

# MCALLEN EDC

MONTHLY MEMO



City of McAllen/McAllen Foreign Trade  
Zone Water Tower  
along Military Highway  
McAllen Foreign Trade Zone McAllen,  
TX

OCTOBER/NOVEMBER 2020

# MONTHLY MEMO

## NOTES FROM KEITH

2020 is undoubtedly a year we will all remember. Like the rest of the world, We continue to grapple with the impact of a pandemic that has dramatically changed how we live and interact with one another. As a nation we have been dealing with the added uncertainty arising from a contentious political campaign and its potential impact on our long-term economic future.

On a positive note however, in the middle of all this, McAllen was recently recognized with two positive accolades. The leading source of information, advice, and services for new business owners, Just Business.com recognized McAllen as the best place in the country to start a home-based business. This followed closely behind the recognition by U.S. News and World Reports ranking of McAllen as the third best place in the nation to Live for quality of life. Combined these awards provide a powerful statement of what we already know -**McAllen is a great place to live and do business!**



**Best City in U.S. to Start a Home-Based Business**

#1



**Best Places to Live for Quality of Life**

#3

### FIFTY YEARS IN THE MAKING

On October 26, the McAllen Economic Development and McAllen Foreign Trade Zone teams jointly celebrated the 50th Anniversary of the McAllen Foreign Trade Zone and its support of the business community of South Texas with foreign trade zone services. This was a time for us to recognize the leadership of the twenty original founders that each chipped in \$5.00 to make the McAllen Trade Zone, Inc. a reality. They were: Louis Albert, Alton R. Barker, Frank Birkhead Jr, W.T. Bradshaw, Ruffin Cooper Dillard Dean, Bobby Etchison, John Freeland, D.V. Guerra, B.D. Jackson, Maynard Kreidler, Richard Martinez, Bill Meyers, Jack Morrison, Peter Payte, Austin Sims, Jim Smithers, Morgan Talbot, Gerald Tankersley, and Wade Terrell. It was their vision that set the course for where we are today.

For the past twenty years, the MFTZ operations team has been led by Mark Garcia. Under his leadership the Zone has been on the cutting edge of technology and service for the warehousing and distribution needs of South Texas business. While at the same time providing support for the economic development efforts of the City of McAllen and the region. In this issue, we give you a bit of a history lesson on how the MFTZ came to be and how we celebrated this milestone during Covid-19.

# MONTHLY MEMO

## NOTES FROM KEITH

continued

As we plan for a future full of rapid change, we will continue to adjust our goals to accommodate whatever it may bring. For example, because of the pandemic, remote work moved from being a small percent of the American workforce to a majority of the workforce almost overnight. Now it is seen as a possible option to help companies decrease overhead costs, provide at home residents with job opportunities and give employees a certain flexibility as to where and how they live. While the pandemic created the need for remote work, technology made that move possible. As a result, we have to consider the impact of technology as it continues to open new horizons for job creation and economic growth.

The pandemic has also revealed a critical shortcoming in the global supply chain. This coupled with the implementation of the new USMCA rules and significant changes in consumer demand has resulted in a shift to re-shoring manufacturing and supply chain strategies. This has resulted in a renewed interest in the cross-border, twin-plant, maquiladora model with Mexico. If these early trends continue it could create significant opportunities for manufacturing and the necessary support services in our border region. Which in turn will create additional demand for an educated workforce with knowledge-based skillsets.

Our regional Universities along with South Texas College have been preparing for the promise of this type of manufacturing demand for many years. STC for example, has established one of the most extensive automation, robot, cobot, and manufacturing 4.0 certification programs in Texas and both UTRGV and A&M continue to focus on increasing the number of STEM graduates.

The educational system in our region is one that has also continued to evolve and provide more education offerings to our South Texas region. This month's Made in McAllen article is designed to provide insight into the newest member of our education community the Texas A&M Higher Education Center in McAllen. This regional partnership provides area students with exceptional educational opportunities to compete throughout our nation and the world. Chad Wootton, the Associate Vice President for External Affairs who also sits on our MEDC advisory board, welcomed us to the Texas A&M Higher Education Center at McAllen for a broader look into the technology and hands-on labs the students have access to right here in McAllen and their rapid growth plans for the future.

As we continue to inch forward to the holiday season, MEDC wishes to thank all our community partners and companies who continue to make McAllen a special place to work, play and live. At the office, we are getting ready to celebrate a social distanced, staff-only luncheon for the Thanksgiving holiday and to showcase our Reynosa Index, MEDC, FTZ partnership float in the revised, virtual McAllen Holiday Parade on December 6th. During the parade, we will be showcasing our new MEDC logo and the MFTZ 50th Anniversary Seal. We hope you join us virtually or stop by at the Foreign Trade Zone location for a picture with our float and some fun prizes and giveaways. Since this will be the last newsletter for the current calendar year we would like to be one of the first to wish you a safe and happy holiday season!



Just a few years ago, the idea of laying the cornerstone for Texas A&M University in the middle of a sorghum field in McAllen, Texas was a far-fetched notion. However, thanks to the visionary leadership of A&M Chancellor John Sharp, State Senator Juan "Chuy" Hinojosa, the entire South Texas legislative delegation, McAllen Mayor Jim Darling and the McAllen

City Commission and others too numerous to mention, this far-fetched idea has become a reality. Since its opening in 2017, the McAllen campus has exceeded its five-year growth plan proving that the unexpected is very much possible in McAllen.

McAllen is a community that values education and is invested in providing our high school graduating students with world class, higher education options in the Rio Grande Valley. This education focus has helped make it possible for Texas A&M at McAllen to expand their presence in our City.



Texas A&M HEC at McAllen sits in the middle of the 2,700 acre, master-planned community of Tres Lagos in northern McAllen. Its campus alone has over 100 acres to accommodate anticipated future growth.

Being a visitor, walking the halls of the Texas A&M University Higher Education Center (HEC) at McAllen, one is reminded of the values and traditions that have been the hallmark of the Texas A&M system for over 140 years. That Aggie Spirit has not been dampened by the current pandemic.

As a matter of fact, it was another pandemic of sorts that first brought Texas A&M to the Valley. In 1917, in an effort to identify why cattle were getting sick and dying, the Texas A&M Veterinarian School sent students and faculty to the RGV to research the pandemic's culprit.

Very quickly they identified two species of ticks from cattle drives move thru the area that were responsible for the pandemic.

Since then, Texas A&M has continued to grow its presence in the Valley through Texas A&M AgriLife Extension service to the Texas A&M School of Public Health in McAllen.



Texas A&M University Higher Education Center at McAllen



**Chad Wootton, Associate VP for External Affairs  
Texas A&M University**



**Adolfo Santos, Ph.D., Assistant Provost  
Texas A&M University Higher Ed. Center at McAllen**

I recently sat down with Chad Wootton, Association VP for External Affairs for Texas A&M, and with Dr. Adolfo Santos, Assistant Provost for the Texas A&M HEC at McAllen. I immediately could feel the optimism, and Texas A&M pride both gentlemen have for the Higher Education Center at McAllen. Wootton attributes the institution's success to the leadership provided by Dr. Santos and the support of the local community.

"We are a family in McAllen; I live here, literally within the community. I am proud of our students and preparing to receive the next 100 in the fall of 2021." Dr. Santos reiterates that growth has not been an issue.

Historical data shows that over 80% of local high school graduates who pursue higher education decide to stay within the RGV for their college experience and career path. Therefore, it is a top priority for Texas A&M HEC of McAllen to offer degree programs that match the local workforce demand. Currently they offer: Agriculture Economics, Interdisciplinary Engineering, Multidisciplinary Engineering Technology, Biomedical Sciences, Public Health, International Studies, University Studies in Arts and Sciences and Construction Sciences.

"It is important for us to offer degree programs that complement those offered at surrounding higher education institutions and those needed in the area," Mr. Wootton stated.

The relationships with South Texas College and UTRGV are collective ones. Before completing the McAllen facility, Texas A&M offered classes at the South Texas College McAllen campus. When planning for degree programs, UTRGV was a part of that discussion. This collaborative effort was always designed to provide better and more robust options for all prospective students.

Dr. Santos indicated the team in College Station and McAllen are already working toward a roll out of seven new degree programs with plans to grow to eleven for the next school year. They are also working hard to hire additional faculty to meet the increasing courses and student enrollment. Most of the current 24 faculty members have relocated to the Rio Grande Valley from throughout the United States. So as the new faculty members start arriving to the Valley make a point to welcome them to our McAllen family.

If you haven't done so, try to take a tour at this fantastic, state-of-the-art facility and look for the Howdy! Hola! Mural.

**To listen to the full interview please visit our website: [www.mcallenedc.org/podcasts](http://www.mcallenedc.org/podcasts)**

# ROOTED IN MCALLEN



**F**ifty years ago, Richard Nixon was president, the first Jumbo jet went into service the Beatles disbanded and McAllen, TX (population 37,636) was an agricultural, oil, and tourist center for winter Texans and shoppers from Mexico. Some five years prior, a group of twenty local leaders, came together to create a new corporation to serve as the vehicle from which to become the entitlement grantee of the foreign trade zone at the Hidalgo, Texas Port of Entry. The authority for this effort was contained in the Foreign Trade Zone Act of 1934. This Act was one of two key pieces of legislation designed to reduce the effects of the Smoot-Hawley Tariff, which had been imposed in 1930 as a response to the stock market crash of 1929.

However, because of very restrictive legislative provisions the Foreign Trade Zone program found very little use until the 1970's and 1980's and only after a number of provisions of the Trade Zone Act were changed to allow companies to take advantage of several new multilateral tariff agreements.

With this background, the logical question is: Why would the leadership of McAllen decide to apply for a foreign trade zone designation in 1965? The answer is found in a 1965 set of Board minutes from the original shareholders of the Corporation. That document pointed out, that since its founding, McAllen had always been dependent on the agriculture industry and the abundant supply of hand labor from Mexico to support the sector. For many years, Mexico workers were allowed to temporarily work in the United States under the Bracero Program. In practice, at the end of their temporary work period the workers would return to their home in Mexico. Over the years, this temporary worker program resulted in the population of many Mexico border cities depending upon this temporary work in the United States as their main source of income. The program worked relatively well until in 1964 at the insistence of the U.S. labor unions Congress cancelled the Bracero Program. Literally overnight the main source of income for these Mexico border cities stopped, resulting a major financial crisis for Mexico.

In response, Mexico created what was called the Maquiladora program. Under this program the Mexico Federal government granted licenses to foreign companies for the duty-free importation of machinery for manufacturing and assembly plants in these border cities. The program also allowed raw materials, parts, or components to be imported on a temporary basis duty free. This program provided United States manufacturing companies with a competitive option to compete with the low-cost products being imported from Asia.



Rail, Transportation and Warehousing make up most of the McAllen Foreign Trade Zone

After being processed or assembled in Mexico the products had to be re-exported out of Mexico requiring warehousing operations on the United States side of the border.

It was the end of the Bracero Program and the creation of the Mexico Maquiladora program that provided the reason for twenty McAllen business leaders to each put \$5.00 in a hat to cover the filing fee for the new McAllen Trade Zone corporation.

The formation of the company however was only the first step in a five-year journey to bring a Foreign Trade Zone to McAllen. The notion of a foreign trade zone that was not located on a water port, was indeed a foreign one.

One of the requirements of the Foreign Trade Zone program application was the requirement for the geographic area of the Zone to be identified and approved as part of the Trade Zone grant. Early in the five-year process, the Board of the Trade Zone, Inc. had become aware of a distressed property in South McAllen that was about ready to be foreclosed on by the mortgage holder. Seeing this as an opportunity, several of the board members called on the mortgage holder of that property to allow this new corporation to assume the mortgage debt. They were successful. Then by leasing or selling part of the land they were able to secure the first 40-acre land site which would become the original McAllen Trade Zone Inc.

On October 26, 1970, the McAllen Trade Zone, Inc. officially became the entitlement Grantee of the Zone for the Hidalgo-McAllen port of entry. Again, referencing the minutes from the McAllen Trade Zone Board meeting, after receiving the grant, one could sense a feeling of accomplishment but also a realization, they now had to make it work. On October 27, 1970, with a piece of farmland and a Foreign Trade Zone grant and very little money, the Trade Zone Board needed to find a way to put infrastructure on the land.

**To view the interviews with MFTZ leadership visit our [YouTube Channel](#)**

Once again drawing from that creative, McAllen can-do spirit, they approached the U.S. Economic Development Agency (EDA) to apply for a loan or grant to put the utilities and streets in the newly designated Foreign Trade Zone property. They received a positive response with one big problem. They needed a local match to make the deal. Undaunted, the Board decided they would put together a fund-raising effort by selling 25-year maturity, \$1,000.00 bonds with a 6% interest rate to individuals in the community. They hoped to sell 100 bonds but they actually sold 150 bonds. "I am happy to say we redeemed all the bonds with interest. The last bond was paid off on November 15, 1995"- Keith Patridge, President of the MFTZ).

The McAllen Trade Zone, Inc. officially opened for business in 1973 creating opportunity for commerce and trade along our bustling international border. The MFTZ, has grown with increased demand and ten years later, forty more acres were added.

From these humble beginnings, the McAllen Foreign Trade Zone became a bellwether of commerce, trade and international relations for McAllen. In 1990, the McAllen airport expansion including a new cargo terminal that was designated as a Foreign Trade Zone site creating another option for logistics companies. In 1996, the Foreign Trade Zone expanded into the Sharyland Business Park with the designation of an additional 695 acres. In 2001, the FTZ owned approximately 230,000 square feet buildings, today it owns and manages over 17 warehouses for a total of approximately 840,000 square feet on approximately 160 acres of land.

Products being transported within the MFTZ in 1990, held a value at approximately \$290 million, and that number has grown to a high of \$1.3 billion. Since that initial EDA loan, we have worked with the Agency to help us construct five of the FTZ buildings, including infrastructure such as roads, sewer and fencing. According to Keith Patridge, "The EDA has always been a great partner in helping us pursue the betterment of the community, and provide support for economic development and job creation."

The McAllen Foreign Trade Zone as the entitlement grantee for the Hidalgo-Pharr-Anzaldua Port of Entry can now offer Zone services to any qualifying business in Hidalgo County that wants to take advantage of the FTZ benefits. The Foreign Trade Zone has worked with several businesses to establish activated Foreign Trade Zone sites in the cities of Hidalgo, Pharr, Mission and McAllen.



MFTZ Board Chairman Paul Moxley, MFTZ President Keith Partridge, McAllen Mayor Jim Darling with MFTZ Staff at the 50th Anniversary Lunch Celebration.



(L to R) MFTZ Staff: Jose Escobedo, Manuel Jones, Mark Garcia-MFTZ Vice President, Jasmine Aguirre, Aracely Elizondo



(L to R) MFTZ Board Vice-Chairman, Mark Freeland, MFTZ Board Member Ernest Williams McAllen Mayor Jim Darling, McAllen Commission Omar Quintanilla

As a Foreign Trade Zone grantee, we operate in much the same way that a Public Utility operates. We are required to offer the same opportunities and rates to any business in Hidalgo County that wishes to operate as a Foreign Trade Zone.

The MFTZ has kept up with the growth, safety and digital demands of business. In 2015, the MFTZ became Customs Trade Partnership Against Terrorism (CTPAT) certified, which is a voluntary program where participants work to protect supply chains from the concealment of contraband and terrorist weapons. The same year, the MFTZ also gained ISO 9001 certification, which specifies requirements for a quality management system.

In keeping up with digital demand, the MFTZ has provided 3rd party logistics services to the local business and maquiladora industry for over 20 years. Always looking at the latest technology to advance warehouse management systems, the MFTZ has RFID capability, and recently incorporated an online portal system to support our client companies and most recently they have expanded into e-commerce retail fulfillment to keep up with the growth in the online retail business. The MFTZ plans to continue investing in technology to meet the demand of Business-to-Consumer (B2C) services.

In recognition of just a few of the pioneers who started and supported the McAllen Foreign Trade Zone, they have dedicated and commemorated buildings in their honor. Mr. Paul Moffitt- Building J, Mr. Tuett Baucum- Building H, Mr. John Freeland- Building N, and Mr. Jack Whetsel- Building M.

For the last 50 years the McAllen Trade Zone has been focused on improving the economic opportunities and job creation for the residents of McAllen and the Rio Grande Valley. In the words of Mark Garcia, Vice President of the MFTZ, "The MFTZ is not just a business but an institution. The MFTZ will continue to promote bigger and better growth for another successful fifty years. It's a privilege to be a part of something with so much history that's has such an overwhelming impact on our community."

# MCALLEN EDC EDUCATION CORNER

## TEACHFORAMERICA

Since 1991, Teach For America has brought more than 1,400 leaders to South Texas schools. Due to the partnership and sustained efforts of school districts, committed family, engaged community partners, and supportive elected officials, student outcomes have improved significantly during this time. The high school graduation rate has risen from 78 percent to over 90 percent since 2001, exceeding the rate for the rest of the state. The growing local economy has a growing need for young people equipped with the skills, credentials, and degrees to build a more prosperous Rio Grande Valley. Our aspiration is to equip students with an education which will unlock doors and opportunity for them, their families, and our community.

Currently, a local Teach For America network of over 250 current and former member is leading classrooms, schools, and more broadly in the community. Our first and second year teachers, called corps members, are achieving a significant impact on student learning and developing long-term leadership skills and orientations. Our thriving alumni community is innovating in the educational and social sector to develop solutions to improve educational equity for Valley students. We will continue to find, develop, and grow the best educational leaders to ensure that all students attain an excellent education.

### TEACH FOR AMERICA RGV BY THE NUMBERS

Teach For America began serving the students of the Rio Grande Valley in 1991, with an inaugural corps of 29. Today, 50 corps members and over 200 alumni impact thousands of students across the RGV every day.



For more information, contact Jon Stevens at 956.630.6781 or [jonathan.stevens@teachforamerica.org](mailto:jonathan.stevens@teachforamerica.org)

Teach For America Rio Grande Valley | 801 N. Bryan Rd. #152, Mission, TX 78572

[www.teachforamerica.org/riograndevalley](http://www.teachforamerica.org/riograndevalley)



## TEACH FOR AMERICA'S THEORY OF CHANGE

Teach For America finds, develops, and supports a diverse network of leaders who expand opportunity for children from classrooms, schools, and every sector and field that shapes the broader systems in which schools operate.

## OUR IMPACT ON EDUCATION IN THE RGV

### TRANSFORMATIONAL TEACHERS

- Since launching in 1991, TFA-RGV has brought in over 1,600 teachers and leaders.
- **Approximately half of our corps** is from the Valley and the other half comes from throughout the country. We recruit from a **variety of academic backgrounds, particularly in STEM subjects**.
- **Our teachers are more effective** at supporting students to meet standard on STAAR than similarly situated non-TFA teachers.

### COMMITTED ALUMNI

- **Over half of our alumni** are classroom teachers. Each year, several of our alumni are honored as campus and district teacher of the year.
- **36 alumni serve as local school and school systems leaders**, including superintendents, principals, directors, deans, assistant principals, district staff, and instructional coaches—filling a critical pipeline for school and school systems leadership.

## MEDC New Business YTD (SEPT 2020)

Metric	YTD	Annual Goal
New Leads	36	30
Active Projects	290	115
Capital Investment	\$41.1 M	\$45 M
New Sq. Ft. Committed	116,147	750,000
New Jobs Committed	560	1,000

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