



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

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

Mr. Rodney Gonzales, Deputy Director  
City of Austin  
Economic Growth and Redevelopment Services Office  
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 HelioVolt Corporation ("HelioVolt") has complied for the reporting year 2009 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on October 18, 2007, through Ordinance No. 20071018-002 and executed by the Assistant City Manager on January 2, 2008. The City is the specified user of this report. The City's management is responsible for the determination of compliance by HelioVolt 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 3.02(a) of the Agreement:
  - a. We obtained from HelioVolt a copy of its 2008 membership application in the Capital City African American Chamber of Commerce ("CCAACC"), the invoice from CCAACC for HelioVolt's 2008 membership fees, and HelioVolt's proof of payment for CCAACC 2008 membership fees. We inspected these documents and confirmed HelioVolt's membership in CCAACC. No exceptions were found as a result of the foregoing procedures.

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- b. We obtained from HelioVolt a copy of the invoice for its 2009 CCAACC membership fees and HelioVolt's proof of payment via check stub for CCAACC 2009 membership fees. We inspected these documents and confirmed HelioVolt's 2009 membership in CCAACC. No exceptions were found as a result of the foregoing procedures.
- c. We obtained from HelioVolt a copy of its June 2, 2008 Certificate of Membership in the Greater Austin Hispanic Chamber of Commerce ("GAHCC"). We inspected the document and confirmed that HelioVolt was shown as a 2008 member in GAHCC. No exceptions were found as a result of the foregoing procedures.
- d. We obtained from HelioVolt a copy of the invoice for its 2009 GAHCC membership fees and HelioVolt's proof of payment via check payment for GAHCC 2009 membership fees. We inspected these documents and confirmed HelioVolt's 2009 membership in GAHCC. No exceptions were found as a result of the foregoing procedures.
- e. We obtained from HelioVolt a copy of the invoice and proof of payment for its sponsorship of the Asian New Year Gala on February 16, 2008. We inspected these documents and confirmed HelioVolt's sponsorship of the Asian New Year Gala. No exceptions were found as a result of the foregoing procedures.
- f. We obtained from HelioVolt the May 13, 2009 email from Danielle Hinson of the Texas Asian Chamber of Commerce ("TACC") to HelioVolt's Steve Darnell confirming HelioVolt's membership in TACC. We inspected the email and confirmed that, according to the email, HelioVolt was a member of TACC. No exceptions were found as a result of the foregoing procedures.
- g. We obtained from HelioVolt a copy of the document entitled "11 14 08 Press Release MECA Expo.doc." We inspected the document and confirmed HelioVolt was one of the companies listed in the press release as having committed to attend the 2nd Annual Multicultural Career Expo. No exceptions were found as a result of the foregoing procedures.

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- d. We obtained from the City the June 8, 2010 email from HelioVolt's Mike Berkaw to Terry Franz and Sylvania Holt-Rabb of EGRSO. We inspected the email and confirmed that Mr. Berkaw provided a copy of HelioVolt's Supplier Diversity Procedures to Stephen Elkins (then SMBR Department Acting Director) on October 14, 2008. No exceptions were noted as a result of the foregoing procedures.
  - e. We obtained from HelioVolt copies of printed materials and manuals used as support for training of HelioVolt employees regarding its "SWMBE" policies and procedures and obtained telephone confirmation from Mr. Berkaw that he had presented the information to HelioVolt's design engineers and at HelioVolt staff meetings. No exceptions were noted as a result of the foregoing procedures.
- 4) With reference to Section 3.02(c) of the Agreement, we obtained email correspondence, dated October 8, 2010, from Amelie Gonzales-Flores of SMBR to Terry Franz at EGRSO. We inspected the email and confirmed that, according to the email, HelioVolt has complied with the standards and principles of the City's MBE/WBE Procurement Program. No exceptions were noted as a result of the foregoing procedures.
  - 5) With reference to Section 3.02(b) of the Agreement, we obtained copies of reports from the City's SMBR Department's database of SMBR Certified Vendors and/or the State of Texas Historically Underutilized Business Certification and Compliance Program database. We inspected these reports and confirmed that each of the seven businesses identified by HelioVolt as a supplier (or quoted supplier) is either a certified minority-owned or woman-owned business by the City or a certified historically underutilized business by the State of Texas. No exceptions were noted as a result of the foregoing procedures.
  - 6) With reference to Section 3.03 of the Agreement:
    - a. We obtained from the City the Economic Development Reporting Form provided to the City by HelioVolt on September 3, 2010. We inspected the form and confirmed that HelioVolt reported they have invested \$23,087,180 in real property and \$45,186,366 in business personal property since the project start date. No exceptions were noted as a result of the foregoing procedures.

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- b. We obtained the report provided by HelioVolt titled “Investment Adjusted Real Property and Adjusted Business Personal Property.” We inspected this report and confirmed it agreed to the amounts reported in the Economic Development Reporting Form provided to the City on September 3, 2010. No exceptions were noted as a result of the foregoing procedures.
  - c. We obtained the supporting schedules provided by HelioVolt reporting its investment in the seven categories identified in its “Investment Adjusted Real Property and Adjusted Business Personal Property” report. We inspected these schedules and confirmed the mathematical accuracy of the supporting schedules provided by HelioVolt and verified the totals per the supporting schedules agreed to the investment amount totals reported in the “Investment Adjusted Real Property and Adjusted Business Personal Property” report. No exceptions were noted as a result of the foregoing procedures.
  - d. Using the supporting schedules identified at Procedure 6c, we selected a sample of items representing 13% of HelioVolt’s reported investments by investment categories. For each item in the sample selected, we inspected each invoice or other supporting documentation and confirmed that each invoice or other supporting documentation agreed to the investment supporting schedules provided by HelioVolt to support the “Investment Adjusted Real Property and Adjusted Business Personal Property” report. No exceptions were noted as a result of the foregoing procedures.
- 7) With reference to Section 3.04 of the Agreement, we obtained an e-mail from Barry Stambaugh of the City’s Watershed Protection Department to Terry Franz at EGRSO, dated October 18, 2010, concerning inspection of water quality ponds. We inspected the e-mail and confirmed that no water quality ponds are located on the parcel leased by HelioVolt. No exceptions were noted as a result of the foregoing procedures.
  - 8) With reference to Section 3.05 of the Agreement, we obtained the Economic Development Reporting Form e-mailed on March 1, 2010 from Hersh Miles at HelioVolt to Terry Franz at EGRSO. We inspected this document and confirmed HelioVolt provided the completed and signed Economic Development Reporting Form to the City on March 1, 2010. No exceptions were noted as a result of the foregoing procedures.

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- 9) With reference to Section 4.01 of the Agreement:
- a. We obtained from the City the Travis Central Appraisal District's ("TCAD") 2009 report for parcel 767878. We inspected this document and confirmed the 2009 certified value of parcel 767878 was \$2,731,812. No exceptions were noted as a result of the foregoing procedures.
  - b. We obtained from the City an e-mail correspondence, dated July 8, 2010 at 2:14 p.m., from Ron Melton at TCAD to Terry Franz at EGRSO. We inspected the e-mail and confirmed that parcel 767878 owned by HelioVolt contained only assets that were acquired subsequent to November 1, 2007. 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, 2010 for parcel 9767878. We inspected this statement and confirmed that City taxes owed for parcel 9767878 were \$11,498.20. We recalculated and confirmed that 60% of \$11,498.20 is \$6,898.92. No exceptions were found as a result of the foregoing procedures.
  - d. We obtained from the City the Travis County Tax Statement printed March 2, 2010 for parcel 9767878. We inspected this statement and confirmed it shows no taxes due for the property. No exceptions were found as a result of the foregoing procedures.
  - e. We obtained from the City the TCAD 2009 report for parcel 0318100109 (PID 785778). We inspected this report and confirmed that the 2009 certified value of the land was \$1,060,146, the 2009 certified value of the improvements was \$6,181,611, and the total 2009 certified value was \$7,241,757. No exceptions were found as a result of the foregoing procedures.
  - f. We recalculated and confirmed that the sum of \$390,000 and \$375,250 totals \$765,250, and the difference between \$7,241,757 and \$765,250 totals \$6,476,507. No exceptions were found as a result of the foregoing procedures.
  - g. We obtained from the City the Travis County Tax Statement showing taxes due January 31, 2010 for parcel 0318100109. We inspected this statement and confirmed that the City of Austin tax rate was \$0.4209 per \$100 of property value. No exceptions were found as a result of the foregoing procedures.

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- h. We recalculated and confirmed the product of \$6,476,507 and \$0.004209 totals \$27,259.62, and 60% of \$27,259.62 totals \$16,355.77. No exceptions were found as a result of the foregoing procedures.
- i. We obtained from the City the Travis County Tax Statement for parcel 0318100109, printed March 2, 2010. We inspected this statement and confirmed it shows no taxes are owed for parcel 0318100109. 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.*

Certified Public Accountants  
Austin, Texas