

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE

PERFORMANCE AGREEMENT WITH INFECTION CONTROLS, INC.

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING SEPTEMBER 1, 2015 AND ENDING AUGUST 31, 2016

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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 Infection Controls, 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 L.L.P.

Certified Public Accountants

Lubbock, Texas

November 4, 2016

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
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FOR THE PERIOD BEGINNING SEPTEMBER 1, 2015 AND ENDING AUGUST 31, 2016**

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 contract with Infection Controls, Inc. (hereinafter referred to as "the Company") on August 15, 2011.

The terms of the agreement provide incentives to the Company for the creation of new jobs. The general terms of the agreement allow the Company to receive up to \$185,500 for the creation and maintenance of twenty-nine (29) new full-time jobs from September 1, 2011 through August 31, 2016. The Company will earn incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's sliding scale. The earned 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 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 August 31, 2016.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending September 30, 2014 through June 30, 2016 and payroll register run for the period September 1, 2015 through August 31, 2016.
- Reviewed wages reported on the TWC and payroll reports 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 two (2) full-time Lubbock employees as of September 1, 2011 (baseline).
- The Company had twelve (12) full-time Lubbock employees as of August 31, 2012.
- The Company had sixteen (16) full-time Lubbock employees as of August 31, 2013.
- The Company had twenty-two (22) full-time Lubbock employees as of August 31, 2014.
- The Company had thirty-eight (38) full-time Lubbock employees as of August 31, 2015.
- The Company had twenty-nine (29) full-time Lubbock employees as of August 31, 2016.

The Company maintained their baseline of two (2) full time positions and added nineteen (19) positions eligible for incentives. Based on this net increase of nineteen (19) full-time employees since the beginning of the contract period, the nineteen (19) highest paid employees were selected for purposes of calculating the eligible incentives for the August 31, 2016 measurement period.

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The following employees 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>
2	\$ 10,000.00	\$ 20,000.00
1	\$ 7,500.00	\$ 7,500.00
3	\$ 5,000.00	\$ 15,000.00
1	\$ 4,000.00	\$ 4,000.00
7	\$ 3,000.00	\$ 21,000.00
5	\$ 2,500.00	\$ 12,500.00
<u>19</u>		<u>\$ 80,000.00</u>

Based on the above, the Company is currently entitled to receive one-fifth (1/5) of the fifth-year earned incentives of \$80,000, or \$16,000.

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