

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
PERFORMANCE AGREEMENT WITH UNITED SUPERMARKETS, L.L.C.**

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING JANUARY 1, 2014 AND ENDING DECEMBER 31, 2014

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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 United Supermarkets, L.L.C. 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 L.L.P.

Certified Public Accountants

Lubbock, Texas

May 11, 2015

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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 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 United Supermarkets, L.L.C. (hereinafter referred to as United) on March 25, 2010.

The general terms of the agreement allow United to receive up to \$107,000 for the creation of twenty-nine (29) new full-time jobs, for the United-Prater's division, by December 31, 2010, and the maintenance of these jobs through December 31, 2014. United will earn incentives ranging from \$2,500 to 10,000 for each job created according to LEDA's sliding scale, 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 United 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 December 31, 2014.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending March 31, 2014 through December 31, 2014.
- 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.
- Discuss questions and issues raised as a result of the above steps with United 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:

- United-Prater's had twenty-nine (29) full-time and one (1) part-time Lubbock employees as of January 1, 2010.
- United-Prater's had fifty-three (53) full-time and two (2) part-time Lubbock employees as of December 31, 2010.

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- United-Prater's had sixty-three (63) full-time and two (2) part-time Lubbock employees as of December 31, 2011.
- United-Prater's had fifty-four (54) full-time and one (1) part-time Lubbock employees as of December 31, 2012.
- United-Prater's had seventy-seven (77) full-time Lubbock employees and one (1) part-time Lubbock employees as of December 31, 2013.
- United-Prater's had sixty-five (65) full-time Lubbock employees and five (5) part-time Lubbock employees as of December 31, 2014.

Of the net increase of thirty-six (36) full-time positions in the Lubbock office, the following met the specific compensation requirements:

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
2	\$ 10,000	\$ 20,000
1	\$ 7,500	\$ 7,500
3	\$ 5,000	\$ 15,000
4	\$ 4,000	\$ 16,000
10	\$ 3,000	\$ 30,000
9	\$ 2,500	\$ 22,500
<u>29</u>		<u>\$ 111,000</u>

Based on the above, United is currently entitled to receive one-fifth (1/5) of the total incentive of \$111,000, or \$22,200.

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