



## Padgett Stratemann

### Independent Accountant's Report on Applying Agreed-Upon Procedures

Ms. Sylnovia Holt-Rabb, Assistant Director  
City of Austin  
Economic Development Department

We have performed the procedures enumerated below, which were agreed to by the City of Austin (the "City"), solely to assist the specified user in evaluating the City's assertion that HID Global Corporation ("HID Global") has complied for the reporting year 2014 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on September 27, 2012 through Ordinance No. 20120927-140 and executed by the City Manager on October 4, 2012. The City is the specified user of this report. The City's management is responsible for the determination of compliance by HID Global 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 1.01 of the Agreement:
  - a. We obtained a map printed from the City of Austin Development Web Map at [www.austintexas.gov/GIS/DevelopmentWebMap/Viewer.aspx](http://www.austintexas.gov/GIS/DevelopmentWebMap/Viewer.aspx). We inspected the map and confirmed that according to the map 611 Center Ridge Drive is in the City's Desired Development Zone. No exceptions were found as a result of the foregoing procedures.
2. With reference to Section 1.01 of the Agreement:
  - a. We obtained from HID Global a schedule showing HID Global's investment in real property improvements for the period between October 11, 2012 and December 31, 2014. We inspected the schedule and confirmed the total investment in real property improvements per the schedule is \$39,856,746.86. No exceptions were found as a result of the foregoing procedures.

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- b. Using the report obtained in Procedure 2a, we inspected the report and confirmed that all but \$59,409.74 of the \$39,856,746.86 investment in real property improvements were made by January 2014. No exceptions were found as a result of the foregoing procedures.
- c. Using the report obtained in Procedure 2a, we selected a sample of 34 items (\$34,730,265.99) representing 87% of the real property improvements listed in the report. For 99.99% of the sample selected (\$34,728,959.98), we inspected each invoice or other supporting documentation and confirmed each of the invoices or other supporting documentation agreed to the report provided by HID Global. No exceptions were found as a result of the foregoing procedures.
- d. Using the report obtained in Procedure 2a, we inspected the report and confirmed the following:
  - 1. Total expenditures noted at Procedure 2.a. (\$39,856,746.86) minus sampled items at Procedure 2.c. (\$34,730,265.99) is \$5,126,480.87,
  - 2. 99.99% of \$5,126,480.87 is \$5,126,288.09 and
  - 3. Invoices or other supporting documentation inspected and confirmed at Procedure 2.c. totaling \$34,728,959.98 plus \$5,126,288.09 (Procedure 2.d.2.) equals \$39,855,248.07.

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

- e. We obtained from HID Global a schedule showing HID Global's investment in business personal property between October 11, 2012 and December 31, 2014. We inspected the schedule and confirmed the total investment in business personal property per the schedule is \$21,180,195.25. No exceptions were found as a result of the foregoing procedures.
  - f. Using the report obtained at Procedure 2.e., we selected a sample of 33 items representing 18% of the business personal property listed in the report. For the sample selected, we inspected each invoice or other supporting documentation and confirmed each of the invoices or other supporting documentation agreed to the report provided by HID Global. No exceptions were found as a result of the foregoing procedures.
3. With reference to Section 1.03 of the Agreement regarding New Full-time Jobs:
- a. We obtained from HID Global a payroll schedule showing HID Global's employees in New Full-time Jobs as of December 31, 2014. We inspected the report and confirmed the report included the name, hire date, compensation rate, and number of hours compensated during the year ended December 31, 2014 for 312 full-time employees of HID Global. No exceptions were found as a result of the foregoing procedures.
  - b. Using the report obtained at Procedure 3.a., we selected a sample of 32 employees representing 10% of the full-time employees listed in the report. For 31 employees in the sample who were hired before December 29, 2014, we inspected each of the employee's

January 2, 2015 payroll record and confirmed that it agreed to the information in the report provided in procedure 3.a. For the employee who was hired December 29, 2014, we inspected the employee's January 16, 2015 payroll record and confirmed that it agreed to the information in the report provided in procedure 3.a. No exceptions were found as a result of the foregoing procedures.

- c. Using the report provided in procedure 3.a, we calculated the average annual salary as of December 31, 2014, including bonuses, but excluding benefits, of the 312 employees in New Full-time Jobs. We confirmed the calculated average annual salary of the employees listed on the report was at least \$44,336. No exceptions were found as a result of the foregoing procedures.
4. With reference to Section 1.04(a) of the Agreement, we obtained a copy of the program from the 8th Annual Multicultural Career & Opportunities Expo held October 3, 2014 at the Phillips Event Center, 8140 Exchange Drive in Austin. We inspected the program and confirmed it lists HID Global as a participating employer. No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 1.04(b) of the Agreement:
  - a. We obtained from the City a report from the City of Austin's website, [www.austintexas.gov](http://www.austintexas.gov), listing the employers who participated in the 2014 City of Austin Career Expo, held May 20, 2014 at the City's Palmer Events Center. We inspected the report and confirmed the report included HID Global as a participating employer. No exceptions were found as a result of the foregoing procedures.
  - b. We obtained from the City a report provided by HID Global NAM Controller Lisa Mayo titled "Recruiting Events 2014." We inspected the report and confirmed the report noted the following:
    1. HID Global posts all jobs with Workforce Solutions;
    2. HID Global conducted interviews with American Youthworks participants on March 7, 2014; and
    3. HID Global participated in eight job or career fairs hosted by colleges and universities in Austin and four job or career fairs hosted by other local organization during 2014.

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

6. With reference to Section 1.04(b) of the Agreement we obtained e-mail confirmation from HID Global's HR Director Kimberle Marquardt that:
  - a. EEOC Labor Law posters are posted throughout the building in conspicuous areas where employees have access to review them;
  - b. All employees are required to complete training on Code of Conduct, Standards, and Ethics training, which covers HID's commitment to a discrimination-free and equal opportunity work environment; and

- c. Each employee is required to complete Prevention of Discrimination and Harassment training.

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

7. We obtained from the City e-mail communication dated April 29, 2015 between Stella Richerson-Kinley of the City's Small and Minority Business Resources Department ("SMBR") and Terry Franz of Economic Development Department ("EDD"). We inspected the e-mail communication and confirmed HID Global had complied with its obligations in Section 1.05(a) of the Agreement. No exceptions were found as a result of the foregoing procedures.
8. With reference to Section 1.05(b) of the Agreement, we obtained from the City an e-mail communication between Karon Evanoff of HID Global and Brian Gildea of EDD. We inspected the e-mail and confirmed the e-mail communication noted HID Global provided its Supplier Diversity Policy to the City on December 17, 2012. In addition, we confirmed December 17, 2012 is 67 days after the Effective Date of the Agreement, October 11, 2012. No exceptions were found as a result of the foregoing procedures.
9. With reference to Section 1.05(b) of the Agreement we obtained from the City an e-mail communication dated April 29, 2015 between Stella Richerson-Kinley of SMBR and Terry Franz of EDD. We inspected the e-mail and confirmed per the e-mail HID Global had complied with its obligations in Section 1.05(b) of the Agreement, which notes HID Global is required to adhere to its Supplier Diversity Policy for the procurement of materials and services for which the cost is more than \$5,000 and for which there are qualified local certified Minority/Women Owned Business Enterprises ("M/WBE") suppliers, and to maintain and provide documentation of its efforts to comply with this paragraph to SMBR as part of its monthly reports to SMBR. No exceptions were found as a result of the foregoing procedures.
10. With reference to Section 1.05(c) through 1.05(g) of the Agreement we obtained from the City a memorandum dated March 12, 2015 from Veronica Briseno Lara, Director of SMBR, to Kevin Johns, Director of EDD. We inspected the memo and confirmed per the memo, HID Global complied with the M/WBE Program Ordinance during 2014. No exceptions were found as a result of the foregoing procedures.
11. With reference to Section 1.06 of the Agreement we obtained the results of queries of the City of Austin Interactive Development Review Permitting and Inspection Database as follows:
  - a. Records with "611" in the Number and "Center Ridge" in the Street data fields for the period October 11, 2012 through January 1, 2013,
  - b. Records with "HID" in the Project Name data field for the period January 1, 2013 through March 3, 2014, and
  - c. Records with "611" in the Number and "Center Ridge" in the Street data fields for the period January 1, 2014 through January 5, 2015.

We inspected the results of the queries noted above and confirmed they identified HID Global's site plan or subdivision applications or amendments between October 11, 2012 and January 5, 2015. No exceptions were found as a result of the foregoing procedures.

12. With reference to Section 1.06 of the Agreement, we obtained from the City e-mail communications dated September 22, 2015, April 21, 2014, and April 7, 2015 between Terry Franz of EDD and Susan Scallon of the City's Watershed Protection Department. We inspected the e-mails and confirmed per the emails HID Global did not assert any Chapter 245 rights in connection with any of its site plan or subdivision applications or amendments between October 11, 2012 and January 5, 2015. No exceptions were found as a result of the foregoing procedures.
13. With reference to Section 1.06 of the Agreement, we obtained an e-mail dated June 2, 2015 from the City of Austin Watershed Protection Department to Terry Franz of EDD concerning inspection of water quality ponds. We inspected the e-mail and confirmed per the email, no ponds were found at HID Global's location. No exceptions were found as a result of the foregoing procedures.
14. With reference to Section 1.07 of the Agreement, we obtained from the City HID Global's 2014 Certificate of Compliance. We inspected the Certificate and confirmed HID Global provided the completed and signed Economic Development Reporting Form to the City on March 31, 2015. No exceptions were found as a result of the foregoing procedures.
15. With reference to Section 1.08 of the Agreement, we obtained from the City HID Global's acknowledgement regarding its policy to not hire undocumented workers. We inspected the acknowledgement and confirmed that according to the acknowledgement, HID Global (1) has not knowingly employed any person who is not lawfully admitted for permanent residence to the United States or who is not authorized under the law to be employed in the United States and (2) has not been notified of any complaint alleging that it has employed undocumented workers. No exceptions were found as a result of the foregoing procedures.
16. With reference to Section 2.01 of the Agreement:
  - a. We obtained from the City a Travis Central Appraisal District ("TCAD") report showing the 2014 certified value of Property ID 836604. We inspected the report and confirmed per the report, the 2014 certified value of Property ID 836604 was \$0. No exceptions were found as a result of the foregoing procedures.
  - b. We obtained from the City a TCAD report showing the 2014 certified value of Property ID 837012 (Geographic ID 0262260401). We inspected the report and confirmed per the report, the 2014 certified value of Property ID 837012 was \$20,846,649. No exceptions were found as a result of the foregoing procedures.
  - c. We obtained from the City an e-mail communication between Carroll Brown of TCAD and Terry Franz of EDD. We inspected the e-mail and confirmed per the e-mail, as of January 1, 2013 HID Global had not begun constructing the Manufacturing and Distribution Center. In addition, we confirmed the e-mail noted the value of the property that now comprises TCAD Property ID 837012 was \$2.25 per square foot resulting in a baseline value, as of January 1, 2013 of \$2,230,217. No exceptions were found as a result of the foregoing procedures.

- d. We obtained from the City the Travis County tax statement of taxes due January 31, 2015 for TCAD Property ID 837012 (Geographic ID 0262260401). We inspected the statement and confirmed the City of Austin tax rate was \$0.4809 per \$100. No exceptions were found as a result of the foregoing procedures.
- e. We confirmed \$20,846,649 minus \$2,230,217 is \$18,616,432; the product of \$18,616,432 and \$0.004809 is \$89,526.42; and that 60% of \$89,526.42 is \$53,715.85. No exceptions were found as a result of the foregoing procedures.
- f. We obtained from the City the Travis County Tax Statement for TCAD Property ID 837012 (Geographic ID 0262260401) printed March 26, 2015. We inspected the statement and confirmed per the statement no taxes are owed for the property as of March 26, 2015. 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.

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.

*Padgett, Stratemann + Co., L.L.P.*

September 21, 2015

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Ms. Sylnovia Holt-Rabb, Financial Manager  
City of Austin  
Economic Development Department  
301 West 2nd Street, Suite 2030  
Austin, Texas 78701

We have performed the procedures enumerated below, which were agreed to by the City of Austin (the "City"), solely to assist the specified user in evaluating the City's assertion that HID Global Corporation ("HID Global") has complied for the reporting year 2013 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on September 27, 2012 through Ordinance No. 20120927-140 and executed by the City Manager on October 4, 2012. The City is the specified user of this report. The City's management is responsible for the determination of compliance by HID Global 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 1.02(a) of the Agreement:
  - a. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that he consulted with Cloteal Haynes, HID Global's MBE/WBE Outreach Coordinator, and with Terry Franz of the City's Economic Development Department to identify local organizations that provide construction training programs. No exceptions were found as a result of the foregoing procedures.
  - b. We obtained verbal confirmation on October 8, 2013 and obtained copies of e-mail communication from Scott Haegelin of Harvey Cleary Builders to four organizations, the Austin Area Urban League ("AAUL"), Workforce Solutions, Skillpoint Alliance, and Austin Independent School District ("AISD") Building Construction Technology Program. We inspected such e-mail communications and confirmed Harvey Cleary Builders asked each of these organizations to identify disadvantaged workers who were graduates of construction training programs for nonlicensed construction

tasks to apply with Harvey Cleary for jobs as laborers, carpenters, floor layers, painters, drywall finishing painters, and tile setters. No exceptions were found as a result of the foregoing procedures.

- c. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that of the four organizations, only AAUL was responsive, and while some of the individuals referred by AAUL had OSHA certifications, none were graduates of a construction training program for nonlicensed construction tasks. No exceptions were found as a result of the foregoing procedures.
- d. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that:
  - 1) Even though they were unable to identify any candidates who were graduates of construction training programs for nonlicensed construction tasks, Harvey Cleary Builders sought to demonstrate disadvantaged workers worked on the Project. Therefore, on two occasions, first during the front-end construction of the shell, and second, during completion of the shell and ongoing construction of the interior, Harvey Cleary Builders' onsite superintendents conducted two polls of subcontractor foremen to determine how many workers each subcontractor had working onsite and, of these workers, how many lacked a high school diploma or GED equivalent.
  - 2) As of the first poll, 37 of the 54 workers onsite, or 69%, were disadvantaged workers lacking a high school diploma or GED equivalent.
  - 3) As of the second poll, 85 of 154 workers onsite, or 46%, were disadvantaged workers lacking a high school diploma or GED equivalent.
  - 4) None of the disadvantaged workers in either poll were graduates of construction training programs for nonlicensed construction tasks.

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

2. With reference to Section 1.02(b) of the Agreement:

- a. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that except for certain workers who are certified to do their respective jobs, construction workers on the HID Global project either had received or were in the process of receiving OSHA's ten-hour training. No exceptions were found as a result of the foregoing procedures.
- b. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that all construction supervisors and superintendents on the HID Global project had received or were in the process of receiving OSHA's 30-hour training. No exceptions were found as a result of the foregoing procedures.

- c. We obtained verbal confirmation from Scott Haegelin of Harvey Cleary Builders on October 8, 2013 that all construction contractors and subcontractors were required to cover all their construction workers with workers' compensation insurance. No exceptions were found as a result of the foregoing procedures.
- d. We obtained from the City the 3rd Party Agreement MBE/WBE Monthly Progress Assessment Report dated September 9, 2013, provided by HID Global to the City of Austin Small and Minority Business Resources Department ("SMBR"). We inspected such report and selected a sample of 11 subcontractors representing 47% of the total subcontractors. For each subcontractor in the sample selected, we performed the following procedures:
  - 1) We obtained from the City a report showing the number of workers onsite, the number that had received OSHA's 10-hour training, the number that were in the process of receiving OSHA's 10-hour training, and whether the supervisors onsite had received OSHA's 30-hour training. We inspected the report and confirmed that, according to the report, 65% of the workers had received or were in the process of receiving OSHA's 10-hour training, and one company had plans to train another 28% of the workers, and the remaining workers are either certified equipment operators or roofers with certification in fall protection and rigging. No exceptions were found as a result of the foregoing procedures.
  - 2) We obtained from the City a copy of the contract between Harvey Cleary Builders and the subcontractor. We inspected each contract and confirmed the subcontractor was required to carry workers' compensation insurance for all its construction workers working on the HID Global project. No exceptions were found as a result of the foregoing procedures.
3. With reference to Section 1.05(b) through 1.05(g) of the Agreement, we obtained from the City a copy of a memorandum, dated March 3, 2014, from the Small and Minority Business Resources Department Director Veronica Lara to Economic Development Department Director Kevin Johns. We inspected the memorandum and confirmed that, according to the memo, HID Global complied with the City's MBE/WBE Procurement Program during the construction of the facility during 2013. 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.

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.

*Padgett, Stratemann & Co., L.L.P.*

Austin, Texas  
April 25, 2014