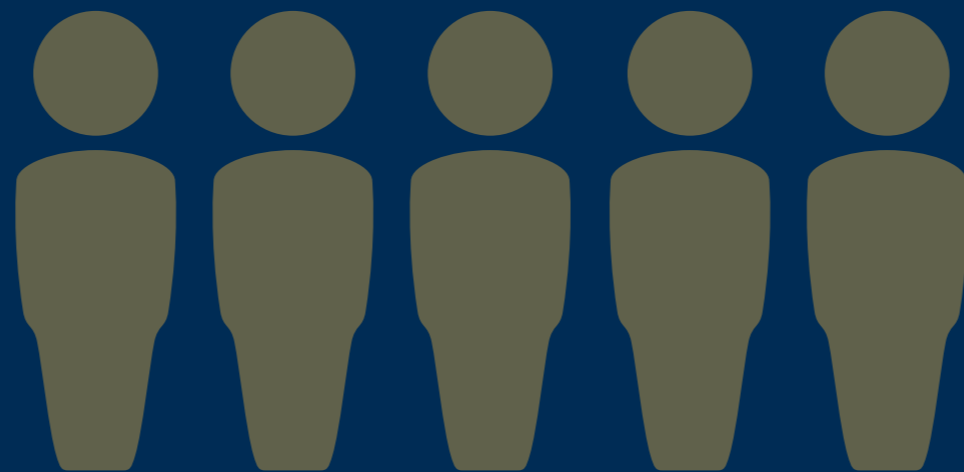




2011 Annual Report

by the NUMBERS



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Midland, Texas 79701

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Welcome!

In 2011 Midland Development Corporation found our ongoing mission at a crossroads. Though west Texas has experienced a healthy expansion, we're still at the mercy of the bigger picture: those outside of west Texas and in some respect – even outside of Texas – are still reeling from a sluggish national and global economy. Corporations are still faced with a “wait and see” business expansion model; while some are still actively retracting their staffs, capital and other expenditures.

Similar to the 2010 activities, MDC realized it's in the best interest of our thriving community, to participate in infrastructure investments; preparing our City's core foundation for growth and expansion. In collaboration with the Midland City Council, we turned our resources inward for future development so when economies begin to flourish, Midland and the Permian Basin will be ready with a pro-active approach to diversification and development.

MDC's effective stewardship of sales tax revenue to efficiently grow Midland's economic stability and the quality of life is the cornerstone of all our actions. While not an “overnight” process, this model of economic development is more similar to a marathon rather than a sprint. We will continue to grow Midland through the cultivation of key business relationships, including our relationship with you, a member of this vibrant community. This investment in our future requires deliberate action, a steady hand, consistency, planning and execution, all possible through the common-sense utilization of Midland's many resources of partnership and community activism.

We would be remiss to not mention a key participant in MDC's progress and its role within the community the last several years. With the passing of MDC board member, David Mims in September 2011, his leadership and insight is missed – and will continually be missed.

Join us in celebrating the exciting – yet challenging – times that are ahead for this vibrant neighborhood we all call home, Midland, Texas.

Robert V. Rendall, Jr.

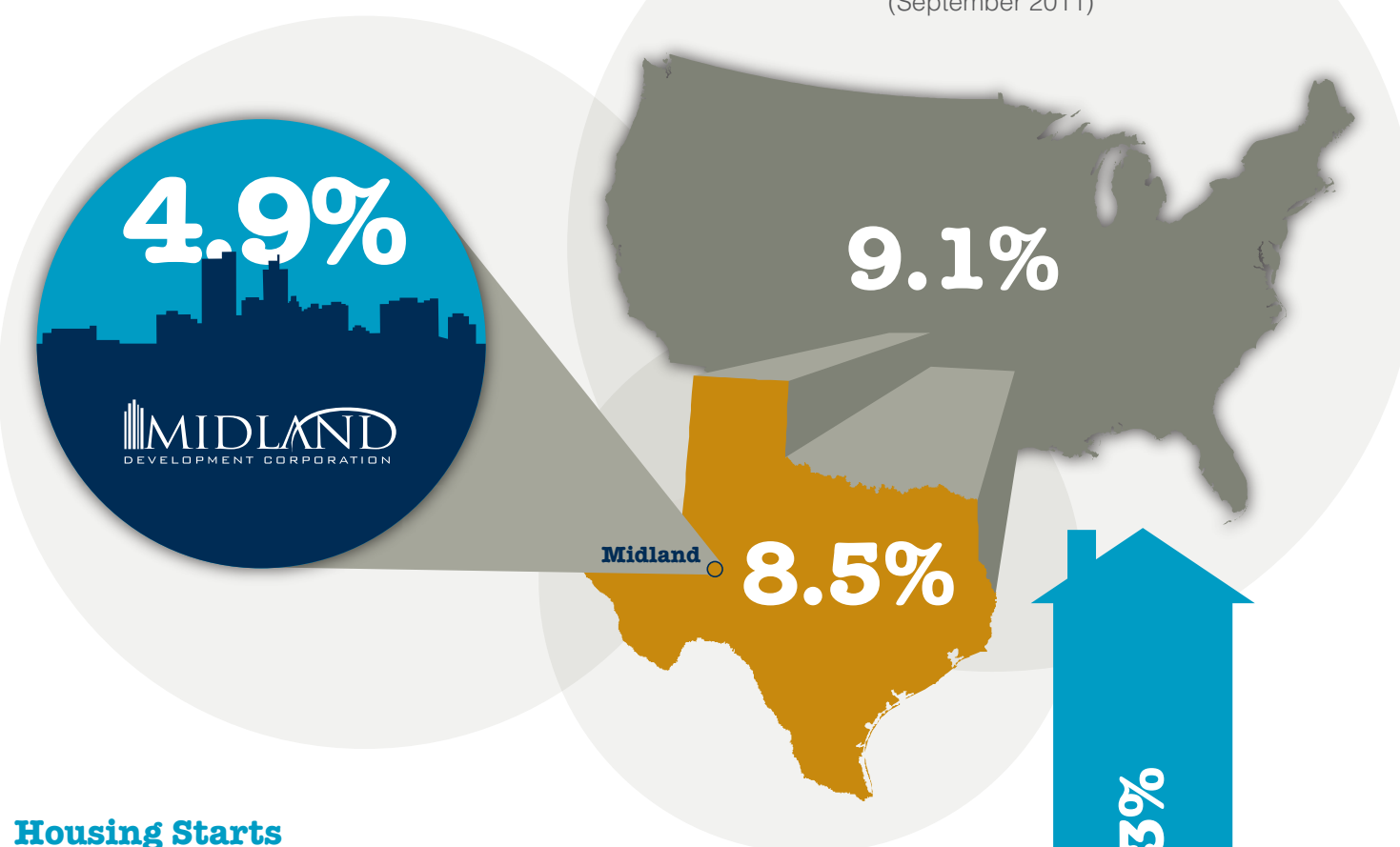
Chairman of the Board, Midland Development Corporation

Mike Hatley

President, Midland Development Corporation



Economic Growth



Housing Starts

While new homes represent less than one-fifth of the housing market, they have a strong impact on the economy. Each home built creates an average of three jobs and \$90,000 in taxes, according to the National Association of Home Builders.



Local Sales Tax Increases

Local sales and use tax payments (taxes collected on the purchases of goods and services) have risen from 2010 to 2011 across Texas.

Source: Texas Comptroller of Public Accounts, December 2011



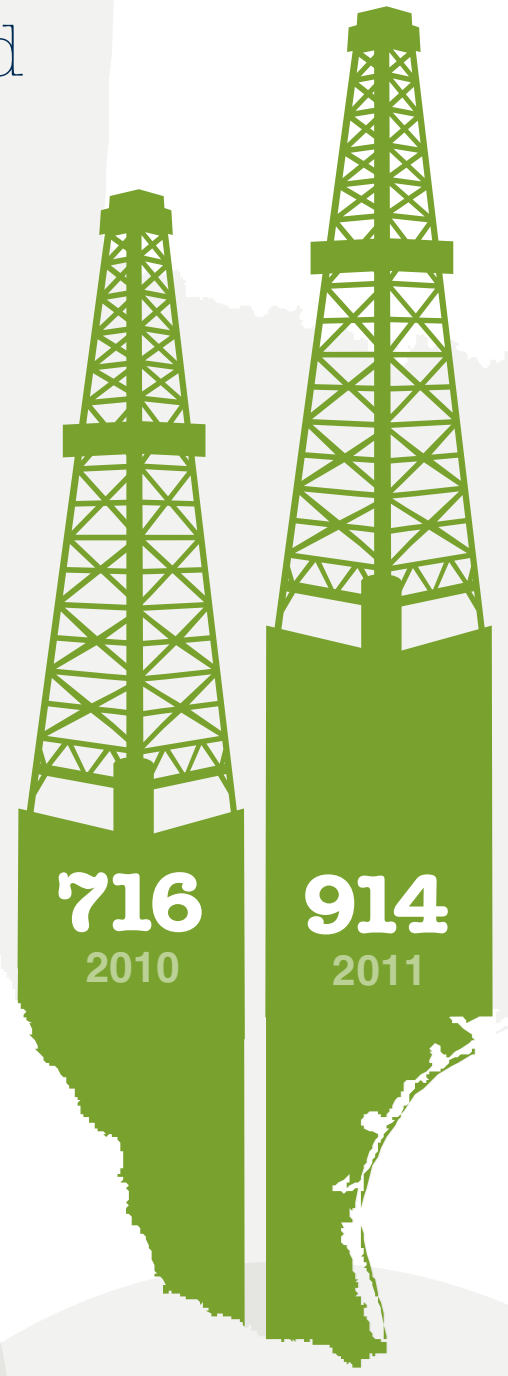
Oil & Gas and Midland

Midland, Texas is the regional center of the Permian Basin. Midland is located in the center of the 100-mile radius Permian Basin and is the administrative and management center for the oil and gas industry of the Permian Basin.

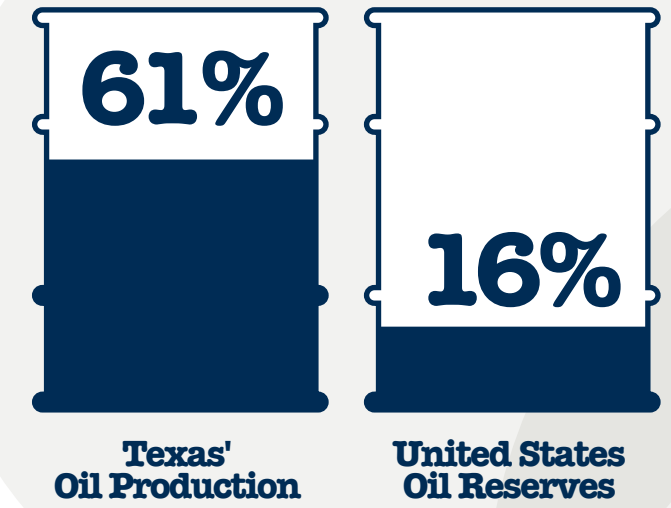
Texas Rig Count

Over 29,000
Jobs Added In Texas

Source: October 2010 to October 2011, Texas Petro Index



Permian Basin =



Source: Desert Analytic, Texas Comptroller's Office, US Bureau of Labor Statistics

Midland, Texas =
2,300+
oil, gas and support companies

Marketing Midland

Creating and enhancing business relationships on the national and international level was a key component to MDC's role this past year. It's imperative that once the economy begins to rebound, these relationships are primed and ready. MDC staff, board member and other volunteers ensured Midland was front and center at the following events this year:

Trade Shows / Marketing Events



Advertising

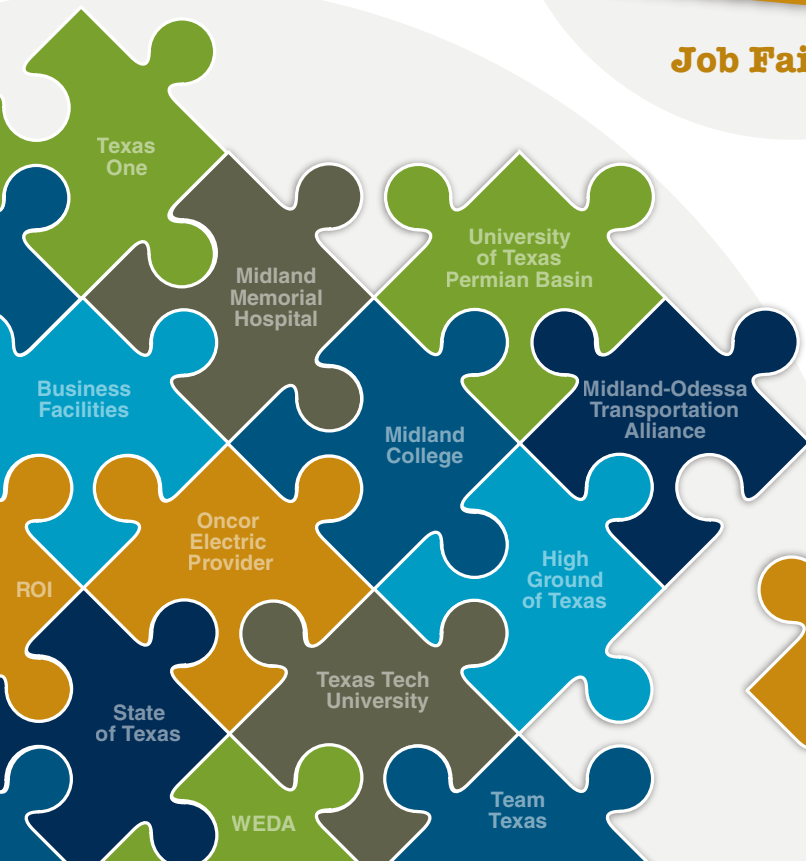
- Aviation Week Overhaul and Maintenance
- Texas Real Estate Business
- North American Windpower
- Expansion Solutions
- Business Facilities
- Sky West

Job Fairs



MDC/Midland Partnerships

Leveraging our partnerships with key organizations helps to build upon not only the MDC foundation, but the foundation of our alliances.



Midland and Type A

Texas takes a unique role in economic development compared to other states.

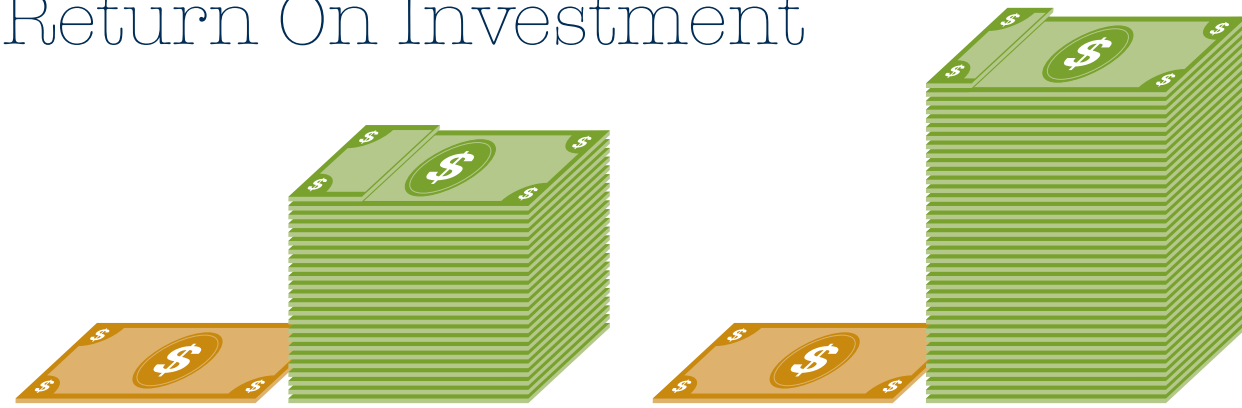
And, if past history is an indication of success, the business model Texas has employed for economic development has proven to be highly successful. Rather than the State funding economic development initiatives, Texas depends on its cities and communities to take the lead. Therefore, economic development – and all that it entails – is practiced, and depended upon, at the local level. Unfortunately, cities who are not utilizing a Type A sales tax as Midland, are not offered a seat at the table when the time comes for new corporations or projects looking within our great State.

Midland's Infrastructure

On the national and state level, we have experienced a historical depressed economic cycle. Though west Texas businesses are active economically, our area is still at the mercy of a strong expansion nationally and globally. Midland Development Corporation, in collaboration with the City of Midland, made the prudent decision to focus our efforts in this last year for future development. To minimize restrictions for growth, MDC participated in the following infrastructure/expansion projects this year:



Return On Investment



Direct Return

(\$23.20 per \$1.00)

Indirect Return

(\$35.13 per \$1.00)

Since 2002, when the Midland Development Corporation was created, the corporation has incentivized 18 companies to relocate or expand in Midland. The MDC has provided incentives totaling \$3,697,500 to these companies and has seen a direct return on investment of \$23.20 per \$1.00 spent on incentives. The direct return on investment (ROI) is calculated by adding total capital expenditures and total payroll of incentivized companies and dividing by MDC incentives. Indirect return on investment calculated by Impact Data Source of Austin, Texas, is \$35.13 per \$1.00 spent on incentives. The indirect components were calculated using RIMS II multipliers. The MDC has assisted in bringing over \$44 Million direct dollars and over \$53 Million dollars of indirect capital investment into Midland's economy. Over 800 jobs were created resulting in new payroll of over \$22 Million dollars.

In addition to these projects, the MDC continued to assist partner organizations in 2011 such as Midland Memorial Hospital in bringing new physicians, UTPB for research and development, and the City of Midland for infrastructure improvements.

Retention

Baker Hughes Oilfield Operations, Inc. partnered with MDC and Midland for the expansion and renovation of 200,000 square feet for the state of the art facility located at the Baker Hughes Market Street campus in Midland, Texas.



FYE 09-30-11 Balance Sheet

(unaudited)

	FUND 235 Operating Account	FUND 235A Operating Acct. Assets	FUND 236 Construction Account
Assets:			
Pooled Cash and Cash Equivalents	\$22,203,606	\$-	\$1,969,908
Sales Tax Receivable	\$1,330,167	\$-	\$-
Fixed Assets	\$-	\$3,020,992	\$-
Less: Accumulated Depreciation on Fixed Assets	\$-	(\$378,068)	\$-
Total Assets:	\$23,533,773	\$2,642,924	\$1,969,908
Liabilities, Reserves, and Fund Balance:			
Accounts Payable	\$2,333	\$-	\$223,936
Reserve for Economic Development Incentives	\$125,000	\$-	\$-
Invested in Fixed Assets	\$-	\$2,642,924	\$-
Unappropriated Fund Balance	\$23,406,440	\$-	\$1,745,972
Total Liabilities, Reserves and Fund Balance:	\$23,553,773	\$2,642,924	\$1,969,908

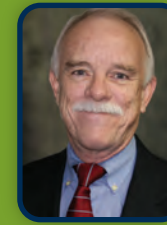


FYE 09-30-11 Statement of Revenues

(unaudited)

Revenues:	FUND 235 Operating Account:	FUND 236 Construction Account:
Sales Tax	\$7,570,409	\$-
Transfer from MDC Operating (235)		\$505,743
Interest Income	\$31,118	\$-
Non-operating Income	\$1,009,274	\$-
Total Revenues:	\$8,610,801	\$505,743
Expenses:		
Personnel Services	\$529,729	\$-
Commodities	\$17,915	\$-
Contractual Services	\$6,719,882	\$236,529
Maintenance of Equipment	\$1,358	\$-
Miscellaneous	\$778,705	\$27,263
Capital Expenditures	\$-	\$-
Total Expenses:	\$8,047,589	\$263,792
Net Income:	\$563,212	\$241,951

Memorial



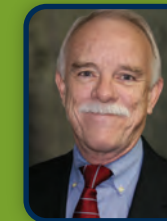
David Mims

David Mims provided tremendous perspective and direction in his tenure on the Midland Development Corporation board of directors. As a long time Midlander, David brought a unique insight to the MDC stemming from his personal and professional endeavors being firmly planted in Midland. David established himself professionally in 1977 when he began his insurance career and served as the President of Mims and Smith Insurance Agency. David was actively involved in a variety of civic organizations in Midland including the Midland Rotary Club, Midland Association of Insurance Agents, High Sky Children's Ranch, Midland United Way, Permian Basin Area Foundation and the Midland Chamber of Commerce. In addition, other activities included participation in his church as well as enjoying music, fly fishing, reading and sports in his spare time. David's legacy will continue to live in Midland and in the hearts of all who had the privilege to know him.

Board of Directors



Robert V. Rendall, Jr.
Chairman
2009-2014



David Mims
1st Vice Chairman
2007-2011



Doug Henson
2nd Vice Chairman
2007-2010



Michael Trost
2nd Vice Chairman
2011-2013



Laura Roman
Treasurer
2008-2014



Cary Love
Secretary
2010-2013

Staff



Mike Hatley
President



Pam Welch
Vice President
Business
Development



Tracy Dau
Director Workforce
Development
& Business
Retention



Kristin Robbins
Administrative
Assistant