



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, perform 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 diagram entitled NSBE March 20-22, 2008 Orange County Convention Center Orlando Florida Career Fair – Hall E1&E2. We inspected such document and found that according to the diagram Hewlett-Packard sponsored a

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booth at the 2008 National Society of Black Engineers convention. No exceptions were found as a result of the foregoing procedure.

- c. We obtained from the City the invoice dated June 4, 2008 from the Society of Women Engineers National Conference. We inspected such document and found that according to the invoice Hewlett-Packard sponsored a booth at the 2008 conference. No exceptions were found as a result of the foregoing procedure.
 - d. We obtained from the City the invoice dated January 17, 2008 from the Society of Hispanic Professional Engineers. We inspected such document and found that according to the invoice Hewlett-Packard was a sponsor of the 2008 Society of Hispanic Professional Engineers conference. No exceptions were found as a result of the foregoing procedure.
 - e. We obtained from the City the document printed from <http://nawmba.convio.net>. We inspected such document and found that according to the document Hewlett-Packard was 2008 sponsor of the National Association of Women MBAs. No exceptions were found as a result of the foregoing procedure.
 - f. We obtained from the City the documents printed from www.gracehopper.org/2008. We inspected such documents and found that according to the documents Hewlett-Packard was a Platinum Corporate Sponsor of the 2008 Grace Hopper Celebration of Women in Computing. No exceptions were found as a result of the foregoing procedure.
 - g. We obtained from the City the documents printed from <http://outandequal.org>. 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 2008. No exceptions were found as a result of the foregoing procedure.
 - h. We obtained from the City copies of check numbers 2015298180, 2015322347, and 2015399282 from Hewlett-Packard to the Women in Engineering Program at the University of Texas at Austin. We inspected such copies of checks and found that check number 2015298180 is dated August 5, 2008, check number 2015322347 is dated August 18, 2008 and check number 2015399282 is dated September 29, 2008. 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 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.

- b. We obtained from the City the correspondence dated February 3, 2009 from the GSA to Hewlett-Packard. We inspected such document and found that according to the correspondence Hewlett-Packard's Commercial Subcontracting Plan for October 1, 2008 through September 30, 2009 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 2008 Business Matchmaking Participating Buyers. We inspected such document and found that Hewlett-Packard is listed as a participant in the Western Regional Business Matchmaking Session, held in San Jose, California in May 2008. No exceptions were found as a result of the foregoing procedure.
- e. We obtained from the City the document entitled Global Citizenship Report 2008 printed from www.hp.com. We inspected such documents and found that according to the report Hewlett-Packard held an HP Connect Supplier Diversity Summit in 2008 in Palo Alto, California. 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 2009 Confirmed Service Points and the Event Summary. We inspected such documents and found the following:
 - i. The 2009 Confirmed Service Points document includes information on how Hewlett-Packard allocated its 2008 annual dues to the National Minority Supplier Development Council, Inc. regional councils; and
 - ii. The Event Summary is an itinerary of the Central and South Texas Minority Business Council Fare Time Expo that took place in March 2008 in San Antonio, TX.

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

- 3) 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 verified that the schedule was mathematically accurate and we found that the total reported real property investment of additions in 2008 totaled \$3,394,763; and,

- b. We selected a sample representing 33% of the total dollar investment of additions in 2008. For each item selected, 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.

- 4) 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 reported for the personal property investment additions in 2008 was \$4,426,746.49; and,
 - b. We selected a sample representing 43% of the total dollar investment of additions in 2008. For each of the two items selected, 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.

- 5) 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.
- 6) With respect to Section 4 of the Agreement, we obtained from the City an email dated July 22, 2008 from Marya Crigler, Travis Central Appraisal District ("TCAD") to Terry Franz, City of Austin Economic Growth and Redevelopment Services Office. We inspected such email and confirm that TCAD 2006 valuation of parcel 02092601440000, including land and improvements, totaled \$14,920,000. No exceptions were found as a result of the foregoing procedure.
- 7) With respect to Section 4 of the Agreement, we obtained from the City a copy of the 2008 Travis County Tax Statement for parcel 02092601440000 showing the total ad valorem tax assessment. We inspected such document and found that the tax appraisal value for the parcel was \$33,617,557, the City of Austin tax rate was \$0.4012 per \$100 and taxes due to the City of Austin amounted to \$134,873.64. No exceptions were found as a result of the foregoing procedure.
- 8) We verified the mathematical accuracy of the City's calculation of the incremental increase in the value of parcel 02092601440000 from 2006 to 2008. We found that \$33,617,557 less \$14,920,000 is \$18,697,557; the product of \$18,697,557 and \$.004012 is \$75,014.60; and that 40% of \$75,014.60 is \$30,005.84. 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 2008 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 \$105,256,078 and taxes due to the City of Austin amounted to \$422,287.38. No exceptions were found as a result of the foregoing procedure.
- 10) With respect to Section 4 of the Agreement, we obtained from the City a copy of the 2008 Travis County Tax Statements for parcel numbers 02092601440000 and 97478180000000, printed March 5, 2009, showing the total ad valorem tax assessment. We inspected such documents and found that there were no unpaid ad valorem taxes reported for either parcel. 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.

Radgett, Strate Martin & Co., LLP

May 11, 2010
Austin, Texas