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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 Elliott Electric Supply, Inc. 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 25, 2014

**Lubbock Economic Development Alliance, Inc. Agreement with  
Elliott Electric Supply, Inc.  
For the period from June 1, 2013 through May 31, 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 Elliott Electric Supply, Inc. (hereinafter referred to as EES) on May 16, 2011.

The terms of the agreement provide incentives to EES for the creation of new jobs. The general terms of the agreement allow EES to receive up to \$65,000 for the creation of twelve (12) new full-time jobs in the City of Lubbock from June 1, 2011 through May 31, 2012 and the maintenance of these jobs through May 31, 2016. EES will earn incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's sliding scale. The earned incentives are to be paid out in five annual installments.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if EES met the job creation and maintenance 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 May 31, 2014.
- Obtained the Texas Workforce Commission (TWC) report for quarters ending 9-30-2013 through 3-31-2014.
- Obtained payroll reports for the months of June 2013 and April-May 2014.
- Discussed questions and issues raised as a result of the above steps with EES 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:

- EES had five (5) full-time Lubbock employees as of June 1, 2011.
- EES had seven (7) full-time Lubbock employees as of May 31, 2012.
- EES had eleven (11) full-time Lubbock employees as of May 31, 2013.
- EES had thirteen (13) full-time Lubbock employees as of May 31, 2014. The thirteen full-time Lubbock employees had total compensation of \$557,738 for the twelve months ended May 31, 2014.
- Of the net increase of eight (8) 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>
2	\$ 7,500	\$ 15,000
4	\$ 3,000	\$ 12,000
2	\$ 2,500	\$ 5,000
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8		\$ 32,000
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Based on the above, EES is currently entitled to receive the third of five installments of total earned incentives of \$32,000, or \$6,400.