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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

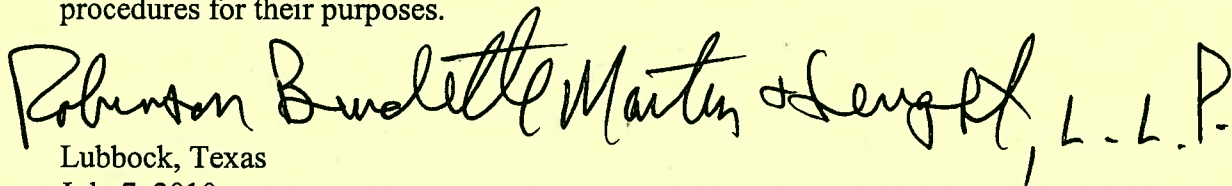
Dear Mr. Osborne:

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 United Supermarkets, L.L.C. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified user of the report. Consequently, we make no representation regarding the sufficiency of the 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.


Lubbock, Texas
July 7, 2010

**Lubbock Economic Development Alliance, Inc. Agreement with
United Supermarkets, L.L.C.
For the period from April 1, 2009 through March 31, 2010**

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 United Supermarkets, L.L.C. (hereinafter referred to as United) on October 9, 2008.

The terms of the agreement provide incentives to United for the creation of new jobs related to a new ice manufacturing and distribution facility. The general terms of the agreement allow United to receive up to \$114,000 for the creation of twenty-five (25) new full-time jobs by March 31, 2009, and the maintenance of these jobs through March 31, 2013. United will earn incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's sliding scale, 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 United 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 4-1-09 and 3-31-10.
- Obtained employees' 2009 W-2's.
- Reviewed wages reported on the W-2's to verify annual compensation levels and to corroborate dates of hire and/or termination. Due to the large number of United employees, we will rely on management's representations of employment status and year-to-date wages information as of 3/31/10.
- Discussed questions and issues raised as a result of the above steps with United 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:

- United did not have any full-time Lubbock employee as of April 1, 2008.

- United had seventeen (17) full-time Lubbock employees as of March 31, 2009.
- United had twenty (20) full-time Lubbock employees as of March 31, 2010.
- Of the net increase of twenty (20) full-time positions in the Lubbock office, the following met the specific compensation requirements for the various levels of incentives:

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
3	\$ 7,500	\$ 22,500
1	\$ 5,000	\$ 5,000
4	\$ 4,000	\$ 16,000
4	\$ 3,000	\$ 12,000
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12		\$ 55,500
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Based on the above, United is currently entitled to receive one-fifth (1/5) of the total second year earned incentives of \$55,500 or \$11,100.