



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, Suite 2030
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 Samsung Austin Semiconductor, L.L.C. ("Samsung") has complied for the reporting year 2008 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement ("Agreement"), approved by the City Council on August 18, 2005 through Ordinance 20050818-008 and executed by the City Manager on April 13, 2006. The City is the specified user of this report. The City's management is responsible for the determination of compliance by Samsung 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 4.01.2 of the Agreement, we obtained from the City and inspected the agreement between Samsung and Manpower, Inc., and confirmed that Samsung utilizes Manpower, Inc. to find temporary employees. We also obtained a telephone confirmation from Robert Silvas that Manpower, Inc. recruits from local non-profits that serve minority youth including Austin Area Urban League, Caritas, American Youthworks and the Hispanic Chamber of Commerce. No exceptions were found as a result of the foregoing procedures.
2. With reference to Section 4.01.2 of the Agreement, we obtained telephone confirmation from John Young at the Texas Workforce Commission ("TWC") that Samsung posted a total of three job openings with TWC during 2008. No exceptions were found as a result of the foregoing procedures.

3. With reference to Section 4.01.5 of the Agreement, we obtained from the City and inspected a list of businesses with whom Samsung reported having spent \$81,967,171 in 2008. We selected a sample of 5 of the businesses and confirmed that each has a presence in the Austin-Round Rock Metropolitan Statistical Area by either inspecting the business website or the AT&T Yellow Pages for the address or zip code. No exceptions were found as a result of the foregoing procedures.
4. With reference to Section 4.02 of the Agreement, we obtained from the City and inspected a summary of Samsung's 2006 - 2008 real and personal property investment in Fab 2, and confirmed that according to the summary, Samsung's Fab 2 real and personal property investment from 2006 through 2008 was \$2,635,422,504.76. We selected a sample of 92 items that represented 22% of the total investment dollar value, and inspected the related invoices or other supporting documentation for the items in the sample. We confirmed that the dollar amounts on the invoice or other supporting documentation agreed with the summary of Samsung's 2006 - 2008 real and personal property investment in Fab 2. No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 4.04 of the Agreement, we inspected an email from the City of Austin Watershed Protection and Development Review Department ("WPDR") to EGRSO dated July 10, 2009 concerning inspection of water quality ponds. We confirmed that according to the email, the Samsung site (12100 Samsung Blvd.) was still under construction and was compliant on May 28, 2009. No exceptions were found as a result of the foregoing procedures.
6. With reference to Sections 5.01 and 5.02 of the Agreement, we inspected the Travis County Tax Statement showing taxes due January 31, 2009 for Parcel Number (Travis Central Appraisal District Ref ID2) 02423102310006, and confirmed that the 2008 appraised value was \$104,335,289 and the City of Austin taxes were \$418,593.18. No exceptions were found as a result of the foregoing procedures.
7. With reference to Sections 5.01 and 5.02 of the Agreement, we inspected the Travis County Tax Statement printed March 5, 2009 for Parcel Number (Travis Central Appraisal District Ref ID2) 02423102310006, and confirmed that it shows no taxes due for the property. No exceptions were found as a result of the foregoing procedures.
8. With reference to Sections 5.01 and 5.02 of the Agreement, we inspected the Travis Central Appraisal District report for Parcel Number (Travis Central Appraisal District Ref ID2) 00007669770000, and confirmed that the 2008 certified value was \$457,367,750. We inspected the Travis County Tax Statement showing taxes due January 31, 2009 for Property ID 97669770000000, and confirmed that the City of Austin tax rate was \$0.4012 per \$100 value. We inspected the property search report from Travis County Tax Office's website dated March 6, 2009, and confirmed that the 2008 assessed value of Account #97669770000000 was \$457,367,750. We recalculated taxes due by the product of \$457,367,750 and \$0.004012 as \$1,834,959.41. No exceptions were found as a result of the foregoing procedures.
9. With reference to Sections 5.01 and 5.02 of the Agreement, we inspected the Travis County Tax Statement printed March 5, 2009 for Parcel Number 97669770000000 (Travis Central Appraisal District Ref ID2 00007669770000), and confirmed that it shows no taxes due for the property. No exceptions were found as a result of the foregoing procedures.

10. With reference to Section 5.05 of the Agreement, we inspected the correspondence between WPDR and EGRSO, and confirmed that according to the correspondence, WPDR has confirmed that Samsung is eligible for reimbursement of \$505,452 (\$504,092 for Samsung paid fees and \$1,360 for subcontractor paid fees) in fees for building and related construction inspection and site plan fees. 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, Strateman & Co., LLP

December 16, 2009

Austin, Texas