

**ENGAGEMENT LETTER:  
AGREED-UPON PROCEDURES ENGAGEMENT**

November 13, 2017

The Honorable Mayor,  
Members of City Council  
and Management  
City of Sugar Land, Texas.

We are pleased to confirm our understanding of the services we are to provide for the City of Sugar Land, Texas. This letter will confirm the nature and limitations of the services we will provide and the various responsibilities and other terms of the engagement.

We agree to apply procedures to the annexation calculations relating to the City's Ordinance No. 2075 dated November 15, 2016 prepared by the City of Sugar Land, Texas' management and presented to City Council from September 1, 2016 to October 31, 2017.

The procedures we will perform have been agreed to by City management and City Council. These agreed-upon procedures are enumerated as follows:

- Acquire calculations used to develop the debt service fund impact of annexation prepared by City Management and presented to City Council.
- Trace and agree calculations to supporting documentation and assumptions.
- Identify and document changes made to the calculations over the time period described.
- Agree changes to presentations to City council.
- Recalculate the calculations to determine if the annexation has a net neutral impact on the City's debt service fund.
- Trace and agree the amounts included in the calculations to the amounts included in the fiscal year 2018 budget document.
- Recalculate impact of changes of tax rate allocation for fiscal year 2018 debt service budget.
- Obtain annexation analysis packet prepared by Councilmember Joyce and compare those calculations to the calculations prepared by City management.

We will conduct our engagement in accordance with the attestation standards for agreed-upon procedures engagements of the American Institute of Certified Public Accountants. The specified parties listed above are solely responsible for the sufficiency of the agreed-upon procedures for their purposes. Therefore, we make no representation as to the sufficiency of these procedures for the purposes of the specified parties or for any other purpose. The agreed-upon procedures are not designed to constitute an examination or review of the subject matter. Therefore, we will not express reasonable or limited assurance on the subject matter. We have no obligation to perform any procedures beyond those agreed to by the specified parties as enumerated in this letter of engagement. If, for any reason, we are unable to complete the procedures, we will not issue a report as a result of this engagement.

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Our procedures are also not designed to detect error or fraud that is immaterial to the subject matter information. However, we will inform you of any material errors or fraud that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our procedures and does not extend to matters that might arise during any later periods for which we are not engaged. At the conclusion of our engagement, we may also request certain written representations from you about the subject matter information and related matters. We will present a written report listing the procedures and our related findings. This report will be intended for use by and restricted to the use of the specified parties as identified above, and our report will contain such restricted-use language.

Our engagement will be conducted on the basis that the City of Sugar Land, Texas' management acknowledge and understand that they have responsibility:

- a. For the design, implementation, and maintenance of internal control relevant to the preparation of annexation calculations which is the best means of preventing or detecting errors or fraud;
- b. For selecting and determining the suitability and appropriateness of the criteria upon which the annexation calculations will be evaluated; and
- c. To provide us with:
  - (1) Access to all information of which *management* is aware that is relevant to the annexation calculations such as records, documentation, and other matters and that you are responsible for the accuracy and completeness of that information;
  - (2) Additional information that we may request from *management* for the purpose of performing the agreed upon procedures; and
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain attest evidence.

As part of our engagement, we will request from management, written confirmation concerning representations made to us in connection with the agreed upon procedures.

We will issue a written report upon completion of the performance of the agreed upon procedures. Our report will be addressed to The Honorable Mayor, Members of City Council and Management of the City of Sugar Land, Texas.

During the course of the engagement, we may communicate with you or with your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of our engagement will be scheduled for performance and completion as follows:

	<i>Begin</i>	<i>Complete</i>
Plan engagement procedures	November 13, 2017	November 21, 2017
Perform engagement procedures	November 22, 2017	December 1, 2017
Issue engagement report		December 8, 2017

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Christopher L. Breaux, CPA is the engagement partner for the services specified in this letter. His responsibilities include supervising Whitley Penn's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the agreed-upon procedures report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. We estimate that our fee for the engagement will be between \$3,500 and \$7,500. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate.

We agree to retain our attest documentation or work papers for a period of seven years from the date of our report.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our engagement including our respective responsibilities. If you have any questions, please let us know.

We appreciate the opportunity to be of service to you and look forward to working with you and your staff.

Respectfully,



Houston, Texas

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RESPONSE:

This letter correctly sets forth our understanding.

CITY OF SUGAR LAND, TEXAS

Acknowledged and agreed on behalf of the City of Sugar Land, Texas by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_