

September 7, 2012

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

Ms. Sylvania Holt-Rabb, Acting Assistant 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 2011 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 3.01(c) of the Agreement:
 - a. We obtained from the City a report printed May 23, 2011 from www.capcitychamber.org. We inspected the report and confirmed HelioVolt is listed as a member of the Capital City African American Chamber of Commerce ("CCAACC"). No exceptions were found as a result of the foregoing procedures.
 - b. We obtained from the City a report printed May 23, 2011 from www.gahcc.org/Member-Directory. We inspected the report and confirmed HelioVolt is listed as a member of the Greater Austin Hispanic Chamber of Commerce ("GAHCC"). No exceptions were found as a result of the foregoing procedures.

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- c. We obtained from the City copies of the CCAACC Friday Report publications published on March 4, 2011 and June 3, 2011. We inspected the CCAACC Friday Report publications published on March 4, 2011 and June 3, 2011 and confirmed each publication includes a link to job openings at HelioVolt. No exceptions were found as a result of the foregoing procedures.
 - d. We obtained from HelioVolt e-mail correspondence dated October 13, 2011 between HelioVolt and GAHCC staff. We inspected such correspondence and confirmed, according to the e-mail, job openings at HelioVolt were posted to the GAHCC website. No exceptions were found as a result of the foregoing procedures.
 - e. We obtained from HelioVolt e-mail correspondence dated October 13, 2011 between HelioVolt and Texas Asian Chamber of Commerce (“TACC”) staff. We inspected such correspondence and confirmed, according to the e-mail, job openings at HelioVolt were posted to the TACC website. No exceptions were found as a result of the foregoing procedures.
2. With reference to Section 3.01(d) of the Agreement, we obtained from the City HelioVolt’s acknowledgement to Economic Growth and Redevelopment Services Office (“EGRSO”) signed by Steve Darnell, Vice President of Finance at HelioVolt. We inspected the document and confirmed during the term of the Agreement HelioVolt had complied with the following requirements:
 - (1) Has not been notified of any complaint alleging it has employed undocumented workers.
 - (2) Agreed that if it is notified of any such complaint during the term of the Agreement it will notify the City.
 - (3) Has not been convicted of any violation under 8 U.S.C. Section 1324a(f).No exceptions were found as a result of the foregoing procedures.
3. With reference to Section 3.02(a) of the Agreement:
 - a. We obtained from HelioVolt a copy of the schedule of HelioVolt’s 2011 expenditures identified as local, minority-owned, and/or women-owned suppliers during 2011. We verified the mathematical accuracy of the schedule. We inspected the schedule and confirmed the total of the schedule agrees to the total expenditures reported by HelioVolt. No exceptions were found as a result of the foregoing procedures.

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- b. We obtained copies of reports from the City of the City of Austin Small & Minority Business Resource (“SMBR”) Department’s database of SMBR Certified Vendors and/or the State of Texas’ database of Historically Underutilized Businesses (“HUB”) vendors. We inspected such reports and confirmed seven of the ten businesses HelioVolt identified as local, minority-owned, and/or women-owned suppliers during 2011 are certified minority-owned or woman-owned vendors. No exceptions were found as a result of the foregoing procedures.
 - c. Using the schedule obtained in Procedure 3a, we confirmed nine of the ten vendors are local to the Austin Metropolitan Statistical Area (“MSA”) by inspecting a report from the State of Texas Comptroller’s HUB Program database, SMBR’s database of SMBR Certified Vendors, the vendor’s website, or the City of Leander’s website. No exceptions were found as a result of the foregoing procedures.
 - d. Using the schedule obtained in Procedure 3a and the reports obtained in Procedure 3b, we confirmed each of the ten vendors is either a certified minority-owned business, certified woman-owned business, or local to the Austin MSA. No exceptions were found as a result of the foregoing procedures.
 - e. Using the schedule obtained in Procedure 3a, we selected a sample of a business representing 30% of the reported 2011 expenditures with the ten companies. For the business selected, we obtained from HelioVolt a list of invoices or other appropriate supporting documentation representing HelioVolt’s reported 2011 expenditures with this business. We inspected the list and selected a sample of invoices or other supporting documentation representing 100% of HelioVolt’s reported 2011 expenditures with this business. For the sample selected, we inspected each invoice or other supporting documentation and confirmed each such invoice or other supporting documentation agrees to the report provided by HelioVolt. No exceptions were found as a result of the foregoing procedures.
4. With reference to Section 3.03 of the Agreement:
- a. We obtained from HelioVolt a schedule reporting HelioVolt’s 2011 investment in business personal property totaling \$533,548.91. We verified the mathematical accuracy of the schedule. We inspected the schedule and confirmed the total of the schedule agreed to the total investment reported by HelioVolt. No exceptions were found as a result of the foregoing procedures.

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- b. Using the schedule obtained in Procedure 4a, we selected a sample of one business personal property item totaling 100% of the reported 2011 investment. For the one item selected, we inspected an invoice or other supporting documentation and confirmed the invoice or other supporting documentation agreed to the report provided by HelioVolt. No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 3.04 of the Agreement, we obtained print screens provided by the City of the City of Austin Interactive Development Review Permitting and Inspection Database search for records that include “HelioVolt” in the “Project Name” for the period from January 1, 2011 through February 1, 2012. We inspected these documents and confirmed the database contains no record of any site plan or subdivision application or amendment filed by HelioVolt during that period. No exceptions were found as a result of the foregoing procedures.
6. With reference to Section 3.05 of the Agreement, we obtained the Economic Development Reporting Form provided to EGRSO. We inspected this document and confirmed HelioVolt provided the completed and signed Economic Development Reporting Form to the City. No exceptions were found as a result of the foregoing procedures.
7. With reference to Section 4.01 of the Agreement:
 - a. We obtained from the City the Travis Central Appraisal District’s (“TCAD”) 2011 report for parcel 767878. We inspected this document and confirmed the 2011 certified value of parcel 767878 was \$30,095,607. No exceptions were found as a result of the foregoing procedures.
 - b. We obtained from the City the Travis County Tax Statement showing taxes due January 31, 2012 for parcel 9767878. We inspected this statement and confirmed the City’s taxes owed for parcel 9767878 were \$144,789.97. We recalculated and confirmed 60% of \$144,789.97 is \$86,873.98. No exceptions were found as a result of the foregoing procedures.
 - c. We obtained from the City the Travis County Tax Statement printed March 31, 2012 for parcel 9767878. We inspected this statement and confirmed it shows no taxes due for the parcel. No exceptions were found as a result of the foregoing procedures.

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- d. We obtained from the City the TCAD 2011 report for parcel 0318100109 (PID 785778). We inspected this report and confirmed the 2011 certified value of the land was \$1,060,146, the 2011 certified value of the improvements was \$4,346,437, and the total 2011 certified value was \$5,406,583. No exceptions were found as a result of the foregoing procedures.
- e. We recalculated and confirmed the sum of \$390,000 and \$375,250 is \$765,250, and the difference between \$5,406,583 and \$765,250 is \$4,641,333. No exceptions were found as a result of the foregoing procedures.
- f. We obtained from the City the Travis County Tax Statement showing taxes due January 31, 2012 for parcel 0318100109. We inspected this statement and confirmed the City's tax rate was \$0.4811 per \$100 of property value. No exceptions were found as a result of the foregoing procedures.
- g. We recalculated and confirmed the product of \$4,641,333 and \$0.004811 is \$22,329.45, and 60% of \$22,329.45 is \$13,397.67. No exceptions were found as a result of the foregoing procedures.
- h. We obtained from the City the Travis County Tax Statement for parcel 0318100109 printed April 19, 2012. 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.
- i. We recalculated and confirmed the sum of \$86,873.98 and \$13,397.67 is \$100,271.65. 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., LLP

Certified Public Accountants
Austin, Texas