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**ODESSA DEVELOPMENT CORPORATION
CITY OF ODESSA, TEXAS
OCTOBER 12, 2017**

A regular meeting of the Odessa Development Corporation (ODC) was held on October 12, 2017 at 2:00 p.m., in the Council Chambers, fifth floor, City Hall, 411 W. 8th St., Odessa, Texas.

Members present: Charles Carlson, Betsy Triplett-Hurt, and Tim Edgmon.

Member absent: Melanie Hollmann.

Others present: Norma Aguilar-Grimaldo, Larry Long, Todd Stephens, Michael Marrero, Joel Roberts, Renee Earls, Wesley Burnett, Konrad Hildebrandt, Michael Garza, Raymond Chavez, Enrique Romero, Christi Callicoatte, Christi Weakland, Craig Van Amburgh, Jim Wright, and others.

A quorum being present, Mr. Carlson called the meeting to order and the following proceedings were held:

Mrs. Triplett-Hurt gave the invocation.

Presentation of Awards. Mr. Carlson presented Richard Browning and Jim Breaux with an award for their service on the board.

Minutes of September 14, September 25 and September 27, 2017. Motion was made by Mrs. Triplett-Hurt and seconded by Mr. Edgmon to approve the minutes. The motion was approved by unanimous vote.

Remove from the table and appoint Budget, Finance & Audit Committee Members. No action.

Remove from the table and appoint a Compliance Committee member. No action.

Remove from the table and discuss Summit Texas Clean Energy, LLC. Mr. Burnett stated that there was no report from Summit. Summit representatives were meeting with the Department of Energy. The news was not positive in that there was no support from the Department of Energy. There were internal decisions to be made.

Resolution No. ODC-2017R-34 – ODC board Consent Agenda. Mr. Stephens stated that the policy for consent agenda items would be approved without discussion. The board members could remove an item from the consent agenda if there were questions or discussion for that item. Some examples of consent agenda items were minutes, reports, and standard routine items. The contractors would report any new additional information that was not in the report. The contractors would need to attend the board meetings.

Motion was made by Mr. Edgmon and seconded by Mrs. Triplett-Hurt to approve the resolution. The motion was approved by unanimous vote.

Resolution No. ODC-2017R-35 – Odessa College annual report and payment. Mr. Burnett stated that the Compliance Committee reviewed, verified and approved the

numbers for the last Odessa College training grant. They recommended payment in the amount of \$750,000. The City internal auditor did the audit.

Motion was made by Mr. Edgmon and seconded by Mrs. Triplett-Hurt to approve the resolution. The motion was approved by unanimous vote.

Financial and Investment Report. Ms. Weakland reported on the August financials. Total assets and deferred outflows of resources was \$46,186,464. She reviewed the total revenues and expenditures for the year. She reported that investments was \$44,903,536. She provided a chart of investment types, which included 49% in municipal bonds.

Motion was made by Mrs. Triplett-Hurt and seconded by Mr. Edgmon to approve the financial report. The motion was approved by unanimous vote

Board Projects, Committee, and Officer Reports including: Advertising, City of Odessa, Tax Incentive Committee and Odessa Partnership. Mrs. Callicoatte presented the new ads, general and industry brochures, website and the video. The Odessa Business Challenge launched its website, which would simplify the process. Mr. Carlson asked that the ODC be highlighted at the top of its website. Mrs. Callicoatte stated that there were digital ads running and would be followed with the site selectors. Mr. Van Amburgh introduced Tommy Arnevias and Kayla Burnett who worked on the video.

Mr. Burnett stated that the Partnership Committee received an update from all the taxing entities.

Economic Agency Reports (UTPB-SBDC, MOTRAN, Chamber of Commerce, Odessa Hispanic Chamber of Commerce, OHCC, Mexico Initiatives, UTPB X-Energy and Gulf Coast Waste Disposal). Mr. Romero reported two new businesses, with five full-time jobs. The business industries were nutritional, transportation, food services and communications. A series of seminars were being held. He reviewed the list of seminars being provided. He thanked the Chamber's Economic Development Department for their assistance in a mail out of seminar information. The Business Challenge brochure was handed out with compliments to CVA Advertising.

Mr. Burnett reported that Glazier's groundbreaking was scheduled for December 4. Project 2016-04 was a distribution center. He was following up with the representatives. He stated activity was picking up. He was going to be a member of the Texas Economic Development Council Executive Committee.

Mr. Garza reported that there was good business activity. He thanked the Chamber for their assistance in a soccer event. There was four candidates interested as the headhunter. The candidates were from different areas. Mr. Carlson stated that next month ODC would appoint a member to serve on the Search Committee.

Mr. Chavez stated that things were moving with Mexico Initiatives. Chihuahua representatives were looking for an entrepreneur for the distribution center. He will be meeting with officials from Juarez. Six companies wanted to manufacture oil products. He would check on their certifications.

Dr. Wright stated that X-Energy was making process. They may bring other related businesses in the area. There was one potential teaching facility. He reported that the Department of Energy was interested in the contract.

Tabled - Appoint ODC Board member to the Search Committee for the OHCC-MI International Director. Mr. Carlson stated that an ODC member needed to be appointed to the Search Committee.

Motion was made by Mrs. Triplett-Hurt and seconded by Mr. Edgmon to table the appointment. The motion was approved by unanimous vote.

Consider amendment of ODC Bylaws. Mr. Carlson stated that once the City Council passed the amended bylaws the board needed to discuss. He would send the summarized changes to the board. A calendar to monitor ODC and Compliance Committee attendance was needed.

Mr. Carlson asked about the General Development Plan. Mr. Stephens was working laying out the duties of the agencies. He would be discussing with the agencies. He would report next month to the board.

The meeting adjourned at 2:57 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Charles Carlson
President

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**ODESSA DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 2017**

ASSETS

| | | |
|--|-----------|--------------------------|
| Investments - Local Government Pools | \$ | 13,614,527 |
| Investments - U.S. Government Securities | | 1,246,575 |
| Investments - CDs and CDARs | | 6,471,435 |
| Investments - Municipal Securities | | 19,205,389 |
| Investments - Money Market | | 5,118,518 |
| Interest Receivable - U.S. Agency Notes | | 1,547 |
| Interest Receivable - Municipal Securities | | 131,535 |
| Accounts Receivable | | - |
| Prepaid Insurance | | 11,058 |
| TOTAL ASSETS | \$ | <u>45,800,585</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|--|-----------|---------------------------------|
| Advance payments to grantees | \$ | <u>1,190,413</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ | <u><u>46,990,998</u></u> |

LIABILITIES

| | | |
|--------------------------|-----------|--------------------------|
| Accounts Payable | \$ | <u>10,414,810</u> |
| TOTAL LIABILITIES | \$ | <u>10,414,810</u> |

FUND BALANCE

| | | |
|---|---------------|-------------------------------------|
| Reserved - Short Term Commitments Due Within One Year | | |
| Odessa College - 2nd Project Training Facility | \$ | 5,000,000 |
| UTPB - 2nd Project Training Facility | | 1,500,000 |
| Total Short Term Commitments | \$ | <u>6,500,000</u> |
| Reserved - Long Term Commitments Due in More Than One Year | | |
| Halliburton Energy Services, Inc. | 1,300,000 | |
| Standard Sales Company, LP. | 400,000 | |
| Summit Power Energy, LLC | 5,000,000 | |
| West Texas Food Bank | 587,866 | |
| Odessa College - 2nd Project Training Facility | 3,000,000 | |
| UTPB - 2nd Project Training Facility | 6,000,000 | |
| Total Long Term Commitments | \$ | <u>16,287,866</u> |
| Total Reserved | \$ | <u>22,787,866</u> |
| Unreserved | \$ | <u>13,788,322</u> |
| TOTAL FUND BALANCE | \$ | <u>36,576,188</u> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ | <u><u>46,990,998</u></u> |

**ODESSA DEVELOPMENT CORPORATION
CHANGES IN RESERVED FUND BALANCE
SEPTEMBER 2017**

Reserved - Short Term Commitments

| | Current Month | Prior Month | Month End Change |
|--|---------------------|---------------------|---------------------|
| Odessa College - Project Training Facility | - | 750,000 | (750,000) |
| UTPB - Project Training Facility | - | 1,000,000 | (1,000,000) |
| Odessa College - 2nd Project Training Facility | 5,000,000 | - | 5,000,000 |
| UTPB - 2nd Project Training Facility | 1,500,000 | - | 1,500,000 |
| Total Short Term Commitments | \$ 6,500,000 | \$ 1,750,000 | \$ 4,750,000 |

Reserved - Long Term Commitments

| | Current Month | Prior Month | Month End Change |
|--|----------------------|---------------------|----------------------|
| Halliburton Energy Services, Inc. | 1,300,000 | 1,300,000 | - |
| Standard Sales Company, LP. | 400,000 | 400,000 | - |
| Summit Power Energy, LLC | 5,000,000 | 5,000,000 | - |
| West Texas Food Bank | 587,866 | 587,866 | - |
| Odessa College - 2nd Project Training Facility | 3,000,000 | - | 3,000,000 |
| UTPB - 2nd Project Training Facility | 6,000,000 | - | 6,000,000 |
| Total Long Term Commitments | \$ 16,287,866 | \$ 7,287,866 | \$ 9,000,000 |
| Total Reserved Fund Balance | \$ 22,787,866 | \$ 9,037,866 | \$ 13,750,000 |

**ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
SEPTEMBER 2017**

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|----------------|----------------|---|
| REVENUES | | | |
| 4-A Sales Tax Receipts | \$ 637,868 | \$ 845,269 | \$ 207,401 |
| Interest Income | 12,500 | 63,197 | 50,697 |
| Gain and or (Loss) on Investments | - | (44,873) | (44,873) |
| Miscellaneous Income | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 650,368 | \$ 863,593 | \$ 213,225 |
| | | | |
| EXPENDITURES | | | |
| Supplies and Materials | \$ 50 | \$ 643 | \$ (593) |
| Audit Services | 750 | - | 750 |
| Special Services | 17,587 | 118,813 | (101,226) |
| Insurance | - | 2,212 | (2,212) |
| Transportation, Memberships | - | - | - |
| Special Training | - | - | - |
| Bank Services | 337 | 1,102 | (765) |
| Administration Fee - City of Odessa | 19,110 | 19,101 | 9 |
| Chamber of Commerce | - | - | - |
| Marketing | 163,783 | 117,598 | 46,185 |
| Contingencies | 8,337 | - | 8,337 |
| Texas One | - | - | - |
| MOTRAN | - | - | - |
| UTPB - Small Business Center | - | - | - |
| Odessa Hispanic Chamber | 11,092 | 11,082 | 10 |
| Odessa Hispanic CH-Mex In | 18,573 | 8,570 | 10,003 |
| Business Incentives | 2,904,174 | 1,651,523 | 1,252,651 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | \$ 3,143,793 | \$ 1,930,644 | \$ 1,213,149 |
| | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ (2,493,425) | \$ (1,067,051) | \$ 1,426,374 |

ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR 12 MONTH ENDING SEPTEMBER 2017

| | <u>BUDGET</u> | <u>ACTUAL</u> | VARIANCE FAVORABLE <u>(UNFAVORABLE)</u> |
|---|-----------------|---------------|---|
| REVENUES | | | |
| 4-A Sales Tax Receipts | \$ 8,075,000 | \$ 9,004,640 | \$ 929,640 |
| Interest Income | 150,000 | \$ 658,152 | 508,152 |
| Gain and or (Loss) on Investments | - | \$ (286,539) | (286,539) |
| Miscellaneous Income | - | \$ - | - |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 8,225,000 | \$ 9,376,253 | \$ 1,151,253 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Supplies and Materials | \$ 600 | \$ 1,332 | (732) |
| Audit Services | 28,000 | 27,388 | 613 |
| Special Services | 217,000 | 291,913 | (74,913) |
| Insurance | 3,500 | 2,212 | 1,288 |
| Transportation,Memberships | - | - | - |
| Special Training | - | - | - |
| Bank Services | 4,000 | 7,178 | (3,178) |
| Administration Fee - City of Odessa | 229,221 | 229,221 | - |
| Chamber of Commerce | 800,000 | 800,000 | - |
| Marketing | 771,400 | 565,268 | 206,132 |
| Contingencies | 100,000 | - | 100,000 |
| Texas One | - | - | - |
| MOTRAN | 90,000 | 85,025 | 4,975 |
| UTPB - Small Business Center | 47,500 | 47,500 | - |
| Odessa Hispanic Chamber | 132,994 | 132,994 | - |
| Odessa Hispanic Ch-Mex In | 222,843 | 130,467 | 92,376 |
| Business Incentives | 34,850,000 | 3,709,788 | 31,140,212 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | \$ 37,497,058 | \$ 6,030,286 | \$ 31,466,772 |
| | <hr/> | <hr/> | <hr/> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | \$ (29,272,058) | \$ 3,345,967 | \$ 32,618,025 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE - AT BEGINNING OF YEAR | \$ 33,230,221 | \$ 33,230,221 | \$ - |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE - AT END OF YEAR | \$ 3,958,163 | \$ 36,576,188 | \$ 32,618,025 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGET COMPARISON
SEPTEMBER 2017

| | TOTAL <u>BUDGET</u> | ACTUAL - YTD | REMAINING <u>BALANCE</u> |
|---|------------------------|---------------|-----------------------------|
| REVENUES | | | |
| 4-A Sales Tax Receipts | \$ 8,075,000 | \$ 9,004,640 | \$ 929,640 |
| Interest Income | 150,000 | 658,152 | 508,152 |
| Gain and or (Loss) on Investments | - | (286,539) | (286,539) |
| Miscellaneous Income | - | - | - |
| | <hr/> | | |
| TOTAL REVENUES | \$ 8,225,000 | \$ 9,376,253 | \$ 1,151,253 |
| | <hr/> | | |
| EXPENDITURES | | | |
| Supplies and Materials | \$ 600 | \$ 1,332 | \$ (732) |
| Audit Services | 28,000 | 27,388 | 613 |
| Special Services | 217,000 | 291,913 | (74,913) |
| Insurance | 3,500 | 2,212 | 1,288 |
| Transportation,Memberships | - | - | - |
| Special Training | - | - | - |
| Bank Services | 4,000 | 7,178 | - |
| Administration Fee - City of Odessa | 229,221 | 229,221 | - |
| Chamber of Commerce | 800,000 | 800,000 | - |
| Marketing | 771,400 | 565,268 | 206,132 |
| Contingencies | 100,000 | - | 100,000 |
| Texas One | - | - | - |
| MOTRAN | 90,000 | 85,025 | 4,975 |
| UTPB Small Business Center | 47,500 | 47,500 | - |
| Odessa Hispanic Chamber | 132,994 | 132,994 | - |
| Odessa Hispanic Ch-Mex In | 222,843 | 130,467 | 92,376 |
| Business Incentives | 34,850,000 | 3,709,788 | 31,140,212 |
| | <hr/> | | |
| TOTAL EXPENDITURES | \$ 37,497,058 | \$ 6,030,286 | \$ 31,469,950 |
| | <hr/> | | |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | \$ (29,272,058) | \$ 3,345,968 | \$ 32,618,026 |
| | <hr/> | | |
| FUND BALANCE - AT BEGINNING OF YEAR | \$ 33,230,221 | \$ 33,230,221 | \$ - |
| | <hr/> | | |
| FUND BALANCE - AT END OF YEAR | \$ 3,958,163 | \$ 36,576,188 | \$ 32,618,026 |
| | <hr/> | | |

**ODESSA DEVELOPMENT CORPORATION
CASH FLOW STATEMENT
SEPTEMBER 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|-----------------------|
| Cash Received from Sales Taxes | \$ | 845,269 |
| Cash Paid for Goods and Services | | (70,117) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | <u>775,152</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|--|--|----------------------|
| Purchase of Investments | | - |
| Sales of Investments | | - |
| Investment Income | | 17,104 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | <u>17,104</u> |

NET INCREASE (DECREASE) IN CASH 792,256

CASH (Texpool and Money Markets) - AT BEGINNING OF MONTH 17,940,789

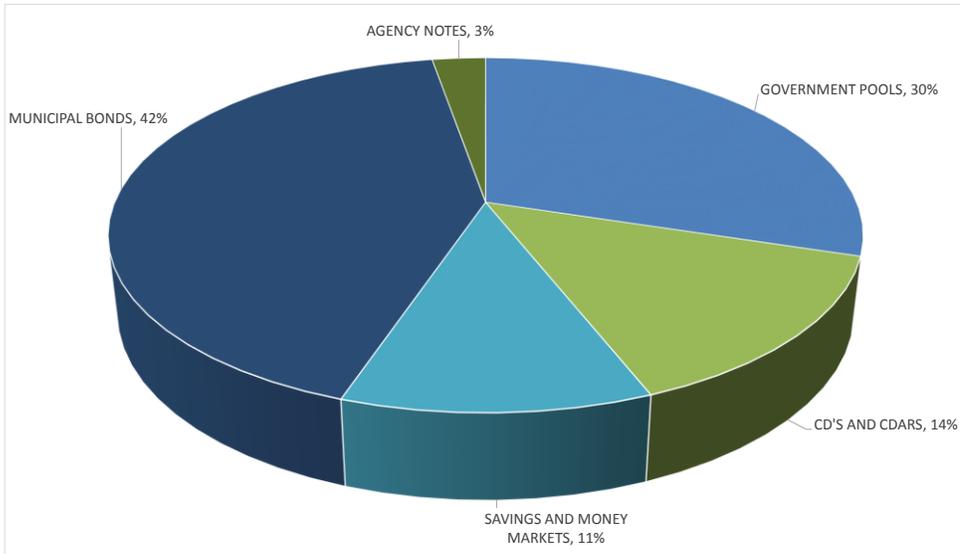
CASH (Texpool and Money Markets) - AT END OF MONTH \$ 18,733,045



Director of Finance

ODESSA DEVELOPMENT CORPORATION
INVESTMENT SUMMARY
 Sep-17

| INVESTMENT | BEGINNING BALANCE | PURCHASE AMOUNT | CHANGES IN FAIR VALUE AND INTEREST REINVESTED | SALES AMOUNT | ENDING BALANCE |
|---------------------------|------------------------------|----------------------------|--|-------------------------|---------------------------|
| GOVERNMENT POOLS | 12,826,743 | 845,286 | 12,616 | 70,117 | 13,614,527 |
| CD'S AND CDARS | 6,465,909 | - | 5,526 | - | 6,471,435 |
| SAVINGS AND MONEY MARKETS | 5,114,046 | - | 4,471 | - | 5,118,518 |
| MUNICIPAL BONDS | 19,249,750 | - | (44,360) | - | 19,205,389 |
| AGENCY NOTES | 1,247,088 | - | (513) | - | 1,246,575 |
| TOTAL | 44,903,536 | 845,286 | (22,259) | 70,117 | 45,656,445 |



**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
AUGUST 31, 2017**

| <u>INVESTMENT TYPE</u> | <u>YTM</u> | <u>MATURITY</u> | <u>PAR</u> | <u>FAIR**</u> <u>08/31/17</u> |
|--|--------------|-----------------|----------------------|----------------------------------|
| Local Government Investment Pools | | | | |
| TexPool | 0.97% | Open | \$ 6,137,081 | \$ 6,137,081 |
| Logic | 1.08% | Open | \$ 6,689,661 | \$ 6,689,661 |
| Total Local Government Investment Pools | | | \$ 12,826,743 | \$ 12,826,743 |
| Weighted Average Rate Per Pools Total | 1.02% | | | |
| Money Market Investment | | | | |
| Lone Star State Bank | 1.11% | Open | \$ 5,114,046 | \$ 5,114,046 |
| Total Money Markets | | | \$ 5,114,046 | \$ 5,114,046 |
| Weighted Average Rate Per MM Total | 1.11% | | | |
| CD AND CDARs Investments | | | | |
| AimBank - 12 Month CD | 1.20% | 8/31/18 | \$ 2,058,620 | \$ 2,074,262 |
| AimBank - 12 Month CD | 0.60% | 12/22/17 | 763,777 | 768,115 |
| Lone Star Bank - 370 Day CD | 0.45% | 12/30/17 | 600,229 | 601,409 |
| Lone Star Bank - 18 MO CD | 1.49% | 1/21/19 | 1,250,000 | 1,251,583 |
| Frost Bank CDARs | 0.88% | 10/12/17 | 505,737 | 512,831 |
| Frost Bank CDARs | 0.88% | 10/12/17 | 505,737 | 512,831 |
| Ally Bank -CD | 0.90% | 7/16/18 | 248,000 | 248,288 |
| Capital One Bank - CD | 0.90% | 7/13/18 | 248,000 | 248,288 |
| Discover Bank -CD | 0.95% | 7/13/18 | 248,000 | 248,301 |
| Total CD and CDARs Investments | | | \$ 6,428,099 | \$ 6,465,909 |
| Weighted Average Rate Per CD's Total | 1.03% | | | |
| Municipal Securities | | | | |
| New Mexico St Fin B Tax | 1.22% | 6/15/18 | \$ 1,415,000 | \$ 1,452,384 |
| Grand Prairie Tex Tax | 1.52% | 1/1/19 | 390,000 | 400,179 |
| Gateway PA Sch Tax | 1.76% | 7/15/19 | 1,900,000 | 1,878,435 |
| New York NY City Tax | 1.25% | 2/1/19 | 2,000,000 | 1,990,000 |
| Union City NJ B Tax | 1.48% | 12/1/18 | 1,000,000 | 1,012,310 |
| Florida St A | 1.50% | 7/1/19 | 5,000,000 | 5,028,600 |
| Fresno Cnty CA Tax | 1.25% | 8/15/19 | 650,000 | 655,298 |
| California St Tax | 1.66% | 7/1/19 | 1,680,000 | 1,690,685 |
| Kansas St Dev H Tax | 1.40% | 4/15/20 | 820,000 | 834,055 |
| State of Texas | 1.51% | 10/1/19 | 1,000,000 | 1,009,740 |
| Dallas TX | 1.81% | 10/1/20 | 1,325,000 | 1,339,509 |
| Port Saint Lucie FL | 1.76% | 7/1/19 | 675,000 | 675,601 |
| Pittsburg PA Urban Dev | 1.80% | 12/1/19 | 770,000 | 774,420 |
| Texas Tech University | 1.95% | 2/15/21 | 500,000 | 508,535 |
| Total Municipal Securities | | | \$ 19,125,000 | \$ 19,249,750 |
| Weighted Average Rate Per Muni Total | 1.54% | | | |
| U.S. Agency Notes | | | | |
| FHLMC Notes - Callable | 1.10% | 8/24/18 | 1,250,000 | 1,247,088 |
| Total U.S. Agency Notes | | | \$ 1,250,000 | \$ 1,247,088 |
| Weighted Average Rate Per Agency Total | 1.10% | | | |
| TOTAL INVESTMENTS | 1.26% | | \$ 44,743,888 | \$ 44,903,536 |

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
SEPTEMBER 30, 2017**

End of Month

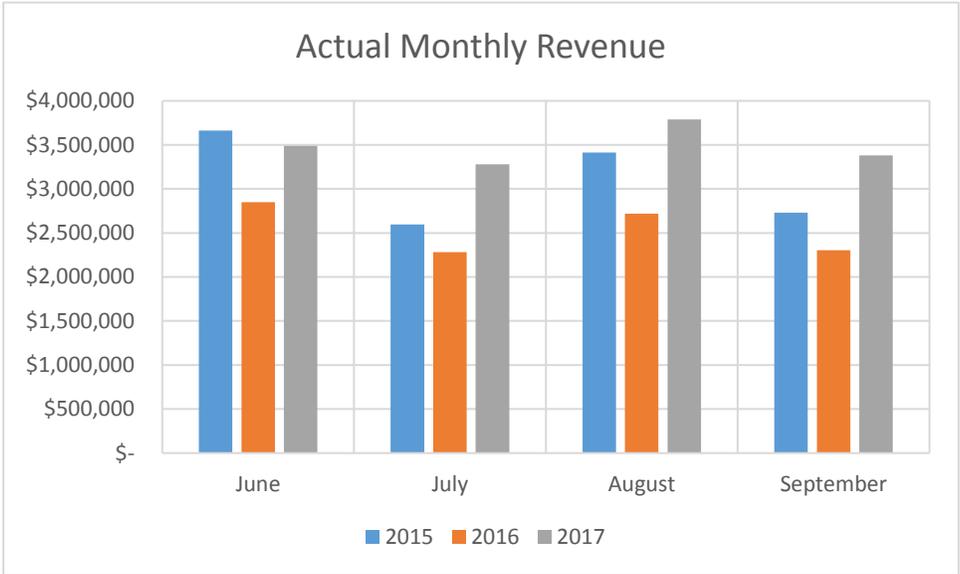
| <u>INVESTMENT TYPE</u> | <u>YTM</u> | <u>MATURITY</u> | <u>PAR</u> | <u>FAIR** 09/30/17</u> |
|---|--------------|-----------------|----------------------|----------------------------|
| Local Government Investment Pools | | | | |
| TexPool | 1.02% | Open | \$ 6,917,814 | \$ 6,917,814 |
| Logic | 1.28% | Open | 6,696,714 | 6,696,714 |
| Total Local Government Investment Pools | | | \$ 13,614,527 | \$ 13,614,527 |
| Weighted Average Rate Per Pools Total | 1.15% | | | |
| Money Market Investment | | | | |
| Lone Star State Bank | 1.11% | Open | \$ 5,118,518 | \$ 5,118,518 |
| Total Money Market | | | \$ 5,118,518 | \$ 5,118,518 |
| Weighted Average Rate Per MM Total | 1.11% | | | |
| CD AND CDARs Investments | | | | |
| AimBank - 12 Month CD | 1.20% | 8/31/18 | \$ 2,058,620 | \$ 2,076,308 |
| AimBank - 12 Month CD | 0.60% | 12/22/17 | 763,777 | 768,506 |
| Lone Star Bank - 370 Day CD | 0.45% | 12/30/17 | 600,229 | 601,655 |
| Lone Star Bank - 18 MO CD | 1.49% | 1/21/19 | 1,250,000 | 1,253,116 |
| Frost Bank CDARs | 0.88% | 10/12/17 | 505,737 | 513,202 |
| Frost Bank CDARs | 0.88% | 10/12/17 | 505,737 | 513,202 |
| Ally Bank -CD | 0.90% | 7/16/18 | 248,000 | 248,474 |
| Capital One Bank - CD | 0.90% | 7/13/18 | 248,000 | 248,474 |
| Discover Bank -CD | 0.95% | 7/13/18 | 248,000 | 248,498 |
| Total CD and CDARs Investments | | | \$ 6,428,099 | \$ 6,471,435 |
| Weighted Average Rate Per CD's Total | 1.03% | | | |
| Municipal Securities | | | | |
| New Mexico St Fin B Tax | 1.22% | 6/15/18 | \$ 1,415,000 | \$ 1,447,984 |
| Grand Prairie Tex Tax | 1.52% | 1/1/19 | 390,000 | 399,329 |
| Gateway PA Sch Tax | 1.76% | 7/15/19 | 1,900,000 | 1,874,806 |
| New York NY City Tax | 1.25% | 2/1/19 | 2,000,000 | 1,990,880 |
| Union City NJ B Tax | 1.48% | 12/1/18 | 1,000,000 | 1,012,140 |
| Florida St A | 1.50% | 7/1/19 | 5,000,000 | 5,021,400 |
| Fresno Cnty CA Tax | 1.25% | 8/15/19 | 650,000 | 653,335 |
| California St Tax | 1.66% | 7/1/19 | 1,680,000 | 1,687,409 |
| Kansas St Dev H Tax | 1.40% | 4/15/20 | 820,000 | 831,201 |
| State of Texas | 1.51% | 10/1/19 | 1,000,000 | 1,005,250 |
| Dallas TX | 1.81% | 10/1/20 | 1,325,000 | 1,333,891 |
| Port Saint Lucie FL | 1.76% | 7/1/19 | 675,000 | 670,295 |
| Pittsburg PA Urban Dev | 1.80% | 12/1/19 | 770,000 | 772,811 |
| Texas Tech University | 1.95% | 2/15/21 | 500,000 | 504,660 |
| Total Municipal Securities | | | \$ 19,125,000 | \$ 19,205,389 |
| Weighted Average Rate Per Munis Total | 1.54% | | | |
| U.S. Agency Notes | | | | |
| FHLMC Notes - Callable | 1.10% | 8/24/18 | 1,250,000 | 1,246,575 |
| Total U.S. Agency Notes | | | \$ 1,250,000 | \$ 1,246,575 |
| Weighted Average Rate Per Agencies Total | 1.10% | | | |
| TOTAL INVESTMENTS | 1.29% | | \$ 45,536,144 | \$ 45,656,445 |

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

MONTHLY FINANCIAL
SUMMARY REPORT

ECONOMIC INDICATORS
SEPTEMBER 2017

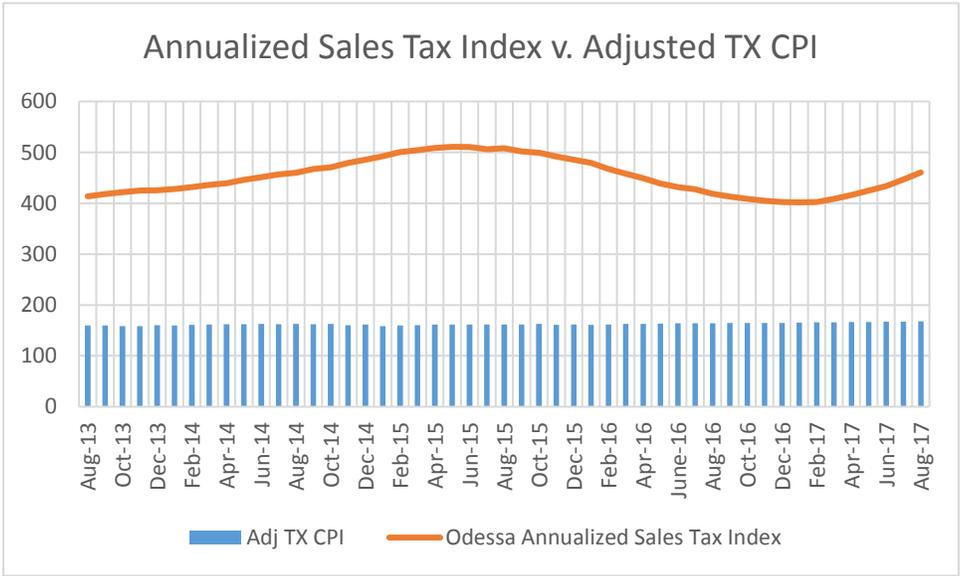
SALES TAX



SOURCE: TX Comptroller of Public Accounts

- The City of Odessa reported sales tax of \$3,381,075 in September 2017, a 23.91% increase from September 2016.

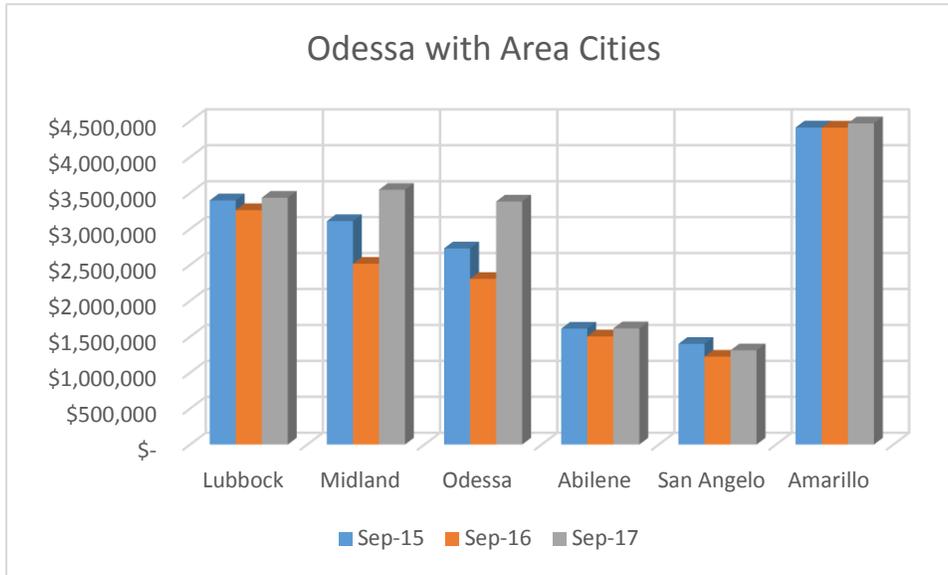
ANNUALIZED SALES TAX INDEX



SOURCE: TX Comptroller of Public Accounts

- Adjusted Texas CPI for July 2017 was 167.12; annualized sales tax index was 446.61.
- Adjusted Texas CPI has increased 5.02% from August 2013 to August 2017.
- Annualized sales tax index for the City of Odessa has increased 11.48% from August 2013 to August 2017.

SALES TAX COMPARISON

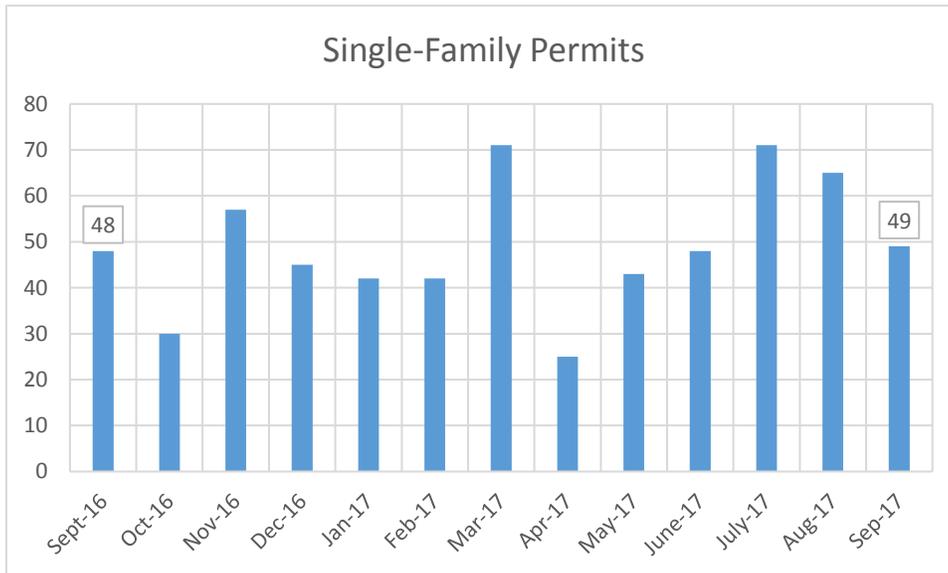


SOURCE: TX Comptroller of Public Accounts

- The chart above shows receipts for August 2015, 2016, and 2017 for the City of Odessa compared with five surrounding cities. Abilene and Amarillo have a city sales tax rate of 2.00%. Lubbock, Midland, and San Angelo have a city sales tax rate of 1.50%, while Odessa has a rate of 1.25%

SINGLE-FAMILY (SF) HOUSING

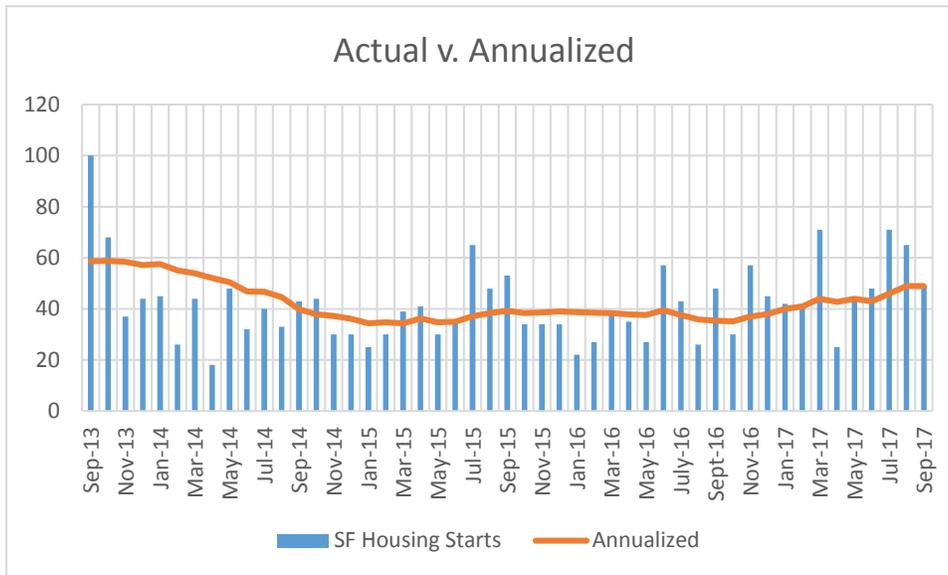
NUMBER OF PERMITS ISSUED



SOURCE: City of Odessa

- The City of Odessa issued 49 single-family housing permits in September 2017, an 2.08% increase from September 2016.

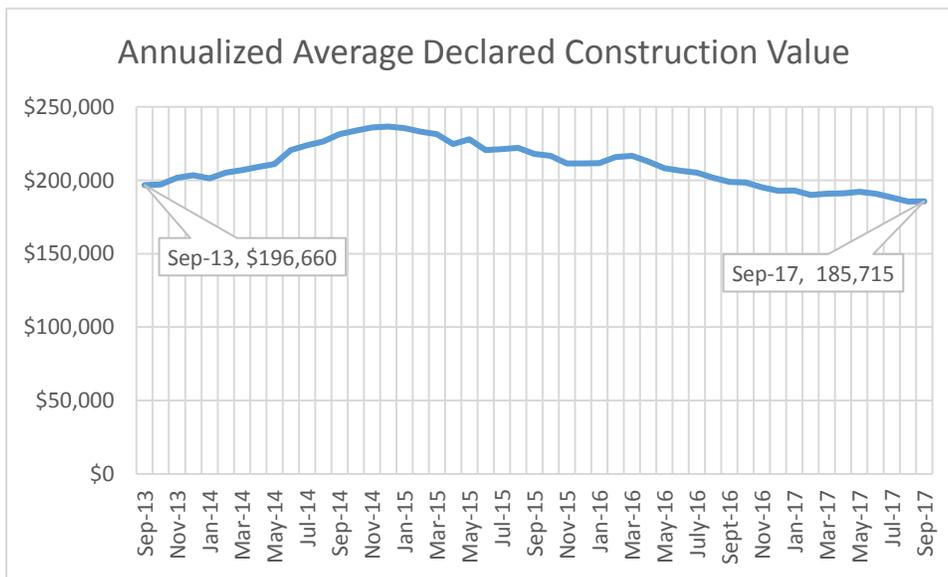
SINGLE-FAMILY HOUSING STARTS



SOURCE: City of Odessa

| September 2017 | # of SF Housing Starts | Value | % Δ in Value (12 Mos.) |
|-------------------|------------------------|-------------|------------------------|
| Actual | 49 | \$8,193,840 | 3.54% |
| Annualized | 49 | \$9,100,014 | 29.13% |

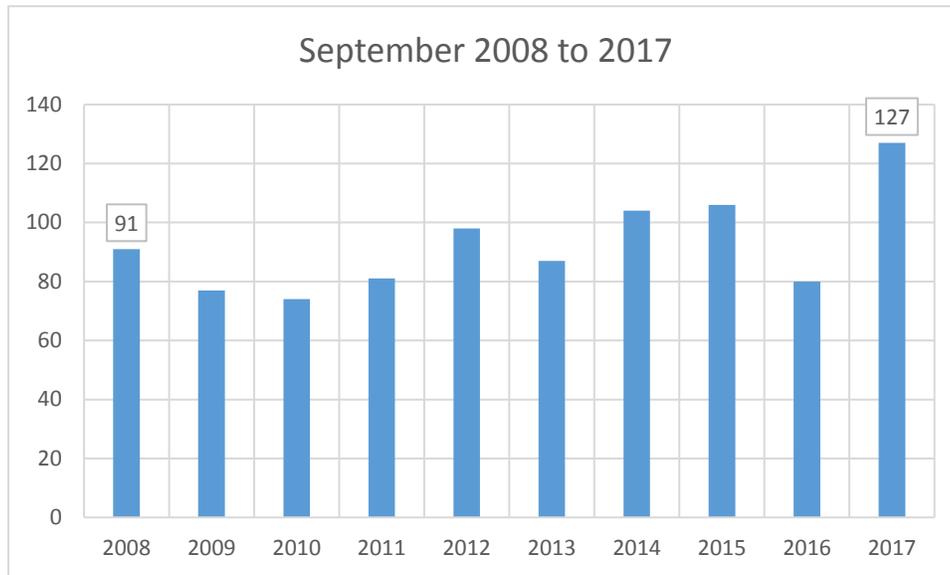
NEW SINGLE-FAMILY HOME VALUE



SOURCE: City of Odessa

- The annualized average declared construction value of a new home decreased -5.57% from September 2013 to September 2017.

NUMBER OF RESIDENTIAL SALES – ECTOR COUNTY

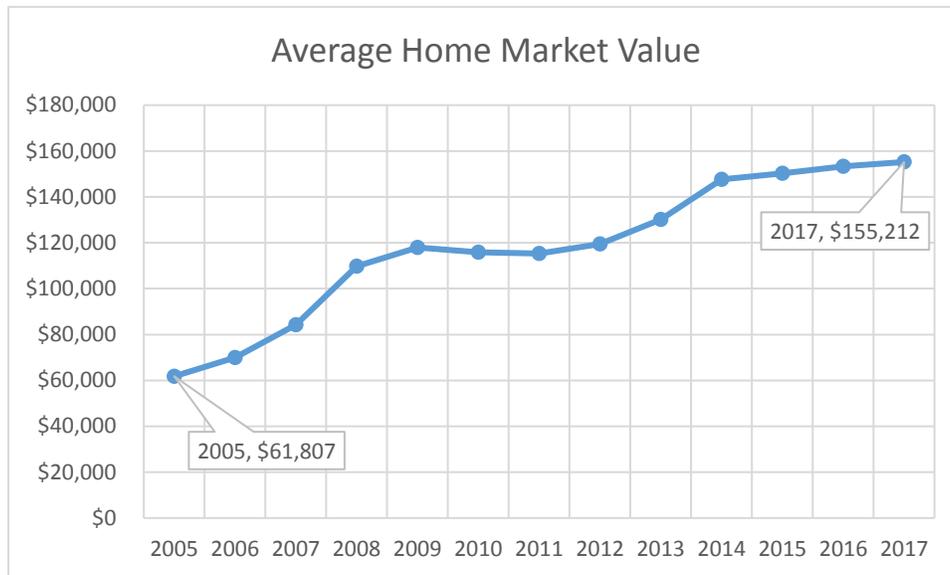


SOURCE: Odessa Board of Realtors

- The chart above illustrates the number of residential sales for the month of September for 10 consecutive years.
- The table below shows the number of sales, sales volume, and days on market for the month of September:

| Year | Number of Sales | Sales Volume | Days on Market |
|------|-----------------|--------------|----------------|
| 2017 | 127 | \$25,747,902 | 61 |
| 2016 | 80 | \$14,873,836 | 60 |
| 2015 | 106 | \$21,066,374 | 47 |
| 2014 | 104 | \$20,753,162 | 45 |
| 2013 | 87 | \$16,191,809 | 44 |
| 2012 | 98 | \$16,687,488 | 42 |
| 2011 | 81 | \$12,966,145 | 91 |
| 2010 | 74 | \$10,849,880 | 110 |
| 2009 | 77 | \$10,661,256 | 111 |
| 2008 | 91 | \$12,643,350 | 89 |

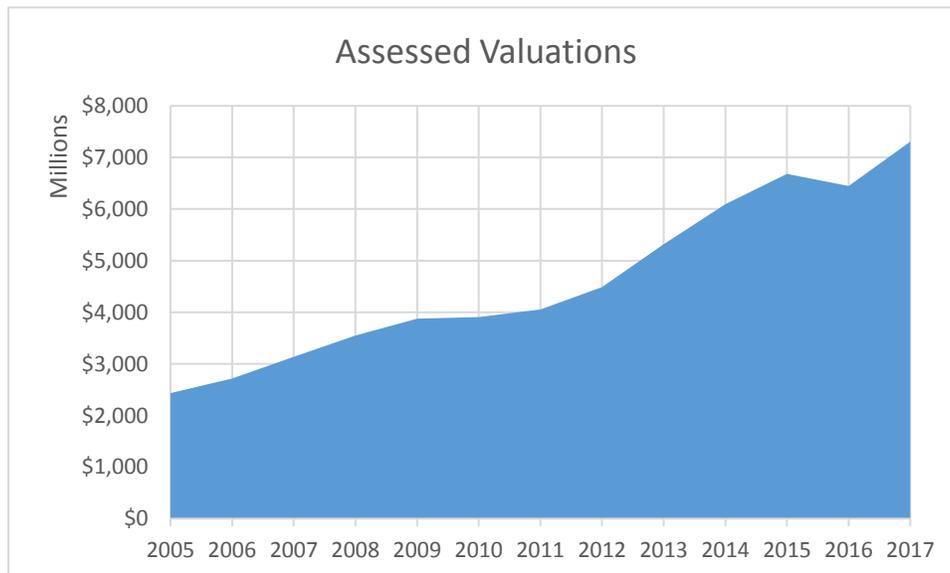
PROPERTY VALUATIONS (UPDATED ANNUALLY)



SOURCE: Ector County Appraisal District

- Average home value for 2017 within the City of Odessa was \$155,212, which is a 1.23% increase from 2016.
- Average home value since 2005 has increased by 151.12%.

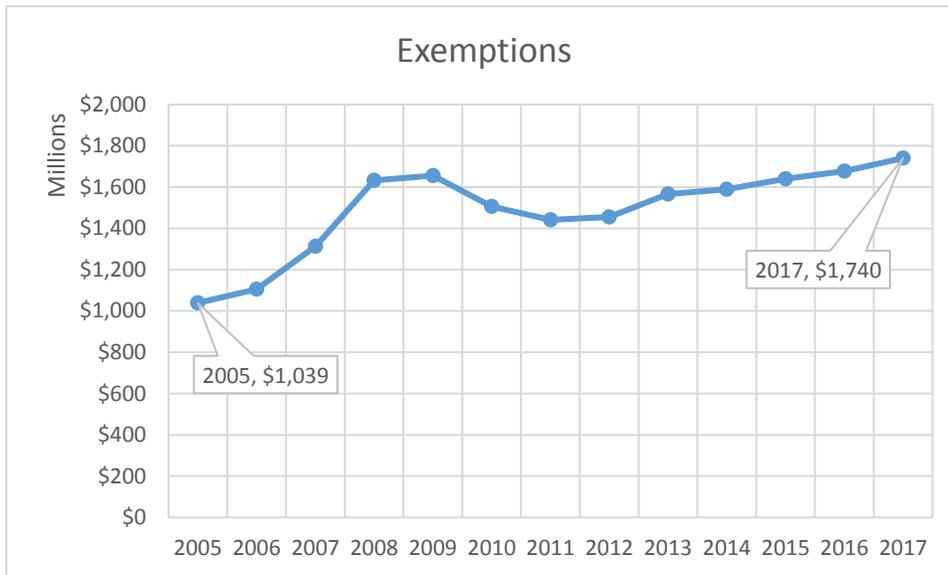
ASSESSED VALUATIONS



SOURCE: Ector County Appraisal District

- Assessed values subject to property taxation comprised 87.49% of total market value of property appraised in 2017 within the City of Odessa.
- Certified assessed values for 2017 totaled \$7,305,237,892, which was an increase of 12.31% over 2016 valuations.

EXEMPTIONS

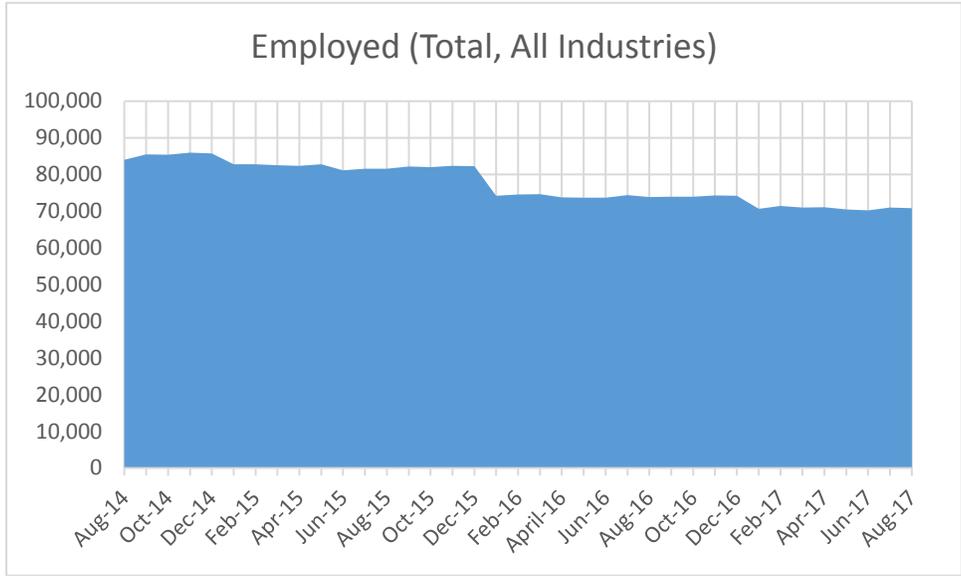


SOURCE: Ector County Appraisal District

- Property valuation exemptions (not subject to property taxation) comprised 20.84% of the total market value of property appraised in 2017 within the City of Odessa.
- Certified exemptions for 2017 totaled \$1,740,377,829, which was an increase of 20.84% over 2016 exemptions.
- The table below shows certified property values for the City of Odessa for 2016 and 2017 with percent change:

| | 2016 | 2017 | % Δ |
|----------------------------|-----------------|-----------------|------------|
| Assessed Valuations | \$6,447,707,173 | \$7,305,237,892 | 13.30% |
| Exemptions | \$1,678,099,036 | \$1,740,377,829 | 20.84% |
| Total Market Values | \$8,125,806,209 | \$8,350,077,611 | 2.76% |
| Average Home Market Values | \$153,326 | \$155,212 | 1.23% |

EMPLOYMENT – ECTOR COUNTY

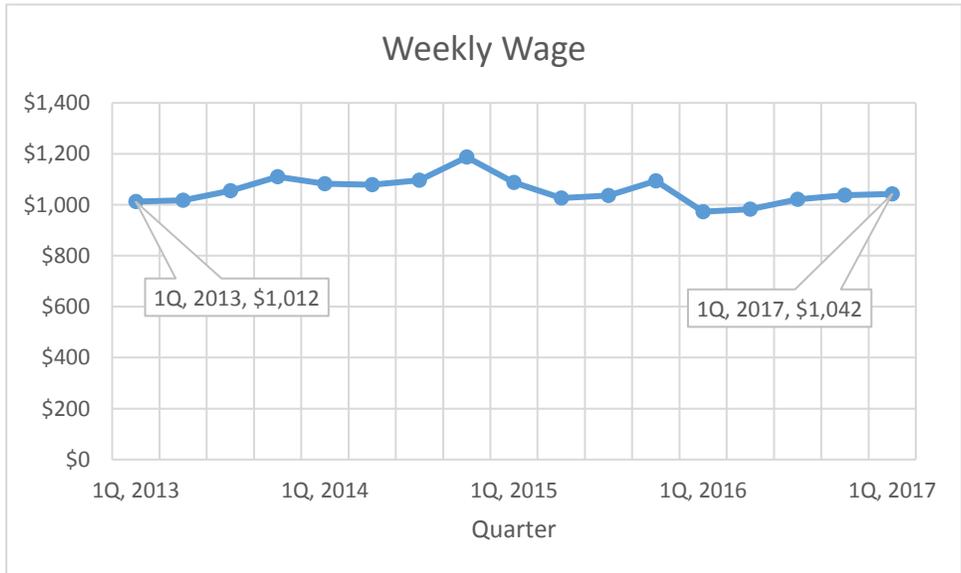


SOURCE: Labor Market and Career Information (LMCI)

| | August 2014 | August 2017 | % Δ (3 Yrs) |
|-----------------------|-------------|-------------|-------------|
| # of Employed Workers | 84,051 | 70,801 | -15.76% |

- This chart will be updated as the data becomes available.
- The chart above shows a -15.76% decrease in the number of employed workers in Ector County from August 2014 to August 2017.

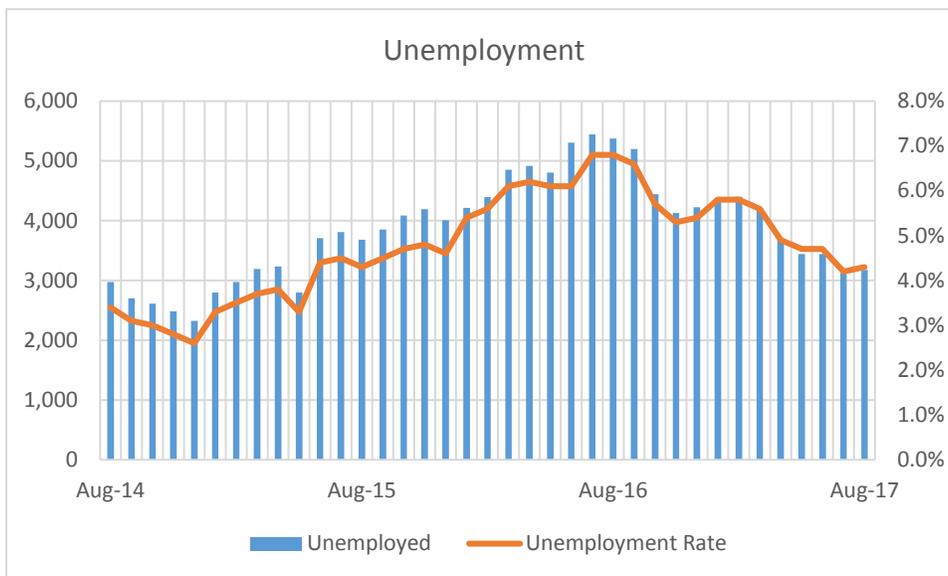
AVERAGE WEEKLY WAGE



SOURCE: Labor Market and Career Information (LMCI)

- The weekly wage in Ector County was \$1,042 in the 1st quarter of 2017, which is a 2.96% increase from 4 years ago.

UNEMPLOYMENT RATE



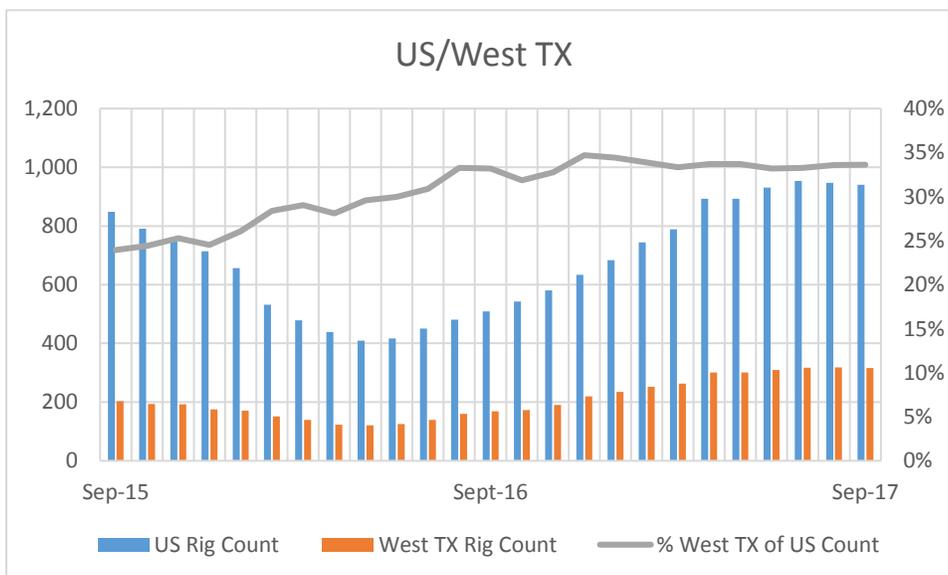
SOURCE: Labor Market and Career Information (LMCI)

| | August 2014 | August 2017 | % Δ (3 Yrs) |
|--------------------------|-------------|-------------|-------------|
| Unemployment | 2,975 | 3,174 | 6.69% |
| Unemployment Rate | 3.40% | 4.30% | 26.47% |

- This chart will be updated as the data becomes available.
- The chart above shows a 6.69% increase in unemployment from August 2014 to August 2017.

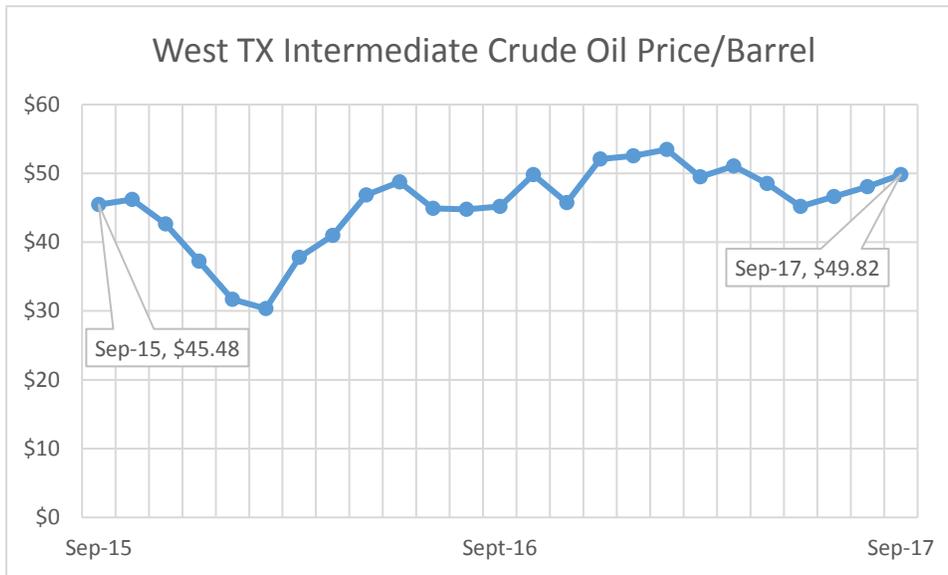
RIG COUNT/INTERMEDIATE CRUDE OIL PRICE

ACTIVE RIG COUNT/WEST TX INTERMEDIATE CRUDE OIL



SOURCE: Baker Hughes

- The chart above shows the relationship between total active rig counts in the U.S. and West TX, as well as percentage of West TX rigs of U.S. total from September 2015 to September 2017.



SOURCE: Federal Reserve Bank of Dallas

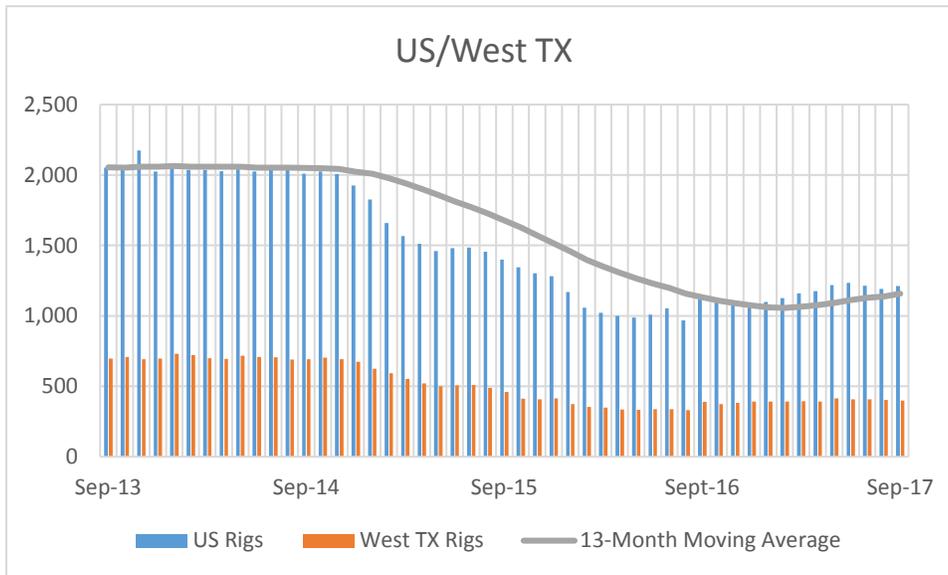
- The chart above shows a 9.54% increase in the price per barrel of West TX intermediate crude oil from September 2015 to September 2017.
- The table below shows 2-year differences for rig counts and prices per barrel:

| | September-15 | September-17 | % Δ (2 Yrs) |
|--------------------------|--------------|--------------|-------------|
| US Rig Count | 848 | 940 | 10.85% |
| West TX Rig Count | 203 | 316 | 55.67% |
| Price/Barrel | \$45.48 | \$49.82 | 9.54% |

- Current active rig counts and prices as of 10/20/2017 are as follows:

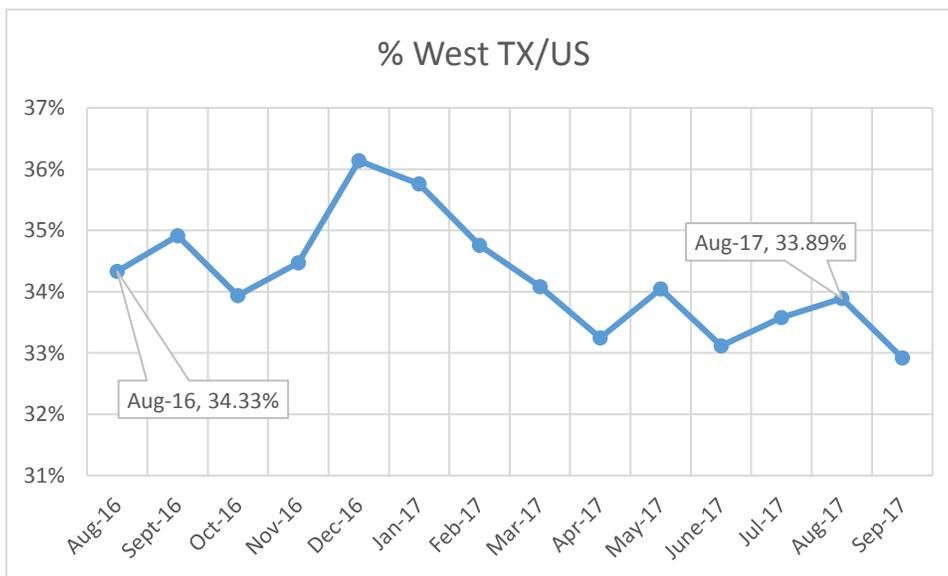
| West TX | Texas | US | Price/Barrel (West TX) |
|---------|-------|-----|------------------------|
| 316 | 444 | 928 | \$54.32 |

WORKOVER RIG COUNT



SOURCE: Association of Energy Service Companies (AESC)

- The chart above shows the relationship between the number of workover rigs in the U.S. and West TX with a 13-month moving average.
- The chart below shows the percentage of total U.S. workover rigs located in West Texas.



SOURCE: Association of Energy Service Companies (AESC)

WORKOVER RIG COUNT (CONT'D.)

| Date | US Total | West TX Total | % West TX/US |
|-------------|-----------------|----------------------|---------------------|
| Sep-17 | 1,212 | 399 | 32.92% |
| Aug-17 | 1,192 | 404 | 33.89% |
| Jul-17 | 1,215 | 408 | 33.58% |
| June-17 | 1,235 | 409 | 33.12% |
| May-17 | 1,219 | 415 | 34.04% |
| Apr-17 | 1,176 | 391 | 33.25% |
| Mar-17 | 1,159 | 395 | 34.08% |
| Feb-17 | 1,125 | 391 | 34.76% |
| Jan-17 | 1,099 | 393 | 35.76% |
| Dec-16 | 1,082 | 391 | 36.14% |
| Nov-16 | 1,111 | 383 | 34.47% |
| Oct-16 | 1,102 | 374 | 33.94% |
| Sept-16 | 1,117 | 390 | 34.91% |
| Aug-16 | 967 | 332 | 34.33% |

**ODESSA DEVELOPMENT CORPORATION
COMPARISON OF AMORTIZED COST TO FMV
SEPTEMBER 2017**

End of Month

| | <u>YIELD TO</u> | <u>MATURITY</u> | <u>PAR</u> | <u>DATE</u> | <u>ORIGINAL</u> | <u>AMORTIZED</u> | <u>FAIR**</u> | <u>VARIANCE</u> |
|-----------------------------------|-----------------|-----------------|----------------------|------------------|----------------------|----------------------|----------------------|---------------------|
| | <u>MATURITY</u> | <u>MATURITY</u> | | <u>PURCHASED</u> | <u>COST</u> | <u>COST</u> | <u>09/30/17</u> | |
| Municipal Securities | | | | | | | | |
| New Mexico St Fin B Tax | 1.22% | 6/15/18 | \$ 1,415,000 | 3/10/2016 | \$ 1,534,044 | \$ 1,452,138 | \$ 1,447,984 | \$ (4,155) |
| Grand Prairie Tex Tax | 1.52% | 1/1/19 | 390,000 | 3/10/2016 | 416,485 | 401,811 | 399,329 | \$ (2,482) |
| Gateway PA Sch Tax | 1.76% | 7/15/19 | 1,900,000 | 11/30/2016 | 1,875,604 | 1,883,354 | 1,874,806 | \$ (8,548) |
| New York NY City Tax | 1.25% | 2/1/19 | 2,000,000 | 3/9/2016 | 2,000,000 | 2,000,000 | 1,990,880 | \$ (9,120) |
| Union City NJ B Tax | 1.48% | 12/1/18 | 1,000,000 | 11/30/2016 | 1,030,080 | 1,017,571 | 1,012,140 | \$ (5,431) |
| Florida St A | 1.50% | 7/1/19 | 4,000,000 | 5/20/2016 | 4,080,320 | 4,045,140 | 4,015,200 | \$ (29,940) |
| Florida St A | 1.50% | 7/1/19 | 1,000,000 | 4/22/2016 | 1,020,440 | 1,011,211 | 1,006,200 | \$ (5,011) |
| Fresno Cnty CA Tax | 1.25% | 8/15/19 | 650,000 | 6/23/2016 | 674,726 | 664,732 | 653,335 | \$ (11,398) |
| California St Tax | 1.66% | 7/1/19 | 1,680,000 | 7/11/2016 | 1,746,400 | 1,719,106 | 1,687,409 | \$ (31,697) |
| Kansas St Dev H Tax | 1.40% | 4/15/20 | 820,000 | 8/10/2016 | 855,399 | 844,442 | 831,201 | \$ (13,241) |
| State of Texas | 1.51% | 10/1/19 | 1,000,000 | 4/19/2017 | 1,011,400 | 1,009,311 | 1,005,250 | \$ (4,061) |
| Dallas TX | 1.81% | 10/1/20 | 1,325,000 | 4/19/2017 | 1,342,636 | 1,340,342 | 1,333,891 | \$ (6,451) |
| Port Saint Lucie FL | 1.76% | 7/1/19 | 675,000 | 4/26/2017 | 678,328 | 677,671 | 670,295 | \$ (7,376) |
| Pittsburg PA Urban Dev | 1.80% | 12/1/19 | 770,000 | 6/7/2017 | 776,116 | 775,341 | 772,811 | \$ (2,530) |
| Texas Tech University | 1.95% | 2/15/21 | 500,000 | 6/8/2017 | 512,108 | 511,084 | 504,660 | \$ (6,424) |
| Total Municipal Securities | | | <u>\$ 19,125,000</u> | | <u>\$ 19,554,086</u> | <u>\$ 19,353,255</u> | <u>\$ 19,205,389</u> | <u>\$ (147,865)</u> |
| U.S. Agency Notes | | | | | | | | |
| FHLMC Notes - Callable | 1.10% | 8/24/18 | \$ 1,250,000 | 11/24/2015 | \$ 1,250,000 | \$ 1,250,000 | \$ 1,246,575 | \$ (3,425) |
| Total U.S. Agency Notes | | | <u>\$ 1,250,000</u> | | <u>\$ 1,250,000</u> | <u>\$ 1,250,000</u> | <u>\$ 1,246,575</u> | <u>\$ (3,425)</u> |
| Total All Securities | | | <u>\$ 20,375,000</u> | | <u>\$ 20,804,086</u> | <u>\$ 20,603,255</u> | <u>\$ 20,451,964</u> | <u>\$ (151,290)</u> |

ITEM

c



ADVERTISING & MARKETING

Odessa Development Corporation

OCTOBER 2017

COLLATERAL MATERIALS

- Brochures were delivered.
- Video brochure mock up was approved. Waiting on full shipment.
- Pull screens were delivered.
- Small brochure with recent developments is being produced.
- Odessa At-a-Glance report is complete and has been added to the website.

SOCIAL MEDIA/DIGITAL MEDIA

- Blog entries continue on the new website.
- Social media is active on Facebook, Twitter and Linked In.
- Digital ads are running for three months using a landing page for tracking.

WAGE STUDY UPDATE

The 2017 report is complete.

MANUFACTURING STUDY UPDATE

- 70 businesses have completed the survey.
- One more follow-up email will be sent before the report is complete.

PUBLICATIONS

Half page ad ran in the October issue of *Trade & Industry*.

MEXICO INITIATIVE/OHCC

No activity in October.

MISCELLANEOUS

Attended the High Ground Annual Meeting in October.



P. O. Box 60816 • Midland, Texas 79711
(432) 563-6240

La Entrada al Pacífico

October 20, 2017

The Honorable Charles Carlson, Chairman
Odessa Development Corporation
P.O. Box 4398
Odessa, Texas 79760

Dear Chairman Carlson:

Please find the attached monthly financials and activity report for the Midland-Odessa Transportation Alliance, Inc., for the month of September, 2017.

We appreciate your continued support and assistance.

Sincerely,

A handwritten signature in black ink that reads "James Beauchamp". The signature is fluid and cursive, with a long horizontal stroke at the end.

James Beauchamp
President, Midland-Odessa
Transportation Alliance

cc. The Honorable David Turner, City of Odessa



September 2017

I-14

We are continuing to educate Midland and Odessa area residents on the benefits of a re-designated I-14 corridor that would serve our communities. We shared additional responses and support from the public with a host of state and federal officials this month. Currently, we are marketing the effort to area Realtors and are beginning efforts to expand our support base for the project in San Angelo. TXDOT is currently working on their internal review of I-14 and we hope to have those results towards the end of the year.

We also communicated with Governor Abbott, directly, regarding the growing support for the project in the area, and have asked for his support of the project, as well.

2017 Draft Texas Freight Plan

We are currently providing comments to both TXDOT and other local entities in regards to the Proposed Update to the Texas Freight Plan. The plan, in its current form, misses a tremendous amount of freight data that is locally generated in the Permian Basin. Those undercounted truck miles cost of communities millions each year.

Our proposed comments and findings are attached.

End of Year

We are currently assembling all data and records necessary for the annual audit, in compliance with both our MDC and ODC contracts. We are finalizing our Annual Report, and have set our Annual Meeting for Wednesday, December 6th, beginning at 11:45am at the Permian Basin Petroleum Museum. We hope that you can join us and this year's special guest speaker, Dr. Tedd L. Mitchell, MD, President of the Texas Tech University Health Sciences Center for our program on Critical Infrastructure.

LEAP

Work will start shortly on the expansion of the Presidio/Ojinaga international bridge. We have heard there are some issues on the Mexican side with the funding advance (was previously a budgeted item), and are currently working to ensure that funding is in place.

2017 DRAFT TEXAS FREIGHT PLAN RESPONSES

EXPORTS

The current freight plan, as drafted, does factor Texas imports and exports, as they move through sea ports and land ports of entry. However, in the case of Midland-Odessa, which saw an increase in exports to other countries from \$400 million in 2003 to \$4 billion in 2015, we are curious as to how internally generated freight exports are being tracked from points of origin within the state to ports where they are exported from.

In the case of places like Dallas and Houston, we realize that much of this data is incorporated through freight data from rail companies. However, most of the exports generated here in the Permian Basin are trucked either to Dallas or El Paso to be loaded onto a train or trucked to Houston and Corpus Christi. Our concern is the current model is not incorporating sizeable values of Permian Basin exports.

REGIONALLY GENERATED FREIGHT

Based on documented volumes of brine or produced water associated with oil and gas production, we know that current truck miles for the Odessa District (estimated by TXDOT) are conservatively, about 500 million or half a billion miles short of truck miles associated with disposal of produced water alone.

These trips/disposal volumes are well documented with the Texas Railroad Commission and Texas Commission on Environmental Quality. We believe those trips need to be incorporated into the model and are willing to help assemble that data for inclusion. If the mileages estimated by TXDOT are that far off, just in relation to produced water disposal (only volumes disposed of in inactive zones are documented), we would question how the current model is an accurate depiction of Texas freight and the impact that has on rating, prioritization, and selection of projects in the current draft proposal.

There are other freight factors, such as drilling activity on wells, and servicing needs that should be factored in as well. While traffic to a given well location may not provide long term residual impacts the locations of drilling companies, service companies, trucking companies, and other energy sector facilities like crude transfer stations, freshwater stations, and transfer facilities, do have long term impacts and should be included.

AADT

Currently in the central Permian Basin, there are 321 trucking companies operating 10 or more trucks, and an additional 3021 in Midland and Odessa operating less than 10 trucks (initial trucking list generated by MOTRAN). From an initial review of the locations of these yards, and the number of trucks they are operating, there are discrepancies in truck counts associated with roads and highways on which

these facilities are located. Since these counts are also important in determining projects and factor into how those projects are selected.

Based on review of trucking companies and other high-traffic facilities (such as man-camps), their locations, and associated traffic counts (AADT) on the roads and highway affected by these facilities, there may be issues with current AADT numbers being utilized by the department, and the current freight plan, and those numbers could affect this plan.

MOTRAN ALLIANCE, INC.
Profit & Loss YTD Comparison
 September 2017

| | Sep 17 | Oct '16 - Sep 17 |
|---------------------------------------|--------------------|-------------------|
| Ordinary Income/Expense | | |
| Income | | |
| 4000 · Founding Member Dues | 417.00 | 20,004.00 |
| 4010 · Member Dues | 0.00 | 46,600.00 |
| 4200 · Interest Earned | 33.67 | 186.03 |
| 4300 · Miscellaneous Income | 0.00 | 20,000.00 |
| 4410 · MDC | 0.00 | 90,000.00 |
| 4420 · ODC | 0.00 | 90,000.00 |
| Total Income | 450.67 | 266,790.03 |
| Expense | | |
| I-14 Initiative | 0.00 | 17,392.00 |
| 5000 · Marketing | | |
| 5001 · MOTRAN Marketing | 55.00 | 16,442.34 |
| 5003 · Marketing In Kind Contribution | 0.00 | (4,234.36) |
| 5000 · Marketing - Other | 0.00 | 1,040.54 |
| Total 5000 · Marketing | 55.00 | 13,248.52 |
| 5025 · Travel Expenses | 1,371.33 | 9,528.69 |
| 5050 · Events & Expos | 1,000.00 | 7,498.57 |
| 5075 · Professional Services | 0.00 | 11,585.00 |
| 6000 · Administration | | |
| 6035 · Dues & Subscriptions | 91.94 | 919.91 |
| 6045 · Food & Entertainment | 726.21 | 5,019.99 |
| 6055 · Gifts | 0.00 | 186.65 |
| 6060 · Insurance | 0.00 | 3,404.25 |
| 6085 · Office Lease | 0.00 | 10,620.00 |
| 6090 · Office Supplies | 629.56 | 2,930.06 |
| 6105 · Postage | 15.99 | 1,248.87 |
| 6115 · Program Supplies | 0.00 | 2,154.01 |
| 6140 · Telephone | 252.97 | 3,028.25 |
| Total 6000 · Administration | 1,716.67 | 29,511.99 |
| 6500 · Personnel | | |
| 6501 · Salaries & Wages | 12,614.00 | 127,241.00 |
| 6502 · Payroll Taxes | 948.95 | 9,782.68 |
| 6503 · Employee Health Reimbursement | 449.00 | 5,837.00 |
| 6504 · Payroll Service Fee | 108.04 | 1,299.89 |
| Total 6500 · Personnel | 14,119.99 | 144,160.57 |
| 7410 · Previous year remittance-MDC | 0.00 | 4,975.22 |
| 7420 · Previous year remittance-ODC | 0.00 | 4,975.22 |
| Total Expense | 18,262.99 | 242,875.78 |
| Net Ordinary Income | (17,812.32) | 23,914.25 |
| Net Income | (17,812.32) | 23,914.25 |

11:28 AM
10/06/17
Cash Basis

MOTRAN ALLIANCE, INC.
Balance Sheet
As of September 30, 2017

| | <u>Sep 30, 17</u> |
|---------------------------------------|--------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1000 · Frost MOTRAN Checking | 2,227.21 |
| 1010 · Frost MOTRAN Money Market | 152,315.87 |
| 1015 · Frost-ODC Money Market | 8,707.41 |
| 1020 · Frost- MDC Money Market | 8,708.32 |
| Total Checking/Savings | <u>171,958.81</u> |
| Total Current Assets | 171,958.81 |
| Fixed Assets | |
| 1500 · Furniture & Fixtures | 926.94 |
| 1510 · Accum. Dep - Furn & Fix | (926.94) |
| 1520 · Machinery & Equipment | 3,356.07 |
| 1530 · Accum Dep - Mach & Equip | (3,356.07) |
| Total Fixed Assets | <u>0.00</u> |
| TOTAL ASSETS | <u><u>171,958.81</u></u> |
| LIABILITIES & EQUITY | |
| Equity | |
| 3900 · Net Assets | 148,044.56 |
| Net Income | 23,914.25 |
| Total Equity | <u>171,958.81</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>171,958.81</u></u> |

11:29 AM

10/06/17

MOTRAN ALLIANCE, INC.
Statement of Cash Flows
September 2017

| | <u>Sep 17</u> |
|---|-------------------|
| OPERATING ACTIVITIES | |
| Net Income | (17,812.32) |
| Net cash provided by Operating Activities | (17,812.32) |
| Net cash increase for period | (17,812.32) |
| Cash at beginning of period | 189,771.13 |
| Cash at end of period | <u>171,958.81</u> |

**MOTRAN, INC. MONTHLY EXPENSE SUMMARY
FOR THE MONTH OF Sep-17**

| EXPENDITURE CATEGORIES | MONTHLY EXPENSE | MDC | ODC |
|---------------------------------|------------------------|-------------------|-------------------|
| Drive SMART Marketing | | | |
| Dues and Subscriptions | \$91.94 | | |
| Events and Expo's | \$1,000.00 | | |
| Food and Entertainment | \$726.21 | | |
| Gifts | | | |
| Health Insurance Reimbursement | \$449.00 | | |
| I-14 Initiative | | | |
| In Kind Contributions | | | |
| In Kind Marketing Expense | | | |
| Insurance | | | |
| Lodging-Delegation | | | |
| MOTRAN Marketing | \$55.00 | | |
| Other Marketing | | | |
| Misc. Expense | | | |
| Office Lease | | | |
| Office Supplies | \$629.56 | | |
| Payroll Salaries | \$12,614.00 | \$6,186.50 | \$6,186.50 |
| Payroll Taxes | \$948.95 | \$474.48 | \$474.48 |
| Payroll Service Fee | \$108.04 | | |
| Postage | \$15.99 | | |
| Professional Services | | | |
| Program Supplies | | | |
| Travel | \$1,371.33 | \$685.67 | \$685.67 |
| Utilities: Telephone & Internet | \$252.97 | | |
| Previous Year Remittance to MDC | | | |
| Previous Year Remittance to ODC | | | |
| TOTAL EXPENSES | \$18,262.99 | \$7,346.65 | \$7,346.65 |

MOTRAN ALLIANCE, INC.
September 2017/City EDC Funding Breakdown

| | <u>Budget</u> <u>FY2016-17</u> | <u>Current</u> <u>Month</u> | <u>YTD Amount</u> | <u>Remaining</u> <u>Balance</u> | <u>Percent</u> <u>Remaining</u> |
|---------------------------|-----------------------------------|--------------------------------|---------------------|------------------------------------|------------------------------------|
| Revenue | | | | | |
| Founding Members Dues | \$20,000.00 | \$417.00 | \$20,004.00 | (\$4.00) | 0% |
| Member Dues | \$47,000.00 | | \$46,600.00 | \$400.00 | 1% |
| Midland Development Corp | \$90,000.00 | | \$90,000.00 | \$0.00 | 0% |
| Odessa Development Corp | \$90,000.00 | | \$90,000.00 | \$0.00 | 0% |
| Interest Income | \$100.00 | \$33.67 | \$186.03 | (\$86.03) | 0% |
| In Kind Contributions | \$5,000.00 | | \$4,234.36 | \$765.64 | 15% |
| Misc. Income | \$13,000.00 | | \$20,000.00 | (\$7,000.00) | 0% |
| Drive Smart Donations | \$1,500.00 | | | \$1,500.00 | 100% |
| Total Revenues | \$266,600.00 | \$450.67 | \$271,024.39 | (\$4,424.39) | 0% |
| Expenditures | | | | | |
| Drive Smart Marketing | | | | | |
| Dues & Subscriptions | | | | | |
| Events | | | | | |
| Food & Entertainment | | | | | |
| Gifts | | | | | |
| Health Ins. Reimbursement | | | | | |
| Insurance | | | | | |
| I-14 Initiative | \$6,000.00 | | \$6,000.00 | \$0.00 | 0% |
| Miscellaneous Expenses | | | | | |
| Office Lease | | | | | |
| Office Supplies | | | | | |
| Payroll-Salaries | \$63,500.00 | \$6,186.50 | \$63,500.00 | \$0.00 | 0% |
| Payroll-Service Fee | | | | | |
| Payroll Taxes | \$5,000.00 | \$474.48 | \$4,891.36 | \$108.64 | 2% |
| 401 K Plan | | | | | |
| Postage | | | | | |
| Marketing | \$5,000.00 | | \$5,000.00 | \$0.00 | 0% |
| Program Supplies | | | | | |
| Telephone | | | | | |
| Travel Expenses | \$5,000.00 | \$685.67 | \$4,764.33 | \$235.67 | 5% |
| Professional Services | \$5,500.00 | | \$5,500.00 | \$0.00 | 0% |
| TOTAL EXPENSES | \$90,000.00 | \$7,346.65 | \$89,655.69 | \$344.31 | 0% |



Odessa Chamber of Commerce

Economic Development

Services for the Odessa Development Corporation

October 2017

PROJECTS

2007-01

- Summit representatives along with a Chinese delegation visited Odessa and signed an agreement to move forward with the Summit-Clean Energy Project
- Representatives requested an extension on their contract in December 2016 which was approved by ODC, City Council and Grow Odessa
- Company gave the Board a written update in June 2017 (6 Months from extension) and is working to present to ODC sometime in July.
- Company has ended the project for Odessa due to the lack of DOE support

2016-04

- ODC approved incentives package for Glazer Beer and Beverage company at the May Board meeting
- Project is scheduled to be presented to City Council in June 2017
- City Council approved ODC incentive at the June 27, 2017
- Mineral owners released property, closed August 17, 2017
- Groundbreaking scheduled for December 04, 2017

2017-05

- Sand industry looking to set an excavation and distribution plant in West Ector County. This will potentially be a \$140 million capital investment & 130 jobs

- Ongoing discussions with company
- No update

2017-04

- Midland plumbing supply company looking to place a new distribution center in Odessa
- Ongoing discussions with company
- Exploring sites in Odessa
- Company representatives to narrow description and parameters for the project in Odessa

2017-06

- The department responded to an RFI from the Office of the Governor. This plastic, packaging & manufacturing company is looking to purchase 20 acres of land. They are looking at a possible \$14 million capital investment and 190 jobs
- State office narrowing lists of sites
- Odessa did not make the short list

2017-09

- Steel fastener manufacturer company seeking a 60K SF building with a build to suit option, creating 60 jobs and a \$500,000 capital investment
- No Update

2017-10-

- Investors are interested in building a diesel refinery location in Odessa; This is a 50-million-dollar investment project that requires 40 acres of land. This will create 40-50 jobs during the building process and will sustain 10 jobs after (due to automation). This project has permits in place with TCEQ and EPA clearance.

2017-11

- This greenhouse project requires 15-20 acres, will create 20-50 jobs and \$1 million annual payroll. They will run lights 20 hours a day, high water volume; 1 million gallons the first week and 25K gallons per week after that. They will treat their own water on sight and need natural gas.

OHCC- PROJECTS

- No current projects to report at this time

OHCC- Applications

- Economic Development Department has No current application from the Hispanic Chamber of Commerce.

Odessa Partnership

- September meeting conducted, Next scheduled meeting scheduled for November 2017

Business Retention & Expansion

- ✓ Completed 4 visits to local industries in October

SERVICES AND OTHER ACTIVITIES

- ✓ Ingham Economic Index August Reports sent out via Mailchimp list
- ✓ Odessa Development News/Economic Indicators sent out via Mailchimp to 2,200 subscribers
- ✓ Submitted information to Property company in search of a 15K sf building, (4K office and the balance in shop space), 5-10 acres of secured yard
- ✓ Submitted demographics to San Antonio company, real estate services
- ✓ Submitted demographics to local optical company, economic indicators, and economic index report
- ✓ Emailed economic indicators and economic index to Seguin ED
- ✓ Certificate of Origin – Eckel- Kuwait
- ✓ Referred trucking company owner to SBDC, seeking capital
- ✓ Referred medical supply company to SBDC, seeking expansion into Odessa (unable to meet ED 10 job requirement)

Partner Visits

| | |
|------------------------------------|---|
| Odessa Chamber BBQ Blowout | Staff attended Annual BBQ held at the Ector County Coliseum |
| Dusty Gallavan | Attended lunch with Assistant District Attorney |
| Leadership Reception | Staff attended reception at the Odessa Chamber of Commerce |
| JBS Leadership Forum | Staff attended reception and forum |
| Down Town Odessa Board | Serving on Down Town Board, attended meeting |
| United Way Presentation | Staff attended presentation held at the Odessa Chamber |
| Chris Terry | Submitted Summit Bankruptcy info |
| TEDC Annual Meeting | Staff attended conference in Houston |
| City Councilwoman | Meeting with City Councilwoman Barbara Graff |
| MI- Raymond Chavez | Meeting with Chihuahua Economic Development and Tourism followed by breakfast meeting the next AM |
| Robert Andrade- TWC | Conference call, Follow up from TEDC Annual Conference |
| David Williams | Meeting with Cable One GM at the Odessa Chamber of Commerce |
| West Texas District Export Council | Attended meeting at University of Texas Permian Basin |
| City Councilman | Lunch meeting with City Councilman Filiberto Gonzales |

Services for the Odessa
Development Corporation

Odessa Chamber of Commerce



2017 October ODC Activity Report

Company Blaze

- Industrial/Distribution
- Met with President and Vice-President
- Company is looking to expand
- Estimated Capital Investment \$400,000
- Estimated Job Creation 11 employees
- Company is looking to create fabrication facility
- **October 4, 2017** Chihuahua Company Penguin has requested samples from Company Blaze to manufacture vales
- **October 11, 2017** Company Blaze has provided samples, next meeting to take place in Presidio, TX

Company Hawkeye

- Warehousing/Distribution
- Met with CEO in Chihuahua
- Company is building new facility \$470 million
- Company is creating 500 jobs
- Company is distributing out of Tijuana and McAllen
- CEO is wanting to setup meeting to see possible distribution in Odessa
- **October 13, 2017** received email from Chihuahua Plant Manager of meeting to take place at Corporate headquarters in Monterrey, Mexico in November
- **October 28, 2017** received notification that meeting has been confirmed

Company- Puffins

- Manufacturing
- Met with President of Juarez mechanical cluster
- Company is looking to partner with Odessa business owners
- **October 27, 2017** made site visits to Company Upturn and New Beginning. Samples were given to company Puffins

Company-Madrid

- Industrial
- Met with General Manager
- Company is looking to expand operations
- Estimated capital investment \$200,000
- Company is also looking to have trailers manufactured out of Chihuahua
- **October 5, 2017** company Madrid sent Chihuahua company a NDA on a specific design for manufacturing project

Company-Gold

- Industrial/Distribution of structural & steel fabrication
- Organization wants to expand
- Organization has already expanded twice in the last 25 years
- Next project expansion investment is around \$1.1 million
- Company has not laid off any of their 40 employees
- Company has cut hours and wages
- **June 14, 2016** met with President and Project manager about future expansion
- Company is looking to expand between \$1 To \$2 million
- Possible Job creation is 15 plus people
- Recommended company to SBDC for business plan
- **January 19, 2016** met with President and Project Engineer about status on possible expansion
- **May 16, 2017** met with President. Company is still looking to still expand business operations. Future prospect for ODC application
- **September 7, 2017** company wants to look at Chihuahua manufacturers to see what companies can produce platforms
- **October 10, 2017** company from Chihuahua sent pricing to Company Gold. Pricing was very competitive and waiting on decision to move forward on project
- **October 25, 2017** Company Gold has opened a new line of business operation into transportation. New Company name is Broadway, which is looking to see what pool of talent is available for truck drivers in Chihuahua due to the shortage demands in West Texas. Company is having problems keeping truck drivers.

Business Development

October 6, 2017 business owner Belinda Looney from El Paso, TX came to talk about future business expansions in Odessa, TX.

October 26, 2017 meeting with Chihuahua sub economic director, Chihuahua International Relations, and Chihuahua State Official of Industry Development. Odessa attendees from organizations ODC, OCC, UTPB, and ECISD.

October 27, 2017 Mayor of Chihuahua met with Odessa City Mayor, City Council, ECISD, UTPB, and Workforce Commission to discuss distribution, job creation, and utilizing each other's resources to expand both cities

Education Leadership

October 6, 2017 went to talk to 100 students at Alternative Education Center about accomplishing college degree

October 20, 2017 met with Administrator and staff of AEC who are needing help to create a PTO

October 27, 2017 OHCC is looking to have Soccer event on December 10, 2017 to promote education

International Business

October 2, 2017 contact was made to downtown director to exchange information about the Odessa downtown revitalization plan. Information was received by Chihuahua restaurant owner to analyze the best location to decide where to make future investments

October 3, 2017 Sister City Agreement was personally delivered to Cuauhtemoc City

October 4, 2017 visited with Company Circle to develop a strategy on how to develop video and publish the companies in Chihuahua. Video will be used to show Odessa business owners of Chihuahua manufacturing capabilities

October 5 & 6 2017 Company Penguin received NDA for design for protection rights from Company Madrid on special fabrication to develop a prototype. Both companies are undergoing negotiations for pricing, delivery times, and quality control.

October 9, 2017 a local Chihuahua band was located for an Odessa Mexican soccer event for culture exchanges

October 10, 2017 a new Chihuahua Company Eagle has been identified to manufacture fiber socket rods

October 11, 2017 contact was made to the State and Municipal Government in order to plan the trip to Juarez to visit the mechanical cluster

October 13, 2017 Contact was finally made to Company Hawkeye to setup meeting in Monterrey, Mexico to talk making Odessa a possible distribution point

October 17 & 18, 2017 visited Juarez mechanical cluster to see their potential and capabilities. They are well organized, but still have to convert and learn the oil and gas industry before engaging in any activity. State of Secretary for Economy, received us well and confirmed the state support in working in unison to provide a healthy economy and job creation on both sides. Municipal authorities in Juarez expressed their interest to become sister-city partners as well.

October 19, 2017 Visited the office for economics of the municipality in order to oversee the final details of the trip to Odessa's annual banquet. Met with International Relations Rolando's Garcia. Arranged logistics and personnel with Mayors international relations chief

October 22 & 23, 2017 discovered four new business sites of manufactures who produce poly pipe for several Odessa companies

October 25 & 29, 2017 Odessa Company Broadway requested ways to recruit truck drivers out of Chihuahua. Company Broadway will be looking to pay for visas to hire truck drivers

Monthly Report for Work
Completed in October of 2017
Submitted to:
The Odessa Development Corporation
By:
James F. Wright, PhD
Director, HT³R Office
University of Texas of the Permian Basin
November 9, 2017

Below is a list of tasks I have worked on during the month of October under this agreement with the ODC.

- I continue to identify and address potential security, licensing, engineering and design issues for the proposed X-Energy facility with representatives of 1) the Texas Railroad Commission (TRC), 2) the Texas Commission on Environmental Quality (TCEQ), 3) the Texas Department of Public Safety (DPS), plus federal organizations that include 4) Federal Bureau of Investigation (FBI), 5) Department of Energy (DOE), 6) Environmental Protection Agency (EPA), and 7) the Nuclear Regulatory Commission (NRC). Each of these organizations have different responsibilities for regulating and/or protecting various aspects of such facilities.
- One of the UTPB Petroleum Engineers (Dr. Hosseini) and I are writing a technical paper on how the X-energy Nuclear Reactor, UTPB, and the local O&G industry are working together to more efficiently treat water produced from O&G drilling, fracking, and production operations. Results from this paper will be included in the Feasibility Study.
- We continue to develop the efficacy of creating facility cash flow and profits from the treating of various sources of “used” water sources. The initial cost matrix is being developed for at least three potential business markets that include: 1) Treat Produced water from O&G operations to “drinking quality” water, 2) Make drinking quality water for humans and cattle from both brackish and “produced” water sources, and 3) improve production of oil from so-called “oil shale.”
- The Investment banker for this project and I continue to look for potential business partners for the venture that will be able to profitably operate the “Back-End” plant of the facility (i.e., create income streams by selling the process heat and electricity the plant will generate).
- I continue to press all entities in the US that are presently proposing such facilities to consider the Permian Basin as a place where they can profitably operate such a facility. My initial estimation is that we have sustainable “markets” for approximately 20 such facilities, with (1) the creating of drinking water from brackish water, and (2) the treating of produced water from O&G operations in the Permian Basin. The results of our feasibility study will either prove, or disprove, this hypothesis.

***** End of Report *****

xx

ITEM

2

Budget Committee

Members with Expiring Terms

(Members whose three terms have expired and a new appointment is needed for (1-1-17 to 12-31-18)

T. Jack Bain

Ron Kirby

(Members who have resigned and a new appointment is needed for (1-1-17 to 12-31-18)

Mitch Earls

(Terms are changed to accommodate dates for election of City Council members and appointment of ODC Board members)

EXHIBIT "A"

BYLAWS OF
ODESSA DEVELOPMENT
CORPORATION

ARTICLE II
BOARD OF DIRECTORS

EXHIBIT "A"

Section 2.8 **Other Committees.** The Board shall appoint a compliance committee and may appoint certain other committees, all in an advisory capacity to the Board. The following committees are specifically described as well as specific rules applicable to such committees.

EXHIBIT "A"

a. Compliance Committee - This committee shall be responsible for reviewing the qualifications of all applicants as well as their proposals and also reviewing all agreements between the corporation and any beneficiary to make sure of compliance with its bylaws, except as otherwise hereafter provided. Policies should be in place to provide for the compliance committee to make recommendations to the ODC Board regarding eligibility, required number of jobs, payroll, investment, economic development incentives, economic impact on the community, financial ability of the applicant and feasibility of applicant's business plan. There should be written policies or guidelines in place to give direction to the Economic Development Department of the Chamber of Commerce ("EDD") and to provide procedures for processing applications. The policies shall be prepared by the committee and submitted to the Board for final approval. The policies shall be reviewed by the committee on an annual basis. A majority of the committee members shall have experience in commercial banking, lending, accounting, insurance or law. This committee shall be comprised of people who would be willing to volunteer their time in an advisory capacity to the Board. Applicants for Downtown Odessa, Inc. façade and infrastructure grants that have received a recommendation from the Downtown Odessa, Inc. Design Committee shall not be required to obtain a recommendation from the Compliance Committee.

b. Budget, Finance and Audit Committee - This committee, if appointed, would have the responsibility of working with the Board in the formation and promotion of the annual budget of the corporation. This committee would also monitor all budget expenditures and investments of the corporation.

c. Committee for Business Retention and Expansion - This committee, if appointed, would work with the directors of the corporation to keep them informed of all development and activities concerning business retention and expansion.

d. Committee for New Business Attraction and Recruitment - This committee, if appointed, would work with the corporation's Board and keep them informed of all developments and activities concerning business attraction and recruitment.

e. It is important that all committee members be actively involved in the affairs of their committee and that their attendance at committee meetings be excellent. They should also be available for special meetings if necessary and receptive to any other form of communication. The following rules shall apply to all committees:

- (i) If a member misses more than three consecutive called meetings without an excuse, , the Board may dismiss that member by appointing a new member for that position.
- (ii) The City Secretary shall draw lots for all of the existing committee members so that one-half shall draw two-year terms and one-half shall draw one-year terms. After such initial term, all members shall serve two-year terms.
- (iii) Committee members are restricted to no more than three consecutive terms. Time served prior to the initial term described above shall not be considered in the application of this restriction.
- (iv) The chairmen shall be appointed by the committees for a one-year term. The existing chairmen shall continue to serve for the first one-year term.

EXHIBIT "A"

- (v) Committee members shall continue to serve until their successor is appointed unless they resign or unless removed by the Board. A person appointed to continue a term shall serve until that term is completed and is eligible for reappointment. Time served in a partial term shall not be counted when interpreting the two-term restriction.
- (vi) A term is assigned to each committee member for the purpose of determining when the appointment should be reconsidered and not to confer any official status to the committee member. All committee members are at-will and their services are advisory to the ODC Board.
- (vii) Ten members shall be appointed by the ODC Board to the Compliance Committee and a quorum shall be four. Eight members shall be appointed by the ODC Board to the Budget, Finance and Audit Committee and a quorum shall be four. Any other standing committee, shall consist of at least five appointed members and a quorum shall consist of one-half of its members.
- (viii) The Compliance Committee shall also include three non-voting ex-officio members that shall include one representative from the Black Chamber of Commerce, Odessa Chamber of Commerce and Odessa Hispanic Chamber of Commerce, as appointed by each entity.

ITEM

3

COMPLIANCE COMMITTEE

With the resignation of Melanie Hollmann, there is a need to appoint a new member to serve on the ODC Board Compliance Committee.

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BYLAWS OF
ODESSA DEVELOPMENT
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- (viii) The Compliance Committee shall also include three non-voting ex-officio members that shall include one representative from the Black Chamber of Commerce, Odessa Chamber of Commerce and Odessa Hispanic Chamber of Commerce, as appointed by each entity.

ITEM

6

RESOLUTION NO. ODC-2017R-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, FINDING COMPLIANCE; AUTHORIZING PAYMENT OF \$1,000,000 FOR THE THIRD AND FINAL YEAR OF THE FIRST UTPB TRAINING FACILITY GRANT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City administers an annual reporting program for all existing contracts to determine compliance; and

WHEREAS, the City has completed its audit of the required documentation on the first UTPB Training Facility Grant and submitted its findings to the Compliance Committee; and

WHEREAS, the Compliance Committee has reviewed the audit for the third and final year of the first grant, found compliance and recommended payment of \$1,000,000 for the third and final year;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That UTPB is found to be in compliance for the third and final year of the first UTPB Training Facility Grant and payment of \$1,000,000 is authorized to be made to UTPB.

Section 2. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 9th day of November, A.D., 2017, by the following vote:

| | |
|---------------------|-----|
| Gene Collins | ___ |
| Melanie Hollmann | ___ |
| Betsy Triplett-Hurt | ___ |
| Charles Carlson | ___ |
| Tim Edgmon | ___ |

Approved the 9th day of November, A.D., 2017.

Charles Carlson, President

ATTEST:

Norma Aguilar-Grimaldo, Assistant Secretary

ITEM

7

RESOLUTION NO. ODC-2017R-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, FINDING COMPLIANCE WITH THE FINAL PERIOD OF THE REXTAC, LLC ET AL. GRANT; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City administers an annual reporting program for all existing contracts to determine compliance; and

WHEREAS, the City has completed its audit of the required documentation on the final period of the REXtac, LLC et al. Grant and submitted its findings to the Compliance Committee; and

WHEREAS, the Compliance Committee has reviewed the audit and found compliance for the final period of the grant;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That REXtac, LLC et al. is found to be in compliance for the final period of the REXtac, LLC et al. Grant.

Section 2. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 9th day of November, A.D., 2017, by the following vote:

| | |
|---------------------|-----|
| Gene Collins | ___ |
| Melanie Hollmann | ___ |
| Betsy Triplett-Hurt | ___ |
| Charles Carlson | ___ |
| Tim Edgmon | ___ |

Approved the 9th day of November, A.D., 2017.

Charles Carlson, President

ATTEST:

Norma Aguilar-Grimaldo, Assistant Secretary

ITEM

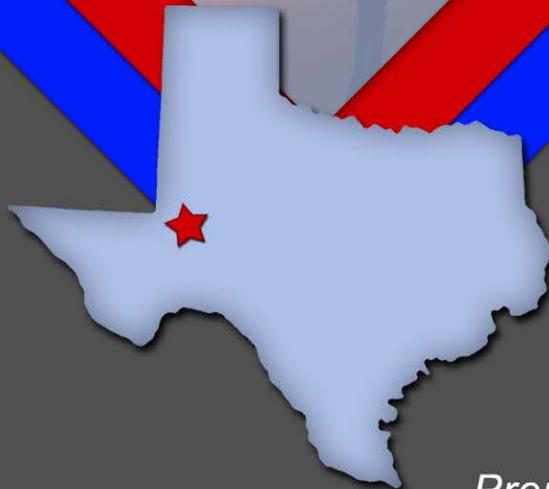
8

WAGE/LABOR OIL INDUSTRY ANALYSIS 2017

Prepared for the

ODESSA

**Development
Corporation**



Prepared by



**WAGE/LABOR OIL INDUSTRY
ANALYSIS, 2017
for
ODESSA, TEXAS**

PREPARED FOR THE:

ODESSA DEVELOPMENT CORPORATION

PREPARED BY:



October, 2017

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INTRODUCTION

The Odessa Development Corporation (through CVA Advertising & Marketing) contracted with Foote Consulting Group, LLC (FCG) to update a wage/labor analysis for the oil industry. FCG is an experienced site selection and economic development consulting company in Phoenix, Arizona. The approach here is to help to understand recent wage and labor force changes in the oil industry that have occurred since October 2016, when the original study was done.

The study is also designed to help the reader to better understand regional workforce issues in Odessa from a real site selection perspective. It is quite clear from our recent site selection work that labor force issues, particularly current wages, availability of skilled labor, and quality of the work force are all very important.

In 2016, we learned that wages had fallen quite a bit since the recent high point in 2011. Now in 2017, we have seen that wages have risen some again. This analysis will document these changes and update information regarding the labor force.

We designed this study so that it provides the most important wage and labor force site selection information possible. In essence, we are providing you with information that you can give directly to a company seeking a location in Odessa.

Therefore, we incorporated a proven methodology that we use for our site selection projects. It relies on the expert opinions of area employers. From these we have developed detailed recommendations designed to help you develop successful work force and economic development solutions.

FCG conducted ten (10) face-to-face and telephone interviews with employers in August 2017 in order to determine these needs (see Appendix for list). The objective of these interviews was to determine current salary/wages for select positions; hiring trends; labor availability; labor quality; and quality of life issues.

In determining wages, availability and quality, we used the identical methodology that we use in our site selection work. It is through one-on-one interviews with local employers that we are able to determine the labor situation in the area, now.

Our objective here is to determine:

- Current base wage of select oil related occupations with comparisons and trends
- Overtime amounts and trends
- Our estimation of the current “wage threshold” for this sector and the comparison to 2016. This is the ideal wage for a prospect to consider for entering this market.
- Understand local employer’s viewpoints (and 2016 comparisons) and their needs regarding the existing workforce, including availability, quality, and quality of life.
- Determine ways to better attract/retain businesses.
- Improve your economic development program regarding workforce issues.

ODESSA OIL/GAS WAGE ANALYSIS

Introduction

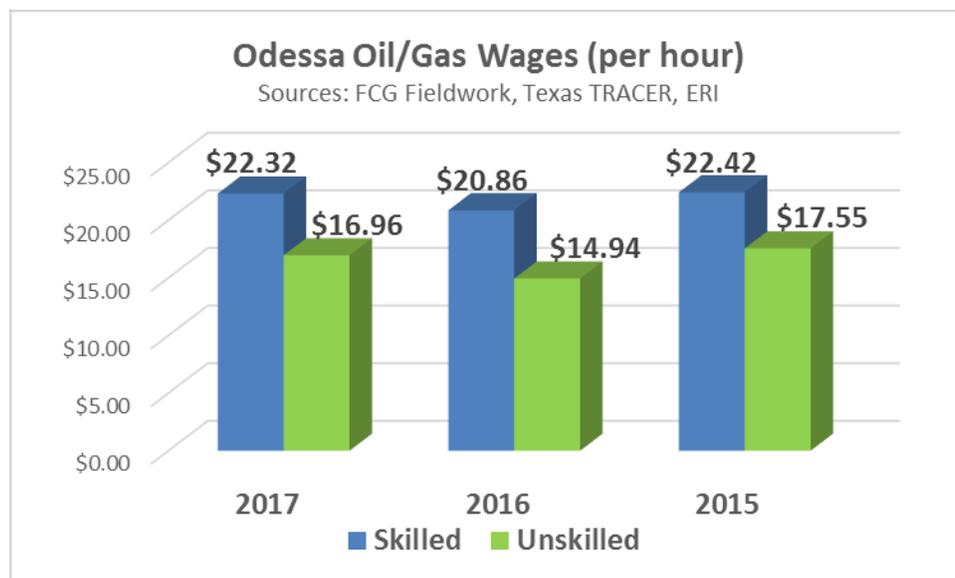
The oil industry has experienced dramatic improvements since 2016 (please refer to our October 2016 report). Although the price per barrel is currently around \$48, the industry has “locked in” the price at \$55 per barrel and this number is set for near-term business. At this level, oil production is proceeding briskly.

The Permian Basin is now looked at as the “Center of the Universe” for oil production. They are out performing all other areas in fracking production, including the OPEC nations, the Bakken in North Dakota, Louisiana, and other regions of Texas and Oklahoma.

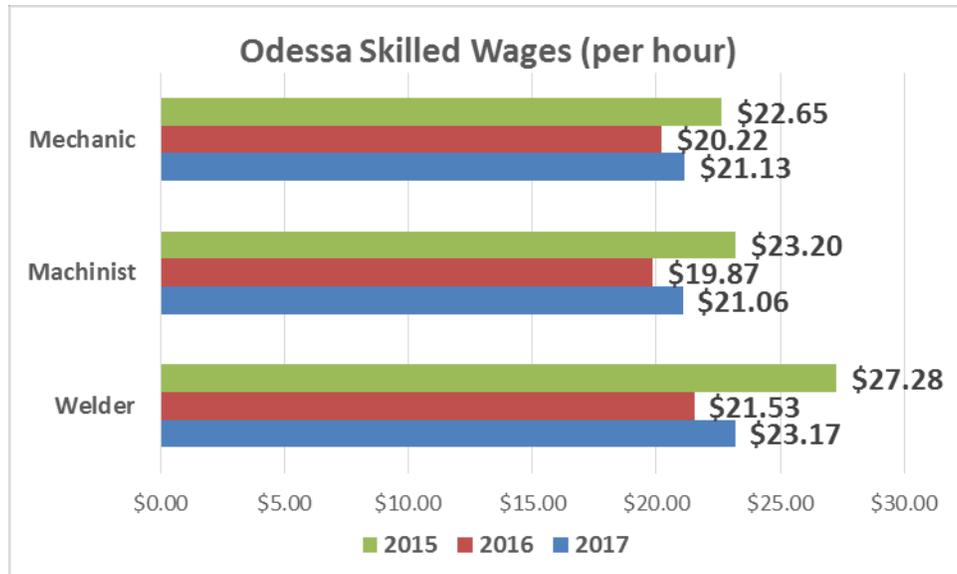
Due to vast technological improvements in fracking, production has risen without the need for dramatic employment increases. Therefore, it appears, the number of workers and their wages have risen only modestly.

Odessa Wages

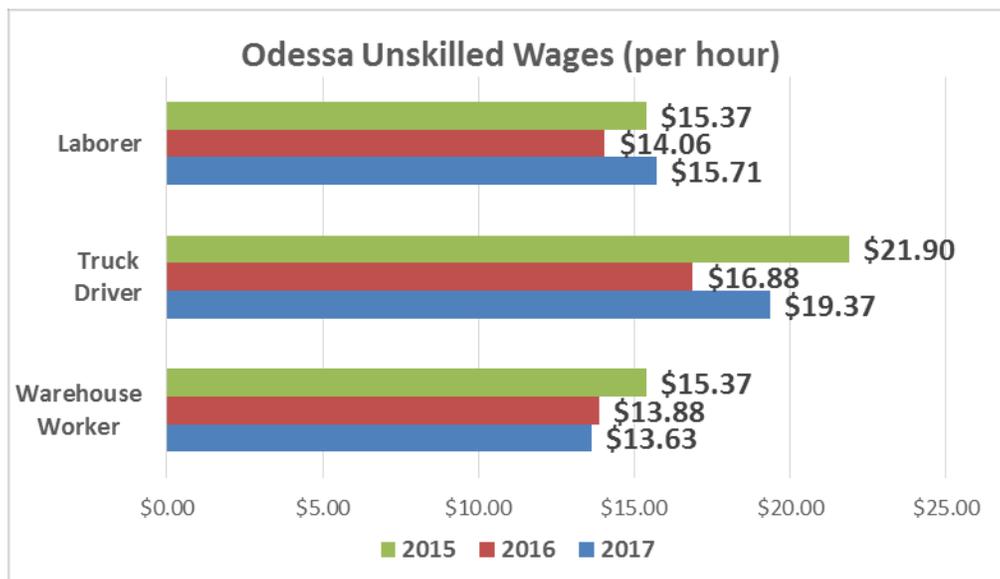
Here are wages that we found in select (see below) skilled and unskilled workers:



- **Odessa skilled and unskilled wages in 2017 are up significantly from 2016, but slightly below 2015 levels.**



- Machinists wages are up about 6% in 2017 from 2016.
- Welder wages are up 7.6% in 2017 from 2016, but still way below 2015.

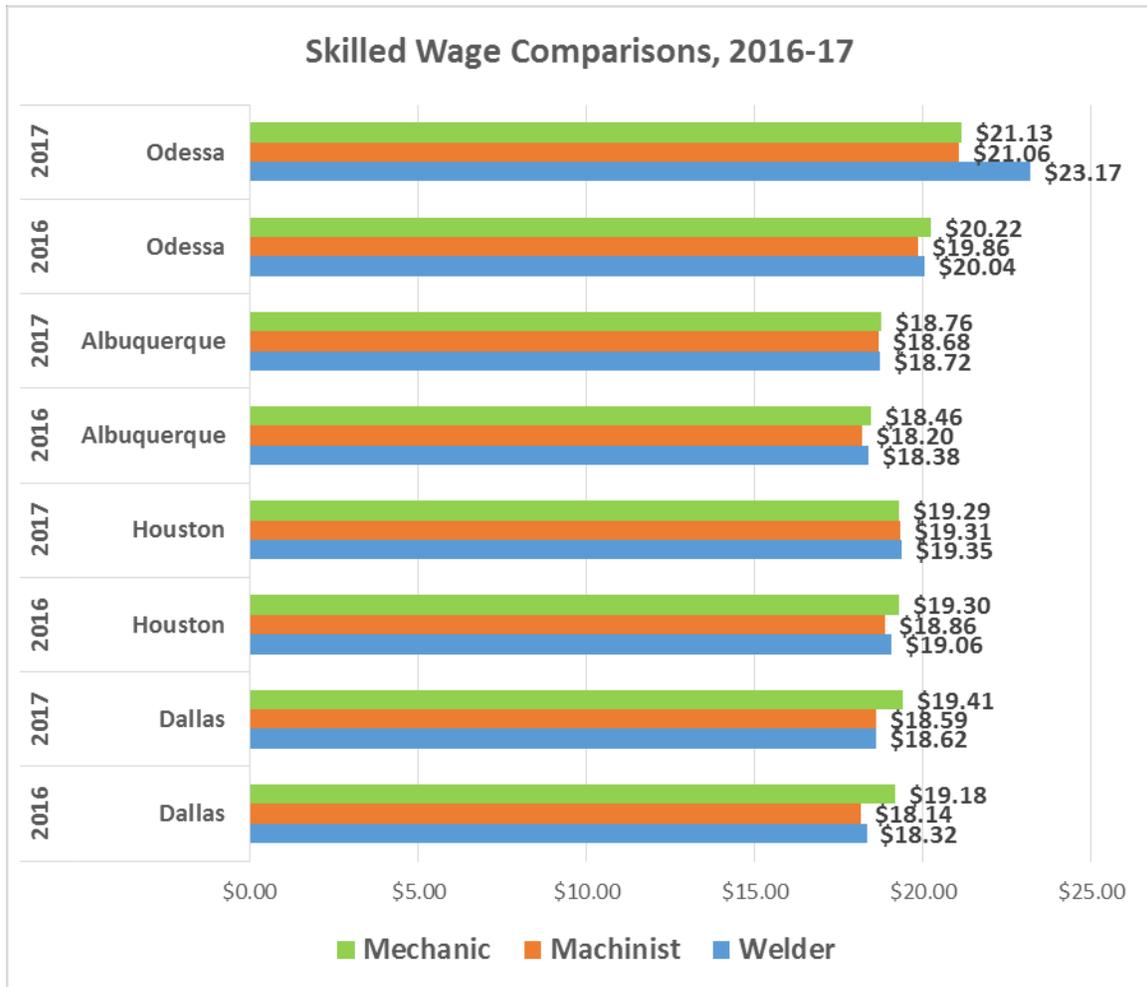


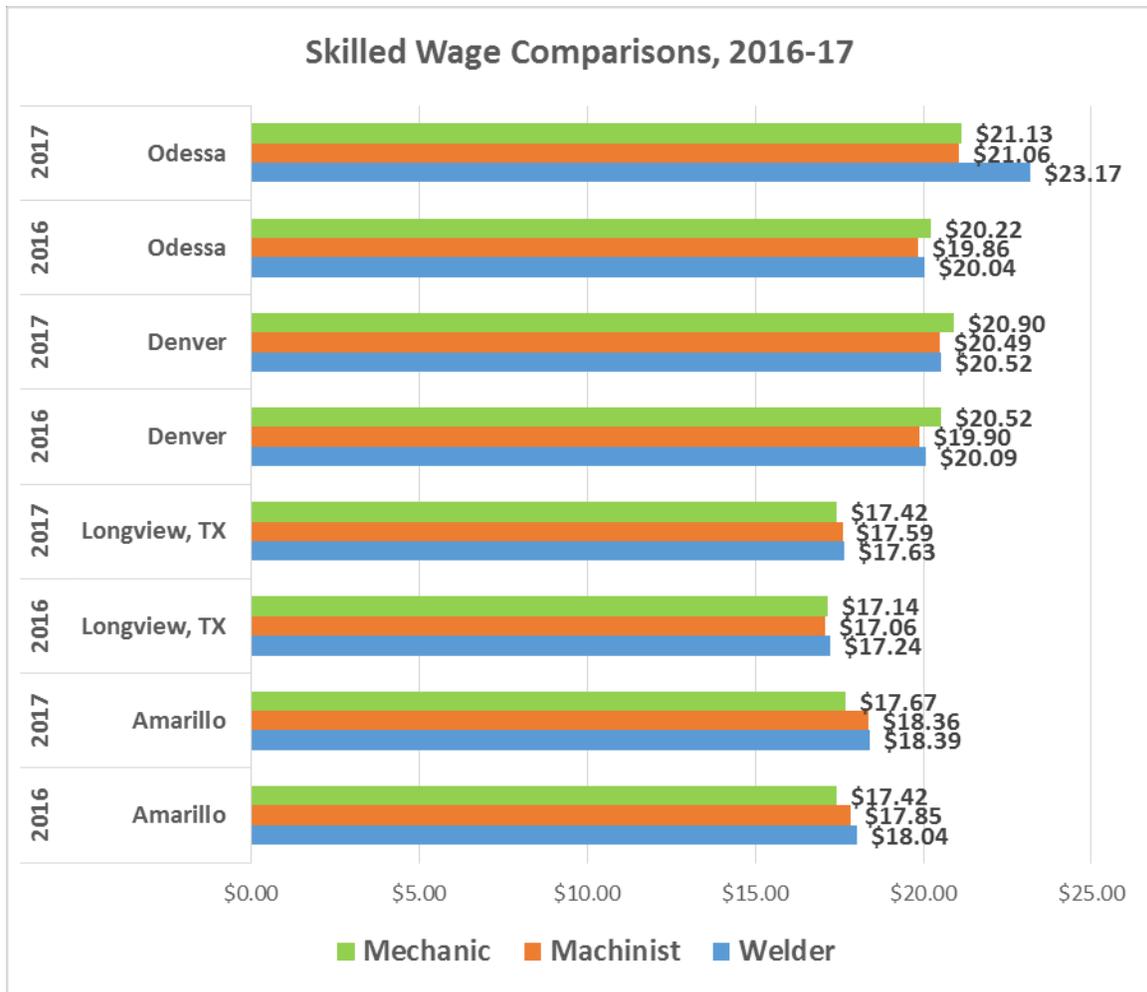
- Warehouse worker wages are below 2016 and 2015 totals.
- 2017 truck driver wages are up almost 15% from 2016, but still below 2015.

Skilled Wage Comparisons

FCG next compared Odessa skilled wages against other regional locations:

- Albuquerque, NM
- Amarillo, TX
- Dallas, TX
- Denver, CO
- Houston, TX
- Longview, TX





- **Skilled wages are higher in Odessa “across the board” (particularly welders); even higher than Denver.**
 - The hot oil/gas market has driven wages up!

Overtime (OT)

Our fieldwork has determined that due to the improving business climate, overtime is up from 2016. This is another form of compensation increase.

- **Overtime is running an average of over 30 hours per week in 2017.**

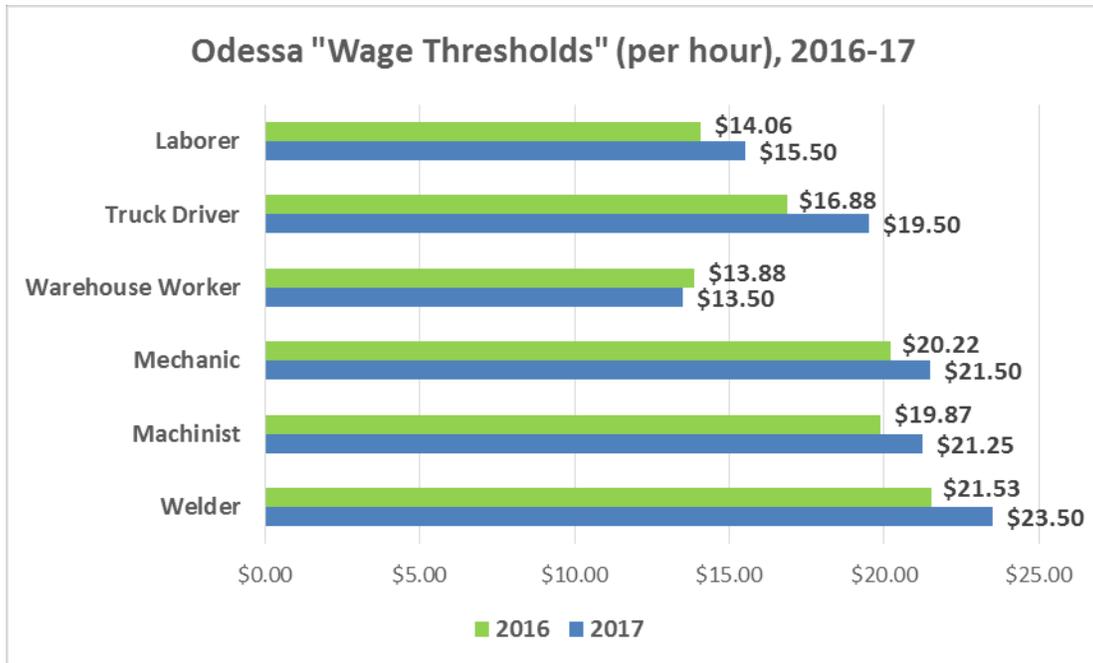
Sample employer quotes regarding wages/business include:

- *“OT is way up!”*
- *“Up 20% in 4 months!”*

“Wage Threshold” – the Ideal Wage

FCG calculated the “Wage Threshold” or ideal wage for which a company should seek to enter the Odessa market, in 2017 and compared it with 2016:

- “Wage Threshold” – the ideal wage. Offering below this wage will result in poorer recruiting (and loss of employment to better paying local companies). Offering above this wage will result in improved recruiting (including “pirating” from other local companies) and retention, but it will cost the company too much money.



- The “wage thresholds:”
 - For machinist, welder and truck driver are up substantially due to the tight labor market
 - Are down for warehouse worker and laborer due to good availability.

ODESSA WORKFORCE ANALYSIS

The next objective of the study is to understand what employers in Odessa are saying, as it relates to labor availability, labor quality and quality of life/services.

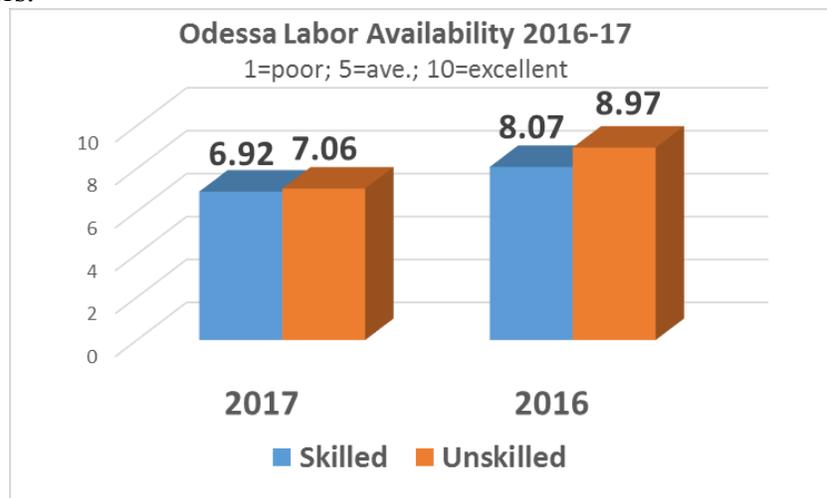
FCG measures select labor availability/quality factors nation-wide which gives us a good “apples-to-apples” comparison of one labor market versus another. From these interview results, we created the *FCG Index*, which measures labor availability and quality on a one to ten point scale (1=very poor; 5=average; and 10=excellent). Generally, scores of 3 to 4 are below average, 5 to 6 are average; 6 to 7 above average; 7 to 8 are good, 8 to 9 are very good and 9 to 10 are excellent. The index measures:

- Availability – what skills are in the market now
- Labor quality characteristics include:
 - Turnover
 - Absenteeism
 - Attitudes – on-the-job
 - Trainability – employees response to training
 - Basic skills – math, English, grammar, blue print reading, etc. of applicants
 - Communications – Employer/employee and employee/employee on-the-job
 - Alcohol/drugs – Perceived situation
 - Productivity – Employer’s measure.

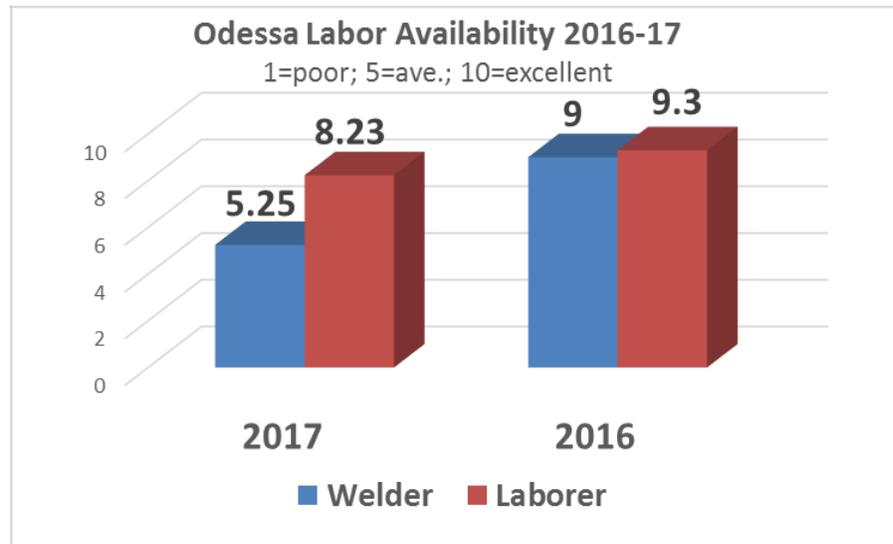
Labor Availability

The ability to attract the right skills is critical to the success of any project. Unskilled and skilled workers are essential for high-end manufacturing and service-oriented projects.

- **The 2017 labor availability in the Odessa market has slipped since 2016 to “above average” to “good” from “very good” and “excellent”.** This is due to the current booming business and companies expanding and adding needed workers.



- **Skilled welder availability has dropped significantly from “excellent” in 2016 to only “average” in 2017.**
 - Unskilled laborers are still easy to come by, rated “very good.”



- **Positions that are easy to fill today include:**
 - Laborers (unskilled)
 - Warehouse workers (unskilled)
 - Pipefitters (unskilled to skilled)
- **“Hard to fill” positions include:**
 - Welders (skilled)
 - Machinists (skilled)
 - Engineers (skilled)
 - Truck drivers (skilled)

Sample employer quotes regarding availability include:

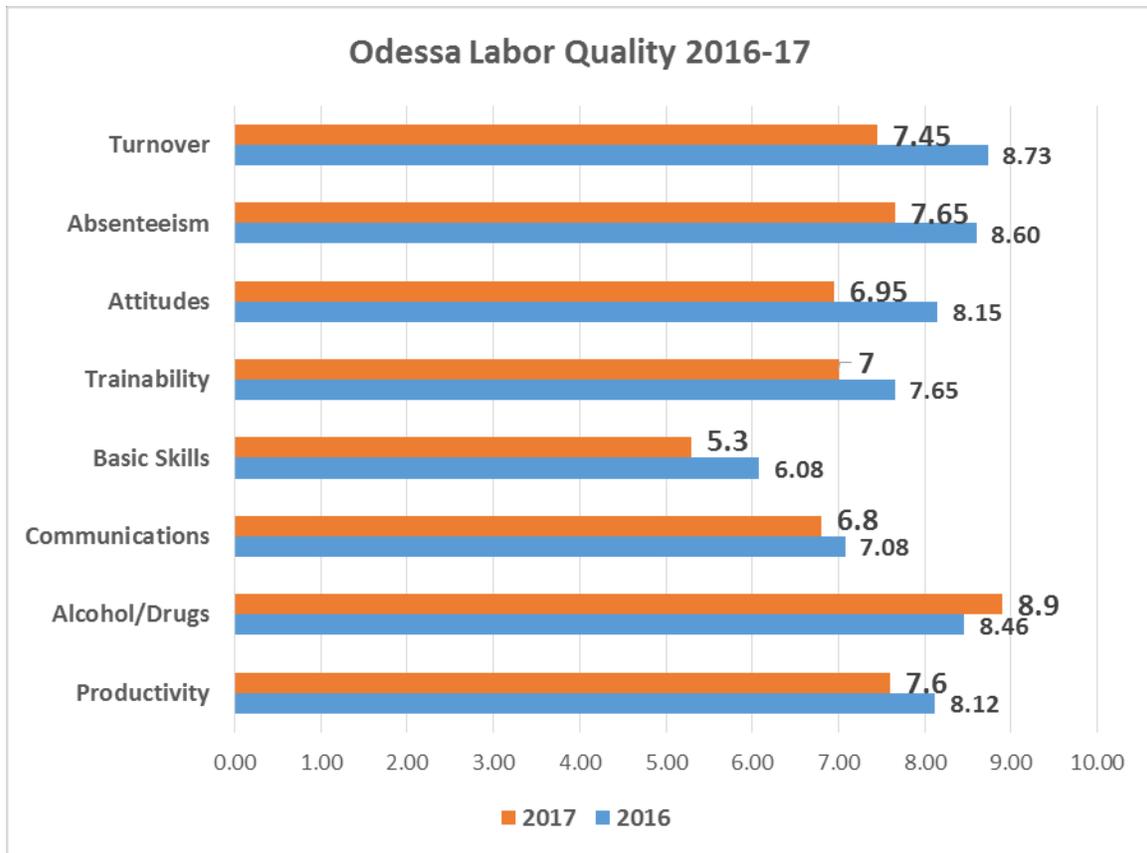
- *“Best recruitment technique is word of mouth... I know a guy who is unhappy...”*
- *“Easier to find a welder than we thought”*
- *“Hard to find the experienced (5-7 years) machinists that we need”*
- *“I couldn’t find 2 engineers next week...”*
- *“Labor is not coming back big yet, trickling in...”*
- *“Need 20 welders...can’t find them”*
- *“No problem finding skilled pipefitters”*

- *“No problem finding unskilled...but will they work?”*
- *“Not putting too many frackers back on due to new technology; availability is excellent”*
- *“Pay more! And expect wages to run higher...hot market”*
- *“Pirating going on...primarily from start-ups”*
- *“Plenty of labor here...drilling is down, but companies are keeping these guys at lower positions for the future”*
- *“Relatively easy to hire here (blue collar, not white)”*
- *“They will ‘hop for a quarter (\$.25)’ increase”*
- *“Truck drivers are ‘in demand’”*
- *“We have had a ‘new hire’ work shop every week since April”*
- *“We need 30 in Pecos, but can only find 10”*
- *“Welders are hard to come by, I’m told”*
- *“Welders will ‘jump for \$2 to \$3.’”*

Labor Quality

The ability to find quality workers is critical. Expanding and locating companies generally seek communities with above average to good quality workers.

- **2017 Odessa labor quality is rated “good” (7.20 overall), but most factor scores have dropped since 2016** (except alcohol/drugs).
 - All factors were rated “good” or “very good”, except basic skills, communications and attitudes.
 - Alcohol/drugs may be under closer scrutiny due to increased hiring and the need for careful drug testing.
 - Basic skills has dropped meaning that the potential work skills are thinner.
 - Attitudes are stretched due to tighter schedules and deadlines.



Here is what employers told us about quality:

- *“Basic skills are an issue but we are hiring a number from Mexico and Cuba”*
- *“Everyone drug tests now...getting rid of any problems”*
- *“High skills are transient”*
- *“Of 20 hired, we lose 30-50% through attrition”*
- *“Poor ‘labor participation’ here”*
- *“Productivity? Room for improvement here”*
- *“Turnover has improved”*
- *“Turnover is an issue here”*
- *“Turnover is much worse when things are hot...they will leave for a buck”*
- *“We have had no turnover”*
- *“Younger workers are difficult to work with...won’t give up the cell phone.”*

Quality of Life

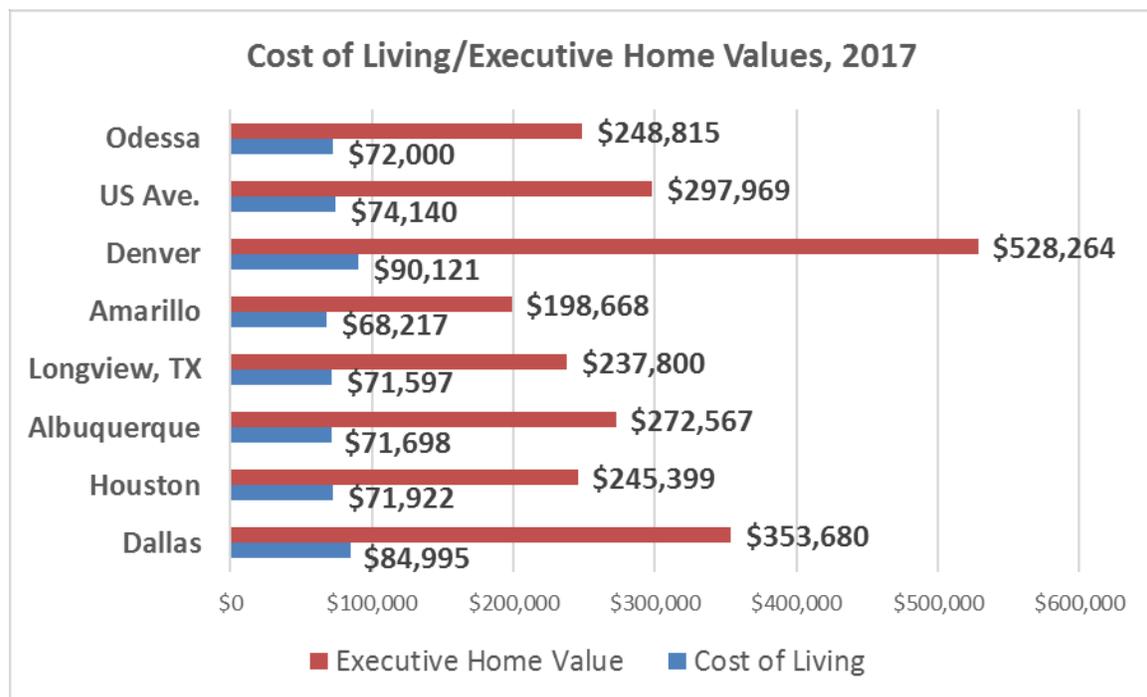
Quality of life aspects of a community (cost of living¹, schools, housing, medical services, utilities, recreation, shopping, culture, etc.) are all important for attracting investment and in hiring, relocating, and retaining employees. A project could be in jeopardy if key employees refuse to move because of poor housing and/or education. On the other hand, lower housing costs could attract some employees and be a wage advantage to employers.

Cost of Living

In a site selection project we typically look at cost of living and home values. We turn to an excellent source, Economics Research Institute (ERI), which tracks cost of living items such as: consumables; transportation; health services; housing/utilities/property taxes; and miscellaneous items.

Cost of living measures against a family of 4 in Odessa making \$72,000 per year. The family owns a home of 2,207 square feet and owns two cars.

- **Odessa remains an affordable place to live.**
 - Less expensive than the U.S. Average and all cities, except Amarillo, Longview, and Houston.

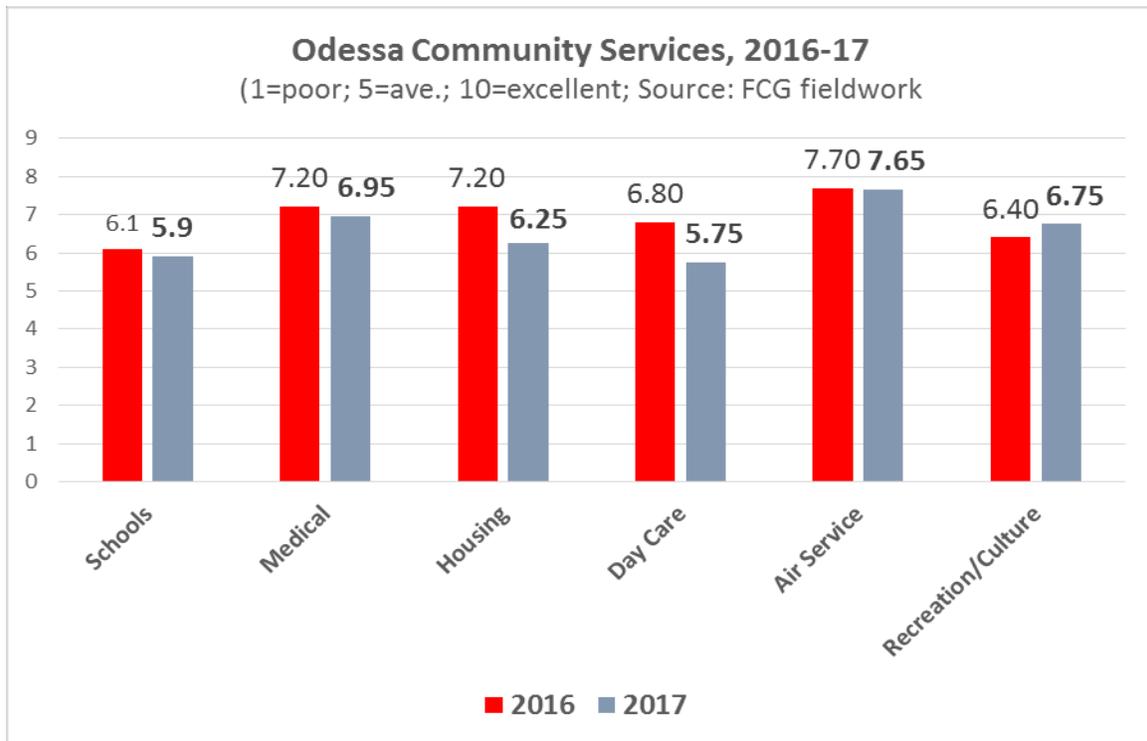


¹ Economics Research Institute (ERI) Assessor, 2017

Community Services

FCG asked questions regarding select community services in order to get a better understanding of how it is to live in Odessa. The 2017 overall rating was 6.54, “above average”. The following graph depicts the comparisons between 2017 and 2016.

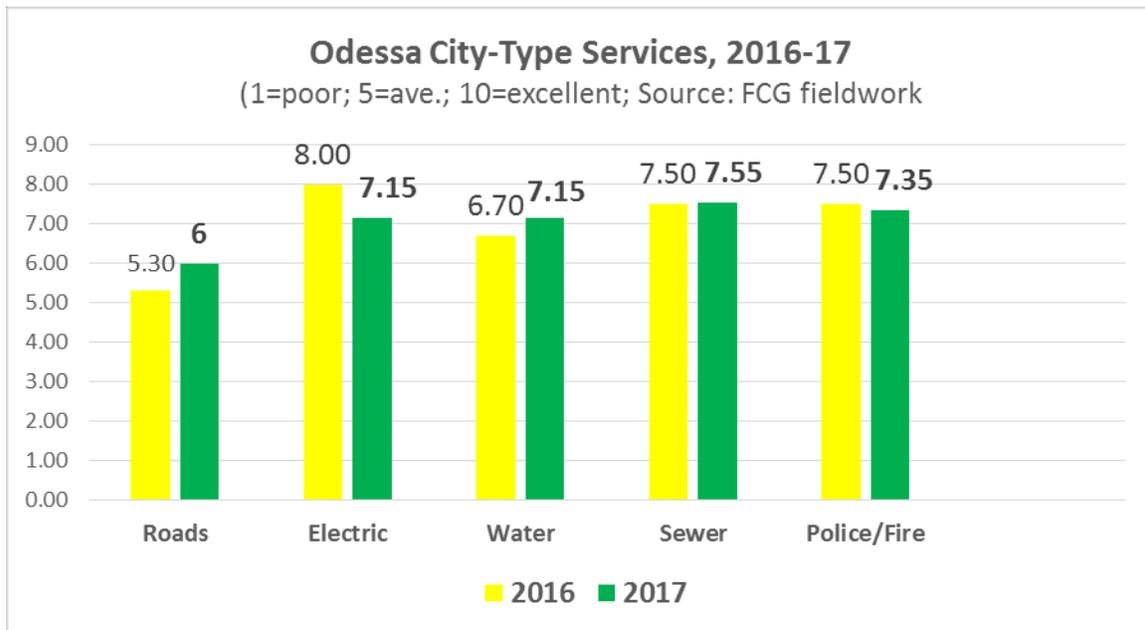
- Community services in 2017 were similar to 2016, except that housing perception and day care were poorer, primarily due to the hot economy.



City Services

FCG also asked questions regarding select city services in order to get a better understanding of how services are delivered in Odessa. The 2017 overall rating was 7.1, “good”. The following graph depicts 2017 and 2016 comparisons.

- **City-type services are about the same in 2017 versus 2016.**



CONCLUSIONS

The following are the important conclusions drawn regarding Odessa wages/labor.

Wages

- **2017 skilled wages are up 7% from 2016.**
- **2017 unskilled wages are up 13.5% from 2016.**
- **Skilled wages are higher in Odessa versus all other competitors.**
- **The “Wage Threshold” or ideal wage is up for machinist, welder, and truck driver, but down for warehouse worker and laborer.**
- **Overtime is up since 2016.**

2017 Workforce Availability and Quality

- **Labor availability has slipped since 2016 to “above average” to “good”.**
 - Skilled welder availability has dropped significantly from “excellent” to only “average”.
 - Unskilled laborers are still easy to come by, rated “very good.”

- Easy availability: Laborers (unskilled); Warehouse workers (unskilled); Pipefitters (unskilled to skilled)
- Difficulty finding: Welders (skilled); Machinists (skilled); Engineers (skilled); Truck Drivers (skilled)
- **“Good” labor quality**
 - Since 2016:
 - Basic skills have worsened.
 - Alcohol/drug issues have improved.

Quality of Life

- **Odessa is still an affordable place to live.**
 - Executive home prices are 112% below Denver.
- **Community services are rated “above average”.**
- **City-type services are rated “good”.**

RECOMMENDATIONS

The following recommendations are designed for Odessa Development Corporation officials to help to improve your economic development and workforce programs in the future.

Research/Marketing

- **Get important data from this report into the hands of local companies and prospects.**
- **Continue to market to targeted metal-working, medical, and related manufacturers.**
 - A second and then regular trips to California make sense. This is the best place to market since manufacturers cannot afford to do business there now (cap and trade regulations, lengthy permit processing, high costs of labor/land, etc.)
 - Other marketing trips should be planned for Dallas, Houston and a second trip to Chicago (Illinois’ business climate is still not good).
- **Market to site selectors** (up to 30% of all deals are handled by them)
 - Meet with Site Selectors Guild members (www.siteselectorsguild.com)
 - Attend the 2018 spring conference in Cincinnati, Ohio (March 19-21) and the 2018 Fall Conference in Greenville, SC (September 10-12).
 - Continue to plan an Advisory Forum which would bring members to Odessa

- Meet with site selectors on your marketing trips.
- **Update this report annually.**

Skill/Training/Education Needs

- **Encourage the recruitment and training (and/or relocation) of new skilled workers where needs exist (those “hard to fill” positions):**
 - Welders
 - Machinists
 - Engineers
 - Truck Drivers
- **Explore and implement the ACT / National Career Readiness Certificate Program and engage business, government, economic development, and education in the entire process to enhance the current workforce by ensuring that the civilian labor force is workforce ready and employable.**
 - The development and promotion of the ACT WorkReady System (includes ACT Work Keys) which offers a common language to identify skills gaps and provide training to improve scores and enhance employability by leveraging the National Career Readiness Certificate (NCRC), issued by ACT. The certificate is a portable, evidence-based credential that certifies essential skills needed for workplace success.
- **As a part of the above, explore again the formation of a Business Workforce Roundtable.** As mentioned last year, this could be a working (“roll up the sleeves”) committee of the Chamber. The Roundtable should address workforce issues and future employment needs and current gaps.
 - The Roundtable should be made up of business leaders, educators, guidance counselors, human resource managers, and workforce providers and elected and appointed officials.

FCG is available to assist with any or all of these recommendations.

For More Information Regarding This Report, Please Contact:

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(480) 399-4854
deane@footeconsulting.com**

APPENDIX

Companies Interviewed

- City Pipe
- Dover Lift
- Energy Coil & Rigging
- J-Hobbs Machine
- Lago Petroleum
- Rush-Overland
- Saulsbury Industries
- Select Energy
- Shamrock Steel
- Sivals

ITEM

10

BYLAWS OF
ODESSA DEVELOPMENT
CORPORATION

ARTICLE I
PURPOSE AND POWERS

Section 1.1 **Purpose.** The Corporation is incorporated for the purposes set forth in Article IV of its Articles of Incorporation, the same to be accomplished on behalf of the City of Odessa, Texas (the "City") as its duly constituted authority and instrumentality in accordance with the Development Corporation Act ~~of 1979~~, as amended, ~~Article 5190.6, Tex.Rev.Civ.Stats., Ann.Chapters 501-507, Local Government Code~~, as amended), (the "Act"), and other applicable laws.

Section 1.2 **Powers.** (a) In the fulfillment of the corporate purpose, the Corporation shall be a Type A organization governed by ~~Section 4A of~~ the Act, and shall have all of the powers set forth and conferred in its Articles of Incorporation, in the Act, and in other applicable law, subject to the limitations prescribed therein and herein and to the provisions thereof and hereof.

ARTICLE II
BOARD OF DIRECTORS

Section 2.1 **Powers, Number and Term of Office.**

a. The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the "Board") and, subject to the restrictions imposed by law, by the Articles of Incorporation, and by these bylaws, the Board shall exercise all of the powers of the Corporation.

b. The Board shall consist of five (5) directors. Except for the first Board, the term of all directors shall be two (2) years and the term shall start on June 1 of the year of appointment or as soon thereafter as possible. (Except as provided in subsection (i).) Board members shall continue to hold office until their replacement has been appointed. A person appointed after the expiration of a term shall hold office for the remainder of the term or until their successor is appointed. A person may be appointed for three successive terms; but after such period, such person cannot be reappointed for one term.

c. Each Councilmember shall nominate one person for director. In order to provide for staggered terms, the Councilmembers for District One (1) and Two (2) shall each nominate one director for a first term of two and one-half (2 ½) years, January 1, 1998, to May 31, 2000, the Councilmembers for District Three (3), Four (4) and Five (5) shall each nominate one person for a first term of one and one-half (1 ½) years, January 1, 1998, to May 31, 1999. The appointment of all directors shall require the approval of the City Council that is in place after the date for the general municipal election in May (Except as provided in subsection (j).)

d. Any director may be removed from office by the Council at will.

e. Any director is automatically removed from office if that director is absent in excess of fifty (50) percent of all Regular Meetings and Budget Workshop~~from three (3) meetings~~

Meetings during a ~~six~~twelve-month period. The Council will be free to appoint ~~a another~~ person immediately to fill the vacated position.

f. Each director shall have one of the following qualifications: (i) serve, or have served, as chief executive officer of a company; or (ii) serve, or have served, in a position of executive management of a company; or (iii) serve, or have served, in a professional capacity; or (iv) have experience equivalent to any of the above qualifications. The Council should consider the individual's experience, accomplishments and educational background in appointing members to the Board to ensure that the interests and concerns of all segments of the community are considered.

g. The Council in the appointment of directors shall be subject to nepotism laws. No Councilmember can appoint a person who is related to either the Mayor or any of the Councilmembers within the prohibited degrees of relationship.

h. The persons appointed director shall also be subject to the following qualifications: (i) be a resident of the City of Odessa, or be a resident of Ector County, or be approved unanimously by the Council; and (ii) be a person of upstanding moral values; and (iii) be a person committed to making Odessa a better place, through economic development and the creation or retention of new jobs.

i. Beginning in the year 2016, the current terms of all Members for the Board of Directors shall be extended until December 31, 2016, or 2017, whichever is applicable. All future terms shall commence on January 1 or as soon thereafter as the appointment can be made. Board members shall continue to hold office until their replacement has been appointed. A person appointed after the expiration of a term shall hold office for the remainder of the term or until their successor is appointed. A person may be appointed for three successive terms; but after such period, such person cannot be reappointed for one term.

j. A City Council place number shall be designated for each of the five Directors; and when it is time to appoint a new Director, the Council member assigned that position shall nominate a person for that position. The appointment of all Directors shall require the approval of the City Council that is in place after the date of the general election in November.

Section 2.2 **Meetings of Directors.** The directors may hold their meetings at such place or places in the City as the Board may from time to time determine; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the principal office of the Corporation as specified in Article V of these bylaws.

Section 2.3 **Notice of Meetings.**

~~a.~~ The Regularly scheduled monthly meetings ("Regular Meetings") of the Board shall be held without the necessity of notice to the directors except for posting as required by the Open Meetings Act.

~~a.b.~~ The Budget Workshop Meeting(s) shall be held each year and shall be scheduled at least one (1) month in advance starting by July of each year, without the necessity of notice to the directors except for posting as required by the Open Meetings Act.

b.c. Special Meetings of the Board shall be held whenever called by the president, by the secretary, by a majority of the directors, by the Mayor of the City, or by a majority of the Council. The secretary shall give notice to each director of each Special Meeting in person or by mail, telephone or ~~telegraphic-mail~~, at least seventy-two (72) hours before the meeting and by posting in compliance with the Open Meetings Law. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a Special Meeting. At any meeting at which every director shall be present, even though without any notice, any matter pertaining to the purpose of the Corporation may be considered and acted upon consistent with applicable law.

e.d. Whenever any notice is required to be given to the Board, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any Regular or Special Meeting of the board need be specified in the notice or waiver of notice of such meeting to the Director, unless required by the Board. A waiver of notice in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 2.4 **Open Meetings Act.** All meetings and deliberations of the Board shall be called, convened, held, and conducted, and notice shall be given to the public, in accordance with the Texas Open Meetings Act, ~~Article 6252-17, Tex. Rev. Civ. Statu. Ann. Chapter 551, Texas Government Code~~, as amended.

Section 2.5 **Quorum.** A majority of the directors shall constitute a quorum for the conduct of the official business of the Corporation. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board and of the Corporation, unless the act of a greater number is required by law or by these bylaws.

Section 2.6 **Conduct of Business.**

a. At the meetings of the Board, matters pertaining to the business of the Corporation shall be considered in accordance with rules of procedure as from time to time prescribed by the Board.

b. At all meetings of the Board, the president shall preside, and in the absence of the president, the vice president shall exercise the powers of the president.

c. The secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 2.7 **Committees of the Board.** The Board may designate two or more directors to constitute an official committee of the Board to exercise such authority of the Board as may be specified in the resolution. It is provided, however, that all final, official actions of the Corporation may be exercised only by the Board. Each committee so designated shall keep regular minutes of

the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation.

Section 2.8 **Other Committees.** The Board shall appoint a compliance committee and may appoint certain other committees, all in an advisory capacity to the Board. The following committees are specifically described as well as specific rules applicable to such committees.

a. **Compliance Committee** - This committee shall be responsible for reviewing the qualifications of all applicants as well as their proposals and also reviewing all agreements between the corporation and any beneficiary to make sure of compliance with its bylaws, except as otherwise hereafter provided. Policies should be in place to provide for the compliance committee to make recommendations to the ODC Board regarding eligibility, required number of jobs, payroll, investment, economic development incentives, economic impact on the community, financial ability of the applicant and feasibility of applicant's business plan. There should be written policies or guidelines in place to give direction to the Economic Development Department of the Chamber of Commerce ("EDD") and to provide procedures for processing applications. The policies shall be prepared by the committee and submitted to the Board for final approval. The policies shall be reviewed by the committee on an annual basis. A majority of the committee members shall have experience in commercial banking, lending, accounting, insurance or law. This committee shall be comprised of people who would be willing to volunteer their time in an advisory capacity to the Board. Applicants for Downtown Odessa, Inc. façade and infrastructure grants that have received a recommendation from the Downtown Odessa, Inc. Design Committee shall not be required to obtain a recommendation from the Compliance Committee.

b. **Budget, Finance and Audit Committee** - This committee, if appointed, would have the responsibility of working with the Board in the formation and promotion of the annual budget of the corporation. This committee would also monitor all budget expenditures and investments of the corporation.

c. **Committee for Business Retention and Expansion** - This committee, if appointed, would work with the directors of the corporation to keep them informed of all development and activities concerning business retention and expansion.

d. **Committee for New Business Attraction and Recruitment** - This committee, if appointed, would work with the corporation's Board and keep them informed of all developments and activities concerning business attraction and recruitment.

e. It is important that all committee members be actively involved in the affairs of their committee and that their attendance at committee meetings be excellent. They should also be available for special meetings if necessary and receptive to any other form of communication. The following rules shall apply to all committees:

- (i) If a member misses more than ~~50% of~~three consecutive called meetings without an excuse, the member may be dismissed from the committee by the ODC Board, the Board may dismiss that member by appointing a new member for that position.
- (ii) The City Secretary shall draw lots for all of the existing committee members so that one-half shall draw two-year terms and one-half shall draw one-year terms. After such initial term, all members shall serve two-year terms.

- (iii) Committee members are restricted to no more than three consecutive terms. Time served prior to the initial term described above shall not be considered in the application of this restriction.
- (iv) The chairmen shall be appointed by the committees for a one-year term. The existing chairmen shall continue to serve for the first one-year term.
- (v) Committee members shall continue to serve until their successor is appointed unless they resign or unless removed by the Board. A person appointed to continue a term shall serve until that term is completed and is eligible for reappointment. Time served in a partial term shall not be counted when interpreting the two-term restriction.
- (vi) A term is assigned to each committee member for the purpose of determining when the appointment should be reconsidered and not to confer any official status to the committee member. All committee members are at-will and their services are advisory to the ODC Board.
- ~~(vii)~~ Ten members shall be appointed by the ODC Board to the Compliance Committee and a quorum shall be four. Eight members shall be appointed by the ODC Board to the Budget, Finance and Audit Committee and a quorum shall be four. Any other standing committee, shall consist of at least five appointed members and a quorum shall consist of one-half of its members.
- ~~(vii)~~(viii) The Compliance Committee shall also include three non-voting ex-officio members that shall include one representative from the Black Chamber of Commerce, Odessa Chamber of Commerce and Odessa Hispanic Chamber of Commerce, as appointed by each entity.

Section 2.9 **Compensation of Directors.** Directors shall not receive any salary or compensation for their services as directors. However, they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder as prescribed in Article IV, Section 8.

ARTICLE III OFFICERS

Section 3.1 **Titles and Term of Office.**

a. The officers of the Corporation shall be a president, a vice president, a secretary and a treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the president shall not hold the office of secretary. Terms of office shall be for one (1) year to commence as soon as possible each year after the director appointments are made by the City Council. Any officer may be reelected or reappointed by the Board.

b. All officers shall be subject to removal from office at any time by a vote of a majority of the entire Board.

c. A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

Section 3.2 **Powers and Duties of the President.** The president shall be the chief executive officer of the Corporation, and, subject to the paramount authority of the Board, the president shall be in general charge of the properties and affairs of the Corporation, shall preside at all meetings of the Board, and may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Corporation.

Section 3.3 **Vice President.** The vice president shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of the duties of the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken.

Section 3.4 **Treasurer.** The treasurer shall have the responsibility to see to the handling, custody, and security of all funds and securities of the Corporation in accordance with these bylaws. When necessary or proper, the treasurer may endorse and sign, on behalf of the corporation, for collection or issuance, checks, notes and other obligations in or drawn upon such bank or banks or depositories as shall be designated by the Board consistent with these bylaws. The treasurer shall see to the entry in the books of the Corporation full and accurate accounts of all monies received and paid out on account of the corporation. The treasurer shall, at the expense of the Corporation, give such bond for the faithful discharge of his or her duties in such form and amount as the Board or Council may require.

Section 3.5 **Secretary.** The secretary shall keep the minutes of all meetings of the Board in books provided for that purpose, shall give and serve all notices, may sign with the president in the name of the Corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation, shall have charge of the corporate books, records, documents and instruments, except the books of account and financial records and securities, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board.

Section 3.6 **Appointment.** The president, each vice president, and the secretary shall be named from among the members of the board. The treasurer and any assistant secretaries may, at the option of the Board, be persons other than members of the Board, but they may be employees of the City.

Section 3.7 **Compensation.** Officers who are members of the Board shall not receive any salary or compensation for their services, except that they shall be reimbursed for their actual expenses incurred in the performance of their duties hereunder as prescribed in Article IV, Section 8. Other officers may be compensated as directed by the Board.

ARTICLE IV FUNCTIONAL CORPORATED DUTIES AND REQUIREMENTS

Section 4.1 **General Development Plan.**

a. The Board shall research, develop, prepare, and submit to the City Council for its approval, an economic development plan for the City, which shall include proposed methods and the expected costs of implementation. The plan shall include both short-term and long-term goals for the economic development of the city, proposed methods for the elimination of unemployment and underemployment, and the promotion of employment, through the expansion and development of a sound industrial and manufacturing base for and within the City.

b. The Board shall review and update the plan each year prior to submission of the annual budget required by other provisions of these bylaws.

Section 4.2 **Annual Corporate Budget.** At least 60 days prior to the commencement of each fiscal year of the Corporation, the Board shall adopt a proposed budget of expected revenues and proposed expenditures for the next ensuing fiscal year. The budget shall contain such classifications and shall be in such form as may be prescribed from time to time by the Council. The budget shall not be effective until the same has been approved by the Council.

Section 4.3 **Books, Records, Audits.**

a. The Corporation shall keep and properly maintain, in accordance with generally accepted accounting principles, complete books, records, accounts, and financial statements pertaining to its corporate funds, activities, and affairs.

b. At the direction of the Council, the books, records, accounts, and financial statements of the Corporation may be maintained for the Corporation by the accountants, staff and personnel of the City. In such event, the Corporation shall pay to the City reasonable compensation for such services.

c. The Corporation, or the City if the option described in subsection (b) is selected, shall cause its books, records, accounts, and financial statements to be audited at least once each fiscal year by an outside, independent, auditing and accounting firm selected by the Corporation and approved by the Council. Such audit shall be at the expense of the Corporation.

Section 4.4 **Deposit and Investment of Corporate Funds.**

a. All proceeds from the issuance of bonds, notes, or other debt instruments (“Obligations”) issued by the Corporation shall be deposited and invested as provided in the resolution, order, indenture, or other documents authorizing or relating to their issuance.

b. All other monies of the corporation shall be deposited, secured and/or invested in the manner provided for the deposit, security, and/or investment of the public funds of a City. The Board shall designate the accounts and depositories to be created and designated for such purposes, and the methods of withdrawal of funds therefrom for use by and for the purposes of the Corporation upon the signature of its treasurer and such other persons as the Board shall designate. The accounts, reconciliation, and investment of such funds and accounts shall be performed by the Department of Finance of the City. The Corporation shall pay reasonable compensation for such services to the City.

Section 4.5 **Expenditures of Corporate Money.**

a. The monies of the Corporation, including sales and use taxes collected pursuant to ~~Section 4A of~~ the Act, monies derived from the repayment of loans, rents received from the lease or use of property, the proceeds from the investment of funds of the Corporation, the proceeds from the sale of property, and the proceeds derived from the sale of Obligations, may be expended by the Corporation for any of the purposes authorized by the Act, subject to the following limitations:

- (i) Expenditures from the proceeds of Obligations shall be identified and described in the orders, resolutions, indentures, or other agreements submitted to and approved by the City Council prior to the sale and delivery of the Obligations to the purchasers thereof required by Section 6 of this Article;
- (ii) Expenditures that may be made from a fund created with the proceeds of Obligations, and expenditures of monies derived from sources other than the proceeds of Obligations may be used for the purposes of financing or otherwise providing one or more "Projects," as defined in the Act. The specific expenditures shall be described in a resolution or order of the Board and shall be made only after the approval thereof by the City Council. However, with the approval of general guidelines by the City Council and the Board, micro loans may be approved by a separate Board or Committee.
- (iii) All other proposed expenditures shall be made in accordance with and shall be set forth in the annual budget required by Section 2 of this Article.

Section 4.6 **Issuance for Obligations.** No Obligations, including refunding Obligations, shall be sold and delivered by the Corporation unless the Council shall approve such Obligations by action taken no more than 60 days prior to the date of sale of the Obligations.

Section 4.7 **Contracts.** All economic development funds expended for the purpose of encouraging economic development shall satisfy the following requirements:

- a. Must be predominantly for the public purpose of the development and diversification of the economy of the City of Odessa.
- b. There must be sufficient assurance, by contractual or statutory obligations, and through continuing supervision by the City of Odessa or others that the public purpose will be accomplished.
- c. There must be sufficient protection for the handling of the public money.
- d. There must be adequate consideration received for the payment of economic development funds.
- e. The purposes to be accomplished in each contract must be identified and must further identify by written provisions the amount of funds to be expended, the benefits to be received, such as new jobs or new investment in the City of Odessa, and must further specify the required period of time for providing the benefits.
- f. In the event that the specific purposes of the contract are not accomplished, the contract shall include provisions to require reimbursement of the economic development fund by the company.

Section 4.8 **Reimbursement of Expenses.** Any expenses of officers, directors or employees shall be reimbursed pursuant to the policies of the City of Odessa and there may be no public expenditure or reimbursement with public funds for alcohol.

Section 4.9 **Standards of Conduct.** Directors shall not:

a. Accept or solicit a benefit that might reasonably tend to influence the director in the discharge of the director's official duties.

b. Use the director's official position to secure special privileges or exemptions for the directors or others.

c. Disclose information that could adversely affect the property or affairs of the City or Board, or directly or indirectly, use any information understood to be confidential which was gained by reason of the director's position or employment for the director's own personal gain or benefit or for the private interest of others.

d. Transact any business on behalf of the Board or City in the director's official capacity with any business entity in which the director is an officer, agent or member, or in which the director has a family direct interest, as defined by the nepotism law of the state, or a direct financial interest. In the event that such a circumstance should arise then the director shall make known the director's interest to the Board and the City Council and abstain from all further actions on that item. No economic development funds shall be used for any contract in which such a conflict of interest exist without the approval of the City Council.

ARTICLE V MISCELLANEOUS PROVISIONS

Section 5.1 **Principal Office.** (a) The principal office and the registered office of the corporation shall be the registered office of the Corporation specified in the Articles of Incorporation.

Section 5.2 **Fiscal Year.** The fiscal year of the Corporation shall be the same as the fiscal year of the City.

Section 5.3 **Seal.** The seal of the Corporation shall be as determined by the Board.

Section 5.4 **Resignations.** Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5.5 **Approval or Advice and Consent of the Council.** To the extent that these bylaws refer to any approval by the City or refer to advice and consent by the Council, such advice and consent shall be evidenced by a certified copy of a resolution, order or motion duly adopted by the Council.

Section 5.6 **Services of City Staff and Officers.** Subject to the authority of the City Manager under the Charter of the city, the Corporation shall have the right to utilize the services of the City Attorney, the City Secretary, and the staff and employees of the Finance Department

of the city, provided (i) that the Corporation shall pay reasonable compensation to the City for such services, and (ii) the performance of such services does not materially interfere with the other duties of such personnel of the City.

Section 5.7 **Indemnification of Directors, Officers and Employees.**

a. As provided in the Act and in the Articles of Incorporation, the Corporation is, for the purposes of the Texas Tort Claims Act (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), a governmental unit and its actions are governmental functions.

b. The Corporation shall indemnify each and every member of the Board, its officers, and its employees, and each member of the Council and each employee of the City, to the fullest extent permitted by law, against any and all liability or expense, including attorneys fees, incurred by any of such persons by reason of any actions or omissions that may rise out of the functions and activities of the Corporation.

ARTICLE VI
EFFECTIVE DATE, AMENDMENTS

Section 6.1 **Effective Date.** These bylaws shall become effective upon the occurrence of the following events:

- a. The approval of these bylaws by the City Council; and
- b. The approval of these bylaws by the Board.

Section 6.2 **Amendments to Articles of Incorporation and Bylaws.** The Articles of Incorporation of the Corporation and these bylaws may be amended only in the manner provided in the Articles of Incorporation and the Act.

Approved: 12/9/1997
Amended: 9/8/1998
Amended: 5/11/1999
Amended: 4/13/2004
Amended: 1/25/2011
Amended: 2/23/2016
Amended: _____/2017

By: City of Odessa
Approved: _____, 2017

David R. Turner, Mayor

ATTEST:

Norma Aguilar-Grimaldo, City Secretary

APPROVED AS TO FORM:

Larry Long, City Attorney

By: Odessa Development Corporation
Approved: _____, 2017

Charles Carlson, President

ATTEST:

Norma Aguilar-Grimaldo, Secretary