

PUBLIC NOTICE
ODESSA DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING
City Council Chambers - City Hall, 5TH Floor
411 W. 8th Street, Odessa, Texas 79761
Thursday, February 13, 2020, at 2:00 p.m.

In accordance with the Open Meetings Act, Chapter 551 of the Government Code of Texas, notice is hereby given to all interested persons that the Odessa Development Corporation will meet as set out above to consider the following items:

1. Invocation
2. Consider Minutes of January 9, 2020 ODC Board
3. Contractors reports:
 - A. Economic Development Dept.-Odessa Chamber - Wesley Burnett
 - B. CVA Advertising & Marketing - Craig Van Amburgh
 - C. UTPB-America's SBDC - Tyler Patton, Sr. Business Consultant
 - D. UTPB-Business Challenge - Bryan Bierwirth
 - E. MOTRAN - James Beauchamp, President
 - F. City Administrative Support; Financials - Cindy Muncy
4. Discuss draft of Audit of ODC Financials performed by Weaver & Tidwell Greg Peterson
5. Consideration and possible action regarding newly drafted ODC bylaws Robert Carroll
6. Discuss economic development agreement auditing and payment process and amending economic development agreements to reflect potential changes Natasha Brooks
7. Discussion and possible action regarding Economic Development Agreement with Kaige Equipment, LLC Wesley Burnett
8. Discussion and possible action regarding Tar Heel Holdings, LLC Housing Project Wesley Burnett
9. Discussion and possible action regarding JARB Holdings, LLC Housing Project Wesley Burnett
10. ODC Committee and Officer reports
11. Adjourn

This notice is being posted on the south door of City Hall and on the bulletin board of the first floor of City Hall, Odessa, Texas, on the City of Odessa's website www.odessa-tx.gov, and on the Odessa Development Corporation's website www.odessatex.com, this the _____ day of _____, 2020, at _____ .m., said time being more than seventy-two hours (72) prior to the time at which the subject meeting will be convened and called to order.

The meeting is available to all persons regardless of disability. Individuals with disabilities who require special assistance should contact the City Secretary's Office at 432/335-3276, or 411 West 8th Street, First Floor, Odessa, Texas, during normal business hours at least twenty-four hours (24) in advance of the meeting.

Norma Aguilar-Grimaldo, City Secretary

**ODESSA DEVELOPMENT CORPORATION
CITY OF ODESSA, TEXAS
January 9, 2020**

A regular meeting of the Odessa Development Corporation (ODC) was held on January 9, 2020 at 2:00 p.m., in the Council Chambers, fifth floor, City Hall, 411 W. 8th St., Odessa, Texas.

Members present: Tim Edgmon, Gene Collins, Melanie Hollmann, David Boutin and Chris Cole.

Member absent: Mayor David R. Turner, ex-officio.

Others present:

City Staff: Norma Aguilar-Grimaldo, City Secretary; Natasha Brooks, City Attorney; Robert Carroll, Assistant City Attorney; Cindy Muncy, Interim Assistant City Manager;

ODC Contractors: Craig Van Amburgh, CVA; Wesley Burnett, Economic Development; Tyler Patton, UTPB-SBDC; Bryan Bierwirth, UTPB-SBDC; Tracy Jones, Chamber of Commerce; Sandra Woodley, UTPB; and

Others: Council members Peggy Dean, Tom Sprawls, Malcolm Hamilton, and Mari Willis and other interested citizens.

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

Mr. Collins gave the invocation.

Presentation to Betsy Triplett-Hurt and Ted Tuminowski. Mayor Pro Tem Dean expressed appreciation to the out-going members for their service. A plaque was presented to Ted Tuminowski and Betsy Triplett-Hurt. Mrs. Triplett-Hurt thanked the Board members and staff for working with her. Mr. Tuminowski was thankful for the time served and challenged others to get involved.

November 14, 2019 minutes. Motion was made by Mr. Collins and seconded by Ms. Hollmann to approve the minutes. The motion was approved by unanimous vote.

Appointment of Officers. Motion was made by Ms. Hollmann and seconded by Mr. Cole to appoint Tim Edgmon as President. The motion was approved by unanimous vote.

Motion was made by Mr. Edgmon and seconded by Ms. Hollmann to appoint David Boutin as Vice President. The motion was approved by unanimous vote.

Motion was made by Mr. Collins and seconded by Mr. Cole to appoint Melanie Hollmann as Secretary and Treasurer. The motion was approved by unanimous vote.

Contractors report: Economic Development: Odessa Chamber, CVA Advertising and Marketing, UTPB-America's SBDC, MOTRAN, and City Administrative support. Mr. Burnett was waiting on incentive applications. There was an interest in the Odessa market.

Mr. Van Amburgh reported on November's advertising activity. The podcast, Spirit of Odessa news segment and the Investing at Home continued. There were television spots that ran on sports channels for business retention. A trade publication ad was placed in the Texas Real Estate Business magazine. Website updates were made.

Mr. Patton reported on SBDC's November and December's activity. November's capitalization was over \$3 million and \$3,265,000 for Odessa with 11 new businesses. December had \$1 million in capitalization with two new businesses. There would be two seminars for January. He stated the numbers would exceed expected goals. He stated that clients were from 60% bank referrals and the 40% was from other clients or SBDCs. Mr. Collins asked that the reach be expanded.

Mr. Bierwirth reported that the Business Challenge orientation was next week. Three orientations would be held on January 14, 15 and 16th. He invited the board to attend.

Mrs. Muncy explained that the City was under a new conversion software program and would have financials at the next meeting. She handed out the ODC budget. She reported that the audit was underway. There was a decrease in sales tax for the first quarter. She reviewed October and November expenditures. The investment report reported \$60.5 million for the end of November.

Discuss UTPB Impact Study prepared by Ray Perryman. Dr. Woodley thanked the board for funding the Economic Impact Study. She highlighted areas of the study. She explained the study methodology that was used which was the US Multi-Regional Impact Assessment System. She reviewed the economic drivers that included expenditures, gross product, personal income and employment. Dr. Woodley provided the numbers for the economic drivers related to UTPB with operations, student and visitor spending; recent and ongoing construction projects; research activity; and employed graduates. Fiscal benefits of UTPB had \$13.6 million for ongoing effects of operation and visitors. Areas for strategic planning were underway to increase the economic impact by UTPB. Areas included doubling number of graduates, double research enterprise, a 10-year capital plan for projects was in process. Capital projects included mixed-use space/housing/arena, tournament destination, housing and improve quality of life. There was also a Center for business and economic analysis and the workforce training center and Business Incubator for UTPB, Odessa College and Midland College. She thanked the board for its support. Mr. Edgmon stated a meeting would be held with Dr. Perryman and looked forward to continue the partnership with UTPB.

Discuss economic development agreement auditing and payment process and amending economic development agreements to reflect potential changes. Ms. Brooks stated that the Legal Department was moving forward in standardizing the audits. Legal recommended that Weaver would handle the compliance and audit process with the grantees. Dan Graves, Weaver, was aware of the delays and would work directly to get the information from the grant recipients. The reports would be returned in a timely manner for payment to be made.

Ms. Hollmann suggested that for the protection of City staff, the Compliance Committee should approve the audit if no findings and/or discrepancies were found. She did not think it was a good idea to leave the Compliance Committee out of the process. Mr. Cole agreed, as it was a level of transparency through the taxpayers. Mrs. Muncy stated that Weaver was an independent group and all contracts would go through Weaver. Weaver had direct contact with the grantee. Mr. Burnett wanted to be informed of the

status of the audit in progress. Mr. Boutin suggested providing the Compliance Committee a report of the audit. This item will be discussed at the next meeting.

Resolution No. ODC-2020R-01 - Odessa College third and fourth incentive payments based on compliance with the economic development agreement. Mr. Carroll stated the City completed its review of the documentation. Weaver reviewed the report and there were no discrepancies. He recommended that Odessa College receive its spring and fall 2019 payments. The spring payment was for \$2,689,909.35 and the fall payment was \$2,210,829.91. Mrs. Muncy stated that the spring 19 payment was not made due to the delay of receiving the invoice and all the documentation.

Motion was made by Mr. Cole and seconded by Mr. Collins to approve the resolution. The motion was approved by unanimous vote.

Discuss potential nominees for Compliance Committee. Mr. Boutin recommended Phil Padilla, CFO and former banker to serve on the Compliance Committee. Mr. Cole recommended Blake Batte, President of OCC. Ms. Hollmann recommended Betsy Triplett-Hurt. Mr. Collins recommended Ted Tuminowski to serve on the Compliance Committee. There were four recommended names and only three positions available. The board would consider each name.

Motion was made by Mr. Boutin and seconded by Ms. Hollmann to appoint Phil Padilla. Mr. Collins objected to the process of appointment. The board would vote through a ballot process.

Discuss appointments to ODC Board Committees: Partnership, Tax Incentive, Advertising, and DOI Design. Motion was made by Mr. Collins and seconded by Mr. Cole that the following appointments be made: Partnership - Mr. Edgmon; Tax Incentive - Ms. Hollmann and Mr. Boutin; Advertising - Mr. Collins and Mr. Edgmon; and DOI Design - Mr. Cole and Mr. Collins. The motion was approved by unanimous vote.

Discuss potential nominees for Compliance Committee. A ballot was provided and the board members nominated three names. Mrs. Grimaldo reported that the following names had the most votes: Phil Padilla, Blake Batte, and Betsy Triplett-Hurt.

Motion was made by Mr. Cole and seconded by Mr. Boutin to appoint Phil Padilla, Blake Batte, and Betsy Triplett-Hurt and reappoint Maribea Merritt and Daniel Harper to the Compliance Committee. The motion was approved by unanimous vote.

ODC Committee and Officer Reports. Mr. Collins requested a workshop with the Council for priorities. Mr. Edgmon would reach out to the Council. Mr. Collins asked if there were going to be smoking receptacles in Downtown. Staff will research. Mr. Edgmon welcomed the new ODC members, as they would be a great addition to the board. The meeting adjourned at 3:17 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Tim Edgmon
President



Odessa Chamber of Commerce
Economic Development

Services for the Odessa Development Corporation

January 2020

Projects

2017-04

Project **American Standard** has received an incentive application and plans for major consolidation / expansion project, 60 sf with 6 acres of yard storage. They are exploring lease options in Odessa to retain 50 employees and hire 10 new. Company has contracted with CBRE for building search and will be working with Economic Development staff. This is an ongoing project information will be forthcoming as collaboration efforts proceed.

- Company continues to seek assistance with expansion in Odessa
- Company is working with landowner for location and increasing footprint
- Company has purchased land
- Waiting on Company to complete application
- No update

2018-01

- Lead from the Governor's office; **Sabre Chemical**, a chemical manufacturing business is seeking a HQ location in Odessa, adding 200 jobs to the workforce
- Seeking rail service location
- Company narrowing facilities list, will be working with Economic Development staff
- Negotiating for a facility continues and is close to completion
- Company is in final negotiation on existing facility in Odessa, will submit incentive application soon
- Company has closed on building, currently has 60 employees, plans to ramp up to 200 over 3 years
- HQ and distribution office, incentive application should be submitted soon
- Company continues to develop options for increasing facility size and job numbers. Discussion of locating more of operation in Odessa
- Company has incentive application, negotiations for increasing and expanding operations in Odessa

- Company making improvements / upgrades to existing local facility
- No update, waiting on application from company

2018-05

- **X-Energy** is seeking to construct and operate a specific nuclear reactor in Ector County, Texas. This is a long-term project that would not expect to be in operation until 2024 and a \$1.5 billion project
- This intrinsically safe procedure is expected to generate the sale of electricity and process heat from this facility which could self-suffice the plant operations and costs
- A feasibility study has returned favorable and positive feedback
- Ongoing discussion with company for further information
- Company visited Odessa, toured GCA-very favorable, feasibility moving forward on business model
- Company will return to Odessa and discuss water issues surrounding communities moving forward
- Company plans to be in Odessa in December 2018 with DOE representatives to explore options and Odessa investments
- Company and DOE, TRRC visited Odessa, project to move forward • Ongoing, no report

2018-08

- Company seeking 70 acres with rail for a multi-use chemical manufacturing company. This will create 50 jobs and anticipates a \$20 million investment
- Discussion with several landowners are ongoing
- On hold pending owner's evaluation of project
- Negotiation continues for Odessa location
- Owner evaluating company position, 4th quarter or early 2020 on relocation options
- No update

2019-01

- **Project Rockhound** is a 1000-megawatt solar project in western Ector County. \$1 billion CapEx, process of incentives with taxing entities ongoing
- No update

2019-02

- Manufacturer of housing components, 200-300 jobs, interest in locating facility in Odessa, initial discussions, application ongoing
- Exploring property in Opportunity Zone
- Negotiations continue for project location in Odessa
- Company is working on application

- No update

2019-03

- Oil and Gas manufacturing company out of state wishes to consolidate operations into Odessa
- 62 retained and transferred jobs, 46 new jobs created, \$7 million payroll
- Compliance met and will be recommending incentives to ODC board
- ODC Board and City Council approved an incentives package for the project
- Agreement executed

Local Business Retention and Expansion

- Multiple local expansions in beginning stages

Odessa Partnership

- Partnership met January 16, 2020
- The next meeting is scheduled March 19, 2020

Business Retention and Expansion

- Completed 10 visits to local industries

Housing

- OHFC approved for incentives on 216-unit multi-family project expansion on 87th Street. PSP approved project for investment of \$6 million. Construction could begin April/May.
- Housing pod project with interest in multi-family, mixed use and single-family pursuing project for Downtown and NE Odessa. Evaluating investments to partner with PSP and Downtown Odessa area interest. Project moving forward on all fronts.
- Several applications being received for single and multi-family projects.

Research and Development

- First Quarter C2ER, Cost of Living Index, data collected

Services and Other Activities

- Ingham Economic Index October Report sent via Mailchimp and posted to website
- Odessa Development News / Economic Indicators for December sent via Mailchimp and posted to website
- Certificates of Origin for Eckel International Inc., equipment and parts shipping to Saudi Arabia
- Certificate of Origin for Element Oil Tools, parts shipping to Cairo, Egypt
- Incentives application emailed to FANCHON7979@yahoo.com, request by Gene Collins
- Demographic information emailed to Kaleigh Brown with CBS Rentals
- Demographic information emailed to Darwin Stampport with Atmos



Partner Visits

TIP Strategies	Director Participated
Opportunity Odessa Steering Committee	Director Participated
Medical Center Hospital BAH	Director and Staff Participated
Motran Meeting	Director Participated
Odessa Partnership	Director and Staff Participated
Education Partnership Leadership Team Meeting	Director Participated
PBRC Board Meeting	Director Participated
State of the Oil & Gas – Midland Chamber	Director and Staff Participated
High Ground Las Vegas SHOT Show	Staff Participated



ADVERTISING & MARKETING

ODESSA DEVELOPMENT CORPORATION

JANUARY 2020 ACTIVITIES

PODCAST/TV AD SERIES

Podcast - Opportunity Odessa

Next up to air: Kirk Edwards/Reneé Earls ran in January. Next up: Ray Perryman - Part 2

TV News Segment - Spirit of Odessa

Working to schedule Wesley to do segments on housing, education, healthcare, local expansion, and explaining ODC's role in city growth.

KWES - Investing at Home

Aired in January: Bubba Saulsbury

TELEVISION

Our BR&E :30 TV spot ran on the same type programming during the month of January: Golf Channel, NASCAR Races on FS1 and NBCS, select NFL games on KPEJ-TV, NBA games on ESPN and TNT. In addition, CVA has scheduled shoot dates for a new BR&E spot featuring a brief testimonial by local business owner Nick Fowler who benefitted from ODC financial support.

TRADE PUBLICATIONS

Recently placed a full page ad in Business Facilities "State of the Year" issue that focuses on Texas. See ad attached later in this report.

WEBSITE UPDATES

CVA staff is currently designing and starting to program the changes planned for the site.



ADVERTISING & MARKETING

SOCIAL MEDIA/DIGITAL MEDIA

Overview

In January, our overall social media engagement and likes were up significantly. Total social impressions and engagement increased over 1,000% compared to the previous month. We continued the page likes campaign on Facebook, resulting in 9 new page likes, compared to 5 last month. Our Twitter impressions and profile visits were up significantly from the decrease we saw in December, and our tweet volume was up 166%. In addition, ODC will be a feature advertiser on the new Our Odessa app for 2020.

Facebook

Over the last month on Facebook, CVA has continued to generate content from relevant articles of local news organizations. Facebook metrics were much higher this month, with our post reach increasing by 34% and post engagement increasing by 6%. Our campaigns resulted in 9 new page likes and reached a total of 4,417 people.

Twitter

Over the last month on Twitter we had an increase in tweet volume, resulting in a 17% increase in impressions, but despite that we lost 5 followers. We have continued to tweet the same content we share on Facebook to engage new and existing followers as well as retweeting relevant content. Our tweets resulted in 4,025 impressions and 83 visits to our profile.

Website

Our website traffic this month was up significantly, with a 70% increase in page views and a 42% increase in users. The majority of our traffic this month came from organic search, which comprised 51% of visits, direct website entry was 27%, and social media made up 5%.

Info on new followers/likes:

Facebook: 9 new page likes

Twitter: 0 new followers

LinkedIn: 0 new followers



Odessa
RESOURCEFUL
Spirit

- Access to Interstate 20
Located in Penwell, TX (15 miles west of Odessa.)
- Rail access planned
- No utilities (raw land)
- Development funds available through the Odessa Development Corporation

- 520 Acres
- Access to Interstate 20 and Loop 338 in Odessa
- Located south of Odessa
- Currently planning access to utilities
- In industrial district with access to city services
- Close proximity to Gulf Coast Authority waste water facility
- Within one mile of Union Pacific rail yard
- Development funds available through the Odessa Development Corporation

Spirit of Growth

Odessa Holds the Key to Your Future Growth Plans

Now more than ever, Odessa is the ideal place to do business. A hub for service, equipment, and manufacturing since the discovery of oil in the Permian Basin in 1926, Odessa has diversified significantly while remaining one of the major oil field technology and manufacturing centers in the world.

Life in Odessa offers a unique blend of small and large town perks. As a highly energetic city in West Texas, the sky is, literally, the only limit. We are a bold city that takes pride in our fresh air, awe-inspiring sunsets, and highly receptive community.

If you're looking to expand your business or need a new location, contact the Economic Development Department at 432-333-7880.



Odessa Development Corporation Digital Report

January 2020

Social Overview

Total Social Engagement

95 1.32K
▲1289%
ENGAGEMENT

Total Social Clicks

37 759
▲1951%
CLICKS

Total Social Impressions

1.03K 12.46K
▲1103%
IMPRESSIONS

Total Social Likes

22 409
▲1759%
LIKES

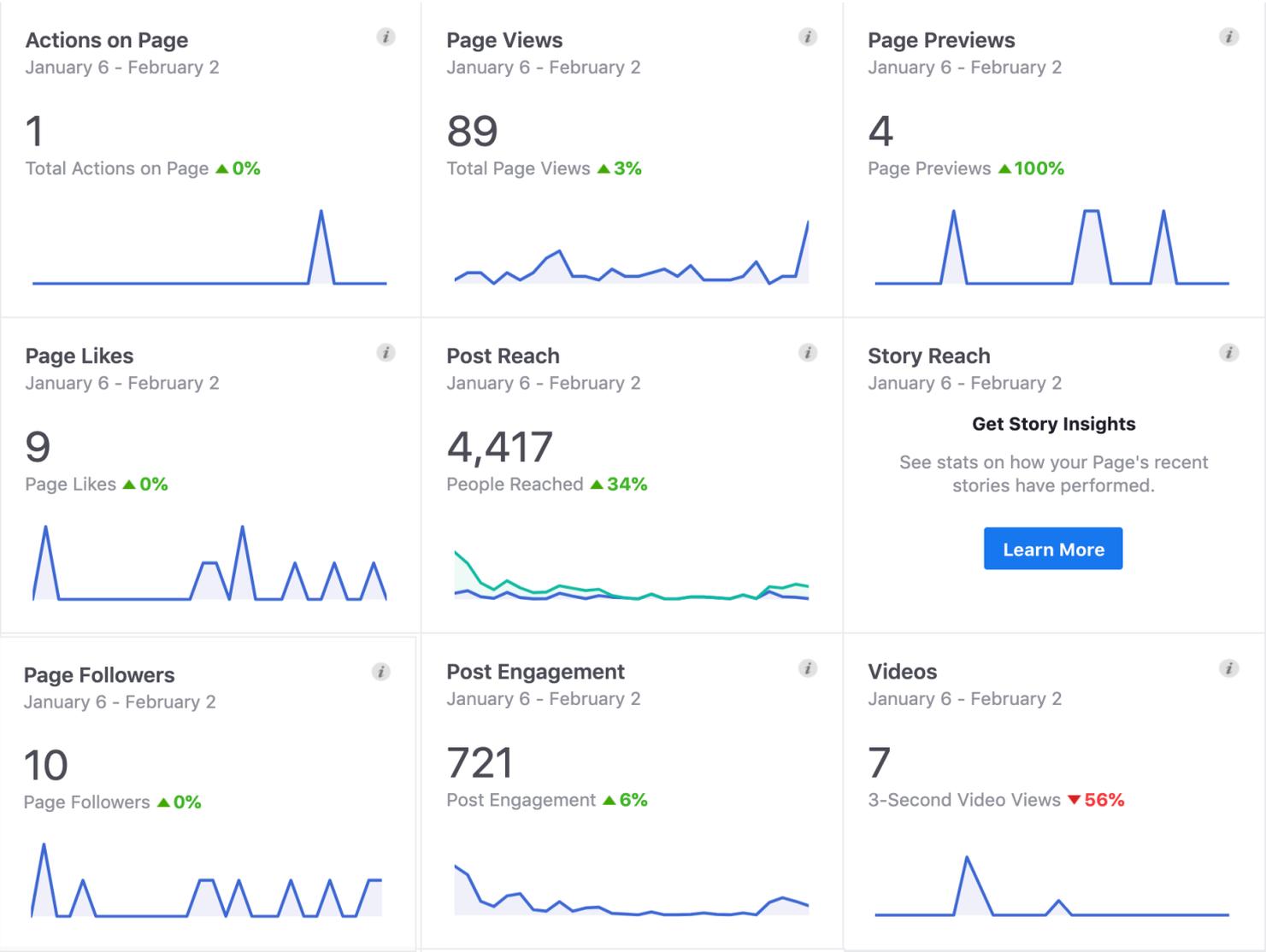
Total Social Followers

2.88K 2.88K
▼0%
FOLLOWERS

Total Social Shares

32 93
▲191%
SHARES

Facebook Overview



Facebook Top Posts



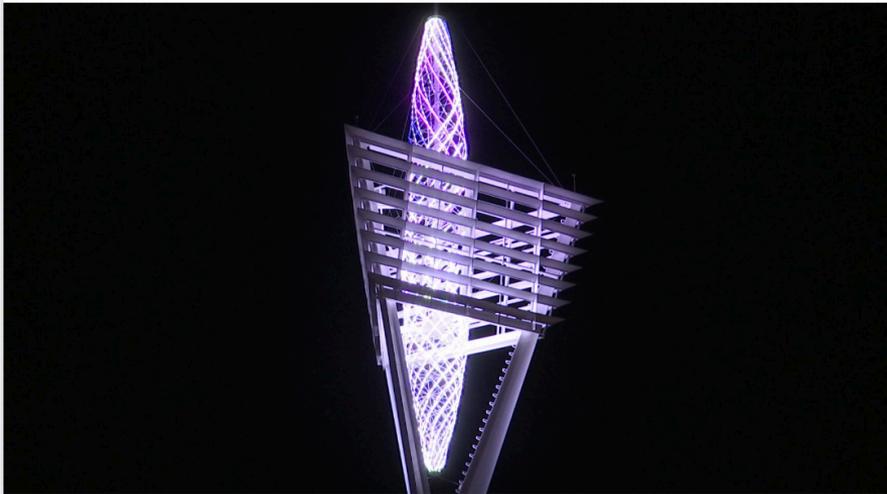
Odessa Development Corporation

Published by Caleb Burnett [?] · January 3 at 12:30 PM · 🌐

After nearly four years of renovations, Odessans gathered in December to celebrate the lighting of the new Odessa Spire.

At nearly 110 feet tall, it is the tallest public art installation in the state of Texas.

What a great asset for the city of Odessa and for prospective residents and citizens!... [See More](#)



3,355

People Reached

664

Engagements

[Boost Again](#)



Odessa Development Corporation

Published by Caleb Burnett [?] · January 2 · 🌐

The United States Census 2020 is hiring!

[#2020Census](#) is [#hiring](#). \$24.50 an hour - Census Takers' work schedules are flexible. Some temporary positions require work during the day, while others require evening and weekend work. Learn more and apply online at 2020census.gov/jobs. [#2020CensusJobs](#) [#ApplyToday](#)

[#Censo2020](#) está contratando. \$24.50 la hora - Los censistas trabajan horarios flexibles. Algunas posiciones temporales requieren trabajar durante el día, mientras otras requieren en la tarde y fines de semana. Para solicitar y obtener más información ingrese a 2020census.gov/Jobs. [#2020CensusJobs](#)

[See Translation](#)



2020CENSUS.GOV

2020 Census Jobs

Earn extra income while helping your community. The Census Bureau is recruiting thousands of people across the country to assist with the 2020 Census count.

See official info about the US 2020 Census at 2020census.gov.

[Visit Website](#)

1,870

People Reached

181

Engagements

[Boost Again](#)

Twitter Overview

JAN 2020 SUMMARY

Tweets

10

Tweet impressions

4,025

Profile visits

83

Mentions

6

New followers

-5

28 day summary with change over previous period

Tweets

8 ↑ 166.7%



Tweet impressions

3,257 ↑ 17.2%



Profile visits

64 ↑ 1.6%



Mentions

2 ↓ 60.0%

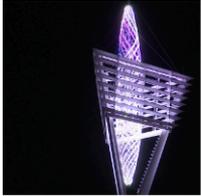


Followers

956 ↓ -5



Top Tweets



Odessa Development Corporation

@odessadevelop

After nearly 4 years of renovations, Odessans gathered in December to celebrate the lighting of the new Odessa Spire. At nearly 110 feet tall, it is the tallest public art installation in the state of Texas.

What a great asset for the city of Odessa and for prospective residents!

pic.twitter.com/uMxze6un36

Odessa Development Corporation @odessadevelop

The Texas Tribune's recent panel, "BOOM: A Conversation about How the Oil and Gas Sector Impacts Texas", featured good discussion about the Permian Basin's impact on the Texas economy. [https://odessatex.com/boom-spotlights-permians-contributions/ ...](https://odessatex.com/boom-spotlights-permians-contributions/)

Impressions 552

Total engagements 17

Likes 7

Link clicks 5

Detail expands 2

Profile clicks 2

Retweets 1

Impressions 745

Total engagements 35

Likes 11

Media engagements 7

Detail expands 7

Profile clicks 7

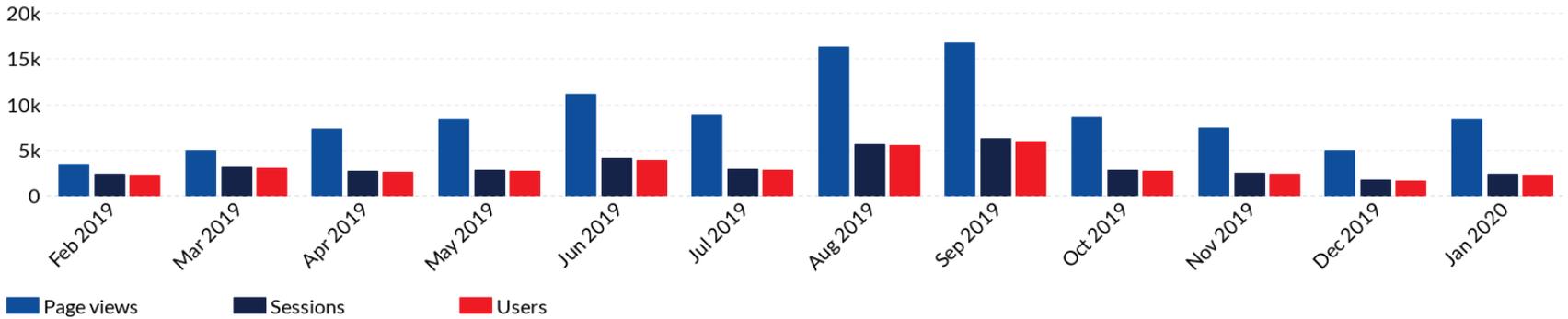
Retweets 3

Website Performance

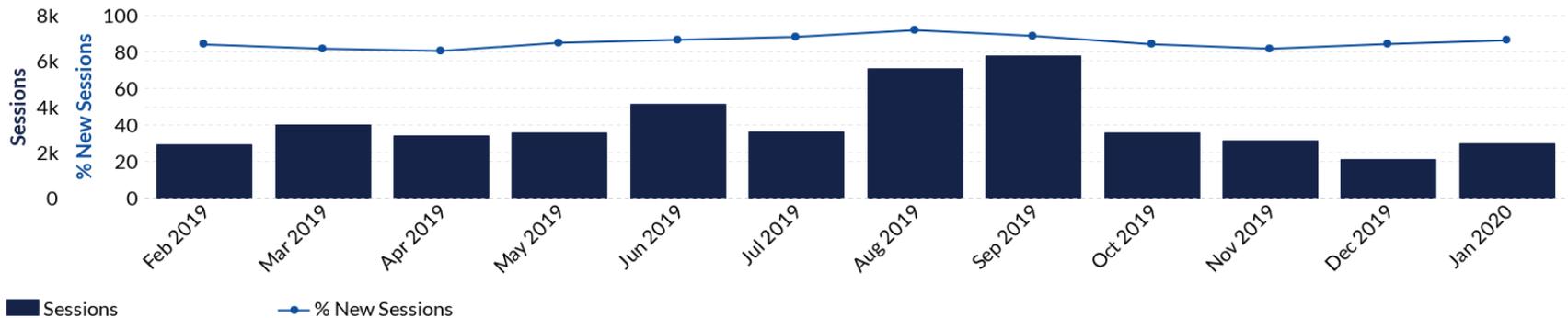
Performance KPIs



Website Performance Trend



Sessions vs New Sessions



UTPB SMALL BUSINESS DEVELOPMENT CENTER

2019-2020 New Business Start-Ups & Expansions

January-20							
ODESSA		OTHER LOCATIONS		ACTIVITIES			
New Businesses	0	New Businesses	3	Counseling Sessions	149	Seminars	1
Full-Time Jobs	4	Full-Time Jobs	19	Am Ind/N/Alaskan	14	Am Ind/N/Alaskan	0
Part Time Jobs	0	Part Time Jobs	5	Asian/pac. Islander	0	Asian/pac. Islander	1
				Black	13	Black	0
Total Jobs	4	Total Jobs	21	Hispanic	87	Hispanic	13
				Non-Hispanic	86	Non-Hispanic	6
				Total Clients	200	Total Attendees	20
				Counseling Hours	216	Training Hours	40

														Cumulative	End of Year
	Oct-19	Nov-19	Dec-19	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	2019/20	Totals	2018/19 Totals
Counseling Sessions	212	148	149	200										709	3403
Counseling Hours	229	142	150	216										736	2927
Seminars Presented	3	2	1	1										7	42
Attendees	90	14	11	20										135	736
Training Hours	180.0	91	22	40										333	1446
New Businesses	1	11	2	3										17	43
Odessa New Business	0	4	1	0										5	13
Capitalization	\$1,025,000	\$3,709,600	\$1,000,000	\$273,000										\$6,007,600	\$19,824,583
Odessa Capitalization	\$250,000	\$3,265,000	\$0	\$50,000										\$3,565,000	\$3,895,616
Full-Time Jobs	8	39	4	23										74	192
Odessa FullTime Jobs	4	19	2	4										29	70
Part Time Jobs	0	28	0	5										33	72
Odessa Part Time Jobs	0	25	0	0										25	24
Total Jobs	8	53	4	26										91	236



01/31/2020

Odessa Development Corporation Board of Directors,

I am pleased to announce the 2020 Odessa Business Challenge has officially begun! We kicked off the Challenge with three orientation dates and received 89 attending entrepreneurs.

Much planning and preparation to advance the Odessa Business Challenge, was in place before our scheduled start date. UTPB obtained SDB Creative Group to create a promotional strategy most beneficial to reaching entrepreneurs contemplating the opening of a new business or expanding an existing one. Bryan Bierwirth, Director of Business Competitions and Business Competition Consultant, set the goal to reach between 80-100 attendees of the scheduled orientations.

In our effort to entice commitment from candidates, we edited all interviews of past winners into 15-second ad campaigns. The 15-second ads of past winner testimonials appeared on digital streaming platforms for television such as YouTubeTV, Roku, Spotify, Crackle, Sling, and more. We also ran 15-second ads on social media simultaneously with other promotional still frame postings. Our marketing strategy included social media and digital streaming platforms while strengthening our penetration with local television placement, collectively with multiple live television and radio interviews on popular local news programs. I will have a full report on our marketing campaign results in the next update.

After the orientation, attendees had two weeks to decide if they wanted to participate relevant to newly applied changes that required a 675 credit score, including an obligated background check that rendered assurance of "no" felonies. Disregarding the two conditions could be considered by me, and only if the situation warrants a successful startup idea with minimal investment, risk, and without the requirement of additional loans.

During the two week break between orientation and the cutoff date of January 28th to join, potential participants not meeting one or both of the described conditions scheduled a meeting with me to review their situation for approval. The outcome presented 37 participating businesses entering into the 2020 Challenge competition. In comparison to the first year offering of the Business Challenge in 2018, where we received 11 candidates, and in 2019, we increase to 24 companies reaching a 118% incline, and in retrospect to last year, we achieved a successful surge of 236% over two years.

In January, we have administered one seminar, Brainstorming/Business Model Canvas, as all assigned workshops are mandatory. Many have begun scheduling the necessary time with me, the Business Challenge Consultant, to discuss their business development.



Four seminars are coming up in February, which includes (1) “How to Write a Business Plan,” (2) “How to Write an Investor Fact Sheet,” and (3 & 4) “Marketing I & Marketing II.” Also, in February, participants will continue to meet one-on-one with me to discuss business strategy and theory, all while working on their business plan and investor fact sheet.

As of today, the program approved a single payment for the required \$37,750 expenditure to satisfy the marketing obligation described in the proposal. All remaining monies are allocated for the Business Challenge Consultant’s salary, the awards night confirming the end of the Challenge, and the winners’ prize money.

Respectfully,

Bryan Bierwirth
Director of Business Competitions
University of Texas Permian Basin
432-552-2463
Bierwirth_b@utpb.edu

THE CITY'S FINANCIALS WILL BE HANDED OUT AT
THE MEETING ON FEBRUARY 13th, 2020.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Annual Financial Report

For the Fiscal Year Ended September 30, 2019

Odessa Development Corporation
Annual Financial Report
For the Fiscal Year Ended September 30, 2019
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Financial Section

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Independent Auditor's Report

To the Board of Directors of
Odessa Development Corporation
Odessa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Odessa Development Corporation (the Corporation) (a component unit of the City of Odessa, Texas) as of and for the year ended September 30, 2019, and related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Odessa Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Odessa Development Corporation as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors of
Odessa Development Corporation
Odessa, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and the schedule of revenues, expenditures, and changes in fund balance – budget and actual on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Odessa Development Corporation's basic financial statements referred to above. The accompanying schedule of committed funds for business incentives/training grants is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of committed funds for business incentives/training grants is fairly stated in all material respects in relation to the financial statements as a whole. The accompanying schedule of business incentives paid has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February XX, 2020, on our consideration of Odessa Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odessa Development Corporation's internal control over financial reporting and compliance.

[name of firm]

Midland, Texas
February XX, 2020

Management's Discussion and Analysis

As management of the Odessa Development Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended September 30, 2019.

Financial Highlights

- The assets exceeded liabilities at the close of the most recent fiscal year by \$52,356,449 (net position). The unrestricted net position of \$52,356,449 may be used to meet the Corporation's ongoing obligations to citizens and creditors.
- The Corporation's total net position increased by \$5,646,892. This increase is due to sales tax revenue increases and payment/accrual of incentive funds to businesses for the promotion and encouragement of employment and the capital investment in the City of Odessa, Texas.
- As of the close of the current fiscal year, the Corporation's governmental fund reported ending fund balance of \$52,356,449, an increase of \$5,646,892 in comparison with the prior year. Of this balance, \$23,026,625 is available for spending at the Corporation's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$23,026,625 or 210% of the total general fund expenditures.
- The Corporation has commitments to various companies and programs as of September 30, 2019 in the amount of \$12,893,494. This is a decrease of \$8,005,882 compared to the previous year.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Corporation's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., sales tax revenue).

Both of the government-wide financial statements only reflect the governmental-type fund for the Corporation since no business-type activities are maintained. The government-wide statements can be found on pages 13 and 14 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other quasi-governmental organizations, created as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation only maintains a governmental fund type category.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Corporation maintains only one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Corporation adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 and 16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 17 through 24 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$52,356,449 at the close of the most recent fiscal year.

By far the largest portion of the Corporation's net position is reflected in its cash and investments and receivables. These assets are to be used for grants and loans to businesses that provide jobs and capital investments in the City of Odessa, Texas.

Odessa Development Corporation's Net Position

	Governmental Activities	
	2019	2018
Assets	\$ 60,789,187	\$ 52,071,868
Total assets	60,789,187	52,071,868
Liabilities	8,432,738	5,362,311
Total liabilities	8,432,738	5,362,311
Net position:		
Unrestricted	52,356,449	46,709,557
Total net position	\$ 52,356,449	\$ 46,709,557

Odessa Development Corporation's Statement of Activities

	Governmental Activities	
	2019	2018
Revenues		
General revenues:		
Sales taxes	\$ 14,731,649	\$ 13,566,694
Incentives returned	449,888	-
Unrestricted investment earnings	1,441,461	632,577
Total revenues	16,622,998	14,199,271
Expenses		
General government	10,976,106	4,888,221
Total expenses	10,976,106	4,888,221
Change in net position	5,646,892	9,311,050
Net position - beginning	46,709,557	37,398,507
Net position - ending	\$ 52,356,449	\$ 46,709,557

The Corporation's total revenues for governmental activities provided \$16,622,998, mainly through collection of the ¼ cent sales tax.

Of the total general government expenses of \$10,976,106, the incentive line item cost was \$8,546,914 or 78%. In addition, a total of \$1,022,213 or 9% was spent primarily on marketing, including the Small Business Development Center Business Challenge (\$381,720), supplies, other, and contingency expenses. The remaining balance of \$1,406,979 or 13% was spent on administrative-type expenses including contracts with the Odessa Chamber of Commerce (\$807,341), MOTRAN (\$170,000), UTPB Small Business Development Center (\$111,294) and the City of Odessa, Texas (\$205,349).

Financial Analysis of the Government's Funds

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental fund reported ending fund balance of \$52,356,449, with an increase of \$5,646,892 in comparison with the prior year.

The committed to business incentives and training grants fund balance account of \$12,893,494 is a decrease of \$8,005,882 as compared to the previous fiscal year. The assigned fund balance of \$16,436,330 is an increase of \$4,936,330 as compared to the previous fiscal year, and is related to resolutions passed by the Board of Directors to provide funding for the Texas Department of Transportation (TXDOT) infrastructure projects necessary to promote or develop new or expanded business enterprises and to provide funding for the implementation of a workforce housing coalition.

General Fund Budgetary Highlights

A favorable revenue variance of \$4,322,998 was shown as of the end of the fiscal year, due primarily to an increase in sales tax collected. The expenditures reflected a favorable variance of \$35,855,934. The majority of the variance was in the incentives account in the amount of \$35,653,246. This variance is due to fewer grants or loan contracts being issued than was budgeted. The budgetary highlights can be found on pages 26 and 27 of the report.

Current budgetary practice is to allocate all of the estimated fund balance during the budget process to the next year's incentive account leaving a zero fund balance at the end of the fiscal year being proposed.

Capital Asset and Debt Administration

As of the end of the current fiscal year, the Corporation does not have any capital assets or outstanding debt.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered in preparing the Corporation's budget for fiscal year 2020:

- Sales tax collection remained the same at \$12,000,000, due to estimated sales taxes decreasing from prior years.
- Investment income remained the same at \$300,000, due to similar expected gains as the prior year because of a steady market.

The total budgeted revenues for fiscal year 2020 are \$12,300,000, which remains the same as the prior year. The budgeted appropriations for fiscal year 2020 are \$54,949,920, which is an increase of \$8,117,880 or 17%.

Request for Information

This financial report is designed to provide a general overview of the Odessa Development Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Odessa Development Corporation, P.O. Box 4398, Odessa, Texas 79760.

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Financial Statements

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Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
Statement of Net Position
September 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 57,959,202
Receivables	2,543,138
Prepaid items	<u>286,847</u>
Total assets	60,789,187
LIABILITIES	
Accounts payable	271,372
Contracts payable	<u>8,161,366</u>
Total liabilities	8,432,738
NET POSITION	
Unrestricted	<u>52,356,449</u>
TOTAL NET POSITION	<u><u>\$ 52,356,449</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Statement of Activities
 For the Fiscal Year Ended September 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
		<u>Governmental Activities</u>
PRIMARY GOVERNMENT		
Governmental activities:		
General government		
Supplies and materials	\$ 360	\$ (360)
Other operating expenditures	7,386	(7,386)
Services	1,399,233	(1,399,233)
Marketing	1,022,213	(1,022,213)
Incentives	8,546,914	(8,546,914)
	<u>\$ 10,976,106</u>	<u>(10,976,106)</u>
General revenues:		
Sales tax		14,731,649
Incentives returned		449,888
Unrestricted investment earnings		1,441,461
		<u>16,622,998</u>
Change in net position		5,646,892
Net position - beginning of year		<u>46,709,557</u>
NET POSITION - END OF YEAR		<u>\$ 52,356,449</u>

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Balance Sheet – Governmental Fund
 September 30, 2019

	General	Total Governmental Funds
		2019
ASSETS		
Cash and investments	\$ 57,959,202	\$ 57,959,202
Receivables	2,543,138	2,543,138
Prepaid items	286,847	286,847
	\$ 60,789,187	\$ 60,789,187
LIABILITIES		
Accounts payable	\$ 271,372	\$ 271,372
Contracts payable	8,161,366	8,161,366
Total liabilities	8,432,738	8,432,738
FUND BALANCE		
Committed to:		
Business incentives/training grants /other	12,893,494	12,893,494
Assigned	16,436,330	16,436,330
Unassigned	23,026,625	23,026,625
Total fund balance	52,356,449	52,356,449
TOTAL LIABILITIES AND FUND BALANCE	\$ 60,789,187	
Amounts reported for governmental activities in the statement of net position are different because: No differences		-
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 52,356,449

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance – Governmental Fund
 For the Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Total Governmental Funds</u>
	<u>2019</u>	
REVENUES		
Sales tax	\$ 14,731,649	\$ 14,731,649
Incentives returned	449,888	449,888
Investment income	1,441,461	1,441,461
	<u>16,622,998</u>	<u>16,622,998</u>
Total revenues	16,622,998	16,622,998
EXPENDITURES		
Supplies and materials	360	360
Other operating expenditures	7,386	7,386
Services	1,399,233	1,399,233
Marketing	1,022,213	1,022,213
Incentives	8,546,914	8,546,914
	<u>10,976,106</u>	<u>10,976,106</u>
Total expenditures	10,976,106	10,976,106
Excess of revenues over expenditures	5,646,892	5,646,892
Fund balance - beginning of year	<u>46,709,557</u>	<u>46,709,557</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 52,356,449</u></u>	<u><u>\$ 52,356,449</u></u>

The Notes to the Financial Statements are an integral part of this statement.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Definition and Nature of Entity

The Odessa Development Corporation (the Corporation) is a quasi-governmental organization created on December 1, 1997 as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, and is funded by a ¼ percent sales tax.

The Corporation is governed by a five-member Board of Directors appointed by the City Council, and the Corporation's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council. Because of this oversight responsibility, the Corporation is considered to be a component unit of the City of Odessa, Texas, and in accordance with Governmental Accounting Standards Board (GASB), its financial affairs are included in the City's comprehensive annual financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

The purpose of the Corporation is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and to do any and all projects authorized by section 4A of the Development Corporation Act.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

The basic financial statements of the Corporation are presented at two basic levels, which are the government-wide level and the fund level. These statements focus on the Corporation as a whole at the government-wide level and on the major fund at the fund level. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the Corporation. There is no inter-fund activity in the Corporation's statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are the only reported activities.

The government-wide statement of net position reports all financial and capital resources of the Corporation and is presented in an "assets minus liabilities equal net position" format with net position reported in the order of relative liquidity. In addition, assets and liabilities are presented in relative order of liquidity with liabilities, which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the Corporation's functions on the taxpayers by identifying direct expenses and the extent of self-support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function. Program revenues are revenues derived directly from the function or from other sources, which reduce the net cost of the function to be financed from general government revenues. Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function, and 3) grants and contributions restricted to capital requirements of a function. The Corporation had no program revenues for 2019 year. Items such as taxes, investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues, which normally cover the net cost of a function.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Fund level financial statements are presented for the governmental fund, with a focus on the major fund. A major fund is defined by GASB as a fund meeting certain specific asset, deferred outflows of resources, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined.

A budgetary comparison schedule for the General Fund is included in the required supplementary information (RSI).

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Exchange and exchange-like transactions, transactions in which the Corporation gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets, deferred outflows of resources or liabilities are recognized when the exchange occurs. Non-exchange transactions, transactions in which the Corporation gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets, deferred outflows of resources or liabilities are recognized in accordance with GASB. The treatment of non-exchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Under the *modified accrual basis of accounting*, revenues are recognized when susceptible to accrual, i.e., both *measurable and available*. "*Measurable*" means the amount of the transaction can be determined and "*available*" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of sales taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Expenditures are generally recorded when a fund liability is incurred.

Governmental fund level revenues, which have been accrued based upon the susceptible to accrual concept, are sales taxes.

The only major fund used by the Corporation is the general fund; as the only operating unit of the Corporation, this fund accounts for the major activities of the Corporation, which include collection of sales tax revenues and payment of contractual expenditures.

There are no significant differences in the amounts reported as governmental activities under the *accrual basis of accounting* and amounts reported on governmental funds under the *modified accrual basis of accounting*.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

D. Assets, Liabilities, and Net Position/Fund Balance

1. *Investments*

Investments for the Corporation, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Non-negotiable certificates of deposit are reported at cost.

2. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. *Sales Taxes*

Sales taxes are recognized as receivables and revenues in the period when the exchange transaction on which tax is imposed occurs on the *accrual basis of accounting* and when measurable and available under the *modified accrual basis of accounting*. Sales taxes accrued are considered available.

4. *Income Taxes*

Because the Corporation is wholly owned by the City of Odessa, Texas, and its revenues are related to its public purpose, any net revenues of the Corporation are exempt from federal income tax under the Internal Revenue Code of 1986, as amended.

5. *Net Position Flow Assumption*

Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. *Fund Balance Flow Assumptions*

Sometimes the Corporation will fund outlays for a particular purpose from restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

In the fund financial statements, fund balances are required to be reported according to the following classifications:

Non-spendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The Corporation has no non-spendable fund balance at September 30, 2019.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation). The Corporation has no restricted fund balance at September 30, 2019.

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by law (through constitutional provisions or enabling legislation). This classification includes incentive agreements and training grants.

Assigned Fund Balance – Amounts that are constrained by the Corporation's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. This classification includes funds set aside for road construction and enhancements and for the implementation of a workforce housing coalition.

Unassigned Fund Balance – This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and disclosure of contingent assets, deferred outflows of resources and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

- A.** Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

There are no differences between the governmental fund balance sheet and the government-wide statement of net position. The nature of the other assets and liabilities which were reported at the government-wide level are such that they also met the criteria for reporting at the fund level.

- B.** Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities:

There are no differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities because the nature of the revenues and expenses, which were accrued at the government-wide level were such that they also met the criteria for accrual at the fund level.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 3. Cash and Investments

As further described in Note 6, the City of Odessa, Texas serves as the Corporation's fiscal agent. Under the arrangement, the Corporation's cash and investments are accounted for by the City, and its un-invested cash (if any) is held in the City's depository in the City's name as agent for the Corporation. As required by the Revised Statutes of the state of Texas, all of the Corporation's deposits, to the extent not insured by federal depository insurance, are collateralized by securities held by an independent third party agent in the City's name under a joint custody arrangement giving the City unconditional rights and claims to the collateral.

At year-end, the carrying amount of the Corporation's cash and investments were \$57,959,202, of which \$29,272,528 was held in investment pools, \$3,186,010 was held in certificates of deposit, \$1,004,450 was held in U.S. Government Agency Securities, \$12,133,787 was held in municipal securities, \$12,312,032 was held in a depository high yield savings account, and \$50,395 was held in cash deposits. The high yield savings account was entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's agent in the Corporation's name.

The Corporation's investments are administered by City management under terms of an investment policy and strategy that has been updated to conform to the latest amendments to the Texas Public Funds Investment Act. The Corporation is authorized to invest in U.S. Government obligations and its agencies or instrumentalities; direct obligations of this State or its agencies and instrumentalities; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by the state of Texas or the United States or their respective agencies or instrumentalities; obligations or states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; no-load, SEC registered money market mutual funds with a weighted average stated maturity of 90 days or less fully collateralized repurchase agreements; insured or collateralized certificates of deposit; and local government pools. At September 30, 2019, 64% of the Corporation's investments were in external investment pools, 27% were invested in municipal securities, 6% were invested in certificates of deposit, and 3% were invested in U.S. Government Agency Securities.

The Corporation has recurring fair value measurements as presented in the table below. The Corporation's investment balances, weighted average maturity and credit risk of such investments are as follows:

	Fair Value Measurements Using		Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
	Investments	Significant Other Observable Inputs (Level 2)			
Investments measured at amortized cost:					
Investment pools:					
TexPool	\$ 22,284,783	\$ -	49%	34	AAAm*
LOGIC	6,987,745	-	15%	49	
Investments measured at cost:					
Non-negotiable Certificates of Deposit	3,186,010	-	7%	190	Not rated**
Investments by fair value level:					
U.S. Government Agency Securities	1,004,450	1,004,450	2%	74	AA+ to AAA*
Municipal securities	12,133,787	12,133,787	27%	261	AA+ to AAA*
Total value	\$ 45,596,775	\$ 13,138,237			
Total portfolio weighted average				108	

*Standard & Poor's

**Certificates of deposit are insured or collateralized

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Investment pools are measured at amortized cost or net asset value, i.e. fair value. Such investments are not subject to level reporting.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *LOGIC* investment pool is an external investment pool measured at net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The Corporation has no unfunded commitments related to the investment pools. LOGIC has a redemption notice period of one day and may be redeemed daily. The investment pool's authorities may only impose restriction on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

Municipal Securities and U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of deposit that are non-negotiable are reported at cost; whereas, certificates of deposit that are brokered are reported at fair value.

Interest Rate Risk – As required by the Corporation's investment policy, as of September 30, 2019, the Corporation minimizes the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed three years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

Credit Risk – In compliance with the Corporation's investment policy, as of September 30, 2019, the Corporation minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in U.S. Government Agency Securities and Municipal securities that were rated AAA by Standard & Poor's, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Corporation will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

Odessa Development Corporation (A Component Unit of the City of Odessa, Texas)

Notes to the Financial Statements

Note 4. Receivables

Receivables of \$2,543,138 as of year-end for the government's individual major fund were from sales tax in the amount of \$2,425,348, and \$117,790 from interest receivable. The Corporation does not anticipate any uncollectible accounts as of September 30, 2019.

Note 5. Concentrations of Risk

As described in Note 1, the Corporation's funding is dependent upon ¼ percent sales tax assessed on retail sales within the city limits of the City of Odessa, Texas. This revenue source is subject to the normal economic fluctuations experienced by the City and the surrounding region.

As described in Note 3, the Corporation's cash and investments, which were in the total amount of \$57,959,202 at September 30, 2019, are held at TexPool, LOGIC, AIM Bank, BBVA Compass, and Frost Bank.

Note 6. Transactions with Municipality

The City of Odessa, Texas serves as fiscal agent for the Corporation, furnishing accounting, investment management, and data processing services under a contract, which provides that the City will be reimbursed for its cost of providing the services. The City also prepares and provides space and information for the Corporation's board meetings. Fees charged under this agreement, are approximately \$17,112 per month and for the period ended September 30, 2019, the Corporation paid the City \$205,349.

Note 7. Commitments

The Corporation has entered into a contract with the Odessa Chamber of Commerce (the Chamber) to provide economic development services (referred to as the "Economic Development Program") in accordance with the General Development Plan prepared by the Corporation. The Corporation paid the Chamber \$807,341 for the current year, which is net of a \$28,936 refund. The Chamber contributed certain in-kind services as provided in the contract. The contract period began October 1, 2018 and terminated on September 30, 2019, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into a contract with MOTRAN Alliance, Inc. to provide economic development services in accordance with the General Development Plan. The Corporation paid MOTRAN \$170,000 for the current year. The contract period began October 1, 2018 and terminated September 30, 2019, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into a contract with UTPB Small Business Development Center (UTPB-SBDC) to provide economic development services in accordance with the General Development Plan. The Corporation paid UTPB-SBDC \$111,294 for the current year. The contract period began October 1, 2018 and terminated September 30, 2019, whereby a new annual contract began with essentially the same provisions.

**Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)**

Notes to the Financial Statements

The Corporation has entered into business incentive/training grants with multiple entities, both in the current year and since inception. The agreements require the Corporation to pay incentives/grants upon the completion of certain transactions, which may or may not correspond to the entity's earnings of those incentives/grants. Based on accrual and modified accrual accounting, these expenditures are recorded by the Corporation when earned. If the entities fail to meet all requirements, the agreement states that the entities will refund incentive/training dollars back to the Corporation. At September 30, 2019, the Corporation was committed for \$12,893,494 for incentive agreements not yet earned on the part of the entities.

The Corporation assigned a portion of its fund balance related to a resolution passed by the Board of Directors to provide funding for the Texas Department of Transportation (TXDOT) infrastructure projects necessary to promote or develop new or expanded business enterprises. At September 30, 2019, the Corporation assigned \$11,436,330 for the TXDOT funding.

The Corporation also assigned a portion of its fund balance related to a resolution passed by the Board of Directors to provide funding for a workforce housing coalition whose purpose is to fund and help address the ongoing housing crisis in Odessa. At September 30, 2019, the Corporation assigned \$5,000,000 for the workforce housing coalition.

Required Supplementary Information

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)
 Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance – Budget and Actual (Unaudited)
 For the Fiscal Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Sales tax	\$ 12,000,000	\$ 12,000,000	\$ 14,731,649	\$ 2,731,649
Returned incentives	-	-	449,888	449,888
Investment income	300,000	300,000	1,441,461	1,141,461
	<u>12,300,000</u>	<u>12,300,000</u>	<u>16,622,998</u>	<u>4,322,998</u>
Total revenues	12,300,000	12,300,000	16,622,998	4,322,998
EXPENDITURES				
Supplies and materials	1,500	1,500	360	1,140
Other operating expenditures	21,000	21,000	7,386	13,614
Services	1,402,920	1,402,920	1,399,233	3,687
Marketing	1,056,620	1,056,620	1,022,213	34,407
Contingencies	100,000	100,000	-	100,000
Incentives	44,250,000	44,250,000	8,546,914	35,703,086
	<u>46,832,040</u>	<u>46,832,040</u>	<u>10,976,106</u>	<u>35,855,934</u>
Total expenditures	46,832,040	46,832,040	10,976,106	35,855,934
(Deficiency) excess of revenues over expenditures	(34,532,040)	(34,532,040)	5,646,892	40,178,932
Fund balance - beginning of year	<u>46,709,557</u>	<u>46,709,557</u>	<u>46,709,557</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 12,177,517</u></u>	<u><u>\$ 12,177,517</u></u>	<u><u>\$ 52,356,449</u></u>	<u><u>\$ 40,178,932</u></u>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2019

Note 1. Budgetary Information

The Odessa Development Corporation Board of Directors and the City Council of the City of Odessa, Texas follow these procedures in establishing the budget reflected in the schedule:

1. Prior to the beginning of each fiscal year, the Corporation's Treasurer submits a proposed budget to the Corporation's Budget, Finance, Audit Committee and then to the Board of Directors for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and means of financing them.
2. The budget is legally adopted by the Corporation's Board of Directors and approved by the City Council of the City.
3. The Board of Directors and the City Council must approve any increases in fund appropriations. All appropriations lapse at the end of each fiscal year.
4. The annual budget adopted for the Governmental Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 2. Excess of Expenditure over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations in the following expenditures categories:

1. Services: The Corporation incurred unforeseen additional costs during the year. The additional costs are insignificant to the Corporation as a whole.

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Supplementary Information

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Schedule of Business Incentives and Other Grants Earned (Unaudited)
September 30, 2019

12/1/1997 Start of Corporation	\$ -
Incentives earned:	-
9/30/1998 Cumulative balance	<u>\$ -</u>
Incentives earned:	<u>\$ -</u>
9/30/1999 Cumulative balance	<u><u>\$ -</u></u>
Incentives earned:	
Standard Structures Inc.	\$ 65,000
First American Home Buyers	300,000
Odessa Ector Power Partners	402,580
Southwestern Bell Communications	1,000,000
Odessa College	58,328
Odessa Concrete Supply Co.	32,175
SUBTOTAL FOR 9/30/00	<u>1,858,083</u>
9/30/00 Cumulative balance	<u><u>\$ 1,858,083</u></u>
Incentives earned:	
First American Home Buyers	\$ 133,334
Quality Micrographics Inc.	41,600
Bear's Machine & MFG Inc.	28,600
West Texas Food Bank	113,496
SUBTOTAL FOR 9/30/01	<u>317,030</u>
9/30/01 Cumulative balance	<u><u>\$ 2,175,113</u></u>
Incentives returned:	
West Texas Food Bank	<u>\$ (113,496)</u>
Incentives earned:	
First American Home Buyers	133,333
Athletic Supply	50,000
Family Dollar	1,997,059
Speculative Building Expenses	21,887
SUBTOTAL FOR 9/30/02	<u>2,202,279</u>
9/30/02 Cumulative balance	<u><u>\$ 4,263,896</u></u>

**Odessa Development Corporation
 (A Component Unit of the City of Odessa, Texas)**

Schedule of Business Incentives and Other Grants Earned (Unaudited) – Continued
 September 30, 2019

Incentives earned:	
First American Home Buyers	\$ 133,333
Westech Seal, Inc.	105,873
Family Dollar	1,972,073
Weatherford	547,700
Desert Industrial	135,000
	<hr/>
SUBTOTAL FOR 9/30/03	2,893,979
	<hr/>
9/30/03 Cumulative balance	\$ 7,157,875
	<hr/> <hr/>
Incentives earned:	
First American Home Buyers	\$ 150,000
Omni Massage Systems	22,672
Televista, Inc.	2,839,800
NuFlo Technologies, Inc.	138,960
Orrex Plastics Co.	425,000
	<hr/>
SUBTOTAL FOR 9/30/04	3,576,432
	<hr/>
9/30/04 Cumulative balance	\$ 10,734,307
	<hr/> <hr/>
Incentives earned:	
Athletic Supply	\$ 46,550
Light Tower Rentals	80,000
Bear's Machine and Manufacturing	30,000
	<hr/>
SUBTOTAL FOR 9/30/05	156,550
	<hr/>
9/30/05 Cumulative balance	\$ 10,890,857
	<hr/> <hr/>
Incentives earned:	
Coca Cola Enterprises	\$ 490,000
First American Financial Corp	150,000
John Ben Shepperd Parkway & Business Interstate 20 East Overpass Project	1,000,000
Navasota Odessa Energy Partners	304,920
Odessa Separator, Inc.	24,375
Charles Templeton Machine, Inc.	50,000
UTPB Reactor	500,000
Rig Works, Inc.	100,000
	<hr/>
SUBTOTAL FOR 9/30/06	2,619,295
	<hr/>
9/30/06 Cumulative balance	\$ 13,510,152
	<hr/> <hr/>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Schedule of Business Incentives and Other Grants Earned (Unaudited) – Continued
 September 30, 2019

Incentives returned to miscellaneous income:		
Bear's Machine and Manufacturing	\$	(10,000)
Incentives earned:		
Rig Works, Inc.		100,000
Future Gen Water Study		12,156
SUBTOTAL FOR 9/30/07		112,156
9/30/07 Cumulative balance	\$	13,612,308
Incentives earned:		
Industrial Piping Specialists I, Ltd.	\$	365,000
Gemstar, Inc.		112,320
T&R Enterprises		16,640
Navarrete Industries, LLC.		25,000
Falcon International, Inc.		600,000
SUBTOTAL FOR 9/30/08		1,118,960
9/30/08 Cumulative balance	\$	14,731,268
Incentives earned:		
Falcon International, Inc.	\$	92,400
Future Gen Water Study		26,642
REXtac		5,000,000
SUBTOTAL FOR 9/30/09		5,119,042
9/30/09 Cumulative balance	\$	19,850,310
Incentives earned:		
REXtac	\$	116
Lufkin Industries		1,000,000
Summit Texas Clean Energy, LLC		5,483,059
Meither Bearing Products - Training Grant		12,280
SUBTOTAL FOR 9/30/10		6,495,455
9/30/10 Cumulative balance	\$	26,345,765

**Odessa Development Corporation
 (A Component Unit of the City of Odessa, Texas)**

Schedule of Business Incentives and Other Grants Earned (Unaudited) – Continued
 September 30, 2019

Incentives earned:	
Precision Lining Systems	\$ 207,000
Meither Bearing Products - Training Grant	12,280
Kline Oilfield	25,658
Texas Tech	75,000
National Institute for Renewable Energy	25,000
JBS Parkway Extension	44,646
Triangle Pump - Training Grant	11,772
	<hr/>
SUBTOTAL FOR 9/30/11	401,356
	<hr/>
9/30/11 Cumulative balance	\$ 26,747,121
	<hr/> <hr/>
Incentives earned:	
Coca Cola	\$ 105,000
Odessa College	160,000
Odessa Industrial	23,795
UTPB	100,000
	<hr/>
SUBTOTAL FOR 9/30/12	388,795
	<hr/>
9/30/12 Cumulative balance	\$ 27,135,916
	<hr/> <hr/>
Incentives earned:	
JBS Parkway Extension	\$ 1,201,672
Miether Bearing Products	9,750
Triangle Pump Component Inc.	11,773
Permian Tank & Manufacturing	100,000
ULTRA Premium Oilfield Services	168,300
	<hr/>
SUBTOTAL FOR 9/30/13	1,491,495
	<hr/>
9/30/13 Cumulative balance	\$ 28,627,411
	<hr/> <hr/>
Incentives returned:	
Summit Texas Clean Energy, LLC	\$ (5,000,000)
Precision Lining Systems	(103,500)
	<hr/>
	(5,103,500)
Incentives earned:	
CUDD Pumping Services	675,000
UTPB	100,000
LEECO	1,225,450
Gulf Coast Waste Disposal Authority	39,000
	<hr/>
SUBTOTAL FOR 9/30/14	2,039,450
	<hr/>
9/30/14 Cumulative balance	\$ 25,563,361
	<hr/> <hr/>

**Odessa Development Corporation
 (A Component Unit of the City of Odessa, Texas)**

Schedule of Business Incentives and Other Grants Earned (Unaudited) – Continued
 September 30, 2019

Incentives earned:	
JBS Parkway Extension	\$ 669,208
Permian Tank & Manufacturing	168,300
Gulf Coast Waste Disposal Authority # 2	128,359
UTPB Training Grant	1,000,000
JBS Parkway Waterline Extension	151,334
Odessa College Training Grant	265,819
	<hr/>
SUBTOTAL FOR 9/30/15	2,383,020
	<hr/>
9/30/15 Cumulative balance	\$ 27,946,381
	<hr/> <hr/>
Incentives earned:	
JBS Parkway Extension	\$ 262,088
Standard Sales	400,000
Gulf Coast Waste Disposal Authority # 2	21,639
City Convention Center Parking Garage	8,277,981
	<hr/>
SUBTOTAL FOR 9/30/16	8,961,708
	<hr/>
9/30/16 Cumulative balance	\$ 36,908,089
	<hr/> <hr/>
Incentives earned:	
ULTRA Permian Oilfield Services	\$ 80,184
Odessa College Training Grant	1,984,181
UTPB Training Grant	1,000,000
Permian Tank & Manufacturing	244,035
Standard Sales	200,000
West TX Food Bank	147,134
French Press Café	49,248
Tejas Shooting	136,091
Little Texans	30,000
Schoel Law Firm	30,000
City Convention Center Parking Garage	1,012,760
	<hr/>
SUBTOTAL FOR 9/30/17	4,913,633
	<hr/>
9/30/17 Cumulative balance	\$ 41,821,722
	<hr/> <hr/>

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Schedule of Business Incentives and Other Grants Earned (Unaudited) – Continued
 September 30, 2019

Incentives earned:		
Standard Sales	\$	200,000
West TX Food Bank		147,000
FMC Technologies		76,398
Odessa College Training Grant #2		404,145
UTPB Training Grant #2		1,500,000
		<hr/>
SUBTOTAL FOR 9/30/18	\$	2,327,543
		<hr/>
9/30/18 Cumulative balance	\$	44,149,265
		<hr/> <hr/>
Incentives returned:		
Summit Texas Clean Energy, LLC	\$	(449,888)
		<hr/>
	\$	(449,888)
		<hr/>
Incentives earned:		
Standard Sales		200,000
West TX Food Bank		147,000
FMC Technologies		76,398
Odessa College Training Grant #2		6,246,684
UTPB Training Grant #2		1,500,000
Select Energy		18,375
Glazer's Beer & Beverage		226,998
Dobbs Law Firm		67,789
Grant Street Bar & Grill		19,840 *
Yung Ham, LLC.		30,000 *
TXDOT		63,670
		<hr/>
SUBTOTAL FOR 9/30/19	\$	8,596,754
		<hr/>
9/30/19 Cumulative balance	\$	52,296,131
		<hr/> <hr/>

* This schedule includes facade grants that have been earned and categorized as marketing expense in the financial statements.

Odessa Development Corporation
(A Component Unit of the City of Odessa, Texas)

Schedule of Committed Funds for Business Incentives/Training Grants
September 30, 2019

Business Incentives/Training Grants/Other

West TX Food Bank	\$	293,866
Summit Texas Clean Energy, LLC		5,449,888
FMC Technologies		229,196
Odessa College Training Grant		1,349,170
UTPB Training Grant		4,500,000
Select Energy		73,497
Glazer's Beer & Beverage		907,993
Martinez Asset Management, LLC.		18,375
Tawanda Corp.		71,509
		<hr/>
Total	\$	12,893,494
		<hr/> <hr/>

Overall Compliance and Internal Control Section

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Board of Directors of
Odessa Development Corporation
Odessa, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Odessa Development Corporation (the Corporation) (a component unit of the City of Odessa, Texas) as of and for the year ended September 30, 2019, and related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated February XX, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Directors of
Odessa Development Corporation

Purpose of this Report

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

[Name of firm]

Midland, Texas

February XX, 2020

fBYLAWS 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, as amended, Chapters 501-507, Local Government Code, as amended, (the “Act”), and other applicable laws.

Section 1.2 **Powers.** In the fulfillment of the corporate purpose, the Corporation shall be a Type A organization governed by 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.

Section 1.3 **Registered Office and Registered Agent.** The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The Registered Agent for the Corporation shall be the City Manager, subject that the Board of Directors from time to time, may change the registered agent and/or the address of the registered office, subject to City Council approval, provided that such change is appropriately reflected in the Bylaws.

The registered office of the Corporation is located at 411 W. 8th Street, Odessa, 79760, Ector County, Texas, and at such address is the Corporation, whose mailing address is 411 W. 8th Street, Odessa, 79760, Ector County, Texas.

Section 1.4 **Principal Office.** The principal office of the Corporation in shall be located at 411 W. 8th Street, City of Odessa, Ector County, and it shall be identical with the registered office of the Corporation.

ARTICLE II
BOARD OF DIRECTORS

Section 2.1 **Powers.** 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.

Section 2.2 **Number and Terms of Office.**

a. The Board shall consist of five (5) directors, to be appointed by City Council in accordance with the Act and the City’s Home-Rule Charter, as each may be amended, with the Mayor or City Councilmember designee as a sixth (6) ex-officio member. The Mayor or designee shall not have the power to vote in the meetings attended, shall not be counted for purposes verifying a quorum, and shall be for the purpose of ensuring that information is accurately

communicated to the Council, the Chambers, and to promote cooperation in achieving the goals and objectives of economic development of the Odessa area and community.

b. The term of all directors shall be two (2) years and the term shall start on January 1. Because there are five directors, any of the six Councilmembers may nominate a director, subject to the City Council, as a group, voting on the directors. However, the City Council may vary specific director terms in order to maintain a board with staggered terms.

c. A person may be appointed for three (3) successive terms. Directors 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.

d. Directors may be removed from office by the City Council at will. Additionally, any director is automatically removed from office that director is absent in excess of fifty (50) percent of all Regular Meetings during a twelve-month period. The Council will be free to appoint a person immediately to fill the vacated position.

e. Any director 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.

f. Any vacancy occurring upon the Board of Directors shall be filled for the unexpired term by the City Council.

g. The Mayor of the City of Odessa is to be a non-voting *ex officio* member of the Board of Directors, and may attend all meetings of the Board. The Mayor may cause City staff to provide assistance and administrative support to the Board, as needed and by contractual agreement.

Section 2.3 **Qualifications.**

a. The Council shall consider an individual's experience, accomplishments and educational background in appointing Directors to ensure that the interests and concerns of all segments of the community are considered. 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, including but not limited to commercial banking, lending, accounting, insurance or law; or (iv) have experience equivalent to any of the above qualifications; or (v) have served on the Compliance Committee.

b. 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; (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.

c. The Council, in their appointment of directors, shall be subject to nepotism laws (See Chapter 573 of the Texas Local Government Code). No Councilmember may appoint a person who is related to either the Mayor or any of the Councilmembers within the prohibited degrees of relationship.

Section 2.4 **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, located at 411 W. 8th Street in Odessa, Ector County, Texas.

Section 2.5 **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. The Regular Meetings are the second Thursday of each month at 2:00 P.M.

b. Special Meetings of the Board may be 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 e-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.

c. 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, or by facsimile or e-mail address designated by the director, 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 2.6 **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, Chapter 551, Texas Government Code, as amended.

Section 2.7 **Quorum.** A majority of the voting 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 2.8 **Conduct of Business.**

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.

Section 2.9 **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.

Section 2.10 **Conflict of Interest.** All Directors shall fill out an interest disclosure form which would bring to the forefront any conflicts that a director may have with any other entity that is benefiting from the Odessa Development Corporation by receiving funds. This form does not require the disclosure of the percentage of interest or the dollar amount of such interest with such entities unless the director owns more than eighty (80) percent of the business enterprise.

Section 2.11 **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 attorney's 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.

Section 2.12 **Committees of the Board.** The Board may, by resolution, designate two (2) or more directors to constitute an official committee of the Board to exercise such authority of the Board.. Such committees shall have the powers, duties, and responsibilities established by the Board. 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 provide a copy upon request.

Section 2.13 **Compliance Committee.** The Board hereby appoints a compliance committee which 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 ensure compliance with its bylaws, except as otherwise hereafter provided.

a. Ten (10) members shall be appointed by the Board to the Compliance Committee and a quorum shall constitute four (4) committee members. The Committee shall also include six (6) non-voting *ex-officio* members that shall include one (1) Council member selected by the City Council, two (2) board members from the Odessa Development Corporation, and one (1) representative each from the Black Chamber of Commerce, Odessa Chamber of Commerce, and Odessa Hispanic Chamber of Commerce, as appointed by each entity. These non-voting *ex-officio* members shall not have the power to vote in the meetings attended, shall not be counted for purposes of verifying a quorum. These *ex-officio* members shall be for the purpose of ensuring that information is accurately communicated to the Council, the Chambers, the Development Corporation, and to promote cooperation in achieving the goals and objectives of economic development of the Odessa area and surrounding community.

b. Written policies or guidelines shall be in place to give direction to the Economic Development Department of the Chamber of Commerce (“EDD”) and to provide procedures for processing applications. Further, policies shall also 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. 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.

c. 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.

Section 2.14 Downtown Odessa, Inc., Design Committee.

a. ODC does not appoint committee members to the Downtown Odessa, Inc. Board, but ODC does approve funding for Downtown Odessa, Inc. Façade and Infrastructure Grant Applications.

b. The Design Committee is made up of one (1) ODC board member, one (1) member of the City Council, and the Mayor of the City of Odessa.

c. 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.

Section 2.15 Advertising Committee. The Board may appoint a committee to review the plans of the entity conducting advertising on behalf of the Odessa Development Corporation as well as make suggestions for future advertising plans. The Committee shall be appointed by the Board and shall be made up of two (2) members of the Board.

Section 2.16 Budget, Finance and Audit Committee. The Board may appoint a Budget, Finance, and Audit Committee, which 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. Eight (8) members shall be appointed by the Board to the Budget, Finance and Audit Committee and a quorum constitute four (4) committee members.

Section 2.17 **Committee for Business Retention and Expansion.** The Board may appoint a Committee for Business Retention and Expansion, which would work with the directors of the Corporation to keep them informed of all development and activities concerning business retention and expansion. At least five (5) members shall be appointed by the Board to said committee and a quorum shall consist of at least one-half of its members.

Section 2.18 **Committee for New Business Attraction and Recruitment.** The Board may appoint a Committee for New Business Attraction and Recruitment, which would work with the Corporation's Board and keep them informed of all developments and activities concerning business attraction and recruitment. At least five (5) members shall be appointed by the Board to said committee and a quorum shall consist of at least one-half of its members.

Section 2.19 **Committee Member Duties.**

a. It is important that all committee members be actively involved in the affairs of their committee, that attendance at committee meetings be excellent, and that they are receptive to any other forms of communication. Committee members should also be available for Special Meetings, if necessary.

b. The following rules shall apply to all committees:

(i) If a member misses more than three (3) consecutively called meetings without an excuse, the Board may dismiss that member by appointing a new member for that position for the remainder of the unexpired term.

(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 (3) consecutive terms. Time served prior to the initial term described above shall not be considered in the application of this restriction.

(iv) The Committee chairperson shall be appointed by the committees for a one-year term. The existing chairperson 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.

(vii) All committee members are at-will and their services are advisory to the ODC Board.

ARTICLE III
OFFICERS

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

a. The appointed 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. The President, each Vice President, and any assistant secretaries shall be named from among the members of the Board. The Treasurer, as the City Manager's designee, and Secretary shall be employees of the City.

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, for the unexpired portion of the term of that office.

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 **Powers and Duties of the 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 **Powers and Duties of the 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 **Powers and Duties of the 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. 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 3.6 **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 sixty (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.

The Budget Workshop Meeting(s) may 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.

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 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 herein.

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.** Directors shall not receive any salary or compensation for their services as directors or officers. However, any expenses of directors, officers 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.

ARTICLE V MISCELLANEOUS PROVISIONS

Section 5.1 **Fiscal Year.** The fiscal year of the Corporation shall be the same as the fiscal year of the City, currently beginning on October 1 of each calendar year and ending on September 30 of the following calendar year, as set out in Article V, Section 72 of the Home Rule Charter.

Section 5.2 **Seal.** The seal of the Corporation shall be as determined by the Board.

Section 5.3 **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 copy of a resolution, order or motion duly adopted by the Council.

Section 5.4 **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.

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

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: 10/24/2017
 Amended:

City of Odessa

By: _____
 David R. Turner, Mayor
 Approved: _____, 2019

ATTEST:

 Norma Aguilar-Grimaldo, City Secretary

APPROVED AS TO FORM:

 Natasha L. Brooks, City Attorney

Odessa Development Corporation

By: _____
 Betsy Triplett-Hurt, President
 Approved: _____, 2019

ATTEST:

 Norma Aguilar-Grimaldo, City Secretary as
 Assistant Secretary to Board

RESOLUTION NO. ODC-2020R-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, APPROVING AN AMENDMENT TO THE POLICY FOR COMPLIANCE REVIEW PROCEDURES AND TIMELINE FOR PAYMENTS ON ECONOMIC DEVELOPMENT AGREEMENTS; APPROVING REVISIONS WITHIN THE EXISTING ECONOMIC DEVELOPMENT AGREEMENTS FOR STANDARDIZATION; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, ODC has previously adopted resolutions ODC-2012R-14 and ODC-2017R-08, which established a policy for monitoring compliance with economic development agreements; and

WHEREAS, ODC has continued to work with Weaver and Tidwell, LLP (“Weaver”) to perform compliance audits on economic development agreements; and

WHEREAS, there is a need to update this policy to more accurately reflect the services being performed by Weaver along with the responsibilities of the Compliance Committee, the City Attorney’s Office, ODC, and Weaver; and

WHEREAS, there is a need to revise the compliance and payment provisions of existing economic development agreements for standardization;

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

Section 1. That each year at the end of a Grantee’s reporting period, Weaver will mail correspondence to the Grantee, requesting the following information to be provided within 30 days:

“Initial Document Request List

The following documentation will assist in evaluating Grantee’s compliance with the Economic Development Agreement. Please provide the items listed below with the submission of your payment request:

Jobs

- Listing of employees as of _____(reporting period end date) including the following information for each employee:
 - Employee name and address
 - Employment status (active/inactive)
 - Hire date
 - Termination date, if applicable
 - Number of hours worked during the period of _____(reporting period beginning date) through _____(reporting period end date)
 - Wages for the period of _____(reporting period beginning date) through _____(reporting period end date)
- Texas Workforce Commission reports containing payroll data for the period of _____(reporting period beginning date) through _____(reporting period end date)
- IRS Forms 941 for the period of _____(reporting period beginning date) through _____(reporting period end date)

Insurance

- Proof of property insurance to protect the property from all risks of direct loss or damage

Payment

- Written request for payment of the grant, including the dollar amount that is being requested
- Completed W-9 Form for the current year

Section 2. That Weaver will communicate with the Grantees on a regular, continual basis to obtain the proper documentation for verification of compliance, up to a scheduled on-site visit to obtain the proper verification.

Section 3. That once Weaver has completed their financial audit, a draft compliance report will be submitted to the City Attorney's Office for verification. If there are no findings and/or discrepancies in the draft report, the City Attorney's Office will submit to the ODC Board for approval of payment. Once the City Attorney's Office receives that approval, a request for payment will be submitted to the Finance Department.

Section 4. That if there are any findings and/or discrepancies in the draft report, the City Attorney's Office will set a Compliance Committee meeting, for review and final recommendation for approval to the ODC Board on the Grant payment.

Section 5. That the following standard compliance and payment provisions are hereby approved:

“Payment Schedule: Company acknowledges that ODC must complete its audit to substantiate Company's compliance prior to making a payment.

- .1 Company agrees that ODC will only be required to pay funds from moneys currently collected and budgeted by means of the economic development sales tax; and in the event that there are not sufficient funds for purposes of this Agreement, then the funding for this Agreement shall not be offset or charged against any other funds of ODC or City.
- .2 Payments to be made to Company shall require a written request for payment including a current signed W-9 tax identification form and completion of the required reporting pursuant to the Reports and Monitoring section below, including providing all supporting documentation as required herein. The payment request and documentation should be directed to the Office of the City Attorney, Odessa Development Corporation, 411 W. 8th Street, P. O. Box 4398, Odessa, Texas 79760, or emailed to legal@odessa-tx.gov.
- .3 *A delay in filing the required documents within thirty (30) days could cause a delay in a timely audit and payment.*
- .4 ODC shall have thirty (30) days to make payment after receipt of verification of compliance under this Agreement.

Reports and Monitoring: Company agrees to the following reporting and monitoring provisions:

- .1 Company shall certify annually to the ODC that the Company is in compliance with each applicable term of the Agreement. Company shall also provide compliance documentation pursuant to Jobs section and any other reasonably necessary reports as requested.

2. Company agrees that an audit shall be conducted by ODC on an annual basis by an independent third party with professional accounting qualifications, selected by ODC, to verify the annual status report and compliance with the Economic Development Agreement. The auditors performing the audit shall have access to and the right to examine all records and accounts directly relating to this Contract and such other Company records and accounts as may be reasonably necessary to conduct and complete the audit and may make an onsite visit to the Company's accounting/human resource department to verify the information.
3. Company understands that any discrepancies or notable findings in the completed audits must be approved by the Compliance Committee prior to being reviewed by the ODC Board.
4. Company agrees and acknowledges that all requirements of this section shall also apply to any wholly owned subsidiary of Company if Company chooses to report any full-time equivalent jobs of that wholly owned subsidiary to meet the requirements of this Agreement. Company further agrees and acknowledges that additional documentation may be required to prove to ODC that any reported full-time equivalent jobs of a wholly owned subsidiary of Company comply with all the requirements of this Agreement, and that a failure of Company to provide such documentation or to comply with the other requirements of this section shall result in those full-time equivalent jobs not being counted toward the requirements of this Agreement."

Section 6. That all existing economic development agreements shall be amended for standardization and shall contain the standard compliance and payment provisions referenced herein.

Section 7. That all economic development agreements created after the adoption of this resolution shall contain the standard compliance and payment provisions referenced herein.

Section 8. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 9th day of January, A.D., 2020, by the following vote:

Tim Edgmon	_____
Gene Collins	_____
Melanie Hollmann	_____
David Boutin	_____
Chris Cole	_____

Approved the 9th day of January, A.D., 2020.

APPROVED AS TO FORM:

Tim Edgmon, President

ATTEST:

Natasha L. Brooks, City Attorney as Attorney
for ODC Board

Norma Aguilar-Grimaldo, City Secretary as
Assistant Secretary for ODC Board



Economic Development

Application for Economic Development Assistance

The completion of the following 6-pages of information is required for all projects requesting economic development assistance from the Odessa Development Corporation. Provide information in all blanks of the application form, including the check list for Required Information on page 7. If more space is needed, attach additional pages to the corresponding information. For example, to list employees, number the attachment #5 Employment Information and attach it to page 5. Your signature is required on page 2 and page 7. If the information requested is Not Applicable, enter "N/A" in the space. Incomplete applications will not be considered for assistance. After the application is reviewed, the Odessa Development Corporation may require additional information to indicate the financial abilities or other factors of the company.

Three methods to submit the Application:

Submit the completed application *by mail*:

Odessa Chamber of Commerce, Economic Development Department
PO Box 3626
Odessa, Texas 79760

Submit the completed application *in person to*:

700 N. Grant, Suite 200
Odessa, Texas 79761
(Bank of America Building)

Submit the completed application via email to: wburnett@odessaecodev.com

This application must be filed with the Odessa Chamber of Commerce, Economic Development Department prior to making public announcement or filing Building Permit with the City.

If you have questions about this application, please contact the Economic Development Department at (432) 333-7880.

I. Contact Information

Applicant/Business Name (Exact legal name i.e. Corporation, LLC, Limited Partnership)		
Kaige Equipment LLC/Kaige Kubota LLC*		
Mailing Address		
2209 E Murphy St		
Physical Address (If different from mailing address)		
City	State	Zip Code
Odessa	TX	79761
Phone Number/ Office		Fax Number
(432) 294-7684		432-219-2949
Phone Number Cell		
214.548.1465		
Email Address		Website
bmeadgbr@gmail.com		https://kaigeequipment.com/
Applicant's Representative		Title
Bruce Mead		Co-Owner

*dealer confirmation expected by Feb 1, 2020.

Odessa Development Corporation and the City of Odessa are public entities subject to the Open Records Act (CH. 552, Gov. Code). Applicant waives all rights to confidentiality regarding information it conveys to the Chamber, ODC, and the City of Odessa, unless it identifies in writing the information that is subject to confidentiality and such non-disclosure does not violate the Open Records Act.

Applicant's Signature

Date

II. Project Information

1. Description of the Project and Type of Business
2. the estimated new capital investment for equipment and furniture;
3. percentage of physical assets purchased in Odessa;
4. list of new machinery, equipment and other physical assets.

Kaige Equipment is an equipment leasing, sales, and service company located in Odessa. Kaige is ramping up operations in West Texas after capitalizing the business in 2018 and 2019. Current revenue is about \$4,000,000 annually (see attached summary business plan for additional detail).

With our growth, we are outgrowing our existing location and have purchased property on I-20 just west of Odessa (we expect to receive an address during week of January 13). We will build a permanent headquarters in this location to support our leasing and services businesses. Additionally, we are in discussions with Kubota Tractor Corporation to establish a dealership in this location. Investment to date in the property and improvements is \$700,000. The building will be 15,000 sf. Total spend for the project will be \$2,800,000.

III. Facility Information

Current Property Values in Odessa

Building	Equipment
Current Murphy location value - \$350,000 – Current fleet/equipment value is \$7m.	
New location completed value - \$2,800,000	

Address and Legal Description of each location	Address Of Location (New or Expansion) circle one	
2209 E Murphy St POOL INDUSTRIAL TRACTS 2 BLOCK 1 LOT 13 LESS E 95 & LESS 1.07 ACRES	ADDRESS FORTHCOMING Section 40, Block 42, T-2-S, T&P Ry. Co. Survey, Ector County, Texas 9.52 acres	
Estimated New Capital Investment for Building Construction	Estimated Dates for Construction	
	Start:	Complete:
\$2,000,000	February, 2020	July, 2020

IV. Company Information

Description of the Company		Year Established
Kaige Equipment is an equipment leasing, sales, and service company located in Odessa. Kaige is ramping up operations in West Texas after capitalizing the business in 2018 and 2019. Current revenue is about \$4,000,000 annually.		2016
NAICS Code ¹	NAICS Code Description	
532412	Heavy Construction Rental without Operator	
Annual Sales	Annual Sales in Odessa ²	
\$3,000,000	\$3,000,000	
Projected Increase in sales	Projected Increase in Odessa sales	
**Without Kubota. +\$2,000,000 in 2020 (\$5,200,000 total). +\$2,000,000 in 2021 (\$7,200,000 total). **With Kubota, 2020 revenue expected at \$9,200,000 and 2021 revenue at \$14,200,000.	**Without Kubota. +\$2,000,000 in 2020 (\$5,200,000 total). +\$2,000,000 in 2021 (\$7,200,000 total). **With Kubota, 2020 revenue expected at \$9,200,000 and 2021 revenue at \$14,200,000.	
Financial & Supplier References	Length of time applicant commits to Odessa	
See attached Trade and Financial References	5 years	

Notes

- 1. NAICS Code:** North American Industrial Classification Code. The NAICS manual is available for use at the Chamber.
- 2. Annual Sales in Odessa:** Estimated sales to Odessa customers. If the company has no Odessa customers, enter "none."

V. Employment Information

**List all Current/Transfer Full Time Employees and the Location of employment.
 A. Include the number of Salaried workers and Annual Salary for each position.
 B. Include the number of Hourly workers with hourly Wage and avg. number of hours.**

A. Salaried Employees:				
Job Title/Position		Number of Employees	Annual Salary	Job location
GM		1	\$100K	Odessa
Manager		1	\$94K	
Sales		1	\$110K	
Mechanics		2	\$260K	
CDL Driver		1	\$90K	
BookKeeper		1	\$45K	

B. Hourly Employees:				
Job Title/Position	Wage	Number of Employees	Annual Salary	Job location
Field Tech	\$24 an hour	1	~ \$49,920	Odessa

**List all New Full Time Employees Resulting from Expansion/Relocation and/or New Location in Odessa.
 A. Include number of Salaried workers and Annual Salary.
 B. Include number of Hourly workers with hourly Wage and avg. number of hours.**

A. Salaried Employees:				
Job Title/Position		Number of Employees	Annual Salary	Job location
Sales		1-2	Base \$40K plus Commission	Odessa
Mechanics		2	\$145K	
CDL Driver		1	\$75K	

B. Hourly Employees:				
Job Title/Position	Wage	Number of Employees	Annual Salary	Job location
Field Tech	\$20	1		Odessa

Provide Date when Expected to Reach Full Employment (month/year)

Spring/2025 We hope to double employment in 2 years then again in 5 years

VI. Economic Development Assistance Request(s)

Financial Assistance Grant Requested from Odessa Development Corp. (\$\$ Amount)		
How will this funding be used		
Development of our new headquarters, building, infrastructure and accessibility to our new facility, signage, curb appeal.		
Tax Abatement Requested from Taxing Entities	First Year of Abatement	Number of Years of Abatement*
<input type="checkbox"/> Yes <input type="checkbox"/> No		
Other Assistance Requested from City Council: Enterprise Zone Sales Tax Rebate		
<input type="checkbox"/> Yes <input type="checkbox"/> No		

***Abatement Schedule Requested:** Please refer to the City of Odessa Tax Abatement policy statement to determine the applicable tax abatement schedule, found on page _____ of _____. Tax abatements are subject to approval from each taxing entity: City of Odessa, Ector County, Ector County Hospital District, and Odessa College. Ector County Independent School District is excluded from tax abatement by Texas law.

Check list for a Completed Application

Items 1 – 6 of the *printed application, pages 2-6:*

- 1. Contact information.
- 2. Summary of Project (including detailed description of construction and a detailed list of machinery, equipment and physical assets.)
- 3. Facility Information
- 4. Company Information
- L5. Employment Information to include list of current employees and list of new employees expected to be created.
- 6. Request for Economic Development Grant and/or Tax Abatement and/or Enterprise Zone City Sales Tax Rebate

Items to be Submitted by Applicant Existing Enterprise Only

- L7. Business Plan, to include Pro Forma financial statement, cash flow forecast and supporting assumptions.**
- L8. Prior 2 years and current Year-To-Date financial statements, to include Balance Sheets and Statements of Income & Expenses, and Current Receivable Aging Report.
*Audited financial information is preferred, if available.***
- L9. Income Tax Returns for prior three years.**
- 10. Letter addressing Tax Abatement Minimum Standards *(if applicable)***
- L11. Resumé of owner(s) and principal manager(s).**
- 12. Personal financial statement required, if an individual owns 20% of the company.**

Items to be Submitted by Applicant New Enterprise Only

- 7. Business Plan, to include Pro Forma financial statement, cash flow forecast and supporting assumptions.**
- 8. Current Year to Date financial statements for all equity owners including personal financial statement for any individuals and balance sheets and statements of income and expenses for any entities, and current receivables aging report**
- 9. Income Tax Returns for prior three years for all equity owners.**
- 10. Letter addressing Tax Abatement Minimum Standards *(if applicable)***
- 11. Resumé of owner(s) and principal manager(s).**

Applicant's Signature, attesting all information is provided and accurate

This application must be filed with the Odessa Chamber of Commerce, Economic Development Department prior to making public announcement or filing Building Permit with the City. If you have questions about this application, please contact the Economic Development Department at (432) 333-7881.

Revised 08/21/2019

Business Plan Summary

- I. Dealer Business Plan Title Page
 - a. Kaige Equipment LLC, Kaige Services LLC
2209 East Murphy Street; Odessa, TX 79761. New property is a 9.52 acre tract on south frontage to I-20 between Crane Ave and West County. Grading and temporary fencing are complete. Construction will begin as early as possible in 2020.
 - b. Hours are Mon – Fri 7:00am-5:00pm and weekends by appointment. Moving forward, Kaige will add Saturday hours for retail sales and may expand hours as needed for seasonal sales.
 - c. Kaige Equipment ownership follows (all 25% owners) – Name, Function, Address, Email Address, Time Spent on Kaige.
 - Torrey Jennings – General Manager/President. 1518 Pecan Place Andrews, Texas 79714. kaigeequip@gmail.com. 100%
 - Teddy Jennings – Operations. 1155 Highline Rd. Little Elm, Texas 75068. Kaigeequip.tj@gmail.com. 50%
 - Bruce Mead – Finance/Properties. 1232 Gray Branch Rd. McKinney, Texas 75071. bmeadgbr@gmail.com. 20%
 - Shawn Mobley 5711 Palo Pinto Ave, Dallas, TX75206. shawn_mobley@yahoo.com. 5%
- II. Executive Summary/Company Profile
 - a. Formation. Kaige Equipment (www.kaigeequipment.com) was initially formed in 2016 as an equipment leasing company serving oilfields/drilling companies in West Texas. At the time, Kaige was solely owned by Teddy Jennings. In 2018, Shawn Mobley and Bruce Mead became equity partners. In 2019, Torrey Jennings officially joined the company as an equal partner and the General Manager/President after a long and successful career selling and renting equipment in the Permian Basin.
 - b. Capitalization. Throughout 2018 and 2019, Kaige received cash through owner loans and a bank line of credit. Kaige intends to steadily grow its business through a mix of re-investment of income, lines of credit, manufacturer credit, and re-rent.
 - c. Business Overview. Today, Kaige leases equipment in the Permian Basin that is not drilling-specific – items such as boom lifts, generators, forklifts, backhoes, mini-excavators, tractors, loaders, welding machines, etc. It’s focus is on service (tag line: “Service You Expect. Service You Remember”). Kaige believes this focus on *actually delivering excellent customer service* (everybody says this) is a differentiator in general but especially in this market where market trends make even poor performers look good. As part of this focus on service, Kaige created a separate LLC (Kaige Services LLC) to provide service to third party rental companies and equipment owners. Kaige’s focus on service, presence in the market, direct owner management of the business, and generational relationships in W Texas (the Jennings family has lived/worked in Andrews for generations) has allowed it to make great strides in its first few years of business.

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- d. Geographic Diversification. Kaige has begun renting building and road construction equipment in the DFW market. It intends to ramp this business up throughout 2020. This geographic and industry diversification further de-risks Kaige's rental business in the Permian.
 - e. Product Diversification. Moving forward, Kaige expects to receive a Kubota dealership operating in Odessa (final approval expected in late January 2020). Through this new relationship, Kaige will sell Kubota construction, turf, and agricultural equipment to businesses, governments, and consumers. This new relationship will also allow Kaige to streamline purchasing opportunities for its rental fleet. First year sales, service, and parts revenue attributable to the Kubota dealership will be approximately \$7,000,000.

III. Management & Employees. Today, Kaige has eight employees with payroll over \$600,000. Roles include:

- a. General Manager - 1
- b. Manager - 1
- c. Sales - 1
- d. Mechanic – 2
- e. CDL Driver – 1
- f. Bookkeeper – 1
- g. Field Tech – 1

Bios for owners and key managers are attached.

By the end of the first year of the Kubota dealership, we expect to employ a total of 20 people in Odessa. These employees will be mechanics/techs, service writers, salespeople, and office staff. Payroll for 20 people fully staffed is expected to be approximately \$1,100,000.

IV. Facility/Operational Plans.

- a. Kaige Equipment and Kaige Services currently operates at 2209 East Murphy St in Odessa. These entities lease space from Kaige Properties (established summer 2019). As noted above, Kaige is developing a new 9+ acre property on the southern frontage of I-20 just west of Odessa (survey attached). This location will provide Kaige with extremely good visibility and access promoting its rental fleet and retail product lines. The building will be placed on the lot in such a way to maximize I-20 visibility of signage and exterior wholegoods display in front of the building. Furthermore, the lot is extremely deep with plenty of room to house a complete rental fleet and retail inventory as well as a demo area to facilitate the rental and purchase experience.
- b. While there are several rental yards in the area there are no premier retail dealerships nearby. The nearest Deere Construction dealer (Yellowhouse) is 15 miles away in Midland and the nearest Deere Ag dealers (South Plains) are 60 miles away in Big Spring and Seminole. The nearest Kubota dealers are 92 miles (Brownfield) and 115 miles (San Angelo) from Kaige.

- c. Construction on a 15,000 sf building is expected to begin in Q1 2020 with completion in Q3 2020. The building will contain approximately 4500 sf of showroom space, 3000 sf for parts, and 7000 sf for service/shop. Kaige expects to differentiate from other equipment rental/retail locations in the area by offering a higher quality, more modern build-out (mock-ups of exterior elevations attached). Kaige also expects to create a welcoming family environment to host customer appreciation events (i.e. family barbecues, outdoor games, etc) and build brand loyalty.
- V. Parts & Service Department. Kaige Services provides shop and mobile service for our customers including both Kaige and third-party customers. Technicians have access to computers, equipment, service trucks, and delivery/retrieval trucks.
- VI. Financials.
 - a. 2019 revenue exceeded \$3,000,000 with a run rate of close to \$4,000,000.



- b. 2020 revenue not including the Kubota dealership is targeted to exceed \$5,200,000.

Select Kubota-specific Issues/Questions.

Marketing.

- I. Outline the marketing plan for the first two years in operations.
 - We believe the pent-up demand for Kubota products in the Odessa market is enormous and we intend to make a big splash with the opening of our new complex in summer of 2020. We expect to leverage the New Kubota Dealer Program and the Kubota Co-op Program in a significant way and are looking forward to working with Kubota on Tier 3 marketing investments including digital, print, outdoor creative, community giving, and media opportunities.
 - We will maximize on-site Kubota and Kaige Equipment branding with state-of-the-art signage and building façade.
 - We intend to create a customer appreciation venue on location. This area, with visibility to I-20, may include a unique feature (i.e. grain silo) to draw passersby attention to our location. We intend to regularly (monthly at least) invite customers to a Friday afternoon or Saturday family barbecue to visit, play games, and view/demo equipment.

Attachments.

- Owner bios
- New property survey
- Balance sheet detail
- Profit & loss statement
- Building exterior mock-up
- Trade References
- Financial References

Signature of applicant: <u>Walter Johnson</u>	Date: <u>02/03/2020</u>
Title: <u>MANAGING MEMBER</u>	

	930, 934, 938, 942, 946, 950 S. Crane & 407 Graham	Total Project:
Lot Improvements/Dirt Work	\$1,980.00	\$13,860.00
Slab Work	\$3,763.58	\$26,345.06
Utility Work	\$3,300.00	\$23,100.00
Water/Sewer Taps	\$5,500.00	\$38,500.00
	\$14,543.58	\$101,805.06

Application for Infrastructure Incentives

Applicant Information		
Representative Name: Mark Murray	Representative Cell :806-831-8436	
Business Name: JARB Holdings, LLC	Years in Business:10+	
Email Address: Markjmurray@gmail.com	Business Telephone #: 806-831-8436	
Mailing address: 10210 Quaker Ave.		
City:Lubbock	State: TX	Zip:79424
Applicant's construction dwelling type:	Single Family <input checked="" type="checkbox"/>	Duplex <input type="checkbox"/> Multi-Family/ Apartment <input type="checkbox"/>
Other Dwelling Type (Please describe):	Townhome individually deeded 1580 sq. feet	
Location Site/Address: 701 Golder (Lots 1-6 Block 6 SUNSET PLACE) (Sales Price \$220,000 per Townhome -6 Total)		
Estimated Start Date: February 2020		Estimated Completion Date May-June 2020
What infrastructure construction would be required? (Please attach any documentation as necessary.) Lot improvements/dirt work/site work to prepare for slab work, utility work, water/sewer taps.		
Estimated Infrastructure Expenditure: \$ <u>124,800.00</u>		
Construction shall begin within 60 calendar days of ODC approval and shall be completed within 180 calendar days from construction, for a single-family residence. In case of extenuating circumstances, extensions may be granted at the sole discretion of ODC. Duplexes or any other multi family dwelling structures, construction time requirements will be determined by the Compliance Committee and the ODC Board on an individual basis. If time restraints are not met by the applicant, funds will not be released, and a new application must be submitted. <i>AMH</i> initial		
Plans and specifications for the proposed dwelling and infrastructure must accompany application prior to construction of the dwelling. Incomplete applications will not be accepted.		
References		
Name: Madewell Construction	Address:	Phone:806-412-7377
Lance Marker- Heritage Real Estate	5030 E. University Blvd Suite A-103 Odessa, TX	432-413-3626
I certify that, to the best of my knowledge, all information provided on this form and all attachments and plan specifications are correct and accurate. I understand that by completing this application, I am making a formal request to the Odessa Development Corporation to receive economic development funds for the company listed above that is contingent based upon the approval and acceptance of the ODC Board. I understand that incentive is paid at the completion of the project as reimbursement for infrastructure expenses and that in order to be eligible for any ODC funding, an application and approval must be made prior to the commencement of the project. I acknowledge that I have received a copy of this application.		

Signature of applicant: <u>Wan / [Signature]</u>	Date: <u>02/03/2020</u>
Title: <u>MANAGING MEMBER</u>	