

# Odessa Development Corporation

Compliance Monitoring Report for Select Energy  
Services LLC.

June 9, 2020

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## Compliance Monitoring Report for Select Energy Services LLC.

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 compliance period of January 1, 2019, through December 31, 2019, for the Economic Development Agreement with Select Energy Services LLC.

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  
June 9, 2020

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# Odessa Development Corporation

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### 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 Select Energy Services LLC's compliance period of January 1, 2019 through December 31, 2019:

- 1. Procedures Performed:** We requested the Certificate of Liability Insurance from Select Energy Services, LLC. However, due to the circumstances surrounding the COVID-19 pandemic, and the shelter-in-place recommendations from the State of Texas, ODC waived the testing of this requirement prior to payment of the grant installment for 2019.

**Results:** No findings were identified.

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- 2. Procedures Performed:** Weaver obtained and reviewed a listing of Select Energy Services LLC's employees as of December 31, 2019, and their four quarterly employment 941 forms for 2019. Using the data from these reports, we verified the number of Select Energy Services LLC's full-time equivalent (FTE) jobs and verified whether the grantee met the 170 FTE requirement, as identified in the jobs clause of the September 30, 2016 EDA.

**Results:** No findings were identified.