



2018 Annual Report

LETTER FROM OUR CHAIR



Greetings friends, colleagues and community partners,

2018 was another year of remarkable economic growth in Pearland with sales tax revenues reaching a record \$33.5 million. During this past year, the Pearland Economic Development Corporation (PEDC) continued to implement the Pearland 20/20 Community Strategic Plan, working with local partners to accomplish projects that create opportunities and advance our community's shared vision for sustained growth.

PEDC partnered with companies to bring more than \$178 million in capital investment to the community. We celebrated the grand opening of Lonza's biotech center – the largest cell and gene therapy facility in the world. We also welcomed Tool-Flo Manufacturing, Rex Supply and Diamond Bolt as Pearland's newest employers, while assisting existing companies, such as Koza's, with expansions.

We made progress on many of the key initiatives outlined in the Pearland 20/20 Community Strategic Plan. Construction began on the State Highway 35 Corridor Redevelopment Project, and beautification projects advanced along the State Highway 288 Corridor. We continued our efforts to develop a multi-use event center and began a community marketing campaign to help promote Pearland and its assets.

As we move into 2019, PEDC will start work on a new economic development strategic plan to keep us on a successful path. We will team with City and community partners to search for opportunities that will keep us prepared for future population and economic growth. Our goal will be to continually demonstrate that the best business opportunity in Houston is due south.

Sincerely,

Brandon Dansby
Chair, PEDC

Should you have any questions, comments or concerns regarding this report, please contact the PEDC at 281-997-3000 or info@pearlandedc.com.

PEARLAND 20/20 COMMUNITY STRATEGIC PLAN

In 2012, PEDC embarked upon a long-term, strategic, community and economic development planning process in tandem with local partners in government, education, healthcare and business. The goal – to create a shared vision for the community's future growth and an action plan to achieve it. The resulting Pearland 20/20 Community Strategic Plan, adopted in 2013, contained nine initiatives designed to take Pearland to the next level of success as an economy and sustainable residential location. Each initiative is comprised of a variety of detailed sub-actions. In 2019, PEDC will begin developing a new economic development community strategic plan that outlines goals and objectives to continue the immense momentum we have generated these past few years.



1. Design and implement an enhanced economic development marketing program.
2. Implement multiple, high-impact mobility projects.
3. Optimize the development potential of Pearland's principal commercial corridors and character districts.
4. Make Pearland a more competitive recreation and cultural destination for residents and visitors.
5. Improve Pearland's aesthetics through strategic community beautification and gateway efforts.
6. Implement plans to develop the Lower Kirby Urban Center as Pearland's most intensive mixed-use employment, residential and entertainment district.
7. Construct a multi-use events center in Pearland.
8. Advance local education and workforce development pipelines in Pearland.
9. Develop an internal marketing campaign to increase awareness and promotion of Pearland and its assets.



CONTINUED PROGRESS IN LOWER KIRBY DISTRICT

Endress+Hauser to build new facility in Lower Kirby District

Endress+Hauser announced in October 2018 that it selected Pearland as the site for its new Gulf Coast Regional Center. The Swiss-based company manufactures instrumentation and devices that provide solutions to more than 100,000 customers worldwide. PEDC began recruiting Endress+Hauser in early 2018.

The 100,000-square-foot facility will be located on a 17-acre site at the southeast corner of Beltway 8 and Kirby Drive. It will include an area for calibration and repair, as well as feature office and training space. The new facility will be home to approximately 110 employees when it opens. Construction is expected to begin in early 2019.



Lonza opens world's largest cell and gene therapy facility in Pearland

In April 2018, Lonza celebrated the grand opening of its 300,000-square-foot manufacturing facility in Pearland's Lower Kirby District. PEDC began working to recruit Lonza to Pearland in 2014. The first-of-its-kind center is the largest dedicated cell-and-gene therapy manufacturing facility in the world, with the ability to produce treatment for thousands of patients suffering from rare genetic disorders or life-threatening diseases. Currently, Lonza employs 250 people locally, and is on track to reach 300 full-time staff by the end of 2019.

Lonza broke ground on the initial phase of this project in March 2016 – a 100,000-square-foot clinical manufacturing and R&D facility. Later that year, the company announced plans to expand the facility by 200,000 square feet to produce commercial quantities of viral gene and cell therapies.



Tool-Flo Manufacturing and Rex Supply open new facilities in Lower Kirby District

Tool-Flo Manufacturing completed construction in December 2018 on its company headquarters, training and manufacturing facility in Pearland's Lower Kirby District. The company, which was recruited by PEDC in 2015, manufactures precision carbide, metal-working tools and products for the oil/gas, automotive and medical industries. Tool-Flo Manufacturing is owned by IMC Group, a Berkshire Hathaway company and one of the world's largest companies for metalworking products and metal removal technology.

The 80,000-square-foot facility, located on a 15-acre site at the southeast corner of Kirby Drive and N. Spectrum Boulevard, is home to 150 employees, including management, engineering, sales, operations and administrative personnel.

Rex Supply also completed construction on its new headquarters and warehouse facility in the Lower Kirby District in late 2018. The company is one of the top 100 suppliers of industrial tools in the United States and is owned by IMC Group, a Warren Buffett, Berkshire Hathaway company.

The 46,000-square-foot facility is adjacent to Tool-Flo Manufacturing's new operations on the same 15-acre site. It also serves as a new distribution center for Production Tool Supply Co., LLC. Rex Supply employs 10 people.





PEARLAND 20/20 COMMUNITY STRATEGIC PLAN

PEDC and community partners continued implementing the Pearland 20/20 Community Strategic Plan throughout 2018, making progress on many key initiatives.

Construction begins on enhancements to State Highway 35 Corridor

In September 2018, PEDC began construction on streetscape enhancements to the State Highway 35 Corridor between Beltway 8 and Broadway. The enhancements include: two gateway signs at Clear Creek near Beltway 8; surrounding entry features; tree plantings in the medians; and aesthetic improvements at major intersections. The enhanced streetscaping is part of the State Highway 35 Redevelopment Strategy adopted in 2016, which builds upon the 20/20 Community Strategic Plan suggestions and provides the “big picture” actions needed to encourage more investment in the corridor.

Rice Drier Commerce Park Redevelopment underway on State Highway 35

Construction began in summer 2018 on a new business park at Rice Drier Road and State Highway 35 that will eliminate multiple blighted properties. Developer Orr Commercial is constructing two light industrial/warehouse flex buildings on the 18-acre site that will be known as Rice Drier Commerce Park. Energy Rental Solutions, a Caterpillar dealership, announced it will relocate to a new facility that will occupy 10 acres within the business park.

This redevelopment will be located in the area identified as Business Park North in the State Highway 35 Redevelopment Strategy. PEDC and the City are partnering with the developer to improve drainage in the area and remove multiple blighted properties. In addition, PEDC will fund the reconstruction of Rice Drier Road once Orr Commercial has completed certain phases of the project.

288 Corridor beautification efforts continue

With construction of the managed toll lanes along the 288 Corridor fully underway in both Harris and Brazoria Counties, PEDC, the City and Pearland Municipal Management District No. 2 (PMMD2) continued executing the 288 Corridor Master Improvements Plan.

PEDC funded aesthetic hardscape improvements for the portion of the project from Clear Creek to County Road 59. These included brick pavers, new curbs, sidewalks, wet and dry detention ponds, and upgraded decorative signal poles. Improvements for the area north of Clear Creek will be constructed by PEDC after TxDOT’s Harris County concessionaire has completed construction.

Additional aesthetic improvements will be added after construction is complete for all toll lanes. These include artistic sculptures (see image at right) at key intersections, as well as landscaping, irrigation, lighting, large water fountains and gateway signage. All improvements are scheduled for completion in 2020.





PEARLAND 20/20 COMMUNITY STRATEGIC PLAN

New gateways and entry features under construction

PEDC began work on the next round of gateway entries at State Highway 35 and the eastern city limit on Broadway. The SH 35 entry feature will be constructed as part of the State Highway 35 Corridor Redevelopment Strategy, while the Broadway feature is scheduled for construction in 2019.

Continued infrastructure improvements in Lower Kirby District

PEDC, the City, the Lower Kirby Pearland Management District (LKPMMD) and the Pearland Municipal Management District No. 1 (PMMD1) progressed with infrastructure improvements in the Lower Kirby District. PEDC funds the City's portion of the improvements.

The construction of N. Spectrum was completed in 2018. This 4-lane, curb-and-gutter boulevard roadway extends from Kirby Drive east to the TxDOT ditch. It includes a landscaped and irrigated median with decorative lighting and a traffic signal. Installation of the traffic

signal is scheduled for February 2019. This project was a partnership between PEDC, the City, the developer Spectrum 86 Partners and LKPMMD.

In 2018, PEDC continued work with America Modern Green (developer of the Ivy District), the City, LKPMMD and PMMD1 on design engineering for construction of the western portion of South Spectrum Drive. This project also features a 4-lane, curb-and-gutter boulevard roadway with a landscaped and irrigated median with decorative lighting. Plus, it will include new water and sewer lines and a traffic signal at the Kirby Drive intersection. Construction will begin in early 2019.

Extension of the eastern portion of South Spectrum Drive was completed in early 2018.

As part of the Ivy District's urban, mixed-use development, PEDC, the City and the developer are partnering to develop amenity space around the District's regional detention pond for use as a public park.

All of these improvements continue to transform the 1,200-acre Lower Kirby District into Pearland's most intensive, mixed-use employment, residential and entertainment area in the City.

PEDC continues work toward an indoor amateur sports facility

A feasibility study conducted by PEDC in 2017 determined that an indoor amateur sports facility would be best suited in our market. Throughout 2018, PEDC analyzed the facility's development potential. In April 2018, PEDC issued a Request for Qualifications seeking submissions from firms to help develop and operate a new indoor sports facility. After interviewing firms, PEDC launched a more in-depth evaluation process. In late 2018, we worked with Sports Facilities Advisory, LLC, to develop a detailed facility program plan that includes a construction and start-up cost estimate that is "right-sized" to the market and to Pearland's budget. In early 2019, PEDC will create an institutional-grade financial forecast for the facility, including detailed revenue and expense breakdown and other details.

Advancing educational opportunities with health sciences building at UHCL Pearland

Throughout 2018, the University of Houston-Clear Lake Pearland Campus continued construction on its health sciences building. The university received funding during the 2015 legislative session for the 52,000-square-foot building, and the City transferred the south portion of the property to the university system in late 2016. Classes in the new facility will start in spring 2019.

PEDC launches community marketing campaign to promote Pearland

PEDC formed a steering coalition of community influencers tasked with creating a campaign to promote Pearland and its assets. In 2018, the committee developed a marketing plan – including messaging narratives, brand attributes and other creative elements (i.e., fact sheets, infographics and videos) – that can be used in both internal and external communications. The committee also began developing a brand hub that will house the promotional assets for use throughout the community. The brand hub is expected to launch in early 2019.



Photo credit to Nicole Helpenstill, UHCL

PEDC LOOKS AHEAD TO NEW COMMUNITY STRATEGIC PLAN

PEDC has a central role in carrying out the economic development activities of the community. It has been five years since we completed our 20/20 Community Strategic Plan. In early 2015, PEDC and the Pearland 20/20 Implementation Steering Committee began working on a Mid-Course Update to the plan. In 2019, PEDC will begin developing a new economic development community strategic plan that outlines goals and objectives to continue the immense momentum we have generated these past several years.

BUSINESS RETENTION AND ATTRACTION PROJECTS

Koza's expands manufacturing operations

In 2018, Koza's purchased the former McCoy's Lumber building adjacent to its current location at 2910 S. Main St. The purchase will allow Koza's to expand its manufacturing operations. Founded in 1965, Koza's specializes in embroidery, screen-printing, laser-engraving and advertising specialty sales. For more than 20 years, the local company has produced and shipped clubhouse and locker room caps for major sporting events, including caps for the 2017 Houston Astros World Series Championship.

Diamond Bolt opens new facility on Knapp Road

Diamond Bolt, a distributor of industrial fasteners serving the petrochemical and refining industries along the Texas Gulf Coast, opened its new Pearland facility in early 2018. The 12,000-square-foot manufacturing and warehouse building is located on a 2-acre site on Knapp Road, and is home to approximately 10 employees. PEDC began working with the company on its relocation in 2015.



PEDC MISSION STATEMENT

The Pearland Economic Development Corporation (PEDC) is committed to enhancing our community's economic vitality through the attraction, retention and expansion of primary employers. PEDC works to ensure our business climate and built environment strongly support these efforts by focusing on aesthetics, infrastructure, quality of life, image, workforce, and quality development and redevelopment of key Pearland districts and corridors.

PEDC FINANCIALS

	FY 2018 YEAR-END ACTUAL	FY 2019 AMENDED BUDGET
OPERATING REVENUES		
Sales Tax	11,177,690	11,131,486
Interest Income	408,345	86,895
Intergovernmental	12,000	12,000
Miscellaneous	4,000,421	500,000
TOTAL	15,598,456	11,730,381
EXPENDITURES		
Operating *	1,724,529	2,919,606
Incentives	586,526	1,636,890
Transfers to City	4,918,673	11,476,742
Capital Outlay/Infrastructure	552,659	804,000
Inventory	0	5,000
Bond Payments	1,229,500	11,254,544
TOTAL	9,011,887	28,096,782
NET CHANGE IN FUND BALANCE	6,586,569	(16,366,401)
FUND BALANCE - BEGINNING	20,002,111	26,588,680
FUND BALANCE - ENDING	26,588,680	10,222,279

*Operating expenditures include salaries, supplies, rent, marketing and strategic plan implementation services.

The PEDC was created in 1995 as a nonprofit, Type B corporation under the Texas Development Corporation Act. It is primarily financed by a half-cent sales tax collected in the city of Pearland. State law allows the City to collect this sales tax to pursue specifically authorized economic development activities in Pearland.

The seven members of the PEDC's board of directors are appointed by and serve at the discretion of the Pearland City Council. The Corporation's annual budget is also approved by City Council.

OFFICERS AND DIRECTORS



Dansby



Patton



Chavarria



Patel



Wendell



Thumann



Lyle

Brandon Dansby, Chair, joined the PEDC board in 2011. He previously served as chair of the Pearland Chamber of Commerce and as a board member for the Development Authority of Pearland. He is also a member of the Pearland Lions Club, as well as board member for the Lighthouse of Houston and Pearland YMCA. He is the senior vice president for Pearland State Bank.

Hugh Patton, DDS, Vice Chair, joined the PEDC board in 2014. A member of the Pearland Lions Club, he previously served as president. He is also a board member for the 100 Club of Pearland, Texas First Bank Business Development Board, the Pearland Police Department Training Advisory Board, an Action Team Leader for DENPAC and a RISE mentor for Pearland ISD. Patton is the owner of Silver Creek Dental.

Mona Chavarria, Secretary, joined the PEDC board in 2014. A board member for the Adult Reading Center, she also served as its president, vice president and treasurer. Other board service includes treasurer of the Pearland ISD Education Foundation and the Pearland Rotary Club, member of the Silverlake Lions Club and the City of Houston Mayor's Literacy Task Force. She also served as past chair and treasurer/secretary of the Pearland Chamber of Commerce. She is the president/owner of A&A Cleaning Services in Pearland.

Rushi Patel joined the PEDC board in 2009. He also serves on the board of trustees for HCA Healthcare Houston Pearland and the Pearland Municipal Management District No. 2. He previously served on the board of directors for the Pearland Adult Reading Center and as secretary/treasurer for the Pearland Chamber of Commerce. He is the vice president of Omkar Enterprises Management, LLC, a hotel development company.

Reid Wendell joined the PEDC board in 2015. He is a member of the Pearland Lions Club and a Houston Livestock Show and Rodeo committee member. He also serves as a RISE mentor for Pearland ISD and is on the scholarship committee for the Positive Coaching Alliance. He is vice president of commercial banking for Frost Bank.

Chad Thumann joined the PEDC board in 2018. He serves as vice president of the Pearland Lions Club, a commissioner for Brazoria County Emergency Services District No. 4, a board member for the Forgotten Angels Foundation and a member of the bond oversight committee for Pearland ISD. He is president of Sideline Investments, LLC.

John Lyle joined the PEDC board in 2018. He previously served as chair of the Pearland Chamber of Commerce, and is also a board member for the Shadow Creek Ranch Commercial Property Association. Lyle is vice president of operations for Kelsey Seybold Clinic.

Lucy Stevener served on the PEDC board from 2001-2018 and is its longest-serving board member.

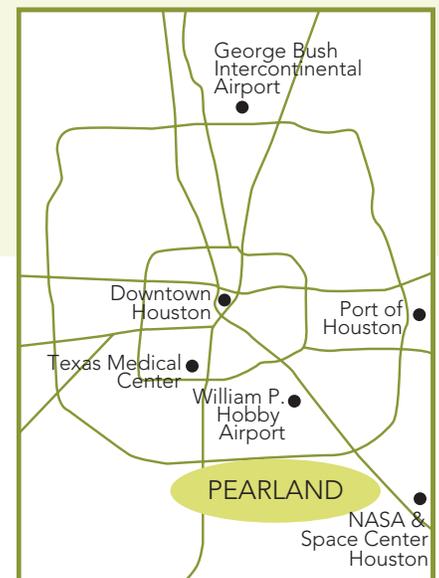
PEDC staff and leadership express their sincere appreciation to Lucy for her service on the board and to our community.

EXECUTIVE STAFF

Matt Buchanan, President
Brian Malone, Vice President
Melissa Black, Director of Marketing
Valerie Marvin, Development Manager
Roxanne Luna-Larsen, Executive Assistant

EX-OFFICIO MEMBERS

Tom Reid, Pearland Mayor
Clay Pearson, Pearland City Manager
Carol Artz-Bucek, Pearland Chamber of Commerce President and CEO
Matt Buchanan, PEDC President



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