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***INDEPENDENT ACCOUNTANT'S 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, TYCO Fire Products, LP. This agreed-upon procedures engagement 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 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.

Robinson Burdette Martin & Seright, L.L.P.

Lubbock, Texas
June 9, 2014

**Lubbock Economic Development Alliance, Inc.
Agreement with TYCO Fire Products, LP
For the period from March 1, 2013 through February 28, 2014**

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 TYCO Fire Products, LP (hereinafter referred to as TYCO) on December 18, 2013.

The general terms of the agreement provide capital incentives to TYCO for project costs conditioned upon the creation of primary jobs as defined in the agreement. Specifically, TYCO may receive up to \$88,500 for the creation and maintenance of eighty-one (81) new full-time jobs by February 28, 2018. More specifically, TYCO 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 TYCO met the job creation requirements of their agreement with LEDA. A summary of the procedures used is as follows:

- Reviewed the pertinent agreement.
- Reviewed employee census data indicating names, dates of hire, dates of termination, job titles, full or part-time status and compensation as of March 1, 2013 & February 28, 2014.
- Reviewed the Texas Workforce Commission (TWC) reports for the quarters ended 3-31-13 through 12-31-13 & payroll reports for the months of January and February, 2014.
- 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 TYCO personnel.
- Discussed agreement interpretation and variances with LEDA personnel.

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

Findings:

Per our review of the above data, we find the following:

- TYCO had two hundred thirteen (213) full-time employees as of March 1, 2013.
- TYCO had three hundred fifteen (315) full-time employees as of February 28, 2014. The three hundred fifteen full-time Lubbock employees had total compensation of \$12,391,258 for the twelve months ended February 28, 2014.
- Of the net increase of one hundred two (102) full-time employees, sixty-four (64) were eligible for incentives, per the terms of the performance agreement.

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
2	\$ 10,000	\$ 20,000
3	\$ 7,500	\$ 22,500
2	\$ 5,000	\$ 10,000
1	\$ 4,000	\$ 4,000
25	\$ 3,000	\$ 75,000
31	\$ 2,500	\$ 77,500
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64		\$ 209,000
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Based on the above, TYCO is currently entitled to receive one-fifth (1/5) of the maximum first-year earned incentives of \$88,500, or \$17,700.