



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.

The procedures that you have asked us to perform are as follows:

- 1) (a). With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled Confidential Cast Lists for Episodes 201 through 215 and the Friday Night Lights Season 2 Cast Summary Report. We inspected the documents referred to above, selected 50 individuals from the Confidential Cast Lists for Episodes 201 through 215, compared name and residency information to the Friday Night Lights Season 2 Cast Summary Report and noted that the Austin Metropolitan Statistical Area ("AMSA") residency status for each individual selected was counted in the Friday Night Lights Season 2 Cast Summary Report. No exceptions were found as a result of the foregoing procedure.

- (b). With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the documents titled Excerpt from Earnings Report Provided by Friday Night Lights, Confidential Cast Lists for Episodes 201 through 215, and Friday Night Lights Season 2 Cast Summary Report. We inspected the documents referred to above and selected 50 individuals from the Friday Night Lights Season 2 Cast Summary Report and compared name and residency information to the Confidential Cast Lists for Episodes 201 through 215 or the Excerpt from Earnings Report Provided by Friday Night Lights and noted that the Friday Night Lights Season 2 Cast Summary Report incorporates information from the Confidential Cast Lists for Episodes 201 through 215 or the Excerpt from Earnings Report Provided by Friday Night Lights. We inspected the Friday Night Lights Season 2 Cast Summary Report and noted that it shows 152 (58%) of the 260 cast members as residents of the 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 documents titled Friday Night Lights Season 2 Excerpt from Earnings Report and the Friday Night Lights Season 2 Staff and Crew Summary Report. We inspected and compared the documents referred to above and selected 50 individuals from the Friday Night Lights Season 2 Staff and Crew Summary Report and agreed the name and residency information to the Friday Night Lights Season 2 Excerpt from Earnings Report and noted that the Friday Night Lights Season 2 Staff and Crew Summary Report incorporates information from the Friday Night Lights Season 2 Excerpt from Earnings Report. We inspected the Friday Night Lights Season 2 Staff and Crew Summary Report and noted that it shows 414 (77%) of the 538 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 documents titled FNL 2nd Season Extras Customer Listing.xls, FNL 2nd Season Football Plyrs Cust Listing.xls, and the Friday Night Lights Season 2 Summary of Extras. We inspected and compared the FNL 2nd Season Extras Customer Listing.xls and FNL 2nd Season Football Plyrs Cust Listing.xls reports prepared by FNL and the Friday Night Lights Season 2 Summary of Extras prepared by the City and noted that the Friday Night Lights Season 2 Summary of Extras incorporates information from the FNL 2nd Season Extras Customer Listing.xls and FNL 2nd Season Football Plyrs Cust Listing.xls. We inspected the Friday Night Lights Season 2 Summary of Extras and noted that it shows 2,625 (70%) of 3,750 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 Cast, Crew, and Extras residing in the AMSA and noted that $152 + 414 + 2,625 = 3,191$; $260 + 538 + 3,750 = 4,548$; and 3,191 is 70.2% of 4,548. 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 2 Cast Sample, which represents the City's

sample of 16 cast 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.

- 6) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 2 Staff and Crew Sample, which represents the City's sample of 42 Staff and Crew members and the support documents printed from www.addresses.com, www.mapquest.com and the 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.
- 7) With reference to Section 3 of the Agreement concerning Employees, we obtained from the City the Friday Night Lights Season 2 Extras Sample, which represents the City's sample of 268 Extras, and the support documents printed from www.addresses.com, www.mapquest.com, the United States Post Office website, and the 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.
- 8) With reference to Section 4 of the Agreement concerning Credits, we obtained from the City Friday Night Lights the Second Season DVD set. We inspected the credits of the first 2 episodes of the season and noted that the statement "Filmed on location in Austin, Texas, USA" or a similar statement was not included in the credits. No exceptions were found as a result of the foregoing procedure.
- 9) With reference to Section 5 of the Agreement concerning Local Purchases, we obtained from the City the AMSA Status of Vendors in the Friday Night Lights Season 2 Vendor Listing. We also obtained the Friday Night Lights Season 2 Vendor Listing and the Vendor List Season 2 Final White, both of which were provided by Friday Night Lights to the City. We inspected and compared these documents and noted that according to the Friday Night Lights Season 2 Vendor Listing and the Vendor List Season 2 Final White, 56% of the vendors have addresses within the AMSA. 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 a copy of a media report dated May 10, 2007. We inspected this document and noted that Friday Night Lights was renewed for a 22-episode second season. No exceptions were found as a result of the foregoing procedure.
- 11) With reference to Section 6 of the Agreement concerning Report, we obtained from the City copies of media reports dated March 20, 2008, February 28, 2008 and February 7, 2008. We inspected these documents and noted that the media reports state that only 15 episodes for Friday Night Lights Season 2 were filmed due to the writer's strike which halted production. No exceptions were found as a result of the foregoing procedure.

- 12) 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 2. We inspected this document and noted that according to the report, 15 episodes were filmed. No exceptions were found as a result of the foregoing procedure.
- 13) 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 for Season 2. We inspected this document and noted that according to the report, 98% of the Cast, Crew, Extras and Staff were AMSA residents, and that all of the goods and services purchased were purchased in the AMSA. No exceptions were found as a result of the foregoing procedure.
- 14) 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 for Season 2. We inspected this document and noted that the section on Report requiring NBC Universal, Inc. and Northern Entertainment Inc. for Friday Night Lights to warrant that the statement "Filmed on location in Austin, Texas, USA" or a similar statement was not included in the Annual Report for Season 2 submitted to the City. No exceptions were found as a result of the foregoing procedure.
- 15) 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 1/1/07 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 1/1/07 to 1/1/08 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.
- 16) 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 7/11/07 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 7/11/07 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.
- 17) 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 1/1/07 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 1/1/07 to 1/1/08 and the coverages were approved by Carol Vance in an e-mail dated 4/28/09. No exceptions were found as a result of the foregoing procedure.

- 18) 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 1/1/07 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 the combined single limit amounts to \$5,000,000, the City of Austin is included as an additional insured on the General Liability coverage and that Carol Vance approved the additional insured endorsement in an e-mail dated 4/15/09. 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.

Padgett, Stratemann + Co., LLP

May 21, 2009
Austin, Texas