

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH CSJB HOLDINGS, INC. DBA J&B INDUSTRIAL SERVICES
AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD BEGINNING APRIL 1, 2014 AND ENDING MARCH 31, 2015

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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 CSJB Holdings, Inc. dba J&B Industrial Services. 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 14, 2015

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH CSJB HOLDINGS, INC. DBA J&B INDUSTRIAL SERVICES
FOR THE PERIOD BEGINNING APRIL 1, 2014 AND ENDING MARCH 31, 2015**

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 CSJB Holdings, Inc. dba J&B Industrial Services (hereinafter referred to as J&B) on July 19, 2010.

The general terms of the contract allow J&B to receive incentives for Job Creation. Specifically, J&B will receive Job Creation Incentives of \$78,500 for the creation and maintenance of sixteen (16) new full-time jobs in Lubbock with an annual aggregate salary of \$778,000 within the period from April 1, 2010 through March 31, 2015. J&B will earn Job Creation Incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's incentive sliding scale schedule. The earned incentives are to be paid out in five annual installments. Future installment payments are subject to reduction and/or forfeiture if J&B does not maintain the jobs through the term of the contract.

Objective, Scope and Procedures Performed:

Our objective was to determine if J&B 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 March 31, 2015.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending June 30, 2014 through March 31, 2015.
- Reviewed wages reported on the TWC to verify annual compensation levels and to corroborate dates of hire and/or termination while comparing to employee census.
- Discussed questions and issues raised as a result of the above steps with J&B personnel.
- Discussed contract 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 and prior year agreed-upon procedure reports:

- There were twenty-two (22) full-time employees and one (1) part-time employee working in Lubbock prior to the inception of this agreement.

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- There were thirty-two (32) full-time employees and one (1) part-time employee as of March 31, 2010 working in Lubbock.
- There were fifty-six (56) full-time employees and one (1) part-time employee as of March 31, 2011 working in Lubbock.
- There were sixty-eight (68) full-time employees and one (1) part-time employee as of March 31, 2012 working in Lubbock.
- There were eighty (80) full-time employees and one (1) part-time employee as of March 31, 2013 working in Lubbock.
- There were eighty (80) full-time employees and one (1) part-time employee as of March 31, 2014 working in Lubbock.
- There were seventy-nine (79) full-time employees and two (2) part-time employee as of March 31, 2015 working in Lubbock. The seventy-nine full-time Lubbock employees had total compensation of \$3,972,991 for the twelve months ended March 31, 2015.

Based on the net increase of fifty-seven (57) full-time employees since the beginning of the contract period, J&B created and maintained forty-five (45) full time positions eligible for incentives. Of those forty-five, the top sixteen (16) highest paid employees were selected for purposes of calculating the eligible incentives for the March 31, 2015 measurement period.

| Number of Employees | Incentive per Employee | Total Incentive |
|---------------------|------------------------|-----------------|
| 3 | \$ 10,000 | \$ 30,000 |
| 6 | \$ 7,500 | \$ 45,000 |
| 5 | \$ 5,000 | \$ 25,000 |
| 2 | \$ 4,000 | \$ 8,000 |
| 16 | | \$ 108,000 |

Based on the above, J&B is currently entitled to receive one-fifth (1/5) of the maximum fifth-year earned incentives of \$78,500, or \$15,700.