

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH SMARTFIELD, INC.**

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING NOVEMBER 15, 2013 AND ENDING NOVEMBER 14, 2014

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH SMARTFIELD, INC.**

AGREED-UPON PROCEDURES

FOR THE PERIOD BEGINNING NOVEMBER 15, 2013 AND ENDING NOVEMBER 14, 2014

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Accountant's Report	1

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 Smartfield, 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 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 10, 2015

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH SMARTFIELD, INC.
FOR THE PERIOD BEGINNING NOVEMBER 15, 2013 AND ENDING NOVEMBER 14, 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 Smartfield, Inc. (hereinafter referred to as Smartfield) on January 25, 2010.

The terms of the agreement provide incentives to Smartfield for the creation of new jobs. The general terms of the agreement allow Smartfield to receive up to \$71,000 for the creation and maintenance of eleven (11) new full-time jobs by November 14, 2014. More specifically, Smartfield 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 Smartfield 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 11-14-14.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending 3-31-14 through 12-31-14, and a payroll register run from November 15, 2013 through November 14, 2014.
- Reviewed wages reported on the TWC and payroll 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 Smartfield 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 and prior year agreed-upon procedure reports:

- Smartfield had thirteen (13) full-time Lubbock employees and eleven (11) parttime Lubbock employees as of November 14, 2009.
- Smartfield had ten (10) full-time Lubbock employee and three (3) part-time Lubbock employees as of November 14, 2010.
- Smartfield had twelve (12) full-time Lubbock employees and one (1) part-time Lubbock Employee as of November 14, 2011.
- Smartfield had thirteen (13) full-time Lubbock employees and one (1) part-time Lubbock employee as of November 14, 2012.
- Smartfield had twelve (12) full-time Lubbock employees and zero (0) part-time Lubbock employees as of November 14, 2013.
- Smartfield had ten (10) full-time Lubbock employees and one (1) part-time Lubbock employee as of November 14, 2014.

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH SMARTFIELD, INC.
FOR THE PERIOD BEGINNING NOVEMBER 15, 2013 AND ENDING NOVEMBER 14, 2014**

Based on the above, Smartfield did not exceed the baseline employee level of thirteen (13) full-time Lubbock employees. Accordingly, Smartfield is not entitled to receive a fifth year incentive payment.