

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH PROFESSIONAL REBUILD & OPTIMAL SERVICE, LLC
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE

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AGREED-UPON PROCEDURES**

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Independent Accountant's Report

To the Board of Directors and
Management of
Lubbock Economic Development Alliance

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 Performance Agreement with regard to job creation incentives only, for Professional Rebuild & Optimal Service, LLC. 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 information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

April 6, 2016

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
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Procedures and Results

Background:

The Lubbock City Council established the Lubbock Economic Development Alliance, Inc. (hereinafter referred to as LEDA) to stimulate and foster economic activity in Lubbock and the surrounding area. To this end, LEDA entered into a contract with Professional Rebuild & Optimal Service, LLC (hereinafter referred to as PROS) on June 17, 2013.

The general terms of the contract allow PROS to receive incentives for job creation. Specifically, PROS can receive up to \$111,000 for the creation of twenty-nine (29) new full-time jobs (hereinafter referred to as Target Positions) over a five year period beginning January 1, 2013. The incentive payout per job will be \$3,827.59 and will be paid out only for the year the job is created. The job creation schedule and possible incentives earned are summarized below.

- Year 1 – eleven (11) jobs created totaling an incentive payout of \$42,103.45
- Year 2 – five (5) jobs created totaling an incentive payout of \$19,137.93
- Year 3 – six (6) jobs created totaling an incentive payout of \$22,965.52
- Year 4 – one (1) job created totaling an incentive payout of \$3,827.59
- Year 5 – six (6) jobs created totaling an incentive payout of \$22,965.52

Should PROS fail to attain the Target Job Positions on any measurement date, the incentive payout will be reduced by \$3,827.59 per job not created. Should PROS exceed the projected Target Job Positions on any measurement date, the incentive payout will be increased by the \$3,827.59 per job created. Total five year payout will not exceed \$111,000.

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 performance agreement contract
- Reviewed employee census data indicating names, dates of hire, dates of termination, work locations, employment status, and compensation as of December 31, 2014.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending 3-31-2014 through 12-31-2014.
- Reviewed wages reported on the TWC reports to corroborate dates of hire and/or termination.

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

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Results and Conclusions:

Per our review of the above data and prior year agreed-upon procedure reports:

- There were twenty-four (24) full-time and three (3) part-time employees working in Lubbock prior to the inception of this agreement.
- There were twenty-seven (27) full-time Lubbock employees and two (2) part-time Lubbock employees as of December 31, 2013.
- There were twenty-two (22) full-time Lubbock employees and three (3) part-time Lubbock employees as of December 31, 2014.

Based on the above, PROS did not create any new Target Job Positions in 2014 and is not entitled to receive any second year incentives.