

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH RESEARCH & TESTING LABORATORY of the SOUTH
PLAINS, LLC

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING MARCH 1, 2015 AND ENDING FEBRUARY 29, 2016

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE

PERFORMANCE AGREEMENT WITH RESEARCH & TESTING LABORATORY of the SOUTH PLAINS, LLC

AGREED-UPON PROCEDURES

FOR THE PERIOD BEGINNING MARCH 1, 2015 AND ENDING FEBRUARY 29, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Accountant's Report	1
Procedures and Results	2

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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 Research & Testing Laboratory of the South Plains, 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

March 25, 2016

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH RESEARCH & TESTING LABORATORY of the SOUTH
PLAINS, LLC
FOR THE PERIOD BEGINNING MARCH 1, 2015 AND ENDING FEBRUARY 29, 2016**

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 Research & Testing Laboratory of the South Plains, LLC (hereinafter referred to as “the Company”) on August 27, 2012.

The general terms of the contract allow the Company to receive incentives for Job Creation. Specifically, the Company will receive Job Creation Incentives up to \$86,000 for the creation and maintenance of nineteen (19) new full-time jobs in Lubbock with an annual aggregate salary of \$951,497 within the period from March 1, 2012 through February 28, 2017. The Company 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.

Objective, Scope and Procedures Performed:

Our objective was to determine if the Company 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 February 29, 2016.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending March 31, 2015 through December 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.

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:

- The Company had ten (10) full-time Lubbock employees as of March 1, 2012 (baseline).
- The Company had eleven (11) full-time Lubbock employees as of February 28, 2013.
- The Company had eleven (11) full-time Lubbock employees as of February 28, 2014.
- The Company had eleven (11) full-time Lubbock employees as of February 28, 2015.
- The Company had twelve (12) full-time Lubbock employees as of February 29, 2016.

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH RESEARCH & TESTING LABORATORY of the SOUTH
PLAINS, LLC
FOR THE PERIOD BEGINNING MARCH 1, 2015 AND ENDING FEBRUARY 29, 2016**

Based on the above, the Company exceeded the baseline employment level of ten (10) full-time Lubbock employees during year four of the Agreement. Of the net increase of two employees, the two highest compensated individuals were selected for purposes of calculating the eligible incentive for the February 29, 2016 incentive period.

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
1	\$ 10,000.00	\$ 10,000.00
1	\$ 7,500.00	\$ 7,500.00
<u>2</u>		<u>\$ 17,500.00</u>

Accordingly, the Company is entitled to receive one-fifth (1/5) of the total fourth year earned incentive of \$17,500, or \$3,500.

Based on procedures performed, there were no questions or issues raised that needed to be discussed with company personnel.