



**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  
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 Hewlett-Packard Company ("Hewlett-Packard" or "HP") has complied with certain provisions, as described below, of the Chapter 380 Economic Development Agreement ("Agreement"), approved by the City Council through ordinance No. 20060302-008 on March 2, 2006. The City is the specified user of this report. The City's management is responsible for the determination of compliance by HP 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 respect to Section 3.01(c) of the Agreement, we performed the following:
  - a. We obtained from the City the correspondence dated December 17, 2008 from Nan Weitzman, Hewlett-Packard AMS People Development to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected such document and found that according to the correspondence Hewlett-Packard's approach to diverse recruiting is on a worldwide rather than regional basis. No exceptions were found as a result of the foregoing procedure.
  - b. We obtained from the City the documents printed from [www.gracehopper.org/2007](http://www.gracehopper.org/2007). We inspected such documents and found that according to the documents Hewlett-

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Packard was a Platinum Corporate Sponsor of the 2007 Grace Hopper Celebration of Women in Computing. No exceptions were found as a result of the foregoing procedure.

- c. We obtained from the City the documents printed from <http://outandequal.org/summit-2007>. We inspected such documents and found that according to the documents Hewlett-Packard was the Gala Awards Dinner Sponsor of the Out and Equal Workplace Summit 2007. No exceptions were found as a result of the foregoing procedure.
- d. We obtained from the City the invoice dated February 16, 2007 from Society of Women Engineers National Conference. We inspected such document and found that according to the invoice Hewlett-Packard sponsored a booth at the 2007 conference. No exceptions were found as a result of the foregoing procedure.
- e. We obtained from the City the invoice dated June 1, 2007 from SHPE, Inc. We inspected such document and found that according to the invoice Hewlett-Packard was a 2007 member of the International Partner SHPE Council (IPC) of the Society of Hispanic Professional Engineers. No exceptions were found as a result of the foregoing procedure.
- f. We obtained from the City the email dated January 14, 2009 from Nan Weitzman, Hewlett-Packard AMS People Development to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office and the document entitled the UT Austin Events & Sponsorships. We inspected such documents and found that according to the email and the UT Austin Events & Sponsorships Hewlett-Packard participated and/or invested in the following University of Texas at Austin events in 2007:
  - i. Women in Engineering;
  - ii. National Society of Black Engineers;
  - iii. Society of Hispanic Engineers; and
  - iv. Black Business Student Association.

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

- g. We obtained from the City the email dated February 10, 2009 from Nan Weitzman, Hewlett-Packard AMS People Development to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office, the correspondence dated November 2, 2007 from Marilolis Castro, Hewlett-Packard Events Coordinator to Justin Iglehart, NSBE, University of Texas at Austin and a copy of a Hewlett-Packard check stub for check number 2014780703. We inspected and compared such documents and found that according to the Nan Weitzman email and the Marilolis Castro correspondence, that the check stub supports Hewlett-Packard's investment in the National Society of Black Engineers in the fall of 2007. No exceptions were found as a result of the foregoing procedure.

2) With respect to Sections 3.02(a) and 3.02(c) of the Agreement, we performed the following:

- a. We obtained from the City the correspondence dated April 10, 2007 from the National Aeronautics and Space Administration (NASA) to Hewlett-Packard. We inspected such document and found that according to the correspondence Hewlett-Packard's Subcontracting Plan for 2007 was approved by NASA. No exceptions were found as a result of the foregoing procedure.
- b. We obtained from the City the correspondence dated December 12, 2007 from the United States General Services Administration (GSA) to Hewlett-Packard. We inspected such document and found that according to the correspondence Hewlett-Packard's Commercial Subcontracting Plan for October 1, 2007 through September 30, 2008 was approved by GSA. No exceptions were found as a result of the foregoing procedure.
- c. We obtained from the City a Hewlett-Packard news release dated April 16, 2007 entitled SCORE and HP Launch 2007 Business Matchmaking. We inspected such document and found that according to the news release Business Matchmaking is a partnership between SCORE - Counselors to America's Small Business and Hewlett-Packard to provide contracting opportunities for small businesses. No exceptions were found as a result of the foregoing procedure.
- d. We obtained from the City the document entitled Business Matchmaking that details 2007 Business Matchmaking Participating Buyers. We inspected such document and found that Hewlett-Packard is listed as a participant in the following regional Business Matchmaking Sessions:
  - i. Southcentral Region, Little Rock Arkansas, December 2007;
  - ii. Southwestern Region, Dallas Texas, November 2007;
  - iii. Midwestern Region, Chicago, Illinois, August 2007; and,
  - iv. Southeastern Region, Atlanta, Georgia, April 2007.

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

- e. We obtained from the City the document printed from the website [http://www.hp.com/hpinfo/globalcitizenship/supplychain/supplierdiversity.html?jumpid=reg\\_R1002\\_USEN](http://www.hp.com/hpinfo/globalcitizenship/supplychain/supplierdiversity.html?jumpid=reg_R1002_USEN) regarding Hewlett-Packard's supplier diversity program. We inspected such document and found that according to the document Hewlett-Packard launched its HP Connect Supplier Diversity Summits in 2007 and held sessions that year in Houston, Texas and Aguadilla, Puerto Rico. No exceptions were found as a result of the foregoing procedure.
- f. We obtained from the City the email provided by Hewlett-Packard dated December 15, 2009 from Brian Tippens, Hewlett-Packard Director of Global Supplier Diversity

to Dan Bonner, Hewlett-Packard Data Center Operations Manager, the documents entitled the National Member 2007 Designation of Service Points, the Central and South Texas Minority Business Council (CSTMBC) Event Trip Report 23 March 2007 and the PowerPoint presentation entitled the National Dues Distribution Formula. We inspect such documents and found the following:

- i. The National Member 2007 Designation of Service Points allocates Hewlett-Packard's annual dues to the National Minority Supplier Development Council, Inc. regional councils;
- ii. The National Dues Distribution Formula PowerPoint presentation documents Hewlett-Packard's dues distribution policy, the distribution formula ingredients, and the calculations for the distribution and allocation of dues; and,
- iii. The Central and South Texas Minority Business Council (CSTMBC) Event Trip Report 23 March 2007 noted that second tier and direct spend supplier opportunities were identified.

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

- 3) With respect to Section 3.02(b) of the Agreement, we obtained from the City a document entitled Announcing Subcontracting Opportunities for Hewlett-Packard Data Center. We inspected such document and found that the announcements are for information sessions for subcontracting opportunities at the Hewlett-Packard Data Center on June 21, 2006 at Austin City Hall and on July 27, 2006 at One Texas Center. No exceptions were found as a result of the foregoing procedure.
- 4) With respect to Section 3.02(b) of the Agreement, We obtained from the City an email dated 8/22/07 from Bethany Frye, DPR Construction, Inc. to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected such document and found that according to the email the HP project off Ed Bluestein Boulevard had 11.75% diverse participation overall. No exceptions were found as a result of the foregoing procedure.
- 5) With respect to Section 3.03 of the Agreement, we obtained Hewlett-Packard the Cost Component Breakdown provided by Hewlett-Packard. We inspected such document and performed the following:
  - a. We found that the total real property investment totaled \$101,964,249; and,
  - b. We selected a sample representing 13% of the total dollar investment. For each item selected, we traced the dollar amount to the supporting invoice. We found that the dollar amount reported per the Cost Component Breakdown did not exceed the dollar amount on the vendor invoice or other supporting documents.

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

- 6) With respect to Section 3.03 of the Agreement, we obtained from Hewlett-Packard the document entitled Hewlett-Packard's 2008 Business Personal Property Rendition of Taxable Property. We inspected such document and found the following:
  - a. The schedule was mathematically accurate and we found that the total cost reported for the property was \$162,047,587; and,
  - b. All property was reported as being purchased after January 1, 2006.

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

- 7) With respect to Section 3.04 of the Agreement, we obtained from the City an email dated July 10, 2009 from Mark Mauldin, City of Austin Department of Watershed Protection and Development Review to Terry Franz, City of Austin City of Austin Economic Growth and Redevelopment Services Office. We inspected such document and found that according to the email flood detention for pond #390 at 3301 Ed Bluestein Boulevard was compliant when inspected on March 17, 2009. No exceptions were found as a result of the foregoing procedure.
- 8) With respect to Section 4 of the Agreement, we obtained from the City emails dated July 22, 2008 and July 26, 2008 from Marya Crigler, Travis Central Appraisal District ("TCAD") to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected such documents and found that the difference between TCAD's 2007 and 2006 valuations of parcel 02092601440000 is \$2,630,000. No exceptions were found as a result of the foregoing procedure.
- 9) With respect to Section 4 of the Agreement, we obtained from the City a copy of the 2007 Travis County Tax Statement for parcel 02092601440000 showing the total ad valorem tax assessment. We inspected such document and found that the City of Austin tax rate was \$0.4034 per \$100 valuation. No exceptions were found as a result of the foregoing procedure.
- 10) We verified the mathematical accuracy of the City of Austin tax on the incremental increase in the value of parcel 02092601440000 from 2006 to 2007. We found that the product of \$2,630,000 and \$.004034 is \$10,609.42 and that 40% of \$10,609.42 is \$4,243.77. No exceptions were found as a result of the foregoing procedure.
- 11) With respect to Section 4 of the Agreement, we obtained from the City a copy of the 2007 Travis County Tax Statement for parcel 97478180000000 showing the total ad valorem tax assessment. We inspected such document and found that the tax appraisal value for the parcel was \$2,150,480 and taxes due to the City of Austin amounted to \$8,675.04. No exceptions were found as a result of the foregoing procedure.
- 12) With respect to Section 4 of the Agreement, we obtained from the City a copy of the 2007 Travis County Tax Statements for parcel numbers 02092601440000 and for 97478180000000, printed on June 23, 2008, showing the total ad valorem tax assessment. We inspected such document and found that there were no unpaid ad valorem taxes

reported for both parcels. No exceptions were found as a result of the foregoing procedure.

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.

*Pudgett, Stratmann + Co., LLP*

May 11, 2010  
Austin, Texas