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***INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES***

Mr. John Osborne  
Chief Executive Officer  
Lubbock Economic Development Alliance, Inc.  
1500 Broadway, Suite 600  
Lubbock, TX 79401

Dear Mr. Osborne:

We have performed the procedures enumerated in the attached supplement, which were agreed to by you, the specified user, solely to assist you with respect to determining the amounts payable pursuant to the Economic Development Grant Contracts with regard to job creation incentives only, for Professional Rebuild & Optimal Service, LLC. This engagement to apply agreed upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of the report. Consequently, we make no representation regarding the sufficiency of these procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the findings as a result thereof, are enumerated in the attached supplement which is an integral part of this report.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified user listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Robinson Burdette Martin & Seright, L.L.P.*  
Lubbock, Texas  
August 6, 2013

**Lubbock Economic Development Alliance, Inc. Agreement with  
Professional Rebuild & Optimal Service, LLC  
For the period from August 1, 2012 through July 31, 2013**

**Background:**

The Lubbock City Council established the Lubbock Economic Development Alliance, Inc. (hereinafter referred to as LEDA) to promote local economic development and stimulate business and commercial activity in Lubbock and the surrounding area. To this end, LEDA entered into a performance agreement with Professional Rebuild & Optimal Service, LLC (hereinafter referred to as PROS) on December 9, 2009.

The terms of the agreement provide incentives to PROS for the creation of new jobs. The general terms of the agreement allow PROS to receive up to \$64,000 for the creation of twelve (12) new full-time jobs by July 31, 2010, and the maintenance of these jobs through July 31, 2014. PROS will earn incentives ranging from \$2,500 to \$10,000 for each job created according to an annual compensation schedule, and these incentives will be earned in one-fifth (1/5) increments as of each annual measurement date.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if PROS met the job creation requirements of their agreement with LEDA. A summary of the procedures used is as follows:

- Reviewed the pertinent contract.
- Reviewed employee census data indicating names, dates of hire, dates of termination, work locations and compensation as of 7-31-13.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending 9-30-12 through 6-30-13, and the July 2013 payroll report showing gross monthly earnings.
- Reviewed wages reported on the TWC reports to verify annual compensation levels and to corroborate dates of hire and/or termination.
- Discussed questions and issues raised as a result of the above steps with PROS personnel.
- Discussed agreement interpretations with LEDA personnel.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

## Results and Conclusions:

Per our review of the above data:

- PROS did not have any full-time Lubbock employees as of August 1, 2009.
- PROS had fourteen (14) full-time Lubbock employees as of July 31, 2010.
- PROS had twenty-two (22) full-time Lubbock employees and two (2) part-time Lubbock employees as of July 31, 2011.
- PROS had twenty-three (23) full-time Lubbock employees and one (1) part-time Lubbock employee as of July 31, 2012.
- PROS had twenty-seven (27) full-time Lubbock employees and two (2) part-time Lubbock employees as of July 31, 2013.
  - Of the twenty-seven (27) full-time qualifying employees, nineteen (19) met the specific compensation requirements for the various levels of incentives. However, only twelve (12) qualified for incentive due to the terms of the Performance Agreement.
  - Accordingly, the following positions met the specific compensation requirements for purposes of calculating the eligible incentive for the measurement period ended July 31, 2013:

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
3	\$ 10,000	\$ 30,000
1	\$ 7,500	\$ 7,500
5	\$ 5,000	\$ 25,000
3	\$ 4,000	\$ 12,000
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12		\$ 74,500
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Based on the above, PROS is currently entitled to receive one-fifth (1/5) of the maximum total fourth year earned incentive amount of \$64,000, or \$12,800.