

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**

**PERFORMANCE AGREEMENT WITH LUMMUS CORPORATION**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING MAY 1, 2016 AND ENDING APRIL 30, 2017**

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**  
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**TABLE OF CONTENTS**

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

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

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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 Lummus Corporation. 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

May 22, 2017

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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 stimulate and foster economic activity in Lubbock and the surrounding area. To this end, LEDA entered into a contract with Lummus Corporation (hereinafter referred to as Lummus) on August 9, 2012.

The general terms of the contract allow Lummus to receive incentives for Job Creation. Specifically, Lummus will receive Job Creation Incentives of \$50,000 for the creation and maintenance of twenty (20) new full-time jobs in Lubbock with an annual aggregate salary of \$540,000 within the period from May 1, 2013 through April 30, 2018. Lummus 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 Lummus 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 April 30, 2017.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending June 30, 2016 through March 31, 2017 and payroll register run for the period May 1, 2016 through April 30, 2017.
- 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:

- Lummus had thirty-seven (37) full-time Lubbock employees as of May 1, 2013 (baseline).
- Lummus had forty-four (44) full-time Lubbock employees as of April 30, 2014.
- Lummus had forty-eight (48) full-time Lubbock employees as of April 30, 2015.
- Lummus had forty-four (44) full-time Lubbock employees as of April 30, 2016.
- Lummus had forty-seven (47) full-time Lubbock employees as of April 30, 2017.

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Based on the net increase of ten (10) full-time employees since the beginning of the contract period, 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>
1	\$ 7,500.00	\$ 7,500.00
3	\$ 5,000.00	\$ 15,000.00
3	\$ 4,000.00	\$ 12,000.00
3	\$ 3,000.00	\$ 9,000.00
<u>10</u>		<u>\$ 43,500.00</u>

Based on the above, Lummus is currently entitled to receive one-fifth (1/5) of the fourth-year earned incentives of \$43,500, or \$8,700.

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