



*Midland Development Corporation's foresight
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achievements.*

2009 ANNUAL REPORT



www.midlandtxedc.com

Operating in one of the most extraordinary and uncertain economic environments in recent history, Midland Development Corporation's foresight to address the challenging economy resulted in dynamic innovations that produced unprecedented achievements.

As you look at the ways in which the economy has challenged the growth potential for Midland, you will see our pursuit of a focused operating plan has resulted in solid performance during an unstable time. Targeted priorities included ways to develop and retain a vibrant workforce, enhance Midland's quality of place and invest in the Central Business District

This strategic process generated innovations that will serve as a solid foundation for changing times. You will see how this strategy resulted in ways to communicate opportunities for the Central Business District, develop Centennial Plaza as a green space, encourage urban living spaces, redevelop Block 56, arrange corporate headquarters for a major employer, identify office market conditions, create web sites to promote the CBD and ensure advantageous land development.

We believe these achievements represent best practices in the realm of economic development, and others agree with us by recognizing them with state and national awards and accolades. While these awards give us reassurance that our innovations are leading edge, we measure our success with the results realized in the economic growth of Midland.

The difficult market conditions of 2009 are set to continue for the near future. The Board and the professional staff's priority is to manage our operating plan efficiently, while continuing to build a portfolio of superior long term projects to ensure we will be in a leading position both now and when the market recovers.

Midland Development Corporation has a clear, long-term strategy, strong positions across all its key markets and a strong and secure pipeline of work with partners throughout the community, state and nation.

We want to take this opportunity to extend thanks to fellow Board members and professional staff. They have worked hard to ensure Midland Development Corporation remains well positioned for growth despite the very difficult market conditions we are facing and are likely to face for some time yet.

Most importantly, Midland Development Corporation is built upon a solid foundation of principles and qualities—showcased in this year's annual report — that will enable us to expand our competitive advantage during this astonishing time. The most important of these strengths is the Midland Development Corporation team, with whom we have the pleasure to work, and whose passion, talent and creativity make Midland Development Corporation's success possible.

Sincerely,

Doug Henson
Chairman

Mike Hatley
President of Economic Development

FORESIGHT

On the heels of banner years in a variety of business sectors, the urgency of the current economic climate provided Midland Development Corporation the impetus to examine the critical issues facing local business development. Midland Development Corporation's foresight to identify the opportunities has helped forge new successes in workforce development, quality of place and infrastructure investments.

Identifying Workforce Issues

Addressing the growth of a skilled workforce is a fundamental goal for Midland's continued success. The by-product of recent economic development accomplishments include growth in:

- Energy
- Aviation
- Healthcare



Calling upon the existing strategic plan to establish a bold vision for Midland's economic development efforts:

"Talent Matters to Midland – Midland will strengthen its position as a premier business center for West Texas by aggressively pursuing opportunities that will attract additional talent and retain that new and existing talent within the community."

Advancing Quality of Place: Re-Development of the Central Business District

Realizing that "quality of place" is a critical factor in attracting and retaining educated talent; the Midland Development Corporation has:

- Stimulated private/public reinvestment
- Provided a catalyst for peripheral mixed-use developments including residential, retail, dining and entertainment districts
- Solidified the CBD's status as the premier business center in the Permian Basin

Establishing a Center for Energy Innovation and Commercialization

Considerable attention has strategically focused on building local support for another critical opportunity zone, Claydesta Business Park. Addressing energy-related research programs along with encouraging mixed-use developments has drawn extensive attention.



“Experience has proven that effective place-making - including revitalization of a downtown area - can increase market share by creating demand from an expanded trade area, such as the greater Midland-Odessa region.”

*Laura Roman
MDC Board Treasurer*

Investing & Identifying Infrastructure to Attract Business Growth

- Central Business District (CBD)
 - Identified shortage of adequate parking facilities
 - Invested in redevelopment of aging Infrastructure
 - Supported redevelopment of obsolete properties
 - Emphasized the need for Class “A” office space
- S-11A Hangar at Midland International Airport
 - Signed a Memorandum of Understanding with the City of Midland
 - Implemented 18 Month Marketing Campaign
- Garfield Road Extension
 - Funded a major roadway extension to create accessibility to industrial properties
- La Entrada Industrial Flex Building
 - Completed 2009 Appraisal
 - Conducted comprehensive marketing campaign

INNOVATIONS

With the targets precisely defined as ways to develop and retain a vibrant workforce, enhance Midland’s quality of place and invest in the Central Business District, the innovations came one after another.

Opportunities for the Central Business District

Midland Development Corporation has taken a leadership role in the redevelopment and revitalization of downtown in the following ways:

- Participated in the Vision 2020 Coordinated Community Planning meetings.
- Facilitated quarterly meetings with CBD stakeholders including the City of Midland, Tax Increment Reinvestment Zone Board (TIRZ), Downtown Midland Management District, local developers, downtown business owners, and property owners/managers. The collaboration facilitated:
 - A common vision to efficiently and effectively utilize public resources
 - Centennial Plaza Renovations – A new design that softens downtown and gives the public the opportunity to experience a central green space
- Broaden public awareness through an interactive website – www.LiveMidlandTexas.com
 - Bloggers committed to downtown development and telling their story of working, living and/or playing downtown
 - Downtown event calendar
 - Real-time message boards
 - YouTube & Flickr





“Midland Development Corporation has taken a leadership role in the redevelopment and revitalization of downtown.”

*Doug Henson
MDC Board Chairman*

- Urban Living – private sector encouraged to develop downtown living & retail
 - Spotlighted retail/entertainment venues and downtown residential living spaces on Live Midland web site
- Redevelopment of Block 56
 - Demolition of five obsolete structures including the implosion of a 13-story structure (former Midland Savings Building)
 - Joint venture between Midland Development Corporation, HPG Acquisition, LLC, and the Downtown Midland Management District
 - Assisted with the relocation and replacement of electrical infrastructure and the improvement of electrical service to several blocks in the CBD



- Assisted with the Permian Plaza Redevelopment of Basic Energy Services, Inc. – Nation’s third largest well servicing contractor with corporate headquarters in Midland’s CBD and more than 4,000 employees nationwide. The MDC participated in a public/private partnership with Basic Energy Services to construct a multi-level parking facility. The project consists of:
 - 180,000 square foot mixed used redevelopment project of Permian Plaza I & II
 - Rehab of Permian Plaza I - a ten-story 125,760 square foot office tower that has been vacant since 1986, with first floor available for retail business
 - Purchase and rehab of Permian Plaza II – a 63,000 square foot existing office building
 - Demolition of an obsolete facility, and the construction of a new 400-plus space multi-level parking facility, with 75 spaces dedicated to the public and/or third party non-tenants of the Permian Plaza
 - Addition of more than 30,000 square foot of much needed Class “A” space will be available for lease
 - Project will result in taxable property values of an estimated \$15 million upon completion
- Identified Office Market Conditions
 - Prepared an inventory and analysis of CBD office space
 - Utilized report as a marketing advantage



“The new design of Centennial Park softens downtown and gives the public the opportunity to experience a place full of fresh air, greenery and most importantly, a gathering place for people in all walks of Midland life.”

*David Mims
MDC Board
First Vice Chairman*

Talent Matters to Midland

- Improved Workforce Recruitment Website – www.MakeMidlandHome.com
 - Added value to job seekers and Midland employers
 - Collection of resumes
 - Direct links to featured employers
 - Interactive online application process
 - Individual job posting
 - Relocation services



- Targeting Military Personnel
 - Marketing employment opportunities to exiting military personnel
 - Advertised in military publications
 - Advertised with highway signage near military installations
 - Marketed at numerous job fairs and hiring events
- Adapted Workforce Recruitment Strategies
 - Retention of existing workforce
 - Initiated internal marketing campaign
 - Career training opportunities
 - Wind Industry Training partnership with Midland College
 - Assisted with funding for the design, implementation and operation of a primary job training facility and program for training workers for the wind energy industry
 - Targeted technical schools for skilled workforce
 - Facilitated employee recruitment in retail and hospitality industry
 - Targeted displaced workers throughout the United States
 - Partnered with Midland Memorial Hospital on marketing for recruitment of physicians
 - Funded reimbursement of marketing expenses pertaining to the recruitment of physicians to Midland
- Established an open line of communication with local high school graduates
 - Gauged interest in future career choices and linked graduates back to www.MakeMidlandHome.com
- Continued dialog with Regional Workforce Partners
 - Representation on the Permian Basin Workforce Development Board



“Midland will strengthen its position as a premier business center for West Texas by aggressively pursuing opportunities that will attract additional talent and retain that new and existing talent within the community.”

*Barry Horseman
MDC Board
Second Vice Chairman*

Opportunity Zone Marketing Initiatives

- Strategies were employed to encourage partners and taxing entities to develop business-friendly policies
 - Freeport Tax Exemption
 - Led the effort for Freeport Exemption resulting in City of Midland and County of Midland passing Freeport Tax Exemption
- Midland College aviation programs
 - Developed marketing collateral
- City of Midland
 - Midland International Airport
 - Visits to major airlines
 - Small Community Air Service Development Grant (SCASD)
 - Assisted with matching funds for marketing and promotional activities for attraction of new air service
 - Addressing water and wastewater systems' needs
 - Advocate for property annexation
- Midland Odessa Transportation Alliance (MOTRAN)
 - Representation on MOTRAN Board of Directors
 - Advocated for improvements of infrastructure in the La Entrada El Pacifico & I-20 corridor
- Regional, National & International Marketing Affiliations
 - The High Ground of Texas
 - Regional marketing coalition
 - TexasOne
 - The marketing arm of the Office of the Governor for Economic Development & Tourism
 - Team Texas
 - Marketing coalition of the Texas Economic Development Council
 - Oncor Electric Delivery
 - Partnership with utility ally
 - WEDA – World Economic Development Alliance
 - Site consultant lead generation ally
 - Business Facilities
 - Site consultant lead generation ally
- Collateral Marketing
 - The MDC has focused its efforts on developing specialized marketing material to reach specific audiences.
 - State of the art 10' x 20' Trade Show Booth
 - Brand development
 - Target industry print material
 - Pre & post event promotion
 - Monthly e-newsletter
 - Promotional items
 - Breakout event sponsorships



*“Midland is a community
built around what
matters most to families.
From sprawling city parks
with daily recreation
activities to strong
education and healthcare,
Midland keeps its people
at the forefront.”*

*Robert Rendall
MDC Board Secretary*

ACHIEVEMENTS

The commitment to delivering a focused plan in the midst of a challenging economy has netted Midland Development Corporation accolades and awards from across the country. While these awards give us reassurance that our innovations are leading edge, we measure our success with the results we achieve to:

- Keep existing jobs and businesses in Midland
- Foster the expansion of existing Midland businesses
- Attract target industries and businesses to Midland
- Provide long-term employment opportunities for Midlanders
- Promote and develop industrial and manufacturing enterprises in order to reduce unemployment and underemployment
- Promote and encourage employment and the public welfare of, for, and on behalf of the City of Midland
- Develop areas of the City of Midland that meet the City's development objectives



Awards & Recognition

- Midland ranked No. 6 overall for per capita personal income, with the average income in the Tall City coming in at \$57,615, according to data released from the U.S. Department of Commerce Bureau of Economic Analysis.
- The Milken Institute named Midland the Number One Small Metro of the 2008 and 2009 Best-Performing Metros in America
- Inc. Magazine's Top City in America for Doing Business
- Recognized in the Top Five out of 250 MSAs in the US for Business Location by Business Facilities Location Finder
- Received TEDC Workforce Best Practices Award for communities of population over 100,000
- Recipient of the 2009 Texas Economic Development Corporation's Community Economic Development Award (CEDA), to honor excellence and exceptional contributions of Texas communities in economic development.
- Recognized by Texas A&M Real Estate Center Blogger Contest – RECON Newsletter states: "LiveMidlandTexas.com proved most popular with readers, narrowly edging out the Austin Real Estate Guy in the fourth heat of our "Favorite Blog" contest."

BOARD OF DIRECTORS AND PROFESSIONAL STAFF

The Midland Development Corporation, created in January 2002, offers incentives to qualified new and existing employers who create jobs for the community. Midland voters made these incentives possible when they approved a quarter-cent increase in the local sales tax rate, with additional revenues earmarked to promote economic development and diversification.

The Midland Chamber of Commerce Economic Development Division, through a contract with the Midland Development Corporation, administers the area's economic development program.

A five-member board appointed by the City Council governs the Midland Development Corporation.

Board of Directors

Doug Henson

Chairman

President of SBC, LP

David Mims

First Vice Chairman

President of Mims and Smith Insurance Agency

Barry L. Horseman

Second Vice Chairman

Director of Workforce Education for Midland College

Laura Roman, CPA

Treasurer

Partner with Elms, Faris & Co., LLP

Robert V. Rendall, Jr.

Secretary

Shareholder of Stubbman, McCrea, Sealy, Laughlin & Browder

Professional Staff

Mike Hatley

President of Economic Development

Don "Woody" Woodward

Business Development Director

Pamela Welch

Business Retention & Expansion Director

Tracy Dau

Workforce Development Coordinator

Natalie Shelton

Real Estate/Marketing Coordinator

Kristin Robbins

Administrative Assistant

"The awards and recognition help us realize our goals to deliver best practices in the realm of economic development."

Mike Hatley

President of Economic Development

Midland Development Corporation

*109 North Main
(2nd Floor)*

Midland, Texas 79701

432.686.3579 Phone

800.624.6435 Toll Free

432.687.8214 Fax



www.midlandtxedc.com