



ANNUAL REPORT

2015



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Letter from the chairman

On behalf of our board members, our staff and myself, may this letter serve as our collective “Thank You” for trusting and allowing us to serve each and every Midland citizen in the year 2015. Our board and staff members have been laser-focused on identifying companies which are suitable to locate their business in Midland.

Our community’s economy experienced transition and change in 2015. Therefore, the MDC adjusted its budget downward to a more realistic revenue model and one based on newly projected tax revenue. Every investment the MDC made weighed the advantages against the associated return on investment. The totality of the investments made benefited a broad cross-section of Midland citizens.

I am pleased to highlight the results of MDC’s achievements in the diversification of our economy, education and the medical field. These achievements accommodate business growth and diversify our economy, with each project representing many hours of hard work by our board and staff.

In addition to focusing on bringing new businesses to Midland, we also entered into bilateral agreements with the University of Texas of the Permian Basin (UTPB), Midland College, and Midland Memorial Hospital. Each of these agreements represent our desire for Midland to possess the resources needed to further an overall talented workforce, aerospace engineering, trade education, along with physician recruitment, respectively.

The MDC collaborated with the City of Midland staff and City Council to support the (i) re-constitution of the old County Court House property for the newly proposed Santa Rita Hotel; (ii) a downtown multi-level parking garage; (iii) and the extension of Briarwood Road. The MDC joined together with the Midland County Commissioners to provide economic incentives to Tenaris. The agreement provides for \$3.3 million of new annual payroll and \$36 million in new capital investment by Tenaris.

The MDC will continue its pursuit of the economic diversification of Midland. We will do this by utilizing all of the resources available to us.



Brent Hilliard
Midland Development Corporation
Board of Directors Chairman

[Our history]

The Midland Development Corporation (MDC), created in January 2002, implements an aggressive business prospect program that focuses on marketing to primary diversified industries that create high paying jobs, and supports Midland's existing industry base in the retention and creation of new jobs. Midland voters made these efforts possible when they approved a quarter-cent increase in the local sales tax rate, creating additional revenue earmarked to promote economic development and diversification.

Our Mission

Promote and advance opportunities that enhance and diversify the strength and stability of the Midland economy.

Goals

1. The Midland Development Corporation will retain and encourage expansion of existing businesses.

[Board of directors]



Brent D. Hilliard
Chairman



Gary D. Douglas
1st Vice Chair



Robert V. Rendall
Secretary



Wesley Bownds
Treasurer



Cary Love

2. The Midland Development Corporation will market, recruit and strengthen Midland's workforce for current and future employers.
3. The Midland Development Corporation will attract diversified industries and business to Midland.
4. The Midland Development Corporation will provide assistance to develop areas of the City of Midland that meet the City's development objectives.

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

[Professional staff]



Pam Welch
Executive Director



Tim Danielson
Director of
Business
Development



Sara Harris
Accounting Clerk/
Research Analyst



Regan Latham
Marketing Coordinator

Investing in our future

CITY INFRASTRUCTURE

COG Parking Garage

COG Realty, LLC, is investing approximately \$8,000,000 for a downtown revitalization project at the corner of Wall Street and Main Street. The MDC has committed \$4 million to the construction of a multi-level parking facility with approximately 346 spaces. Two hundred of these spaces will be dedicated to public parking. Construction began in December of 2015.

Santa Rita Hotel #1 Project

The Santa Rita No. 1 Project is a mixed-use facility that will locate on the site of the former courthouse and will include a 4-star hotel, retail and office space. The MDC will be assisting with infrastructure improvements including roads, drainage, water and sewer, site improvements, telecommunications, internet, and electric and gas utilities.

Wall Street Lofts

The construction of the four-level parking facility, co-located with the Wall Street Lofts apartment complex, was completed in 2015 providing two levels of public parking for the Central Business District.

Briarwood Road Extension

The MDC previously funded \$730,000 for the extension of Briarwood from an existing two-lane roadway into a five-lane arterial street. Due to the higher costs with construction, the MDC has committed an additional \$3,179,503 to this project.

I-20 Ramps West of Loop 250

The MDC continues to work with MOTRAN and TxDOT on proposed exit and entrance ramps west of Loop 250 and FM 1788 to alleviate truck and vehicle traffic in this industrial area.



Santa Rita Hotel #1 Rendering



Wall Street Lofts Parking Garage (far right)

PARTNERSHIP & COLLABORATION

The MDC works closely with the our partners to achieve the best for our community.

Regional Teamwork

High Ground of Texas Marketing Coalition
Midland 101
Midland Chamber of Commerce Member
Midland College Career Advisory Committee
Midland First Education Task Force
Midland-Odessa Transportation Alliance (MOTRAN)
Permian Basin Petroleum Association (PBPA)
Permian Basin Regional Planning Commission
Permian Basin Workforce Development Board
Spaceport Development Board
SPAG & Texas Tech Oil & Gas Task Force
Team Texas Marketing Coalition
Texas Economic Development Council (TEDC)
Texas Space Coalition
TexasOne

MOTRAN

In 2012, MDC, MOTRAN, Midland County, the City of Lamesa, and Lamesa Development Corporation, entered into a joint agreement with TxDOT to reconstruct the existing two lanes of SH 349, as well as adding two additional lanes, to expand the roadway from two lanes to four lanes between Midland and Lamesa.

The project has seen substantial progress and the funds have leveraged more than \$21.5 million so far, allowing for completion of the project to approximately 13 miles south of Lamesa.

The SH 349 expansion project also laid the groundwork for the expansion of SH 158.



COG Parking Garage on Wall Street Rendering

[Return on investment]

Return on investment is calculated by adding total capital investment and total wages of incentivized companies and dividing by MDC incentives. The numbers below show the status of all incentivized projects. Their progress is tracked over years as projects achieve contract stipulations.

Economic Impact	2002-2015	Fiscal Year 2014/2015
Total Capital Investment	\$83,070,204.00	\$5,979,754.00
Total Incentivized Payroll	\$98,758,618.00	\$2,297,600.00
Total Economic Incentive Payments	\$22,985,500.00	\$250,000.00
Return on Investment	\$7.62	\$33.11



“Midland, Texas,

2014-2015 TYPE A SALES TAX



where the sky is

no longer the limit



TOP 30%

**lowest taxing
city in TX**

*



1,347,378

**Permian Basin oil
barrels/day**

**

[Midland economic highlights]

According to economist Karr Ingham, “The Permian Basin regional crude oil production doubled from early 2010 through year-end 2014 with most analysts believing that operators had not nearly achieved all that is possible in terms of improved drilling efficiencies. The Bakken, the Eagle Ford, and other relatively new production areas in the US are all part of an incredible story of the North American energy renaissance, but the Permian remains the big dog on the block and in the last five years has achieved a new level of global energy importance. Midland residents understand the benefits of being a part of the metro complex that serves as the hub for one of the most important energy production regions on the planet.”

* Texas State Comptroller Office, 2014 figures

** Railroad Commission of Texas Production Data Query System (PDQ), average/day for Jan. - Oct. 2015

*** The National Unemployment is at 4.8%, data as of Sept 2015

**** A number less than 100 indicates lower than average cost of living, C2ER data for 3rd Quarter 2015



“ Oxy — as the region’s largest producer — is responsible for 13 percent of the Permian Basin, according to CEO Stephen Chazen. Oxy’s reported Permian Basin production rose 51 percent in the third quarter compared to the third quarter of 2014. ”
- Midland Reporter-Telegram

“ Chevron’s Permian business remains a growth organization for Chevron. The foundation of our strong base business combined with significant development opportunities in the Permian Basin will be an important part of Chevron’s future success. ”
- Dolores Vick, Policy, Government & Public Affairs Team Lead, Chevron North America Exploration and Production Company



“ The Permian Basin is a world-class asset, and Pioneer Natural Resources looks forward to being a proud member of Midland’s strong and resilient community for decades to come. ”
- Scott D. Sheffield, Chairman and Executive Officer, Pioneer Natural Resources

[Business Development & diversification]

Frito Lay

The new Rolling Frito-Lay Sales, LP, 45,000 sq. ft. regional distribution facility located in the Entrada Enterprise Business Park was completed, and as required in the Economic Development Agreement with the MDC, they have certified capital investment of \$5,979,754.



The Midland Development Corporation and the Midland City Council approved an economic development agreement with Tenaris to establish a service center for the storage, inspection and preparation for the running of steel tubular goods for the energy sector. Tenaris has committed to new annual payroll of \$3.3 million and \$36 million in new capital investment by December 31, 2020.

Tenaris is a leading global manufacturer and supplier of steel pipe products and related services for the oil and gas industry. From its new location, the company will supply oil country tubular goods (OCTG) and accessories, sucker rods and coiled tubes to the Permian Basin oil and gas industry.



Teraco's management and board of directors were looking to consolidate their manufacturing facilities and chose to move additional production equipment and dozens of new jobs to Midland, TX, instead of Chicago, IL. Teraco is a leading manufacturer of plastic cards and first moved to Midland in 1970. They continue to be one of the larger employers in the area that is not in the oil and gas industry.



After holding the official groundbreaking in October 2014, the MDC is proud to announce the completion of Orbital Outfitter's new facility in the Spaceport Business Park located at the Midland International Air & Space Port.

The new test, manufacturing, and headquarters facility will include state-of-the-art manufacturing and space suit development. The company will also be continuing and expanding its mockup fabrication work in the new facility.

Perhaps the most exciting part of the new facility will be the Midland Altitude Chamber Complex (MACC). The complex features altitude chambers of different sizes and capabilities including a small equipment chamber, a two-person chamber for suit testing and evaluation, and a large cabin sized chamber that can accommodate as many as ten people or an entire vehicle cabin mockup. Large portions of these chambers are made of transparent materials allowing onlookers to watch tests in progress.

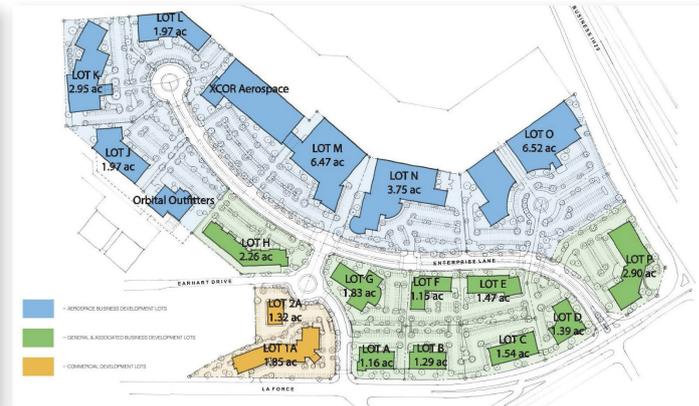


Renovations have been completed to the 79,346 sq. ft. facility at the Midland Spaceport Business Park. XCOR is operating its headquarters and research and development out of the west 35,138 sq. ft. portion of the facility. At the request of the MDC, XCOR agreed to release their lease on the 44,205 sq. ft. east hangar and offices back to the MDC to use for the attraction of additional aviation/aerospace companies.

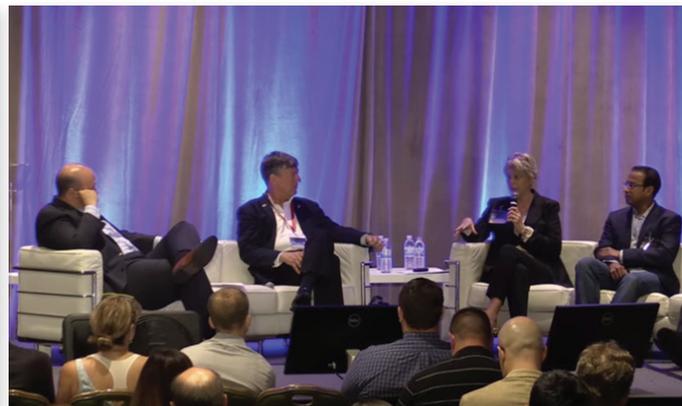


Midland Altitude Chamber Complex (MACC) operated by Orbital Outfitters

Business retention & expansion



Spaceport Business Park Lease Lot Layout



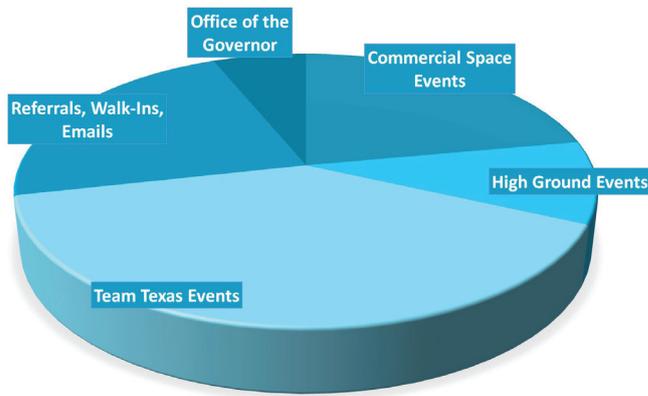
Panel Discussion at the New Space Conference

MIDLAND SPACEPORT BUSINESS PARK

A 50-acre lot of land on the southeast side of the Midland International Air & Space Port has been designated as the Spaceport Business Park. XCOR Aerospace and Orbital Outfitters are the first two businesses to commit to locate in the business park, both having functioning facilities. The MDC has completed a Spaceport Master Plan and conceptual layout of the business park. The design and construction of the roads, landscaping and utilities will commence in 2016. The Spaceport Business Park is being marketed to the aerospace industry and the commercial space industry to continue to bring diversification to Midland.

THE COMMERCIAL SPACE INDUSTRY

In the interest of continuing to develop the Midland Spaceport Business Park, promoting the commercial space industry in Texas and the United States has been a priority for the MDC. MDC Board members, MDC and City staff, City Council members and lobbyists have participated in numerous panel discussions at commercial space events and testified before the State Legislators on the importance of keeping Texas at the forefront of the commercial space industry. The Midland Spaceport Development Board president and MDC participate in the Texas Legislative Space Caucus as well as with the Texas Commercial Space Coalition which is made up of representatives from the three Texas licensed spaceports. MDC's Executive Director is a board member of the Commercial Space Federation, an organization of 60 businesses and organizations that are committed to making commercial space a reality. These organizations include, but are not limited to, commercial spaceflight developers, operators, spaceports, and suppliers supporting commercial spaceflight. Midland hosted the CSF's Suborbital Applications Research Group's quarterly meeting. The MDC is also an active member of the Space Foundation and hosted the Space Foundation's CEO, Elliott Pulham, for a forum in Midland with city leadership and educational institutions.



2014/2015 CONTACTS

Office of the Governor
 Commercial Space
 High Ground Events
 Team Texas Events
 Referrals, Walk-Ins, Emails



Hangar A at the Spaceport Business Park



Orbital Outfitters and MACC Facilities

HANGAR A AVAILABILITY

MDC has 44,208 sq. ft. of office and hangar space available to prospective aviation/aerospace companies. The breakdown of the space includes 15,728 sq. ft. of office space, lounge, large reception area and meeting rooms that overlook the airfield. The 28,480 sq. ft. of hangar space boasts a 200'x30' door span.

ENTRADA BUSINESS PARK

The La Entrada Business Park is ideally located at the Midland International Air & Space Port. It is the current home to Atmos Energy and Frito Lay Distribution Center. A 40,000 sq. ft. flex building is located within the park and is available for lease or sale from N. C. Sturgeon, LP. The only remaining greenfield site consists of 5.8 acres is available for purchase and is located adjacent to Atmos Energy. The La Entrada Business Park maintains a set of covenants which can be provided by the Midland Development Corporation upon request.

DAVID MIMS BUSINESS PARK

The David Mims Business Park is owned by the MDC and is located on the north service road of I-20 west of Loop 250 and east of CR 1250. The Agri-Empresa Trans Loading and Storage facility, serviced by Union Pacific, is conveniently located next to the park. There are 71-acres available for development and incentives are available for diversified industries.

[Talented workforce]



Midland Memorial Hospital



Semi-Tractor Vehicle at Midland College

MIDLAND MEMORIAL HOSPITAL

Physician's Recruitment

A collaborative partnership between Midland Memorial Hospital and the MDC aims to support the health of the Midland community by proactively recruiting physicians to meet current healthcare demands and anticipated future growth. The results of this combined effort will help to ensure that Midland citizens are well-served by excellent physicians.

- 12 physicians started practicing in FY 2015
- 7 physicians to start practice in 2016
- 1 physician to start practice in 2019 (Midland high school graduate)
- 5 recruited physicians are from Midland area or have familial ties
- 12 physicians are supporting 168 jobs
- 12 physicians are supporting \$13,200,000 in wages and benefits
- 12 physicians are supporting \$1,085,388 in local and state tax revenues
- On average, each physician supports \$90,499 in local and state tax revenues

RED, WHITE & YOU HIRING FAIR

In November 2014, MDC was represented at the 4th Annual hiring event to connect Texas Veterans and their spouses with Midland area employers looking for qualified candidates for a variety of positions. The event was presented by the Texas Workforce Commission and Workforce Solutions.



Diversified Workforce in Midland

Job Training Opportunities

UNIVERSITY OF TEXAS PERMIAN BASIN (UTPB) Aerospace Track, Mechanical Engineering Program

The MDC has been collaborating with UTPB throughout the year on establishing an Aerospace Engineering Program to facilitate labor needs associated with existing companies located at the Midland Spaceport Business Park, as well as a recruitment tool for new aviation/aerospace companies. An economic development agreement of \$200,000 annually has been made with UTPB to fund the program for three years and will support new faculty hires and the development of laboratories that will include a subsonic wind tunnel, a propulsion module and an aerospace structures module. UTPB is also looking forward to conducting research at the Midland Altitude Chamber Complex (MACC) through an agreement with the MDC and Orbital Outfitters that provides 100 hours a year use of the equipment.

MIDLAND COLLEGE Diesel Specialist Job Training Grant

Midland College received a \$35,000 grant for the purchase of one semi-tractor vehicle for truck mechanic and diesel specialist job training in connection with the College's Workforce and Career Technology Education (CTE) programs. More than 548 students have taken the course since Fall 2014 and enrollment for the Spring 2016 semester is up 30% from last year. Truck mechanics and diesel specialists are career fields that the Permian Basin Workforce Development Board and Texas Workforce Commission recognize as training priorities in the region.



CONFERENCES AND TRADESHOWS

Commercial Spaceflight Federation Meeting
COMSTAC
FAA Commercial Space Conference
International Economic Development Council (IEDC) Annual Conference
MRO Aero Engines Americas Conference
NewSpace Global Investment Conference
Small Satellite Conference
Space Symposium
Space Tech Expo
SpaceCom
Texas Economic Development Council (TEDC) Annual Conference
Texas Economic Development Council (TEDC) Women's Conference
Texas Workforce Conference
The Center for Innovation Unmanned Systems Consortium
MDC's tradeshow booth underwent a redesign and refresh in 2015.



SPONSORSHIPS

Commercial Space Federation Meeting
CSF Suborbital Application's Research Group
Industrial Asset Management Council (IAMC) Fall Forum
Industrial Asset Management Council (IAMC) Texas Event
Industrial Asset Management Council (IAMC) Spring Forum
International Symposium for Personal and Commercial Spaceflight (ISPCS)
Midland Chamber of Commerce Annual Meeting
Midland Chamber of Commerce State of Education
Midland Chamber of Commerce State of the Economy
Permian Basin Petroleum Association (PBPA) 52nd Annual Meeting
SpaceCom 2015
Space Foundation
Texas Economic Development Council (TEDC) Annual Conference
Texas Site Selector Guild Forum



AWARDS

International Economic Development Council (IEDC) Excellence in Economic Development Award. During the IEDC Annual Conference, the MDC was awarded with the Gold Award for Special Purpose Print Brochure featuring the Midland International Air & Space Port.



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CONTACT US