

**MARKET LUBBOCK ECONOMIC DEVELOPMENT CORPORATION  
dba MARKET LUBBOCK, INC.  
(A COMPONENT UNIT OF THE CITY OF LUBBOCK, TEXAS)**

**PERFORMANCE AGREEMENT WITH SEVERN PEANUT COMPANY**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING AUGUST 1, 2018 AND ENDING JULY 31, 2019**

**MARKET LUBBOCK DEVELOPMENT CORPORATION  
dba MARKET LUBBOCK, INC.**

**PERFORMANCE AGREEMENT WITH SEVERN PEANUT COMPANY**

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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.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**LUBBOCK, TEXAS 79423-1954**

**Independent Accountant's Report**

To the Board of Directors and  
Management of  
Market Lubbock Economic Development Corporation,  
dba Market Lubbock, Inc.

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 Severn Peanut Company. 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

January 8, 2020

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**Procedures and Results**

**Background:**

The Lubbock City Council established the Market Lubbock Economic Development Corporation (hereinafter referred to as MLI) 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, MLI entered into a contract with Severn Peanut Company (hereinafter referred to as “the Company”) on August 30, 2016.

The agreement provides that MLI convey to the Company 10.4 acres, Tract R & U in the Lubbock Rail port. In Exchange, the Company agrees to construct a new facility with an estimated capital investment of \$8,750,000. The baseline employment level is zero. The company will create and maintain 80 new primary jobs over the five year measurement period beginning on August 1, 2017 and ending on July 31, 2022. The job creation schedule related to this five year period consists of creating 20 jobs in year one, 40 jobs in year two, and 20 jobs in year three.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if the Company met the job creation requirements of their agreement with MLI. 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 July 31, 2019
- Obtained the Texas Workforce Commissions (TWC) reports for quarters ending September 30, 2018 through June 30, 2019 and payroll register run for the period August 1, 2018 through July 31, 2019.
- Reviewed the above TWC reports and year-to-date payroll register 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:

- The Company had zero (0) full-time Lubbock employees as of August 30, 2016 (baseline).
- The Company had twenty-four (24) full-time Lubbock employees as of July 31, 2018 (Year 1).
- The Company had seventeen (17) full-time Lubbock employees as of July 31, 2019 (Year 2).

Based on the above information, the company has created and maintained seventeen (17) new primary jobs towards its overall job creation goal of eighty (80) full-time employees.

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The Company did not attain its target job positions for year two.

MLI has the right to give written notice of such default to the Company and reserves the right to demand the sum of \$10,925 for each job not timely created.

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