported in Business-Type Activities. The Boys and Girls Club of Edinburg's portion is \$2,996, and the remaining \$1,078 pertains to the EEDC.

\$5,582,060 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and the inflows of resources related to pensions will be recognized in pension expense as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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X. EMPLOYEE RETIREMENT BENEFIT PLAN (*Continued*)

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 2,444,328
2025	4,347,565
2026	4,253,192
2027	5,318,485
2028	-
Thereafter	-
Total	<u>\$ 16,363,570</u>

XI. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The EEDC, thru the City also participates in the defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The SDBF is considered to be a single-employer plan. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The EEDC, thru the City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Inactive employees or beneficiaries currently receiving benefit	251
Inactive employees entitled to but not yet receiving benefits	43
Active employees	<u>986</u>
Total	<u><u>1,280</u></u>

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XI. OTHER POST EMPLOYMENT BENEFITS (*Continued*)

Accounting Policy

GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability. An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statements No. 75. Therefore, the Plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policy

The benefits levels and contribution rate are approved annually by the city management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contribution are equal to the benefits that are paid on behalf of the retirees. OPEB expenses for the SDBF program as actuarially determined for the City was \$132,925 and \$2,181,550 for Health Insurance program.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2022, actuarial valuation for the SDBF program are as follows:

SDBF Program

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XI. OTHER POST EMPLOYMENT BENEFITS (*Continued*)

*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2022.

Health Insurance Program

Inflation	2.70% per year
Salary Increases	Varies from 11.50% to 3.50%
Discount Rate: (1)	
Prior Measurement Date	4.77% per year
Measurement Date	4.87% per year
Mortality Table	Pub-2010 General and Public Safety Employees / Retirees Headcount-Weighted Mortality Tables projected fully generationally using scale MP-2021
Health Care Cost Trends	Actual 7.60% from 2022 to 2023, 6.50% from 2023 to 2024, decreasing gradually to an ultimate rate of 4.14% by 2076.

(1) The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

These assumptions are estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and compensation increases. Actuarial assumptions are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (compensation increases, payroll growth, inflation and investment return) consist of an underlying real rate of return plus an assumption for a long-term average rate of inflation. The actuarial valuation report determines, as of the actuarial valuations date, the service cost, total OPEB liability, and related actuarial present value of projected benefits.

Total OPEB Liability

The total OPEB Liability for the SDBF and Health Insurance Program respectively of \$1,598,701 and \$25,179,938 was determined by an actuarial valuation as of December 31, 2022.

The total OPEB liability and related information are as follows for the city at December 31, 2022:

SDBF Program

Total OPEB Liability - beginning of the year	\$ 2,352,323
Changes for the Year	
Service Cost	125,461
Interest on Total OPEB Liability	44,021
Differences Between Expected and Actual Experience	33,577
Changes in Assumptions of Other Inputs	(911,515)
Benefit Payments	(45,166)
Net Changes	(753,622)
Total OPEB Liability - End of Year	\$ 1,598,701

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XI. OTHER POST EMPLOYMENT BENEFITS (*Continued*)

Health Insurance Program			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability Liability (a) - (b)
Net Pension Liability - December 31, 2021	\$ 23,726,239	\$ -	\$ 23,726,239
Changes for the year:			
Service Cost	1,368,317	-	1,368,317
Interest (on the Total Pension Liability)	1,174,953	-	1,174,953
Change in benefit terms	-	-	-
Difference between expected and actual experience	93,316	-	93,316
Changes of assumptions	(247,170)	-	(247,170)
Contributions - employer	-	935,717	(935,717)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(935,717)	(935,717)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	1,453,699	-	1,453,699
Net Pension Liability - December 31, 2022	\$ 25,179,938	\$ -	\$ 25,179,938

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2023, the City recognized OPEB expenses of \$132,925 for the SDBF Program and \$2,181,550 for the Health Insurance program.

SDBF Program

OPEB Expense:	
Service cost	\$ 125,461
Interest on total OPEB liability	44,021
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(10,395)
Changes in assumptions or other inputs ¹	(26,162)
Total OPEB expense	<u>\$ 132,925</u>

1. Generally, this will only be the annual change in the municipal bond index rate.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XI. OTHER POST EMPLOYMENT BENEFITS (*Continued*)

The City shall include contributions made subsequent to the measurement date through the City's fiscal year end as deferred outflows of resources.

Other amounts reported as deferred outflow related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience - OPEB Health	\$ 642,352	\$ 1,754,608
Difference between expected and actual experience - OPEB Death	37,698	73,472
Changes in assumptions and other inputs - OPEB Health	2,422,192	4,961,428
Changes in assumptions and other inputs - OPEB Death	400,643	813,618
Contributions subsequent to measurement period - OPEB Death	96,044	-
Total	<u>\$ 3,598,929</u>	<u>\$ 7,603,126</u>

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate.

SDBF Program

1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
\$1,940,973	\$1,598,701	\$1,336,940

Health Insurance Program

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.87%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (3.87%) or 1 percentage point higher (5.87%) than the current rate. In addition, the OPEB liability of the City is calculated using the current healthcare cost trend, as well as what the City's total OPEB Liability would have been if it were calculated using a healthcare cost trend as 1 percentage point lower and 1 percentage point higher.

Healthcare Cost Trend	Discount Rate		
	1% Increase (5.87%)	Current (4.87%)	1% Decrease (3.87%)
1% Decrease		\$ 21,952,395	
Current	\$ 22,846,298	\$ 25,179,938	\$ 27,767,825
1% Increase		\$ 29,065,049	

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XI. OTHER POST EMPLOYMENT BENEFITS (*Continued*)

The City's contributions to the TMRS SDBF for the year ended 2023 was \$119,199 which equaled the required contributions.

Schedule of Contributions (retiree-only portion of the rate, for OPEB)

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2019	0.15%	0.03%
2020	0.15%	0.03%
2021	0.17%	0.09%
2022	0.17%	0.09%
2023	0.25%	0.09%

XII. RISK MANAGEMENT

The EEDC maintains insurance for all business and government functions of which it may be liable for claims, through the City of Edinburg, Texas. The more significant of these include general liability insurance, property insurance covering the EEDC's industrial park buildings and structures, and the Director and Board of Directors. City personnel who served as administrators for the EEDC were covered by a fully insured health insurance plan provided by the City of Edinburg. There have been no significant reductions in insurance coverage.

XIII. TAX INCREMENT REINVESTMENT ZONE

In 1997, the City Council approved Ordinance No. 1915 which created a tax increment reinvestment zone pursuant to Chapter 311 of the Texas Code. This was originally designated as Reinvestment Zone Number One, City of Edinburg, Texas (1997 Zone). However, no public or private improvements were made to the 1997 Zone and expected development never materialized. Therefore, on November 18, 2008, an ordinance was passed terminating the 1997 zone. However, the new zone established in 2007 (TIRZ #1 described below) was inadvertently named Reinvestment Zone Number One, City of Edinburg, Texas. Since the 1997 Zone was terminated, there was no need to change the name of the 2007 tax increment zone. There is no Tax Increment Zone Number Two. Reinvestment Zone Number One, City of Edinburg, Texas (TIRZ #1) is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, the Edinburg Economic Development Corporation, the City of Edinburg Local Government Finance Corporation, and the developer, allowed for property tax increment funding to support development activities relating to the development of a retail shopping center containing approximately 800,000 square feet in multiple buildings. On March 16, 2015, the development agreement with First Harford Realty Corporation dated February 20, 2007 and subsequently amended on August 16 and November 15, 2011 was cancelled. All work under the agreement had been performed by the developer and the City desired to use TIRZ #1 to help finance the repayment of debt issued for the construction Reinvestment Zone Number Four, City of Edinburg, Texas of a new municipal facility in (TIRZ #4).

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XIII. TAX INCREMENT REINVESTMENT ZONE (*Continued*)

TIRZ #4 is a reinvestment zone created by the City, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. The zone was created on November 19, 2013. Creation of the tax increment zone allows for property tax increment funding to TIRZ #4 to support financing of costs associated with the construction of public improvements related to several possible development and redevelopment projects, including the construction of a municipal facility.

On March 1, 2015, an agreement was entered into between the City, the Local Government Finance Corporation (LGFC), TIRZ # 1, TIRZ #4, and the EEDC. Under the terms of the agreement, the LGFC will aid in the financing, constructing, furnishing, and owning of an indoor multipurpose event center. The LGFC will be the landlord and lease the municipal facility to Vipers Arena, LLC as further described in the Lease and Development Agreement. In connection with this agreement, the LGFC issued bonds to finance the construction.

Under the terms of the agreement, the developer was responsible for half of the construction costs of the municipal facility and any cost overruns. The zone will terminate on December 31, 2045, unless otherwise terminated earlier as a result of payment in full of all project costs or tax increment bonds, if issued. The zone is managed by the City Local Government Finance Corporation, which is presented as a blended component unit of the City.

Under the developer agreement, the City was required to provide a Chapter 380 Grant Reimbursement equal to the difference between \$8,000,000 and the public infrastructure reimbursement. This was being paid from the City's dedicated 1% sales tax revenues within TIRZ #1 and TIRZ #4. The remaining amount due to the developer under the agreement was \$1,575,266. In addition, the EEDC owed a remaining balance of \$1,975,684, for a total amount of \$3,547,950. Under the agreement to terminate the economic development agreement, both the City and the EEDC agreed to pay off these balances. In return, the developer would release both the City and the EEDC from future obligations under the agreement. The amount needed to pay off this balance was provided by a contribution from the Vipers Arena, LLC. Tax increment revenues received by the City of Edinburg are deposited into a separate bank account designated for the tax increment reinvestment zone and transferred to the City Local Government Finance Corporation for the purpose of discharging obligations arising out of Public Infrastructure Bonds issued for which tax increment revenues have been pledged. Other than the City and Hidalgo County, no other taxing jurisdictions are participating. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contributions to the zone for the tax year most recently ended. TIRZ #1 and TIRZ#4 are managed by the City Local Government Finance Corporation, which is presented as a blended component unit of the City.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XIV. RELATED PARTY TRANSACTIONS

The City provides administrative services to EEDC. Administrative fees for the year ended September 30, 2023 totaled \$500,000. Additionally, the EEDC committed proceeds from its 2019, 2021A and 2021B bonds for projects that will be contributed to the City as incentives. As of the year ended September 30, 2023, EEDC had paid \$4,222,222 related to the projects.

The EEDC has a receivable for sales tax revenue sharing from the City. The receivable balance as of September 30, 2023 was \$1,695,444 and a payable to the City of \$10,878.

EEDC entered into a contract for technical assistance with the University of Texas – Rio Grande Valley Office of Center Operations and Community Services. An officer of the University is a member of the Board of Directors of EEDC. Consulting fees for the year ended September 30, 2023 totaled \$15,000. Additionally, EEDC contributed \$12,500 to the University in sponsorships for the year ended September 30, 2023.

XV. EXPENDITURES EXCEEDING APPROPRIATIONS

For fiscal year ended September 30, 2023 expenditures exceeded budget in the General Fund in the following:

Function	Amount
Economic Development Assistance	\$ 234,557
Debt Service	20,258
Total	\$ 254,815

XVI. LITIGATION

Although EEDC is a party in two pending lawsuits, EEDC's administration believes the outcome of these proceedings, if not favorable to the EEDC, will not materially affect the EEDC's financial position and therefore no allowance has been made.

XVII. COMMITMENTS

Commitments as of September 30, 2023 consisted of:

	Beneficiary	Committed	Expended to Date	Remaining Commitment
Incentives				
Workforce Resource Center	EEDC	\$ 1,854,828	\$ -	\$ 1,854,828
El Tule Recreation Center	City of Edinburg	4,974,310	4,222,222	752,088
Municipal Water Park	City of Edinburg	1,000,000	-	1,000,000
ACE Center	City of Edinburg	7,000,000	-	7,000,000
Parking Garage	City of Edinburg	2,000,000	-	2,000,000
Total Commitments		\$ 16,829,138	\$ 4,222,222	\$ 12,606,916

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

XVIII. SUBSEQUENT EVENTS

The EEDC considered all events through April 15, 2024, the financial statement issuance date.

Subsequently to April 15, 2024, the EEDC entered into agreements with the City which are considered to have a significant impact as follows:

- The construction of a 1,000,000-gallon water tower to provide adequate water supply and pressure to the North Industrial Park and other parts of the City for continued economic growth, contribution of \$2,000,000.
- The extension of the sanitary sewer infrastructure in an area with a variety of industrial entities and the potential for commercial development, contribution of \$1,750,000.
- The installation of artificial turf in several baseball/softball fields to encourage sports tourism, contribution of \$2,000,000.
- Issuance of a loan in the amount of \$7,500,000 to the City for the purchase of real estate. The City committed to repay the EEDC over the next fifteen years or sooner.

The EEDC is negotiating the sale of land at North Industrial Park that would generate approximately \$3,600,000 in revenues and considering the purchase of land to develop an additional industrial park.

Completion of the construction of other projects will require that EEDC pay approximately \$575,000 in grant funds to developers in the year ending September 30, 2024.

XIX. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$237,357 to record GASB 68 & GASB 75 pension plan balances not previously recorded was made due to the restructure of the EEDC. The balances will now be part of the EEDC.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
General Sales Taxes	\$ 9,000,000	\$ 8,700,000	\$ 9,184,192	\$ 484,192
Lease and Rental	69,480	17,138	17,138	-
Investment Earnings	50,000	65,000	745,262	680,262
Other Revenue	-	-	250	250
Total Revenues	<u>9,119,480</u>	<u>8,782,138</u>	<u>9,946,842</u>	<u>1,164,704</u>
EXPENDITURES				
Conservation and Development:				
Economic Development and Assistance	3,676,627	2,750,229	2,984,786	(234,557)
Debt Service:				
Principal on Debt	1,585,000	1,585,000	1,596,342	(11,342)
Interest on Debt	1,088,095	1,088,095	1,093,261	(5,166)
Other Debt Charges	-	-	3,750	(3,750)
Capital Outlay:				
Capital Outlay	<u>2,769,758</u>	<u>2,769,758</u>	<u>36,151</u>	<u>2,733,607</u>
Total Expenditures	<u>9,119,480</u>	<u>8,193,082</u>	<u>5,714,290</u>	<u>2,478,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>589,056</u>	<u>4,232,552</u>	<u>3,643,496</u>
OTHER FINANCING SOURCES (USES)				
Sale of Real and Personal Property	-	-	1,937,647	1,937,647
Right-to-Use Lease and SBITA Proceeds	-	-	36,151	36,151
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,973,798</u>	<u>1,937,647</u>
Net Change in Fund Balance	-	589,056	6,206,350	5,617,294
Fund Balance - October 1 (Beginning)	<u>42,035,498</u>	<u>42,035,498</u>	<u>42,035,498</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 42,035,498</u>	<u>\$ 42,624,554</u>	<u>\$ 48,241,848</u>	<u>\$ 5,617,294</u>

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS REPORTED BY THE CITY OF EDINBURG, WHICH INCLUDES THE EEDC
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
A. Total Pension Liability			
Service Cost	\$ 7,924,131	\$ 7,055,662	\$ 6,569,509
Interest (on the Total Pension Liability)	12,787,769	11,698,505	10,828,811
Difference Between Expected and Actual Experience	3,988,085	3,130,005	960,974
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,572,314)	(5,789,996)	(5,646,042)
Net Change in Total Pension Liability	18,127,671	16,094,176	12,713,252
Total Pension Liability - Beginning	188,772,526	172,678,350	159,965,098
Total Pension Liability - Ending	<u>\$ 206,900,197</u>	<u>\$ 188,772,526</u>	<u>\$ 172,678,350</u>
B. Plan Fiduciary Net Position			
Contributions - Employer	\$ 7,256,687	\$ 6,466,214	\$ 6,003,536
Contributions - Employee	3,512,914	3,125,926	2,934,688
Net Investment Income	(12,170,826)	18,793,124	9,938,942
Benefit Payments, Including Refunds of Employee Contributions	(6,572,314)	(5,789,996)	(5,646,042)
Administrative Expense	(105,164)	(86,846)	(64,251)
Other	125,492	595	(2,507)
Net Change in Plan Fiduciary Net Position	(7,953,211)	22,509,017	13,164,366
Plan Fiduciary Net Position-Beginning	166,486,369	143,977,352	130,812,986
Plan Fiduciary Net Position-Ending	<u>\$ 158,533,158</u>	<u>\$ 166,486,369</u>	<u>\$ 143,977,352</u>
C. Net Pension Liability	<u>\$ 48,367,039</u>	<u>\$ 22,286,157</u>	<u>\$ 28,700,998</u>
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.62%	88.19%	83.38%
E. Covered Payroll	\$ 50,184,488	\$ 44,656,087	\$ 41,924,117
F. Net Pension Liability as a Percentage of Covered Payroll	96.38%	49.91%	68.46%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's currently fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 6,001,648	\$ 5,451,177	\$ 5,271,339	\$ 4,897,533	\$ 4,465,697	\$ 3,905,080
10,025,754	9,496,321	8,778,659	8,221,195	7,952,761	7,415,662
588,622	(1,994,144)	1,028,193	(1,032,455)	(237,828)	(554,280)
674,533	-	-	-	(377,240)	-
(5,708,662)	(5,061,598)	(4,010,576)	(4,018,322)	(3,651,078)	(3,096,759)
11,581,895	7,891,756	11,067,615	8,067,951	8,152,312	7,669,703
148,383,203	140,491,447	129,423,832	121,355,881	113,203,569	105,533,866
<u>\$ 159,965,098</u>	<u>\$ 148,383,203</u>	<u>\$ 140,491,447</u>	<u>\$ 129,423,832</u>	<u>\$ 121,355,881</u>	<u>\$ 113,203,569</u>
\$ 5,499,792	\$ 5,075,953	\$ 5,094,161	\$ 4,621,389	\$ 4,444,421	\$ 3,999,261
2,681,017	2,477,808	2,401,271	2,222,723	2,127,970	1,968,692
17,217,376	(3,362,715)	13,244,540	5,874,570	123,828	4,388,353
(5,708,662)	(5,061,598)	(4,010,576)	(4,018,322)	(3,651,078)	(3,096,759)
(97,159)	(64,934)	(68,598)	(66,307)	(75,414)	(45,809)
(2,919)	(3,393)	(3,476)	(3,572)	(3,725)	(3,766)
19,589,445	(938,879)	16,657,322	8,630,481	2,966,002	7,209,972
111,223,541	112,162,420	95,505,098	86,874,617	83,908,615	76,698,643
<u>\$ 130,812,986</u>	<u>\$ 111,223,541</u>	<u>\$ 112,162,420</u>	<u>\$ 95,505,098</u>	<u>\$ 86,874,617</u>	<u>\$ 83,908,615</u>
<u>\$ 29,152,112</u>	<u>\$ 37,159,662</u>	<u>\$ 28,329,027</u>	<u>\$ 33,918,734</u>	<u>\$ 34,481,264</u>	<u>\$ 29,294,954</u>
81.78%	74.96%	79.84%	73.79%	71.59%	74.12%
\$ 38,300,244	\$ 35,397,255	\$ 34,296,282	\$ 31,740,329	\$ 30,399,572	\$ 28,124,170
76.11%	104.98%	82.60%	106.86%	113.43%	104.16%

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CONTRIBUTIONS
AS REPORTED BY THE CITY OF EDINBURG, WHICH INCLUDES THE EEDC
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR FISCAL YEAR 2023

	2023	2022	2021
Actuarially Determined Contribution	\$ 7,551,647	\$ 6,466,214	\$ 6,003,536
Contributions in Relation to the Actuarially Determined contribution	7,551,647	6,466,214	6,003,536
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 52,038,413	\$ 44,656,087	\$ 41,924,117
Contributions as a Percentage of Covered Payroll	14.51%	14.48%	14.32%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

Notes to Schedule of Contributions

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.
<u>Methods and Assumptions Used to Determine Contribution Rates:</u>	
Actuarial Cost Method	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
Retirement Age	N/A
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor
Other Information:	There were no benefit changes during the year.

2020	2019	2018	2017	2016	2015
\$ 5,499,792	\$ 5,075,953	\$ 5,094,161	\$ 4,621,389	\$ 4,586,475	\$ 4,351,814
5,499,792	5,075,953	5,094,161	4,621,389	4,586,475	4,351,814
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 40,178,654	\$ 35,397,255	\$ 34,296,282	\$ 31,740,329	\$ 30,399,572	\$ 28,124,170
13.69%	14.34%	14.85%	14.56%	15.09%	15.47%

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS REPORTED BY THE CITY OF EDINBURG, WHICH INCLUDES THE EEDC
POST RETIREMENT SUPPLEMENTAL DEATH BENEFITS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 125,461	\$ 107,175	\$ 96,425
Interest on the Total OPEB Liability	44,021	44,760	49,704
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	33,577	(43,731)	(26,207)
Change of Assumptions	(911,515)	79,821	331,664
Benefit Payments, Including Refunds of Employee Contributions [‡]	(45,166)	(40,190)	(12,577)
Net Change in Total OPEB Liability	(753,622)	147,835	439,009
Total OPEB Liability - Beginning	2,352,323	2,204,488	1,765,479
Total OPEB Liability - Ending	<u>\$ 1,598,701</u>	<u>\$ 2,352,323</u>	<u>\$ 2,204,488</u>
Covered Payroll	\$ 50,184,488	\$ 44,656,087	\$ 41,924,117
Total OPEB Liability as a Percentage of Covered Payroll	3.19%	5.27%	5.26%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
\$ 57,450	\$ 63,715	\$ 51,444
53,368	47,160	45,625
-	-	-
(64,335)	29,186	-
314,963	(112,151)	125,031
(11,490)	(10,619)	(10,289)
349,956	17,291	211,811
1,415,523	1,398,232	1,186,421
<u>\$ 1,765,479</u>	<u>\$ 1,415,523</u>	<u>\$ 1,398,232</u>
\$ 38,300,244	\$ 35,397,255	\$ 34,296,282
4.61%	4.00%	4.08%

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS REPORTED BY THE CITY OF EDINBURG, WHICH INCLUDES THE EEDC
POST-RETIREMENT MEDICAL PLAN
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
Total OPEB Liability			
Service Cost	\$ 1,368,317	\$ 2,086,690	\$ 2,023,214
Interest on the Total OPEB Liability	1,174,953	672,095	659,614
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	93,316	(1,786,737)	(663,288)
Change of Assumptions	(247,170)	(5,979,817)	173,777
Benefit Payments	(935,717)	(874,443)	(812,433)
Net Change in Total OPEB Liability	1,453,699	(5,882,212)	1,380,884
Total OPEB Liability - Beginning	23,726,239	29,608,451	28,227,567
Total OPEB Liability - Ending	<u>\$ 25,179,938</u>	<u>\$ 23,726,239</u>	<u>\$ 29,608,451</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 935,717	\$ 874,443	\$ 812,433
Contributions - Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(935,717)	(874,443)	(812,433)
Administrative Expense	-	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Ending	\$ 25,179,938	\$ 23,726,239	\$ 29,608,451
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%
Covered Payroll	\$ 46,069,139	\$ 43,107,343	\$ 38,052,277
Total OPEB Liability as a Percentage of Covered Payroll	54.66%	55.04%	77.81%

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
\$ 1,500,352	\$ 1,069,819	\$ 1,149,843
654,448	826,562	715,606
-	-	-
1,079,257	56,192	-
2,243,038	3,178,838	(1,041,173)
(700,345)	(762,157)	(607,647)
4,776,750	4,369,254	216,629
23,450,817	19,081,563	18,864,934
<u>\$ 28,227,567</u>	<u>\$ 23,450,817</u>	<u>\$ 19,081,563</u>
\$ 700,345	\$ 762,157	\$ 607,647
-	-	-
-	-	-
(700,345)	(762,157)	(607,647)
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,227,567	\$ 23,450,817	\$ 19,081,563
0.00%	0.00%	0.00%
\$ 35,377,683	\$ 29,675,741	\$ 29,675,741
79.79%	79.02%	64.30%



Cascos & Associates, PC

Certified Public Accountants

Audit/Accounting/Tax/Consulting

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Edinburg Economic Development Corporation (EEDC), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise EEDC's basic financial statements, and have issued our report thereon dated April 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered EEDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of EEDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, 2023-003 that we considered to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether EEDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, 2023-003.



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EEDC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the EEDC's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. EEDC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cascos & Associates, PC". The signature is written in a cursive, flowing style.

Cascos & Associates, PC
Brownsville, Texas
April 15, 2024

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2023-001

Public Funds Investment Act (Significant Deficiency)

Criteria and Condition:

Under Public Funds Investment Act (Government Code Chapter 2256) provides public entities in Texas with specific parameters related to the administration of investments. These parameters include a requirement for the entity's governing body to review and approve the entity's investment policy and investment strategies not less than annually, sets forth training requirements for the entity's investment officers, and requires the investment officers to prepare and submit to the governing body an investment report not less than quarterly. We noted EEDC did not have an investment policy in place for the fiscal year ended September 30, 2023. No evidence could be provided to support that investment officers had undergone the required training nor that the required investment reports were provided to the governing body on a quarterly basis.

Cause and Effect:

The EEDC did not comply with the provisions of the Public Funds Investment Act (Government Code Chapter 2256).

Recommendation:

We recommend the investment policy be presented to the EEDC board of directors not less than annually, that investment officers undergo the required training and that quarterly investment reports be presented to the board of directors for approval to comply with the provisions of the Public Funds Investment Act.

Management's views:

The investment policy was presented and approved by the EEDC board of directors on September 26, 2023. EEDC Executive Director, who is one of the investment officers, completed his training on January 11-12, 2024. The City of Edinburg's (the City) Director of Finance, who is the other investment officer, completed his training on July 21, 2022. Investment reports will be provided on a quarterly basis to the board of directors for approval to comply with provisions of the Public Funds Investment Act.

Finding 2023-002

Disaster Recovery Plan (Significant Deficiency)

Criteria and Condition:

A disaster recovery plan is critical as it provides a framework for establishing efficient and effective restoration of systems and mitigates the risk of data loss in the event of system disruption or disaster. The EEDC's IT systems are overseen by the City. The City and EEDC do not have a formal disaster recovery plan in place.

Cause and Effect:

The City has been working on a disaster recovery plan, but the plan has not yet been finalized and implemented. The lack of a formal disaster recovery plan may increase the risk of extended downtime, data loss and/or recovery challenges, and inadequate communication.

Recommendation:

We recommend the City finalize and implement the formal disaster recovery plan. Additionally, we recommend the disaster recovery plan be tested periodically to ensure its effectiveness.

Management's views:

The City's IT Department is actively working on a comprehensive Disaster Recovery Plan (DRP) to strengthen our resilience against various crises, including natural and cyber-related disasters. However, significant challenges remain. To fully implement our DRP, substantial IT investment is necessary. While progress has been made, including the purchase of a firewall and integration of replication sites, more enhancements are needed to address vulnerabilities comprehensively. Continued investment and strategic planning are crucial to ensure the City's resilience and preparedness for future challenges.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2023-003

Fiscal Year-End Closing Process (Significant Deficiency)

Criteria and Condition:

The fiscal year-end closing process should be completed within a reasonable time after the end of the fiscal year, ideally no later than 2 months after the end of the entity's fiscal year-end. An auditable trial balance was not provided to us to begin our audit until February 9, 2024, or approximately 4 months after the EEDC's fiscal year end.

Cause and Effect:

The City's finance department, who maintains the books and records for EEDC, experienced turnover which caused delays in the year end closing process. Significant delays in the year end closing process may be indicative of weaknesses in internal controls and results in untimely financial reporting, including the completion of the audit.

Recommendation:

We recommend management evaluate the year-end closing process to ensure adequate controls are in place for timely completion.

Management's views:

Management will evaluate the year-end closing process to implement adequate controls ensuring timely completion in the future. We are committed to improving internal controls and ensuring timely financial reporting. We will adhere to US GAAP standards to ensure the accuracy of financial statements and prevent material misstatements. We recognize the impact of personnel changes on the closing process and are committed to providing additional support and resources to ensure smooth operations and timely reporting in the future.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Reference Number</u>	<u>Status of Prior Year Findings</u>
<u>2022-001:</u>	<i>Prior Period Adjustments (Material Weakness)</i> Finding resolved in the current year.
<u>2022-002:</u>	<i>Prior Public Funds Investment Act (Significant Deficiency)</i> The EEDC did not comply with the provisions of the Public Funds Investment Act (Government Code Chapter 2256). See current year finding 2023-001.
<u>2022-003:</u>	<i>Disaster Recovery Plan (Significant Deficiency)</i> The City has been working on a disaster recovery plan, but the plan has not yet been finalized and implemented. The lack of a formal disaster recovery plan may increase the risk of extended downtime, data loss and/or recovery challenges, and inadequate communication. See current year finding 2023-002.
<u>2022-004:</u>	<i>Fiscal Year-End Closing Process (Significant Deficiency)</i> The City's finance department, who maintains the books and records for EEDC, experienced turnover which caused delays in the year-end closing process. Additionally, in preparing for the audit management identified accounting matters which required additional analysis and correction as outlined in finding 2022-001. Significant delays in the year-end closing process may be indicative of weaknesses in internal controls and results in untimely financial reporting, including the completion of the audit. See current year finding 2023-003.
<u>2022-005:</u>	<i>Required Reserves 2021A Series Bonds (Significant Deficiency)</i> Finding resolved in the current year.



Project Manager Report – March 2024

Commercial Development:

Commercial Permit Values:

New Commercial Permit Value

March 2024: \$4,406,000.00

- Los Lagos Development, Plaza Cartier: 2708 Los Lagos Dr. Dr. – \$566,000
- MB2 Palm Valley Business & Ortho: 4649 S. Jackson Rd. – \$705,000

Commercial Additions/Repairs Permit Value

March 2024: \$1,426,800.00

- Walmart Supercenter: 4101 S, McColl Rd. – \$1,300,000
- 7 Brew Drive-Thru Coffee: 1723 W. University Dr. – \$20,000
- Kokiri Korean Bistro: 508 W. Trenton Rd. – \$15,000

Multifamily New/Addition/Remodel Permit Value

March 2024: \$3,114,000.00

- Atwood Village
- Woodland Estates
- Sugar Mill Estates
- West Oaks



<u>PERMIT VALUATIONS</u> <u>(\$)</u>	March 2024	March 2023	YTD 2024	YTD 2023
New Homes	\$ 13,102,859	\$ 11,518,063	\$ 40,051,465	\$ 26,816,602
Residential Alterations	\$ 912,487	\$ 1,242,311	\$ 2,795,533	\$ 3,351,750
Multi-Family	\$ 3,114,000	\$ 23,746,049	\$ 13,340,925	\$ 27,899,849
Commercial: New	\$ 4,406,000	\$ 3,125,500	\$ 9,247,000	\$ 37,070,372
Commercial Alterations	\$ 1,426,800	\$ 10,201,337	\$ 4,497,825	\$ 12,124,780
TOTAL	\$ 22,962,146	\$ 49,833,260	\$ 69,932,748	\$ 107,263,353

*City of Edinburg Building Permit Values

Current Subdivisions:

- Subdivisions Under Construction: 45
Number of Lots: 2,820
- Subdivisions Under Construction Review: 37
Number of Lots: 1,041
- Subdivisions Under Preliminary Review: 68
Number of Lots: 1,835
- Total Subdivisions: 150
- Total Lots: 5,696

*City of Edinburg Engineering Department, [Subdivision Metrics](#) (March 2024).

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Sales Tax Summary:

EDINBURG ECONOMIC DEVELOPMENT CORPORATION							
SALES TAX REVENUES (0.5%) - GAAP BASIS							
MONTH	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Difference FY 23/24 - 22/23	
OCT.	\$ 539,764	\$ 548,456	\$ 620,368	\$ 676,247	\$ 690,643	\$ 14,396	2%
NOV.	517,839	566,005	705,608	724,862	766,213	41,351	6%
DEC.	673,924	754,719	816,042	891,115	943,716	52,602	6%
JAN.	475,560	553,863	601,307	685,715	730,509	44,794	7%
FEB.	453,935	501,873	622,505	689,061	737,543	48,482	8%
MAR.	574,164	727,183	824,904	830,857			
APR.	497,295	641,177	728,140	728,887			
MAY	550,235	633,072	683,168	779,949			
JUN.	591,024	717,109	813,695	750,828			
JUL.	538,033	611,295	715,773	731,227			
AUG.	530,880	704,765	688,206	864,771			
SEP.	647,655	663,366	781,228	830,673			
TOTAL	\$ 6,590,308	\$ 7,622,882	\$ 8,600,943	\$ 9,184,192	\$ 3,868,624	\$ 201,625	6%

AVERAGE PER MONTH: (October through February/5 months)

YTD Comparison \$ 532,204 \$ 584,983 \$ 673,166 \$ 733,400 \$ 773,725

YTD COMPARISON: (October through February)

 \$ 2,661,022 \$ 2,924,915 \$ 3,365,829 \$ 3,667,000 \$ 3,868,624

YTD COMPARISON: (October thru February vs October thru February of prior year)

 122,833 263,893 440,914 301,170 201,625

YTD COMPARISON: (October thru February vs October thru February of prior year %)

 5% 10% 15% 9% 5%

- The Edinburg EDC collected \$737,543 in sales tax for February 2024. This is an 8% increase from February 2023.
- The year to date (October 2023 through February 2024) total collected is \$3,868,624.



ICSC Las Vegas Planning

- Staff is currently working internally and with Retail Strategies to prepare for the ICSC Las Vegas Conference.
- We are actively developing marketing collateral and contacting prospects to schedule meetings.
- Retail Strategies has provided us with a double-sided one-pager and will also create a comprehensive client book to support our marketing efforts.

Edinburg Commercial Roundtable

- To align with our ICSC planning efforts, we are organizing a Commercial Development Roundtable on Tuesday, May 7, 2024, from 12:00 p.m. to 2:00 p.m. at the City Hall Council Chambers. This session aims to explore retail growth opportunities.
- We will extend invitations to landowners, developers, and real estate agents with available commercial space or land for development. They will have the opportunity to showcase their properties and provide us with information to promote these properties at ICSC Las Vegas.

San Antonio Retail Conference

- The Executive Director, Marketing Manager, and I participated in the Interface San Antonio Retail Conference on April 4, 2024.
- The event attracted around 115 attendees, including brokers and developers.
- We generated a total of 10 leads, and we are currently following up and offering site options for potential developments.

LiftFund Edinburg

- Thus far, 13 loans have been approved, totaling \$459,690.71.
- The EEDC has utilized its \$50,000 contribution for the program.
- The City of Edinburg has \$10,863.82 remaining to fulfill their contribution.
- Three more loans are currently in progress, which will exhaust the remaining funds and conclude the program.

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Façade and Lot Improvement Program (FLIP)

- 40 applicants were approved by the EEDC Board and City Council.
- Applicants are in the process of obtaining quotes (if they have not done already) and signing the agreements between them and the EEDC.
- The next step is for applicants to meet with Building Safety to submit permits as needed.

Edinburg Business Empowerment Summit

- EEDC is partnering with the Edinburg Chamber of Commerce to an 'Edinburg Business Empowerment Summit' for aimed at providing support and resources for local businesses in our community.
- The summit will include presentation from UTRGV Small Business Development Center (SBDC), U.S. Small Business Administration (SBA), City of Edinburg Building Safety, Edinburg Chamber of Commerce, Workforce Solutions, among others.
 - Date: Friday, May 10, 2024
 - Time: 9:00 AM to 3:00 PM
 - Location: Edinburg Conference Center at Renaissance

Workforce Development:

- The Law Enforcement Job Fair is on Thursday, April 25, 2024 from 9:00 a.m. to 12:00 p.m. at the Edinburg Activity Center. We have 40 employers participating including Edinburg Police Department, U.S. Border Patrol, Hidalgo County Sheriff's Department, UTRGV Police Department, Federal Bureau of Investigation (FBI), among other local, state, and federal agencies.
- EEDC is partnering with Workforce Solutions to host a 'Moving Forward' college signing day for students with disabilities across the Rio Grande Valley. This inclusive initiative will celebrate their academic success and support their transition to higher education. Keynote speaker Mrs. Sabrina Walker Hernandez will also address the students.
 - Date: Wednesday, May 1, 2024
 - Time: 9:30 AM to 2:00 PM
 - Location: Edinburg Conference Center at Renaissance



Labor Market Information for Rio Grande Valley & Laredo Areas

NOT SEASONALLY ADJUSTED FIGURES

Geographic Area	Feb-24			Jan-24	Feb-23		
	Civilian Labor Force	Unemployed	Rate	Rate	Civilian Labor Force	Unemployed	Rate
USA	167,285,000	6,970,000	4.2%	4.1%	166,178,000	6,465,000	3.9%
Texas	15,295,668	666,075	4.4%	4.1%	15,011,661	654,309	4.4%
Workforce Solutions	415,579	26,862	6.5%	6.7%	412,984	28,668	6.9%
Hidalgo County	383,558	23,783	6.2%	6.4%	380,365	25,244	6.6%
Starr County	24,809	2,508	10.1%	10.9%	25,216	2,796	11.1%
Willacy County	7,212	571	7.9%	7.6%	7,403	648	8.8%
McAllen	72,540	3,442	4.7%	4.5%	71,771	3,567	5.0%
Mission	37,563	2,220	5.9%	6.0%	37,243	2,357	6.3%
Edinburg	51,521	2,462	4.8%	4.7%	51,062	2,638	5.2%
Pharr	33,800	2,209	6.5%	7.1%	33,521	2,339	7.0%
San Juan	16,429	1,042	6.3%	7.3%	16,360	1,172	7.2%
Weslaco	18,258	1,157	6.3%	6.5%	17,990	1,111	6.2%
Workforce Solutions Cameron	184,141	10,670	5.8%	5.5%	181,158	11,104	6.1%
Harlingen	27,133	1,549	5.7%	5.2%	26,608	1,527	5.7%
Brownsville	82,874	4,901	5.9%	5.6%	81,600	5,163	6.3%
San Benito	9,920	576	5.8%	5.7%	9,764	604	6.2%
Workforce Solutions S. Texas	129,621	6,332	4.9%	4.4%	125,957	6,046	4.8%
Webb County	123,118	5,863	4.8%	4.3%	119,681	5,616	4.7%
Laredo	118,066	5,579	4.7%	4.2%	114,785	5,359	4.7%

SEASONALLY ADJUSTED FIGURES

USA	167,426,000	6,458,000	3.9%	3.7%	166,263,000	5,962,000	3.6%
Texas	15,169,176	590,461	3.9%	3.9%	14,950,898	604,152	4.0%

Source: Texas Workforce Commission, Texas Labor Market Review, March 2024 issue.

Unemployment Recap:

- The Texas (seasonally adjusted) unemployment rate is at 3.9% for February 2024.
- Hidalgo County's (not seasonally adjusted) unemployment decreased by 0.2 to 6.2%.
- Edinburg continues to have the second lowest unemployment rate in the RGV with a rate of 4.8% for February 2024.

LAW ENFORCEMENT

Job Fair

Thursday, April 25



9 am - 12 pm | Edinburg Activity Center - 123 Mark S. Peña Drive

★★★★★★★★★★★★★★ PARTICIPATING EMPLOYERS ★★★★★★★★★★★★★★

- Alamo Police Department
- Arber Security
- Bolt Security
- Brownsville Police Department
- City of Peñitas Police Department
- D2T Protection
- Drug Enforcement Agency
- Edinburg Police Department
- Federal Bureau of Investigation
- Harlingen Police Department
- Hidalgo County Sheriff's Department
- Hidalgo Police Department
- McAllen Police Department
- McAllen Vet Center - Department of VA
- Mission CISD Police Department
- Mission Police Department
- Palmview Police Department
- Pharr Police Department
- Precinct #4 Constables
- San Juan Police Department
- Texas Alcoholic Beverage Commission
- Texas Department of Criminal Justice
- Texas Department of Juvenile Justice
- Texas Department of Public Safety
- Texas Parks and Wildlife
- The Geo Group
- Tropical Texas Veterans Center
- U.S. Border Patrol
- U.S. Customs
- U.S. Department of Homeland Security
- United States Marshals Services
- United States Navy
- UTRGV Police Department
- Weslaco Police Department
- Workforce Solutions
- And More!

We highly encourage in-person attendance but if you can't attend in person join us via Zoom
<https://wfsolutions.me/LawEnforcementJobFairzoom>

Contact Robert Mora for more details: 956-467-9814

EQUAL OPPORTUNITY IS THE LAW

Lower Rio Grande Valley Workforce Development DBA Workforce Solutions is an equal opportunity employer/program and auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD via RELAY Texas service at 711 or (TDD) 1-800-735-2989/1-800-735-2988 (voice). This project is wholly funded with Federal Workforce Development funds.

Este documento contiene información importante sobre los requisitos, los derechos, las determinaciones y las responsabilidades del acceso a los servicios del sistema de la fuerza laboral. Hay disponibles servicios de idioma, incluida la interpretación y la traducción de documentos, sin ningún costo y a solicitud.



MEMORANDUM

To: Raudel Garza, Executive Director, Edinburg EDC
From: Carlos Garza, Project Manager, Edinburg EDC
Date: April 17, 2024
Subject: Industrial Status Report

Projects

The Edinburg EDC has five active projects.

- RGV CDL (1)
- RGV CDL (2)
- Nicho Produce
- BPS Systems
- Kapal Cabinets, Granite & Quartz

Other Projects

The Edinburg EDC is working other projects including:

- Cano Warehouse Demolition:
 - Status: 40% Complete
- North Industrial Park Signage:
 - Status: Due Diligence
- Airport Industrial Master Plan:
 - Status: Agreement Signed – KSA is setting up kickoff meeting
- LRGVDC Transit Center 1st Floor:
 - Status: Agreement reviewed and ready for signatures

Prospects

Staff is currently working with 13 prospects in the following business categories:

Expansions

- (2) Food Manufacturing
- Custom Product Manufacturing
- Fresh Fruit and Vegetable Logistics
- Other technical and trade schools
- Metal Manufacturing
- General Warehousing and Storage

Relocations

- General Freight Trucking, Local and Long Distance
- All Other Miscellaneous General Purpose Machinery Manufacturing
- Fresh Fruit Wholesale

New Businesses

- General Warehousing and Storage
- Battery Storage
- Fruit and Vegetable Research Lab

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www.edinburgedc.com



Business Retention & Expansion

The Business Retention and Expansion (BRE) program is ongoing and the survey is sent to businesses after every meeting. Responses are confidential.

- Site visit with Galvamet, a company in Edinburg TX scheduled for next week April 24, 2024
- Site visit to new UTRGV CESS remodeling scheduled for April 26, 2024.
- Staff is modifying BRE Survey to assist existing businesses and their needs
- Staff met with Workforce Solutions who will be accompanying EEDC to site visits with existing companies

Industries include:

- Manufacturing
- Healthcare
- Education
- Technology
- Accommodation and Food Service
- Utilities

Properties

- Replat of Lot 10 (Lots 1, 2, and 3) – 17.73 Acre Properties Along Republic Drive
- North Industrial Park, Lot 4 – 25 Acres Along Democracy Drive
 - Replat into 5 properties of 1 Lot of 15 Acres and 4 Lots of 2 Acres

Texas - Request for Information (RFI)

Staff has received three qualifiable RFIs from the Office of the Governor.

Project 1 – Controlled Environment Agriculture Campus

- Submitted on 04/19/24
- Capital Investment: \$250,000,000.00
- Job Creation: 150 Full Time Jobs
- Facility: 2 buildings – 80,00 sq. ft. each
- Proposed Site: North Industrial Park Lot 10, 6401 Republic Dr.
 - Size: 18 acres

Project 2 – Large Television Competition

- Submitted on 04/09/24
- Capital Investment: \$4,000,000.00
- Job Creation: 300 Full Time Jobs
- Proposed Site: 1000 Acres – Privately Owned Land

Project 3 – Multiple Users - advanced technology e.g., automation, materials science, climate technology, advanced manufacturing, biotechnology, etc.

- Submitted on 04/09/24
- Capital Investment: \$1,000,000,000.00
- Job Creation: TBD
- Proposed Site: 1000 Acres – Privately Owned Land

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www.edinburgedc.com



MEMORANDUM

To: Raudel Garza, Executive Director, Edinburg EDC

From: Carlos Garza, Project Manager, Edinburg EDC

Date: April 17, 2024

Subject: The Logistics World – Summit & Expo

Summary:

I am pleased to report on our participation in the Logistics World Summit & Expo held in Mexico City on April 10-11, 2024. Edinburg EDC collaborated with the Port of Brownsville to represent Edinburg EDC at this significant event. Here are the key details:

- **Conference Details:**
 - 550 exhibitors from 31 states and 15 countries participated in the conference.
 - The event attracted a total of 12,000 attendees.
 - The venue covered 34,000 square feet.
 - The conference hosted two different conferences simultaneously.
- **Collaborative Effort:** Carlos Garza's collaboration with the Port of Brownsville provided a powerful platform to highlight the strengths of Edinburg, Brownsville, and the Rio Grande Valley (RGV) to a diverse global audience. This collaborative approach underscores the unity among neighboring cities and their shared vision for regional development.
- **Engagement Highlights:** Carlos had the opportunity to engage with prospects during the expo, emphasizing the advantages and opportunities offered by Edinburg, Brownsville, and the RGV. Notably, meetings were held with the Secretaría de Tamaulipas to schedule a meeting with Ninfa Cantú Deandar, along with discussions with other companies interested in expanding operations in the RGV.

Action Steps:

1. **Follow-up Meetings:** Schedule and facilitate the meeting with Ninfa Cantú Deandar from the Secretaría de Tamaulipas to explore collaboration opportunities further.
2. **Prospect Engagement:** Initiate follow-up communications with the companies interested in expanding in Edinburg to provide tailored information and support.
3. **Collaborative Initiatives:** Explore opportunities for further collaboration with the Port of Brownsville and other regional partners to leverage synergies and enhance the region's economic development efforts.



MEMORANDUM

To: Raudel Garza, Executive Director, Edinburg EDC
From: Carlos Garza, Project Manager, Edinburg EDC
Date: April 17, 2024
Subject: Site Selectors Guild

Summary:

This memorandum outlines my recent participation in the Site Selectors Guild activities tailored to economic development partners, including EDOs, energy companies, site selectors, states, and other guild partners. During the engagement, I focused on fostering relationships, attending educational sessions, and gathering valuable insights to benefit the Edinburg EDC's initiatives.

Site Selectors Guild Engagement:

1. **Meetings with Site Selectors:** During the event, I had fruitful discussions with over 50 site selectors, representing diverse regions and industries. Notable companies represented included:
 - CBRE Inc.
 - Biggins Lacy Shapiro & Company
 - JLL Consulting
 - McGuireWoods Consulting LLC
 - Deloitte Consulting GmbH
 - Newark
 - And many more.

These interactions provided an opportunity to showcase Edinburg's potential and gather feedback on the attractiveness of our area for corporate location decisions.

2. **Educational Workshops:** I actively participated in leadership classes and workshops concerning the state of economic development in the United States and internationally. These sessions equipped me with updated knowledge and strategic insights to enhance our approach towards attracting investments and fostering economic growth in Edinburg.
3. **Interest in Rio Grande Valley:** During round table discussions, there was notable interest in the Rio Grande Valley region, with several prospects expressing interest in exploring opportunities within our area. This indicates a growing recognition of our region's potential and underscores the importance of our ongoing efforts in promoting Edinburg as an attractive investment destination.

Action Step:

Based on the insights gathered and connections made, I recommend developing targeted follow-up strategies to nurture the relationships established with the site selectors. This includes personalized communications, tailored presentations highlighting Edinburg's key advantages, and proactive engagement to address any queries or concerns raised during the event.

Edinburg Economic Development Corporation



1000

Facebook Page Visits



11.3K

Facebook Page Reach



54

New Page Likes



13,547

Page Followers

@Edinburgtxedc



16

Profile Visits



221

Impressions



57

Total Followers



4

New Followers

@edinburgedc



31

Accounts Engaged



444

Accounts Reached



1,630

Total Followers



17

New Followers

Edinburg Economic Development Corporation (EEDC)



68

Page Views



2168

Post Impressions



782

Total Followers



19

New Followers

Edinburg Economic Development Corporation

raudel@edinburgedc.com

edinburgedc.com

956-388-8914

STAFF ENGAGEMENTS:

RECAP OF PREVIOUS CONFERENCES & EVENTS

1. Basic Economic Development Course (BEDC)
 - Feb 26-March 1st in Round Rock, Tx
 - Certified: Carlos Garza, Leticia Pantoja, Jacqueline Guerra
2. Edinburg Chamber of Commerce's "Fiesta Edinburg 2024"
 - Feb 29- March 3rd at Bert Ogden Arena
 - Attendance by EDC Board & Staff
3. Edinburg Chamber of Commerce's "Public Affairs: UTRGV Kickoff to Prosperity"
 - February 13, 2024 at DHR Conference Center
 - Attendance by EDC Board & Staff
4. UTRGV Special Press Conference
 - February 28, 2024 at the HEB Park
 - Attendance by EDC Board and Executive Director
5. RGV Partnership Leadership Class IX Housing Market Roundtable & SWOT Analysis
 - March 4, 2024 at LRGVDC offices in Weslaco
 - Attendance by Board Member Eddie Garza and Executive Director
6. UTRGV Special Announcement Press Conference
 - March 21, 2024 at Robert & Janet Vackar Stadium
 - Attendance by EDC Board and Staff
7. Edward Abstract's 20th Anniversary of Real Estate Forum
 - March 14, 2024 at McAllen Convention Center
 - Attendance by EDC Board & Staff
8. City of Edinburg's "State of the City Address"
 - March 7, 2024 at Region One Service Center
 - EDC Staff assisted with the check-in process
 - Attendance by EDC Board
9. Retail Strategies Visit to Edinburg
 - February 7, 2024
 - EDC staff met with Retail Strategies and provided a tour of Edinburg
10. Cathey Middle School "Career Day"
 - February 15, 2024
 - EDC Staff engaged in discussions with students regarding Economic Development

11. STC Workforce Summit

- March 8, 2024 at STC College
- Executive Director participated as a panelist
- Attendance by: Veronica Gonzales, Letty Pantoja, Jacqueline Guerra

12. Leadership RGV

- February 16, 2024 at CEED building in Mission, Tx
- Executive Director participated as a panelist

13. Hidalgo County Prosperity Task Force – One Region One Voice Eco Dev Initiative

- March 20, 2024 at La Fogata
- Attended by Mayor Garza and Executive Director

14. Intro of MBDA Rural Center

- March 21, 2024 at EDC Office
- Attendance By: Raudel Garza and Carlos Garza

15. McAllen Citizen's League "Commercial & Industrial Growth in the RGV"

- March 21, 2024 at Rio Bank Conference Center
- Executive Director participated as a panelist

16. South Texas Alliance of Cities (STAC)

- March 21, 2024 at UTRGV
- Presentation by Executive Director
- Attendance by EDC staff and Veronica Gonzales

17. Mayors Youth Advisory Committee

- March 21, 2024, at City Hall
- Attendance By: Carlos Garza

18. Intro of MBDA Rural Center // Edinburg EDC

- March 21, 2024
- Attendance By: Raudel Garza and Carlos Garza

19. Appreciation Luncheon for Roland Gomez

- March 22, 2024 at Palenque Grill
- Coordinated by EDC Staff
- Attendance by EDC Board and Staff

20. Lonestar National Bank & Edinburg Chamber "Mortgage Madness Mixer"

- March 28, 2024 @ Walk On's
- Attendance by Letty and Carlos

21. InterFace San Antonio Retail Conference

- April 4, 2024 in San Antonio, Tx
- Attendance by: Letty, Jacque and Raudel Garza
- Mr. Garza participated as a panelist

22. Site Selectors Guild Annual Conference

- April 3-5th in Nashville, Tn
- Attendance by: Carlos Garza

23. Edinburg 2040 Networking Mixer

- April 8, 2024 @ Edinburg Chamber of Commerce
- Keynote Speaker: Gary Mitchell, FAICP President, Kendig Keast Collaborative
- Attendance by: Raul Resendez, Sabrina Walker Hernandez, EDC Staff

24. The Logistics World Summit & Expo 2024

- April 10-11, 2024 in Mexico City
- Attendance by: Carlos Garza

25. UTRGV Ground Breaking

- CESS Building transforming into WERC Building
- April 11, 2024
- Attendance By: Veronica Gonzales, Raudel Garza, Letty Pantoja

26. TERRICA Urban “Soft Opening”

- April 8, 2024
- Attendance by: EDC Staff

27. RGV Builders Association Meeting

- April 17, 2024
- Cambria Hotel
- Panelist: Raudel Garza
- Attendance by: Carlos Garza

28. UTRGV: Army/Research Lab

- April 17, 2024
- Attendance by: Carlos Garza

29. Opportunity Strategies – Zoom Meetings

Staff worked on scheduling interview between our consultant and community stakeholders, hospitals, ECISD, UTRGV, Chamber of Commerce, and elected officials.

UPCOMING CONFERENCES & EVENTS

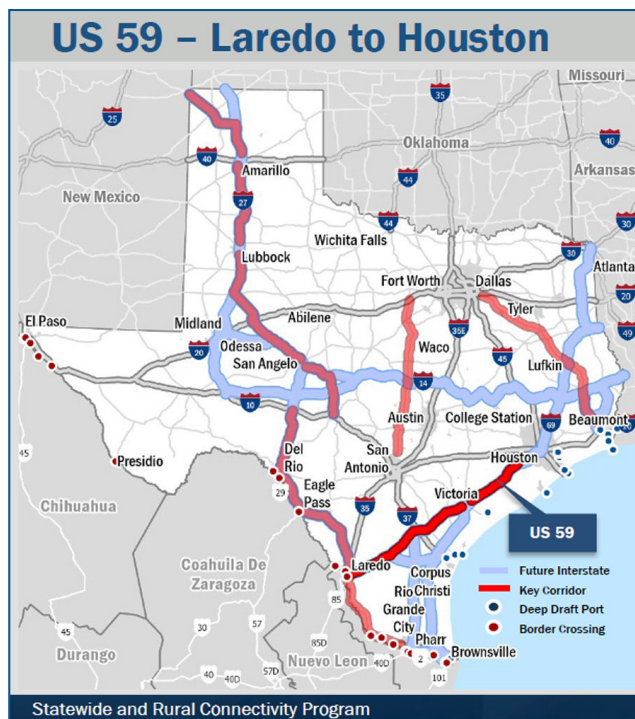
1. Law Enforcement Job Fair
 - April 25, 2024 at Edinburg Activity Center
 - Coordinated by EDC staff and Workforce Solutions
2. Moving Forward “College Signing Day”
 - EDC and Workforce Solutions have partnered up to coordinate this event for students with disabilities and their families.
 - Opening Remarks: Veronica Gonzales
 - Key Note Speaker: Sabrina Walker Hernandez
 - May 1, 2024 @ DHR Conference Center
3. Team Texas “Chicago Road Show”
 - May 1-2, 2024
 - Chicago, IL
 - Attending: Carlos Garza
4. Commercial Development Round Table Meeting
 - May 7, 2024 @ Council Chambers
 - 12:00-2:00pm
5. Edinburg Business Empowerment Summit
 - EDC and the Edinburg Chamber of Commerce partnered up to coordinate an event that will provide various informative sessions for small business owners.
 - May 10, 2024 @ Edinburg Chamber of Commerce
6. “Economic Development Week” May 6-10, 2024
 - Staff has submitted a Proclamation to the City for the City Council meeting on May 7, 2024
 - If accepted, a photo will be taken. We encourage EDC Board & Staff to attend.
7. ICSC Las Vegas
 - May 19-21st in Las Vegas, Nv
 - Attending: Veronica Gonzales, Dan Diaz, Aaron Rivera, Eddie Garza, Richard Gonzalez, Sabrina Walker Hernandez, Raudel Garza, Letty Pantoja.
8. TEDC Spring Conference & Board Meeting
 - June 5-7, 2024 in Conroe, Tx
 - Attending: Raudel Garza & TBD
 - Panelist on a Presentation: Raudel Garza
9. RGV Partnership “RGV 2 DC”
 - June 12-14, 2024 in Washington D.C.
 - Attendee: TBD

March 13, 2024

■ MORE I-69 INCREMENTAL STEPS – Since 2018 TxDOT has been making steady progress on a Statewide and Rural Connectivity Program focused on improving segments of the Highway Trunk System. The Trunk System was initiated in 1988 to create a network of rural highways meeting at least four-lane divided standard. The Trunk System is one of the few mechanisms that facilitates funding projects in rural areas. The two decade “funding drought” before Prop 1 and Prop 7 meant few projects were initiated. But in 2018 TxDOT selected four key corridors to push. One of those is US 59/I-69 from Laredo to Houston. Others are US 281 north of San Antonio, US 69/US 175 in East Texas, and US 87/US 83 in West Texas. A fifth segment, US 277/US 83, was added in 2023.

The US 59/I-69 section is 252 miles long and includes 104 miles now at 4-lane divided status or better. Seventeen miles are fully funded and 49 miles have partial funding for development or are unfunded. A total of 82 miles (33%) are still only two lanes wide. The full US 59 section checks all the boxes to justify priority funding. It is a future interstate, an official evacuation route, an international trade corridor, part of the state Highway Freight Network, and serves to relieve traffic demand on existing interstates I-35 and I-10.

TxDOT intends to add more “key corridors” as the five currently in the program move toward full 4-lane status. During Commission discussion of the program, Commissioner Alvin New said he believes the US 59/I-69 section in East Texas from north of Cleveland to Texarkana should be the next corridor added to the priority connectivity program. (See More on Page 2)



Laredo I-69W Groundbreaking Ceremony

■ I-69 GROUNDBREAKING MARKS PROGRESS - Laredo and Webb County community leaders gathered in February along US 59 to celebrate the start of work on the \$360 million project to transform 4.7 miles of the Bob Bullock Loop into I-69 West. Among those speaking were Congressman Henry Cuellar, State Sen. Judith Zaffirini and Webb County Judge Tano Tijerina. Cuellar called the Laredo Loop upgrade a transformative project. Sen. Zaffirini, now dean of the Senate, called it a wonderful day for Laredo and noted that the Alliance has worked passionately since the 1990s to secure support and funding for I-69. Judge Tijerina said the I-69W loop project is particularly important because it will save lives.

■ WHARTON IS NEXT – You are invited to participate in a groundbreaking ceremony at 10 a.m. on April 23 celebrating the start of work on the 7.5 miles of I-69 inside the city of Wharton. The \$343 million project will extend freeway construction to the south side of the Colorado River. Stay tuned for more details.

■ PLANTO FLY-IN – Your community should be part of the Alliance delegation meeting with Members of Congress and federal highway officials in this year’s **I-69 DC Fly-In** on April 17-18. Capitol Hill tunes in when constituents tell the I-69 story. Register at www.i69TexasAlliance.com. Also consider sponsoring the Fly-In as a way to show your community’s support for the project. Sponsorship information and registration information can be found at www.i69TexasAlliance.com

■ NEW FEDERAL FUNDING – The recently enacted FY 24 federal funding legislation includes \$3.6 million for an upcoming I-69 project in Wharton County on the north side of El Campo. The congressionally directed appropriation was requested by Congressman Troy Nehls (TX-21). Also included was \$3 million requested by Congressman Pete Sessions (TX-17) for pre-construction work on the US 59/US 259 interchange project on the north side of Nacogdoches. The Alliance continues to facilitate the efforts of local entities seeking federal appropriations for I-69 projects that are consistent with local TxDOT plans.

■ LUFKIN LEADERS – In February the Alliance provided an I-69 update to about 75 participants in Leadership Lufkin at the State Capitol. Questions from the group focused on how the community can help in getting I-69 built faster.

Don Rodman -- I-69 Alliance / (361) 877-0409

To add additional recipients to this newsletter distribution, email their full contact information to: don@therodmanco.com

Trunk System Program Improvements Can Provide Incremental Steps Toward Full Interstate Standard Development

What is the Texas Trunk System and How was it Designated?

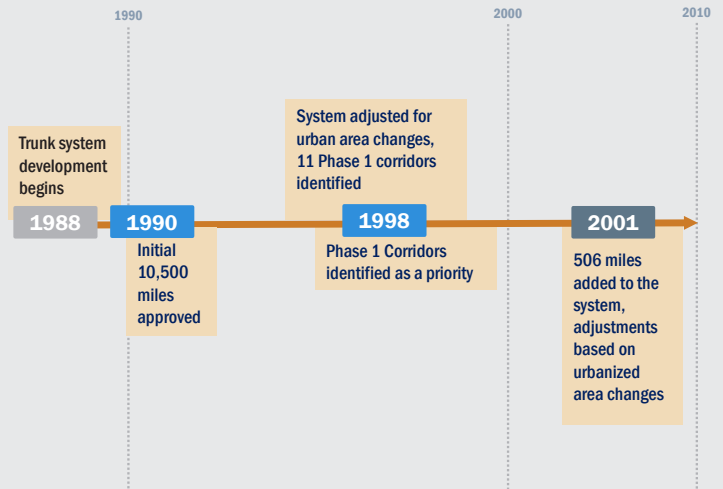
Origin and Purpose of the Trunk System

The Texas Trunk System is a rural network of four-lane divided highways or better.

It serves as a principal connector for:

- Texas cities with over 20,000 population, and
- major activity centers, maritime ports, and points of entry.

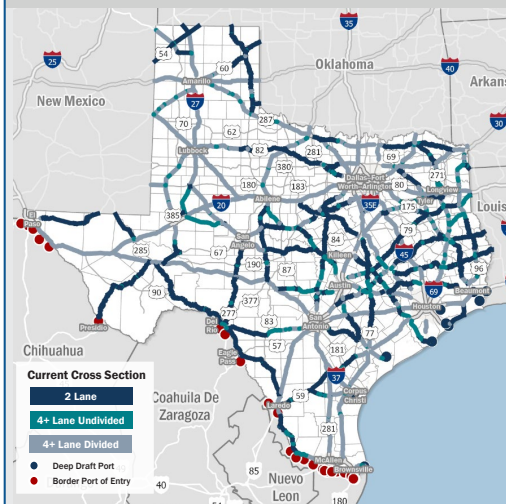
The Trunk System is one of the few mechanisms that facilitates funding projects in rural areas of Texas.



Statewide and Rural Connectivity Program

February 21, 2024 2

Summary of Progress on Texas Trunk System to 4-Lane Divided



Trunk System Corridors	Total	4-lane or more divided	2-lane undivided	4-lane or more undivided
Rural Interstate	2,184	2,184	-	-
Phase 1	1,679	955	418	306
Other	6,176	2,011	3,102	1,063
Total	10,039	5,150	3,520	1,369

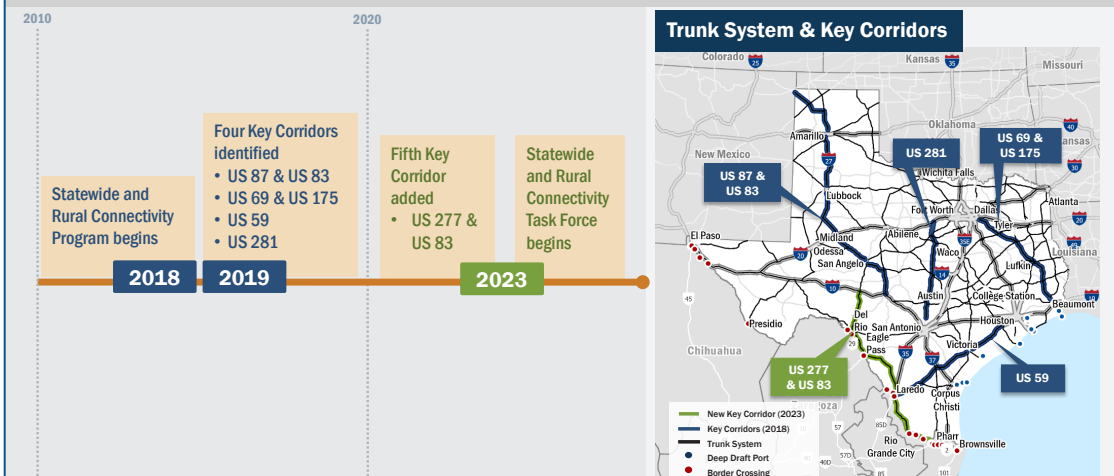
Completed Upgrades
51% (5,150 miles) is 4-lane divided or higher, including rural interstate highways.

Remaining Upgrades

- 35% (3,520 miles) of 2-lane roadways
- 14% (1,369 miles) of 4-lane undivided roadways

Source: TxDOT Roadway Inventory 2022. Includes segments passing through small communities.

Statewide and Rural Connectivity Program and Task Force



Trunk System & Key Corridors



Alliance for I-69 Texas

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 Larry Meyers, Washington Representative - (202) 484-2773; LMeyers@hslawmail.com
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 Judge Sydney Murphy, Alliance Board Chairman - (936) 327-6813; smurphy@co.polk.tx.us
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March 2024