

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE

PERFORMANCE AGREEMENT WITH TYCO FIRE PRODUCTS, LP

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING MARCH 1, 2017 AND ENDING FEBRUARY 28, 2018

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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 TYCO Fire Products, LP. 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

June 18, 2018

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
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Procedures and Results

Background:

The Lubbock City Council established the Lubbock Economic Development Alliance, Inc. (hereinafter referred to as LEDA) for the purpose of creating and retaining positions and encouraging new businesses to be established in Lubbock, Texas, to stimulate business and commercial activities. To this end, LEDA entered into a contract with TYCO Fire Products, LP (hereinafter referred to as “the Company”) on December 18, 2013.

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 \$88,500 for the creation and maintenance of eighty-one (81) new full-time jobs from March 1, 2013 through February 28, 2018. 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 February 28, 2018.
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending March 31, 2017 through December 31, 2017 and Payroll Summary Report from March 1, 2017 to February 28, 2018.
- Reviewed wages reported on the TWC reports and Payroll Summary Report 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.

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Results and Conclusions:

Per our review of the above data and prior year agreed-upon procedure reports:

- The Company had two hundred thirteen (213) full-time Lubbock employees as of March 1, 2013 (baseline).
- The Company had three hundred fifteen (315) full-time Lubbock employees as of February 28, 2014.
- The Company had three hundred two (302) full-time Lubbock employees as of February 28, 2015.
- The Company had three hundred five (305) full-time Lubbock employees as of February 29, 2016.
- The Company had three hundred twelve (312) full-time Lubbock employees as of February 28, 2017.
- The Company had two hundred fifty-three (253) full-time Lubbock employees as of February 28, 2018.

Of the net increase of forty (40) full-time Lubbock positions, the top forty (40) paid individuals that are eligible for incentives, based on the terms of the performance agreement, were selected.

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
7	\$ 10,000.00	\$ 70,000.00
3	\$ 7,500.00	\$ 22,500.00
2	\$ 5,000.00	\$ 10,000.00
11	\$ 4,000.00	\$ 44,000.00
17	\$ 3,000.00	\$ 51,000.00
0	\$ 2,500.00	\$ -
<u>40</u>		<u>\$ 197,500.00</u>

Based on the above, the Company is currently entitled to receive one-fifth (1/5) of the maximum fifth-year earned incentives of \$88,500, or \$17,700.

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