

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office
301 West 2nd Street
Austin, Texas 78701

We have performed the procedures enumerated below, which were agreed to by the City of Austin ("City") solely to assist the specified user in evaluating the City's assertion that Samsung Austin Semiconductor, L.L.C. ("Samsung") has complied for the reporting year 2012 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on August 18, 2005, through Ordinance 20050818-008 and executed by the City Manager on April 13, 2006. The City is the specified user of this report. The City's management is responsible for the determination of compliance by Samsung with the Agreement. This engagement to apply agreed-upon procedures 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 this 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.

Our procedures and findings are as follows.

1. With reference to Section 4.01.1 of the Agreement:
 - a. We obtained from Samsung the payroll report including all Samsung 300mm Fab employee names, hire dates, and, if applicable, termination dates and confirmed Samsung employed a total of 2,160 Samsung 300mm Fab employees throughout the year ended December 31, 2012. No exceptions were found as a result of the foregoing procedures.

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office

September 13, 2013 – page 2

- b. Using the report we obtained in Procedure 1a, we selected a sample representing 10% of the reported number of employees and inspected the September 14, 2012 payroll register for each employee selected, to confirm the employee was paid for one of the following during the period from August 26, 2012 to September 8, 2012:
 - i. at least 80 hours of work, overtime, and/or paid leave;
 - ii. paid time off as a result of a short term disability (in accordance with Samsung's policy for paid time off as a result of short term disability) or;
 - iii. for an amount less than 80 hours resulting from leave taken in excess of paid time off available.

No exceptions were found as a result of the foregoing procedures.

2. With reference to Section 4.01.1 of the Agreement:
 - a. We obtained from the City a listing of contract employees who worked at Samsung during 2012. We inspected the list and confirmed a total of 284 contract employees worked at Samsung during 2012. No exceptions were found as a result of the foregoing procedures.
 - b. We obtained from the City an e-mail from Samsung's Gilbert Lopez to Terry Franz of the Economic Growth and Redevelopment Services Office of the City ("EGRSO") dated April 1, 2013. We inspected such e-mail and confirmed the e-mail included specific employee contact information for each of the six companies who employed the 284 contract employees noted at Procedure 2a. We obtained telephone or e-mail confirmation from each of the six companies that each contact was employed by the company contracted by Samsung. No exceptions were found as a result of the foregoing procedures.
 - c. Using the list referenced in Procedure 2b, we obtained telephone or e-mail confirmation from the six contracting company contacts of the total number of full-time equivalent employees each contracting company had at Samsung during 2012. We confirmed that as a group the six contracting companies had at least 200 full-time equivalent employees contracted by Samsung during 2012. No exceptions were found as a result of the foregoing procedures.
3. With reference to Section 4.01.2 of the Agreement, we obtained an e-mail confirmation dated April 11, 2013 from Capital Area Workforce Solutions' Donna Crenshaw to Terry Franz of EGRSO. We inspected such e-mail and confirmed during 2012 Samsung posted job openings through Texas Workforce Solutions. No exceptions were found as a result of the foregoing procedures.

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office

September 13, 2013 – page 3

4. With reference to Section 4.01.3 of the Agreement, we obtained from Samsung a list of Samsung's bid packages for the Atlas and T-Star Projects, including the dollar amount of each bid package.
 - a. Using the list of Atlas and T-Star bid packages we obtained at Procedure 4, we selected a sample of subcontractors representing 29% and 37% of the total bid packages awarded, respectively. For each subcontractor selected, we obtained and inspected the executed contracts between Samsung and the subcontractor, noting the contracts included requirements for the subcontractor to participate in or hold recruiting fairs in areas of the City traditionally under represented and each subcontractor strives to use a diverse workforce for any work performed at or for Samsung Austin Semiconductor. No exceptions were found as a result of the foregoing procedures.
 - b. We obtained from Samsung a copy of an advertisement from the Sunday, August 26, 2012 edition of the *Austin American Statesman's Jobs Plus*. We inspected the copy of the advertisement and confirmed the advertisement was for a Construction Job Fair held August 29, 2012 at the Millennium Youth Entertainment Complex from 10 a.m. to 2 p.m. No exceptions were found as a result of the foregoing procedures.
 - c. We obtained from Samsung a copy of an advertisement from the August 16-22, 2012 edition of El Mundo newspaper. We inspected the copy of the advertisement and confirmed the advertisement was for a Construction Job Fair held August 29, 2012 at the Millennium Youth Entertainment Complex from 10 a.m. to 2 p.m. No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 4.01.4 of the Agreement:
 - a. Using the list of Atlas bid packages we obtained at Procedure 4, we inspected the list and we confirmed 18.38% of the Atlas subcontractor awards were awarded to MBE/WBE certified subcontractors. No exceptions were found as a result of the foregoing procedures.
 - b. Using the list of MBE/WBE certified subcontractors awarded an Atlas bid package we identified in Procedure 4, we selected a sample representing 100% of the MBE/WBE subcontractors and we inspected the MBE/WBE certification of each subcontractor selected to confirm their MBE/WBE certification. No exceptions were found as a result of the foregoing procedures.
 - c. Using the list of T-Star bid packages we obtained in Procedure 4, we inspected the list and we confirmed 25.24% of the T-Star subcontractor awards were awarded to MBE/WBE certified subcontractors. No exceptions were found as a result of the foregoing procedures.

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office

September 13, 2013 – page 4

- d. Using the list of MBE/WBE certified subcontractors awarded a T-Star bid package we identified in Procedure 4, we selected a sample representing 100% of the MBE/WBE subcontractors and we inspected the MBE/WBE certification of each subcontractor selected to confirm their MBE/WBE certification. No exceptions were found as a result of the foregoing procedures.
6. With reference to Section 4.01.5 of the Agreement, we obtained from Samsung a summary list of 196 businesses with which Samsung reported having spent \$392,774,884.58 in 2012.
 - a. Using the list we obtained in Procedure 6, we inspected the list and selected a sample representing 100% of the total number of companies listed and confirmed each has a presence in the Austin-Round Rock Metropolitan Statistical Area by either inspecting the company website or the AT&T Yellow Pages for the address or zip code for each company. No exceptions were found as a result of the foregoing procedures.
 - b. Using the list we obtained in Procedure 6, we selected a sample of businesses representing 52% of the total reported expenditures with these companies. For each of those businesses selected, we obtained from Samsung a detail list of invoices or other appropriate supporting documentation representing Samsung's reported 2012 expenditures with these companies. We inspected the list and selected a sample of invoices or other supporting documentation representing 52% of Samsung's reported 2012 expenditures. For the sample selected, we inspected each invoice or other supporting documentation and confirmed such invoice or other supporting documentation agreed to the report provided by Samsung. No exceptions were found as a result of the foregoing procedures.
 7. With reference to Section 4.04 of the Agreement, we obtained a copy of the query from the City of Austin Interactive Development Review Permitting and Inspection Database for a search of records with "Samsung" in the Project Name for the period from January 1, 2012 through January 28, 2013. Using the query, we identified site plan or subdivision applications and/or amendments filed by Samsung during the period. We also obtained an e-mail from the City dated June 26, 2013 from Susan Scallon of the City's Watershed Protection Department ("WPD") to Terry Franz of EGRSO. We inspected such e-mail and confirmed Samsung did not assert any Chapter 245 rights in connection with any of its site plan or subdivision applications or amendments between January 1, 2012 and January 28, 2013. No exceptions were found as a result of the foregoing procedures.
 8. With reference to Section 4.04 of the Agreement, we obtained an e-mail from the City's WPD to Terry Franz at EGRSO dated May 14, 2013. We inspected such e-mail and confirmed the inspection and compliance of Samsung's water quality ponds. No exceptions were found as a result of the foregoing procedures.

Ms. Sylnovia Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office

September 13, 2013 – page 5

9. With reference to Section 5.04.3 of the Agreement:

- a. We obtained an e-mail from the City dated August 1, 2008 from Austin Energy's Kerri Davis to Terry Franz at EGRSO. We inspected such e-mail and confirmed Samsung's Fab 2 was energized in August 2007. No exceptions were found as a result of the foregoing procedures.
- b. We obtained an e-mail from the City dated January 28, 2013 from Austin Energy's William Sparks to Terry Franz at EGRSO. We inspected such e-mail and confirmed Samsung's 2012 energy consumption for Fab 2 exceeded 575,000,000 kWh. No exceptions were found as a result of the foregoing procedures.

10. With reference to Sections 5.01 and 5.02 of the Agreement:

- a. We obtained from the City the Travis County Tax Statement showing taxes due January 31, 2013 for Property ID 754867 (Travis Central Appraisal District Ref ID2 02423102310006). We inspected such statement and confirmed the 2012 appraised value of the aforementioned property was \$93,022,680, the City of Austin tax rate was \$0.5029 per \$100 valuation, and the City of Austin taxes were \$467,811.06. No exceptions were found as a result of the foregoing procedures.
- b. We obtained from the City the Travis County Tax Statement printed February 1, 2013 for Parcel Number 02423102310006 (Travis Central Appraisal District Ref ID2). We inspected such statement and confirmed it showed no taxes due for the aforementioned property. No exceptions were found as a result of the foregoing procedures.
- c. We obtained, from the City, the Travis County Tax Statement showing taxes due January 31, 2013 for Property ID 9766977. We inspected such statement and confirmed the 2012 appraised value of the aforementioned property was \$2,783,446,311, the City of Austin tax rate was \$0.5029 per \$100 valuation, and the City of Austin taxes were \$13,997,951.50. No exceptions were found as a result of the foregoing procedures.
- d. We obtained from the City the Travis County Tax Statement printed February 1, 2013 for Parcel Number 9766977 (Travis Central Appraisal District Ref ID2). We inspected such statement and confirmed it showed no taxes due for the aforementioned property. No exceptions were found as a result of the foregoing procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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.

Ms. Sylvania Holt-Rabb, Financial Manager
City of Austin
Economic Growth and Redevelopment Services Office

September 13, 2013 – page 6

This report is intended solely for the information and use of the City and is not intended to be, and should not be, used by anyone other than this specified party.

Pudgett, Stratmann + Co., LLP

Certified Public Accountants
Austin, Texas