

E M E R G E N C Y N O T I C E

**ODESSA DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING**

**City Council Chambers - City Hall, 5TH Floor
411 W. 8th Street, Odessa, Texas 79761**

April 7, 2020 at 3:00pm

Odessa Development Corporation Meeting to be held with Social Distancing Guidelines

The Public can participate in the meeting by joining through www.webex.com.

Meeting link: 626467608@cityofodessa-pqj.my.webex.com

By toll free phone number: 1-408-418-9388

Enter meeting number: 626 467 608

Password: ODC47 (63247 from touchtone phones and video systems)

Members of the public who wish to submit their written comments on an agenda item must submit their comments on-line at www.odessa-tx.gov or email at comments@odessa-tx.gov

WHEREAS, TEX. GOV'T CODE ANN. §551.045 provides that when there is an urgent public necessity, the notice of a meeting or supplemental agenda item is sufficient if it is posted for at least one (1) hour before the meeting is convened, Senate Bill 494;

NOW, THEREFORE, pursuant to TEX. GOV'T CODE ANN. §551.045, emergency notice for an emergency meeting by the Odessa Development Corporation to be held in in the 5th Floor, Council Chambers, City Hall, 411 W. 8th St, Odessa, Texas 79761, on Tuesday, April 7th, 2020 for the following purposes:

1. Consider a resolution approving the fourth incentive payment to the West Texas Food Bank based on compliance with the Economic Development Agreement Robert Carroll
2. Discuss and authorize the Mayor to negotiate and execute on behalf of the City of Odessa and Odessa Development Corporation an agreement to approve the use of ODC funds for COVID-19 Supply Sourcing and Manufacturing, related infrastructure based projects, and to provide COVID-19 related assistance
 - a. Manufacturing medical equipment and supplies as it relates to Covid-19
 - b. Infrastructure, including wifi supplied to West Odessa and other underserved areas
 - c. Perryman study regarding Preserving the Permian Basin Energy Sector Structure and the Odessa Economy through the COVID-19 and Oil Supply Shock Challenges Wesley Burnett
3. 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 one hour (1) 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

RESOLUTION NO. ODC-2020R-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, AFFIRMING PROJECT COMPLIANCE FOR THE PERMIAN BASIN FOOD BANK, INC. D/B/A WEST TEXAS FOOD BANK; APPROVING ANNUAL PAYMENT IN THE AMOUNT OF \$147,000; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND DECLARING AN EFFECTIVE DATE.

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

WHEREAS, the City has completed its review of the required compliance documentation for the Permian Basin Food Bank, Inc. d/b/a West Texas Food Bank ("WTFB") and submitted its findings to the ODC Board; and

WHEREAS, WTFB was found to be in compliance with the terms and conditions of the agreement for the year 2019;

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

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings;

Section 2. That WTFB is found to be in compliance for the year 2019.

Section 3. That the annual payment in the amount of \$147,000 for the year 2019 is approved.

Section 4. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 7th day of April, A.D., 2020, by the following vote:

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

Approved the 7th day of April, A.D., 2020.

Tim Edgmon, President

APPROVED AS TO FORM:

ATTEST:

Natasha Brooks, City Attorney as Attorney for ODC Board

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

Odessa Development Corporation

Compliance Monitoring Report for West Texas Food Bank

April 3, 2020

CONTENTS

Page

Compliance Monitoring Report 1

Nature of the Entity2

Scope and Objectives2

Procedures Performed, Observations and Findings2

 Exhibit A: West Texas Food Bank – 20193



Compliance Monitoring Report

To the Board of Directors
Odessa Development Corporation
Odessa, Texas

This report represents the results of our compliance monitoring procedures, as determined by management, relating to the 2019 compliance period for the Economic Development Agreement with West Texas Food Bank (the grantee).

The objective of our compliance monitoring procedures is to verify the grantee is complying with the requirements of their Economic Development Agreement, as deemed appropriate by management.

To accomplish this objective, we held discussions with management, reviewed the grantee's Economic Development Agreement and pertinent supporting documentation as provided by the Odessa Development Corporation.

The procedures were performed based on guidelines provided by management and in accordance with standards for consulting services issued by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit, in which the objective would be the expression of an opinion. Accordingly, we do not express such an opinion.

This report is intended solely for the use of management and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. The following report summarizes the procedures performed, observations and findings.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 3, 2020

Odessa Development Corporation

Compliance Monitoring Report

April 3, 2020

Nature of the Entity

The Odessa Development Corporation (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 of Odessa, and to do any and all projects authorized by section 4A of the Development Corporation Act.

Scope and Objective

The scope of our engagement is to perform compliance monitoring procedures for the selected grantee, as directed by management. These procedures include reviewing each grantee's Economic Development Agreement (EDA) and supporting documentation for the selected compliance period.

The objective of our engagement is to ensure that adequate documentation exists for each compliance period to support compliance with the requirements of the grantee's EDA, as deemed appropriate by management.

Procedures Performed, Observations and Findings

We performed compliance monitoring procedures for the following grantee's 2019 compliance period:

Exhibit A: West Texas Food Bank

Odessa Development Corporation

Compliance Monitoring Report

April 3, 2020

Exhibit A

West Texas Food Bank

- 1. Procedures Performed:** We requested the Certificate of Liability Insurance from West Texas Food Bank. However, the Certificate was not provided prior to the issuance of this report. Due to the circumstances surrounding the COVID-19 pandemic, ODC decided to waive the testing of this requirement prior to payment of the grant instalment for 2019. Weaver obtained written evidence of this waiver via email from Natasha Brooks, City Attorney, on March 31, 2020.

Results: No testing was performed due to the waiver of the testing of the insurance requirement based on the circumstances surrounding the COVID-19 pandemic.

- 2. Procedures Performed:** Weaver obtained and reviewed a listing of West Texas Food Bank's employees as of December 31, 2019 (Date of Full Employment), and the West Texas Food Bank's employment report to the Texas Workforce Commission (TWC) for all 4 quarters of 2019. Using the data from these reports, we verified:

- Annual payroll for the period January 1 – December 31, 2019 was equal or greater than \$1,211,792.
- Annual full-time employees for the period January 1 – December 31, 2019 was equal or greater than 22.
- Full Time Equivalent (FTE) employees for the period January 1 – December 31, 2019 was equal to or greater than 7. The calculation for FTE's is performed by taking the total hours for all employees with less than 1,820 hours for the year, divided by 1,820.

Results: No findings were identified. We identified that West Texas Food Bank met the employment requirements specified in the jobs clause (paragraph 1.4) of the amended EDA agreement, dated March 2, 2017.

STATE OF TEXAS §

COUNTY OF ECTOR §

AMENDED ECONOMIC DEVELOPMENT AGREEMENT
ODESSA DEVELOPMENT CORPORATION
PERMIAN BASIN FOOD BANK, INC. d/b/a WEST TEXAS FOOD BANK
(GRANT)

THIS AMENDED AGREEMENT is entered into by and between the ODESSA DEVELOPMENT CORPORATION, a Texas non-profit corporation, whose address is 411 West 8th Street, P.O. Box 4398, Odessa, Texas, 79760, ("ODC") and PERMIAN BASIN FOOD BANK, INC. d/b/a WEST TEXAS FOOD BANK, a non-profit corporation, whose home office is located at 411 South Pagewood Avenue, Odessa, Texas 79761 ("Company") collectively referred to as ("Parties").

RECITALS

- A. On June 16, 2014, Company and ODC entered into an Economic Development Agreement. The term was for a period of five years. Company was required to establish and maintain an annual total of 33 jobs, an annual payroll of \$1,211,792 and create new investment on site in the total amount of \$8,000,000. The total grant was for \$735,000 to be paid one-fifth after each year of compliance.
- B. For the year 2016, Company provided 22 full time jobs and 12 part time jobs that had an equivalent 7 FTE jobs based on 1820 hours per year per total hours worked by the part time employees. The total payroll was \$1,267,652. The company made the investment of \$8,000,000.
- C. Based on the expressed purpose, Company satisfies the requirements of Article 5190.6, Vernon's Texas Civil Statutes, Section 2(11)(A) as a "project authorizing the expenditure of economic development sales tax." It has expanded an enterprise to increase new primary jobs that are required or suitable for the development of a job site as an enterprise for the stated purpose. Such Company is now operating a warehouse distribution center in the Permian Basin, classified as #624210 of the North American Industry Classification System (NAICS), in Odessa, Ector County, Texas.

I.

Agreement

- 1.1 The statements of fact in the Recitals are found to be true and correct and are approved as findings.
- 1.2 ODC agrees to accept the jobs, payroll and investment for the calendar year 2016 and the parties agree to amend the contract to the extent that is necessary for the year 2016.
- 1.3 Prior to payment of \$147,134.20, the annual incentive for 2016, by City, Company shall provide: (i) three executed copies of this Agreement; (ii) an invoice; and (iii) a current W-9 form. ODC shall have thirty days to make payment after receipt of the required

documentation and payment request. The payment request and documentation shall be directed to City Attorney, Odessa Development, 411 W. 8th Street, P.O. Box 4398, Odessa, Texas 79760.

1.4 For the remaining four years of the Agreement, the parties agree to amend the contract as follows: (1) Compliance for any year shall be based on the calendar year; (2) at least 22 full time employees that each work at least 1820 hours per year shall be required; (3) from part time employees, there shall be required at least 7 FTE employees that are calculated by dividing 1820 hours into the total hours worked by part time employees; (4) the total payroll for each year shall equal at least \$1,211,792; and (5) the number of part time employees can be offset by an additional number of full time employees over and above 22.

1.5 The effective date of this agreement is the day the agreement is fully executed.

Executed this the 2nd day of March, 2017.

ATTEST:


Norma Aguilar-Grimaldo, Assistant Secretary

“ODC”
ODESSA DEVELOPMENT CORPORATION
411 W. 8th Street, Odessa, Texas 79760

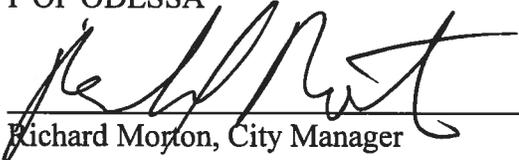
By: 
Board President

“COMPANY”
PERMIAN BASIN FOOD, INC. d/b/a WEST
TEXAS FOOD BANK

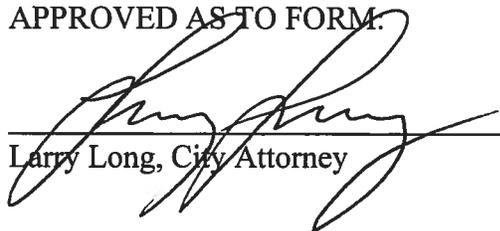
By: 
Libby Campbell, Executive Director

FOR APPROVAL ONLY:

“CITY”
CITY OF ODESSA

By: 
Richard Morton, City Manager

APPROVED AS TO FORM:


Larry Long, City Attorney

(ODC)

STATE OF TEXAS §
COUNTY OF ECTOR §

BEFORE ME, the undersigned authority, on this day personally appeared Jim Breavy, Board President, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity stated, as the act of the said Odessa Development Corporation, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL of office this 9th day of March, A.D., 2017.



[Signature]
Notary Public in and for the State of Texas

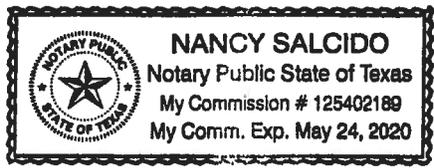
(COMPANY)

STATE OF TEXAS §
COUNTY OF ECTOR §

BEFORE ME, the undersigned authority, on this day personally appeared Libby Campbell, (person's name) known to me (or proved to me on the oath of _____ or through _____ [description of identity card or other document]) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity stated, as the act of the corporation, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL of office this 2nd day of March, A.D., 2017.

[Signature]
Notary Public in and for the State of Texas



PROJECT CONCEPT

Preserving the Permian Basin Energy Sector Structure and the Odessa Economy through the COVID-19 and Oil Supply Shock Challenges

April 2020

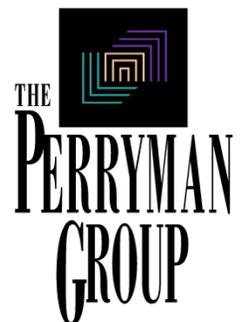
510 N. Valley Mills Dr., Suite 300

Waco, TX 76710

ph. 254.751.9595, fax 254.751.7855

info@perrymangroup.com

www.perrymangroup.com



Preserving the Permian Basin Energy Sector Structure and the Odessa Economy through the COVID-19 and Oil Supply Shock Challenges

I. Introduction

The Permian Basin is among the most important oil-producing regions in the world. Drilling and production and the necessary supporting industries generate substantial business activity not only in the region, but across the state and the nation. This economic activity leads to substantial taxes to the State and local governments. In addition, billions in severance taxes on Permian Basin production are paid to the State every year. The benefits of energy security to the US are enormous, as are the improvements in the trade balance fostered by energy exports. The Permian Basin is the epicenter of the recent progress and future prospects in these arenas, being responsible for about two-thirds of incremental domestic production in the past decade. An economic and technological revolution of global significance has surfaced in oil and gas production in recent years and continues into a phase characterized by major increases in efficiency. Maintaining this source of notable stimulus and competitive advantage is of paramount importance.

Earlier this year, oil prices began to fall due to the novel coronavirus and the effects of virus-related disruptions on demand for crude oil. The quantity of oil purchased in the market in recent weeks has plummeted as the effects of the virus spread across the world, falling by more than 20%. This unprecedented, albeit temporary, “demand shock,” in and of itself, would have (and initially did) put enormous downward pressure on oil prices.

In the midst of the virus pandemic, talks among major global oil producers to try to bring discipline to the market collapsed. The decision by the Saudi Arabian

government to engage in what is essentially a price war with Russia (after that country refused to endorse production cuts) caused oil prices to fall sharply due to the potential for dramatically increased crude oil production. Several other large producers also signaled higher output. The result was a massive “supply shock” at a time of rapidly declining demand. Neither Russia (because of inefficiencies in its production) nor Saudi Arabia (because of the social spending that is tied to oil production) can sustain these prices indefinitely, but it remains to be seen when the situation will be resolved. Until then, the US industry will struggle, particularly smaller and mid-sized firms, as credit dries up and profits vanish.

Although production costs are down sharply in Texas in recent years, they are not yet at a level to maintain viability at current prices. As a result, the situation is leading to significant disruptions in the Permian Basin economy, as well as the state as a whole. The industry is engaged in a rapid shutdown of drilling activity, which ripples through an enormous supply chain and supporting retail and service enterprises in the affected communities. Banks which have large energy company loan portfolios are being strained, and mid-stream and downstream investments are being deferred. Adverse effects on oil producing areas including Odessa and the rest of the Permian Basin are already being observed in a dramatic fashion.

The current situation is devastating, but temporary. The fundamental economic forces that were driving oil production to record levels have been paused, but remain in place. The emerging segments of the world economy will continue to expand rapidly once the virus subsides and will require enormous energy supplies. The Permian Basin resources will be essential to meeting these needs.

To be in a position to fully take advantage of this opportunity, however, it is imperative that the underlying capabilities remain in place – the workforce, the infrastructure, the supply chain, the equipment, and the community support systems. Given the current situation, maintaining this viability requires immediate

action from governments at all levels and the private sector. This need for effective intervention is crucial for Odessa, as the key service hub of the oil and gas sector and a major population center, as well as the entire Permian Basin Region.

The Perryman Group (TPG) is pleased to present this project concept to (1) examine the importance of the Permian Basin to the US and Texas economies, (2) assess the current problems occurring in the region, and (3) identify the key areas in which remediation is required and offer recommendations. **The aim of this analysis is to provide the information needed to communicate the importance of protecting the essential structure in the Permian Basin on a broad scale to legislators and State office holders, local officials, corporate executives, and other constituencies in a cogent and effective manner, thus providing a basis for increased public and private investment in the region. The study also seeks to highlight the greatest vulnerabilities and suggest appropriate responses.**

II. Qualifications

The Perryman Group has served the needs of more than **2,500 private-sector** clients in numerous industries including

- the **9** largest firms in the US,
- **8 of the 10** largest law firms in the US,
- **3 of the 4** largest domestic foundations,
- the **6** largest energy companies doing business in the US,
- the **12** largest technology companies in the world,
- the **5** largest financial institutions in the US,
- **two-thirds** of the Global 25, and
- more than **one-half** of the Fortune 100.

The firm has also completed over **1,000 public policy studies** on a variety of issues, and Dr. Perryman has served as advisor and/or consultant to several Presidents, numerous House and Senate Committees, 10 Cabinet departments, numerous foreign governments, and more than 100 other state and federal agencies. He has

testified extensively regarding economic, financial, statistical, and damages issues in state and federal courts as well as in more than 100 regulatory proceedings.

Models and Systems

The Perryman Group maintains an extensive set of proprietary models and systems which are ideally suited to this analysis. Dr. M. Ray Perryman, founder and President of the firm, developed the key models to be used in this study in the 1970s and early 1980s and has consistently maintained, expanded, and updated them since that time.

The **US Multi-Regional Impact Assessment System (USMRIAS)** is designed to measure the multiplier (or “ripple”) effects of an economic stimulus through the economy. It has been used in hundreds of applications and public policy studies in all 50 states, has been peer reviewed on numerous occasions, and enjoys an excellent reputation for reliability and credibility. The system reflects the unique industrial structure and characteristics of the United States and every local area within the country.

The USMRIAS is somewhat similar in format to the Input-Output Model of the United States which is maintained by the US Department of Commerce. The model developed by TPG, however, incorporates several important enhancements and refinements. Specifically, the expanded system includes (1) comprehensive 500-sector coverage for any county, multi-county, or urban region; (2) calculation of both total expenditures and value-added by industry and region; (3) direct estimation of expenditures for multiple basic input choices (expenditures, output, income, or employment); (4) extensive parameter localization; (5) price adjustments for real and nominal assessments by sectors and areas; (6) measurement of the induced impacts associated with payrolls and consumer spending; (7) embedded

modules to estimate multi-sectoral direct spending effects; (8) estimation of retail spending activity by consumers; and (9) comprehensive linkage and integration capabilities with a wide variety of econometric, real estate, occupational, and fiscal impact models, thus permitting dynamic simulations.

The **US Multi-Regional Econometric Model** provides detailed industry-level projections and is used to provide ongoing forecasts for the various regions and metropolitan areas within the United States. It is formulated in an internally consistent manner and is designed to permit the integration of relevant global, national, state, and local factors into the projection process.

The model is the result of four decades of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, state, metropolitan area, and county economies. It is extensively used by scores of federal and State governmental entities on an ongoing basis, as well as hundreds of major corporations. This model has been used to produce ongoing forecasts of Texas and its regions and counties since the early 1980s and has been extended to include any county or multi-county area in the United States.

Related Experience

The Perryman Group has analyzed the economic and fiscal effects of various types of economic stimuli on hundreds of occasions over the past four decades. These assessments include effects of corporate locations and expansions, major real estate developments, regulatory and other policy changes, benefits payments, legislative initiatives, tax reform, and numerous others.

The firm has completed scores of studies related to the **economic aspects of oil and natural gas exploration, production, transportation, and exports**, including

projects for the US Department of the Interior, the US Department of Energy, the Interstate Oil Compact Commission, the Texas Railroad Commission, and the Federal Energy Regulatory Commission. Study area geographies range from local areas to worldwide. Many of these studies have examined economic impacts on a localized basis. The Perryman Group has analyzed economic aspects of major production areas including the Permian Basin, Bakken Shale, Haynesville Shale, Eagle Ford Shale, Barnett Shale, Fayette Shale, Alaska North Slope, and Marcellus Shale. The firm has also analyzed many of the major investments in liquefaction, petroleum refining, petrochemical production, and related facilities in the United States and Canada, as well as numerous intrastate and interstate pipelines (oil, natural gas, and refined products). Representative examples include Longhorn Partners, Frontier Aspen, Louis Dreyfus, Creole Trail, Rio Bravo, ExxonMobil, Colonial, TransCanada (Keystone XL), Alaska, Texaco, Enbridge, Williams Pipeline, and North Texas.

In the area of **public policy**, The Perryman Group has advised the US Congress, the Texas Legislature, and numerous other governmental entities throughout the world on an ongoing basis for decades on topics related to economic policy. The effects of taxes on economic development have also been assessed. TPG provided the studies which supported many of the fiscal decisions and economic development initiatives that have occurred in Texas since the 1980s. Dr. Perryman has testified before legislative and regulatory hearings on hundreds of occasions; served on several federal, international, and state task forces; and has been honored extensively for his efforts.

TPG has performed extensive **analysis of major social issues** such as hunger, child maltreatment, homelessness, and poverty. In addition, the firm has substantial experience in analysis of the judicial system and tort reform, discrimination avoidance, and foster care reforms. TPG has examined issues related to judicial sufficiency, including, among others, a comprehensive analysis of the effects of

filling vacant judgeships and adding additional judgeships in various areas around the country and numerous studies related to judicial reform in several states. The firm performed studies of the economic benefits of tort reform initiatives in Texas, Arkansas, West Virginia, Mississippi, Alabama, Tennessee, Illinois, Missouri, California, Florida, and other areas. Dr. Perryman has testified on this topic before legislative and administrative bodies in several states. In addition, the firm has analyzed the importance of adequate judicial compensation, the role of justice access and indigent defense, and the importance of a proper court record.

The firm has also conducted a number of studies specifically involving the Permian Basin. Dr. Perryman developed an econometric model of the areas in the late 1970s and has provided ongoing projections for the region since that time. In addition to the large Priority Midland study which was recently completed and one for Opportunity Odessa that is presently in progress, the firm has performed economic development analyses and strategic plans, corporate location impact studies, health care studies, a large-scale study of oil and gas and commercial activity on University Lands, an evaluation of housing patterns and needs, workforce studies, tax policy assessments, studies of tourism and recreation effects of various venues and programs (including new hotels, athletic programs, and cultural amenities), assessments of the costs of homelessness, and many other analyses within the region. The firm recently completed analyses of the economic impact of the University of Texas Permian Basin and the effects of a potential Census undercount on the region. Dr. Perryman is also a resident of the region and is active in various regional initiatives.

In summary, TPG brings decades of knowledge and expertise to this endeavor. A short biographical summary for Dr. Perryman and a Firm Profile (attached to this project concept) highlight key aspects of The Perryman Group's capabilities as well as representative project work and testimony. More detailed information can be found on the firm's website at www.perrymangroup.com.

III. Scope of Work

- A. TPG will conduct necessary research and compile requisite data for this analysis. It is assumed that project sponsors will provide any readily available data that may be useful in this assessment.
- B. In order to provide a complete understanding of the importance of the Permian Basin to the Texas and national economies, it is anticipated that the channels of direct economic stimulus to be examined include the following
 - a. Drilling and production activity;
 - b. Related services firms;
 - c. Pipeline investments;
 - d. Petrochemical complex along the Texas Gulf coast including refineries, chemical plants, and LNG facilities and port activity which rely on Permian Basin production as inputs; and
 - e. Others as identified during the course of this study.
- C. Estimates of direct effects of the Permian Basin will be used as inputs to the impact assessment system to estimate the total economic impact of the Permian Basin on the broader areas.
- D. The US and Texas submodels of the US Multi-Regional Impact Assessment System will be utilized in this analysis to determine the current total direct, indirect, and induced effects of the direct stimulus provided by the Permian Basin on overall business activity. Results will be provided for several measures of economic performance including Total Expenditures, Gross Product, Personal Income, and Employment. These results will include

information on the effects by detailed industrial category. These submodels fully reflect the underlying industrial composition and characteristics of the state economy.

- E. As noted, activity in the Permian Basin also generates billions of dollars in taxes. The Perryman Group will analyze the importance of
 - a. Severance taxes and
 - b. Other taxes generated as a result of the substantial increase in businesses activity associated with the Permian Basin (as measured in the course of this study).
 - c. This segment of the analysis will include projections of future payments under alternative oil price scenarios.
- F. The general fiscal effects on federal, State, and local taxing authorities will also be estimated.
- G. TPG will provide estimates of the long-term effects of Permian Basin production on the US balance of trade as a further illustration of the benefits to the national economy.
- H. TPG will offer a perspective on the benefits of increased energy security and the role of the Permian Basin in its achievement and sustainability.
- I. TPG will assess current issues ongoing in Odessa and the region such as job losses and other signs of economic hardship. The vulnerabilities by industrial sector will be examined, The goal of this portion of the analysis will be to identify actions which could be taken to alleviate the most difficult problems, helping to keep the needed energy-related infrastructure and community resources in place (including workforce).

- J. TPG will prepare a report setting forth the results of this assessment, including appropriate explanation of methods used.
- K. TPG will assist in the dissemination of study findings to appropriate venues and audiences.

IV. Fees and Timing

- A. TPG will complete this analysis for a fee of \$127,200, plus direct, out-of-pocket expenses. An initial retainer of one-half of this amount is requested upon project initiation. The remainder and any expenses will be due upon completion.
- B. The Perryman Group anticipates being able to accommodate any reasonable timing requirements and recognizes the urgency of the situation.

V. Other Provisions

- A. Any additional work or appearances will be performed upon request and billed in accordance with the firm's standard rates or be the subject of a separate agreement.
- B. TPG will carry appropriate insurance coverage throughout the life of this project. Assuming timely payment of invoices, TPG will hold all sponsoring entities harmless for any debts incurred in the completion of this analysis.

VI. Authorization to Proceed

The Perryman Group is hereby authorized to proceed under the terms of this project concept.

Signature: _____

Name: _____

Company: _____

Title: _____

Address: _____

Phone: _____

Fax: _____

Date: _____

E-mail: _____

M. RAY PERRYMAN

President & CEO, The Perryman Group
Institute Distinguished Professor of Economic Theory and Method
International Institute for Advanced Studies

ACADEMIC BACKGROUND

Ph.D. in Economics, Rice University
B.S. in Mathematics, Baylor University

SELECTED ACADEMIC/PROFESSIONAL POSITIONS AND ACTIVITY (Current and Former)

Business Economist-in-Residence, Cox School of Business, Southern Methodist University
University Professor and Economist-in-Residence, Baylor University
Herman Brown Professor of Economics, Baylor University
Founder and Director, Center for the Advancement of Economic Analysis, Baylor University
President, Southwestern Economics Association
President, Southwestern Society of Economists
Editor, *The Southwestern Journal of Economic Abstracts*
Editor, *International Series in Economic Modeling* (book series)
Editor and Author, *The Perryman Report & Texas Letter* (monthly economic newsletter)
Editor and Author, *The Perryman Economic Forecast* (subscription forecasting service)
Author, "The Economist" (syndicated weekly newspaper column)
Host, *The Perryman Report*, daily radio broadcast on the Texas State Network
Assistant Editor, *The Journal of Economics*
Contributing Economist, "Marketplace Radio," National Public Radio
Published or presented more than 400 academic papers
Authored or edited 5 books

SELECTED ADVISORY/CONSULTING ACTIVITY (Current and Former)

Advisor or Member for more than 50 governmental entities at the international, federal, state, and regional levels including: Federal Task Force on the Savings and Loan Crisis, Congress of the United States; Joint Economic Committee, Congress of the United States; United States Senate Academic Advisory Committee on the North American Free Trade Agreement; and Governor's Task Force on Economic Growth
Economic Advisor, Federal Reserve System and Federal Home Loan Bank Board
Economic Advisor, United States Senate
Economic Advisor, United States House of Representatives
Economic Advisor, Office of the President
Economic Advisor, US Departments of State, Defense, the Treasury, Labor, Agriculture, the Interior, Commerce, Energy, and Housing and Urban Development
Economic Consultant, Federal Communications Commission
Economic Advisor, Office of the Governor, State of Texas
Economic Advisor, Ministry of Economic Affairs, Republic of China
Chairman of the Board and President, Texas Manufacturing Technology Center
Chairman, Blue Cross & Blue Shield of Texas Affiliate Board

Member, Board of Directors, Health Care Service Corporation (Chair of Finance, Governance and Nominating, and Compensation Committees)
Member, Board of Directors, Real Estate Council of Dallas
Chairman, Texas Legislative Conference
President, Board of Directors, Texas Leadership Institute
Co-Chair, Strategic Advisory Committee, Team Texas: The Future of Nursing, Robert Wood Johnson Foundation
Member, Board of Visitors, Scott & White Hospital
Director, Women's Financial Services, Southern Methodist University
Advisory Director, Texas Association of Business and Chambers of Commerce
Advisory Director, Chase Bank
Director of projects, studies, and analyses for more than 2,000 clients, including major corporations, public utilities, government agencies, and financial services groups
Published more than 2,500 trade articles and columns

SELECTED HONORS AND AWARDS

Doctoris Honoris Causa degree, International Institute for Advanced Studies
Lifetime Achievement Award, International Institute for Advanced Studies
Citation for Outstanding Initiative in Promoting World Trade, China External Development and Trade Administration
Honorary Lifetime Fellow, National Academy of Nursing
Citation for Meritorious Efforts in Promoting World Capitalism (including the People's Republic of China), The Democracy Foundation
Citation for Promoting International Academic Exchange, The Asia and World Institute
Citation for Outstanding Advisory Contributions, Congress of the United States
Presidential Medal of Merit
First Recipient, "Ray Perryman Leadership Award," Texas Association of Nurse Practitioners
Award for Outstanding Research Achievement in Economic Modeling, Systems Research Foundation
Outstanding Texas Leader (John Ben Shepperd Memorial Award)
Outstanding Alumnus in Economic Research, Rice University
Named the Outstanding Young Person in the World in the Field of Economics and Business Innovation, one of five Outstanding Young Texans, one of ten Outstanding Young Americans, and one of ten Outstanding Young Persons in the World
2012 Texan of the Year, Texas Legislative Conference
2013 Distinguished Service Medal, Baylor University
2014 Texas Leadership Hall of Fame, JBS Leadership Institute
2016 Cesar E. Chavez Conscience Builders Award, Cesar E. Chavez Legacy and Educational Foundation
2018 Most Dynamic Economic Researcher in the US by Global Business Insights
2019 Chairman's Award for Lifetime Achievement in Economic Development from the International Economic Development Council
2019 "Go Global" Award for Economic Analysis from the International Trade Council
Recognized by Texas Legislature for "tireless efforts in helping to build a better Texas" and "shaping the economic future of the state; extensive contributions to economic growth in the Lone Star State"

THE PERRYMAN GROUP

Firm Profile and Capabilities

The Perryman Group (TPG) specializes in all aspects of economic analysis, research, and forecasting. Led by Dr. M. Ray Perryman, the organization enjoys a worldwide reputation for its forecasting, modeling efforts, and high-profile public policy studies. For more than 30 years, the firm has provided some of the most innovative approaches in the industry to meet the needs of thousands of clients.

IMPACT ASSESSMENT

Over more than three decades, The Perryman Group has developed a reputation for quality impact assessment techniques. The firm maintains a set of impact evaluation models which can be applied in numerous contexts. These systems have been employed in projects measuring economic effects of various activities around the globe. Specific industrial detail can be provided for more than 500 industries at the national, state, regional, metropolitan statistical area (MSA), and county level.

Previous studies include (among hundreds of others) the economic impact of site locations, utility rate changes, infrastructure development, new transportation facilities, tourism and cultural attractions, regulatory changes, educational programs and investments, legislative changes, economic development initiatives, insurance and judicial reform, immigration policy, water resources, health care facilities and initiatives, mixed-use real estate developments, and communications and Internet policy. In addition to traditional economic aggregates such as employment, income, sales, expenditures, and gross product, TPG also provides projections of consumer spending, secondary development, occupational categories, and fiscal revenues.

REGULATORY ANALYSIS

The Perryman Group has considerable experience and expertise in providing support for regulatory proceedings and initiatives. Previous projects have included analyzing the effects of utility and transportation rate changes on consumers and industrial concerns and evaluating the need for new electric facilities, water projects, transportation projects, and telecommunications investments. The firm also has experience in assessing the economic aspects of environmental regulations, energy policy, insurance, automobile dealerships, and other sectors subject to regulatory oversight. In addition, testimony has been provided before state and federal regulatory bodies on hundreds of occasions.

LITIGATION SUPPORT AND EXPERT TESTIMONY

For litigation support and expert testimony purposes, The Perryman Group investigates and testifies on a variety of issues. Providing research, analysis, and testimony on behalf of major US law firms and their clients in complex matters, the Perryman team has addressed topics including security markets, intellectual property, employment, forensics, officers' and directors' liability,

real estate markets, cash flow estimation, environmental and natural resource factors, lender liability, valuation, taxation, damage measurement, business losses, and antitrust issues. Dr. Perryman has successfully testified on numerous occasions and is well known for making the most difficult material and concepts readily accessible and easy to understand for any audience.

PUBLIC POLICY

The Perryman Group frequently prepares public policy studies that play a key role in shaping legislation. Representative topics include energy deregulation, communications (telephone, Internet, and cable), judicial reforms, insurance, transportation (water, air, rail, trucking, and highway funding), financial services, health care, economic development, education funding and policy, taxation, social services, oil and gas development, pipelines, mergers and acquisitions, competition, real estate, franchising, legal aid, and international trade). Analysis by the firm often plays a key role in policy formulation and implementation. More than 1,000 studies have been prepared.

ECONOMIC DEVELOPMENT AND STRATEGIC PLANNING

The Perryman Group has assisted communities, states, regions, and nations in comprehensive economic development efforts. The firm also aids corporations in determining appropriate sites for new facilities and negotiating suitable arrangements. Efforts by The Perryman Group have played a positive role in the creation of hundreds of thousands of jobs. In particular, the firm provided the underlying analysis that led to the creation of major economic development programs in Texas that are widely regarded as the state-of-the-art.

In today's world, economic development means different things in different places. For some communities, it is investing in major infrastructure programs to support future production. In others, it's attracting traditional manufacturing establishments. In still others, it's creating a base of small or large "high-tech" facilities. Some areas or institutions want to become distribution or service centers; others want to capitalize on an existing natural resource base. In many instances, the primary objective is to retain and expand existing firms; the top priority can also be establishing an environment that is conducive to small company startups. Companies and educational organizations also have multiple objectives, ranging from improved labor rates to opportunities for technology transfer.

Utilizing systems specifically geared to economic development, the firm's consultants can identify "target industries" that are likely to expand in the near future and be a complement to the local resource base. Through detailed analysis of workforce characteristics, the existing industrial base, quality-of-life factors, and local attitudes and perceptions, the firm can craft positive plans to maximize opportunities and go the extra mile to ensure their implementation.

FORECASTING AND MODELING

The firm has developed and maintains a full range of international, national, regional, state, metropolitan area, and small area (zip code, census tract, etc.) forecasting and modeling capabilities. In particular, Dr. Perryman has developed large-scale econometric and impact

assessment models that have been used in hundreds of projects across all 50 states and many foreign countries. These systems and the accompanying data resources permit forecasting of energy demand and supply, real estate market absorption, retail sales, infrastructure needs, industrial performance (manufacturing and service), transportation demand, financial markets, bond feasibility, construction costs, investment returns, and numerous other applications. In addition, projections regarding labor markets, demographics, global markets and trade, and cost factors such as wage rates and capital costs are generated for clients and subscribers on a frequent basis. Forecasts have been provided in a subscription service for more than three decades. The firm is on retainer to various entities (such as financial institutions and electricity providers) to supply ongoing information.

PUBLICATIONS

The Perryman Group prepares several publications on a regular basis. The forecast series provides an in-depth analysis of the national, state, regional, and local economies in the state of Texas. The Perryman Report & Texas Letter is a monthly newsletter that provides analysis of local, statewide, national, and international issues, with particular attention given to how they impact the economy in Texas.

PRESENTATIONS

Nationally recognized as an informative and entertaining speaker, Dr. M. Ray Perryman addresses audiences from all walks of life. Dr. Perryman has established a reputation for communicating often dry subjects in an effective and humorous fashion. Other presentations include specialized seminars on the economic outlook, industrial trends and patterns, economic development, and forecasting techniques.

In addition, the firm often provides briefings to corporate boards of directors and senior management personnel on a variety of topics, including assessment of national and regional economic conditions, trends in specific industries, patterns in international trade, and strategic planning in an uncertain business environment.