



Annual Report 2010



The Entrance to the Pacific Corridor

La Entrada al Pacifico or the Gateway to the Pacific Corridor is a trade corridor from Texas to Chihuahua City, Chihuahua, Mexico, and continuing to the Mexican Pacific port of Topolobampo in the Mexican state of Sinaloa. Chihuahua is one of the four largest trading partner states with the United States, and this new corridor would capture a majority of this trade. A second branch of the La Entrada al Pacifico runs southerly from Ojinaga to Torreon in the state of Coahuila, Gomez Palacio and Durango in the state of Durango, and the Pacific port of Mazatlan, Sinaloa. Long-term, it would offer Texas access to a Pacific deep water port that is approximately 500 miles closer and much less expensive than the Port of Los Angeles.



In addition to providing a significantly shorter route for trade, the corridor also works to address congestion issues at the Port of Long Beach and Los Angeles, as well as, providing a shorter and less congested route from Chihuahua City, Chihuahua to Texas markets.

Trade with Mexico

U.S. trade with Mexico continues to grow and has provided tremendous benefits for the State of Texas. According to the Department of Commerce, in 2005, the US exported \$120 billion in goods to Mexico and imported \$170 billion from Mexico. Over \$50 billion in exports to Mexico were from Texas.

The State of Chihuahua makes up the most significant portion of Texas exports to Mexico. In 2002, Texas exported over \$37.6 billion in goods to Mexico. By far, the largest amount of those goods, over \$13.6 billion, was destined for the State of Chihuahua.

Economic Opportunities along La Entrada Al Pacifico Corridor

In his analysis, Dr. Ray Perryman estimated an initial economic benefit of nearly \$4.5 billion from the development of the corridor.

Closer To Home

MOTRAN is also working to develop SH 349 from Midland to Lamesa. This project came about after the study of extending I-27 from Lubbock to I-10. In his analysis of this project, Dr. Ray Perryman projected over \$4.5 billion in economic impact throughout the corridor from Amarillo through Lubbock to Midland-Odessa.

Since that time, traffic counts on this roadway have increased over 40% and the road condition has deteriorated dramatically. Unfortunately, there have also been numerous deaths on this stretch of roadway, due to lack of improvements.

In our ongoing efforts, MOTRAN has launched a new website, www.fix349.com to allow citizens to show their support for this important project and obtain progress updates on this vital project.





Funding Inequities Threaten Our Future

Since 2003, MOTRAN has been sounding the alarm regarding the transportation funding disparity experienced by the Permian Basin. At that time, we came to realize that if the Odessa District was funded at the median level of other surrounding districts, based on average daily traffic counts or lane miles, the construction and maintenance budgets here in the Odessa District would be doubled.

During the last few years we and our partner communities have worked to bridge that gap as best we could, going to the Transportation Commission and local elected officials to obtain nearly \$100 million in Commission Strategic Funds, Bond, Demonstration Project Funds, and other local funds.

Those funds have helped us continue to keep our infrastructure up to par, even as Ector and Midland Counties added nearly 25,000 in population over the last five years. That's why MOTRAN has been such a valuable partner in the growth of our communities, and I want you to understand why that same goal is so important going forward.

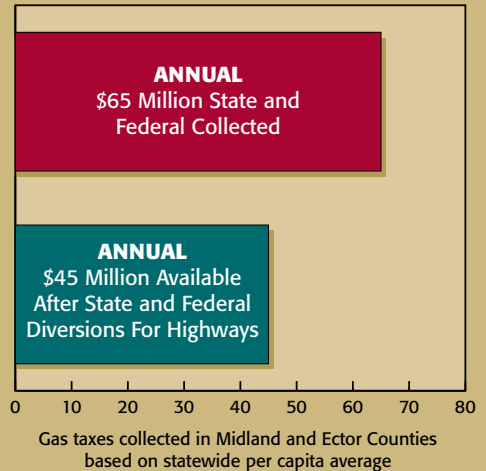
In 2009, Ector and Midland County residents paid approximately \$65 million in state and federal motor fuel taxes. After diversions of state and federal funds, that leaves roughly \$45 million available for highway funding and maintenance purposes. Conservative estimates for the period from 2008 to 2014 indicate we will have generated over \$317 million in fuel taxes, after diversions, and yet, less than \$121 million will be spent here, most of which was one-time stimulus or bond funding.

Our rate of return on fuel taxes, eligible for highway purposes alone, including the federal stimulus and one-time bond funds, is less than 40%. Our rate of return on state gas tax dollars, even with bond funds is only 9%, and that doesn't even count the additional \$14 million we generate in vehicle registration fees for state transportation purposes.

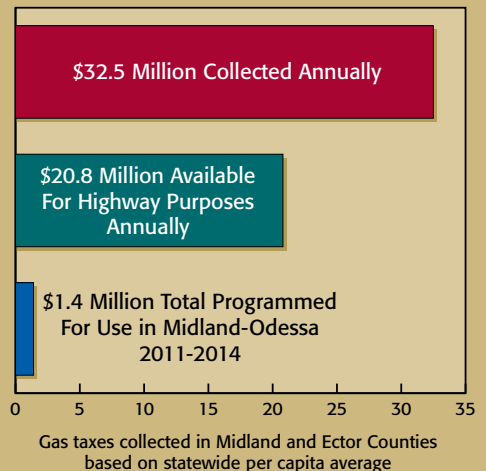
In conjunction with our member entities, we are doubling our efforts to try and address this issue. While some officials will argue that larger population centers warrant five or six times more funding than they generate to reduce congestion, we feel that this type of "Robin Hood" transportation finance does not take into account the safety, growth, and economic development needs we have here at home.

The growth rate of Ector and Midland Counties over the last five years has been higher than the state average and this past year we have experienced the highest number of roadway fatalities in recent memory. Every dollar we generate that is redistributed to worthwhile projects in other areas of this state diminishes our economic competitiveness in the future.

OVERALL GAS TAXES



BREAKDOWN OF STATE GAS TAXES



\$14.3 Million Annual Vehicle Registration Collections for State Purposes Alone in Midland and Ector Counties



We realize this is no easy battle, but we think the future of the Permian Basin is worth fighting for.

David Boutin
2009-2010 Chairman

Elections Bring New Faces to Mexico



2010 brought new elections and faces in the Mexican States of Chihuahua and Sinaloa.

Governor Cesar Duarte became the top official for the State of Chihuahua. While the PRI candidate won his election handily, his campaign saw first-hand the effects of violence throughout Mexico with the murder of a campaign worker in Juarez and his nephew in Chihuahua City.

During his October Inauguration, Duarte vowed to end the violence, saying, "We are set today to go through the rough road to restore peace in Chihuahua. In Juarez, our country is at stake."

Juarez has been the battleground in a war between the Sinaloa and Juarez drug cartels with 6,400 deaths since 2008 and 2,300 deaths in 2010. Duarte has set aside \$8 million in US dollars to assist children orphaned by violence in the state and laid out his plan to impose mandatory life sentences for kidnappers, extortionists and multiple assassins.

Duarte also said he would work to "be the best friend of business" creating jobs throughout the state and building 1,200 additional miles of highways in the state.

Duarte is a native of Parral and has publicly expressed his support and commitment to the La Entrada al Pacifico Corridor.

On the local level, Marco Quezada (PRI) was elected as Mayor of Chihuahua City. He had a sizeable victory with a 40,000 vote margin.

In Sinaloa, Mario Lopez Valdez, more commonly known as Malova, was initially denied the PRI's candidacy for Governor. Malova switched to the PAN Party this spring and was subsequently elected Governor of Sinaloa.

Malova is a licensed accountant and is a native of the Ahome area of Northern Sinaloa. He served as Mayor of Ahome from 2002 to 2004, and then as the Secretary of Planning and Development for Governor Jesus Padilla from 2004 to 2005. In 2006, he began his term as a federal senator for Sinaloa, until his election as Governor in July 2010.

His "no-tolerance, no-negotiation" policy for dealing with criminal activity proved to be a power message in an election that saw over 50% voter turnout in Sinaloa, their highest in history.



Special Thanks to Our New Business Members!

David Wilson, Freightliner of Odessa
Tom Sprawls, West Texas Peterbilt
Shem Culpepper, First Basin Credit Union
Hilario Gabilondo, Texas Pacifico Ltd.
James Breaux, Pemco Equipment, Inc.
Clint Schelbitzki, Union Pacific Railroad

Our Deepest Condolences on the Loss of Longtime Business Member and Community Leader
Louis Rochester, Churchill Management, Inc.



Construction Continues In Mexico

Governor Duarte in Chihuahua and Governor Lopez in Sinaloa, both committed publicly to the future of La Entrada al Pacifico during the early stages of their respective campaigns, and both are now following through with those promises as they begin their new administrations.

On October 14th, Governor Duarte’s office announced \$20 million (USD) in funding for 2011 to continue work on the roadway between San Rafael and Bahuichivo. In 2010, the State of Chihuahua had spent \$12 million (USD) for 12 kilometers of roadway in the area. The 2011 funding announcement will be to construct an additional 17 kilometers between the two communities.

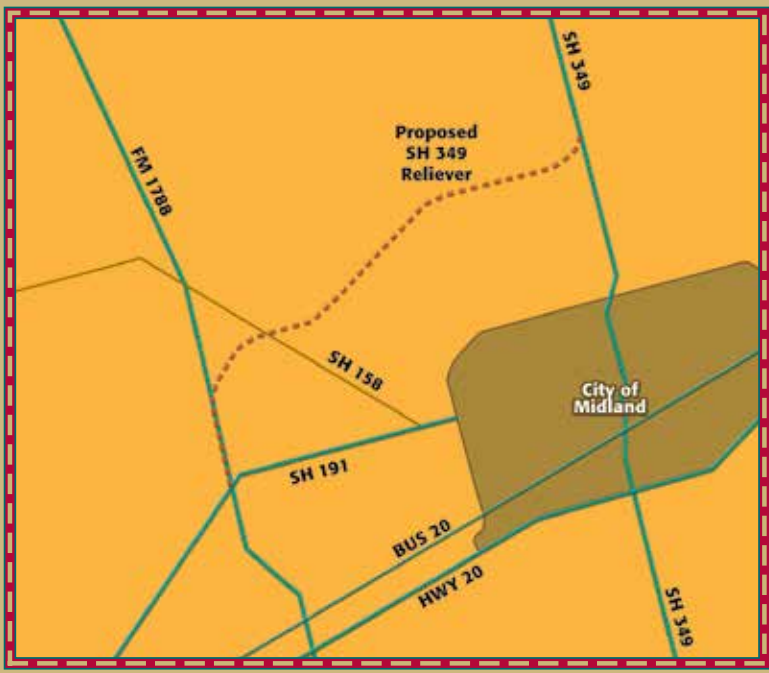
Incoming MOTRAN Chairman Robin Donnelly was enthusiastic about the news. “Since we began this project, people have always been hesitant about whether our partners in Mexico would follow through with their plans. Yet, even during their own troubling economic times, the states of Chihuahua and Sinaloa believe strongly in the idea that improved mobility and access to the global markets is an investment that will ultimately strengthen our economies.”

Construction Begins on SH 349/SH 158 Overpass

Construction began this year on the SH 349/SH 158 Overpass. The overpass, part of the original SH 349 Reliever Route, known as the Nadine and Tom Craddick Highway, was removed from the original construction due to cost concerns by TXDOT.

“MOTRAN Past-Chair Drew Crutcher was instrumental in assuring that we got a commitment from the department that the overpass be completed if construction funds did become available,” said Chairman David Boutin. “When the reliever route came in significantly under budget, we felt the safety concerns of the public dictated that this project be restored.”

The project was let in April at a cost of \$3.9 million. Construction continues, with an estimated completion date of July 2011. In 2010, there were twelve serious injuries and four fatalities at the intersection.



Transportation Chairman Joe Pickett Headlines Area Transportation Luncheon



State Representative Joe Pickett, Chairman of the Texas House Transportation Committee, spoke to MOTRAN members and local officials at an area transportation luncheon.

The September luncheon was hosted by MOTRAN and State Representative Tryon Lewis and co-sponsored by Reece-Albert Construction.

Chairman Pickett spoke about the financial constraints experienced by the state's transportation system in trying to meet future needs and demands. While noting the need for additional funding for transportation purposes, Pickett also said that given the current budget projects and recent economic slump that the state was unlikely to appropriate additional funding or undertake major initiatives related to transportation funding. Pickett mentioned several ideas for additional funding, including an across the board charge for vehicle registrations, as opposed to, the current graduated method, based on the age of the vehicle.

Chairman Pickett also indicated that overall transportation funding while significant, is being used almost entirely for maintenance of the existing system. He went on to add, under the current system, after 2011, funding would no longer be available for new construction.

Pickett, who represents El Paso in the Texas House of Representatives, also talked about reform efforts aimed at the Texas Department of Transportation, including the passage of Sunset legislation and other measures in the 2011 legislative session.

"We appreciate having Chairman Pickett spend time in the Permian Basin. His insight and willingness to listen to our concerns was appreciated by folks throughout our area. We also appreciate Representative Tryon Lewis's efforts to get him to our part of the state.", said MOTRAN Board Chairman David Boutin.



New Additions to MOTRAN Board

Eric West and Dayna Matysek are the newest additions to the MOTRAN Board of Directors.

Eric is a licensed engineer and a principal with Parkhill, Smith & Cooper, where he serves as team leader in the Public Works Sector and part of the management team in the Midland office.

He was the 2009 Young Engineer of the Year by the Texas Society of Professional Engineers and in 2010 was named the Young Engineer of the Year by the National Society of Professional Engineers.

Eric is a graduate of Texas Tech University with Bachelor's and Master's degrees in civil engineering. He and his wife, April, reside in Midland where they raise their three children.

Dayna Matysek serves as the Marketing Director for Atmos Energy. She is a native of Westlake and a graduate of Texas Tech University.

Locally, she has been an active board member for the United Way of Odessa, having chaired the energy and manufacturing campaign division, and currently serves as communications chair for the board. She also serves on the Odessa Industrial Development Corporation Board, the Ronald McDonald House Charities of West Texas Advisory Board, the Texas Tech Health Sciences Permian Basin Advisory Board, and as the Chair of Junior Achievement of West Texas.



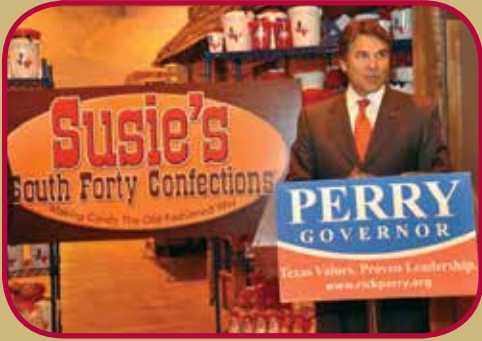
Dayna Matysek



Eric West



Governor Perry Visits the Permian Basin



Governor Perry made a visit to the Permian Basin to emphasize the importance of small businesses on the Texas economy. Local Entrepreneur and Past MOTRAN Chair Susie Hitchcock Hall's factory, Susie's South Forty Confectionary, provided the backdrop for the Governor's press conference.

"I appreciate Governor Perry's dedication to small business," said Hitchcock-Hall. "I started this business on my back porch. I know about the determination and hard work it takes to make your dreams come true, and I appreciate it when our elected officials remember the impact we have on the economy. We need common sense leadership in Austin and Washington who remember most businesses are small businesses, and never forget that most of us are working hard just to get by."

Susie's is the largest UPS shipper in Midland-Odessa area, shipping candy to all fifty states and even foreign countries. During the press conference, MOTRAN Chairman David Boutin, Past Chair Susie Hitchcock-Hall, Mayor Wes Perry, and State Representatives Tom Craddick and Tryon Lewis presented the Governor with a "Welcome to Midland-Odessa" sign from MOTRAN recognizing his efforts on behalf of transportation and economic development.



MOTRAN ALLIANCE, INC. BOARD OF DIRECTORS

FOUNDING DIRECTORS

Drew Crutcher
Odessa Chamber

Steve Castle
Midland Chamber

Richard Morton
City of Odessa

Courtney Sharp
City of Midland

Freddie Gardner
Ector County

Robert R. Donnelly
Midland County

FOUNDING ORGANIZATIONS

Mayor Larry Melton
City of Odessa

Mayor Wes Perry
City of Midland

Mike George
Odessa Chamber of Commerce

Judge Susan Redford
Ector County

Rob Cunningham
Midland Chamber of Commerce

Judge Mike Bradford
Midland County

DIRECTORS AT LARGE

Jimmy Peacock • Susie Hitchcock-Hall • Marvin Wynn • Chris Canon • Leldon Hensley • David Boutin

PAST CHAIRPERSONS

Charles R. Perry • Bob Barnes • Betsy Triplett-Hurt • Buddy Sipes • Don Wood • Kyle Womack • Danny Jones • Steve Castle
Robert R. Donnelly • Drew Crutcher • Leldon Hensley • Susie Hitchcock-Hall

MOTRAN ALLIANCE, INC. 2010 BUSINESS CONTRIBUTORS

A Special Thank You to Our 2010 MOTRAN Business Members!

Platinum:

DEW Investments

Fasken Oil and Ranch Ltd.

First Basin Credit Union

Gold:

Parkhill, Smith and Cooper, Inc.

Freedom Pontiac Buick GMC Truck

LCA

Silver:

AT&T

Atmos Energy

Bob Barnes Companies

Compass Bank

First National Bank of Midland

Pemco Equipment, Inc.

Texas Pacifico, Ltd.

Union Pacific Railroad

Warren Equipment Company

Western National Bank

Lone Star Abstract & Title Co., Inc.

MacLondan Companies

ONCOR

Pinkie's Inc.

Ref-Chem, L.P.

Rhino Rentals, Inc.

SBC, LP

SouthWest Bank

Standard:

Chisos Operating, Inc.

Churchill Management, Inc.

Community National Bank

Freightliner of Odessa

James B. Goates, DDS, Inc.

Holt Cattle Corporation

Mims & Smith

Shafer, Davis, O'Leary & Stoker

Susie's South Forty Confections

West Texas Peterbilt