

Annual Report 2009



The Entrance to the Pacific Corridor

The Entrance to the Pacific Corridor is a state and federally designated 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 for Texas. After the completion of a highway from Chihuahua City to Topolobampo, and improvement of rail facilities, it would offer Texas long-term access to a Pacific deep water port that is approximately 500 miles closer and much less expensive than the Port of Los Angeles.

The concept of this major new trade corridor was developed jointly by MOTRAN Alliance and the Departments of Economic Development of the States of Chihuahua, Sinaloa and Durango. All four entities support the development of this corridor strongly. The concept was originally endorsed by Governor Patricio Martínez García of Chihuahua, Governor Angel Sergio Guerrero Mier of Durango, and Governor Juan S. Millán Lizárraga of Sinaloa and Governor George Bush of Texas.

Trade with Chihuahua

According to data from the U.S. Department of Commerce, trade with Mexico continues to grow and provides tremendous benefits to the State of Texas. In 2002, Texas exported over \$37.6 billion in goods to Mexico. By far, the largest amount of goods, \$13.6 billion, is destined for Chihuahua. In addition, the Pacific seaport connections of La Entrada al Pacifico will enable a more direct and less congested route to take advantage of the growing Asian-Pacific markets.

Present Corridors into Western Mexico

Nearly all of the trade with Western Mexico now passes through the port of El Paso and Juarez. The bridge and port facilities at the crossings in El Paso-Juarez are already overloaded, thus motivating the construction of the Santa Teresa crossing approximately 20 miles west of El Paso, into the state of New Mexico. This crossing along with a proposed north-south interstate highway in southeast Arizona, will essentially direct all of the growth in trade with Western Mexico into Arizona and New Mexico and will totally bypass the State of Texas. A study that was done by McCray Research indicates that this trade wants to go northeast.

Economic Opportunities along La Entrada Al Pacifico Corridor

With the volume of present and future trade with Chihuahua, Durango and Sinaloa, as well as the Pacific Rim countries, there will be enormous opportunities for warehousing, distribution, sub-assembly and assembly of imports, as well as manufacturing, warehousing and distribution of exports, all in the State of Texas. Texas already has the basic infrastructure in areas along the proposed corridor to take advantage of these types of businesses. It is estimated that these businesses can result in substantial additional employment and economic impact for Texas if the corridor proposed herein is developed.

Texas Cities Which Will Benefit from this proposed corridor will be all cities in West and Central Texas. Those cities located along Interstate Highways I-20 and I-10 will benefit most in that they will then have direct access to Western Mexico and the Pacific. This includes Dallas, Fort Worth, Abilene, Midland and Odessa. If the corridor is completed north from the Midland-Odessa area, then the cities along I-27 including Lubbock, Plainview and Amarillo will also benefit heavily from this corridor.

Secondarily, all cities in West and Central Texas, which have good access to I-27, I-20 or I-10, will benefit considerably due to access to these new markets.

Updates

In late 2003, the State of Chihuahua finished the initial phase of La Entrada al Pacifico in Mexico with completion of the new highway between Chihuahua City and Ojinaga. This road cuts the driving time in half over the existing roadway, and provides an excellent roadway for transporting delicate freight materials.

Since completion of the road, commercial and individual border crossings have increased significantly at Presidio/Ojinaga.

Governor Reyes Baeza of Chihuahua, Mexico and Governor Aguilar of Sinaloa have both committed their administrations' resources to completion of the project in Mexico in the next five years.



This year it has been my honor to serve as Chair of the Midland-Odessa Transportation Alliance. During my service as a board member and as Chairman, I have been asked many times, "What exactly does MOTRAN do?"

While it is a simple question, it is not exactly easy to give a short and simple answer. MOTRAN was a vision by leaders from both communities to expand and diversify our economy by promoting transportation infrastructure for the area and capitalize on the logistics and geographic location of the Permian Basin.

Earlier this year, MOTRAN made a presentation to the joint meeting of the Midland and Odessa City Councils. During the presentation, MOTRAN President James Beauchamp referenced the organization's work to secure additional funding not just for development of the La Entrada al Pacifico corridor but also for the Midland-Odessa area.

Over the last five years we have worked with our partnering entities, the cities of Midland and Odessa, as well as, both counties, our chambers, development corporations, and elected officials. The result has been \$87 million in transportation funding beyond our normal scheduled funding.

We realized several years back that our area was lagging behind our neighbors in transportation funding. From 2000 to 2007, the population of Midland and Odessa has grown by nearly 20,000 people and traffic counts have increased considerably. We also realized the only way to meet our needs was for our communities to work together and that effort clearly has paid off.

In addition we have worked hard to support other local initiatives. We have worked hard to secure funding for rehabilitation of the South Orient Rail line which mirrors much of our corridor and may ultimately be another venue to provide improved rail service to the Permian Basin. When our help was needed to secure potential coal supplies from Mexico and transport logistics for the FutureGen application, we were there. MOTRAN has also worked to support other local projects like completion of Loop 250 in Midland and JBS Parkway in Odessa.

A lot of people think MOTRAN is just about trade and development of the La Entrada al Pacifico corridor. However, our vision is bigger than that. It was about Midland, Odessa, and the surrounding areas coming together and developing our full potential, diversifying our economy, and securing our future.

We appreciate your support of MOTRAN and our vision for an even better and brighter Midland and Odessa.

Susie Hitchcock-Hall
Chair, 2008-2009



Road Improvements Continue in Mexico

The States of Chihuahua and Sinaloa continued with aggressive improvements to the La Entrada al Pacifico Corridor in Mexico, along with various connectivity projects that will benefit the corridor and surrounding rural communities. Some of these improvements include:

- Expansion of Bridge between Aldama and the City of Chihuahua from 2 lanes to 4 lanes
- Paving of 2 miles of new roadway between San Rafael and Bahuichivo
- Paving of 20 miles of new roadway from the La Entrada Corridor connecting to the community of Basaseachi
- Paving of 1.5 miles of new roadway from the La Entrada corridor to Sisoguichi
- Construction of rural roadway from Bahuichivo through Cerocahui to Urique

In addition, there were also notable improvements to roadways between Chihuahua City and the Cities of Delicias and Parral. These improvements are expected to improve mobility in the state and allow better access to the corridor for businesses in Delicias and Parral.

In the State of Sinaloa, improvements to the La Entrada Corridor included:

- Widening of the highway from San Blas to El Fuerte to 40 feet, including 12 foot lanes and 8 foot shoulders
- Widening of 5 miles of highway from El Fuerte to Choix to 40 feet in 2009, with another 5 miles scheduled for widening in 2010

In addition, approximately \$22 million (USD) have been allocated for construction of paved roadway from Choix to the Sinaloa/Chihuahua State Line. These funds will fund the half of the remaining 30 miles of roadway needed to complete the Sinaloa side of the project through the Copper Canyon.



Port of Topolobampo



In 2008, dramatic improvements began at the Port of Topolobampo. Those improvements continued in 2009. Dredge and fill material obtained by excavating the mountainous terrain on the peninsula have yielded an additional 100 acres in functional property and over a mile of additional docking space for ships.

These improvements, along with dredging the canal to a depth of 39 feet currently have been made possible by the investment of approximately \$20 million (USD) over the last two years. Over the next year, another \$26 million will be spent to continue dredging activities to a depth of 42 feet and retrofitting the port to accommodate a variety of marine freight.



State Highway 349 Reliever Route



2009 marked major accomplishments on the SH 349 Relief Route in Midland and Martin Counties. Construction was completed on the first phase of the new construction roadway from its connection to the existing SH 349 to SH 158.

Construction continues on the second phase from SH 158 to its intersection with FM 1788 just north of SH 191. In addition, TXDOT recently announced a January 2010 letting to proceed with construction of the SH 349 Relief Route overpass at SH 158, which was excluded for the original letting due to cashflow constraints.

The overall project has cost approximately \$21 million to date and addition of the new overpass will likely increase the overall cost to \$25 to \$26 million. "This has been a great example of MOTRAN's work to bring additional funding to the area," said 2008-09 Chair Susie Hitchcock-Hall. "By the time all is said and done this project will provide over \$25 million in new infrastructure to the area, that we have leveraged with only \$2 million in funds that would have been available locally otherwise."

The new construction will likely divert trucks away from Loop 250 in Midland, providing needed relief from increasing traffic counts on the Loop, but will also help provide a new connection to I-20, Hwy 80, and SH 191 between both communities. 2009-10 MOTRAN Chairman David Boutin said, "This project is another example of our continuing efforts to literally build bridges between Midland and Odessa. The access and mobility gained from this project will continue to support the new developments and economic opportunities between our two communities."



Texas Legislative Session News



Tom Craddick

It seemed that the 81st session of the Texas Legislature would be a big one for transportation, however, in the end, little was accomplished on the transportation front.

The Texas Department of Transportation Sunset Bill was a major centerpiece of the debate; however, after failing to reach an agreement between the House and Senate, the matter was deferred until 2011 during a marathon special session in early July.

MOTRAN had secured inclusion of an amendment in the Sunset Bill to allow waivers for local right-of-way costs on certain trunk system projects, similar to an existing provision on Phase I trunk system projects.



Tryon Lewis

"We really appreciate the support of Representative Craddick and our friends at Ports to Plains," said MOTRAN Chair Susie Hitchcock-Hall. "This would have been a major accomplishment for rural Texas."

The session also marked the freshman term of Representative Tryon Lewis from Odessa. The former District Judge served on the Public Safety and Judiciary Committees.

"Tryon has done a great job for the district," said former MOTRAN Chair Drew Crutcher. "The experience and hard work he has brought to the Texas House ensured our area was represented far above the level of a freshman member. We know he will continue to develop as a real leader

New Additions to the MOTRAN Board

Midland City Manager Courtney Sharp has become the new City of Midland Representative on the MOTRAN Board of Directors.

Courtney earned a Bachelors of Political Science from West Texas A&M University and is a graduate of the Texas Tech Certified Public Managers Program. As City Manager of Midland, he oversees over 900 employees and an annual budget of \$167 million.



Courtney Sharp

Jimmy Peacock is the newest addition to the board from Odessa. He serves as a partner in the Atkins, Hollmann, Jones, Peacock, Lewis & Lyon law firm in Odessa.

He received his B.A. from the University of Arkansas and a Masters Degree from Midwestern State University, before graduating with his Doctor of Jurisprudence from Texas Tech University.

Peacock has been active in the United Way, American Heart Association, Permian Playhouse, Christmas in April, and the St. Elizabeth Ann Seton Catholic Church.



Jimmy Peacock

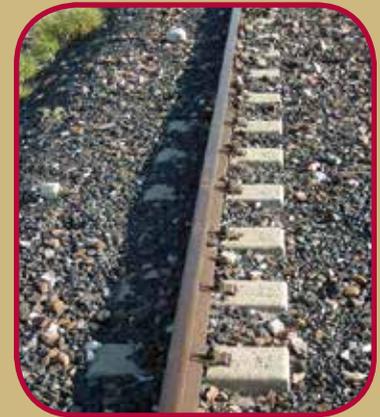


Rehabilitation of the South Orient Line

The Texas Legislative Session saw the first contribution by the State of Texas to the improvement of the state owned asset.

Representative Drew Darby (R-San Angelo) was responsible for a \$3 million appropriation request towards improvement of the line. The appropriation request, along with \$14 million in stimulus funds, and another \$1 million in federal funds from 2005, will provide \$18 million in public funds to the project.

The stimulus funds available for the project were scheduled in two lettings. One portion for the reconstruction of the Ballinger Bridge is estimated at \$3,900,000 and the other for rehabilitation of the actual line from the San Angelo junction to San Angelo was estimated at \$11,100,000. The rehabilitation of this segment of the South Orient Line came in at \$5,778,194, providing a cost savings of \$5,971,806 that could potentially be used on other segments of the line.



In addition, MOTRAN has worked with Texas Pacifico to bring private resources to the project as well. Texas Pacifico has added \$4.5 million in private funds to the project for a total of nearly \$23 million in funding to rehab the line from San Angelo to the San Angelo junction and rebuild the bridge at Ballinger to help the line facilitate wind towers to be shipped by rail from the new Martifer plant in San Angelo. In addition, Texas Pacifico has also agreed to replace the bridge at the Presidio/Ojinaga border which was destroyed by vandals.

TXDOT also submitted a United States Department of Transportation TIGER Grant for additional funding to rehabilitate the section of the line from San Angelo to Ft. Stockton in September.

SH 349 Relief Route Designated as Tom and Nadine Craddick Highway



Earlier this year, the MOTRAN Board of Directors unanimously voted to pass a resolution calling for the new SH 349 relief Route to be named in honor of Tom and Nadine Craddick.

“The State Highway 349 Reliever Route has been a project of upmost importance to the Midland-Odessa Transportation Alliance,” said MOTRAN Chair Susie Hitchcock-Hall.

“Over the years since its inception, Tom and Nadine Craddick have been actively involved in the development of the SH 349 Reliever Route. Nadine Craddick served as one of the original MOTRAN board members who envisioned the project to link together Midland and Odessa, and in his service as State Representative and Speaker of the Texas House, Tom Craddick has worked tirelessly to secure funding for this project,” stated Hall.

The MOTRAN Resolution was then submitted to the Midland County Commissioner’s Court for approval. Hall noted, “We appreciate the efforts of Judge Bradford and Commissioner Donnelly who worked to get this item on the County’s agenda so it could be officially submitted to TXDOT.”

Incoming MOTRAN Chair David Boutin added, “This road is already seeing traffic and its use will continue to grow, serving both Midland and Ector County traffic, and we want to make sure people know all the hard work Tom and Nadine have done to make this project possible.”

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