



Padgett Stratemann & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Mr. Rodney Gonzales, Acting Director
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 NBC Universal, Inc. ("NBC"), acting on behalf of itself and its subsidiary, Northern Entertainment Inc. ("FNL" or "Friday Night Lights") has complied with certain provisions, as described below, of the Chapter 380 Economic Development Agreement ("Agreement"), approved by the City Council on March 22, 2007. The City is the specified user of this report. The City's management is responsible for the determination of compliance by FNL 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 3 of the Agreement concerning Employees, we obtained from the City, the documents titled Friday Night Lights Season 1 Cast Summary, Revised April 2009 and Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009. We inspected the documents referred to above and selected 50 individuals from the Friday Night Lights Season 1 Cast Summary, Revised April 2009 and agreed the name and residency information to the Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009 and noted that the Friday Night Lights Season 1 Cast Summary, Revised April 2009 report incorporates information from the Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009. We inspected the Friday Night Lights Season 1 Cast Summary, Revised April 2009 report and noted that it shows 203 (61%) of the 333 cast members as residents of the Austin Metropolitan

Statistical Area (“AMSA”). No exceptions were found as a result of the foregoing procedure.

- 2) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009, and the Staff Crew Summary Report, Revised April 2009. We inspected the documents referred to above and selected 50 individuals from the Staff Crew Summary Report, Revised April 2009 and agreed the name and residency information to the Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009 and noted that the Staff Crew Summary Report, Revised April 2009 incorporates information from the Excerpt from Earnings Report Provided by Friday Night Lights, Revised April 2009. We inspected the Staff Crew Summary Report, Revised April 2009 and noted that it shows 513 (67%) of the 770 staff and crew members as residents of the AMSA. No exceptions were found as a result of the foregoing procedure.
- 3) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the FNL 1st Season Extras Cust Listing.xls, FNL 1st Season Football Plyrs Cust Listing.xls, and the Summary of Extras and Players Lists, Revised April 7, 2009. We inspected the documents referred to above and selected 50 individuals from the FNL 1st Season Extras Cust Listing.xls and the FNL 1st Season Football Plyrs Cust Listing.xls reports prepared by FNL and agreed the name and residency information to the Summary of Extras and Players Lists, Revised April 7, 2009 prepared by the City of Austin and noted that the Summary of Extras and Players Lists, Revised April 7, 2009 incorporates information from the FNL 1st Season Extras Cust Listing.xls and FNL 1st Season Football Plyrs Cust Listing.xls reports. We inspected the Summary of Extras and Players Lists, Revised April 7, 2009 and noted that it shows 3,884 (74%) of 5,259 extras and football players as AMSA residents. No exceptions were found as a result of the foregoing procedure.
- 4) We verified the mathematical accuracy of the City’s calculation of the percentage of the Cast, Crew and Extras residing in AMSA and noted that $203 + 513 + 3,884 = 4,600$; $333 + 770 + 5,259 = 6,362$; and $4,600$ is 72.3% of 6,362. No exceptions were found as a result of the foregoing procedure.
- 5) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 1 Cast Sample, Revised April 8, 2009, which represents the City's sample of 21 cast members, and the supporting documents printed from www.addresses.com and Travis Central Appraisal District. We inspected and compared these documents and noted that the printed documents indicate that the individuals selected in the City’s sample reside within the AMSA. No exceptions were found as a result of the foregoing procedure.
- 6) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Season 1 Staff/Crew Sample, Revised April 8, 2009, which represents the City's sample of 52 Staff and Crew members and the support documents printed from www.addresses.com and www.mapquest.com. We inspected and compared these

documents and noted that the printed documents indicate that the individuals selected in the City's sample reside within the AMSA. No exceptions were found as a result of the foregoing procedure.

- 7) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Extras and Players Sample, Revised April 7, 2009, which represents the City's sample of 394 Extras, and the support documents printed from www.addresses.com, www.mapquest.com, and the United States Post Office website. We inspected and compared these documents and noted that the printed documents indicate that the individuals selected in the City's sample reside within the AMSA. No exceptions were found as a result of the foregoing procedure.
- 8) With reference to Section 5 of the Agreement concerning Local Purchases, we obtained from the City the AMSA Status of Vendors in Friday Night Lights Season 1 Vendor Listing and the AMSA Status of Vendors in Friday Night Lights Vendor List, Final White, March 26, 2007, both provided by Friday Night Lights to the City. We inspected such documents and noted that according to them, approximately 54% of the vendors have addresses in the AMSA. No exceptions were found as a result of the foregoing procedure.
- 9) We obtained from the City the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment Inc. for Friday Night Lights, Annual Report for Season 1. We inspected and compared the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment Inc. for Friday Night Lights, Annual Report for Season 1 submitted by FNL to a blank template of the form provided by the City and noted the document submitted by FNL was presented on the form provided by the City. No exceptions were found as a result of the foregoing procedure.
- 10) With reference to Section 6 of the Agreement concerning Report, we obtained from the City the City of Austin Economic Development Agreement with NBC Universal, Inc. and Northern Entertainment Inc. for Friday Night Lights, Annual Report Season 1. We inspected this document and noted that according to the report, 21 Season 1 episodes were filmed, 97% of the Cast, Crew, Extras and Staff were AMSA residents, and approximately 95% of goods and services purchased were purchased in the AMSA. No exceptions were found as a result of the foregoing procedure.
- 11) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing FNL's coverages for Friday Night Lights from 1/1/06 to 1/1/07 and from 1/1/07 to 1/1/08 and an e-mail dated 4/15/09 from Carol Vance, City of Austin Risk Analyst, to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected these documents and noted that General Liability, Automobile Liability, Workers Compensation, and Employers Liability coverages were in place from 1/1/06 to 1/1/08, the City of Austin was listed as Additional Insured to the extent required by contract with FNL and the coverages were approved by

Carol Vance in an e-mail dated 4/15/09. No exceptions were found as a result of the foregoing procedure.

- 12) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing FNL's coverages for Friday Night Lights from 7/11/06 to 7/11/08 and an e-mail dated 4/30/09 from Carol Vance, City of Austin Risk Analyst, to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected these documents and noted that Errors and Omission and Professional Indemnity coverages were in place from 7/11/06 to 7/11/08 and the coverages were approved by Carol Vance in an e-mail dated 4/30/09. No exceptions were found as a result of the foregoing procedure.
- 13) With reference to Section 7 of the Agreement concerning Insurance, we obtained from the City the Insurance Certification showing FNL's coverages for Friday Night Lights from 1/1/06 to 1/1/07 and from 1/1/07 to 1/1/08 and an e-mail dated 4/28/09 from Carol Vance, City of Austin Risk Analyst, to Sylvania Holt-Rabb, City of Austin Economic Growth and Redevelopment Services Office. We inspected these documents and noted that All Risk Property coverages were in place from 1/1/06 to 1/1/08 and the coverages were approved by Carol Vance in an e-mail dated 4/28/09.

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 + W., LLP

May 7, 2009
Austin, Texas