

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

AGREED-UPON PROCEDURES REPORT

FOR THE PERIOD BEGINNING JUNE 1, 2019 AND ENDING MAY 31, 2020

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE
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BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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 LLP

Certified Public Accountants

Lubbock, Texas

September 8, 2020

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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 June 1, 2015.

The general terms of the agreement allow United to receive up to \$656,000 for the creation of one hundred eighty (180) new full-time jobs, and the maintenance of these jobs through May 31, 2020. 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 employee numbers, dates of hire, employment status, work locations and compensation as of May 31, 2020.
- Obtained the year-to-date gross wages report and Texas Workforce Commissions (TWC) reports for quarters ending June 30, 2019 through June 30, 2020.
- Reviewed wages reported on the TWC and gross wages 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:

- United had seven hundred ninety-three (793) full-time Lubbock employees as of May 31, 2015 (baseline).
- United had eight hundred thirteen (813) full-time Lubbock employees as of May 31, 2016.
- United had eight hundred fifty-six (856) full-time Lubbock employees as of May 31, 2017.
- United had eight hundred four (804) full-time Lubbock employees as of May 31, 2018.
- United had eight hundred forty-six (846) full-time Lubbock employees as of May 31, 2019.
- United had eight hundred sixty (860) full-time Lubbock employees as of May 31, 2020.

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Based on the above, United had a net increase of sixty seven (67) full-time positions. 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>
39	\$ 10,000.00	\$ 390,000.00
26	\$ 7,500.00	\$ 195,000.00
2	\$ 5,000.00	\$ 10,000.00
0	\$ 4,000.00	\$ -
0	\$ 3,000.00	\$ -
0	\$ 2,500.00	\$ -
<u>67</u>		<u>\$ 595,000.00</u>

Based on the above, United is currently entitled to receive one-fifth (1/5) of the total incentive of \$595,000 or \$119,000 for the fifth measurement period.

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